Lincolnshire County Council
County Farms Estate
Overview

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Corporate Property
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
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!