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| CABINET | AGENDA ITEM No.5 |
| 25 JULY 2016 | PUBLIC REPORT |

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| Cabinet Member(s) responsible: | David Seaton, Cabinet Member for Resources | |
| Contact Officer(s): | Simon Machen, Corporate Director Growth and Regeneration | Tel. 01733 453475 |

FARMS ESTATE – IMPLEMENTATION PLAN 2016/17

| R E C O M M E N D A T I O N S | |
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| FROM : David Seaton, Cabinet Member for Resources | Deadline date : 25 July 2016 |
| <ol style="list-style-type: none"> 1. Cabinet to approve the Farms Estate Action Plan 2016 / 17 2. Cabinet delegate authority to the Corporate Director Growth and Regeneration to approve future Farm Estate Action Plans | |

1. ORIGIN OF REPORT

1.1 This report is submitted to Cabinet at the request of Councillor David Seaton, Cabinet Member for Resources and Digital Peterborough, following approval of the Strategy for the Management of the Farms Estate by Cabinet on 20 July 2015.

2. PURPOSE AND REASON FOR REPORT

2.1 The purpose of this report is to seek approval from Cabinet for the Farm Estate Action Plan 2016/17. This is an implementation plan for lettings, capital investment and proposed sales on the Farms Estate and is the first such Action Plan.

2.3 This report is submitted following consultation with the Peterborough Tenant Farmers Association through the Farms Estates Advisory Group. It is for Cabinet to consider under its Terms of Reference Part 3, Section 3.2 paragraph 3.2.4 To promote the Council's corporate and key strategies and Peterborough's Community Strategy and approve strategies and cross-cutting programmes not included within the Council's major policy and budget framework.

3. TIMESCALE

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| Is this a Major Policy Item/Statutory Plan? | NO | If Yes, date for relevant Cabinet Meeting | N/A |
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4. MANAGMENT OF THE FARMS ESTATE

4.1 The Strategy for the Management of the Farms Estate was approved by Cabinet on 20 July 2015. The strategy sets out three key objectives and these have been taken into account when preparing this report:

Objective 1 – Financial

- Promotion of viable farm enterprises
- Maintenance of rental and capital values of the estate
- Sale of property which is genuinely surplus to the operating requirements of the

estate or which are not financially viable to retain

Objective 2 – Agricultural

- Provide opportunities for new farm businesses, new entrants into farming and the opportunity for diverse farming related enterprises
- Encourage sustainable farming practices and businesses

Objective 3 – Social & Environmental

- Provide opportunities for varied use, environmental and social benefit to the people of Peterborough
- Where appropriate non-agricultural uses will be integrated with agricultural use

Farms Estate Action Plan 2016 / 17

- 4.2 Following approval of the Strategy, the detailed management of the farms estate was discussed at a number of meetings of the Farms Estate Advisory Group made up of officers, representatives of the Peterborough Tenant Farmers Association and Elected Members. A sub-group was tasked with preparing a Farms Estate Action Plan and this is attached as Appendix A to this report.
- 4.3 The Action Plan outlines a set of agreed principles including the vision for the farms estate, sustainable rents, the selection process for starter tenancies, investment proposals and also sets out an agreed lettings and sales approach for individual elements of the estate over the next year.
- 4.4 The vision is to work towards an estate comprising six core, full time holdings of approximately 400 acres each with the remainder, approximately 500 acres, used for starter tenancies and social uses such as education. All parties recognise that given the fragmented nature of some of the estate this could take up to 20 years to achieve. Rents need to be set at financially sustainable levels and non-financial benefits will be taken into account in setting rent levels, such as environmental, education or community benefits.
- 4.5 The approach to investment in the farms estate – in terms of both general repairs and investment in new infrastructure such as drainage and new buildings - has not been as comprehensive as it could have been and the Action Plan includes a commitment to improved financial planning and management. The Council has entered into a new joint venture partnership for its asset management with the NPS Group, and NPS Peterborough Limited will be tasked with undertaking a robust asset condition survey and defining an investment programme within the confines of the existing revenue and capital budget for the farms estate.
- 4.6 The Action Plan sets out in detail the approach to letting land at Grays Farm, Hills Farm, Moores Farm, Pepperlake and Fletchers Farm as well as to disposal of a limited number of surplus assets.
- 4.7 The UK agricultural economy is very closely linked to European Union (EU) membership through the Common Agricultural Policy. The potential short to medium term effects of the decision to leave the EU are unknown but agricultural land prices have been weakening for the past year. The effect of the referendum will be kept under review and decisions regarding sales and letting of land informed by the circumstances at the time.
- 4.8 This is the first Action Plan and it is proposed that these now be prepared on an annual basis in close consultation with the Peterborough Tenants Farmers Association.

5. CONSULTATION

- 5.1 The Farms Estate Action Plan 2016/17 is consistent with the Strategy for the Management of the Farms Estate approved by Cabinet 20 July 2015.
- 5.2 In preparing this report to Cabinet, the Assistant Director Property (Interim) and officers from Legal and Finance have been consulted. The Farms Estate Action Plan 2016 has been prepared in close consultation with representatives of the Peterborough Tenant Farmers Association.

6. ANTICIPATED OUTCOMES

- 6.1 Implementation of the Farms Estate Action Plan 2016/17 following approval by Cabinet.

7. REASONS FOR RECOMMENDATIONS

- 7.1 Following agreement of the Strategy for the Management of the Farms Estate by Cabinet in July 2015 it is important that Cabinet be given the opportunity to comment on and approve the Farms Estate Action Plan 2016.

8. ALTERNATIVE OPTIONS CONSIDERED

Do Nothing

- 8.1 This option is not viable as the Council has to make a number of decisions relating to letting and sale of parts of the farms estate. The Council needs to implement the approved Strategy for the Management of Farms Estate, otherwise its ongoing management has the potential to be done without reference to the agreed Strategy.

9. IMPLICATIONS

FINANCIAL IMPLICATIONS

- 9.1 The Action Plan is consistent with the budget for the 2016/17 farms estate in terms of revenue and capital investment set out in Council's Medium Term Financial Strategy approved by Council on 9 March 2016, which is summarised below.

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| Revenue Estimates | | |
| Rents Receivable | £292 000 | |
| Essential Repairs | (£50 000) | |
| Contingency for Other Expenditure | (£5 500) | |
| Revenue Surplus | £236 500 | |
| | | |
| Capital | | |
| Improvements | £150 000 | Fund available for investment in improvement schemes to include land drainage and farm buildings, subject to agreeing terms with tenants |

LEGAL IMPLICATIONS

- 9.2 Statutory authority for the sale of land is given by Section 123 of the Local Government Act 1972. Section 123 permits the Council to dispose of property in any manner they wish subject to the provision that the property is not to be sold for a consideration less than the best that can reasonably be obtained. It is also necessary to consider any competition implications in accordance with the Competition Act 1998 which prevents practices which could prevent competition, and the Council's Financial Regulations which regulate the way

in which the Council offers its land for sale. The proposed open market sales open to bidders comply with these various obligations.

- 9.3 Executive powers regarding matters such as negotiating and concluding negotiations for the grant of leases, licences, rent reviews and the sale of land where the capital receipt is up to £250,000 have been delegated to the Corporate Property Officer, in this case the Director of Growth and Regeneration. Consequently the Director of Growth and Regeneration Corporate Property Officer has delegated authority to deliver most of the agreed Implementation Plan with the exception of sales in excess of £250,000 where the decision is the responsibility of the Cabinet Member for Resources subject to a Cabinet Member Decision Notice.

10. BACKGROUND DOCUMENTS

- 10.1 Strategy for the Management of the Farms Estate – approved by Cabinet on 20 July 2015:

[Cabinet Agenda - 20 July 2015](#)