

The County Farms Estate – Annual Report 2016/17
Report of the County Treasurer

1 Background/Introduction

- 1.1 This is the twenty-sixth annual report of the County Farms Estate and the seventh year in this revised format since the Devon County Council Farms Estate Strategic Review of March 2010.
- 1.2 This report is divided into the following sections:
Committee Functions
Financial Performance
Estate Management Performance
Other Notable Estate Achievements and Events

2 Meetings and other activities of the Farms Estate Committee 2016/17

- 2.1 The Farms Estate Committee met on 28 April, 28 June, 15 September, 30 November 2016 and 22 February 2017. In addition to the usual financial and management matters other issues discussed by Committee included:
- Annual Report 2015/16
 - Pollinators and Neonicotinoids
 - Recognising success at the Devon Farm Business Awards 2015 and 2016
 - Monitoring of tenant's on initial Farm Business Tenancy's
 - Nitrate Vulnerable Zones
 - Requests for Landlord's consent for Tenant's Improvements
- 2.2 An interview panel met on one occasion during the year to interview tenants for Higher Leigh Farm, Lower Chitterley Farm and Cotley Farm.
- 2.3 The Chairman, a second member of the Committee and a Land Agent also visited the Parishes of Braunton, Rose Ash, High Bickington, Musbury, Rockbeare, Dawlish, Denbury, Bovey Tracey and Broadwoodwidge to undertake tenant's monitoring visits.
- 2.4 The committee attended a site visit to Cotley Farm, Ottery St Mary.

3 **Finance**

3.1 The financial performance of the Estate is again analysed in four areas, namely revenue income and expenditure, capital receipts and capital investment.

3.2 The Estate revenue budget outturn statement for the year ending 31 March 2017 is appended (Appendix A). At the request of the committee details of some of the key result areas for the three previous trading years have been added to offer some form of trend comparator analysis.

4 **Revenue Income**

4.1 Revenue income from the Estate in 2016/17 was £1,093,939 compared with a target of £1,022,000. This additional income arises as a consequence of relettings and rent reviews carried out in year.

4.2 Miscellaneous income totalled £34,458 compared with a target of £50,000. This shortfall is largely due to reduced income from the mast share at Ilfracombe and the termination of a mast site lease on the term date.

4.3 Therefore total income secured was £1,128,397 against a target of £1,072,000.

Revenue Income	2013/14	2014/15	2015/16	2016/17
Rental	£928,614	£997,812	£965,357	£1,093,939
Miscellaneous	£49,613	£63,156	£41,949	£34,458
Total	£978,227	£1,060,968	£1,007,306	£1,128,397

Revenue Income Analysis	2013/14	2014/15	2015/16	2016/17
Actual	£978,227	£1,060,968	£1,007,306	£1,128,397
(a) Per Farm	£13,789	£15,603	£14,599	£16,354
(b) Per Hectare	£254	£273	£259	£291
(c) As a % of Target	107%	114%	96%	105%

5 Revenue Expenditure

5.1 There was an overall spend of £335,853 on repair and maintenance of which 57% (£190,460) was planned maintenance and 43% (£145,392) was unforeseen and reactive work. The proportion of programme maintenance spend has increased slightly from 52% in 2015/16.

Expenditure	2013/14	2014/15	2015/16	2016/17
Programme	£76,523	£153,065	£126,141	£190,461
Unforeseen	£130,333	£139,722	£114,810	£145,392
Total Maintenance	£206,856	£292,787	£240,951	£335,853

5.2 £235,253 was spent in total on professional fees relating to estate management, Farmwise Devon and the procurement of repairs, maintenance, compliance management, service term contracts and other works.

5.3 £18,788 was spent on the Estates final contribution towards financing the Devon Federation of Young Farmers Clubs County Organisers post.

5.4 £12,177 was spent on servicing plant and equipment on the Estate including private water supplies and boilers owned by the Landlord.

5.5 £7,343 was spent on roadside tree surgery works arising as a consequence of periodic surveys and other ground maintenance works.

5.6 £7,606 was spent on Landlord's health and safety improvements, removing and replacing asbestos and demolishing redundant buildings.

5.7 £101,721 was spent on compensating tenants for fixtures, fittings and improvements.

6.0 Revenue Surplus

6.1 A revenue surplus of £389,442 was achieved compared with a target of £362,000.

Revenue Surplus	2013/14	2014/15	2015/16	2016/17
Target	£300,000	£273,000	£337,000	£362,000
Actual	£307,731	£273,714	£325,571	£389,442
As a % of Target	102%	100%	97%	108%

7.0 Running Costs

7.1 Running costs for 2016/17 were £503,701 against a target of £480,000. The increase in in year spend principally related to a significant tenant right valuation liability.

Running Cost	2013/14	2014/15	2015/16	2016/17
(d) Per Farm	£5,944	£8,046	£6,159	£7,300
(e) Per Hectare	£110	£141	£109	£129.79
(f) As a % of Income	43%	57%	42%	45%

8.0 Management Costs

8.1 Management costs for 2016/17 were £235,253 against a target of £230,000 but the additional costs principally related to additional fees charged for procuring further programme and unforeseen repair and maintenance.

Management Cost	2013/14	2014/15	2015/16	2016/17
(g) Per Farm	£3,507	£3,531	£3,739	£3,409
(h) Per Hectare	£65	£62	£66	£60.62
(i) As a % of Income	25%	23%	26%	21%

9.0 Capital Receipts

9.1 In 2016/17 the Estate generated £1,476,115 from the sale of five surplus assets.

Capital Receipts	2013/14	2014/15	2015/16	2016/17
Actual	£1,021,500	£605,519	£3,813,001	£1,476,115
Target	£1,254,000	£1,197,000	N/A	N/A
As a % of Target	81%	51%	N/A	N/A

9.2 No target for capital receipts was specifically set for the County Farms Estate in 2016/17 as all sales are now considered as part of the overall corporate capital receipts target. The Corporate Target for total capital receipts in 2016/17 was £7M. The County Farms Estate contributed 21% to this overall target.

9.3 At year end a further 8 properties were 'sold subject to contract' with a potential capital receipt value of £4,285,621 expected to be received in 2017/18.

10.0 **Capital Investments**

10.1 Capital investment amounted to £1,107,944. Investment was targeted at further slurry and dirty water storage capacity to ensure more dairy farms had sufficient capacity to comply with anti-pollution regulations. Further costs were incurred on end of tenancy compensation liabilities, listed building preservation works, farmhouse renovation works and improvements.

10.2 At year end a total of £1,483,354 of capital funding is committed to previously approved schemes on the Estate and carried forward to the new financial year. It is anticipated this money will be spent in 2017/18.

11.0 **Net capital contribution to the Corporate Capital Programme**

11.1 After the County Farms Estate inward capital investment expenditure is deducted from the capital receipts generated by the sale of surplus Estate assets, a net capital contribution of £368,421 was made by the Estate to the corporate capital programme in 2016/17.

11.2 In addition to the direct contribution of capital receipts, the Estate also contributed to Corporate priorities by way of land provision at no cost to the service directorate:

- (i) Land at Monkerton Farm, Pinhoe – land required for district heating infrastructure lease to Eon.
- (ii) Land at Manor Farm, Holcombe – land required for the A379 Holcombe Bends highway/cyclepath improvement scheme.

12.0 **Estate Management Performance**

12.1 The achievements for 2016/17 are analysed, as on previous occasions, in two areas – namely tenant matters and property matters.

12.2 Tenant Matters

One tenant has progressed off the Estate to a larger farm. No progression farms were relet internally. Two Farms (Higher Leigh Farm & Lower Chitterley Farm) were relet to new tenants where the level of interest and standard of applicants was extremely high.

12.3 Property Matters

The size of the Estate decreased to 3,880.91 ha (9,589.73 acres) during 2016/17. This was the net result of sales at part Monkerton

Farm, Part Lomans Farm, Part Parks Farm, Part Tapps Farm and Stuckey Farm and the purchase of Land at Lee adjacent to Chapel Farm.

Size of the Estate	2013/14	2014/15	2015/16	2016/17
Hectares	3,848.30	3,920.08	3,892.71	3,880.91
Acres	9,509.02	9,686.52	9,618.89	9,589.73

12.4 The overall picture of the Estate as at 31 March 2017 was as follows:

	2013/14	2014/15	2015/16	2016/17
Number of let residential farms	71	68	69	69
Total AHA 86 Farms	26	23	20	20
AHA 86 Lifetime Tenancies	14	12	11	11
AHA 86 Retirement Tenancies	12	11	9	9
Total ATA 95 (FBT) Farms	45	45	49	49
FBT's more than seven years	18	18	20	21
FBT's seven years or less	25	25	29	28

12.5 One cottage remains let to a retired estate tenant.

12.6 Two further farm cottages remain sublet by Estate tenants (with landlords consent).

12.7 Two blocks of bare land are let to Parish Council's for community use (playing field and allotments).

12.8 Four blocks of bare land are let to non core estate agricultural tenants (land at Whitsun Farm, Land at Cofton Cross, Part East Hill Farm and Part Greenhills Farm).

12.9 One farmstead is declared surplus to the operational requirements of the estate and is currently sold subject to contract and planning (East Hill Farm).

13.0 Other notable Estate achievements and events

13.1 Farmwise –

(i) For the second time, Farmwise was present at the County Show for the three days 19, 20 and 21 May 2016. By kind permission and free of charge a cut down version of the main October event was hosted in the Wadsworth Pavilion at the centre of the show ground. The exhibit won the Devon County Agricultural Association (DCAA) 'Bronze' Award for the best feature stand.

(ii) The fourth Farmwise Devon event was held on 11 October 2016 at Westpoint. The following key facts are worthy of note:
Approximately 1,400 pupils (Farmwise has now reached over 10,000 children in the last 4 years)
Approximately 27 schools
12 zones (dairy, beef, sheep, pigs, poultry, fruit, vegetables, arable, wildlife, forestry, food and environment)
11 tenants from within the estate volunteering and running zone exhibits.

13.2 County Show – The Estate made full use of the availability of the Wadsworth Pavilion over the show days and invited all Estate tenants to an informal 'cream tea'.

13.3 Devon Federation of Young Farmers Clubs – The Estate part funded the County Organisers costs of employment for 2016/17.

13.4 Devon Federation of Young Farmers Clubs – The Senior Land Agent again held a farm business planning workshop for young farmers looking at preparation of cashflows and budgets, business plan preparation, presentation and interview skills.

13.5 The Estate hosted the Devon YFC farm business planning competition viewing evening at Fairfield Farm, Denbury, with kind permission of Estate tenants, Chris and Lou Carpenter.

13.6 Environmental endeavours:

(i) East Fingle Farm, Drewsteignton

In March 2017 Louise Elworthy hosted a Devon Rural Skills **traditional hedge laying** training day on the holding. The farm appears to be well suited to traditional hedge laying, so much so that the Devon hedge laying competition will be held on the farm on Saturday 21 October 2017.

(ii) Higher Fingle Farm, Drewsteignton

Organic conversion – on 1 January 2017 Colin and Kim Drake entered the holding into Organic Conversion.

Hedgerow restoration – in spring 2017 Colin and Kim Drake planted c.1200 mixed hedgerow whips to restore old and dilapidated traditional boundaries.



Wildlife friendly pasture management – in spring 2017 Colin and Kim planted c. 30 acres of multi-species leys

Bee keeping – In spring 2017 Colin and Kim Drake introduced four bee hives to the farm.



13.7 Addington Fund – Devon Farm Business Awards 2016

The awards are organised by a partnership of the Addington Fund, the Devon County Agricultural Association (DCAA), and Stephens & Scown Solicitors.

There are eight award categories for farmers and growers in Devon to apply for:

- Best Commercial Farmer – sponsored by PKF Francis Clark Chartered Accountants
- Best Dairy Farmer – sponsored by Crediton Dairy
- Best Woman in Farming – sponsored by Natwest
- The John Neason Diversification Award – sponsored by the County Farms Estate and the Central Association of Agricultural Valuers
- Devon's Farming Champion – sponsored by the NFU and NFU Mutual
- Devon's Best Young Farmer – sponsored by Savills.

In 2016 the land agents nominated five tenants:

Gordon and Hazel Davis of Westcott Farm, Burlescombe were nominated for the **Best Dairy Farmer Award**.



Category winner and named **Devon's Farmer of the Year** for 2016

Statement from the Arc Addington Fund press release:

Devon's Farmer of the Year for 2016 and also Best Dairy Farmer is 52 year old Gordon Davis of Westcott Farm, Westleigh, near Tiverton, where he and his family milk some 200 pedigree Jersey dairy cows.

Chairman of the judges and Addington Fund Chief Executive, Ian Bell OBE, said that *“Mr Davis was not only an outstandingly efficient dairy farmer, but also a great ambassador for his industry”*.

“Standards on this farm are second to none”, he said. “The Rivermead herd is one of the finest Jersey herds in the country and the farm is a model of tidy efficiency, where attention to detail is everything”.

“But over and above that is the work that Gordon does for his fellow farmers, in setting up his own dairy company to provide an outlet for his own and five other dairy farmers’ milk, and as an ambassador and educator for the dairy industry. Put all of that together and you have an outstanding Farmer of the Year.”

Westcott Farm is very much a family business. Gordon and his son Kevin work full time on the farm, with his wife Hazel and his other son, Mark, also much involved. The family’s Rivermead herd of Jerseys has won many top prizes at agricultural shows. Left without a milk contract when his processor closed earlier this year, Gordon Davis solved the problem by setting up his own dairy company, which now markets high quality Channel Island milk from his own farm, and five other former suppliers of the defunct processor, who might otherwise have had to quit dairying. He has established demand in London and the Midlands from companies manufacturing high end specialist products ranging from Indian desserts to cheese and butter.

The Davis family are great believers in helping urban consumers understand more about dairy farming, and have laid on many milking demonstrations, for children in particular, as well as being keen supporters of Devon County Council’s “Farm Wise” initiative, which will once again be featured at this year’s Devon County Show.

“A wonderful herd of high-yielding Jerseys with excellent conformation right through, superb udders, feet and legs, producing nearly 7000 litres per head at 5.6% butterfat and 4.1% protein, with a calving index of 372 days which is absolutely top class” said the judges.

Marcus and Liz Warner of Lower Henland Farm, Kentisbeare were nominated for the John Neason **Diversification Award**.



Category winners.

Statement from the Arc Addington Fund press release:

Another young couple, Marcus and Liz Warner, of Lower Henland Farm, Kentisbeare near Cullompton, went home with the CAAV John Neason Farm Diversification Award, for their business selling quail eggs and duck eggs. They moved to Devon from Gloucestershire to take on the tenancy of a 180 acre Devon County Council farm, and needed to diversify to make the farm viable. They now have 15,000 quail on the farm, producing 9,500 eggs a day – 15 per cent of UK production! – as well as 2,000 free range egg-producing ducks.

Attention to detail and determination were the qualities that most impressed the judges. *“This is a couple who are entrepreneurial, ambitious, and are developing a thriving business on a relatively small tenanted farm,”* they said.

Louise Elworthy (nee Moorhouse) of East Fingle Farm, Dreswteignton was nominated for the **Best woman in Farming Award** and although unsuccessful, the feedback from the judges was highly commending.

Martin Mills of Middle Yeo Farm, Down St Mary and **Chris Creeper of Waterford Farm, Musbury** were both nominated for the **Best Young Farmer Award**, and again although unsuccessful, the feedback from the judges was highly commending.

14.0 Options/Alternatives

14.1 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.

15.0 Consultations/Representations/Technical Data

15.1 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 of the committee.

15.2 No other parties have been consulted and no other representations for or against the proposal have been received.

15.3 The technical data is believed to be true and accurate.

16.0 Considerations

16.1 The Author is not aware of any financial, sustainability, carbon impact, equality, legal, risk management or public health issues arising from this report.

17.0 Summary/Conclusions/Reasons for Recommendations

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

Mary Davis – County Treasurer

Electoral Divisions: ALL

Local Government Act 1972: List of Background Papers

None

Who to contact for enquiries:

Name: Dan Meek, Director of Property Management, NPS South West Ltd, Venture House, One Capital Court, Bittern Road, Sowton Industrial Estate, Exeter, EX2 7FW

Contact: 01392 351066 or dan.meek@nps.co.uk

Name: Lisa Beynon, Head Accountant for Corporate Services, County Treasurer's, County Hall, Exeter

Contact: 01392 382876 or lisa.beynon@devon.gov.uk

COUNTY FARMS ESTATE - FINANCIAL REPORTS
FINANCIAL STATEMENT - FINAL OUTTURN 2016/17

	ANNUAL	YEAR END	2015/16	2014/15
	TARGET	OUTTURN	OUTTURN	OUTTURN
	£'000	£'000	£'000	£'000
INCOME				
Rent	(1,022)	(1,094)	(991)	(998)
Other	(50)	(34)	(16)	(63)
TOTAL INCOME	(1,072)	(1,128)	(1,007)	(1,061)
EXPENDITURE				
STATUTORY COSTS				
Tenant Right Valuation	2	102	55	33
SUB - TOTAL	2	102	55	33
PREMISES COSTS				
Building Maintenance - unforeseen	127	145	115	140
Building Maintenance - programmed	150	190	126	153
Building Maintenance - Surveys	10	1	0	4
Building Maintenance - STC	20	12	17	8
Building Maintenance - other (incl. land agents initiatives, redundant buildings, asbestos and health & safety)	65	8	18	43
Grounds Maintenance	10	7	11	7
Rents & other landlord charges	14	14	14	14
Rates, Electricity and Water Charges	12	0	8	9
SUB - TOTAL	408	377	309	378
SUPPLIES & SERVICES				
Insurance	0	0	0	43
Adverts	2	4	3	2
NPS Fees	230	235	258	255
Legal Fees	3	1	8	0
Professional Fees	6	(1)	8	25
Other Fees & Charges (DFYF, SHLAA, GPDO)	59	21	41	41
SUB - TOTAL	300	260	318	366
TOTAL EXPENDITURE	710	739	682	777
Revenue Funded Restructuring	0	0	0	10
NET OPERATIONAL (SURPLUS)/DEFICIT	(362)	(389)	(325)	(274)