

CHESHIRE EAST COUNCIL

Portfolio Holder for Regeneration

Date of Meeting:	30 August 2016
Report:	County Land Agent
Subject/Title:	Goostrey & Ridley Farms Estates – New Lettings
Portfolio Holder:	Councillor Don Stockton

1.0 Report Summary

- 1.1 A number of tenancies are due to end between August 2016 and March 2017 releasing opportunities to implement the estate reorganisation management plans on two estates.
- 1.2 Goostrey Estate, Holding 7, Valley Farm (Appendix A) is due to be vacated following the end of a 20 year tenancy on the 25th March 2017. The Holding has evolved in several phases from a 45 acre dairy farm in 1997, with the addition of land and buildings in 2005 and 2013/14 to create a 173 acre unit today. The estate plan retains this unit with ambitions to add further land as the opportunity arises.
- 1.3 Ridley Estate, Holding 11, Oak Farm (Appendix B) is a 82.802 acre former dairy farm which is due to be vacated on the 25th March 2017. The estate plan retains this holding for future lettings and includes provision for the addition of land from the adjacent Holdings 9 & 10 in 2017 to create a 131.59 acre unit that has good potential with further investment as a dairy or livestock unit.
- 1.4 Ridley Estate, Holding 12, Meadow Farm (Appendix B) is a 75.62 acre former dairy farm which is due to be vacated on the 29th September 2016 by surrender agreement. The estate plan retains this holding for future lettings and includes provision for the addition of land from the adjacent Holdings 11 & 23 to create a 147 acre unit from March 2017 and a 176 acre unit with the addition of land from Holding 14 when circumstances permit.
- 1.5 All three will be classified as Entry Level 2 farms and accordingly will be promoted to existing tenants to encourage further tenancy movements and change prior to external advertising.
- 1.6 Recent experience would suggest that the preferred model of a fixed term farm business tenancy, typically for a period of up to 15 years or up to age 65 with 5 year break clauses, should attract appropriately qualified, good quality applicants although trading circumstances remain extremely challenging.
- 1.7 Portfolio Holder approval is required for leases of more than 7 years.

2.0 Recommendations

- 2.1 That approval be given to the principle of letting Goostrey Estate, Holding 7, Valley Farm and Ridley Estate, Holding 11 (Oak Farm) & 12 (Meadow Farm) as detailed, individually for a period of up to 15 years or age 65
- 2.2 That approval be given to advertising the availability of capital for investment in the Holdings for proposals that support the capacity of the individual Holdings, funded from within the approved Farms Strategy capital programme, subject to the imposition of rent charges at a rate of 7% per annum in addition to the tendered rent.
- 2.3 The County Land Agent be authorised to determine and agree the heads of terms for the tenancies.
- 2.4 The Director of Legal Services be authorised to prepare approve and execute all necessary documentation to give effect to the heads of terms for grant of a tenancies.

3.0 Reasons for Recommendations

- 3.1 The letting of the named farms is consistent with the approved management strategy for the Farms Estate as a whole and the plans for the individual estates/farms.

4.0 Wards Affected

- 4.1 Goostrey Estate – Dane Valley
Ridley Estate - Wrenbury

5.0 Local Ward Members

- 5.1 Dane Valley – Councillors L Gilbert & A Kolker
Wrenbury – Councillor S Davies

6.0 Policy Implications

- 6.1 None

7.0 Implications for Rural Communities

- 7.1 The lettings progress the implementation of the estate strategy and underpins the viability of the individual farms, estate and service.

8.0 Financial Implications

- 8.1 Typically, tendering results in an uplift in the rent receivable but the industry is experiencing extremely challenging trading circumstances with an oversupply of milk. There is a shortage of competitive milk supply contracts

and although reductions are not predicted, it is too early in the process to give a reliable prediction.

9.0 Legal Implications

- 9.1 Relevant consideration will have to be given for each transaction to the level of authority required under the Constitution.
- 9.2 The Council has the power to grant a lease of the land pursuant to s123 of The Local Government Act 1972 subject to any disposal for 7 years or more being at the best consideration that can reasonably be obtained.
- 9.3 Notwithstanding the above powers the Council has a fiduciary duty to the taxpayers and must fulfil this duty in a way which is accountable to local people.

10.0 Risk Management

- 10.1 The legal and financial risks associated with the decisions relate to:
- a) Impact on total net income - Considered in the development of the overarching strategy which seeks to underpin and improve the financial performance of the estate assets, addressed by proactively reducing the liability for maintenance corresponding to the number of properties and increasing rental value through investment.
 - b) The potential for a failure to let and/or reduced rental levels - addressed by advertising the opportunities to existing tenant and subsequently on the open market.
 - c) Accountability - addressed through normal accounting procedures and the publication of performance data through CIPFA annually.

11.0 Background and Options

- 11.1 The overarching farms estate strategy was approved by Cabinet in January 2012, supplemented by the findings of a Cabinet Review Group during 2013 and the Corporate Property Board in 2015.

12.0 Access to Information

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

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