

Corporate and Communities Overview and Scrutiny Panel Tuesday, 15 November 2016, County Hall Worcester - 2.00 pm

Minutes

Present:

Mr C B Taylor (Chairman), Mr S C Cross, Mrs P E Davey, Mr C G Holt, Mr R C Lunn, Mrs E B Tucker and Mr P A Tuthill

Also attended:

Mrs L C Hodgson, Cabinet Member with Responsibility for Localism and Communities
Mr A C Roberts, Cabinet Member with Responsibility for Transformation and Commissioning
Rachel Howes, Land Agent, Place Partnership Limited
Andrew Pollard, Managing Director, Place Partnership Limited

Janette Becket (Strategic Property Manager),
Peter Bishop (Strategic Commissioner, Service Transformation), Sean Pearce (Chief Financial Officer) and Samantha Morris (Overview and Scrutiny Officer)

Available Papers

The members had before them:

- A. The Agenda papers (previously circulated);
- B. Presentation handouts for:
 - Update on the Smallholding Strategy and the Place Partnership Limited Relationship and Achievements: and
 - Futurefit - Proposals for Change and Reform to Support the Medium Term Financial Plan: Commercial and Change and Communities (circulated at the Meeting)
- C. The Minutes of the Meeting held on 28 September 2016 (previously circulated).

(Copies of documents A and B will be attached to the signed Minutes).

184 Apologies and Welcome

Apologies were received from Stephen Peters.

185 Declarations of Interest and of any Party Whip

Futurefit – Proposals for Change and Reform to Support the Medium Term Financial Plan: Commercial and Change and Communities – Samantha Morris declared an interest that her husband worked for Place

		Partnership Limited.
186	Public Participation	None.
187	Confirmation of the Minutes of the Previous Meeting	The Minutes of the Meeting held on 28 September 2016 were agreed as a correct record and signed by the Chairman.
188	Update on the Smallholding Strategy and the Place Partnership Limited Relationship and Achievements	<p>Attending for this item were the Cabinet Member with Responsibility for Transformation and Commissioning, the Interim Director of Commercial and Change, the Managing Director and the Land Agent from the Place Partnership Limited.</p> <p>At its meeting on 28 September 2016, the Panel received an update on the Property Asset Strategy. Following this update, the Panel identified that it would like to consider the Smallholding Strategy and also how the County Council's relationship with the Place Partnership Limited (PPL) was developing.</p> <p><u>Smallholdings Strategy</u></p> <p>During the introduction of the Smallholdings Strategy, the Panel were advised that a map was available for members to look at showing the location of the smallholdings in Worcestershire. The main points highlighted in the discussion were:</p> <ul style="list-style-type: none"> • The Smallholdings Estate was predominantly purchased in the early 20th Century as part of a national policy to provide farming opportunities for new entrants, with the initiative predominantly taking off after the First World War, due to concerns over food security and a desire to provide a livelihood for returning soldiers. Some 10 years ago the Estate was 4255 acres, which included 247 acres of leased land, where the County Council was the tenant and then let the 247 acres on to farm tenants. Since then, the 247 acres of leased land had been surrendered and some 960 acres of the Estate sold, generally to long standing tenants. • The County's average smallholding size was 37 acres, compared to the national average of 83 acres (as at March 2015). Gloucestershire County Council had an average of 64 acres and Warwickshire County Council's average was 101

acres. 71% of the County's holdings were less than 50 acres and with further increases in regulations and reduced opportunities to sell directly to the consumer, the more challenging the viability of these smaller holdings was becoming.

- A fundamental principle of owning a Smallholdings Estate was to provide a tenant with the opportunity to progress from a starter unit to larger units. If the Council was to develop the Smallholding Estate, it would need to undergo significant changes, as opposed to its current more flexible and pragmatic approach of taking opportunities when they arose.
- As of today, the County Council's Estate was approximately 3,048 acres (1,233 hectares) spread between 30 parishes within the County. This was an 8.7% reduction since June 2015, when the management goals of the Smallholdings Strategy were approved. There were 87 tenants occupying the Estate which ranged from bare land holdings of a couple of acres to fully equipped holdings.
- The disposal strategy under the Better Use of Property Programme included disposals which maximised the approved management goals of the Smallholdings Estate and by the end of this Strategy up to 2020 the Smallholdings Estate would be reduced by a further 6.1%.
- The gross rental income of the current let Estate was about £287,829 with a capital value subject to the existing tenancies of approximately £34million. This gave a return on investment of about 0.85%, which was lower when taking into account Landlord repairs and maintenance, staff management costs and insurance etc.
- The Property Asset Strategy approved by Cabinet in March 2016 re-affirmed the 2015 revised set of management goals for the Smallholdings Estate and the basis of the current management and end of tenancy action plan. These management goals were to:
 - manage the Estate to produce an ongoing revenue surplus either through direct rental income or by using alternative revenue streams from non-agricultural use.
 - strategically improve the Estate by re-letting farms where appropriate, amalgamating farms to create more viable units and releasing surplus dwellings and buildings for sale.
 - pursue the maximisation of the Estate's

- value by seeking opportunities for residential and commercial development through the local planning process.
- use the Estate to support the County Council's wider environmental and sustainability objectives by appropriate land management measures
 - explore the options for a solar farm and opportunities for sand and gravel extraction on smallholdings land.

During the opportunity for questions, the following main points were made:

- The houses, which were part of the Smallholdings Estate didn't have any agricultural occupancy conditions. If sold at any point, they would be sold at market value.
- Due to the fact most of the tenancies were lifetime tenancies, a number of the holdings had ageing tenants.
- It was confirmed that the current Strategy did not include an intention to further increase the Smallholdings Estate or plans for a mass sell-off.
- In response to the concern about how low the yield was at 0.85%, the Panel were advised that agricultural land was bought for capital appreciation not on yield.
- It was suggested that the Management Goals were contradictory - on the one hand, the disposal strategy under the Better Use of Property programme included disposals which maximised the approved management goals of the Smallholdings Estate and by the end of this strategy up to 2020 the Smallholdings Estate would be reduced by a further 6.1% and on the other hand, opportunities were being explored for solar farm and sand and gravel extraction on smallholdings land.
- Each holding in Worcestershire was approximately 37 acres and had an individual Strategy. In order to be profitable, holdings should be a minimum of 100 acres for agriculture and 10 acres for horticulture.
- One of the Members of the Panel would be supportive of the County Council investing in Smallholdings to support the agricultural community and give young farmers development opportunities. It was suggested that a Scrutiny to re-consider the purpose of smallholdings should be added to the Scrutiny Work Programme.

- Investment in solar panels was not part of the overall strategy.

Following the discussion, it was agreed that:

- The Panel would be sent a summary of the types of smallholdings and the Strategy in place for each location.
- A Scrutiny of Smallholdings, revisiting the purpose of smallholdings should be added to the Scrutiny Work Programme.
- The goals of the Smallholdings Portfolio as agreed in June 2015 would be sent to the Panel.
- Any comments or suggestions in respect of smallholdings would be sent to the Cabinet Member with Responsibility for Transformation and Commissioning.

The Place Partnership Limited

The Panel received a presentation, copies of which were circulated at the meeting. During the presentation, the following points were made:

- The proposal for Place Partnership Limited (PPL) was approved by Cabinet in 2014.
- PPL was the first multi-agency joint property vehicle of its kind. It was a private company wholly owned by a number of public sector bodies, delivering innovative property services.
- The six shareholders were Worcester City Council, Hereford and Worcester Fire & Rescue Service, Worcestershire County Council, West Mercia Police, Redditch Borough Council and Warwickshire Police, each with equal shares.
- The County Council were a customer, shareholder and board member.
- The relationship with partners was maturing and in 'transition'.
- The key achievements of PPL to date were:
 - £1m savings to partners in 2015/16
 - £477k County arrears recovered. Commercial arrears now only £48k.
 - £43,000 rates rebate in respect of the Hive based on a successful appeal against Rateable Value.
 - Detailed asset management report on the farms estate
 - Significant One Public Estate successes
 - Pioneering Place Review work in Redditch

➤ Meaningful new business wins

During the discussion, the following main points were made:

- It was confirmed that the role of PPL was to advise and act on behalf of customers. Ultimately, decisions were made by the customer.
- Members were pleased to note that £477k arrears had been recovered and only £48k of commercial arrears remained.
- Members reiterated the importance of working with councillors and communities in order to achieve the best possible outcomes.
- It was agreed that all councillors would be sent an up to date contact list for property matters.
- The six Shareholders had 2 seats each (one executive and one non-executive).
- PPL also carried out work on behalf of customers who were not shareholders.
- The main challenges moving forward were to ensure the greatest benefits from one common estate philosophy were achieved and the 'right' staff were developed and retained.

The Chairman thanked everyone for attending the meeting.

**189 Futurefit -
Proposals for
Change and
Reform to
Support the
Medium Term
Financial Plan:
Commercial and
Change and
Communities**

As part of the Council's development of the 2017/18 budget, the Cabinet Members with Responsibility for Localism and Communities, and Transformation and Commissioning, the Director of Commercial and Change and the Head of Community Services had been invited to discuss the budget challenges facing services in 2017/18 and how these are being addressed. All Panel Members had received a copy of the 17 November 2016 Report of Cabinet: Futurefit – Proposals for Change and Reform to Support the Medium Term Financial Plan.

Commercial and Change

A presentation was made to the Panel (Copies were circulated at the meeting).

During the Corporate Strategic Planning process 2016, a range of new initiatives were proposed, those applicable to Commercial and Change were:

- Achieving Extra Savings from External Contracts
- Better Use of Property: Integrating Public Sector Depots

- Better Use of Property: Developing Extra Care and Supported Living for Young People and Adults
- Better Use of Property: Further Property Savings

In addition, the Directorate would support, challenge and enable the other initiatives:

- Income Generation
- Children's Social Care Placements
- Waste Management
- Shaping the Market to Achieve Better Outcomes for Older People
- Promoting Independence for People with Learning Disabilities
- Improving Public Health

Communities

The Cabinet Member with Responsibility for Localism and Communities advised the Panel that no new concepts were being developed in respect of Communities.

During the opportunity for questions the following points were made:

- Although there weren't any new proposals relating to Communities, the point was made that a number of schemes were maturing and were in the process of being delivered.
- The idea of a Revolving Door Investment Fund was introduced within a previous budget cycle with the aim of increasing income generation through investment in cash generating assets around Worcestershire. The intention was to make use of income generated from existing 'seed' investments in rail stations, business parks and the Energy from Waste facility and recycle this into further economic development opportunities.
- It was confirmed that copies of the Phase 3 Disposal list mentioned in Self-Sufficient Council: Better Use of Property (Property Savings) would be shared with Councillors when it was complete and that local members would automatically be notified of any disposals in their areas.
- The point was made that the format of the information made available this year had changed, but it would have been helpful to have a reminder in the pack of information of what had been agreed in previous years so that comparisons could be made.

The Chairman advised the Panel that he had been invited to attend the Budget Scrutiny Task Group on 1 December 2016 to feed back the Panels comments on Futurefit – Proposals for Change and Reform to Support the Medium Term Financial Plan and would be grateful if Members could ensure that any comments that they would like submitted and raised at the discussion were sent to him by 23 November 2016.

The meeting ended at 4.10 pm

Chairman