

AGENDA

General Overview & Scrutiny Committee

Date: **Tuesday 27 October 2015**

Time: **1.00 pm**

Place: **Council Chamber, The Shire Hall, St Peter's Square,
Hereford, HR1 2HX**

Notes: Please note the **time**, date and venue of the meeting.

For any further information please contact:

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Agenda for the Meeting of the General Overview & Scrutiny Committee

Membership

Chairman

Councillor WLS Bowen

Councillor JM Bartlett
Councillor MJK Cooper
Councillor CA Gandy
Councillor J Hardwick
Councillor DG Harlow
Councillor EPJ Harvey
Councillor JF Johnson
Councillor AJW Powers
Councillor NE Shaw
Councillor EJ Swinglehurst
Councillor A Warmington
Councillor SD Williams

Co-optees

(education items)

Mr P Burbidge
Mrs A Fisher
Mr RJ Fuller
Mr P Sell

Roman Catholic Church

Parent Governor Representative: Primary Schools

Parent Governor Representative: Secondary Schools

Church of England

AGENDA

	Pages
1. APOLOGIES FOR ABSENCE To receive apologies for absence.	
2. NAMED SUBSTITUTES To receive details of members nominated to attend the meeting in place of a member of the committee.	
3. DECLARATIONS OF INTEREST To receive any declarations of interest by members.	
4. MINUTES To receive the minutes of the meeting held on 30 September 2015.	7 - 20
5. SUGGESTIONS FROM THE PUBLIC To consider suggestions from the public on issues the committee could scrutinise in the future. (There will be no discussion of the issue at the time when the matter is raised. Consideration will be given to whether it should form part of the committee's work programme when compared with other competing priorities.)	
6. QUESTIONS FROM THE PUBLIC To note questions received from the public and the items to which they relate. (Questions are welcomed for consideration at a scrutiny committee meeting subject to the question being directly relevant to an item listed on the agenda below. If you have a question you would like to ask then please submit it no later than 1.00 pm on Thursday 22 October 2015 to bbaugh@herefordshire.gov.uk)	
7. TASK AND FINISH GROUP REPORT: SMALLHOLDINGS ESTATE (COUNTY FARMS) To consider the findings of the scrutiny task and finish group: smallholdings estate (county farms) and to recommend the report to the executive for consideration.	21 - 58
8. WORK PROGRAMME To consider the committee's work programme.	59 - 64
9. DATE OF NEXT MEETING The next scheduled meeting is Tuesday 17 November 2015 ; scrutiny committee members are advised to attend from 10.00am with the presentation of the Budget and Medium Term Financial Strategy at the Health and social care overview and scrutiny committee.	

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- Inspect background papers used in the preparation of public reports for a period of up to four years from the date of the meeting. (A list of the background papers to a report is given at the end of each report). A background paper is a document on which the officer has relied in writing the report and which otherwise is not available to the public.
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HEREFORDSHIRE COUNCIL

MINUTES of the meeting of General Overview & Scrutiny Committee held at Council Chamber, The Shire Hall, St Peter's Square, Hereford, HR1 2HX on Wednesday 30 September 2015 at 10.00 am

Present: Councillor WLS Bowen (Chairman)
Councillor MJK Cooper (Vice-Chairman)

Councillors: JM Bartlett, Mrs A Fisher, Mr RJ Fuller, CA Gandy, J Hardwick, DG Harlow, EPJ Harvey, JF Johnson, AJW Powers, Mr P Sell, NE Shaw, A Warmington and SD Williams

Education co-optees: Mr P Burbidge, Mrs A Fisher, Mr RJ Fuller and Mr P Sell

In attendance: Councillors AW Johnson (Leader of the Council and Cabinet Member, Corporate Strategy & Finance), JG Lester (Cabinet Member, Young People & Children's Wellbeing), PM Morgan (Deputy Leader of the Council and Cabinet Member, Health & Wellbeing) and PD Price (Cabinet Member, Infrastructure)

Officers: C Baird (Assistant director education and commissioning), B Baugh (Democratic services officer), D Birch (Benefits operational manager), J Davidson (Director of children's wellbeing), A Hough (Head of educational development), G Hughes (Director for economy, communities and corporate), P Robinson (Director of resources), J Rushgrove (Head of corporate finance), and C Ward (Deputy solicitor to the council people and regulatory)

22. APOLOGIES FOR ABSENCE

No apologies for absence were received.

23. NAMED SUBSTITUTES

No substitutions were made.

24. DECLARATIONS OF INTEREST

Item 7 (minute 24) The development of a schools capital investment strategy

Councillor MJK Cooper, Non-Pecuniary, Declared an interest in relation to St Mary's CE Primary School, Dilywn.

Councillor WLS Bowen, Non-Pecuniary, Declared an interest during the item due to being a governor of Kingsland CE Primary School.

25. MINUTES

The minutes of the previous meeting were received.

RESOLVED: That the minutes of the meeting held on 21 July 2015 be approved as a correct record.

26. SUGGESTIONS FROM THE PUBLIC

It was reported that a suggestion had been received from Mr. Peter McKay; related correspondence was provided within a supplement to the agenda.

The Chairman thanked Mr. McKay for his continued interest and enlightening comments.

It was noted that, in response to a suggestion made by Mr. McKay at the last meeting, a briefing note had been circulated to committee members about the Public Rights of Way service.

The Chairman said that he was aware of the importance of the issues but also the limited time and resources available to the committee. Therefore, the Chairman asked officers to provide a detailed written response to the points raised at the earliest opportunity and for this information to be made available online in a supplement to the agenda for this meeting.

27. QUESTIONS FROM THE PUBLIC

No questions had been received in advance of the meeting in relation to the following items.

28. THE DEVELOPMENT OF A SCHOOLS CAPITAL INVESTMENT STRATEGY

The Chairman reminded the committee that a presentation on the council's approach to the strategy had been received at the [10 March 2015](#) meeting and invited officers to update the committee.

The Assistant director commissioning and education introduced the item with the following comments:

- i. The strategy was being prepared in the context of the council's priorities: to keep children and young people safe and give them a great start in life; enable residents to live safe, healthy and independent lives; and invest in projects to improve roads, create jobs and build more homes.
- ii. The strategy was an important development for Herefordshire and the schools capital estate.
- iii. The council was working with a range of school and community leaders with a bottom-up approach.
- iv. The draft principles, identified in Appendix 1 to the report (page 21 of the agenda), were essential to the development of the strategy.
- v. The committee was invited to comment on the principles, the presentation, and the approach being taken.
- vi. The strategy would be put forward to Cabinet in early November 2015.

The Head of educational development gave a presentation on the background, the principles and applying the principles. The key points made under each slide are summarised below:

Where we are in the process...

- a. The work was in phase 4, the phases were: phase 1 - project set up; phase 2 - data collection; phase 3 - verification and analysis; phase 4 - consultation and

development of strategy; phase 5 - agreement of high level outcomes of the strategy; phase 6 - detailed development of a strategy and agreement; and Council approval and implementation.

- b. Officers had been consulting with various groups, including governors, local communities, and diocesan boards. Discussions with school clusters had been productive, with further sessions to be held during term time.
- c. With the emergence of academies and free schools and different governance arrangements, the role of the council was changing and thought needed to be given to the types of environment that the authority wanted to see for children.
- d. There was a spectrum in terms of the quality of buildings but this was not the only factor, particularly as there were some outstanding schools in less than outstanding buildings. Consideration needed to be given to how such schools could be supported and how education and schooling could be presented in the best light, particularly to ensure that Herefordshire was a place where businesses wanted to invest and people wanted to live and work.

Principles

- e. In addition to being detailed in the appendix, the draft principles were summarised as:
 - 1) Schools serving the community
 - right amount of places in the right place
 - meet parental preference
 - 2) High quality learning environments
 - good condition - maintenance up to date and not disproportionate to value
 - suitable buildings and grounds
 - supportive of curriculum delivery
 - not in temporary classrooms
 - energy efficient
 - accessible to all
 - 3) Expansion of high quality popular schools
 - 4) Consolidation and all through school opportunities
 - 5) Plans – particularly for schools with less than 105 on roll
 - 6) Finance from different sources
 - 7) Transport
- f. In view of the rural nature of the county and the relatively large number of small schools, it was emphasised that schools were not under threat but it was implicit that suitable curriculum delivery and financial viability had to be maintained. Education provision had to be planned over the longer term and finance was a significant issue.
- g. The direction of government strategy was on creating new places, potentially putting Herefordshire at a disadvantage, and the strategy needed to ensure that investment was obtained and other sources of funding identified.

Update on Colwall CE Primary School

- h. It was reported that the circumstances with Colwall typified the need for a strategy, such as: an historic increase in the number of classrooms but not in the hall and other facilities; issues with damp and maintenance; and the use of temporary buildings.

Existing school information

- i. Examples were provided of existing school information that had been collected, under the headings: site; building; maintenance work; occupancy and demand; inspection/outcome; energy consumption; and disability access.
- j. It was noted that some of the planned admission numbers of some schools were below capacity and an understanding was needed of what that meant and what opportunities it could provide.
- k. It was reported that maintenance work was one of the most contested areas. It was also reported that, given that academies could bid for central capital funding, it was difficult to obtain a consistent picture about all the properties across the county.
- l. In terms of occupancy and demand, many parents did not send their child to the nearest school. Maps were produced to show where pupils came from and there had been engagement to understand parental preference and to reflect on the implications of such choices over time.

Options and ideas to achieve principles

- m. Examples were also provided of options and ideas to achieve principles, under the headings: site; building; maintenance and efficiency; occupancy; and leadership.
- n. Where sites were over compliant, consideration could be giving to selling part for suitable residential development, thereby releasing funding for capital investment in buildings. It was recognised that this would not work universally but could form the basis of a discussion.
- o. Attention was drawn to the strategy consultation on the council's website:

www.herefordshire.gov.uk/education-and-learning/schools/schools-capital-investment-strategy-consultation

The Chairman, referring to difficulties experienced by the authority historically, commented on the need for broad consultation about potential changes. The committee's education co-optees were invited to comment on the report.

Mr. Burbidge commented on a number of matters, including:

- Noting that around half of the nearest children went to the local catchment school, it was questioned what the analysis had revealed. The Head of educational development said that further engagement was being undertaken and some of the issues included: staff bringing their own children to school; proximity to workplaces; and nearby relatives to look after children before and after school. In response to a comment, the Head of educational development noted that school performance was a factor but parents' reasons could be many and varied, other issues might include: standards; the charisma of the head teacher; and approach to care.

- Reference was made to reductions in pupil numbers. The Head of educational development noted that understanding population change would be an important factor in how the strategy was put together.
- Home to school transport had been much talked about over the past year and it was questioned whether the costs of transition and the availability of transport would be factored into the strategy. The Head of educational development confirmed that there would be a mechanism to identify how miles increased or decreased by undertaking particular actions.

Mrs. Fisher commented on the need for clarity and transparency in terms of the principles going forward, particularly to manage expectations and to mitigate the potential for misunderstandings. The Assistant director commissioning and education confirmed that information was available on the council's website and said that it would be helpful if councillors also directed constituents to the consultation. The Chairman suggested that information be circulated to parish councils. Mr. Fuller endorsed Mrs. Fisher's comments.

Mr. Sell made a number of points, including:

1. The Diocese of Hereford had written to the council to express its support and offer any help that it could with the surveys being undertaken. Parallels were drawn to the Diocese's own review of churches and attendance.
2. A bottom-up approach was essential. In view of the increasing autonomy of schools, it was unlikely that a council 'masterplan' would be accepted.
3. Having attended some of the consultation exercises, it was noted that feedback had been broadly encouraging.
4. The emphasis on the best quality learning environments was welcomed.
5. Referring to the principle 'High quality popular schools will be supported to expand...', there was some concern about what the judgements would be based on; reference was made to the performance of Kingsland CE Primary School and its provision for children with special needs.
6. It was suggested that, to support successful schools to grow and be maintained, a three pronged approach was needed to consider buildings, funding, and models of leadership. It was also suggested that there was a need to review funding formula.
7. In terms of models of leadership, parallels were drawn to changes in parish support arrangements.
8. It was commented that many schools had less than 105 pupils on roll and there was a need to understand the geographic suitability of alternatives; for example, the next school might be a number of miles away, causing attendance difficulties during inclement weather.
9. In response to a question about the funding available to the Diocese, Mr. Sell explained that the Diocese did not have any control or call on capital released by the disposal of land by the Church Commissioners. He commented on the nineteenth century roots of church schools and advised that, when schools closed, reversion orders often required property to return to the heirs and successors of the family that originally provided for the school. Occasionally the Diocesan Board was designated and capital returns could be used for improvement works and education provision elsewhere.

The Chairman invited comments from councillors, the principal points and officer responses are summarised below:

- A committee member said that, although there was generally little to disagree with, there could be differences of opinion between principles 3 and 4 and consideration would need to be given about how the potential for conflict would be resolved. The Head of educational development recognised the need to look at each individual case and the weight given to particular principles.
- In response to questions, the committee was advised that the number of spare places was about 13% of the pupil population of approximately 23,000 and the county was a net importer of pupils; a written response would be provided.
- A committee member questioned the implications of the Core Strategy and anticipated housing numbers upon school provision going forward. The Head of educational development said that a real issue was when development may come on-stream, as this uncertainty made it difficult to make predictions with high degrees of accuracy; the department examined all planning applications but some were subsequently withdrawn or not progressed. It was noted that care had to be taken regarding expectations about the need for school places arising from new housing; it often depended on the types of housing built.
- The Head of educational development emphasised that it was not being suggested that schools under a certain admission level would be under threat of closure but it was important to avoid any spiral of decline which could further reduce numbers and disrupt the education of pupils. He said that there was a need for realism about future housing developments and to think through the implications over extended periods of time.
- The Assistant director commissioning and education commented on related issues, including: that the number of surplus places varied considerably across the county; Herefordshire achieved a high percentage in terms of parental first preference; the potential for expansion would not just apply to smaller schools; and the strategy needed to look at the whole of the county and consider whether schools were in the right place for parental demand.

In view of the comments made, Mr. Sell suggested that the principles should reflect the need to be responsive to anticipated growth in communities. The Director of children's wellbeing said that, given the ageing population, the potential for reductions in communities should also be taken into account.

A committee member said that the authority needed to be mindful of the sustainability criteria for the growth of rural communities, as identified in the draft Core Strategy policies RA1 (Rural housing strategy) and RA2 (Herefordshire's villages); he considered that there was critical connectivity between the two policy areas in terms of the growth and viability of rural housing and the presence of village schools. The committee member also commented on the need for the principles to be honest, transparent and realistic. In response to questions, the Head of educational development advised that:

- It was considered realistic to 'aim for 95% of parents to get their first preference school' (principle 3) and, whilst the concerns of head-teachers were understood, challenging parental preference was not necessarily constructive.
- It was clarified that principle 11 e., 'A local community council tax charge if they want support the continuation of a local school', intended to reflect the potential for a local charge to retain a school if this was wanted by the local community but it was acknowledged that further consultation would be needed as schools came forward and ideas were developed. A committee member considered it important

to consider this proposal in the context of the direction of broader council tax policy regarding participatory budgeting at a local level. The Director of finance commented that some parishes had successfully taken on some services previously delivered by the council and that work to inform the Schools capital investment strategy would provide an understanding of the commitments for schools and the council over the next five to ten years.

A committee member commented on:

- how the desire to meet parental preference could impact on individual schools;
- the danger that variations in demand could mean that the strategy became more reactive than proactive; and
- referring to principles 8 and 9, it was considered that more data was needed about school journeys, not only in terms of environmental responsibility but also in terms of the impacts where schools became oversubscribed.

The Head of educational development outlined the admission process and the information being collated about journeys. The Chairman commented on the need for up-to-date school travel plans and how longer journey times could have an impact on pupils.

Another committee member commented on:

1. the need for an integrated view, with the development of the Local transport plan supported by a county level school transport plan, particularly as travel associated with schools could impact on bus routes, road loading and other strategic objectives;
2. referring to points made at previous meetings, consideration should be given to schools' community links and the potential for schools to provide wider benefits in terms of libraries, access to activity and exercise space, and to look more creatively in terms of new ways to deliver services;
3. planned growth and contraction had to be tied into the principles;
4. assurance should be given that the authority would provide backing and support for strong petitions for central funding by academies to improve infrastructure;
5. the permeability of county boundaries and the need for dialogue with adjoining authorities to ensure that provision was not considered in isolation;
6. the circumstances of schools in more rural areas would continue to be dynamic and the principles would provide a framework for discussions and decisions;
7. the need for clarity about how the authority would assure itself that 'There would be an appropriate number of faith places' (principle 3), as an important component of school provision in terms of parental choice.

The Cabinet member young people and children's wellbeing made a number of comments, including:

- i. it was key that the process was driven by a set of principles, with the focus on the best outcomes for school children;
- ii. there was no 'perfect size of school' but schools needed to be sustainable and flourish;

- iii. different and creative models would be explored and minds needed to be open to change;
- iv. freedom of choice meant that there was limited control over outcomes, so it was essential that school travel plans were robust and sustainable; and
- v. the authority wanted all children to have an excellent education.

A committee member said that long journey times not only had an environmental impact but also had cost implications. In response to a question, the Head of educational development said that information would be provided on the percentage of schools with travel plans.

The Chairman welcomed the suggestions and noted the need for flexibility in the strategy.

RESOLVED:

That it be recommended to the executive that the Schools capital investment strategy principles:

- 1. **include reference to the need to be responsive to anticipated growth and reductions in communities, including the key role of local schools in the sustainability of growth villages in Core Strategy policies RA1 and RA2;**
- 2. **(within principle 8) take school journey distance, mode and time into account, not only in terms of environmental and transportation impacts but also the effect of journey times on pupils, with schools encouraged to keep school travel plans up-to-date;**
- 3. **recognise what schools can and should offer, outside school hours, to local communities – such as libraries, information hubs, meeting venues, open space etc.;**
- 4. **provide assurance that the authority would provide backing and support for academies to make bids for central funding to improve infrastructure;**
- 5. **include consideration of county boundary transitions, including dialogue with adjoining authorities to ensure that provision was not considered in isolation;**
- 6. **clarify how the authority would assure itself that ‘There would be an appropriate number of faith places’ (principle 3); and**
- 7. **revise principle 11 e. to ‘Participatory budgeting as a means of enabling local communities to assist in supporting a local school’.**

29. REVISIONS TO THE COUNCIL TAX REDUCTION SCHEME

The Director of resources introduced the report, the principal points included:

- a. The background to the abolition of the national council tax benefit system in 2013 and its replacement with a local council tax reduction (CTR) system was explained, as well as the subsequent reductions in central government funding.
- b. Pensioner benefits continued to be protected and the council had discretion on CTR for working age claimants only.

- c. The CTR scheme for 2015/16 gave £4.6m in council tax subsidy to working age claimants. Reflecting reductions in government support grant, there was a saving requirement of £200k from CTR for 2016/17.
- d. The current CTR caseload profile was: pensioners fully or partially unaffected by the CTR scheme 6,594; and working age claimants 6,738, with approximately 4,500 in receipt of CTR at 84% (the remaining claimants qualified for partial subsidy).
- e. The collection rates for council tax remained stable, with 98.10% achieved in 2014/15; the collection rate was 82.5% for claimants in receipt of CTR.
- f. The report provided a breakdown of the circumstances of 190 sample CTR cases that had received a summons and this showed that 53% were in receipt of Employment & Support Allowance.
- g. Initial responses to the council's [Priorities and budget consultation 2016-2020](#) prioritised income and savings in the following order (out of 10 proposals for savings): sell our smallholdings estate of 4,500 acres, to reduce our debt repayments; increase car parking charges in Hereford; and reduce the discounts available under the council tax reduction scheme.
- h. Appendix 3 to the report detailed the results of a consultation questionnaire on the CTR scheme and the related proposals for 2016/17. The proposals were:

Proposal 1 - reducing the level of CTR from 84% to 80% but also increase restrictions to CTR and protect CTR at 84% for certain claimants.

Proposal 2 - reducing the level of CTR from 84% to 80% with no other scheme changes.
- i. The Director of resources said that, informed by the data on summonses, consultation responses and engagement with the Children's Society, Proposal 1 would seek to maintain CTR at 84% where the claimant was either in receipt of severe disability premium, carers allowance or families with a child under the age of five. This was expected to deliver £144k per annum.
- j. To bridge the gap to the saving requirement of £200k, Proposal 1 would involve two additional proposals, to amend CTR from a band D property restriction to a band C restriction and reduce the capital limit to £6k. Appendix 1 to the report detailed the financial impact of 80% CTR and band C restriction and provided examples. The Director of resources, acknowledging a point made to him by the Chairman, noted that 327 CTR claimants living in a band D property would see an increase in the amount payable from £254 to £458 but also referred back to the potential protections for certain claimants.
- k. The current capital limit was £16k, reducing this to £6k would mean that approximately 110 claimants would cease to receive CTR. It was reported that 36% of unitary authorities had reduced the capital limit. Appendix 2 to the report provided an Equality Impact Assessment on the CTR scheme.
- l. Attention was drawn to the financial assistance available under the council's Discretionary hardship policy. It was reported that there had been only two successful applications to the scheme from applicants in receipt of CTR in 2014/15. It was noted that questions had been asked by Cabinet members about this issue and officers were reflecting on how to make the scheme more accessible.

- m. It was emphasised that the authority achieved good collection rates and this was collected responsibly.
- n. It was reported that savings would also benefit preceptors: parish and town councils, West Mercia Police, and the Hereford and Worcester Fire and Rescue Authority.
- o. The Director of resources commented on financial pressures in Children's safeguarding and that it would be difficult to achieve the saving requirement of £200k from CTR from alternative compensatory savings.
- p. It was recognised that the issues were complex and important, therefore the views of the committee were sought ahead of the Cabinet review in October and Council approval in December 2015.

The Chairman made the following points:

- It was questioned what could be done to ensure that citizens could access hardship relief and other protections.
- Amending the property band restriction would result in a substantial increase in liability for claimants living in a band D property and it may not be practical or possible for them to move house.
- The potential for a reduction in the capital limit might seem unreasonable.
- In view of the number of summonses, there could be diminishing returns from further revisions to the CTR scheme.

In response, the Director of resources commented on the difficult choices that had to be made to ensure that the council was able to balance the budget given the dramatic reductions in central government funding. It was reiterated that the council currently gave £4.6m in council tax subsidy to working age claimants and the proposals sought to achieve savings of £200k. He added that council tax, being based on property values, was not progressive and it was difficult to design a perfect scheme, hence the options had been put forward for comment.

Responding to questions from a committee member:

- The Benefits operational manager reported that the overall caseload had reduced slightly.
- Claimants who deliberately deprived themselves of capital in order to gain benefits could be subject to a process in order to be treated as if they still had that capital.
- The Director of resources said that the authority did not have any information about people that might be eligible for CTR but were not claiming it. The Benefits operational manager added that a lot of work had been undertaken by welfare benefit teams and others to ensure that people were aware of the scheme.

Another committee member asked a number of questions, along the following lines:

- Comparing decisions for claimants with council budget setting, would officers recommend depleting capital reserves to fund a revenue expense?
- Do we understand what it is costing to police this as an activity and how much extra effort was likely to be involved?

- What was the direction of travel in terms of the Medium Term Financial Strategy (MTFS) and were further reductions to CTR anticipated in future years?
- What elements of overspending reflected under performance with the projected change programme and savings targets? It was suggested that there could be a perception that the authority was balancing its own delivery failures by reducing levels of support to CTR claimants.

In response to questions, the Director of resources advised the committee that:

- The authority had set aside general reserves of 5% of overall expenditure. A claimant would need to have annual income of more than £120k for the proposed £6k capital limit to reflect a lower percentage of annual income which would not be possible under benefit claimant rules.
- Although an estimate could not be provided at the meeting, it was not likely to cost more to administer the revised scheme.
- The current MTFS had been approved by full Council on [6 February 2015](#) and included savings from CTR for 2016/17. The strategy was being refreshed and would need to take into account further reductions in government grant. The views of the committee were being sought on the CTR scheme for the next financial year only.
- Safeguarding involved demand led services and there had been a large increase in the numbers of looked after children both in Herefordshire and in other authority areas, including Worcestershire and Devon.

The Director of resources noted that people held different views and the issue was considered important enough nationally for the government to mandate that the decision needed to be taken by full Council.

The Leader commented on the following: there were likely to be many people on low incomes that were spending capital to meet revenue costs and did not receive any subsidy at all; it was possible that government grant could be reduced to nil by 2020; the majority of spending was on health and care, demand led services which made it difficult to predict costs; and not proceeding with the revisions to the scheme would require savings elsewhere.

A committee member:

- thanked officers for the clear and comprehensive report and for the responses provided at the meeting;
- considered that a £200k saving was small in the context of the overall council budget and reference was made to a Cabinet decision to allocate an additional £250k to meet unforeseen scheme costs to relocate Broadlands primary school on the Aylestone business and enterprise college (ABEC) site [considered by Cabinet on [11 September 2015](#)];
- commented that the Council would not have been aware of national welfare reforms when it agreed the Budget and MTFS in February 2015; and
- commented that the potential disbenefits for the county and particularly for the individuals concerned would not necessarily be known to all budget consultation respondents.

The Director of resources commented on a number of matters, including:

- i. Claimants used council services and many people would consider that they should make a contribution to these.
- ii. The provisional outcomes of the Priorities and budget consultation (see paragraph g. above) were re-iterated and it was commented that the least popular options were: reduce customer services and libraries across the county; remove public transport subsidy; and remove community transport subsidy.
- iii. Individual savings figures might appear small but the overall budget would not balance if the authority ignored them.

A committee member felt that many people would not expect others to be able to receive subsidy if they held £16k in capital and commented on the need for pensioner benefits to be looked at nationally. In response to questions, the Director of resources confirmed that the authority charged the maximum council tax permitted on second homes and empty properties, charging an extra 50%.

A committee member made a number of comments, including:

1. This was a difficult choice involving vulnerable people and it should not be perceived as an 'us and them' situation.
2. It was questioned whether the authority would make any saving in the long run given the potential knock on effects in terms of public health and children's attainment.
3. Comparisons with other authorities were noted but Herefordshire had the lowest wages in the country.
4. Feedback from CTR scheme consultation showed that the majority of claimants were in some form of employment but still needed support.
5. Although capital of £16k might seem substantial, such an amount would not go far if expenditure was needed on home repairs or a vehicle to get to work.
6. It was likely that many people with savings would already be spending some of it to meet living costs.
7. The authority needed to ensure that it did all it could to enable people to access all the help available.

The Leader reminded the committee of the proposals and said that the discretionary hardship policy would be reviewed to ensure it was fully understood and accessible.

The Deputy Leader: emphasised the importance for the authority to be involved in projects that improved the economy and reduced the number of people on low incomes; noted that the capital limit in terms of Adult social care was £23k, including a person's savings but, unlike the CTR scheme, also including the value of their home; and said that the hardship scheme had to be fit for purpose.

In response to a question from a committee member, the Director of resources drew attention to the supplement to the agenda which contained an illustration of the collection of debt from CTR scheme working age claimants, with £300k outstanding as at 24 September 2015; he stressed that this was outstanding debt, often involving payment plans, and the amount of bad debt was a much smaller proportion.

The Chairman asked whether members wanted to make any recommendations to the executive but the committee was minded to request that their comments be noted.

RESOLVED: That the report and comments made by the committee be noted.

30. WORK PROGRAMME

A draft work programme was submitted for consideration. The Chairman drew attention to the following:

- the Smallholdings estate task and finish group was completing its review and its report would be submitted for consideration by the committee on 27 October 2015;
- various other changes had been made to the work programme, as shown at paragraph 6 of the report; and
- in anticipation of the next round of consultation, it was intended that a member workshop be held on the Community infrastructure levy (CIL).

The Deputy Leader, referring to planned agenda items for the 17 November 2015 meeting, said that additional work was being undertaken on the Housing strategy and was unlikely to be available in the timescale identified.

A committee member considered that there was outstanding work for the CIL task and finish group to complete. The Chairman said that he would seek further officer advice on the matter.

A committee member questioned progress with a Digital strategy task and finish group. The committee was advised that, in view of the time that had elapsed since the group had been commissioned, a seminar would be arranged to update members on the current position and to help identify any specific areas where future scrutiny activity could be focussed. The Director of economy, communities and corporate said that it was for the committee to decide how it wished to prioritise the work programme. A committee member requested that a briefing note be prepared.

RESOLVED: That the

- (a) the draft work programme be noted; and**
- (b) a briefing note be prepared on digital issues.**

31. DATE OF NEXT MEETING

Tuesday 27 October 2015 at 1.00 pm.

The meeting ended at 1.00 pm

CHAIRMAN

Meeting:	General overview and scrutiny committee
Date:	27 October 2015
Title of report:	Task and finish group report: smallholdings estate (county farms)
Report by:	Task and finish group

Classification

Open.

Key decision

This is not an executive decision.

Wards affected

Countywide.

Purpose

To consider the findings of the scrutiny task and finish group: smallholdings estate (county farms) and to recommend the report to the executive for consideration.

Recommendations

THAT:

- (a) The committee considers the report and recommendations of the task and finish group: smallholdings estate (county farms) (at appendix 1 of this report) and determines whether to agree the findings for submission to the executive; and**
- (b) subject to the review being approved, the executive's response to the review be reported to the first available meeting of the committee after the executive has approved its response.**

Alternative options

1. The committee can agree, not agree or can vary the recommendations. If the committee agree with the findings and recommendations from the review, the attached report will be submitted to the executive for consideration. It will be for the executive to decide whether some, all or none of the recommendations are approved.

Reasons for recommendations

2. The general overview and scrutiny committee commissioned this task and finish group. The report of the task and finish group, as attached at appendix 1, is submitted for consideration and approval by the committee.

Key considerations

3. At its meeting on [10 June 2015](#), the general overview and scrutiny committee commissioned this task and finish group for the following purpose:
'To inform the executive on options / recommended actions to ensure the council is optimising its return from its smallholding estate'
4. Between July and early October 2015, the task and finish group held meetings, interviews, site visits, and witness sessions with stakeholders and tenants.

Community impact

5. If the committee agrees with the findings of the task and finish group, the report will need to be considered by the executive and, depending on their decision, community impact will need to be assessed.

Equality duty

6. If the committee agrees with the findings of the task and finish group, the report will need to be considered by the executive and, depending on their decision, due regard will need to be given to public sector equality duty.

Financial implications

7. The medium term strategy approved by council in February 2015 assumes £60m of asset sales to reduce debt charges. The farm estate could provide a significant contribution towards this target. Any shortfall in achieving the target will mean additional service reductions will need to be identified.

Legal implications

8. If the committee agree with the findings of the task and finish group, the report will need to be considered by the executive and, depending on their decision, the legal implications of implementing any of the recommendations will need to be assessed.

Risk management

9. If the committee agrees with the findings of the task and finish group, the report will need to be considered by the executive and, depending on their decision, the risk management implications of implementing any of the recommendations will need to be assessed.

Consultees

10. The consultees are detailed at section 4.5 of the appended report.

Appendices

- Appendix 1 Task and finish group report: smallholdings estate (county farms)

Background Papers

None identified.

Task and finish group report

Smallholdings estate

**(Reference will be made to 'County Farms' in this
report)**

**Draft for consideration by the general overview
and scrutiny committee on 27 October 2015**

1. Chairman's foreword

- 1.1 General overview and scrutiny were asked to do an in depth review of the Herefordshire Council owned smallholding estate. It has been suggested that a better name would be "Herefordshire County Farms" and this review will use the same title. The group were set the task of carrying out this review in the shortest time possible in order to give cabinet the opportunity to make a decision before Christmas so that the County Farm tenants should know their position as soon as possible.
- 1.2 The County Farms have a long history, with their origins in the late nineteenth century and an association with the policy of "Farms fit for Heroes" after the First World War and the aim after the Second World War of making it possible for people from all walks of life to find a way into farming by taking on a tenancy on the County Farms estate. While the original objectives are no longer relevant, the significant and continuing role of agriculture in the economy and culture of Herefordshire, leads me to think that we need to be mindful of the tradition of County Farms and the contributions that tenants make to the viability and vitality of local communities when considering the future of the council's estate.
- 1.3 The task and finish group has consulted as far and as wide as possible within the available timescale. The responses received to questionnaires and sessions held with stakeholders and tenants have been particularly informative. Strong views have been expressed, both in favour for and against the retention of the estate and this has included views, which though powerful, can be difficult to quantify and others that have a clearer rationale to them. However, it is clear that the status quo cannot continue and is not an option. I believe that the tenants themselves acknowledge this point.
- 1.4 In reaching its conclusions, the group has taken the slightly unusual step of recommending two principal options for consideration by the general overview and scrutiny committee and requests that both are put forward for consideration by cabinet, a) the structured partial sale of the estate and reorganisation of the remaining farms into a more progressive and commercial entity or b) the structured sale of the entire estate.
- 1.5 Members will need to consider various factors in determining their preferred option or options, including the current financial pressures, specific priorities and investment opportunities for the council which could be supported through short term capital receipts and the potential benefits to the farming community, local economy and ongoing income that could be generated in the longer term by the retention of a reduced but much more viable estate. In either scenario, using the asset to the best advantage of the county must be paramount in our thinking.
- 1.6 The report makes a number of further recommendations which are put forward to accompany the options brought forward. I hope these will both protect the interests of the general citizens of the county and, in respect of option A, assist tenants to achieve their ambitions for progression.
- 1.7 I would like to thank all contributors to the work of the Group, including councillor colleagues for taking part in the task and finish group, stakeholders and, especially, the tenants of the County Farms. The group greatly appreciated the candour, pragmatism, good sense and good humour of all concerned.

- 1.8 I would also like to thank very much all the officers who have supported this group for their professionalism, dedication, hard work and organisational skills throughout: in particular: Ben Baugh, Helen Beale, Richard Gabb, George Thompson and Sam Tweedale. Their patience and good humour under pressure have been exemplary.

Councillor Sebastian Bowen, October 2015
Chairman of the task and finish group

2. Executive summary

- 2.1 The task and finish group has considered a significant amount of evidence and this report necessarily summarises and focuses on those matters identified in the scoping statement for the review.
- 2.2 Although there had been consensus within the group on many of the key aspects, there was divergence on the preferred option in terms of the recommending a restructuring and rationalisation of the estate or a strategic, but managed, disposal of the entire estate
- 2.3 Reflecting this, the group has provided two principal options within recommendation 1, along with a number of other agreed recommendations, for review by the general overview and scrutiny committee. It is intended (but will be subject to committee approval) that both options within recommendation 1 be forwarded to cabinet for subsequent consideration.

3. Composition of the Task and Finish Group

- 3.1 Members of the task and finish Group were:

Councillor Sebastian Bowen (Chairman)

Councillor Jenny Bartlett

Councillor John Hardwick

Councillor David Harlow

Councillor Liz Harvey

Councillor Steve Williams

- 3.2 Lead officer: Richard Gabb (Programme director - growth)
- 3.3 Subject matter support: George Thompson (County land agent) and Helen Beale (Estates management officer - rural land)
- 3.4 Secretarial support: Ben Baugh (Democratic services officer) and Sam Tweedale (Electoral services graduate trainee)

4. Context

Why did we set up the group?

- 4.1 Cabinet reviewed the smallholdings estate strategy in 2009 and agreed a new policy framework, noting in its reasons for the decision that *'The council holds a significant smallholdings estate that makes a valued contribution to the local economy and allows people to enter farming. Smallholdings estates provide "starter units" that can also allow tenants to progress to larger farms ...'*
- 4.2 Since 2009, as noted in the council's Medium Term Financial Strategy 2015/16 - 2016/17 (MTFS), *'All local authorities are reducing services as the Government continues to significantly reduce the funding it provides to local government across England'* (paragraph 1.2). Consequently, the council is looking at other funding opportunities, including maximising capital receipts by disposing of assets.
- 4.3 In view of the pressures on all assets held by the authority, the general overview and scrutiny committee commissioned this task and finish group:

'To inform the executive on options/recommended actions to ensure the council is optimising its return from its smallholding estate'

What were we looking at?

- 4.4 The general overview and scrutiny committee considered and adopted a draft scoping statement for the task and finish group at its meeting on 10 June 2015. The scoping statement is attached as Appendix A.

Who did we speak to?

- 4.5 Between July and September 2015, the group held meetings, interviews and visits to gather as much background information and seek as many views as were required to make recommendations. In doing this, the group spoke to the following people (in chronological order):

- Kevin Singleton, team leader strategic planning and Samantha Banks, neighbourhood planning team leader
- A number of tenants during site visits to parts of the Hildersley, Canonbridge and Monkton estates
- Peter Robinson, director of resources
- Witness session for stakeholders, including specific contributions from:

Councillor Graham Powell; Councillor Roger Phillips; Graham Clay, NFU West Midlands regional tenants' spokesman; James Tyler-Morris, land agent for Staffordshire County Council; Councillor Jon Johnson; Councillor Terry James; David Curtis, Land Steward for the Duchy Of Cornwall; Councillor Phil Cutter; Anna Watts, National Trust; Alyson Moon, Herefordshire and Ludlow College (Holme Lacy campus); Mark Riches, Midlands regional surveyor for the Country Land and Business Association (CLA); Jill Matthew, land agent for Gloucestershire County Council; Louise Staples, NFU (West Midlands) and Clare Greener, NFU (Herefordshire) county adviser.

- Witness session for stakeholders, attended by over 30 people, with contributions from tenants and their families and from Anthony Mayell of Fisher German.
- George Dunn, chief executive of the Tenant Farmers' Association
- Councillor Anthony Johnson, leader of the council and cabinet member corporate strategy and finance, and Councillor Harry Bramer, cabinet member contracts and assets.
- Alistair Neill, chief executive of Herefordshire Council
- Julian Morgan, Leadon Court Farm
- Councillor Patricia Morgan, deputy leader of the council and cabinet member health and wellbeing.

How did we engage with people?

4.6 The task and finish group wanted to use as many different ways of engagement with contributors. The methods used were:

- Face to face and telephone interviews
- Site visits to smallholdings
- Questionnaires sent to tenants and stakeholders
- Witness sessions with tenants and stakeholders

What did we read?

4.7 The group was provided background information to undertake this review. The principal documents included:

- Strategic monitoring committee, 10 December 2008, smallholdings strategy review
- Cabinet 25 June 2009, smallholdings estate strategy review
- Reports by other councils in relation to their own farm estates, including Devon County Council and Staffordshire County Council
- A redacted copy of the (draft) policy review of the Herefordshire county smallholdings estate conducted by Fisher German in June 2014 (this is not a public document)
- ACES Rural practice branch council farms service - Rationale
- Policy Commission on the Future of Farming and Food led by Sir Don Curry CBE – 2002
- Summary report of the questionnaire responses for stakeholders and tenants (see Appendix B)
- Summary report of the current estate data (see Appendix C)

5. Key themes

5.1 Through the task and finish group review, the following key themes were identified:

- a. Understanding the cost of holding and managing the estate and the opportunity cost of doing so.
- b. Understanding how/if the County Farms estate is supporting wider corporate priorities and statutory functions and the degree to which the estate aligns with the LDF core strategy
- c. The effectiveness of the estate in supporting agriculture in Herefordshire.

5.2 In progressing the review through the above themes the task and finish group sought to achieve the following outcomes, aligned with the review terms of reference:

- a. Understanding if/how the smallholdings estate is supporting wider corporate priorities and statutory functions
- b. Understanding the cost of holding and managing the smallholdings estate and the opportunity cost of doing so.
- c. Using the smallholdings estate to optimise outcomes for the wider community of Herefordshire.

5.3 The key findings from the review are summarised below:

a. Understanding the cost of holding and managing the County Farms estate and the opportunity cost* of doing so.

(*the financial benefits that could be realised, at a point in time, by releasing the capital value and liabilities tied up in the estate)

5.4 The County Farms estate comprises approximately 4800 acres (1942 hectares) dispersed throughout the county into 14 separate parcels of land, including woodland and comprising 45 holdings.

5.5 The council's estate is let through three types of tenancy subject to when the tenancy commenced.

- Pre 1984 - Agricultural Holdings Act (AHA 1986) life tenancy. These tenancies have no pre-determined end date.
- Post 1984 – AHA 1986 retirement tenancy. These tenancies have a fixed termination date through a contractual term of the tenant reaching the age of 65.
- Post 1995 – Agricultural Tenancies Act 1995. These tenancies are known as Farm Business Tenancies (FBT) and are for a fixed period. All agricultural tenancies are now let under this legislation.

5.6 For the financial year 2014/15, the gross return on capital was less than 1% (0.96%). This takes no account of maintenance and support costs. Furthermore, there exists a significant backlog maintenance liability of approximately £2.8m

which takes into account liabilities on both farm buildings and residential accommodation (maintenance liability is structured over a number of years and prioritised as short, medium and long term). The statutory obligations and liabilities surrounding the building assets are growing and represent an additional cost liability in future years, including electrical inspections and remedial works, asbestos surveys and Legionella Inspections.

- 5.7 In the course of gathering evidence the task and finish group were informed that the rate of return on capital in other rural estates was generally in the region of 1 – 2 per cent. For example, the Duchy of Cornwall estate (which consists of agricultural, residential and commercial business lets) realises a return of 1 – 2 per cent on a significantly larger land holding in the region of 130,000 acres.
- 5.8 However the capital growth in the value of agricultural land on the county estate, taken as a whole, has risen, on average, 20 per cent per annum over the last ten years (Fisher German Report 2014 (draft)). The total return from the estate, which includes gross annual income and capital growth as a % of the estate freehold value, shows a return of 9.96 per cent. UK benchmarking data shows total returns averaging 9 per cent. Currently national forecasters are cautious about future values, predicting minimal capital growth in the immediate future and avoiding making longer term predictions.
- 5.9 The task and finish group also considered a modelling of the opportunity cost* of land value held in the County Farms estate presented by the director of resources (*opportunity cost being the financial benefits that could be realised, at a point in time, by releasing the capital value and liabilities tied up in the estate).
- 5.10 In setting an appropriate model the assumption was used whereby the impact on revenue of any disposal would be a reduction in debt repayments equivalent to 6 per cent on the capital raised (composed of 4 per cent capital repayment and 2 per cent interest). This model reflects the focus of the question posed in the recent budget consultation and the medium term financial strategy.
- 5.11 For the purposes of the model the capital value of the estate was converted into an annual sum reflecting the annual reduction in revenue debt payments if the capital value was realised. This equated to a revenue savings figure of £2.5 million which was used to represent the opportunity cost figure. When rental income was taken into account alongside maintenance, management, capital and other expenditure a net deficit position is exposed in the region of £2.63 million per annum for 2014/15.
- 5.12 In considering the model the argument was put forward that this deficit could be perceived as representing an average annual subsidy per tenant of approximately £58,000 across just 45 tenants. This modelling was acknowledged as reflecting an accounting perspective, at a point in time, within the context of a broader review and much wider considerations.
- 5.13 Members of the task and finish group took varying positions on this model. The arguments put forward included the need to consider the impact of growth in the value of the land reflected in capital growth evidenced in previous years. Furthermore, some members of the group expressed concern at the implications of losing an asset of considerable current and future value which could reduce future options for the council. By contrast the review considered arguments which sought to pay greater regards to the potential benefits to the wider community of realising

the capital value of the estate and directing the value towards statutory services and/or the reduction of debt.

- 5.14 Whilst there was divergence in the views of the task and finish group regarding any proposal to dispose of the entire estate to realise the full capital value, there was general agreement that any sales should be undertaken in a structured way so as to achieve the best value. This was considered important either in the case of full disposal or any rationalisation of the estate which would also lead to release of capital and beneficial reductions in the current and ongoing maintenance liabilities.
- 5.15 In particular, the holdings on AHA tenancies would suffer a significant loss of value if sold subject to current tenancies remaining. Furthermore, all members were concerned to ensure that in the event of any partial or full disposal that the welfare and needs of the tenants would be met sympathetically and supportively.

b. How is the estate performing in support of wider corporate objectives and to what degree does the estate align with the LDF core strategy?

- 5.16 The Herefordshire Council corporate plan 2013/2015 outlines a vision for Herefordshire as ‘a place where people, organisations and businesses work together within an outstanding natural environment, bringing about sustainable prosperity and wellbeing for all’.
- 5.17 The priorities to meet the vision are:-

Economy – Create and maintain a successful economy

and

People – Enable residents to lead fulfilling lives and be independent.

- 5.18 The group explored a wide range of views on the degree to which the County Farms supported the priorities in the corporate plan.
- 5.19 Agriculture contributes 9 per cent to the county’s economy. The County Farms estate represents approximately 1 per cent of the total farmed area of the county. This would suggest that it accounts for only a small part of the whole agricultural economy in Herefordshire.
- 5.20 Some participants in the review argued that the County Farms contribute to the agricultural economy and support local businesses only in the same way as any other small farm contributed and did not do so in any meaningful or unique sense. Against an intention of encouraging new businesses and creating economic growth other participants in the review doubted that the County Farms, in their current form, delivered this objective and would have minimal impact on local employment and generation of income to the local area.
- 5.21 Alternative arguments that were put forward highlighted the potential of County Farms to nurture new businesses and contribute to economic growth for local communities. It was argued that County Farms “traded” with local businesses, however, it was difficult to quantify, with any confidence, whether County Farms had any greater trading impact than any other small farm.

- 5.22 Some members were concerned that the sale of the County Farms could lead to the disappearance of small farms as land was rationalised and brought into larger holdings. There was concern that this could lead to less trading occurring in the immediate local economy, however, the impact of this factor was relative within the context of County Farms representing only 1 per cent of the total farmed area of the county.
- 5.23 The task and finish group also heard arguments that the County Farms contribute more widely to local economies through, for instance, providing a small part-time skilled workforce, contractor farmers and supporting rural businesses and significant debate took place regarding the social and community value of County Farms within the rural communities of Herefordshire.
- 5.24 Overall, there was no broad agreement about the extent to which the County Farms uniquely supported agriculture in Herefordshire compared to any other small farms. This exposed an area where there was a divergence in the views of the task and finish group regarding the future of the County Farms estate. In considering witness evidence that argued that the farming sector was moving towards larger scale, commercial farms to achieve economic viability some members of the task and finish group were increasingly of the view that the council should divest itself of the County Farms estate. On the other hand some members of the group, in highlighting the important role of agriculture in Herefordshire, expressed the opinion that the Council should retain a stake in the sector but should do so in a revised and modernised format.
- 5.25 In exploring the argument further there was discussion regarding whether it was appropriate for the Council to own and manage a farm estate as a commercial venture, particularly if the analysis of the financial model suggested an effective subsidy for just 45 tenant farmers. In that context there was some debate within the task and finish group about the degree to which the council involved itself in supporting other sectors of the economy and comparisons were discussed in the context of its landlord role in, for instance, the ownership and management of industrial estates alongside the County Farms estate.
- 5.26 There was a suggestion that environmental stewardship, if well managed, could help sustain and enhance the countryside which, in the future, might provide income to the county through grant income that could help sustain businesses and tourism. Furthermore, whilst there is a statutory obligation upon all farmers to keep holdings in good agricultural and environmental condition the council could take a proactive role in ensuring environmental stewardship standards were met and possibly enhanced with suggestions that schools could benefit from having educational access to some County Farms.
- 5.27 The group also discussed the potential role of County Farms in providing sustainable fuel and food supplies. The potential for County Farms to meet this expectation is currently no greater than that for any other small farm although the tenancy agreements could be flexibly framed in a way to encourage innovation and diversification in farming and land use, admittedly on a small scale.
- 5.28 The council's corporate plan priorities seek to make Herefordshire more attractive to younger age groups for a more balanced age profile. Currently the estate is split 50/50 between Agricultural Holdings Act Tenancies and Farm Business Tenancies

(FBT). Of the Agricultural Holdings Act tenancies half are lifetime tenancies and remaining half are retirement tenancies.

- 5.29 The average age of lifetime tenants is 65, retirement tenants 56 and Farm Business Tenancies 48. Only one tenant is under the age of 30.
- 5.30 The average duration of current life tenancies and retirement tenancies is 27.5 and 23 years respectively. It is estimated that these tenancies have 8.5 and 7 years remaining on average respectively. The average duration of current FBT's is 14 years and the average remaining duration is less than two years.
- 5.31 The task and finish group considered these facts in coming to view that the County Farms were currently not delivering the turnover of tenancies to meet the desire that County Farms provide for the aspirations of young, prospective farmers, to progress within and beyond the estate. Specifically, three new tenancies have been granted in the last five years with the average age of the incoming tenants being 32. Whilst views were expressed that the size of the County Farms estate would not make any significant contribution to the corporate objective of 'balancing the county's age profile', the age of applicants for new farm tenancies has recently reduced compared to historic trends. However, due to the protections offered by AHA tenancies it would take some time to see sufficient turnover to make a significant change in the overall age profile.
- 5.32 In focusing on the current and potential contribution of the County Farms to the **people** priority of the corporate plan, it was clear that there is currently limited evidence of engagement between the broad estate and schools for the purpose of supporting either educational or health and wellbeing benefits. Some members of the review group felt that this was a missed opportunity and suggested that, where safe and appropriate to do so, future tenancies could be framed in a way which better enabled access and learning opportunities for local schools. Furthermore, where possible, permissive access could be granted in providing e.g. circular walks for the benefit of the local community in supporting tourism and improved health and wellbeing within the constraints of ensuring bio-security.
- 5.33 The task and finish group considered statements highlighting the links between the LDF core strategy and Herefordshire's County Farms estate
- 5.34 Policy 8a seeks to support and encourage the development and diversification of the county's historic strength in land-based industries, including agriculture and food production, to provide for the maintenance of a thriving, productive, efficient, competitive and sustainable agricultural sector, recognising the high importance of this sector to the county's economy as a whole and to the rural economy in particular. This policy proposal was specifically recommended by the inspector following the Examination In Public (EIP) as main modification MM04.
- 5.35 In respect of the core strategy's spatial strategy policies:
- Policy SS2 provides the housing targets and proposed distribution of housing across the county, including new dwellings in rural areas (primarily focused on settlements identified elsewhere in the Plan).
 - Policy SS5 provides a strategic policy upon employment provision and includes reference to the continuation of the development of traditional sectors such as farming.

- Policy SS6 provides the basis for a strategy to maintain environmental quality and enhance local distinctiveness, including a recognition of the importance of the county's settlement pattern and landscape qualities.

5.36 The inclusion of Rural Policies (RA1 – RA6) within the place shaping section.

- RA1 sets out the basis for achieving the strategic housing target for rural areas together with a broad indication of its distribution by housing market area.
- RA2 provides the basis for directing most rural development to those settlements identified in Figures 4.20 and 4.21 of the plan. Emphasis is placed within this section on the delivery of rural housing through the preparation of Neighbourhood Development Plans, which will bring forward housing to ensure that local delivery accords with the strategic requirements.
- Policy RA3 sets out details of the circumstances where new housing development can be permitted in the countryside (compliant with the NPPF). Such circumstances will include new agricultural and forestry dwellings and dwelling associated with rural enterprises, replacement dwellings, conversions of disused buildings, rural exception sites, those of exceptional design (para 55 of NPPF) and sites providing for the needs of gypsies and travellers.
- Policies RA4 (agricultural forestry/rural enterprise dwellings) and RA5 (re-use of rural buildings) provide more detailed planning criteria for some of the specific circumstances identified in RA3 where housing may be appropriate in the countryside.
- Policy RA6 provides a policy supporting a range of proposals of appropriate scale, size and location which would provide rural employment thereby enhancing the rural economy. This includes food and drink production and the re-use of rural buildings.

5.37 General policies

- There are a number of general plan policies which will also impact upon rural development. For example the policy H2 enables the development of rural exception housing. Policies in the environmental quality section of the plan seek to protect and/or restore the county's environmental assets.

5.38 In relating the core strategy policies to the current County Farms estate the task and finish group recognised that there may be limited opportunities for rural exception policies to enable the development of affordable housing within the more rural parts of the estate. However, the current estate does contain some surplus farmhouses and buildings where redevelopment and/or disposal, with planning permission, may be a possibility and some are already being progressed under the current policy.

5.39 However, it is also apparent that some land may be suitable for development where it is located close to urban/village settlements. There was unanimity that such development land should be retained and promoted for release at the appropriate time for the purpose of enabling development and any associated capital receipts for the council. This option also received support from a number of respondents and witnesses within the review process.

c. How is the County Farms estate performing against the expectation that such estates provide a means of entry into business for aspiring farmers and support progression beyond the estate.

- 5.40 An important question for the task and finish group was the degree to which the County Farms estate was delivering an entry and progression route into farming. This was a theme which was raised a number of times during the review process.
- 5.41 It was clear there was a divergence of opinion between stakeholders and tenants relating to the routes of entry into farming. More specifically, tenant responses considered that county farms provided a realistic way into farming, particularly for new entrants, whereas a number of stakeholders highlighted opportunities in contracting, managing or share farming as a more appropriate way of gaining a foothold in the sector.
- 5.42 Earlier evidence confirmed that in the last 10 years there had been only four new entrants into the County Farms estate. 13 holdings had expanded through the amalgamation of land which had enabled expansion for 13 tenants within the existing estate. However, no progressions beyond the estate had occurred since 2006. This suggested to the task and finish group that the County Farm estate was not delivering a significant number of starter and progression outcomes.
- 5.43 In considering the evidence gathered from the consultations, the main barriers to progression were identified as being the lack of availability of larger farms to rent, including progression units within the county farms estate. Whilst the management of the estate has enabled the amalgamation of a number of farms to create some larger smallholdings there remains an imbalance in the proportion of smaller farms compared to larger. Furthermore, difficulties in obtaining finance/capital to progress to larger farms emerged as a barrier in the responses from both tenants and stakeholders. A more general point highlighted by stakeholders, referred to the changing scale and intensiveness of farming in the UK, which required farmers to possess significant business skills as well as practical skills.
- 5.44 Furthermore, it was apparent from the responses to the tenant questionnaires that a number of tenants had to supplement their incomes by working, part-time, off the smallholding. However, a significant number of these tenants, who were working part-time, were working within the agricultural industry.
- 5.45 The task and finish group concluded that, if retained, the county farms estate should be re-organised and modernised to reflect the changes in the sector and provide realistic opportunities for progression and advancement within the industry.
- 5.46 The current composition of the estate is based upon historical factors that leads to two third of the holdings being 100 acres or less. This reflects the time when farms of such scale were more common and economically viable. The County Farms are not structured in a way which provides for the right balance between starter and progression tenancies. It is possible that this could be rectified by the review of County Farms policy, the existing tenancies and the rationalisation of the estate.
- 5.47 It is suggested that a re-organised county farms estate, would comprise starter farms of a minimum of 100 acres, progressing to approximately 200+ acres for progression farms. This could enable starter tenancies to achieve a greater financial turnover to support the capital growth required to progress onto larger holdings, including within the private sector.

- 5.48 The task and finish group formed the opinion that the current policy for the awarding and management of farm tenancies did not provide an appropriate framework through which to manage County Farms. There appeared to be little flexibility in the duration of farm business tenancies and insufficient incentive to make progression. Furthermore the policy provided no opportunity for decisions to be made to rationalise or dispose of farms on the estate when suitable opportunities arose for improving the profile of the estate or maximising opportunities for capital receipts. However, selling buildings with high maintenance liabilities for redevelopment will have the dual effect of releasing capital receipts and reducing maintenance liabilities as they are removed from the repair list.
- 5.49 In the event that the estate is rationalised and retained it was generally agreed that tenancies should be revised to allow more flexibility in the arrangements between landlord and tenant. However, there was general agreement that in the awarding, management and renewal of any future Farm Business Tenancies, there should be a significant focus on regularly assessing the business plans of tenants, including how progression and exit aspirations would be achieved. Where it is clear that there is likely to be no progression from starter or progression tenancies, break clauses should be activated to end the tenancy. This would have the effect of increasing the opportunities for new tenants to enter farming and would improve the overall quality of the managed estate.

6. Recommendations

Recommendation 1:

That general overview and scrutiny committee should propose the options set out in a) and b) below for recommendation to cabinet in respect of the future of the council's smallholding estate, specifically:-

- a) The council recognises the significant role of agriculture in the county's economy and should retain an interest through the retention of an agricultural estate. The council should undertake a structured partial sale retaining a reduced estate of starter and progression farms as a way of offering a route into farming and onward progression for aspiring farmers. The current policy for the management of the County Farms should be reviewed and amended to facilitate a more flexible and progressive approach. Land and/or buildings which are identified as having development potential should be retained for separate promotion and sale to maximise commercial/development value.

Or

- b) The council should undertake a structured sale of the entire smallholdings estate taking into account expert advice as to achieving best value for the council and excluding land and/or buildings which are identified as having potential development value which should be retained for separate promotion and sale to maximise commercial/development value.

Recommendation 2:

That any disposal of areas of land identified as containing mineral deposits of commercial value should be subject to the council retaining mineral rights.

Recommendation 3:

That in disposing of any element of the smallholding estate the council should take a supportive and sympathetic approach to the welfare and needs of current tenants who are affected by the sale, ensuring that their respective rights are protected. A proportion of the capital released should be used to invest in any remaining estate to improve the estate and respond to recently imposed legislative obligations.

Recommendation 4:

That the council should, on a case by case basis, provide existing tenants with the opportunity to purchase their own holdings conditional upon the assessed impact upon the remainder of the identified estate for sale or retention and ensuring best value is achieved.

Recommendation 5:

That all land, following evaluation, should be let under farm business tenancies on the remaining estate should be let on a full repairing and insuring lease with annual reviews which monitor the viability of the business and its potential for progression in considering the award, extension or cessation of any lease.

Recommendation 6:

That the council should investigate the potential for any remaining estate to be managed through co-operation with a neighbouring council ensuring cost-effectiveness and improved opportunities for the progression of tenant farmers.

7. Appendices

Appendix A	Scoping statement
Appendix B (i)	Summary report of the questionnaire responses for stakeholders
Appendix B (ii)	Summary report of the questionnaire responses for tenants
Appendix C	Summary report of the current estate data
Appendix D	Map showing locations of county farms estates

Herefordshire Council smallholdings review

Overview and scrutiny committee

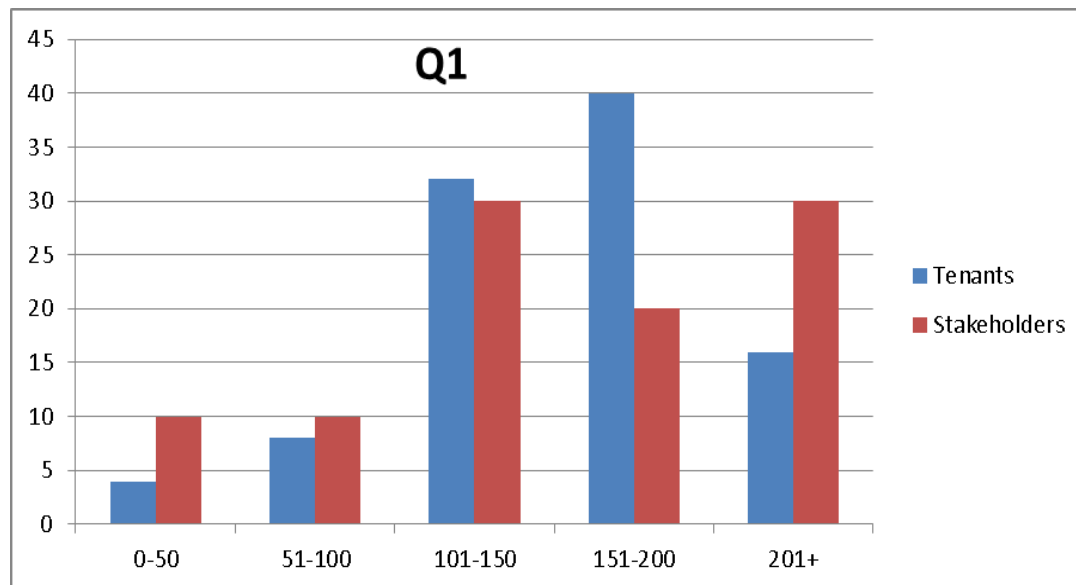
Title of review	Smallholdings estate
Scope	
Reason for enquiry	To inform the executive on options/recommended actions to ensure the council is optimising its return from its smallholding estate
Links to the corporate plan	The review contributes to the following objective's contained in the Herefordshire corporate plan and other key plans and strategies: <ul style="list-style-type: none"> • Making best use of the resources available to us in order to meet the council's priorities (includes money, buildings, IT, information) • Being transparent about our resources • Creating and maintaining a vibrant and healthy economy
Summary of the review and terms of reference	Summary: This review is to identify options for the long term future of the council's smallholding estate and to make recommendations to the executive to increase the value delivered to the wider community of Herefordshire.
	Terms of Reference: <ul style="list-style-type: none"> • How does the estate contribute to the delivery of the council's statutory functions and corporate priorities • How is the estate performing in support of wider corporate objectives • How the council can maximise and sustain the delivery of its statutory functions from the smallholdings estate
What will NOT be included	<ul style="list-style-type: none"> • Consideration of options for individual holdings and tenancies • Development sites already identified/ disposals already under consideration
Potential outcomes	<ul style="list-style-type: none"> • Understanding if/how the smallholdings estate is supporting wider corporate priorities and statutory functions • Understanding the cost of holding and managing the smallholdings estate and the opportunity cost of doing so. • Using the smallholdings estate to optimise outcomes for the wider community of Herefordshire
Key Questions	To consider: <ul style="list-style-type: none"> • What does the smallholdings estate comprise • What benefits are delivered to Herefordshire residents through its smallholdings estate • What are the financial implications of retaining the smallholding estate against the capital/development opportunities realised by its disposal. • What are the options to maximise the benefits from the smallholdings estate to the wider community of Herefordshire • What will be the impact of those options
Cabinet Member	Cllr H Bramer (Cabinet member contracts and assets)
Key stakeholders / Consultees	<ul style="list-style-type: none"> • Tenant Farmers • Tenant Farmers Association

	<ul style="list-style-type: none"> • National Farmers Union • Countryside Land & Business Association • Herefordshire Young Farmers • Rural Hub / Holme Lacy • Ward Members • Major landowners • Herefordshire citizens • Developers (housing and/or employment)?
Potential witnesses	<ol style="list-style-type: none"> 1. Tenant Farmers meeting 2. Key stakeholder meeting
Research Required	<p>Best practice in comparable shire authorities / County Farms market analysis / marketability of estate Performance of smallholding estate</p>
Potential Visits	Selected holdings with the agreement of the tenants
Publicity Requirements	<p>Launch of review and consultation During review Publication of review and its recommendations</p>

Questionnaire Responses

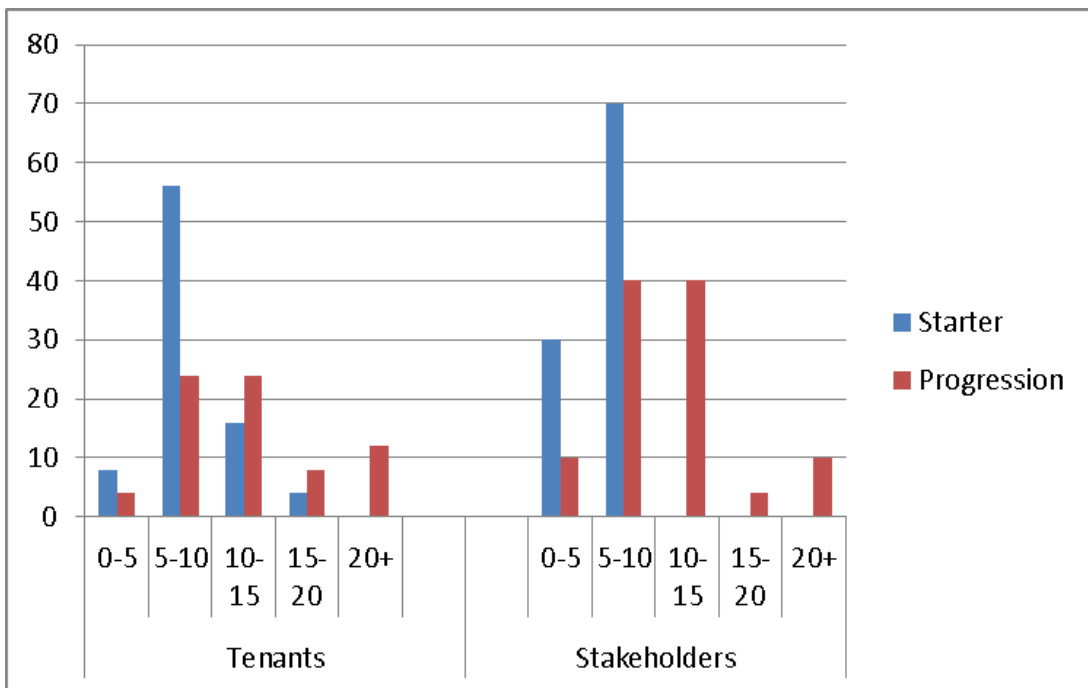
Stakeholders

Q1 What minimum size acreage do you consider to be a viable unit in order to make a living off the holding?



80% of stakeholders responding felt that the minimum size acreage to make a living from any smallholding would be greater than 100 acres. Indeed, 30% felt that 201+ acres should be the minimum size required. 64% of the Council's smallholdings are 100 acres or below. 40% of tenants thought 151 to 200 acres would be the minimum.

Q2 What do you think is a suitable/appropriate length of tenancy for a starter holding and a progression holding and why?



70% of stakeholders responding thought that starter tenancies should be 5 to 10 years in length. None indicated any greater length. However, 20% of tenants responding felt that starter tenancies should be over 10 years. Over 60% of tenants, however, though the tenancies should be up to 10 years with the vast majority indicating a length of 5 – 10 years.

Q3 What do you think are the barriers to progression?

Significant themes occurring in stakeholder responses to this question were:-

The lack of availability of larger farms for rent, including progression units within the Council estate, to which tenant farmers could move. Some respondents felt that there were opportunities for aspiring farmers to get on the ladder, for instance through ‘starter’ units, it was difficult to move further up the ladder. Reasons highlighted included difficulties obtaining sufficient finance/capital to progress as well as few opportunities in the market. The poor profitability of smaller starter farms was a recurring theme which linked to the inability to raise finance to move caused by the lack of scale or the need for more intensive farming (such as poultry or horticulture). It was also asserted that changes to farming meant modern farmers required business skills aside from the practical skills. Some respondents suggested closer working with private estates to support the move on of tenants.

Q4 Do you think that there are other or better means of entry into farming other than through council smallholdings, please expand?

Q4	Yes	No
%age	40	40

Stakeholders were equally split in their response to this yes/no question.

Respondents who replied ‘yes’ highlighted that other routes of entering farming existed through e.g. apprenticeships, employment, share farming and contracting were amongst the range of examples. Changes in the sector were identified (for instance consolidation and modernisation) as making smallholdings less relevant and the skills required for farming could be better learnt through these other routes rather than through smallholdings. Some respondents questioned why the Council had a role in providing entry into farming in particular and it was also suggested that if the Council withdrew it would not necessarily mean the end of tenancy opportunities or opportunities for progression.

Respondents who replied ‘no’ argued that Council tenancies gave a secure and affordable route into farming and were a primary route for entrepreneurial aspiring farmers, outside the industry, to come in. the private sector was not seen as providing sufficient opportunities or security. One respondent highlighted that despite holding only 3% of the land area and comprising less than 3% of the tenancy sector, county farms accounted for 36% of all new fully equipped holding agreements. Other options for entry were ‘limited’.

Q5 How do you consider the smallholdings support and assist the aspirations of the young farming community?

A number of respondents highlighted that smallholdings provided an opportunity for young people to enter farming and that bringing younger farmers into the sector was important, particularly due to the ‘older’ age profile of farmers currently and the need to respond to significant changes in the farming economy internationally. Younger farmers should be enabled to innovate and achieve their aspirations and currently there were few other routes. Smallholdings were an ‘important part’ of the community.

On the other side of the argument some respondents did not feel that smallholdings assisted young people to progress and were at risk of giving false hope to young entrants that they can progress or create a viable business. Those who did succeed were seen as the exception rather than the rule and others who enter through smallholdings could be put off farming after being saddled with unviable farms and no ability of progressing. Changes in the farming sector meant smallholdings were less relevant and the direction of the UK agricultural sector was not towards farmers running their own independent businesses.

Q6a How do you consider that Council smallholdings contribute to the economy and countryside?

Some respondents argued that Council smallholdings contributed only in the same way as any other small farm and did not contribute in any meaningful sense. Against an intention of encouraging new businesses and creating economic growth others doubted that the current system delivered and would have minimal impact on local employment and the generation of income to a local area.

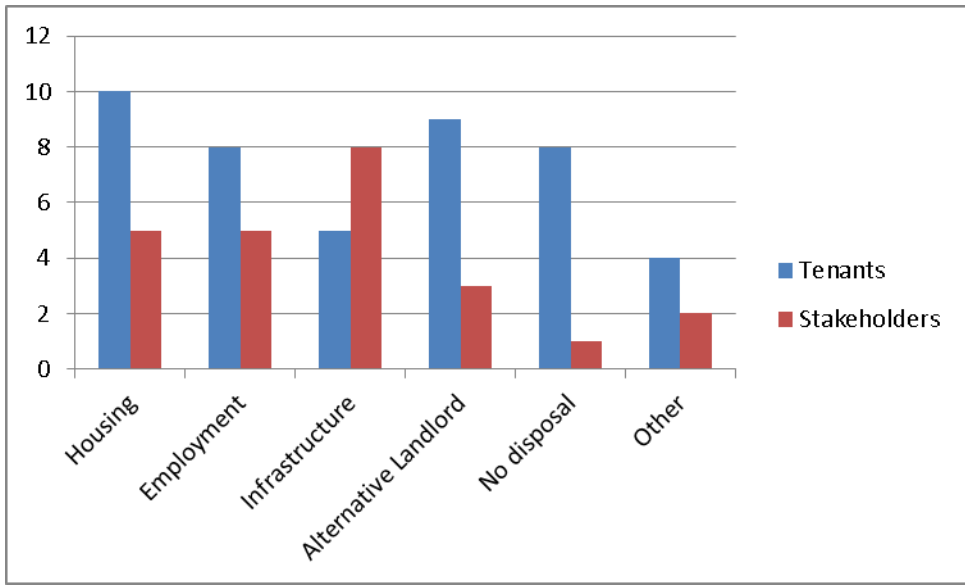
Alternative arguments put forward highlighted the idea of smallholdings nurturing new businesses and economic growth for 'thriving' local communities. Smallholdings 'traded' with local businesses (30 local businesses in a study of 2 Herefordshire holdings) but there was no assertion that this was unique to County smallholdings. Another respondent suggested that Environmental Stewardship helped sustain the countryside and if well managed, could provide 'income' to the Council.

Q6b Do you consider that private sector landlords contribute to the same extent as Council smallholdings?

Stakeholders responding 'no' broadly argued that private landlords offered limited opportunities, especially for new entrants, preferring instead existing tenants or experienced farmers who were known to them. Higher rents were highlighted as an issue although it was acknowledged that some try to support progression. Private sector landlords maybe focussed more on the 'short term'.

Other respondents argued that Private Sector Landlords would contribute more as they were able to invest better in the land asset and were able to take more risks by supporting new or emerging enterprises or using alternative agreements as well as traditional tenancies. Although maybe more for existing or experienced farmers they could create viable businesses for aspiring farmers through joint ventures and profit sharing and provided more scope for entrepreneurial activities.

Q7 Would you support the disposal of any of the smallholdings land and/or buildings for the following purposes?



This question sought to gauge the level of support for disposal and included the option of ‘No Disposal’.

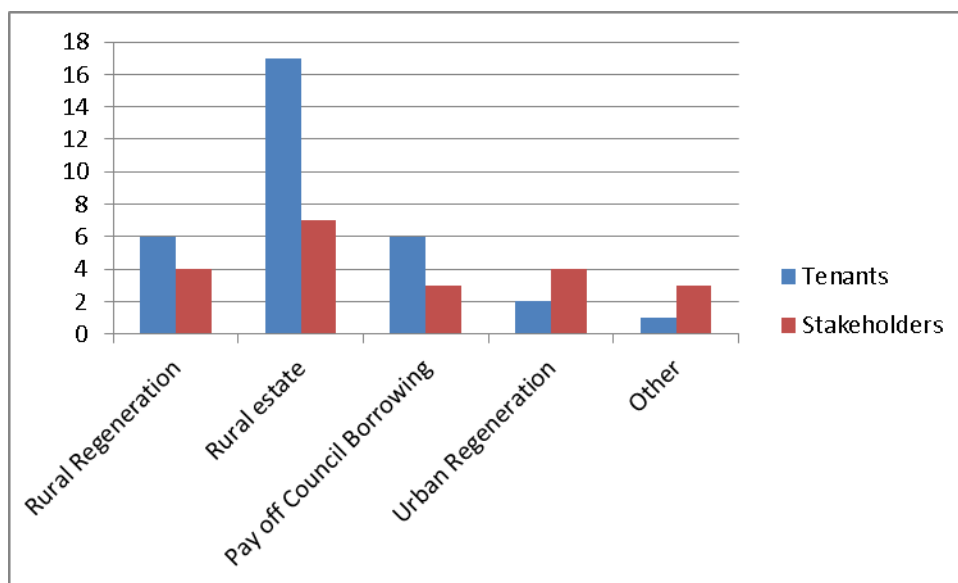
The majority of Stakeholders identified Infrastructure as the highest priority for funding in the event of the sale of any of the smallholdings with Housing and Employment joint second. Only one respondent ticked ‘no disposal’.

The comments received in response to the question diverged on the question of disposal roughly equally although most supported, as least some disposal.

The responses in favour of disposal ranged from supporting outright disposal for the purpose of using the capital receipt in support of other priorities through to utilising at least a proportion of the receipt towards reinvesting in the smallholdings estate or buying land to expand the estate. Achieving best price through development and marriage values was a strong theme as was the idea of doing so through a carefully managed strategic asset plan towards the goal of supporting other corporate priorities.

One respondent highlighted the Grade A quality of the smallholding land as requiring protecting and another suggested using windfall receipts to benefit the whole estate. However, the majority of stakeholders appeared to lean towards a carefully managed disposal of all or some of the estate, the views on use diverging.

Q8 How do you consider any capital raised from any disposal should be spent?



Stakeholders were then invited to highlight which, of 5 choices, should be the focus of any Capital released through any disposal. One third of respondents appeared to support utilising receipts towards the rural estate. Of these, one respondent reinforced the need for the Council solely to maintain the estate for future generations others argued in favour of using capital from any partial disposals to enhance or even grow the estate. Supporting economic growth and stability and rural social and economic regeneration were also highlighted but in summary 2 thirds of respondents highlighted other priorities than investing in the rural estate, for the use of any receipt. Amongst these some put the argument that the smallholdings should be regarded just like any Council asset and should not be ring-fenced or protected.

Q9 How do you implement best practice in rural estate and sustainable countryside management?

Amongst stakeholders the strongest theme in the responses were in the negative, with answers ranging from a straight no and assertions that Council-owned smallholdings were out of kilter with modern farming and less relevant to CAP/EU mechanisms to more nuanced suggestions that Herefordshire could learn from other LA's and private estates in terms of best practice. It was also argued that County smallholdings did not implement best practice in any special way compared to other smallholdings.

Arguments were put forward regarding the potential for County smallholdings to demonstrate good practice through, for instance, the sustainable management of hedgerows. One argument proffered that there were opportunities for solar photo-voltaic and bio-mass schemes and that Herefordshire should ensure this happens

Q10 How do you think the smallholdings can contribute to renewable energy obligations and please include any barriers or problems?

Respondents to this question most generally listed a number of features of renewable energy that smallholdings could contribute to including biofuel, solar and wind power with buildings and land providing opportunities for e.g. PV arrays. However, a number of respondents highlighted the difficulties tenants would face in terms of financing schemes of sufficient size particularly bearing in mind the withdrawal of many subsidies.

Q11 How do you think the community is involved in the smallholdings

Answers were broadly split three ways with broadly equal numbers claiming either a) County Smallholdings did not (or in one response, should not) involve the community or, b) did involve the community (social interaction, purchasing local produce and encouraging school visits) and c) offering ideas on what smallholdings could be doing to involve the community. These included suggesting they could encourage school visits, raising awareness of the estate. Overall, therefore, approximately one-third of respondents argued that County smallholdings made a contribution.

Q12 Do you agree that the tenants should have the opportunity to buy their farm at open market value, with individual sales assessed on a farm by farm basis, and conditional on the impact on any wider estate policy?

Q12	Yes	No
% age	50	40

A small majority of respondents indicated agreement with the question as posed, however the written responses were more nuanced. Some suggested that a sale to the tenant should be conditional upon achieving financial best value and with regard to the impact on the rest of the estate. A continued theme from earlier questions was that reinvestment in the estate should be a priority for the use of any monies released. The TFA argued for the farms to remain in the tenanted sector and that they could generate funds for front-line services. It was argued elsewhere in the responses that smallholdings did/could generate a profit and that cashing-in the estate as a quick fix would lose longer term benefits such as capital growth although, contrary to this argument, there was no suggestion that such Capital growth could ever be released. One respondent highlighted higher returns on rent per hectare being achieved in Staffordshire of 30%.

Q13 Do you believe that a Private Sector Landlord can deliver similar or improved outcomes for the Smallholdings Tenants?

Q13	Yes	No
% age	30	50

Narrative comments broadly reflected the proportions of ‘yes’ and ‘no’ responses to this question. Those responding positively argued either that the sector needed both Private and County landlords or suggested that private sector landlords could better invest or take risks in supporting new entrepreneurial enterprises or working arrangements than County smallholdings. However, in contrast to this respondents highlighted issues such as less security for tenants, fewer opportunities for new entrants to farming and higher rents as being risks associated with private sector ownership. However, one respondent did suggest that other smallholding Counties ran profitable estates and were keen to take on the management of other County estates.

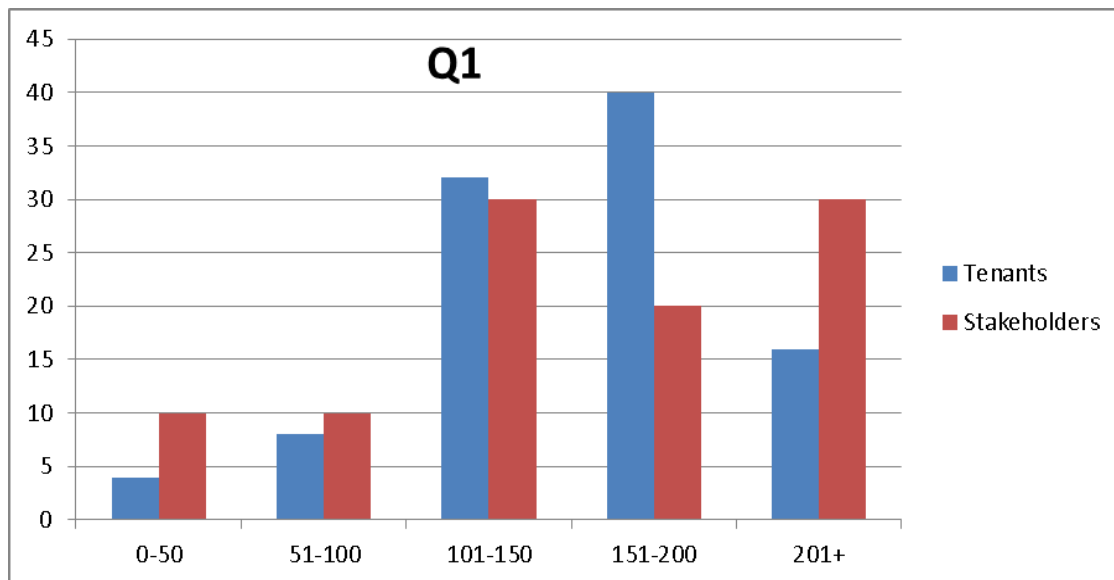
Q14 Any other comments?

- Small holdings were in tune with the farming systems pre 1980. The farming sector has changed dramatically over the past 30 years and smallholdings no longer have a role to play. In my opinion they provide young farmers a false hope that this is a means to entering the farming industry. The Council has significant demands for capital expenditure and must ensure that its capital assets are used to support the key priorities.
- The council estate is a valuable resource, to the development not sold off like the family silver.
- Council smallholding estates play a significant part in a much wider farming industry picture. I have experienced many more successes than failures with tenants coming from council holdings. They are extremely important!
- It is often the case that new entrants are willing to combine other economic activities with farming and therefore the question about minimum farm size (question one) is not entirely appropriate. We have answered on the basis of the question asked but would suggest the small farms are appropriate for a local authority for a local authority was happy to allow applicants to combine other economic activities with farming.
- Engagement with a wider network of national organisations with an interest in the sector is a means of improving knowledge of opportunities to manage the estate more pro-actively than has been done to date. Staffordshire introduced a rationalisation and investment programme after their 2007/2008 review and as a result they have a stock of better equipped farms. While fewer in number, they provide new entrants with a real chance of success and progression. This policy does not diminish overall value of the estate as very little land is being sold. The policy has also helped to retain the agricultural character of the county for wider economic benefit.

Summary of Questionnaire responses.

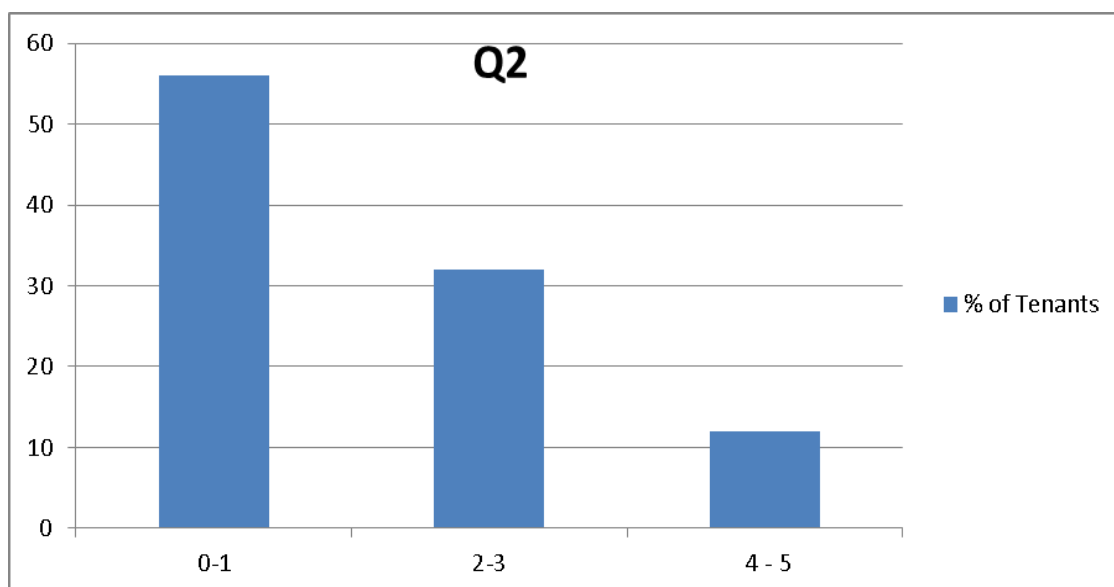
Tenants

Q1 What minimum size acreage do you consider to be a viable unit in order to make a living off the holding?



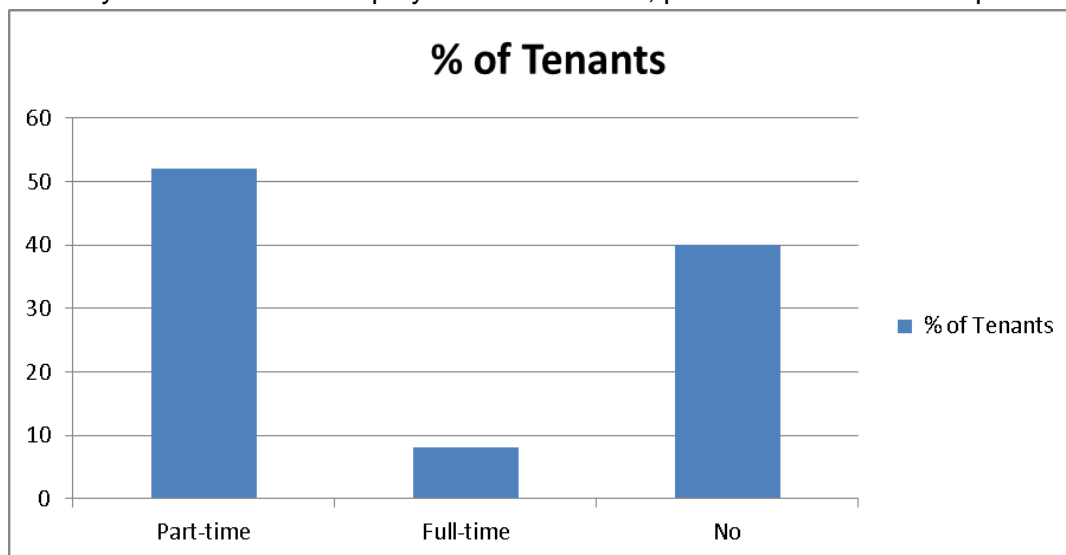
80% of stakeholders responding felt that the minimum size acreage to make a living from any smallholding would be greater than 100 acres. Indeed, 30% felt that 201+ acres should be the minimum size required. 64% of the Council’s smallholdings are 100 acres or below. 40% of tenants thought 151 to 200 acres would be the minimum.

Q2 How many people does your smallholding employ directly (please tick)?



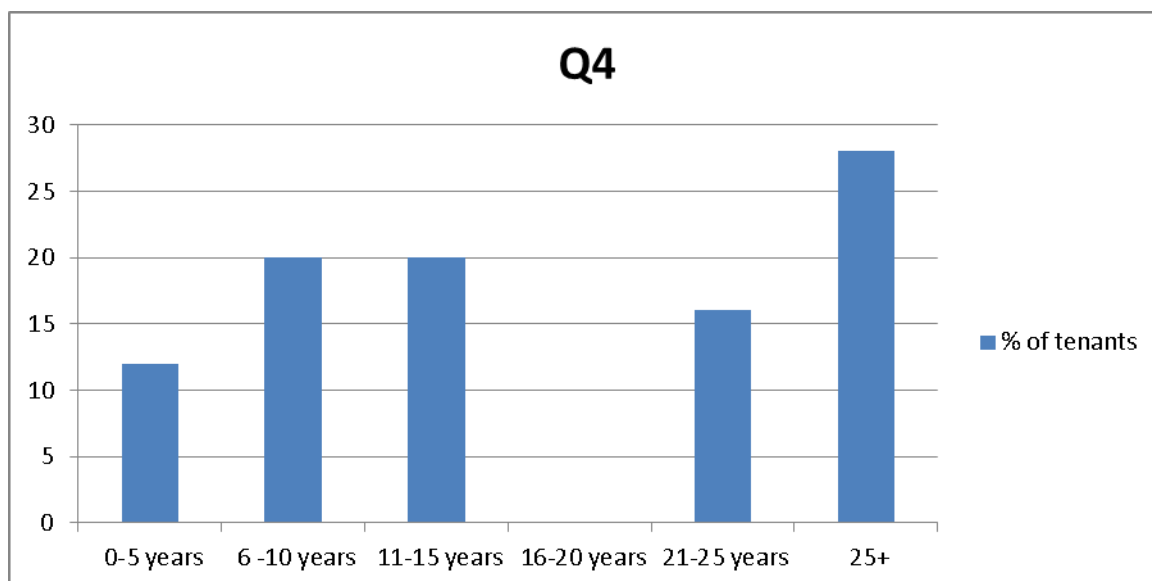
55% of tenants responding stated that their smallholding only supported one person directly. 32% employed 2-3 and only 11% employed more than 3.

Q3 Do you have to seek employment off the farm, please state full-time or part-time and why?



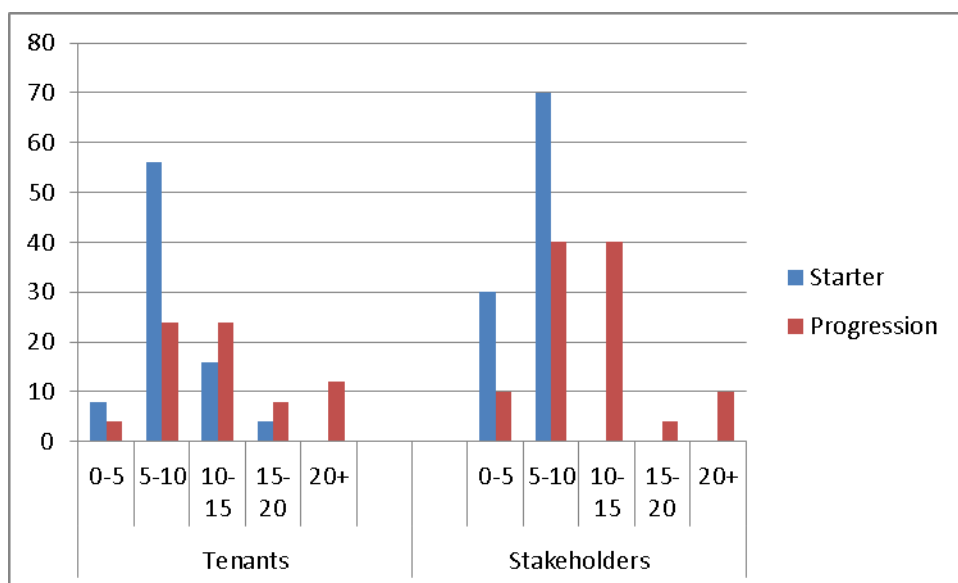
Out of the respondents, 40% did not have to seek employment off the holding, whereas 52% participated in part time work and less than 10% had to seek full time work. The main reasons stated were that the outside work enabled them to build up capital, support cash flow and aid expansion of the business. The outside work mainly comprised of agricultural contracting or general farm work.

Q4 The current policy states that a starter farm is between 50-100 acres, how many years have you been, or were you on a starter farm (please tick)?



28% of respondents had been on their starter farm for over 25 years. 36% of respondents had been on the starter farm for between 11 and 25 years and the remaining 32% had been on one for less than 10 years.

Q5 What do you think is a suitable/appropriate length of tenancy for a starter holding and a progression holding and why?



70% of stakeholders responding thought that starter tenancies should be 5 to 10 years in length. None indicated any greater length. However, 20% of tenants responding felt that starter tenancies should be over 10 years. Over 60% of tenants, however, though the tenancies should be up to 10 years with the vast majority indicating a length of 5 – 10 years.

Q6 Is it your ambition to progress (please tick)?

Q6	Yes	No	N/A
% age	64	20	4

Q7 If you have not progressed, why not and (even if you have) what do you think are the barriers to progression?

The main theme from the respondents was that there is a lack of larger farms both in the private sector and on a national basis and there is a lot of competition for those that do become available both in numbers applying for them and the level of rent.

Q8 Do you think that there are other means of entry into farming other than through council smallholdings, please expand?

Q8	Yes	No
	56	40

Many respondents felt that share farming did provide additional opportunities but it was not that easy to get into. A few stated that landowners who were investment companies could provide opportunities. Generally it was felt that council holdings provided a realistic way into farming and that it was the few places where there were houses, buildings and land available to rent. In addition it was the only sector that was let to new entrants rather than existing farms becoming larger.

Q9 Does your smallholding support and assist young farming community, if it does how and if not why?

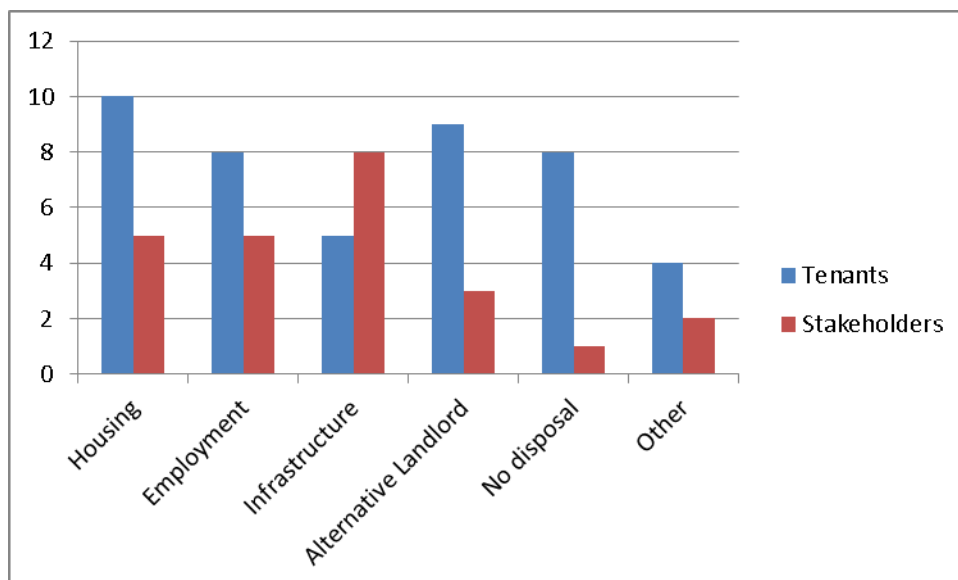
Q9	Yes	No
	60	36

Most of those responding did take on students during busy times such as lambing, shearing and harvest. Those that didn't employ directly used contractors that had set up a new businesses or were local to the area. A couple of tenants were also directly involved in Young Farmers.

Q10 Please state how your smallholding contributes to the economy and prosperity of the countryside?

Almost all the respondents stated that each individual business supports other rural businesses through the sourcing of machinery, farm sundries and animal feeds. One business stated that they support over 30 different suppliers and businesses in the area. Others stated that they rear livestock and sell in the local market and that the children attend the local school.

Q11 Would you support the disposal of any of the smallholdings land and/or buildings for the following purposes?



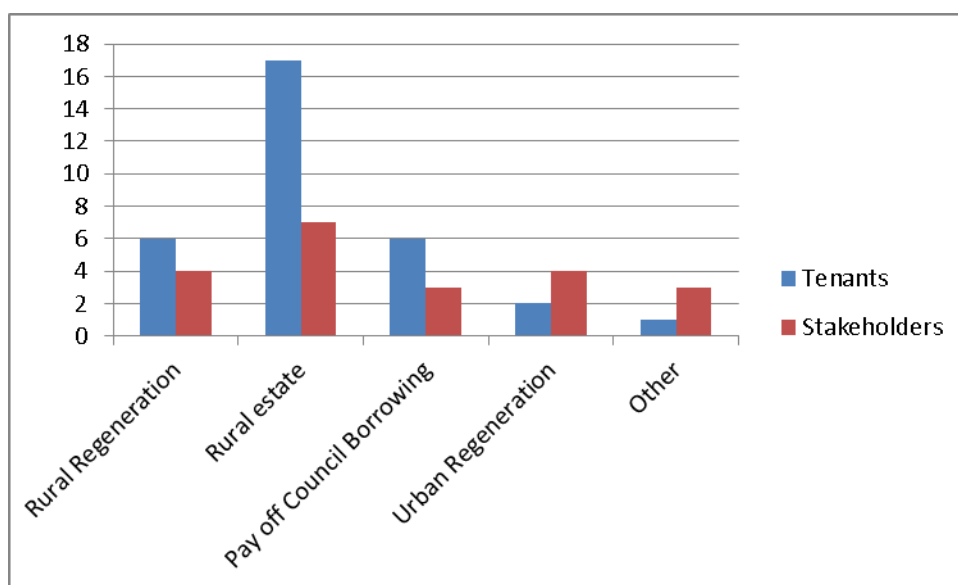
The majority of Tenants supported disposal for some options, these being housing, employment, infrastructure and ownership by an alternative landlord. A greater proportion of tenants than stakeholders preferred that there was no disposal.

Of the “other” comments, two respondents felt that the tenants should have first option to buy at a discounted rate.

Generally there was support for selling off high maintenance and/or surplus houses and buildings and adding to land to other holdings to make them viable. It was stated by a few respondents that disposal should be managed in an strategic way and in accordance with an asset management plan.

In terms of no disposals, it was felt that the land should be kept for new entrants and some disagreed with the Council asset stripping altogether.

Q12 How do you consider any capital raised from any disposal should be spent?



The greatest proportion of tenants felt that any capital disposals should be reinvested back into the estate, however there was support for a proportion of receipts going back in to support the work of the Council including reducing debt.

Q13 Are you in an Environmental Scheme?

Q13	Yes	No
	60	40

If there was a scheme would you be interested?

Yes	No
40	8

The majority of the comments related to the fact that the tenancies expiring in 2017 were not long enough to be able to access schemes.

The other comments mainly related to the lack of size and the amount of paperwork for very little reward.

Q14 How do you implement best practice in rural estate and sustainable countryside management?

The main theme around the comments received related to environmental schemes, farming in accordance with cross-compliance, being in farmed assured schemes and traditional farming methods.

Q15 Do you grow crops for renewable energy schemes?

100% said No.

Comments

- Acreage too small would like to expand and be able to grow crops
- We do not grow crops for renewable energy as our tenancy agreement does not allow

Q16 Have you enquired into renewable energy technologies on your smallholding; if yes what and if no why and include any barriers or problems?

Q16	Yes	No
	32	68

The main theme of comments was that the tenancies were not long enough to reap the rewards and lack of funds for capital outlay.

Q17 What community involvement has there been on or with your smallholding, i.e. local groups, schools, other public initiatives, if none why not?

This produced an array of responses from one or two holdings holding primary school visits , YFC events or work experience, but the majority stated reasons that they had not due to biosecurity risks, they had never been asked and that it would not help pay their rent.

There was a comment made about health and safety issues and lack of investment prevented public access.

Q18 Diversification

36% of Respondents have attempted to diversify in the following ways:

Seasonal farming enterprises such as turkeys. Others relied on agricultural contracting and a couple of farm shops.

72% of Respondents have not attempted to diversify for the following reasons:

This produced a high proportion of responses mainly around the length of tenancies preventing any long term investment. Other comments were around the rural situation of the farms and capital outlay as well as the practical management of having to work off the holding to support the core business of farming.

Q19 Would you like the opportunity to buy your farm at open market value, with individual sales assessed on a farm by farm basis, and conditional on the impact on any wider estate policy?

Q19	Yes	No
	36	44

Of those that answered yes, they would only consider it if they reflected a suitable discount. Some stated that if they could afford to buy a 100 acre holding they would have already done so.

Of those that answered No, the main theme was that they should be retained for new entrants and a way into farming and that the estate should continue to support local business and communities.

Q20 Any other comments you wish to make?

The main areas of comments were:

Short term tenancies prevent investment and restricts progression, decision making and forward planning. More investment is needed in the estate whilst using local contractors. Rationalisation was supported. Herefordshire is an agricultural county and the Council should take pride and note of this.

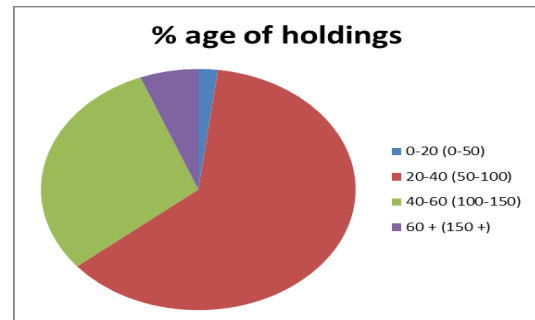
Equally there were comments relating to the fact that small farms become a way of life and that tenants don't want to move on and this was also reflected in the fact that tenants are waiting for the next door neighbour to retire to enable their holdings to get larger rather than moving on and giving other people a chance.

Estate Data as at 31st March 2015

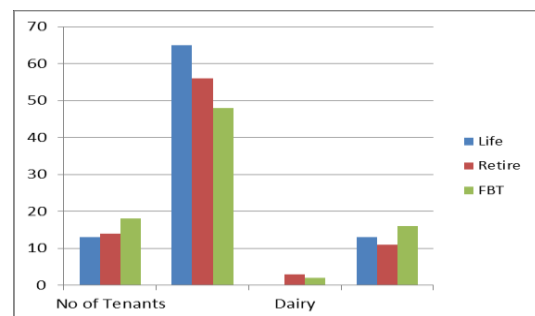
As at 31st March 2015, there were 47 holdings and 45 tenants.

The Smallholdings estate totals just over 1935 hectares (4780 acres): 1.06% of the farmed area in the county.

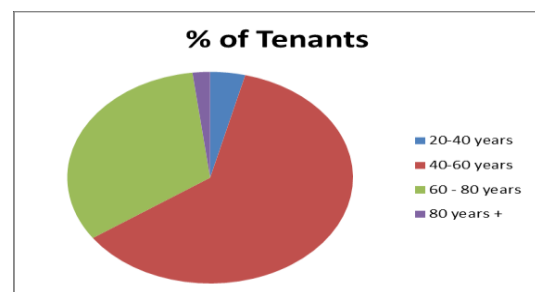
Size ha (acres)	% age of holdings
0-20 (0-50)	2
20-40 (50-100)	62
40-60 (100-150)	30
60 + (150 +)	6



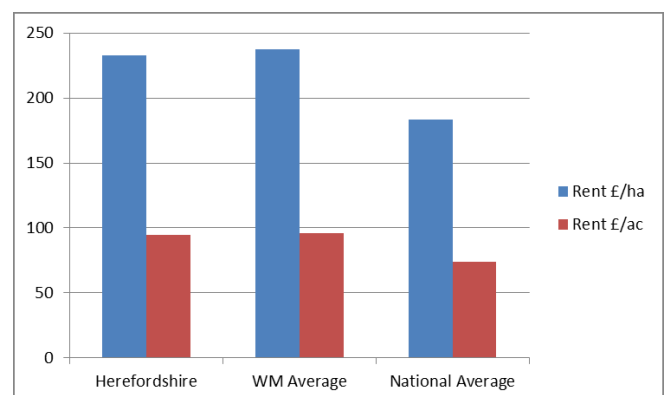
	Life	Retire	FBT
No of Tenants	13	14	18
Average Age	65	56	48
Dairy	0	3	2
Stock/Arable	13	11	16

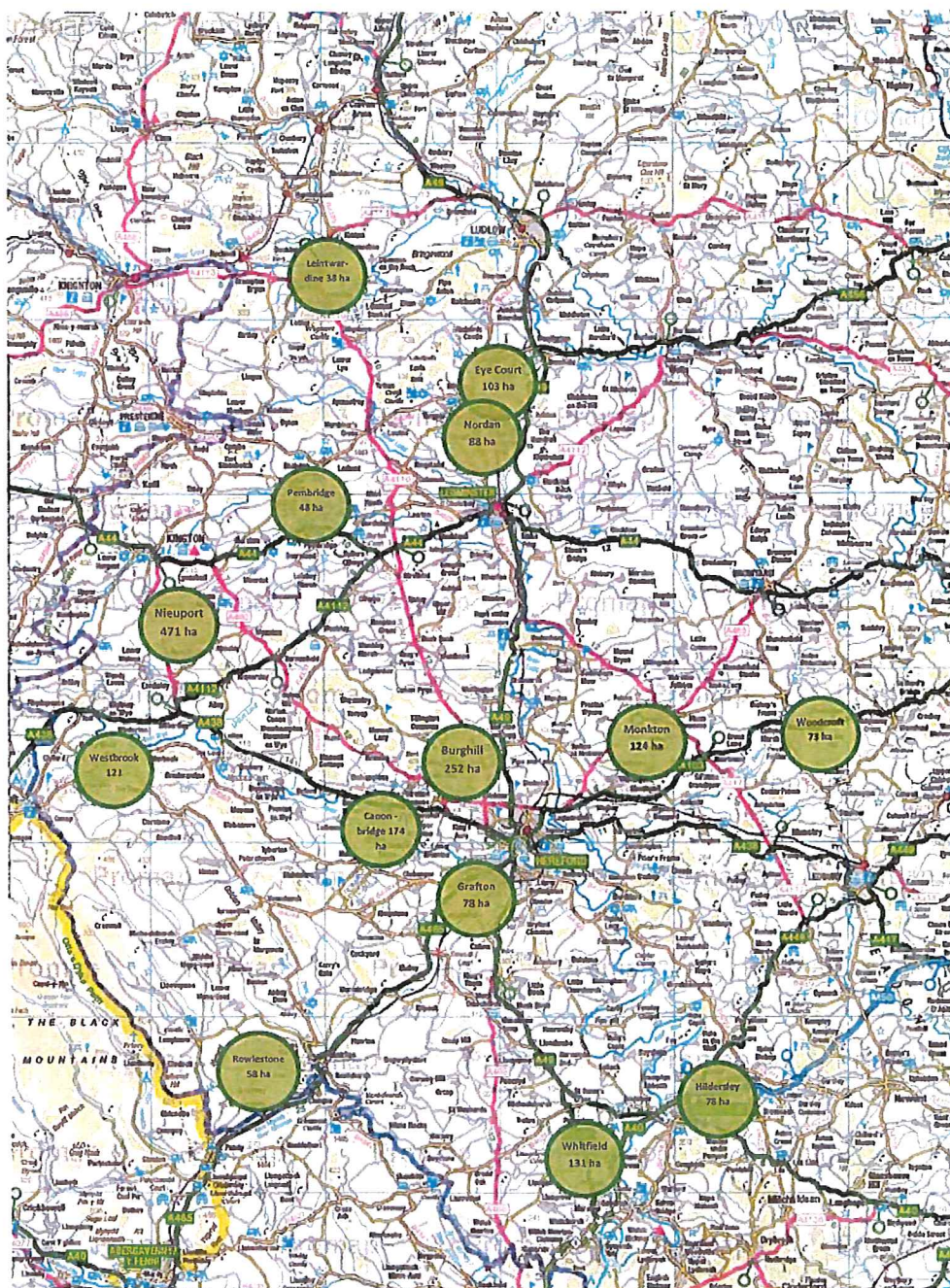


Ages	% of Tenants
20-40 years	4
40-60 years	62
60 - 80 years	33
80 years +	2



	Rent £/ha	Rent £/ac
Herefordshire	233.06	94.31
WM Average	237.5	96.11
National Average	183.5	74.26





Herefordshire Smallholding Location Plan



Meeting:	General overview and scrutiny committee
Meeting date:	27 October 2015
Title of report:	Draft work programme
Report by:	Governance services

Classification

Open

Key decision

This is not an executive decision.

Wards affected

Countywide

Purpose

To consider the committee's work programme and related scrutiny activities.

Recommendation

THAT the draft work programme (Appendix 1) be noted, subject to any amendments the committee wishes to make.

Alternative options

- 1 It is for the committee to determine its work programme to reflect the priorities facing Herefordshire. The committee needs to be selective and ensure that the work programme is focused, realistic and deliverable within existing resources.

Reasons for recommendations

- 2 The committee needs to develop a manageable work programme to ensure that scrutiny is focused, effective and produces clear outcomes.

Key considerations

Draft work programme

- 3 The work programme needs to focus on the key issues of concern and be manageable allowing for urgent items or matters that have been called-in.
- 4 Should committee members become aware of issues please discuss the matter with the Chairman and the Statutory scrutiny officer.
- 5 A revised work programme is appended (Appendix 1). The work programme will remain under continuous review during the year.
- 6 Revisions to the work programme include:
 - The Housing strategy item expected at the November 2015 meeting has been deferred, potentially to form part of an agenda for an additional meeting in December 2015.
 - It is suggested that an item on the Marches Local Enterprise Partnership be received in March 2016.
 - A seminar is being planned on the Accommodation strategy.
 - Officers have been asked to provide updates on the current position with Community infrastructure levy and on digital issues; further information will be circulated to committee members at the earliest opportunity.

Forward plan

- 7 Committee members are reminded that the current Forward plan is available through the Councillors' handbook intranet site.

Community impact

- 8 The topics selected for scrutiny should have regard to what matters to residents.

Equality duty

- 9 The topics selected need to have regard for equality and human rights issues.

Financial implications

- 10 The costs of the work of the committee will have to be met within existing resources. It should be noted the costs of running scrutiny will be subject to an assessment to support appropriate processes.

Legal implications

- 11 The council is required to deliver an overview and scrutiny function.

Risk management

- 12 There is a reputational risk to the council if the overview and scrutiny function does not operate effectively. The arrangements for the development of the work programme should help mitigate this risk.

Consultees

- 13 The Chairman and Statutory scrutiny officer meet on a regular basis to review the work programme.

Appendices

Appendix 1 Draft work programme

Background papers

None identified.

General Overview and Scrutiny Committee: Draft Work Programme 2015/16

Agenda items

Tuesday 17 November 2015 from 10.00 am	
(the budget presentation will be received by the overview and scrutiny committees jointly, followed by formal meetings of each committee)	
Budget 2016/17 and Medium Term Financial Strategy	To consider the budget proposals.
Draft corporate plan	To consider proposals for the key priorities for the draft corporate plan 2016-20.
Capital investment programme	To consider the proposed programme.

Possible additional December 2015 meeting (to be confirmed)	
Homelessness prevention, Tenancy and allocations strategy, and Housing strategy	Consideration is being given to a possible additional meeting to enable the committee to receive reports on these issues.

Tuesday 19 January 2016 at 10.00 am	
School examination performance	To consider school performance for summer 2015.
Home to school transport	To receive an update on home to school transport provision.
Community safety partnership	To receive an update on the strategic plan.

Tuesday 8 March 2016 at 10.00 am	
Marches Local Enterprise Partnership	To receive a presentation on the Local Enterprise Partnership.

Tuesday 10 May 2016 at 10.00 am	
Edgar Street Athletic Ground	Review of options for the longer term arrangements for the ground.
Property update	To receive an update report on property matters.

Task and finish groups

Work currently in progress:	Status:
Smallholdings estate (County farms)	The group's report will be presented to the committee for consideration on 27 October 2015.

Issues for possible future scrutiny activity

Topic	Status:
Community infrastructure levy	Officers have been asked to provide an update on the current timetable and related matters.
Digital strategy	Officers have been asked to provide an update on the current position.
Football provision	It is suggested that scrutiny activity be considered following the receipt of the report on Edgar Street Athletic Ground in May 2016.
Racecourse	It is suggested that scrutiny activity be considered following the Property update in May 2016.

Briefing Notes

The following topics shall be dealt with via briefing notes:	Status:
Food and drink strategy	Arising from a request at the 21 July 2015 meeting, a briefing note will be circulated to committee members shortly.
Update on the Executive responses to the task and finish group report on Balfour Beatty Living Places	This update will be included as part of an annual update to committee members to be circulated by November 2015.
Update on the Executive responses to the task and finish group report on development management (planning)	A briefing note to be prepared by the end of January 2016.

Seminars / Workshops

The following seminars / workshops have been suggested:	Status:
Accommodation strategy	A presentation is to be arranged for committee members on the strategy.
Understanding Herefordshire	Being programmed as part of the next phase of member seminars / workshops in development.