

Report To: Cabinet

Date of Meeting: 24th March 2015

Lead Member / Officer: Julian Thompson Hill - Lead Member
Finance and Assets
Paul McGrady - Head of Finance and Assets

Report Author: Gerald Thomas - Valuation and Estates Manager

Title: Long Term Strategy for the Agricultural Estate

1. What is the report about?

The report provides information on the proposed strategy for the Agricultural Estate from 2015 onwards.

2. What is the reason for making this report?

Following concerns raised via Performance Scrutiny Committee in March 2014, and June 2014 it was resolved that the existing Agricultural Estate Strategy (as adopted in 2010) was no longer representative of the Council's current position in terms of existing and future financial constraints. Consequently, Performance Scrutiny established a deadline of February 2015 for an agreed new strategy to be taken through the decision making process and approved prior to April 2015.

3. What are the Recommendations?

Cabinet is asked to approve the future strategy of the Agricultural Estate.

4. Report details.

4.1. The Agricultural Estate represents a substantial capital resource which must be seen to work both for the Council and its tenants. The Council no longer has the resources to support the Agricultural Estate in its current form.

4.2. The future strategy for the estate has been considered together with input from the Council's agricultural estate working group. This group comprises members of the Council. The proposed strategy which also includes information about the estate is attached at Appendix 1.

5. How does the decision contribute to the Corporate Priorities?

5.1 The generation of capital receipts will assist the Council to deliver projects which support all Corporate Priorities and support the efficiencies agenda.

5.2. The removal of onerous maintenance and management liabilities will ensure greater efficiency of Council resources and will mitigate the impact of cuts in other corporate areas.

6. What will it cost and how will it affect other services?

Management costs will be contained within existing Revenue budgets. Any costs in respect of disposals will be met through receipts gained.

Additional Resources needed

ICT - Not applicable

Legal - There is potentially an increased workload for the Legal department, but additional costs can be met from capital receipts achieved from disposals.

Biodiversity - Not applicable at the moment and each disposal would be assessed individually at that point.

Effects on the environment - Not applicable at the moment and each disposal would be assessed individually at that point.

7. What are the main conclusions of the Equality Impact Assessment (EqIA) undertaken on the decision? The completed EqIA template should be attached as an appendix to the report.

Each disposal will be assessed individually and the EqIA will be undertaken at that point.

8. What consultations have been carried out with Scrutiny and others?

8.1. The Councils Agricultural Estate Working Group has been involved from the outset in the development of the strategy. Four meetings have been held with the group since June 2014 to consider the Strategy culminating in the support by the group to this proposed strategy at the groups' last meeting on the 18th December 2014.

8.2. The Councils agricultural tenants were contacted by letter during August 2014 to advise them that the estate would need to be reviewed as would all other Council services.

8.3. The Councils agricultural tenants were again contacted by letter on the 6th January 2015 and given an opportunity to respond to the proposals. Any responses were asked to be received by the 23rd January 2015.

To date, there are known to be 13 tenants who would be interested in being able to purchase either the whole or part of their holdings.

8.4. All members of the Council were contacted by email and given an opportunity to respond to the proposals. Cllr: Bobby Feeley responded stating her support to the proposals as outlined.

8.5 Other interested stakeholders, (the Farming Unions, the Clwyd Federation of Young Farmers, the Tenants Farmers Association, and the Country Land and Business Association) were contacted by letter and given an opportunity to respond

to the proposals. Again, any responses were asked to be received by the 23rd January 2015. No responses were initially received and therefore this group of stakeholders were contacted again by a second letter. The Tenants Farmers Association subsequently made contact to request another copy of the original letter. They have now responded and a copy of their response dated 6th February 2015 is attached at Appendix 2. The points that have been raised in their letter have been considered as part of the background process in the development of the proposed strategy.

8.6. A copy of the letter sent to all tenants, members and the above named stakeholders is attached at Appendix 3.

8.7 The proposal was presented to Performance Scrutiny at its February 2015 meeting, and they resolved to recommend to Cabinet that it approves and adopts the future strategy for the Agricultural Estate. Details of the draft minutes of the Committee are attached at Appendix 4.

9. Chief Finance Officer Statement

9.1 Revenue costs must be contained within existing budgets. The value and timing of capital receipts will be uncertain and this must be factored into financial planning assumptions.

10. What risks are there and is there anything we can do to reduce them?

10.1. Rationalisation of the estate will result in loss of revenue income, however as highlighted in the rationale in the proposed strategy at Appendix 1, agricultural investments do not provide a high rate of return. Unless the Council is prepared to accept this and the need to invest a large proportion of the income into maintenance and improvements, the farm estate will continue to decline and leave the Council exposed to increasing liabilities. The only alternative is to realise the capital value of the investment (.i.e. Dispose of holdings when the opportunity arises)

10.2. There is a risk that a farm could be sold on for alternative development purposes once in private ownership. Covenants restricting land use and overage provisions can be incorporated into any disposals as mitigation, although regard must be had to the effect this may have on receipts.

11. Power to make the Decision

11.1 S123 of the Local Government Act 1972 gives the power to dispose of land.