

CYNGOR SIR POWYS COUNTY COUNCIL.

**CABINET EXECUTIVE
6th November 2018**

REPORT AUTHOR: County Councillor Rosemarie Harris
Leader of Council

SUBJECT: Review of Farms Policy

REPORT FOR: Decision

1. Summary

- 1.1 For the last 18 years the Farms Estate management strategy has focussed on continued restructuring to create an estate of fewer but larger holdings whilst delivering capital receipts for the Council.
- 1.2 In that time the face of the Estate has changed significantly. The number of Holdings has fallen by some 35% and capital receipts of approximately £16m have been generated through disposals. See Appendix 1 for more detail on the financial aspects of the estate.
- 1.3 As with any such management approach it is important that this management strategy is reviewed regularly; in particular it must be recognised that a policy of reorganising and restructuring cannot be sustained indefinitely.
- 1.4 It is considered appropriate that progressive rationalisation is maintained as the overarching management strategy but with a renewed focus on the interests and aspirations of service users and an explicit intention to maintain the number and quality of opportunities available to new entrants to farming.
- 1.5 Whilst it is appropriate that the Estate disposes of certain surplus assets, it should be remembered that a disposal may reduce the opportunities offered by the Estate to new entrants to agriculture and furthermore, limit opportunities to grow revenue in future. It is important that the critical physical mass of the Estate is maintained if it is to continue to fulfil its prime objective as an operational asset and not simply to deliver capital receipts.
- 1.6 The FEDP does not contemplate an absolute reversal of current policy such as the sale of the whole or substantial parts of the Farms Estate. The principle of any such variation to the existing approach would need to be established at a higher level. Instead the FEDP has been prepared in the context of Cabinet's continued support for retention of the Farms Estate as an operational and investment asset.

1.7 The long term interests of the Estate and its current and future tenants are at the heart of this revision of the FEDP.

1.8 The following key amendments have been made:

- A more succinct Vision has been included: *“To provide a good quality, efficient farm estate that encourages new entrants into the farming industry and enables progression which support the Powys economy.”*
- We have moderated rationalisation so that it is “appropriate and considered” and have included a matrix of considerations to determine whether assets are core
- We have included a commitment to “Work with tenants to explore diversification opportunities which complement the primary agricultural purpose of the letting.”

2. Proposal

2.1 It is proposed that County Farms Estate Delivery Plan 2018 (see Appendix 3 attached) is adopted as the estate management plan to provide structure and promote good practice for continued management of the Estate.

3. Options Considered / Available

3.1 Option 1- adopt the new plan

3.2 Option 2- do nothing and retain the previous FEDP

4. Preferred Choice and Reasons

4.1 The preferred choice is Option 1 to adopt the FEDP as revised for the reasons set out above.

5. Impact Assessment

5.1 Is an impact assessment required? Yes

6. Corporate Improvement Plan

6.1 Retention of the Estate and introducing refreshed focus on maximising the opportunities it offers is consistent with the aims of the Corporate Improvement Plan and Vision 2025.

6.2 The Estate contributes (by both revenue and capital) to all the objectives of the Council.

7. Local Member(s)

Not applicable.

8. Other Front Line Services

Does the recommendation impact on other services run by the Council or on behalf of the Council? Yes/No

If so please provide their comments: N/a

9. Communications

Have Communications seen a copy of this report? Yes/No

Have they made a comment? If Yes insert here.

The Communications Manager comments: "The report is of public interest and requires use of news release and appropriate social media to publicise the recommendation."

10. Support Services (Legal, Finance, Corporate Property, HR, ICT, Business Services)

10.1 Legal : The recommendations can be supported from a legal point of view.

10.2 Finance - The Farm Estate is due for full valuation in this financial year, 2018/19. As the strategy seeks to reconfigure some of the existing farms in terms of size and scope, the revaluation exercise which is required by statute may have to be delayed to avoid a second revaluation after the reconfiguration.

The revenue impact of the loss of rental income as a result of the rationalisation of the farm estate needs to be considered and managed throughout the process. There will be accounting implications as a result of the reconfiguration of the lands.

10.3 Corporate Property- The Professional Lead for Strategic Property supports this proposal. The strategy to reconfigure will be a very gradual process as opportunities arise (when tenancies expire) and so there is no need to delay the revaluation exercise. To date, our rationalisation (c. £16m) has not diminished our income –in fact we have now started to see a slight increase (see Appendix).

11. Scrutiny

Has this report been scrutinised? Yes / No?

If Yes what version or date of report has been scrutinised? V7 of this report has been Scrutinised by the Learning Skills and Economy Scrutiny Committee.

What changes have been made since the date of Scrutiny and explain why Scrutiny recommendations have been accepted or rejected?

The following amendments have been made to this report to address the observations of the LSE Scrutiny Committee:

- 1) Expanded the SWOT analysis in the FEDP to reference Brexit, the outstanding Condition Survey liability and highlight the revenue surplus produced by the Estate.
- 2) Added text to s.2 of the FEDP to reference tenancy renewals.
- 3) Added trading figures provided by Finance to the Appendix 1 of this report to show the revenue profit made by the Estate.
- 4) Included the number of farms let, and tenancy renewals completed, over the past 4 yrs to Appendix 1.
- 5) Added point 1.6 above confirming that giving consideration to sale of the Farms Estate is beyond the scope of the FEDP review.

The observations of LSE Scrutiny Committee are included at Appendix 2 together with detailed responses.

12. Statutory Officers

12.1 The Solicitor to the Council (Monitoring Officer) commented as follows :
“ I note the legal comments and have nothing to add to the report.”

12.2 The Head of Financial Services (Deputy Section 151 Officer) notes the comments of both Finance and Property. Appropriate and considered rationalisation and use of the Estate will ensure that revenue can be maximised or a capital receipt can be generated. Both are key elements in the Councils Medium Term Financial Strategy.

13. Members' Interests

The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If Members have an interest they should declare it at the start of the meeting and complete the relevant notification form.

Recommendation:	Reason for Recommendation:
The Farms Estate Development Plan 2018 in Appendix 3 to the report is adopted as the estate management plan for the County Farms Estate.	To maintain the Estate as a viable operational asset.

Relevant Policy (ies):	Farms Estate Development Plan		
Within Policy:	Y	Within Budget:	Y / N

Relevant Local Member(s):	Not applicable
----------------------------------	-----------------------

Person(s) To Implement Decision:	Natasha Morgan
---	-----------------------

Date By When Decision To Be Implemented:	6th November 2018
---	-------------------------------------

Contact Officer: Hugo Van Rees Tel: (01686) 611 812 Email: hugo.van-rees@powys.gov.uk

Background Papers used to prepare Report: