

## **The County Farms Estate Revenue Monitoring (Final Outturn) 2023/24, and 2024/25 (Budget)**

Report of the Director of Finance and Public Value

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Please note that the following recommendations are subject to consideration and determination by the Committee before taking effect.

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### **1) Recommendation**

That the Committee endorses this report.

### **2) Background / Introduction**

- 2.1 The County Farms Estate is wholly self-funded with operational costs paid for through rents and other income streams generated. Each year a substantial revenue surplus is delivered to support expenditure elsewhere in the County Council and cover the cost of centralised overheads. The County Farms Estate has consistently delivered a revenue surplus since at least 1992.
- 2.2 The Revenue Budget presented to Corporate Infrastructure and Regulatory Services Scrutiny Committee on 30 January 2023 and approved at County Council on 16 February 2023 included a target surplus of £534,000 for the County Farms Estate.

### **3) Revenue Monitoring for the period 1 April 2023 to 31 March 2024 (final outturn).**

- 3.1 Appendix A provides details of income and expenditure to year end. It also shows comparator data for the previous five years, as previously requested by members of the Committee.
- 3.2 £1,335,993 of income has either been invoiced or received at year end. Actual income is £82,993 higher than the budget target of £1,253,000.
- 3.3 The net balance for the Tenant Right Valuation budget, allowing for the remaining accruals from previous financial years and new compensation payment liabilities falling due on 25 March 2024, is £79,405. This is £58,405 greater than the budget provision of £21,000 but the overspend is to be expected given the significant number of end of tenancy valuation liabilities accruing at 25 March 2024, some of which were unforeseen.

- 3.4 £65,278 worth of unforeseen repair works has been paid and/or accrued in 2023/24 which is £37,722 less than the budget provision of £103,000. This is largely due to a relatively mild and frost free winter combined with the largely better maintained farm buildings providing a degree of resilience against a series of named storms.
- 3.5 The revenue funded maintenance programme is showing expenditure and/or accruals at year end of £275,014 which is £59,014 greater than the budget provision of £216,000. In anticipation of the unforeseen maintenance budget spend being less than budgeted, the programme maintenance budget was increased in year to fund more targeted priority repair works around the Estate.
- 3.6 £39,114 has been spent against the redundant buildings, asbestos removal, and health and safety improvements works budget at year end. This expenditure is £23,886 less than the budget provision of £63,000. Again, some of this budget was redeployed to the programme maintenance budget to ensure priority repair works could be completed.
- 3.7 Spend on testing and inspection works (service term contracts for private water supplies, boilers, fixed wiring systems, sewage treatment plants, radon fans etc) is showing expenditure and/or accruals of £21,949 compared to the budget provision of £21,000. This budget requirement is expected to increase following the recent procurement exercise to renew the service term contracts, and as a result of more plant and equipment requiring testing inspection being installed on the Estate.
- 3.8 The programmed tree survey work (grounds maintenance) has a budget of £13,000. The combined cost of the annual tree surveys and subsequent tree surgery works cost the Estate £14,853 which is a slight overspend of £1,853 at year end.
- 3.9 The farms estate condition survey programme was delayed due to surveyors being redeployed to inspect property for Reinforced Autoclaved Aerated Concrete (RAAC). As a consequence only £5,184 of the £10,000 budget provision was spent.
- 3.10 As anticipated, and due to another extremely busy year, the South West Norse fees at year end are higher than originally budgeted. Actual spend on fees was £273,942 which is £37,942 higher than the budget provision of £236,000.
- 3.11 The significant number of changes of tenancy has also increased the liability for professional fees incurred dealing with the end of tenancy valuations. Actual spend and/or accruals at year end amounted to £17,749 which is £11,749 greater than the £6,000 budget. This liability has been exacerbated in year by material fees inflation in the private sector. The recently launched Agricultural Landlord and Tenant Code of Practice may affect how end of tenancy valuation work is conducted and is thus likely to further impact on the professional fees budget in 2024/25.
- 3.12 With very careful and considered management of the various budget lines for the County Farms Estate throughout the year the actual revenue outturn achieved was a surplus of £529,134 which is a shortfall of just £4,866 against the target surplus of £534,000.

#### 4) **Revenue Budget 2024/25**

- 4.1 The Revenue Budget presented to Corporate Infrastructure and Regulatory Services Scrutiny Committee on 25 January 2024 and approved at County Council on 15 February 2024 included a target surplus of £534,000 for the County Farms Estate.
- 4.2 Appendix B provides a summary of the annual budget.

#### **5 Options / Alternatives**

- 5.1 Alternative options have been considered and discounted as they are believed to either be contrary to current Estate policy and/or not in the best financial interests of the Estate.

#### **6 Consultations / Representations / Technical Data**

- 6.1 The views and opinions of the Devon Federation of Young Farmers Clubs and the Estate Tenants Association will be presented by the two co-opted members to the committee.
- 6.2 No other parties have been consulted and no other representations have been received
- 6.3 The technical data is believed to be true and accurate.

#### **7 Strategic Plan**

- 7.1 This report has no specific direct alignment with the Council's Strategic Plan 2021 – 2025 - <https://www.devon.gov.uk/strategic-plan>

#### **8 Financial Considerations**

- 8.1 The Author is not aware of any financial issues arising from this report.

#### **9 Legal Considerations**

- 9.1 The Author is not aware of any legal issues arising from this report.

#### **10 Environmental Impact Considerations (Including Climate Change, Sustainability and Socio-economic)**

- 10.1 The Author is not aware of any environmental impact (including climate change) issues arising from this report.

## **11 Equality Considerations**

11.1 The Author is not aware of any equality issues arising from this report.

## **12 Risk Management Considerations**

12.1 No risks have been identified.

## **13 Summary / Conclusions / Reasons for Recommendations**

13.1 The Author has prepared this report in accordance with the findings of the County Farms Estate Strategic Review (April 2010).

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**Electoral Divisions:** All

### **Local Government Act 1972: List of background papers**

Background Paper  
Date  
File Reference

Nil

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**COUNTY FARMS ESTATE - FINANCIAL REPORTS**  
**FINANCIAL STATEMENT - FINAL OUTTURN 2023/24**

	2023/24	2023/24	2022/23	2021/22	2020/21	2019/20	2018/19
	ANNUAL TARGET	OUTTURN	OUTTURN	OUTTURN	OUTTURN	OUTTURN	OUTTURN
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>INCOME</b>							
Rent	(1,213)	(1,309)	(1,256)	(1,191)	(1,085)	(1,149)	(1,075)
Other	(40)	(27)	(66)	(34)	(36)	(27)	(33)
<b>TOTAL INCOME</b>	<b>(1,253)</b>	<b>(1,336)</b>	<b>(1,322)</b>	<b>(1,225)</b>	<b>(1,121)</b>	<b>(1,176)</b>	<b>(1,108)</b>
<b>EXPENDITURE</b>							
<b>STATUTORY COSTS</b>							
Tenant Right Valuation	21	79	99	174	37	87	25
<b>SUB - TOTAL</b>	<b>21</b>	<b>79</b>	<b>99</b>	<b>174</b>	<b>37</b>	<b>87</b>	<b>25</b>
<b>PREMISES COSTS</b>							
Building Maintenance - unforeseen	103	65	63	74	69	86	80
Building Maintenance - programmed	216	275	242	223	256	153	242
Building Maintenance - Surveys	10	5	9	8	6	4	11
Building Maintenance - STC	21	22	15	17	25	8	18
Building Maintenance - other (incl. land agents initiatives, redundant buildings, asbestos and health & safety)	63	39	65	15	5	101	11
Grounds Maintenance	13	15	15	5	20	10	7
Rents & other landlord charges	11	11	12	12	11	11	14
Rates, Electricity and Water Charges	6	8	9	10	7	15	10
<b>SUB - TOTAL</b>	<b>443</b>	<b>440</b>	<b>430</b>	<b>364</b>	<b>399</b>	<b>388</b>	<b>393</b>
<b>SUPPLIES &amp; SERVICES</b>							
Insurance	0	0	0	0	0	0	0
Adverts	2	0	0	0	1	1	6
NPS Fees	236	274	244	211	211	223	264
Legal Fees	4	1	0	2	0	1	1
Professional Fees	6	18	15	7	6	10	3
Other Fees & Charges (DFYF, SHLAA, GPDO)	7	(5)	0	1	0	2	4
<b>SUB - TOTAL</b>	<b>255</b>	<b>288</b>	<b>259</b>	<b>221</b>	<b>218</b>	<b>237</b>	<b>278</b>
<b>TOTAL EXPENDITURE</b>	<b>719</b>	<b>807</b>	<b>788</b>	<b>759</b>	<b>654</b>	<b>712</b>	<b>696</b>
Revenue Funded Restructuring	0	0	0	0	0	0	0
<b>NET OPERATIONAL (SURPLUS)/DEFICIT</b>	<b>(534)</b>	<b>(529)</b>	<b>(534)</b>	<b>(466)</b>	<b>(467)</b>	<b>(464)</b>	<b>(412)</b>

**COUNTY FARMS ESTATE - FINANCIAL REPORTS**  
**FINANCIAL STATEMENT - 2024-25**

<b><u>INCOME</u></b>	<b>ANNUAL TARGET £'000</b>
Rent	(1,355)
Other	(35)
TOTAL INCOME	<u>(1,390)</u>
<b><u>EXPENDITURE</u></b>	
<b><u>STATUTORY COSTS</u></b>	
Tenant Right Valuation	50
SUB - TOTAL	<u>50</u>
<b><u>PREMISES COSTS</u></b>	
Building Maintenance - unforeseen	96
Building Maintenance - programmed	287
Building Maintenance - Surveys	10
Building Maintenance - STC	21
Building Maintenance - other (incl. land agents initiatives, redundant buildings, asbestos and health & safety)	50
Grounds Maintenance	13
Rents & other landlord charges	11
Rates, Electricity and Water Charges	6
SUB - TOTAL	<u>494</u>
<b><u>SUPPLIES &amp; SERVICES</u></b>	
Insurance	0
Adverts	1
NPS Fees	300
Legal Fees	5
Professional Fees	6
Other Fees & Charges (DFYF, SHLAA, GPDO)	0
SUB - TOTAL	<u>312</u>
<b>TOTAL EXPENDITURE</b>	<u><b>856</b></u>
<b>NET OPERATIONAL (SURPLUS)</b>	<b>(534)</b>
<b>FARM IMPROVEMENTS inclusive of fees</b>	
Revenue funded Restructuring (BM other)	0
SUB - TOTAL	<u>0</u>
<b>TOTAL COSTS SURPLUS</b>	<b>(534)</b>