

SCRUTINY COMMISSION – 17TH DECEMBER 2008

JOINT REPORT OF THE CHIEF EXECUTIVE AND CORPORATE DIRECTOR OF RESOURCES

REVIEW OF THE INDUSTRIAL PROPERTIES AND COUNTY FARMS PORTFOLIO

Purpose

1. The purpose of this report is to inform members of a planned review of the County Council's Industrial Properties Trading Account (IPTA) and County Farms portfolio and to ascertain whether members wish to be involved in the review.

Background

2. As part of the Corporate Asset Management Plan a comprehensive review is planned for all the County Council's property assets to ensure they continue to be fit for purpose and meet the County Council's objectives.
3. Members will recall that a five member Panel played a key role in informing the development of the office accommodation strategy which now sits within the Council's Work Well Strategy. A project team is now in the process of developing an implementation plan.

County Farms

4. The County Farms Estate has been managed in accordance with the principles of management adopted by the former Resources Subcommittee on 4th November 1997 and reviewed by Cabinet on 13th March 2001.
5. The County Farms Estate extends to 2976 hectares, has an asset value of £5.77 million and comprises 82 County Farms (2909 hectares), one cottage, 55 hectares of Woodland and 12 hectares of non – agricultural land. A breakdown of the Estate is detailed in the Appendix to this report.
5. The management strategy, which was last reviewed by Cabinet in 2001, has the following overall objective "To provide a well structured County

Farms Estate which maximises the opportunities for suitably qualified people to enter the farming profession, establish viable enterprises and advance their careers whilst making a positive contribution to the wider rural community and enabling ongoing financial benefits to accrue to the authority.”

Industrial Properties

6. The provision of industrial accommodation by the County Council commenced in 1979, taking advantage of favourable tax conditions and grant regimes. The IPTA portfolio was established to generate employment and the creation of new businesses, especially in areas of mining decline. The purpose continues to be the provision of units for new and small businesses of unproven covenant, in order to stimulate employment and job creation and to meet a need not generally met by the private sector. They also contribute towards the achievement of the Council’s corporate objectives, in particular promoting economic well-being.
7. The Trading Account holds units and plots across the County. The sizes and locations of the 209 units are as shown as follows;

Units in square feet	Blaby	North West Leics	Charnwood	Harborough	Hinckley & Bosworth	Totals
Under 500	0	24	12	0	0	36
500-1000	0	32	24	3	0	59
1001 - 2500	6	49	19	8	6	88
Over 2,500	6	14	0	1	5	26
Totals Units	12	119	55	12	11	209 Units

In addition, the IPTA own 16 compounds and depots together with the Springboard Centre at Coalville which is let as a managed workspace facility.

8. All units and plots are let at market rentals and tenants provide rent bonds/personal sureties to minimise financial risk to the County Council. In recent years the IPTA has produced excellent returns and continues to be successful in assisting Leicestershire businesses. Over the last few years, it has also supported the County Council revenue budget with a contribution of £300,000 per annum
9. Members may recall that the Commission previously requested Mr Sheahan CC to meet with officers to discuss the objectives for holding industrial properties. At these meetings Mr Sheahan was advised of the proposed review and was supportive of the remit of the review.

Proposed Review

10. An asset management review of both the IPTA and the County farms portfolio will be carried out (commencing in January and concluding in March 2009) to look at the rationale for holding the Portfolio. Amongst the areas to be considered will be such elements as:
 - a) What purposes does the IPTA and county farms portfolio serve i.e. is it fit for purpose?
 - b) Why do we hold it?
 - c) Is it meeting the performance objectives originally set etc and are these objectives still valid?
 - d) Should we be repositioning the portfolio to meet changing requirements, both geographically and economically?

Equal Opportunities Implications

11. County Farms and industrial properties are managed in accordance with the County Council's equal opportunities policy.

Recommendation

12. The Commission is asked to note the planned review of the County Farms and industrial properties portfolios and indicate whether it would wish to have a member input in the review.

Background Papers

13. None

Officers to contact

Steve Siddons – Head of Property
Mo Seedat – Committee Officer

APPENDIX

COUNTY FARMS ESTATE

Category of Property	Structure at 1 st April 2001		Current Structure	
	Number	Area (ha)	Number	Area (ha)
Commercial Holdings:				
Starter Dairy Farms	45	1486	30	1116
Promotion Dairy Farms	13	470	16	688
Dairy and Mixed Farms	6	226	5	155
Non Dairy Holdings	12	611	15	701
Bare Land Holdings	-	-	-	-
Sub Total:	76	2793	66	2658
Retirement/ Commercial Holdings	-	-	-	-
Other Holdings retained in order to realise development potential	9	98	4	104
Other Holdings retained on Estate Management Grounds as Retirement Holdings	-	-	5	18
Other Holdings to be disposed of in accordance with approved strategy	9	155	7	129
Total Holdings:	94	3046	82	2909
Cottages	3	-	1	-
Woodlands	19	55	19	55
Other non-agricultural land	5	12	6	12
Total:	121	3113	108	2976