



## SHEFFIELD CITY COUNCIL Cabinet Report

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**Report of:** Executive Director PLACE

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**Date:** 19th March 2014

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**Subject:** **The J.G.Graves Charitable Trust  
Proposed Letting of Old May House Farm,  
Foxhall Lane, Sheffield S10 4QA**

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**Author of Report:** Dave Wood, Capital and Major Projects, Place

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### **Summary:**

A number of properties, including Old May House Farm, were acquired in the 1930's with money provided by the J.G. Graves Trustees, to be held on Trust by Sheffield City Council for charitable purposes to be let and managed as an 'agricultural estate'. After the costs of repair, maintenance, renewal and other expenses, the net income from the lettings is applied to the maintenance of the Barkers Pool Gardens and other charitable purposes (Charity Registration Number 260357).

Due to the age and declining health of the last tenant of Old May House Farm, an early surrender of the tenancy has been accepted to enable the tenant to take up a time limited opportunity to move to suitable retirement accommodation. This report seeks approval to recommendations for the re-letting of the farm in accordance with the requirements of the Trust and to improve the net income available for distribution to the beneficiaries. Consent from Cabinet members acting as charity trustees is required to the proposed new letting.

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### **Reasons for Recommendations:**

The proposed new letting will benefit the Charity by transferring all future maintenance liabilities to the tenant and by securing an enhanced rent, increasing the net income available for distribution to the beneficiaries.

Letting to an existing tenant has the joint benefits of improving long term sustainability through economies of scale and of a tenant with a track record sympathetic to local environmental sensitivities.

**Recommendations:**

That Cabinet Acting as Charity Trustees in accordance with powers given to the Council as Trustee under the provisions contained in the Trusts of Land and Appointment of Trustees Act 1996 resolve to:

1. Approve the granting of a Farm Business Tenancy of Old May House Farm to Andrew Brian and Tom Lawson in accordance with the terms detailed in this report and the attached Appendix.
2. Authorise the Director of Capital & Major Projects to instruct the Director of Legal & Governance to complete the tenancy agreement in accordance with the approved terms and such other detailed provisions as he may consider appropriate to the letting.

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**Background Papers: None**

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**Category of Report:** OPEN/PART CLOSED

**The Surveyor's Report and Appendix under Part 2 are not for publication because they contain exempt information under Paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended)**

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## Statutory and Council Policy Checklist

<b>Financial Implications</b>
YES Cleared by: Paul Schofield
<b>Legal Implications</b>
YES Cleared by: David Sellars
<b>Equality of Opportunity Implications</b>
NO Cleared by:
<b>Tackling Health Inequalities Implications</b>
NO
<b>Human rights Implications</b>
NO:
<b>Environmental and Sustainability implications</b>
YES
<b>Economic impact</b>
NO
<b>Community safety implications</b>
NO
<b>Human resources implications</b>
NO
<b>Property implications</b>
YES Cleared by Dave Wood
<b>Area(s) affected</b>
Fulwood
<b>Relevant Cabinet Portfolio Leader</b>
Cllr Ben Curran
<b>Relevant Scrutiny and Policy Development Committee if decision called in</b>
N/A decision by Council as Charitable Trustees
<b>Is the item a matter which is reserved for approval by the City Council?</b>
NO
<b>Press release</b>
NO

## **The J.G.Graves Charitable Trust: Proposed Letting of Old May House Farm, Foxhall Lane, Sheffield S10 4QA**

### **1. SUMMARY**

- 1.1 Old May House Farm, along with other properties, was acquired in the 1930s with money provided by the J.G. Graves Trustees to be held by Sheffield City Council on trust for charitable purposes and let as an 'agricultural estate'. After the costs of repair, maintenance, renewal and other expenses, the net income from the lettings is to be applied in equal portions to the maintenance of the Barkers Pool Gardens and to the Spirit of Sheffield Children's Charity.
- 1.2 Due to the age and declining health of the last tenant of Old May House Farm, an early surrender of the tenancy was accepted on 5th December 2013 to enable the tenant to take up a time limited opportunity to move to suitable retirement accommodation. This report seeks approval to re-let the farm to an existing Council tenant following a restricted tendering exercise.

### **2. WHAT DOES THIS MEAN FOR SHEFFIELD PEOPLE**

- 2.1 The proposed new letting will be on terms which protect the landscape value of the farm, within the Mayfield Valley, in accordance with the spirit of Alderman Graves' gift.
- 2.2 The proposed new letting will be at an enhanced rent and on terms which reduce the trustees' liabilities. This will improve the net income available for maintenance of the Barkers Pool Gardens and for distribution to the Spirit of Sheffield Children's Charity.

### **3. OUTCOME AND SUSTAINABILITY**

- 3.1 The proposed letting of the farm to an existing Council tenant and his son will improve the viability of the overall farm business through economies of scale and therefore the long term sustainability of the Trust.

## 4. PROPOSED NEW LETTING

### 4.1 Background

Old May House Farm is situated in the Mayfield Valley and consists of a substantial stone built five bedroomed farmhouse, a range of farm buildings and approximately 76 acres of grassland in 25 enclosures separated by traditional dry stone walls. The farm is held by the City Council by virtue of 4 separate acquisitions from the 1930's funded by Alderman JG Graves, all of which contain a covenant to use the land and buildings for 'agricultural purposes and to continue to be used for such purposes with power from time to time to let to such persons and at such costs as they (the Council) may think fit and generally to manage the same as an agricultural estate'.

Together with other properties acquired under similar terms, the 'estate' is held in the Fulwood, Whirlow and Birley Edge Suspense Account with surplus income over expenditure being distributed in equal portions between the Barkers Pool Gardens and the Spirit of Sheffield Children's Charity.

In past years the income of the Trust failed to generate sufficient net surplus to distribute funds to the named beneficiaries, but as backlog maintenance has been addressed and properties re-let on terms requiring tenants to carry out future repairs, surpluses have been generated and distributions made. At the present time the Trust retains responsibility for repairs at Old May House Farm and for two Cottages only.

Old May House Farm was previously let on an Agricultural Holdings Act tenancy from 1963 under the terms of which the rent was restricted to 'the productive capacity of the land and its related earning capacity' and the Trust was responsible for most repairs. The tenancy was surrendered with effect from 5th December 2013. The passing rent was £5,750 per annum.

### 4.2 Letting process

The City Council holds three other small farms in the Mayfield Valley:

	<b>Area (acres)</b>	<b>Tenant</b>
• Greenhouse Farm	97	S Rhodes
• Yarncliffe House Farm	103	B and AB Lawson
• Meadow Farm:	67	B and AB Lawson

To secure the future viability of these units, and consequently their rental value through economies of scale, there are sound estate

management reasons for letting Old May House Farm to one of these neighbouring tenants, as advised in the report referred to at 6.1 below. As Messrs Lawson already occupy 170 acres and both sets of tenants are regarded equally in terms of competence and fulfilment of their contractual responsibilities, an approach to S Rhodes was initially made to establish whether or not he would be interested in taking a tenancy of the farm. These discussions were initially inconclusive and consequently Mr A B Lawson was also asked to consider his interest in the Farm.

Both tenants eventually expressed an interest in taking a tenancy of the holding with their respective sons as joint tenants. Both sons have formal agricultural qualifications and experience and are considered to be suitable joint tenants.

#### **4.3 Proposed Terms**

In the circumstances, following legal advice, both tenants were invited to submit an offer of rent for a Farm Business Tenancy (which doesn't have the same restrictions on rent as an Agricultural Holdings Act Tenancy), based on the following principal terms.

- **Period of the Tenancy:**  
From a date to be agreed to 29th September 2028
- **Repairs:**  
The tenants will be responsible for all repairs
- **Insurance of buildings**  
The landlord will be responsible for insuring the house and buildings against fire lightning and explosion
- **Rent reviews:**  
There will be rent reviews at 5 yearly intervals
- **Use of the holding**  
The holding is to be used for agricultural purposes with livery for up to 10 horses (if required) and for such other diversification enterprise(s) as the landlord may approve
- **Tenant's opportunity to break**  
The tenant will have the opportunity to break the tenancy after 5 years and then in every subsequent year of the tenancy, on giving 12 months' notice.
- **Subletting**  
The tenant(s) may sublet the farmhouse on an assured shorthold tenancy on terms to be approved by the landlord.

Offers were received from both parties as detailed in the attached 'closed' Appendix.

### **5. FINANCIAL CONSIDERATIONS**

5.1 The additional net rental income generated as a result of the proposed

new letting will be applied in accordance with the charitable objects detailed in Paragraph 1 of this report.

## **6. LEGAL IMPLICATIONS**

- 6.1 In accordance with the Charities Act 2011 a Section 119(1) a Qualified Surveyor's Report dated 30th December 2013 has been prepared and attached for Cabinet's consideration. Other legal implications relating to the charitable status are contained within the body of this report and inform the recommendations being made to Cabinet.

## **7. HUMAN RIGHTS IMPLICATIONS**

- 7.1 There are no specific human rights implications arising from the proposed letting.

## **8 ENVIRONMENTAL AND SUSTAINABILITY IMPLICATIONS**

- 8.1 The proposed new tenancy includes provisions to protect environmental features such as dry stone walls, hedgerows, trees, permanent grassland and wildlife habitats. Inappropriate uses such as blood sports and commercial shooting will be prohibited.

## **9 EQUALITY OF OPPORTUNITY IMPLICATIONS**

- 9.1 There are no specific equal opportunities implications associated with this report.

## **10 ALTERNATIVE OPTIONS CONSIDERED**

- 10.1 Freehold disposal of the farm has been considered but this would be against the objects of the charity and it is not considered that the Charity Commission would approve such a wholesale disposal.
- 10.2 A wider marketing exercise for the tenancy was considered but discounted due to the advantages of amalgamating the farm with an existing Council holding in the vicinity. These include:
- a known tenant who will be sympathetic to the environmental sensitivities of the Mayfield Valley
  - a more viable agricultural business unit due to economies of scale, ensuring the longer term viability of the farm business and therefore the Trust's future income.

## **11. REASONS FOR RECOMMENDATIONS**

- 11.1 The proposed new letting will benefit the Charity by transferring all future maintenance liabilities to the tenant and by securing an enhanced rent, increasing the net income available for distribution to the beneficiaries of the Trust.

- 11.2 Letting to an existing tenant has the joint benefits of improving long term sustainability through economies of scale and of a tenant with a track record sympathetic to local environmental sensitivities.

## **12. REASONS FOR EXEMPTION**

- 12.1 This report is presented as a partially closed item because the Surveyor's Report and Appendix under Part 2 contain exempt information under paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended). The reason for these exemptions is because these attachments contain information relating to the financial or business affairs of a particular person.

## **13. RECOMMENDATIONS**

**That Cabinet Acting as Charity Trustees in accordance with the powers given to the Council as Trustee under the provisions contained in the Trusts of Land and Appointment of Trustees Act 1996 resolve to:**

- 13.1 Approve the granting of a Farm Business Tenancy of Old May House Farm to Andrew Brian and Tom Lawson in accordance with the terms detailed in this report and the attached Appendix.
- 13.2 Authorise the Director of Capital & Major Projects to instruct the Director of Legal & Governance to complete the tenancy agreement in accordance with the approved terms and such other detailed provisions as he may consider appropriate to the letting.