

Subject: 47 Middle Street, Falmer
Date of Meeting: 17 March 2011
Report of: Strategic Director, Resources
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Key Decision: No
Wards Affected: All

FOR GENERAL RELEASE**1. SUMMARY AND POLICY CONTEXT:**

- 1.1 To seek approval to the surrender of a surplus cottage from Balmer Farm tenancy allowing it to be sold with vacant possession. The capital receipt to be used to finance the surrender of the tenancy for Ovingdean Grange Farm, which completed in 2007. Any surplus funds to be used for essential capital repairs to properties within the agricultural portfolio. This report is complemented by a report in part two of the Agenda.

2. RECOMMENDATIONS:

- 2.1 That Cabinet authorises:
- (a) The council to take a surrender of 47 Middle Street, Falmer from the Balmer Farm tenancy.
 - (b) The sale of 47 Middle Street to fund the costs incurred to complete the surrender of the farm tenancy for Ovingdean Grange Farm. Any surplus proceeds to finance essential capital repairs to properties within the agricultural portfolio.

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

- 3.1 In 2007 the council took a surrender of the farm tenancy for Ovingdean Grange Farm. The farm tenancy was unique as it was vested in a limited company and so unlike a traditional farm agricultural tenancy that has a finite term, the tenancy could have continued in perpetuity. The surrender therefore not only prevented the transfer of the lease to an unknown third party through the sale of the tenant's company but also gave the council an opportunity to regain control of the farm.

- 3.2 The council relet the farm on competitive modern commercial terms and in doing so achieved some of the aims of the Downland Initiative. This included: -
- Areas of permanent pasture/open access
 - New Bridleways
 - Upgrading of footpaths to bridleways
 - New cycle route/footpath
 - Wildlife buffer strip
 - Additional allotments
 - Woodland burial site
- 3.3 In order to fund the surrender premium and costs associated with the surrender and reletting of the farm the council intended to sell 4 of the surplus farm residential cottages that were due to come back to the council with vacant possession as part of the surrender. However vacant possession was not achieved by the outgoing farm tenant for one of the identified properties prior to the surrender of the farm tenancy. The council subsequently investigated the potential to obtain vacant possession of the 4th cottage post surrender of the farm tenancy and decided not to pursue this.
- 3.4 The sale of the three vacant farm cottages did not meet the total capital expenditure associated with the surrender of Ovingdean Farm. 47 Middle Street farm cottage has been identified to sell with vacant possession and meet the funding gap, thus completing the objective to self finance the costs of the surrender.
- 3.5 47 Middle Street Falmer is part of the farm tenancy for Balmer Farm (see Appendix 1) and is currently sublet by the tenant farmer. The property has been identified in our strategic review as a non-core agricultural asset. Its sale will not have a detrimental effect on the tenant's farm business and there is no long term requirement for the council to retain this property.
- 3.6 Informal discussions have been held with both the tenant farmer and sub-tenant to surrender the cottage out of the farm tenancy with vacant possession. The property will then be marketed through an agent in 2011 and the capital receipt used to fund the capital costs of taking a surrender of the Ovingdean Grange Farm tenancy. Any surplus funds will be used to finance essential capital repairs to the council's buildings on the agricultural estate and assist the council in meeting its objectives as landlord.

4. CONSULTATION

- 4.1 The tenant farmer and subtenant of the subject property have been informed of the proposals.
- 4.2 Consultation has taken place within the council's relevant resource, finance and delivery units and the council's agricultural agents Smiths Gore.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 5.1 The costs associated with the farm tenancy at Ovingdean Grange were funded through the capital programme and were to be funded from the disposal of 4 surplus agricultural non core assets. The disposal of 47 Middle Street will be the final asset to be sold in connection with this scheme. The costs from the sale, less any associated disposal costs, will be used to reimburse the council's capital resources. Any surplus will be used to contribute towards essential repairs on existing agricultural buildings.

Finance Officer consulted: Rob Allen

Date: 10/12/10

Legal Implications:

- 5.2 S123 of the Local Government Act enables the council to sell 47 Middle Street once it is surrendered to the council, provided that best consideration is achieved. Selling on the open market will achieve this. The council has the power to acquire property, in this case by way of surrender. It is not considered that any individual Human Rights Act rights will be adversely affected by the recommendations in this report.

Lawyer Consulted: Anna MacKenzie

Date: 21/01/11

Equalities Implications:

- 5.3 There are none.

Sustainability Implications:

- 5.4 There are none.

Crime & Disorder Implications:

- 5.5 There are none.

Risk & Opportunity Management Implications:

- 5.6 Should the property fail to sell on the open market the council may need to market the property again at a later date. In the meantime the council would need to manage, maintain and secure a vacant property. This scenario is however unlikely.

Corporate / Citywide Implications

- 5.7 The proposal fulfils the objectives of the original Policy & Resources Committee report presented in July 2007 to complete the surrender of the cost neutral Ovingdean Grange farm tenancy and finance the costs through the sale of surplus residential properties from the tenancy without impacting on the councils revenue or capital budgets. The proposal supports the council's Corporate Property Strategy & Asset Management Plan to identify surplus properties and dispose of them to meet our corporate objectives. The proposals also ensure the

efficient, effective and sustainable use of land and buildings, optimising value and ensuring a contribution to the process of service improvement. The proposal follows sound estate asset management principles.

6. EVALUATION OF ANY ALTERNATIVE OPTION(S):

6.1 No other alternative funding options have been identified.

7. REASONS FOR REPORT RECOMMENDATIONS

7.1 In July 2007 Policy and Resources Committee granted approval to accept a surrender of the farm tenancy for Ovingdean Grange farm and for the surrender premium to be funded by the sale of surplus residential agricultural properties returning to the council.

7.2 Only 3 of the 4 properties identified for sale could be sold with vacant possession and there remains a funding deficit.

7.3 The sale of 47 Middle Street, a non-core agricultural asset, would raise the additional capital needed to ensure the surrender of Ovingdean Grange was self-financing.

SUPPORTING DOCUMENTATION

Appendices:

1. Plan identifying 47 Middle Street, Falmer

Documents In Members' Rooms

None

Background Documents

1. Policy & Resources Committee Report 26 July 2007 Ovingdean Grange Farm, Ovingdean – Surrender of Agricultural Tenancy