

---

<b>DECISION MAKER:</b>	<b>Cabinet Member Contracts and Assets</b>
<b>DECISION DATE:</b>	<b>27 March 2014</b>
<b>SCRUTINY COMMITTEE FINAL CALL-IN DATE:</b>	<b>1 April 2014</b>
<b>DATE DECISION MAY BE IMPLEMENTED:</b>	<b>2 April 2014</b>

<b>TITLE OF REPORT:</b>	<b>Future of the Council's Smallholding Estate</b>
<b>REPORT BY:</b>	<b>Tony Featherstone – Head of Corporate Asset Management</b>

## **1 Classification**

Open.

## **2 Key Decision**

This is not a key decision.

## **3 Wards Affected**

County wide.

## **4 Purpose**

To approve the commission of an options appraisal (to include valuations of alternative use) to inform the future direction for the management of the Council's Smallholdings Estate.

## **5 Recommendation(s)**

**THAT:**

- (a) Approval be granted to commission an options appraisal / business case to inform the direction for the future management of the Smallholdings Estate; and**
- (b) The Director of ECC be authorised to make suitable arrangements for the delivery of the options appraisal by 30<sup>th</sup> June 2014, the costs of which will be reimbursed from the capital receipts of the ensuing disposals.**

## **6 Alternative Options**

- 6.1 Do nothing and continue with arrangements as set out in the existing policy -

This arrangement is unsustainable in the longer term as the net rates of return from lettings constitute poor value for money and the needs for capital investment to upgrade the accommodation and built infrastructure are beyond the Council's capital resources.

- 6.2 Market the entire estate for disposal -

This is unlikely to produce the best value for money for the taxpayer and optimise the resource available to contribute to the delivery of the Council's longer term ambitions.

## **7 Reasons for Recommendations**

- 7.1 The existing Smallholdings policy dates back to 2009. The Council's priorities have changed dramatically over this 5-year period. The options appraisal is needed to inform future policy development and decision-making and to identify the true value contained within the Estate. It will also establish whether the rate of return from holding the Estate provides value for money and whether a greater rate of return might be afforded from an alternative management regime.

## **8 Key Considerations**

- 8.1 The Estate is approx. 4,800 acres split into 14 parcels of land consisting of 51 holdings, woodland and other.
- 8.2 The present Smallholdings policy has not been reviewed since approved in 2009.
- 8.3 The current rate of return on the asset is in the region of 1% net. This is considered poor value for money when considered against other investment options.
- 8.4 The Council's key priorities have changed and the retention of a smallholdings estate now forms a much lower priority for the Council.

## **9 Community Impact**

- 9.1 The retention of the current policy will involve the dedication of resources away from

the key priorities of the Council. The existing smallholdings contribute little to the priorities of supporting vulnerable adults and children and the local economy. As the smallholdings require investment and resource that could otherwise be redirected to these priorities, then it is important that the contribution be challenged to ensure that the Council's resources are best deployed in meeting these priorities.

## **10 Equality and Human Rights**

- 10.1 An equality impact assessment may be needed as part of this appraisal and advice will be sought prior to its commissioning.

## **11 Financial Implications**

- 11.1 The cost of the options appraisal is to be funded from capital receipts accruing from disposals. It is estimated to be under £50k.
- 11.2 The procurement will be overseen by the Commercial Services team to ensure compliance with financial procedure rules.
- 11.3 The appraisal will identify alternative use valuations for the Estate.

## **12 Legal Implications**

- 12.1 No substantive legal issues are raised by the proposal itself save that to advise that financial procedure rules are complied with in seeking quotes and commissioning this work. Once recommendations have been made legal input will be required to advise as to the suitability of options proposed.

## **13 Risk Management**

- 13.1 If the commission is not properly commissioned, then the Council runs the risk of legal challenge. Legal and procurement advice will be sought.
- 13.2 If the commission is not sufficiently robust in specifying its outputs, then the Council may experience difficulty in securing political support for its recommendations.
- 13.3 If the commission's strategy around the commissioning of the appraisal is not properly managed, then the risks of misunderstanding the Council's motives might be realised. A clear statement of objectives needs to be formulated.
- 13.4 A clear expectation for reporting upon the recommendations needs to be established which will engage local members and scrutiny committee.

## **14 Consultees**

None at this stage.

## **15 Appendices**

15.1 Plan and listing of the Smallholdings Estate.

## **16 Background Papers**

16.1 None.