

## **The County Farms Estate Revenue Monitoring 2024/25 (month 9)**

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 25 January 2024 and approved at County Council on 15 February 2024 included a target surplus of £534,000 for the County Farms Estate.

### **3) Revenue Monitoring for the period 1 April 2024 to 31 December 2024 (month 9).**

- 3.1 Appendix A provides details of income and expenditure to date.
- 3.2 £746,171 of income has been invoiced and/or received at month 9. The remaining income will either be invoiced or received before the end of month 12. Current year end forecast is £15,200 higher than budget.
- 3.3 At month 9 the following table of rent arrears is reported. Rent arrears have increased by £97,474.37 since our last report, due to the inclusion of the Michaelmas 2024 rent that is now in arrears. Informal payment plans continue to be arranged for tenants in arrears, and work continues to conclude end of tenancy agreements in order to manage down the level of arrears related to tenants who have left the estate.

Summary of outstanding rent at month 9	
Tenants with rent arrears who have left the estate	£157,400.09
Tenants with rent arrears over 6 months	£172,587.84
Tenants with rent arrears from Michaelmas 24 only	£53,195.49
End of tenancy/other charges	£31,855.95
<b>Total</b>	<b>£415,039.87</b>

- 3.4 Some Tenant Right Valuation (TRV) accruals have been released but £44,698 of TRV accruals are still not capable of being released as several end of tenancy valuations are not yet concluded. The current year end forecast compensation liability is anticipated to be in the order of £50,000.
- 3.5 £60,516 worth of unforeseen repair works has been paid for and/or accrued in 2024/25. In addition, a further £26,704 of unforeseen works has been ordered but not paid. Total unforeseen maintenance forecast at month 9 remains to budget of £96,000.
- 3.6 Some additional unforeseen repair works are currently being procured following storm Darragh but it is anticipated the costs will be recoverable as insurance claims.
- 3.7 The revenue funded maintenance programme is showing expenditure of £36,469 at month 9. In addition, a further £58,902 of programme works has been ordered but not paid. Total maintenance programme expenditure and commitment at month 9 is therefore £95,371. With extra capacity in the Norse maintenance and minor works team, and additional budget available for repairs and maintenance due to savings elsewhere in the revenue budget, further works have been added to this years revenue maintenance programme. The current forecast estimates an increased year end spend of £373,200.
- 3.8 There has been no spend against the redundant buildings, asbestos removal and health and safety improvements works (other building maintenance) budget to date. The current forecast estimates no expenditure from this budget.
- 3.9 Testing and inspection works (service term contracts for private water supplies, boilers, fixed wiring systems, sewage treatment plants, radon fans etc) is showing expenditure of £7,644 at month 9. There are orders raised resulting in a further commitment of £35,089. The current forecast of £43,000 is higher than the £21,000 budget due to the changes in service term contractors, as previously reported.
- 3.10 At month 9 £6,261 has been spent on Council Tax compared to the budget of just £2,000. This increased cost is associated with a dwelling held in hand for several years which is pending disposal, as previously reported.
- 3.11 At month 9 £8,026 has been spent on water charges compared to the budget of £2,000. This increased cost is associated with a bad debt for water charges from previous years that has now been written off.

- 3.12 The programmed tree survey work (grounds maintenance) has a budget of £13,000. It is now anticipated that approximately £10,000 will be committed by year end, with £2,231 currently spent.
- 3.13 It is anticipated the building maintenance survey budget of £10,000 will not be spent this year due to the Norse building fabric condition surveyor having recently resigned.
- 3.14 There is a significant accrual for professional fees associated with outstanding end of tenancy valuation work. The total accrual is £31,553 at month 9. The £6,000 budget is likely to be committed.
- 3.15 The difficulty and delay in finding additional competent land agency resource to supplement the Norse team is likely to result in an underspend against the 'NPS fees' budget of £50,000. At month 9, fees incurred amount to £164,656, and the year end forecast has been adjusted to £250,000.
- 3.16 The Estate is working with the County Councils Economy, Enterprise & Skills department to deliver an Intensive Agri-innovation pilot project on the Estate, supporting a small number of tenants seeking assistance to maximise their farms productivity through innovative practices. It is also looking to commission a piece of research to explore how to improve economic and environmental resilience within the Estate, and how to maximise future opportunities brought about by changes in the food and farming sector. It is expected that this could include the adoption of regenerative and innovative practices; use of agri-tech; sharing knowledge and examples of best practice; diversification, including into horticulture; and alternative routes to market. The Estate is contributing £10,000 towards this initiative as noted in the miscellaneous expenditure forecast.
- 3.17 It is currently anticipated that the forecast year end level of income and expenditure will be achieved, and the target surplus delivered, albeit there may be some fluctuations within income and expenditure items.

## **4 Options / Alternatives**

- 4.1 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.

## **5 Consultations / Representations / Technical Data**

- 5.1 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.
- 5.2 No other parties have been consulted and no other representations have been received
- 5.3 The technical data is believed to be true and accurate.

## **6 Strategic Plan**

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

## **7 Financial Considerations**

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

## **8 Legal Considerations**

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

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

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

## **10 Equality Considerations**

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

## **11 Risk Management Considerations**

- 11.1 No risks have been identified.

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

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

Angie Sinclair,  
Director of Finance and Public Value

**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 - (MONTH 9) 2024-25**

		YEAR TO DATE	ANNUAL TARGET	CURRENT FORECAST
		£'000	£'000	£'000
<b><u>INCOME</u></b>				
	Rent	(711)	(1,355)	(1,370)
	Other	(35)	(35)	(35)
	<b>TOTAL INCOME</b>	<b>(746)</b>	<b>(1,390)</b>	<b>(1,405)</b>
<b><u>EXPENDITURE</u></b>				
	<b><u>STATUTORY COSTS</u></b>			
	Tenant Right Valuation	(45)	50	50
	<b>SUB - TOTAL</b>	<b>(45)</b>	<b>50</b>	<b>50</b>
	<b><u>PREMISES COSTS</u></b>			
	Building Maintenance - Unforseen	60	96	96
	Building Maintenance - Programmed	36	287	373
	Building Maintenance - Surveys	(2)	10	0
	Building Maintenance - STC	8	21	43
	Building Maintenance - Other (incl. Land Agents Initiatives, Redundant Buildings, Asbestos and Health & Safety)	0	50	0
	Grounds Maintenance	2	13	10
	Rents & Other Landlord Charges	6	11	11
	Rates, Electricity & Water Charges	15	6	16
	<b>SUB - TOTAL</b>	<b>125</b>	<b>494</b>	<b>549</b>
	<b><u>SUPPLIES &amp; SERVICES</u></b>			
	Insurance	0	0	0
	Adverts	0	1	1
	NPS Fees	165	300	250
	Legal Fees	(2)	5	5
	Professional Fees	(32)	6	6
	Other Fees & Charges (DFYF, SHLAA, GPDO)	0	0	10
	<b>SUB - TOTAL</b>	<b>131</b>	<b>312</b>	<b>272</b>
	<b>TOTAL EXPENDITURE</b>	<b>211</b>	<b>856</b>	<b>871</b>
	<b>NET OPERATIONAL (SURPLUS)</b>	<b>(535)</b>	<b>(534)</b>	<b>(534)</b>
	<b>FARM IMPROVEMENTS inclusive of fees</b>			
	Revenue Funded Restructuring (BM Other)	0	0	0
	<b>SUB - TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>TOTAL COSTS SURPLUS</b>	<b>(535)</b>	<b>(534)</b>	<b>(534)</b>