

## **Report to Cabinet Member for Finance**

**March 2021**

### **Property Review: Lease Agreement Holding 132 Hatches Smallholdings Estate (Southlands Farm)**

#### **Report by Director of Property and Assets**

**Electoral division: Pulborough**

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#### **Summary**

To accord with Standing Orders, this report seeks the approval of the Cabinet Member for Finance to grant a new ten year commercial lease and a ten year Farm Business Tenancy of Holding 132 Hatches Smallholdings Estate (known as Southlands Farm), West Sussex RH20 2JU.

#### **Recommendations**

That the Cabinet Member endorses:

- (1) That the County Council grants a new ten-year lease and a ten-year Farm Business Tenancy of Holding 132 Hatches Smallholdings Estate (known as Southlands Farm), West Sussex RH20 2JU.
  - (2) Authority is delegated to the Director of Property and Assets in conjunction with the Director of Law and Assurance to conclude the terms of the lease and tenancy.
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#### **Proposal**

##### **1 Background and context**

- 1.1 Southlands Farm forms part of the County Council's Hatches Smallholdings Estate in West Chiltington and comprises approximately 41.58 ha (102.74 acre) of land, a Grade II Listed Farmhouse, Farmworkers Cottage, and farm buildings. It was let under the terms of a 25-year Farm Business Tenancy from 29 September 1998 and was formerly an operational dairy farm. This tenancy is now due to end. A Plan of the holding is attached as Appendix B.

- 1.2 The County Council employs agents to manage the agricultural estate. They have advised the County Council that it is in the best interest of the Council to offer a new commercial lease for a barn which has been converted to a wedding venue and a 10-year Farm Business Tenancy for the land, houses and buildings with the County Council.
- 1.3 Details are as per **Appendix A (available for members only)** to this report.

## **2 Proposal details**

- 2.1 The County Council's Agents have provisionally agreed terms for a surrender of the existing 25-year Farm Business Tenancy and to enter into a 10-year lease for the wedding venue and a 10-year Farm Business Tenancy for the land, houses and buildings. The lease for the wedding venue will be contracted out of Section 24-28 of the Landlord and Tenant Act 1954 to ensure no security of tenure.
- 2.2 It is proposed that the Cabinet Member for Finance agrees to this transaction being concluded by delegated authority to the Director Property and Assets in conjunction with the Director of Law and Assurance.

## **3 Other options considered (and reasons for not proposing)**

- 3.1 Details in **Appendix A (available for Members only)**

## **4 Consultation, engagement and advice**

- 4.1 The Local Member for Pulborough has been consulted.

## **5 Finance**

- 5.1 Revenue consequences
- 5.2 The expiry of the existing agreement and the grant of a commercial lease will result in an increase in rent per annum. **Details provided in Appendix A for Members only.** It will also enable the tenants to invest in the farm by managing the buildings to a higher standard. The County Council will also save on its repair liabilities.
- 5.3 Capital consequences  
None
- 5.4 The effect of the proposal:
  - (a) **How the cost represents good value**  
The proposal will increase the income from a smallholding rent to a commercial market rent.
  - (b) **Future savings/efficiencies being delivered**

There will be an ongoing saving on revenue costs to the County Council from this scheme for maintaining the buildings on the farm.

(c) **Human Resources, IT and Assets Impact**

The proposal supports the Asset Strategy to make better use of resources and maximize income from the estate. There are no HR or IT implications.

## 6 Risk implications and mitigations

<b>Risk</b>	<b>Mitigating Action (in place or planned)</b>
Risk that the business could be unsuccessful, and the tenant becomes bankrupt and unable to sustain the lease or business farm tenancy.	The County Council will include break clauses and a forfeiture clause in the lease
Risk that the business could cause annoyance to adjoining landowners.	The County Council will include a clause that ensures that no nuisance is caused and that the tenants comply with the planning permissions granted.

## 7 Policy alignment and compliance

- 7.1 In 2018 the County Council agreed to adopt an Asset Management Policy and Strategy. An objective of the strategy is to acquire, manage, maintain and dispose of property assets effectively, efficiently and sustainably, together with optimising financial return and commercial opportunities.
- 7.2 There are no direct implications arising from the proposal on equality duty and human rights, climate change, crime and disorder, public health or social value.

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### Appendices

**Appendix A (available for Members only)**

**Appendix B – Site Plan**

**Background Papers**

None