

## **16. WARSLOW MOORS ESTATE, PUMP FARM, WARSLOW – LETTING OF PUMP FARM**

### **1. Purpose**

This report seeks approval to amend the current resolution to let Pump Farm, Warslow as a whole for a term of 7 years (FBT). (Minute 51/23)

### **2. Context**

**2.1** Pump Farm is a 127 acre (51 ha) farm on the Warslow Moors Estate. It is situated just off the main B5053 road in the centre of the village of Warslow. The land lies to the East on a flat plateau and then falls steeply down into the Manifold Valley. Further to Minute 51/23 of the Authority Meeting on the 19<sup>th</sup> May 2023 it was agreed to modernize the farmhouse, erect two new farm buildings and seek to let the holding as a whole for a term of 7 years under a Farm Business Tenancy. The renovation and construction works have been completed.

It has been identified that the holding may generate a greater level of rental revenue if offered in two lots and that a provision to enable officers to let the farm as a whole or in two lots would be beneficial and ensure best value can be interrogated as one of the considerations when assessing tender submissions from potential tenants.

### **3. Proposals**

**3.1** It is proposed that the agreed recommendation of Minute 51/23 “To modernise the farmhouse and erect two new farm buildings prior to re-letting the holding as a whole on a 7 year Farm Business Tenancy (FBT)” be amended to allow the Authority to let the farmhouse and garden separately from the land and buildings to maximise potential revenue.

In recent farm lettings on the Estate tenant interest was strong for land/buildings whether it did, or did not, have a dwelling house. Offering the house and garden as a separate lot widens the market appeal of the assets to residential occupants as well as those who may be seeking accommodation alongside agricultural assets.

Offering the residential element on a residential tenancy also provides the opportunity to obtain a higher rent, a recent market appraisal of the farmhouse suggested a market rent in the region of £1,500 - £1,800 pcm. If the property is let on a whole under an FBT the method of assessing rental value is different, as are the landlord’s obligations, and as such the likely rent level will be lower.

If the house is let to a residential tenant in isolation of the land and buildings (option a) the term is set to the maximum possible without creating a deed and the inclusion of a break clause at 18 months gives the Authority provision to terminate the tenancy should the tenant be unsuitable.

By reducing the possible term of the FBT to 5 years it provides the opportunity for a tenant to review the private and public finance models that may, or may not, have emerged. A 5 year term may be more attractive to a tenant at this time whilst there is much uncertainty in the land use sector, particularly around the level of subsidy support and green finance.

Appendix 1 shows the proposed lotting plans for the site.

### **4. Recommendations**

**1. To amend the second resolution of the Authority, Minute 51/23, to the following:**

**“To modernise the farmhouse and erect two new farm buildings prior to re-letting the holding as a whole or in two parts, on either of the following bases:**

- **Option (a) – if Lots let to separate tenants**

**Lot 1: (Farmhouse and garden) on a residential tenancy for a maximum term of 2 years 364 days, with a break clause at 18 months**

**Lot 2: (Land and buildings) on a Farm Business Tenancy (FBT) of 5 years (minimum) to 6 years 364 days (maximum).**

**OR**

- **Option (b) – if both Lots let to the same tenant**

**Lots 1 and 2: on a Farm Business Tenancy of 5 years (minimum) to 6 years 364 days (maximum).”**

- 2. To delegate authority to the Head of Assets and Enterprise, in consultation with the Chair and Vice-Chair of the Programmes and Resources Committee (or any equivalent committee), and subject to the satisfaction of the Authority Solicitor and the Finance Manager, to let Pump Farm under either Option (a) or Option (b) above, to the highest scoring tenderer, following the completion of a fair and transparent competitive tendering and evaluation exercise.**
- 3. To delegate authority to the Authority Solicitor to enter into and determine the terms and conditions of the letting(s) in accordance with the procurement exercise and in the best interests of the Authority.**

## **5. Corporate Implications**

### **a. Legal**

Pursuant to section 65(5) of the Environment Act 1995, the Authority has power to do anything which is calculated to facilitate, or is conducive or incidental to the accomplishment of its statutory purposes.

By virtue of section 123 of the Local Government Act 1972, the Authority has the power to dispose of any of its land as it chooses, but except in the case of a short tenancy (less than 7 years), the consent of the Secretary of State is required if it is intended to dispose of land at less than the best consideration that can reasonably be obtained. The Authority therefore has the power to grant the proposed tenancies.

Consent of the Department of Culture, Media and Sport is required for any disposal of any part of the Warslow Moors Estate, due to the way that the Estate was transferred to the Authority. However lettings of less than 7 years are not deemed to be a disposal for these purposes. DCMS consent is not therefore required for the grant of the proposed tenancies.

### **b. Financial**

There are no additional financial implications, as the funds required to modernise the farmhouse and erect two new agricultural buildings have already been approved (minute 51/23) and accounted for during the 23/24 and 24/25 financial years. There are no further financial implications, however making the recommended changes to the current approval allow officers to evidence that all approaches to generate the best financial return from the holding have been explored.

c. National Park Management Plan and Authority Plan

The proposal supports the National Park Management Plan aims in respect of: Aim One: Climate Change – supporting the Authority’s aim to be more resilient and net-zero by 2024 through delivering nature centric land management approaches across the Pump Farm holding and more widely as part of the Morridge Hill Landscape Recovery Project which supports Aim Two of the management plan. Furthermore, the intention that Pump Farm will become an exemplar of sustainable land management at the heart of the village community also under pins the delivery of Aim Three and Four of the management plan.

The proposal supports the Authority Plan objectives; D (financial resilience), E (assets) and H (climate change). The proposed amendment to the previous approval assists in evidencing that the Authority is seeking to balance climate change and best use of the assets whilst also recognizing the importance of financial resilience for the Estate but the Authority as an operational business.

d. Risk Management

The proposal to amend the wording of Minute 51/23 assists in mitigating the risk of the Authority failing to capture the opportunity for greater revenue generation.

e. Net Zero

The proposal to amend the original approval further supports the Authority’s vision for Pump Farm to be an exemplar of sustainability, demonstrating a mixed model of sustainable land management and working with communities. The proposed amends assist in supporting an ingoing tenant with a range of tenancy types/term lengths to give a tenant confidence to persue and transition into a new regime of land use and land management. In addition, Pump Farm is identified as a land area in the Morridge Hill Landscape Recovery Project (MHC) and a tenant with a desire to work with the Authority to deliver the MHC objectives will be favored.

**6. Background papers (not previously published)**

Part B Paper: Minute 51/23: Warslow Moors Estate: Pump Farm – Review of Future Management Options.

**7. Appendices**

*Appendix 1: Lotting Plans*

**Report Author, Job Title and Publication Date**

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