

SMALLHOLDINGS ESTATE POLICY AND WORKING PRACTICES

Report By: Director of Resources

Wards Affected

County-wide

Purpose

1. The purpose of this report is to provide an update on the Council's policy on management of the smallholdings estate and invite any comments.

Financial Implications

2. The target of £10 million capital receipts over a 10-year period from 2005 will be achieved.
3. Capital receipts achieved since May 2005 total £3.2 million.
4. The target for capital receipts has been amended for years 2008/09 and beyond to £1m per annum, net of expenditure on capital repairs.
5. Rental returns will be monitored to optimise the return on capital.

Background

6. Following the meeting of Committee on 7th November 2007, the Council's policy on the management of the smallholdings estate has been reviewed and updated.
7. The working practices have evolved over a number of years and the Policy was previously agreed by Cabinet and Council as part of the Council's Property Strategy on 19th May 2005.
8. In addition, the policy is an integral part of the Council's Corporate Plan 2007-2010 and the Asset Management and Property Services Plan 2007-2010. These documents are currently being revised for the 2008-2011 period.
9. The smallholdings estate consists of 61 farms, 11 dairy and 50 stock/arable, amounting to approximately 5,000 acres (2023 hectares), plus 164 acres (66 hectares) of woodland.
10. The estate is widely spread throughout the county. A location plan and list of the holdings is given in Appendix 1.

11. The estate achieved an annual income of £424,000 in 2006/07, plus approximately £16,000 in respect of milk quota. Last year's expenditure was £277,000, leaving a net income of £163,000. Estimated rental income for 2007/08 is in the region of £440,000. Exceptional one-off maintenance works have increased expenditure to approximately £300,000, leaving a net income of £140,000 for 2007/08. The amendment to the receipts target, as noted above, will reduce the impact on the revenue expenditure budget in future years.
12. A commentary on the estate policy, management strategy and expected outcomes are shown in Appendix 2.
13. The updated Management Working Practices are shown in Appendix 3.
14. The disposals to date, plus proposed future disposals, are shown in Appendix 5.
15. The current policy manages the estate on the basis of structured disposals of buildings and parcels of land and re-allocation of land to retained holdings.
16. In addition to the current policy, there are three alternative options, which may be considered:
 - a) Disposal of the whole estate as a single investment opportunity.
 - b) Disposal of the estate as individual lots, with sitting tenants.
 - c) Disposal of the estate as holdings become vacant.
17. Commentary on these options and the existing policy is given in Appendix 4.
18. The current policy of structured disposal provides the Council with value for money by optimising the capital and revenue returns from the estate.

RECOMMENDATION

THAT the Committee examines the Smallholdings Estates Policy attached to this report and determines whether it has any comments or suggestions it wishes to make to Cabinet thereon.

BACKGROUND PAPERS

None.