

**EXTRACT FROM MINUTES OF THE STRATEGIC MONITORING COMMITTEE –  
10 MARCH 2008**

**80. SMALLHOLDINGS ESTATE POLICY AND WORKING PRACTICES**

*(Councillor PJ Edwards declared a personal interest.)*

The Committee was provided with an update on the Council's policy on the management of the smallholdings estate and invited to comment.

On 7 November the Committee had agreed that a full review of the management of the smallholdings estate be carried out and properly documented in one report, with particular reference to value for money for the whole of Herefordshire, and detailing the criteria for disposal and including maps showing the location of holdings. The policy had subsequently been reviewed and updated and was being presented to the Committee for consideration.

The Head of Asset Management and Property Services (HAMPS) presented the report. He drew attention to the amended target for capital receipts for 2008/09 and beyond to £1million per annum, net of approved expenditure on capital repairs. He added that the current policy managed the estate on the basis of structured disposals of buildings and parcels of land and re-allocation of land to retained holdings. The policy of structured disposal provided the Council with value for money by optimising the capital and revenue returns from the estate.

In the ensuing discussion the following principal points were made:

- It was noted that the revised and updated documentation addressed a number of points the Committee had raised in November.
- It was asked whether the net income of £140,000 was acceptable having regard to the estimated capital valuation of the estate. Appendix 4 to the report indicated options for disposal based on vacant possession ranging from £18million - £43.2 million under the present policy of structured disposal of buildings and parcels of land and reallocation of land to retained holdings.

The HAMPS referred to the valuation of the estate, set out at section 8.2 of appendix 2 to the report, of £4.253 million. This valuation was based on the nationally accepted instructions and guidance for the valuation of rented farms. Section 9.2 noted a return in 2006/07 on capital invested of 10.3% gross (3.8% net of expenditure) with an estimated outturn for 2007/08 of 9.5% gross (4.3% net of expenditure). The figures in appendix 4 were estimated sums that could be achieved by disposal dependent on which option for disposal was pursued.

- It was asked whether the rental charges were realistic. The financial information before the Committee suggested a weekly rental for a 50 acre smallholding of £81.73 a week. This compared with a 3 bedroom house in Ledbury advertised at £81.70 a week.
- It was suggested that there were instances of tenants sub-letting to contract growers. There was concern that the risk that this would occur was increased given that there were a number of older tenants on lifelong tenancies who would retire as farmers. This was in conflict with the aim of offering a ladder of opportunity. This was unsatisfactory and needed to be investigated.

The HAMPS reported that modern tenancies did not permit sub-letting. However, some of the older tenancy agreements did not contain a clause prohibiting sub-letting.

- That the smallholdings estate was a special case in economic terms with a special history. Agriculture was vital to the Country's future and to the cohesion of rural communities. Smaller farms were acknowledged to be more efficient units of production and, given predictions of global food shortages, it was important that the opportunity to enter farming continued to be provided. There were strong feelings on this point within the local community of which the Council needed to be mindful.
- It was suggested that six year farm business tenancies were not long enough.
- In response to a question the HAMPS said that if a tenant faced the risk of homelessness strategic housing services would be informed but there was no specific assistance available.
- It was asked whether the statement that the ten year target of £10 million was achievable within six years as indicated in the report was realistic. It was asked whether there was a risk that this approach would also bear disproportionately hard on those with short term tenancies.

The HAMPS said that the policy was to dispose of properties with high management and maintenance costs. Whilst it was hoped to achieve the £10 million target in 6 years it could not be guaranteed. The policy target was still £10 million over a ten year period.

- The role of the Cabinet Member (Resources) in decision making on smallholdings issues was noted and aspects where it was suggested other Members of the Council should also have a role were raised as an issue for further discussion. Areas Members identified for consideration included re-letting, provision for appeals against the intention to end tenancies but prior to issuing a notice to quit, progression within the estate and the amalgamation of land and holdings. The need for Ward Members to be kept informed was also emphasised.
- Asked what he envisaged the eventual size of the smallholdings estate would be the HAMPS said that as it was not one of the Council's main objectives to provide smallholdings the implication was that over time was that the estate would reduce to nothing. However, that was a decision for Members to make. His responsibility was to implement the objectives in the currently approved policy.
- A question was asked about the soundness of the investment of receipts generated from disposals. The HAMPS said that the decision on the allocation of receipts was part of the Capital Programme determined by Members. The policy was to achieve net receipts of £1 million after approved expenditure on the estate to improve the overall value and return.
- There was support for rationalisation of the estate particularly where this was directed at high maintenance properties.

- There was some perception that the estate was being treated differently to how the Council might manage any other asset.
- It was suggested that refurbishments should be justified rather than being carried out as a matter of course.
- It was suggested that point 4.4 of the policy as set out at appendix 2 referring to training for tenants should make explicit that this was training to equip smallholders to fulfil their role as smallholders and be relevant to delivering the smallholdings policy, not more general training.
- The Cabinet Member (Resources) referred to paragraphs 1.1 and 1.2 as set out at appendix 2 to the report, giving an assurance that there had been no change to the Council's policy. Any change would have to be determined by Members. The action being taken was intended to rationalise the estate and to provide a ladder of opportunity.
- Clarification was requested about the management of the smallholdings forming part of the Buchanan Trust estate which were not referred to in the report and were subject to separate management under a Trust Deed, and the role of the Council as trustee.
- It was proposed that given the concerns expressed that there should be an overarching review of the smallholdings policy.

The Cabinet Member (Resources) reiterated that the policy had not changed but supported a report to Cabinet reviewing the policy and addressing the concerns which had been expressed.

**RESOLVED: that the smallholdings estates policy no longer meets its expressed aims, does not reflect current reality and is incomplete and inconsistent, there should therefore be an overarching review undertaken by the executive addressing, for example, issues of concern identified during the Committee's debate.**