

# CHESHIRE EAST COUNCIL

## Cabinet

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<b>Date of Meeting:</b>	1 <sup>st</sup> July 2014
<b>Report of:</b>	Director of Economic Growth and Prosperity (Caroline Simpson)
<b>Subject/Title:</b>	Farms Estate - Strategic Opportunity to Purchase Land
<b>Portfolio Holder:</b>	Councillor P Raynes, Finance

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### 1.0 Report Summary

- 1.1 This proposal ensures food security and enhances the Council's farm assets. It is fully funded from within the approved Capital Programme and overall Medium Term Financial Strategy.
- 1.2 In 2011/12 the Council conducted a full review of the farms estate leading to a policy decision to retain, modernise and restructure the service. The strategy recognised and accommodated the need for investment, identifying disposals to fully fund infrastructure requirements and the value of opportunities to improve estate structures and performance by strategic and opportunistic acquisitions.
- 1.3 Since then the agricultural land market demand has remained strong with considerable demand from active farmers, estates and investors with growth in land values significantly outstripping other sectors and independent forecasts indicate continuing growth.
- 1.4 A property identified as Bulkeley Grange Farm, bordering the Council's Ridley Farms Estate, is being sold on the open market. This presents an opportunity for the Council to consider purchasing land to improve the structure of the farms estate. Acquisitions and disposals are consistent with the approved management strategy within the overarching framework of restructuring and retaining an estate of a similar size.
- 1.5 The property has been subdivided into 6 Lots, of which the main areas of land adjacent to the Council's property are contained within two Lots 5 & 6. The property has been viewed to guide consideration of the potential that the purchase of this land might offer and it is concluded that the acquisition of part of the land would offer opportunities to improve the structure and the financial performance of the farms estate.

- 1.6 The Farms Estate strategy encompasses both the acquisition and disposal of property and this is consistent with the objectives of the capital programme which was developed to fund the reorganisation. The programme was not however designed to address the temporary financing of such acquisitions and clearly, any acquisition would need to be mirrored in the future by 'additional' sales to remain consistent with the current objectives i.e. retaining an estate of a similar size.
- 1.7 This report has been placed upon the Cabinet Agenda as the cycle of meetings permits this. However the decision is considered urgent as the decision will need to be acted upon with immediate effect. For this reason the Chairman of Jobs, Regeneration and Assets Scrutiny Committee has agreed that the decision shall be treated as urgent and that the call in procedure should not apply.
- 1.8 This matter did not appear in the Forward Plan in accordance with the Constitution and the Monitoring Officer has notified the Chairman of Jobs, Regeneration and Assets Scrutiny Committee accordingly.

## **2.0 Recommendations**

- 2.1 That the Director of Economic Growth & Prosperity acquire part or all of either or both of Lots Part 5 and 6 of Bulkeley Grange Farm, at a price that does not exceed the open market value of the property.
- 2.2 That the value be determined by the Assets Manager by formal valuation plus ancillary costs of acquisition, funded from within the existing Farms Strategy capital budget.

## **3.0 Reasons for Recommendations**

- 3.1 The acquisition of the identified property is consistent with the objectives of the farms estate management strategy providing an opportunity to improve the structure of the estate, the service it provides and the financial performance of the estate as a whole.

## **4.0 Wards Affected**

- 4.1 Wrenbury

## **5.0 Local Ward Members**

- 5.1 Councillor S Davies

## **6.0 Policy Implications**

- 6.1 The proposal is consistent with current policy.

## **7.0 Implications for Rural Communities**

- 7.1 The Farms Estate provides opportunities to farm at an entry level for suitably qualified applicants, supporting the agricultural industry and associated supporting structures in rural areas.

## **8.0 Financial Implications**

- 8.1 The Farms Strategy Capital Budget of £3.8m was originally approved in 2012/13 profiled over a five year time period. The strategy aims to generate £13.5m in capital receipts from the disposal of surplus assets and will therefore create a net receipt in the region of £10m to fund the Council's investment plans.
- 8.2 The current Farms Strategy Budget was endorsed again by Full Council on 27<sup>th</sup> February 2014 and has a budget remaining of £3m with a profile of spend of £0.868m in 2014/15, £0.911m in 2015/16 and £1.259m in future years.
- 8.3 This potential acquisition plus the planned spend in year of £0.275m will require an increase to the 2014/15 budget. This re-profiling can be accommodated with the existing Medium Term Financial Strategy.
- 8.4 To avoid a potential shortfall during the remainder of the strategy further approval will be sought in due course for a supplementary capital estimate, fully funded by capital receipts over and above the original target. This will be subject to the Council's governance arrangements for capital projects.
- 8.5 The value of the property exceeds the financial limit considered to be a 'Key' Decision. Given the time scale for bidding and negotiating the transaction/s, it is concluded that to enable the bidding/acquisition to proceed the re-profiling of the current programme would be required.

## **9.0 Legal Implications**

- 9.1 No legal searches/enquiries have been undertaken at this stage, but of significance are planning conditions impacting on the roadside boundaries and overage / development clawback provisions.
- 9.2 The Council is empowered to hold property for the purposes of providing opportunities to farm as a Smallholdings Authority under the Agriculture Act 1970

## **10.0 Risk Management**

- 10.1 The identified risks relate to the absence of a full background title report and searches which will be addressed in the event of a successful bid to purchase and by the conclusion of negotiations on a subject to contract basis.

## **11.0 Background and Options**

11.1 The proposal is considered in the context of the Corporate Asset management Plan and the associated Farms Estate Management Strategy. Positive options include consideration of the acquisition of all or parts, subject to the approval of the vendor.

## **12.0 Access to Information**

The background papers relating to this report can be inspected by contacting the report writer:

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