

HERTFORDSHIRE COUNTY COUNCIL

CABINET

MONDAY 8 SEPTEMBER 2003 AT 2:00 P.M.

Agenda Item No.

5

RURAL ESTATE – PROPOSED NEW REPLACEMENT ASSET SCHEME AT BALDOCK

Report of the Corporate Director (People and Property) and the Director of Environment

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Executive Members: David Beatty and Derrick Ashley

Local Member: Ian Simpson

1.0 Purpose of Report

To consider

- a proposed self financing replacement asset scheme for the provision of a new piggery and grain store at The Homestead, Clothall Road, Baldock
- the related disposal of the house known as Rose View, Royston Road, Baldock

2.0 Summary

- 2.1 The County Council's tenant at Cambrai Farm, Clothall Road, Baldock has received complaints about the operation of a piggery. Moreover, the building is now sub-standard (as is a grain store). Under the terms of the tenancy the County Council is responsible for major repairs and replacement of buildings.
- 2.2 To achieve a scheme to provide a replacement facility – which is planned to be on a neighbouring holding known as The Homestead (further away from the town) which the same tenant leases from the County Council – it is anticipated that expenditure of the order of £95,000 (inclusive of fees) will be needed to build the new piggery and grain store.
- 2.3 The estimated capital receipt from disposal of the house would more than cover the proposed expenditure.

- 2.4 It is envisaged that the contract to build the new facility would not be entered into until the house is sold.

3.0 Conclusions

- 3.1 The Cabinet is asked to consider the self financing aspect of the scheme and the related sale of Rose View.
- 3.2 To assist with the management of the scheme approval to the details of the budgets for capital expenditure, to the timing of the investment in the new piggery and grain store and the property sale decisions should be delegated to the Corporate Director (People and Property) in consultation with the Executive Member (Resources) and the Executive Member (Environment).

4.0 Background

- 4.1 The County Council owns a farm, within the Rural Estate – known as Cambrai Farm, Clothall Road – which is located on the south-eastern side of Baldock. The holding has traditionally been used for pig-rearing and cereal production. In recent years Baldock has expanded in this direction with the result that houses are now much closer to the piggery than hitherto. Complaints have been received by the County's tenant farmer, both from neighbouring houseowners and from the District Council, about odours and noise from the piggery. Moreover, the piggery is now sub-standard. It should therefore be replaced. In addition, a sub-standard grain store at Cambrai Farm needs to be re-provided.
- 4.2 Under the terms of the tenancy the County Council is responsible for major repairs and replacement of buildings.
- 4.3 A scheme has been worked up and agreed in principle with the tenant farmer whereby a replacement piggery and a replacement grain store would be provided on a neighbouring County-owned holding known as The Homestead (further away from the town) of which he is also the tenant.
- 4.4 Pig-rearing is considered to be essential to the continued viability of the combined holding at Cambrai Farm and The Homestead. Looking slightly further ahead reorganisation of the holdings in this way will mitigate the effects of the Baldock Bypass – which will run straight through this overall block of land – in terms of efficiency of agricultural production.
- 4.5 The potential need to carry out this scheme is mentioned in Environment Department' current Service Property Strategy. Planning permission is available for both the proposed piggery and the proposed grain store.
- 4.6 Rose View, Royston Road, Baldock, a house within the Rural Estate which is currently vacant, could be sold in order to fund the scheme.

5.0 Self Financing Aspects

5.1 The County Council's criteria for self financing schemes are:-

Service Departments may promote self financing schemes funded from disposal receipts and within the general asset replacement capital control regime if:-

- The proposed scheme is estimated to be robustly self financing
- Change cannot be achieved within a Service Guideline
- There is a real impediment to beneficial release of resources
- The cashflow effect can be accommodated within the capital controls limits as they affect the whole of the Council, and,
- Disposal receipts revert to the 'Pool' if external funding is achieved later

5.2 This scheme meets these criteria.

6.0 Financial Implications

6.1 The estimated cost (as at July 2003) of building the new piggery and grain store is in the order of £95,000. The capital receipt from sale of the house would more than cover the proposed expenditure.

6.2 Agreement by the Cabinet to the principle of a self financing scheme, together with appropriate management arrangements for the commitment of funds and disposal of the house, would enable the project to be programmed.

6.3 The balance of the capital receipt arising from the sale of Rose View would be credited to the general pool.

6.4 In the event of disposal Environment Department's base budget would need to be adjusted to allow for the loss of net income (approximately £2,100).