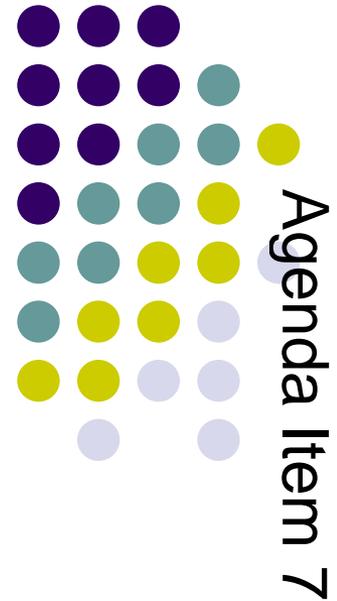


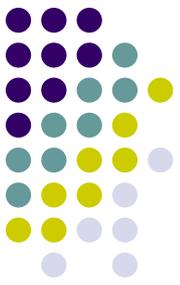
Lincolnshire County Council County Farms Estate Overview

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Sarah Wells
Business Manager
Corporate Property



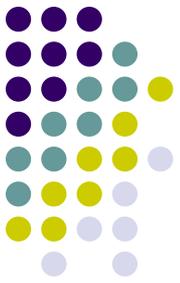
Agenda Item 7



The Background

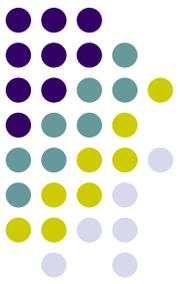
- Estate was originally created to provide employment and lifestyle for returning WW1 soldiers.
- The current estate comprises 19,007 acres (7,691 hectares) of which 16,807 is freehold and 2,200 acres leased from the Crown Estate, divided up into 215 individual holdings. (185 freehold/30 leasehold), primarily located in South Holland/Boston/East Lindsey areas
- The current annual valuation (Apr '18) of the estate for capital accounting purposes (as a let estate) is £105m – (2012 £61m).
- The estate comprises agricultural units let under the Agricultural Holdings Act 1986 and Farm Business Tenancies let under the Agricultural Tenancies Act 1985.

The Policy



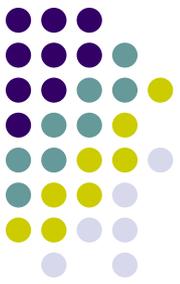
Primary objectives:-

- Maximise the rents and other income for the benefit of other LCC services.
- Maximise capital receipts from the sale of surplus land and property, particularly that benefitting from planning permission for development.
- Continue to amalgamate land within the holdings where appropriate.
- Further LCC policies to conserve and enhance the natural beauty and amenity of the countryside.
- Provide opportunities for suitably qualified new entrants to farm on their own account.



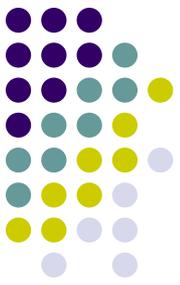
Strategy

- To consolidate into larger, more sustainable holdings (c300 acres)
- Rolling programme of conversion to modern FBT tenancies as they arise
- Sell parts of estate with development potential (approx 1% of estate if permission granted)
- Acquisition of land where there is a justifiable business case



The day to day Management

- Portfolio Holder is the Leader of the Council
- Client lead – Corporate Property
- The estate has been managed externally as a commercial trading operation since 1993. This function is currently carried out by our land agents, Savills.
- Savills are responsible for dealing with our tenants, repairs and maintenance, income collection, rent reviews etc. and recommending land sales, amalgamations, tenancy successions and play a key part in the potential development site programme.

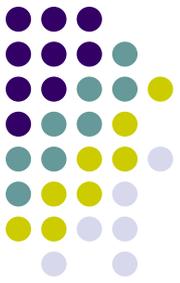


Budgets

- 2017/18 repair and maintenance spend of approx. £300k
- In 2017/18 the estate generated a revenue surplus of approx. £1.63m
- Annual capital budget (grain stores etc) of £200k (example as per next slide)
- Additional capital budget for farm roads.
- Capital receipts from any sales contribute towards the Council's £20m target for 2016-2018.

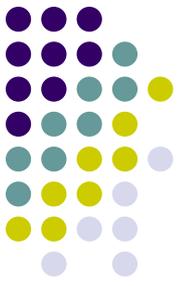


Example of a Capital scheme



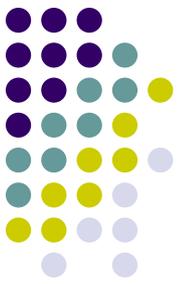
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Succession

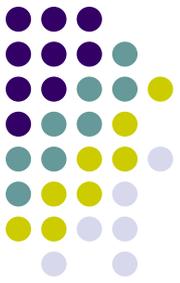
- We manage a successful "Succession policy", whereby family members are permitted to apply for succession of a tenancy if the criteria are met
 - Younger family members are already involved on the holdings
 - Wide knowledge base
 - Retain the support of their elders/act as financial backers giving LCC a level of security and reducing the amount of risk.
- Ordinarily new "successors" demonstrate a better use of technology, improved processes and diversification from the outset, (if the infrastructure such as broadband is available).



Development Sites

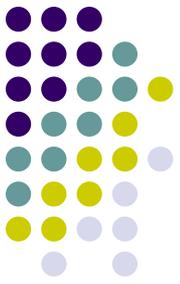
- Most of the estate is remote, however a small percentage have been identified closer to settlements for potential development opportunity (residential/commercial)
- Planning applications at various stages for 6 sites initially
- Objective - to contribute to the Council's capital receipt programme and flexibility on use of capital receipts for revenue purposes. Estimated capital receipt of £14m over phased period

Agriculture Bill



- Significant uncertainty on impact of suggested changes.
- Initial risks:
 - Could see a spike in older tenants serving Notice to Quit
 - Financial difficulties due to end of subsidy payments/payment process
 - Focus on environment rather than food production
 - Lower grade land more vulnerable (4% LCC estate)
- Opportunities:
 - May encourage an increase in succession applications
 - Amalgamate holdings/transfer to FBT tenancies.

Most effective security!



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