

**To the Chair and Members of the
Cabinet**

Proposed Disposal of Barnburgh Grange Farm

Relevant Cabinet Member(s)	Wards Affected	Key Decision
Councillor Joe Blackham	Sprotbrough	Yes

EXECUTIVE SUMMARY

1. The purpose of this report is to seek approval to the disposal of the freehold interest of Barnburgh Grange Farm.
2. This report requires a decision at Cabinet as the proposed capital receipt is in excess of £1m

EXEMPT REPORT

3. This report is not exempt however; there are a number of financial and commercial matters contained within Appendix 1 to the report which is commercially sensitive information. Therefore, Appendix 1 is NOT FOR PUBLICATION because it contains exempt information under Paragraph 3 of Part 1 of Schedule 12 (a) of the Local Government Act 1972 (as amended), information relating to the financial or business affairs of any particular person (including the authority holding that information).

RECOMMENDATIONS

4. That Cabinet agree to the proposed disposal of Barnburgh Grange Farm on the terms reported.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

5. The Council will generate a receipt from the disposal of this asset. Receipts generated from asset sales support the delivery of the Councils Capital Programme over the next four years.

BACKGROUND

6. Barnburgh Grange Farm is an arable farm plus buildings with a site area of approximately 250 acres. The site comprises general arable farmland

including 31.62 Acres of designated washlands and 11.96 Acres of Woodland. The site also includes a farmhouse, Managers house and a pair of derelict cottages.

7. Doncaster Council holds the freehold title and the asset is let by way of an agricultural tenancy agreement dated 11th May 1967. The passing rent is £7,845 per annum. As with agricultural tenancies, there are succession rights, and there are two further rights to succeed. This essentially means that unless the tenants wish to surrender their lease (which is highly unlikely) it will be very difficult for the Council to regain vacant possession of the farm in the foreseeable future.
8. Following a request from the tenant to acquire the freehold interest in the property, advice was sought from a local agricultural expert which has enabled the Council to make an informed decision as to the best option for the future of this asset, after they took a holistic approach to reviewing the immediate and future options available.
9. It should be noted that the farm is located on the possible proposed route of the HS2 scheme. Some of the site therefore may be compulsorily acquired for this purpose, and the Council may, at some point in the future, be entitled to compensation for this loss. Advice from the Council's agent is that a disposal to the tenant represents the best achievable consideration for the asset as a 'special purchaser'. Further the agent has advised that there is no additional value to the Council in retaining the asset and dealing directly via a compensation negotiation with HS2 in the future.
10. The farmer is aware of the potential impacts of HS2 and has confirmed that the has obtained specialist legal advice on the right to claim compensation as a consequence of the HS2 scheme and still wishes to proceed with a purchase of the freehold interest in the property.
11. As landlord, the Council currently has repairing liabilities outstanding under the terms of the lease, although not considered significant at this time. The low passing rent may be the reason for these repairs not having been reported by the tenant.

OPTIONS CONSIDERED

12. **Option 1** – Retain the freehold and review the rent – not recommended

The earliest opportunity to increase the rental is August 2018. As previously noted, due to the existence of succession rights in favour of the tenant, the Council are very unlikely to regain possession in the near future to enable a disposal of the asset on the open market.

Option 2 – Dispose of the site on the open market subject to tenancy – not recommended

The market for such properties subject to tenancy is restricted, although investments such as this are considered to be quite safe as the longer term prospect of gaining vacant possession will see a substantial increase in capital value.

Option 3 – dispose of the interest to the tenant – recommended option

The tenants have previously expressed an interest in acquiring the freehold interest to the site. From the advice received, it is considered that the value of a sale to the tenant as a ‘special purchaser’ should be in excess of its investment value, thus representing best consideration and maximum input to the Councils Capital Programme and this is therefore the recommended option

Option 4 – Do nothing – not recommended

The Council would forgo the opportunity to increase the annual rent or generate a capital receipt, whilst still retaining the landlord’s maintenance liabilities.

REASONS FOR RECOMMENDED OPTION

13. The recommended option would generate the highest possible receipt, and remove for the Council the burden of any future repairs and maintenance liability. Having reviewed the expert advice received, following the recommended option would meet the Councils obligation to achieve best consideration.

IMPACT ON THE COUNCIL’S KEY OUTCOMES

14.

	Outcomes	Implications
	<p>All people in Doncaster benefit from a thriving and resilient economy.</p> <ul style="list-style-type: none">• <i>Mayoral Priority: Creating Jobs and Housing</i>• <i>Mayoral Priority: Be a strong voice for our veterans</i>• <i>Mayoral Priority: Protecting Doncaster’s vital services</i>	<p>Releasing assets shows a firm commitment to the economic growth and regeneration of the Borough.</p> <p>The receipts from assets sales will directly support the Councils Capital Programme</p>
	<p>People live safe, healthy, active and independent lives.</p> <ul style="list-style-type: none">• <i>Mayoral Priority: Safeguarding our Communities</i>• <i>Mayoral Priority: Bringing down the cost of living</i>	None
	<p>People in Doncaster benefit from a high quality built and natural environment.</p>	None

	<ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	
	<p>All families thrive.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	None
	Council services are modern and value for money.	The managed disposal of property assets shows a proactive stance for the Council to generate both receipts and future revenues and create new opportunities for development in the current and future environment.
	Working with our partners we will provide strong leadership and governance.	In common with our partners we continue to provide better value and quality solutions in the use of Council owned property assets.

RISKS AND ASSUMPTIONS

15. The risk of not pursuing the recommended option is the potential loss of an opportunity to generate the capital receipt. By not following the recommended course of action, the Council could be held to criticism for not extracting the best value out of its assets.

LEGAL IMPLICATIONS

16. The Council has statutory power to dispose of non-housing/non-HRA land without the Secretary of State's consent for the best consideration reasonably obtainable.

FINANCIAL IMPLICATIONS

17. Barnburgh Grange Farm is currently part of the Council's disposal programme. When disposed of the Council will lose annual budgeted rental income of around £8k. Budget will need to be identified to deal with this shortfall, either from existing Assets & Property budgets or through the 2018/19 budget setting process.

HUMAN RESOURCES IMPLICATIONS

18. There are no HR implications.

TECHNOLOGY IMPLICATIONS

19. There are no technology implications in relation to this report.

EQUALITY IMPLICATIONS

20. There are no equality implications.

CONSULTATION

21. This proposed disposal has been subject to approval at Assets Board and Assets Steering Group. Additional consultation has also taken place with Cabinet member (Cllr J Blackham) who is supportive of the recommended option in the body of this report.

22. Local ward members (Cllr C Ransome & Cllr J Wood) are informed of this disposal

BACKGROUND PAPERS

None

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Appendix 1 Barnburgh Grange Farm (Exempt information under paragraph 3 of Part 1 of Schedule 12 (a) of the Local Government Act 1972 (as amended), information relating to the financial or business affairs of any particular person (including the authority holding that information).