



**LEE VALLEY REGIONAL PARK AUTHORITY**

**SCRUTINY COMMITTEE**

**9 NOVEMBER 2017 AT 13:00**

**Agenda Item No:**

**7**

**Report No:**

**S/40/17**

**SCRUTINY TOPICS INCLUDING SCOPING REVIEW -  
HOLYFIELD HALL FARM**

Presented by the Head of Parklands

**SUMMARY**

This report outlines the potential scrutiny topics discussed at the last Scrutiny Committee meeting on 23 February 2017. The areas discussed were Holyfield Hall Farm, Canal & River Trust and Parks and Open Spaces (funding models). This report considers those options but in particular outlines the work currently underway which relates to Holyfield Hall Farm. It highlights the current operations, potential performance improvements and advises on the progress of the externally commissioned expert review which will also consider the additional benefits that the Farm delivers for the Authority that currently are not reflected in Holyfield Hall Farm's financial operation. It is proposed that the Scrutiny Committee recommend to Executive Committee that the next Scrutiny Review be Holyfield Hall Farm.

Members are asked to consider and approve that the focus of the next Scrutiny Review be Holyfield Hall Farm and agree the scope of that review.

The report also considers the options of Canal & River Trust or Parks and Open Spaces (funding models).

**RECOMMENDATIONS**

Members note: (1) the report; and

Members recommend to Executive Committee that: (2) the focus of the next Scrutiny Review be Holyfield Hall Farm as per the scope set out in paragraph 18 of this report.

**BACKGROUND**

1 For the benefit of new Members it should be noted that the Scrutiny Committee was formed in 2009 following a review of the Authority's governance. It is a Committee formed under the Lee Valley Regional Park Act 1966 and not in line with the Overview and Scrutiny Committees in local authorities which derive from the Local Government Act 2000. The Authority has set the following terms of reference for this committee:

- To review performance and to scrutinise the activities of the Authority.
- To make recommendations to the Executive Committee.
- To take evidence from officers of the Authority, interest groups and individuals and make recommendations to the Executive Committee and Authority for policy change and review the performance of outside bodies.
- To consider issues referred by the Executive Committee where the views of external bodies/persons may contribute, take evidence and report to the Executive Committee and Authority.
- To consider any item to be considered by the Executive Committee (except items of urgent business) before the item is considered by the Executive Committee if required by the Chairman of the Scrutiny Committee. The relevant report to the Executive Committee will be made available to the Scrutiny Committee.
- To have regard to the need to avoid duplicating the work of the Audit Committee and Task & Finish Panels/Groups when considering subjects for scrutiny.

### **HOLYFIELD HALL FARM**

- 2 Holyfield Hall Farm (the Farm) has been owned and directly managed by the Authority since 1976. Its 600 acres are managed as a mixed farm supporting a milking herd, livestock and an arable operation. The Farm also provides grazing animals, including a small dedicated conservation grazing herd of Belted Galloways which are used in the on-going management of nature conservation sites within the Regional Park; grazing with cattle is a long established method of managing grasslands to enhance its nature conservation value. The Farm is also part of the visitor attraction at Lee Valley (Hayes Hill) Park Farm. The visitor attraction is owned by the Authority and currently managed by Lee Valley Leisure Trust Ltd (the Trust).
- 3 Over the last 7 years the Authority has invested in the Farm:
  - £330,000 on a new workshop, grain barn and storage area;
  - £150,000 on a photovoltaic system (PVs); and
  - £25,000 on a pasteurising plant and milk vending.

Both the PV's and milk vending are performing in excess of the projections within the business plans, so are having a positive impact on income.
- 4 Currently investigation and costings have been completed to regenerate the old used barns into staff and holiday accommodation plus the creation of permanent offices for the Authority's Ranger team. This work has been paused due to the need to undertake an external review and forms part of the suggested review.
- 5 The financial performance of the Farm has been quite turbulent over the last 10 years, moving from a breakeven position to (the current year) costing the Authority £148,000. Contributory factors for this performance are internal management costs and world markets which currently make dairy and arable businesses struggle to operate at a profit.

- 6 The Farm is an important contributor in the delivery of the Authority's land management strategy and it is important to develop improvements that can provide a better financial performance. This would require changes to staffing structures and operational methods and include a valuation of all the beneficial aspects of the Farm that are not always explicit in the operating budget of the Farm. Therefore an external review of the Farm and its operations has been commissioned.
- 7 The external review will look at all of the Farm's operations and resources available and advise if the Authority is getting the most out of this enterprise in financial terms. The review will also outline what changes/options might be available to make the Farm more robust and financially resilient.

### **CURRENT OPERATIONS**

- 8 The Farm currently employs four full-time members of staff plus an apprentice. It has 3 houses and a static caravan for the staff (which are provided on a service occupancy basis free of a rental charge to staff who live on site); these are a direct cost to the budget of £55,200 based on market valuations carried out externally on behalf of the Authority. The rents for these residential properties are paid from the Farm budget to the property budget which is the same for all venues including the ones occupied by the Trust. This shows as a cost of the accommodation to the business.
- 9 The dairy unit consists of a 110 Holstein/Friesian dairy herd, producing 9,000 litres of milk which is sold to Arla (circa £240,000 income per year). Arla have given permission for 10% of the Farm's milk production to be used to supply our vending operation without financial penalty, this volume is adequate for the foreseeable future to sustain this operation. The current price we receive from Arla per litre of milk is 0.30p as opposed to our vending which is 0.60p (circa £13,000 per year). Part of the dairy unit produces animals for beef supply which is currently 70 beef units sold at 15 - 20 months (circa £65,000 per year).
- 10 The arable enterprise consists of 220 acres of cereals (average 3 tonnes per acre over the last 5 harvests). In 2017/18 this will produce an income of £67,000. Also the arable enterprise produces crops for the dairy unit for feed: 125 acres of maize silage; and 120 acres of grass silage which help reduce feed costs during the year.
- 11 The Farm also has 35 acres of grazing (good quality) and 300 acres of grazing (poor quality) this is mainly the conservation sites managed by the Authority's Ranger team.
- 12 To support all of these operations the Farm has various operations buildings; these consist of modern dairy building, modern workshop and grain barns, modern and older beef units (smaller calve barns).
- 13 The Farm is in Higher Level Stewardship which is an environmental enhancement scheme. The current agreement has 5 years left to run and over its 10 year term will bring in £146,159 in financial support.

## **“ADDED VALUE” PROVIDED BY THE FARM**

- 14 Officers believe the Farm provides added value through a number of activities it carries out which could be valued in the hundreds of thousands of pounds and it is anticipated that the external review will certify a value. The Authority could face additional costs if the Farm’s operations ceased and these services were provided through other sources.
- 15 Additional services provided by the Farm include:
- Nature Conservation Grazing valued at £72,000 when using Epping Forest as a price comparison. They pay their grazier £60,000 and provide a house to supply and manage a smaller grazing herd than ours. Another price comparison is Herts & Middlesex Wildlife Trust who pay £2.50 per animal per day. At this rate we could value the conservation grazing at £54,000. We are currently exploring other conservation requirements of third parties (e.g., Corporation of London (Epping Forest)) to see if there is an opportunity to provide their grazing service. It is worth noting that areas that are not managed through the Farm herds will need to be managed through other means. This would be either through an external grazier or alternative management such as cut and removal of material, although this would be to the detriment of the nature conservation value.
  - Secure storage for materials, equipment and machinery for Rangers, Biodiversity, Volunteers and Fisheries.
  - New Rangers base for the North Ranger team.
  - Enable delivery and handling of large or bulk items.
  - Provide essential back up with agricultural equipment to help open spaces management, traveller incursions, removal of vehicles, extra patrols and 24hr on-site support.
  - A number of management regimes are implemented to improve the habitat for farmland birds including planting sacrificial crops, hedgerow management, arable margins, scrub management, supplementary feeding, installation of bird boxes and overwintering stubble. The combination of this management helps create a good habitat for farmland birds, which have suffered a national decline and other wildlife.
  - White-letter Hairstreak Butterfly, a UK Priority Species has been recorded on the Farm. The butterfly is reliant on the Elm hedges to breed.
  - Water Vole, a UK Priority Species and Lee Valley Biodiversity Action Plan Species have been recorded in the Farm ditch.
  - Liaison with other landowners, farmers and the public helping to promote the whole Regional Park and its venues and aims within East Anglia through the Manager’s position as a dairy board representative for the NFU.
  - Farm staff provide support and expertise in other areas e.g., engineering and welding with extensive workshop areas which are used by the Rangers and other facilities.
  - Educational resource, part of the unique visitor experience for Hayes Hill

Farm. Youth & Schools also run educational programmes, circa 125,000 Y&S and Hayes Hill visitors.

- Provide Lee Valley Park Farm with the unique selling point of a commercial scale dairy farm open to the public with daily viewing of the milking. Seasonal activities on the busy working Farm also attract interest e.g., combining the cereals, silage making, hay making, gathering in the straw at harvest, cultivations and other operations that can be seen on a visit to the Farm.
- Training venue for the Royal Vets College and regional agricultural colleges.
- Yearly visits from Danish agricultural students and Danish farmer discussion groups.

### **SCOPE OF THE EXTERNAL REVIEW**

- 16 Due to market changes to the price of milk which brings uncertainty to the budget each year Authority officers have recently commissioned an external review of the Farm. The Scrutiny Review of the Farm would be timely as the review could also be informed by the findings of the external expert review.
- 17 The Authority asked 3 nationally recognised farm consultant companies, Bidwells, Carter Jonas and Strutt Parker to quote. Strutt Parker have been awarded the job and will undertake the following:
  - a full review of the Farm's operations, this is aimed at improving the Farm's financial performance to enable it to be less affected by world markets, if possible. This is to include:
    - areas for performance improvement;
    - reduction in resources if appropriate;
    - potential new income generation ideas;
    - alternative management/delivery vehicles;
    - comparison between continuing to manage in-house against leasing the Farm out to other operators, either fully or partially;
  - review efficiency of the current arable/dairy/beef operations;
  - equipment and renewal, in line with any suggested changes to operations and efficiencies this might bring;
  - outline any suggested investments needed to make a positive impact and greater financial returns;
  - comment on the barn renovations and accommodation project, in line with the objectives of this review;
  - officers believe the Farm "adds value" to the Authority by supplying various services and we would like to understand what the true cost to the Authority would be if these were provided through other sources. The Authority needs to understand what "hidden" value/benefits the Farm brings.

## **SCOPE OF THE SCRUTINY REVIEW OF HOLYFIELD HALL FARM**

18 The following terms of reference are suggested to scope this review:

- To consider the outcome of the external consultants review
- To assess opportunities for efficiencies and income generation
- To review the “added value” provided by the Farm and explore alternative sources of these services and the cost of these services from a third party
- Contribution to the Lee Valley Park Farm visitor attraction and whether a review of the Farm should be considered in isolation
- To assess the Farm’s contribution to nature conservation across the Regional Park

## **OTHER POTENTIAL SCRUTINY REVIEWS**

19 Members are asked to consider one further area for Scrutiny Review during this Committee term. The two areas discussed by the previous Scrutiny Committee and as mentioned in the summary are Canal & River Trust and Parks and Open Spaces (funding models). Some information on each of these areas is set out below.

### **20. Canal & River Trust**

Members should note that this was the subject of a Scrutiny review by a previous Scrutiny Committee in 2014. Canal & River Trust were invited in to discuss a number of issues relating primarily to enforcement and the condition of boats on the waterway and boater behaviour including floating ‘raves’ and canal fairs.

21 Canal & River Trust are an independent organisation with representation on the Authority Board. Members may have noticed more recently that since the AGM the newly appointed representative from Canal & River Trust, Jon Guest, is now attending Authority meetings when previously Canal & River Trust did not attend. This is a positive step towards a closer working relationship and interaction with Members of the Authority.

22 It should be noted that officers do work as closely with Canal & River Trust as they can relating to waterways matters throughout the Regional Park and a number of joint meetings are held throughout the year. Currently this relates to 3 main areas:

- the Canal & River Trust Mooring Strategy;
- Green Flag within River Lee Country Park (awarded this year); and
- conflicts between users of the Navigation, this has included joint working parties on vegetation clearance, plus working closely with user groups and clubs.

23 From the officer perspective a further Scrutiny review of the working relationship with Canal & River Trust would not necessarily be beneficial at this time and may duplicate some of the work that is underway. It may be timely to consider this particular review for the next committee cycle in 2018 when there can be reflection of the benefit of the participation of the Canal & River Trust representative.

**24 Parks and Open Spaces (funding models)**

The Parklands and Open Spaces are managed by various sections of the Authority; mainly the Ranger Service, Biodiversity, Fisheries and the Farm.

- 25 A review of the Farm is set out earlier in this report and is subject to Member consideration.
- 26 The Ranger service is currently undergoing an internal service review as part of the Authority's wider service review programme. This review is will look at:
- staff structures, current and future requirements;
  - team area review;
  - roles and the changing needs of the Authority;
  - budgets;
  - site management delivery options – in house, external contractors/ partner organisations for example;
  - efficiencies and savings; and
  - weaknesses and strengths.
- 27 With this internal service review underway officers would recommend that the Scrutiny Committee wait for the outcomes of this review which could then be brought to the Scrutiny Committee in this committee term for analysis and input before going to the Executive Committee.

**ENVIRONMENTAL IMPLICATIONS**

- 28 There are no environmental implications arising from this report.

**FINANCIAL IMPLICATIONS**

- 29 There are no financial implications arising from this report. However, Members should note the cost of the consultants engaged to undertake the external review is at a cost of circa £3,000.

**HUMAN RESOURCE IMPLICATIONS**

- 30 There are no human resource implications arising from this report.

**LEGAL IMPLICATIONS**

- 31 These are dealt with in the body of the report.

**RISK MANAGEMENT IMPLICATIONS**

- 32 There are no risk management implications arising directly from the recommendations in this report.

**EQUALITY IMPLICATIONS**

- 33 There are no equality implications arising directly from the recommendations in this report.

**LIST OF ABBREVIATIONS**

the Farm                  Holyfield Hall Farm