

Wiltshire Council

Cabinet Capital Assets Committee

17 January 2017

Subject: Declaration of rural estate property in Sedgehill area as Surplus so that it can be sold on the open market

Cabinet member: Councillor Toby Sturgis – Cabinet Member for Strategic Planning, Development Management, Strategic Housing, Operational Property and Waste

Key Decision: No

Executive Summary

The property is in a location which is isolated and has no significant strategic development potential. It comprises three small scale dairy farms with limited and outdated fixed equipment and would require significant investment prior to re-letting. Two of the farms have Grade II listed residential dwellings, one of which has structural defects and is uninhabitable.

Each of the farms have ranges of traditional farm buildings which are unsuited to modern agriculture but ideal for conversion to other uses. Their value is best realised by disposing of them rather than via re-letting.

Due to the individual circumstances of the three Tenants of the property, there is now a realistic opportunity to obtain vacant possession of the three farms on terms which are beneficial to both the Council and the Tenants and reflective of both parties respective interests. The Council's desire to sell the property was first established by the Rural Estate Management Plan 2004-2014 but further CCAC approval now is required.

Proposals

1. Declaration of rural estate property in Sedgehill area as Surplus so that it can be sold on the open market.
2. To further delegate specific decisions on the lotting of the property, method of sale, negotiations with outgoing tenants and interim management arrangements to the Associate Director for People and Business and Cabinet Member for Strategic Planning, Development Management, Strategic Housing, Operational Property and Waste

Reason for Proposal

To enable the sale of the Council's rural estate property in the Sedgehill area as Surplus in order to generate capital receipts which will contribute to the Council's Capital programme and Treasury Management Plan and to divest the Council of assets which have a high cost repairing liability in relation to their revenue potential.

Dr Carlton Brand
Director

Wiltshire Council

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Key Decision: No

Purpose of Report

1. To seek approval for officers to add the rural estate property in the Sedgehill area to the list of properties scheduled for disposal on the open market.

Relevance to the Council's Business Plan

2. The proposal will support the Council's Business Plan Principle no.2 to 'ensure that we are efficient and provide good value for money for our residents.' It will also enable a capital receipt to be produced which will provide the Council with the opportunity to further its wider Business Plan objectives.

Background

3. The Council is a smallholding authority and holds a portfolio of approximately 5,000 acres of land including 33 equipped holdings across the County. The objectives of the Portfolio are as follows:
 1. *To provide opportunities for existing tenants to advance their farming businesses and enhance their opportunity to either purchase their own farm or to move from the estate into the private sector. This mobility will provide opportunities for new entrants.*
 2. *To promote the Development Estate and to continue to dispose of the Surplus Estate to provide capital receipts to assist with the funding of investment in the Core Agricultural Estate and contribute funds towards other corporate needs.*
 3. *To maintain the rural fabric through the ownership and letting of farms together with the provision of strategic advice on rural matters.*
 4. *To promote sustainability, biodiversity and climate change resilience across the Estate by encouraging and supporting, as appropriate, a full range of innovative measures and activities.*

5. *To support tenants wishing to use their farms for education purposes.*
6. *To promote and manage the use of the Estate to support the Council's wider Business Plan objectives wherever possible.*

The Council's rural estate property in Sedgehill, near Shaftesbury comprises 300 acres of land subdivided and let as 3 agricultural holdings being Church Farm No.1, Church Farm No.3 plus added bare land known as Butterstakes and Berrybrook Farm (see plan at Appendix 1). The property was designated as 'surplus' within the Rural Estate Asset Management Plan 20014-2014 which was adopted by Cabinet Committee in 2004 in order to support objective 3 of that plan:

2. To promote the Development Estate and to continue to dispose of the Surplus Estate to provide capital receipts to assist with the funding of investment in the Core Agricultural Estate and contribute funds towards other corporate needs.'

As such the rural estate property at Sedgehill has been managed view to its sale at a point in the future when best value can be achieved. It is expected that best value will be achievable when the farms can be sold with vacant possession rather than subject to the existing agricultural tenancies.

There is now an opportunity to obtain vacant possession through negotiation so that the farms can be sold on the open market.

Main Considerations for the Council

4. The Asset Management Plan under which the property at Sedgehill was originally designated as 'surplus' covered the period to 2014 and is in the process of being reviewed however the same arguments for disposing of this property still apply:
 - The property is in a location which is isolated from the remainder of the Council's Rural Estate.
 - The property has no significant strategic development potential (see planning policy statement attached at Appendix 2) although there are likely to be opportunities for small scale redevelopment of some of the agricultural buildings to alternative uses.
 - The property comprises three small scale dairy farms with limited and outdated fixed equipment and buildings. None have adequate provision for slurry storage and would require significant investment from the Council if they were to be re-let.
 - Two of the farms have residential dwellings, both of which are Grade II listed. The farmhouse at Church Farm number 3 has structural defects and has been uninhabitable for over a year. It is in urgent need of investment and a pre-measure in the sum of circa £100,000 has been received from the Council's contractors Kier to bring it into safe repair to enable it to be renovated. The total level of investment required is likely to be in excess of this.

- Each of the three farms, but particularly Berrybrook Farm, have ranges of traditional farm buildings which are unsuited to modern agriculture but ideal for conversion to other uses. The value of these buildings cannot easily be borne out by letting the farms, and they would remain as a repairing liability to the Landlord so their value is best realised by disposing of them on the open market.
- Due to the individual circumstances of the three Tenants of the property, there is now a realistic opportunity to obtain vacant possession of the three farms on terms which are beneficial to both the Council and the Tenants and reflective of both parties respective interests.
- Declaring the property as surplus and available for sale on the open market will enable the Council to negotiate more effectively with the Tenants because land will be available to sell to them in lieu of providing a surrender premium (if appropriate and subject to satisfying the requirements of s.123 of the Local Government Act). It will also allow the Council to lot and dispose of parts of the property over time in order to achieve the optimum price.

Safeguarding Considerations

5. There are no safeguarding issues to be considered.

Public Health Implications

6. There are no public health implications to be considered.

Corporate Procurement Implications

7. The decision to declare the property as surplus does not give rise to any procurement implications. However, a procurement exercise will be undertaken prior to appointing an agent to market any part of the property for sale.

Equalities Impact of the Proposal

8. This proposal does not give rise to any adverse or positive equality impacts

Environmental and Climate Change Considerations

9. Where livestock is farmed there can be a risk of unacceptable high levels of nitrates entering watercourses and such incidents can result in pollution incidents and prosecution by the Environment Agency. At present the three farms at the Sedgehill have outdated fixed equipment and slurry handling facilities and under the terms of the tenancy agreements of Church Farms no.1 and no.3 it is the responsibility of the Council to provide compliant facilities, whilst at Berrybrook Farm the responsibility lies with the tenant. Disposal of the property will absolve the Council of these potential liabilities.

The disposal of Church Farm No. 3 from the Council's property portfolio will have the consequential impact of removing the carbon emission from the Council's carbon footprint. The Council is paying directly pays the energy bill for this property because it is void as it's condition makes it uninhabitable. For the remainder of the property there will be no impact on the Council's carbon footprint.

Risk Assessment

10. Regular reports on progress of property disposals are provided to the Committee within the Capital Monitoring Report. These reports are based on a review of risks on disposals, and will enable future forecasts on the out-turn position on receipts to be tracked during the course of the year.

As vacant possession is provided in respect of each farm, the holding will be assessed to quantify risk in respect of being a void property and appropriate action will be taken to mitigate these risks.

Risks that may arise if the proposed decision and related work is not taken

11. a) There is a risk that the condition of the Grade II listed farmhouse at Church Farm No.3 will deteriorate further requiring increasingly expensive intervention to preserve the structure. This is also represents a reputational risk because the Council as planning authority has the relevant enforcement powers to serve a repairs notice requiring the repair of a listed building in order to safeguard it and ultimately also has compulsory purchase powers for the same reason.
- b) There is a risk that costly repairs will be required to further buildings on the holdings including the Grade II listed house at Berrybrook Farm.
- c) There is a risk of a pollution incident due to inadequate fixed equipment at Church Farms 1 and 3.
- d) There is a risk that if the existing tenants remain in occupation they will farm on a very low intensity basis and investment in the holding by the tenant will be difficult to justify.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

12. Risk	Management of Risk
a)The Council may be criticised for electing to dispose of the property as it forms part of the Council's smallholding estate and will therefore be contrary to the Council's other objective to provide opportunities to farm.	a) The property was first designated as 'surplus' in the rural AMP adopted in 2004 so it is a well established intention. I can be demonstrated that the property would require significant investment in order to provide a viable opportunity for new tenants to farm.
b) Declaring the property surplus will result in the local land market being flooded.	b) The property will be lotted appropriately and sales timed to avoid this.

Financial Implications

13. Due to ongoing negotiations with the tenants, this section of the report is considered to be commercially sensitive and is therefore enclosed as a Part 2 exemption at Appendix 3.

Legal Implications

14. The provisions of the existing tenancy agreements need to be taken into consideration and the current negotiations with existing tenants will need to be concluded prior to the land being disposed of on the open market. It may be necessary to put temporary occupational agreements into place in order to optimise the timing of sales of various lots.

Options Considered

15. Status quo – the Farmhouse at Church Farm no.3 cannot be left in its current condition indefinitely and could not be sold in isolation due to its proximity to the farm buildings at Church Farm no.s 1 and 3. The current financial challenges facing the farm tenants and their own specific circumstances make this an ideal time to negotiate with them to achieve vacant possession.

Apply for only part of the property to be declared available for sale – this would limit opportunities to optimise lotting and there is no part of the property (in terms of residential and farm buildings) which does not convey a significant repairing liability on the Council.

Conclusions

16. The future capital receipts generated from the sale of the property at Sedgehill will contribute to either investment into the Council's remaining agricultural holdings or wider capital programme and Treasury Management Plan. In addition, the disposal of the property over time will divest the Council of assets which have a high cost repairing liability in relation to their revenue potential.

Dr Carlton Brand
Corporate Director

Report Author: Barry Pirie - Associate Director – People and Business Service
5th December 2016

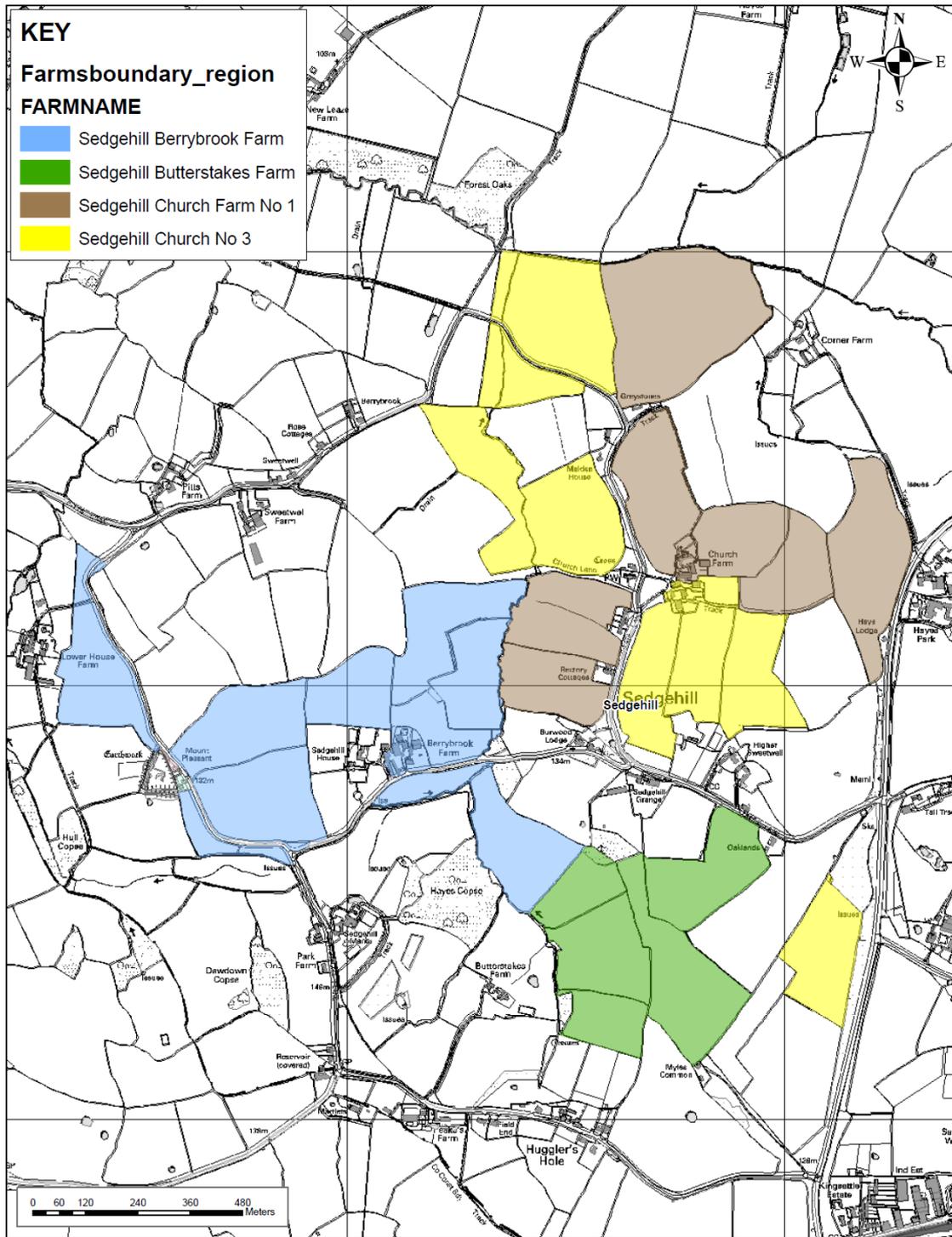
Background Papers - None

Appendices

Appendix 1 – Site Plan

Appendix 2 – Planning Policy Summary

Appendix 3 – Information Exempted from Main Report

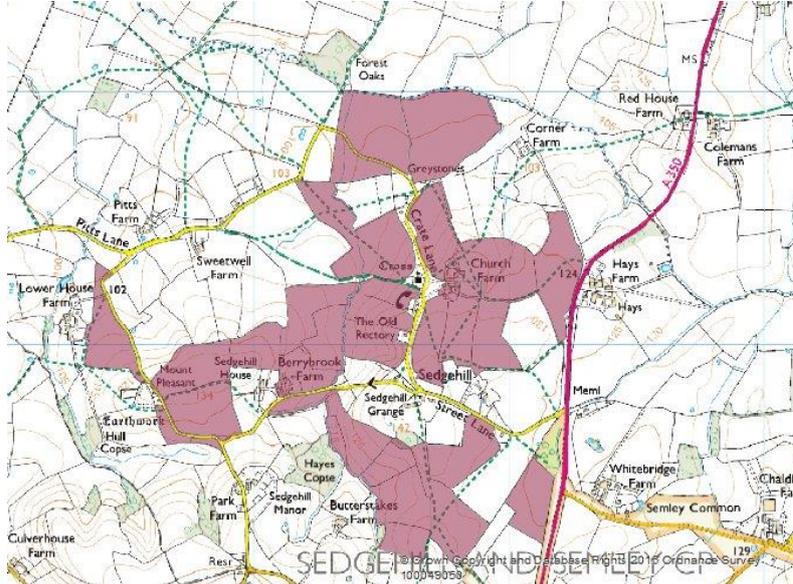


Title: Sedgehill Farm Estates		Dr Carlton Brand BA MSc EngD Corporate Director Telephone 0300 456 0100	<p>Wiltshire Council Where everybody matters</p>
Date:	January 2012	Crown copyright and database rights 2012 Ordnance Survey 100049050	
Scale:	N.T.S		
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PLANNING POLICY SUMMARY

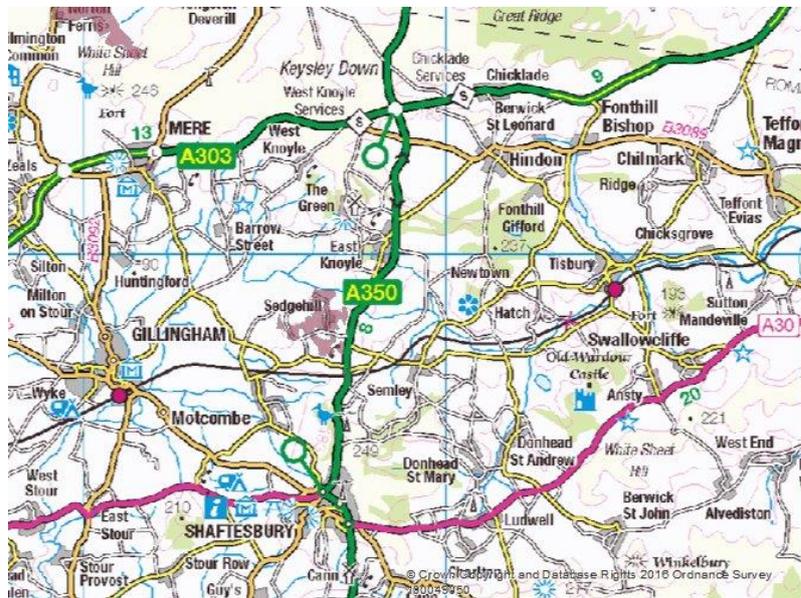
The Council's land holding comprises 298 acres situated around the rural hamlet of Sedgemoor as illustrated by Map 1 below:

Map 1.



Geographically it lies approximately 3.3 miles to the north of Shaftesbury, 4.2 miles to the south east of Mere, 4.9 miles to west of Tisbury and 3.7 miles to the east of Gillingham as illustrated by Map 2 below:

Map 2.



It falls within the Mere Community Area and is not well related to any defined settlements in the Wiltshire Core Strategy, as such for planning policy purposes it is located in the open countryside.

The nearest settlements within the County of Wiltshire are the small villages (Core Policy 1) of Semley/Semley Station which lies 1.8 miles to the east and East Knoyle which lies 1.6 miles to the north.

Within the Core Strategy the hamlet and surrounding area is covered by a Special Landscape Area designation (Policy C6, saved from the Salisbury District Local Plan). The Council's landholding also lies 0.4 miles from the edge of the Cranborne Chase and West Wiltshire Downs Area of Outstanding Natural Beauty.

The hamlet lies 0.4 miles to the west of the A350 which is identified within the Core Strategy as a Strategic Lorry Route and the Council's land holding is served from this by a network of single track lanes.

The county border with Dorset (North Dorset District) lies less than 1 mile to the west. The nearest settlement in Dorset is Motcombe which lies 2 miles to the south west and has a settlement boundary but is not designated within the North Dorset Local Plan as being a town centre, centre with major influence or other centre with minor influence. The larger settlement of Gillingham lies 3.5 miles to the west and is designated for further growth to the south and east with specific sites having been allocated.

The Council's land holding comprises two residential farmsteads and 298 acres of bare land. The Residential farmsteads each comprise a Grade II listed dwelling together with a range of traditional farm buildings together with a range of agricultural structures such as silage clamps and slurry lagoons.

Based on the summary provided above it is considered:

1. Wiltshire Council's landholding at Sedgehill is unlikely to be capable of being brought forward for significant large scale development within the short or medium term future.
2. It may be possible for some small scale development to take place within the farmsteads but this is likely to be limited to further agricultural development and the conversion of farm buildings to appropriate alternative uses consistent with planning policy.