

SMALLHOLDINGS ESTATE STRATEGY REVIEW**Report By: Director of Resources****Wards Affected**

County-wide.

Purpose

1. The main purpose of this report is to demonstrate the rationale for retaining the smallholdings estate given the absence of a corporate priority that requires disposal to be considered.
2. Based on the assumption that the estate is to be retained, the report then goes on to propose a new smallholdings estate strategy covering strategic aims, objectives and outcomes and the key principles for developing and managing the smallholdings estate.
3. The report does not set out a detailed plan for developing and managing the smallholdings estate. It will be for officers to develop and implement a plan that conforms to the approved smallholdings estate strategy once Cabinet has agreed that strategy. Officers will be accountable and responsible for taking decisions and reporting progress, in line with the council's Constitution.
4. The Strategic Monitoring Committee's views are being sought on the following specific points:
 - a. The extent to which the evidence provided in this report supports the rationale for retaining the smallholdings estate in the absence of a corporate priority that requires disposal to be considered.
 - b. The proposed smallholdings estate strategy including strategic aims, objectives and outcomes and the key principles for developing and managing the estate.
5. The Strategic Monitoring Committee has been asked to consider these issues in advance of Cabinet making a decision on them to provide an opportunity for scrutiny during the policy review process. Cabinet will receive this report next month, alongside any comments the Strategic Monitoring Committee makes on it. The National Farmers Union (NFU) and the Tenant Farmers Association (TFA) will be invited to comment on the content of this report. Their feedback will also be reported to Cabinet.

Financial Implications

6. Adoption of the strategy outlined in this report for developing and managing the smallholdings estate provides a platform for improving the net contribution made by the service to the council's revenue account, the rate of return on capital employed, the capital value of the estate over time and the contribution made to corporate priorities. Taken together, these improvements will lead to better value for money.
7. Based on the existing smallholdings estate strategy, financial planning assumptions allow for £10m of capital receipts being generated from smallholdings estate disposals over the 10 year period to 2015. This is estimated at £1m a year for capital planning purposes in the absence of a more detailed forecast of future capital receipts. If the proposed strategy for rationalising the smallholdings estate outlined in this report is approved by Cabinet, capital receipts will be a by-product of the development plan, rather than the strategic driver for disposals as is currently the case. The detailed planning work officers will carry out once the revised smallholdings estate strategy has been agreed will identify the opportunities for capital receipt realisation. This will form a more reliable basis for estimating available resources for capital planning purposes.

Background

Scope

8. The council's smallholdings estate does not include the farms and land owned by the Buchanan Trust. The policy for the use of these properties is the responsibility of the Trustees, who are advised by external legal advisors. The council's Asset Management & Property Services team manages the day to day running of the Buchanan Trust estate on behalf of the Trustees. The Trust's land holdings are not within the scope of this report.

Overview

9. According to the latest available annual report to Parliament on smallholdings in England, 50 local authorities owned and managed 96,200 hectares (237,700 acres) of agricultural land as statutory smallholding authority as at 31 March 2006. This land was let to 2,836 tenants under tenancies governed by the Agricultural Holdings Act 1986 and the Agricultural Tenancies Act 1995.
10. Herefordshire's statutory smallholdings estate amounts to some 2,100 hectares (5,200 acres). The following table analyses current tenancies by tenure as at 30 November 2008:

Type of Tenure	Number
Life tenancies	20
Retirement tenancies	18
Farm business (fixed term) tenancies	35
Secured cottage tenancies	2
Buildings only fixed term business tenancies	2
Total	77

11. Rental income from the council's smallholdings estate has averaged £420k over the last three financial years. The trend has been for rental income to remain static. This is a similar trend to other smallholdings estates and reflects market conditions in recent years. Over the same period, the council spent an average of £240k per annum on the day to day management, repair and maintenance of the estate.
12. Over the same time period, average annual capital spending has been £200k. There have been unusually high levels of capital investment in the smallholdings estate over the last three financial years, due to a major works programme (upgrading electrical wiring) and investment in properties prior to disposal to maximise the capital receipt.
13. The current smallholdings estate policy identifies a target of achieving £10m of capital receipts within 10 years from 1 April 2005; £3.2m of capital receipts have been generated to date.
14. Backlog maintenance on the smallholdings estate, identified through a 5-year rolling programme of condition surveys, totalled £900k as at 31 March 2008.
15. The smallholdings estate could realise somewhere between £20m and £40m on disposal, depending on the approach adopted. Although there is currently global uncertainty in financial markets, agricultural land has historically proved to be a reliable capital investment, with values increasing over the long run. The current capital valuation for asset accounting purposes is £10.6m as at 31 March 2008. The capital value of the estate is currently calculated by capitalising rental values or on the basis of development value as appropriate.

Context for the Review

16. A report on the management of the council's smallholdings estate was presented to the Strategic Monitoring Committee on 19 November 2007. Following discussion of that report, the Committee resolved that *'a full review of the management of the smallholdings estate be carried out and properly documented in one report, with particular reference to the value for money obtained for the whole of Herefordshire, and detailing the criteria for disposal and including maps showing the location of holdings'*.
17. The Committee was provided with an update on the council's policy on the management of the smallholdings estate on 10 March 2008. Information on the location of the council's smallholdings was provided and the Committee noted that a number of its concerns had been addressed by the update. However, following considerable discussion, the Committee resolved that *'the smallholdings estates policy no longer meets its expressed aims'* and that *'there should therefore be an overarching review undertaken by the executive'*. A copy of the reports and relevant extracts from the Minutes is attached for ease of reference at Appendix 1.

Review Methodology

18. An assessment of the legislative framework was carried out to identify the council's statutory obligations with regard to providing a smallholdings service (paragraphs 21 to 27. refer).
19. An options appraisal was carried out in order to arrive at an objective assessment from both a financial and non-financial perspective of the available options (paragraphs 28 to 49 refer).
20. Based on the assumption that Cabinet might ultimately decide to retain the smallholdings estate, the strategic aims, objectives and outcomes for the smallholdings estate were developed, along with criteria for developing and managing the estate.

Legislative Framework

21. Local authority smallholdings estates have their origins in central government policy of the early 20th century when there was a major concern about the decline in agricultural employment and a desire to provide farming opportunities for ex-servicemen returning from the two world wars.
22. The 1970 Agriculture Act enabled statutory smallholding authorities to provide much wider opportunities for individuals to farm in their own right. The rules for the administration of statutory smallholdings were set out in Part III of the 1970 Act, and gave statutory smallholding authorities the power to provide farms to anyone who wanted to become a farmer.

23. The Agriculture (Miscellaneous Provisions) Act 1976 introduced the right of up to two successions of tenancy on death for close relatives for new smallholdings tenancies. This meant that a smallholding could remain within the same family for up to three generations.
24. The House of Lords, in debating what would become the Agricultural Holdings Act 1984, emphasised the role smallholdings estates had in providing 'starter units' which would encourage tenants to move onto larger holdings elsewhere. The 1984 Act was designed to help farmers progress in their chosen career. However, achieving this objective was patently difficult for smallholding authorities, given existing tenancy arrangements severely limited the opportunities for smallholding authorities to review their estates and increase the number of 'starter unit' opportunities for new farmers. The 1984 Act helped smallholdings authorities tackle this barrier by removing a new tenant's automatic right to a life tenancy with succession. The 1984 Act also introduced the right of succession on reaching retirement age rather than waiting for death to help 'farmers in waiting' progress their career.
25. The Agricultural Holdings Act 1986 provided smallholding authorities with further opportunities to review their estates in support of the national policy objective of providing a 'starter unit' service. In certain circumstances, including attainment of retirement age, smallholding authorities were now able to issue incontestable notices to quit.
26. Smallholdings authorities were given yet more flexibility in the Agricultural Tenancies Act 1995. A new form of tenancy, known as the farm business tenancy (FBT), was introduced which applies to the vast majority of tenancies granted since 1 September 1995. An FBT can be granted for a fixed period of time without creating security of tenure.
27. The legislative framework provides county and unitary authorities with the power to provide a smallholdings service but not a duty. When a smallholdings service is provided, it must be open to all and it should encourage career progression through the provision of starter units. There is nothing in law that prevents a smallholdings authority from disposing of smallholding properties.

Appraisal of the Key Options

Introduction

28. Having identified the discretionary nature of the smallholdings service, the next stage of the review set out to establish whether the council should continue to provide the service or not because councils have a statutory duty to secure and demonstrate best value in the use of their resources. A key assumption

underpinning this part of the review was that there was no over-riding corporate objective to realise the capital value of the estate.

29. Three key options were identified as follows:

Option 1	Retain the smallholdings estate in its current structure as part of the council's managed property portfolio.
Option 2	Retain the smallholdings estate as part of the council's managed property portfolio, developing it in line with strategic aims, objectives and outcomes.
Option 3	Disposal of the smallholdings estate.

30. Disposal of the smallholdings estate, Option 3 above, could be managed in three ways as identified in the following table:

Method of disposal	Comments
Option 3a - disposal as a single estate with sitting tenants in place	Disposal with sitting tenants will reduce the price the potential purchaser is willing to pay. This problem is compounded by the fact that smallholding authority tenants with a retirement tenancy are entitled to a life tenancy when they transfer to the private sector. There may be a limited market for the sale of such a large land holding as one lot, and possibly no interest at all. It is estimated that a discount on full market value in the region of 50% would result from this method of disposal.
Option 3b - disposal of each holding separately with sitting tenants in place	This option would give sitting tenants the opportunity to buy their own holding, subject to a competitive sale process. However, disposal with sitting tenants reduces the price the potential purchaser is willing to pay. This problem is compounded by the fact that smallholding authority tenants with a retirement tenancy are entitled to a life tenancy when they transfer to the private sector. There is likely to be a better market for separate disposals although it is possible that some smallholdings would not attract any interest. It is estimated that a discount on full market value in the region of 25% would result from this method of disposal.
Option 3c - disposal as and when tenancies	This option would give sitting tenants the opportunity to buy their own holding, subject to a competitive sale process. The estate would become fragmented over time. It is anticipated

come to an end	that this option would achieve full capital value over time.
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31. Having identified the potential options for the future of the smallholdings estate, each option was evaluated using a two-part option appraisal process, comprising a financial and a non-financial assessment.

Financial Assessment

32. A spreadsheet-based financial model was developed to estimate the net present value of each option over a 30-year period. This technique enables options with different cash flow profiles to be compared at today's prices by removing the effect of inflation in future years. A 30-year time period was chosen to allow for the fact that some of the existing life tenancies could run until 2038.
33. The key variables and assumptions for each option used in the financial model are as follows:
- a. The cash flow for rental income is based on the budget for 2008/09 (£400k). Annual rental income reduces over time in options 2 (retain and rationalise) and 3c (disposal as tenancies end).
 - b. The cash flow for revenue expenditure is based on the budget for 2008/09 (£240k). Annual revenue expenditure reduces over time in options 2 (retain and rationalise) and 3c (disposal as tenancies end).
 - c. The cash flow for capital expenditure is based on average spending in a typical year (£20k). Annual capital expenditure reduces over time in options 2 (retain and rationalise) and 3c (disposal as tenancies end).
 - d. For option 2 (retain and rationalise), capital receipt cash flow of £10m over the first 20 years has been assumed.
 - e. There is backlog maintenance expenditure of £580k in year 2 and £380k in year 5 in options 1 (retain in current form), 2 (retain and rationalise) and 3c (disposal as tenancies end).
 - f. For disposal purposes, the estate has been valued as follows:
 - i. £4,000 per acre for option 3a (disposal as a single estate).
 - ii. £5,750 per acre for option 3b (disposal as separate holdings).
 - iii. £7,500 per acre for option 3c (disposal as tenancies end).

- g. For options 1 (retain in current structure) and 2 (retain and rationalise), the residual value of the estate at the end of the 30 year period has been estimated at £7,500 per acre.
- h. The model assumes an inflation rate of 2.5% and a discount rate of 3.5% in line with HM Treasury recommendations.
34. The net present values for the options range from £20.8m to £40.7m. The results are summarised in the following table:

Discount Factor: 3.5%	Net Present Value	Rank
Option 1 - retain the smallholdings estate in its current structure as part of the council's managed property portfolio.	£32.1m	3
Option 2 - retain the smallholdings estate as part of the council's managed property portfolio, developing it in line with strategic aims, objectives and outcomes.	£40.7m	1
Option 3a - disposal as a single estate with sitting tenants in place.	£20.8m	5
Option 3b - disposal of each holding separately with sitting tenants in place.	£29.9m	3
Option 3c - disposal as and when tenancies come to an end.	£36.2m	2

35. The options with the two highest rankings by a clear margin over the others are options 2 (retain and rationalise) and 3c (disposal as tenancies end). Retaining and rationalising the smallholdings estate will generate a net present value that is £4.5m higher than that generated by disposing of the estate as tenancies end.
36. The results produced by the financial model are illustrative, due to the assumptions that have to be made on the value and timing of cash flows for each variable. The generally accepted way of testing how sensitive the results are to changes in those assumptions is to change the discount factor. The sensitivity of the model was tested by re-running the calculation for each option using 4.5% as the discount factor. The effect of this change is shown in the table below:

Discount Factor: 4.5%	Net Present Value	Rank
Option 1 - retain the smallholdings estate in its current structure as part of the council's managed property portfolio.	£24.6m	4
Option 2 - retain the smallholdings estate as part of the council's managed property portfolio, developing it in line with strategic aims, objectives and outcomes.	£32.5m	2
Option 3a - disposal as a single estate with sitting tenants in place.	£20.8m	5
Option 3b - disposal of each holding separately with sitting tenants in place.	£29.9m	3
Option 3c - disposal as and when tenancies come to an end.	£33.4m	1

37. The options with the two highest rankings, by a clear margin over the others, remain options 2 (retain and rationalise) and 3c (disposal as tenancies end). However, the order of their ranking has reversed. Disposing of the estate as tenancies end will generate a net present value that is £900k higher than that generated by retaining and rationalising the estate.
38. On the basis of the financial assessment alone, retention and rationalisation of the estate is the most favourable option in the absence of a corporate objective that requires wholesale disposal.

Non Financial Assessment

39. This part of the option appraisal process examines the national government policy context for farming and looks at the contribution the smallholdings estate makes towards local policy objectives.
40. The government responded to the foot and mouth crisis in 2001 by setting up an independent Policy Commission on the Future of Farming and Food, to reassess the place of farming and the food industry in the rural society and economy. The Policy Commission was led by Sir Don Curry, CBE, FRAGS, and his report set out a new vision and some proposals on how it might be pursued. The vision was of a '*sustainable, competitive and diverse farming and food sector, playing a dynamic role in the rural economy and delivering effectively and efficiently on environmental goals*'.
41. The Department for Environment, Food and Rural Affairs (DEFRA) published *The Strategy for Sustainable Farming and Food: Facing the Future*, in response to the

Curry Commission report in December 2002. The Strategy set out the following key principles for sustainable farming and food:

- a. Produce safe, healthy products in response to market demands, and ensure that all consumers have access to nutritious food, and to accurate information about food products.
 - b. Support the viability and diversity of rural and urban economies and communities.
 - c. Enable viable livelihoods to be made from sustainable land management, both through the market and through payments for public benefits.
 - d. Respect and operate within the biological limits of natural resources (especially soil, water and biodiversity).
 - e. Achieve consistently high standards of environmental performance by reducing energy consumption, by minimising resource inputs and by use of renewable energy wherever possible.
 - f. Ensure a safe and hygienic working environment and high social welfare and training for all employees involved in the food chain.
 - g. Achieve consistently high standards of animal health and welfare.
 - h. Sustain the resource available for growing food and supplying other public benefits over time, except where alternative land uses are essential to meet other needs of society.
42. DEFRA published *Sustainable Farming and Food Strategy: Forward Look* in July 2006. The Forward Look built on the 2002 strategy document and set out the government's updated vision for sustainable farming and food. The updated vision was '*to develop a profitable and competitive domestic farming industry which is a positive net contributor to the environment, while reducing the environmental foot print – at home and abroad – of our food consumption*'. The Forward Look provided the policy and regulatory framework required to achieve a sustainable future structured around five key priority themes:
- a. **Succeeding in the market** – helping farm businesses and the food chain to reduce dependency on subsidies.
 - b. **Improving the environmental performance of farming** - continuing to build environmental responsibility into mainstream farming practices (e.g. landscape management, wildlife and biodiversity, soil, air and water quality, environmental protection, resource management and pollution control).

- c. **Sustainable consumption and production** – meeting consumers' demands for more environmentally sustainable food and reducing the environmental footprint of the farming and food sector.
 - d. **Climate change and agriculture** – managing the land to reduce the likelihood and impact of climate change.
 - e. **Animal health and welfare** – to ensure strong economic, environmental and social performance – the three key pillars of sustainability.
43. The Forward Look document noted that successful delivery of the Sustainable Farming and Food Strategy hinged on effective partnership working and a shared understanding and ownership of the Strategy's objectives. A Delivery Group, chaired by Sir Don Curry, was established to work with government departments and delivery partners to tackle barriers to progress and provide an early steer during policy development. The Delivery Group membership includes a representative from the National Farmers Union.
44. The Delivery Group has recently reviewed the future of local authorities' land holdings, publishing a document entitled '*The Importance of the County Farms Service to the Rural Economy*' in November 2008 (Appendix 2 refers). The document provides up to date guidance for local authorities recognising the strategic importance of their land holdings and the economic, environmental and social benefits they can provide and its key messages are:
- a. Farms owned and managed by local authorities are an important, strategic, national asset that should be retained.
 - b. These farms assist local authorities in meeting wider regional economic, countryside and environmental objectives and provide an essential route into farming for new entrants.
45. Regionally, the Strategy for Sustainable Farming and Food is co-ordinated by the Government Office for the West Midlands and Advantage West Midlands. These two bodies are charged with the responsibility of developing the national policy framework into regional implementation plans.
46. The council's corporate plan 2008 – 2011 makes no specific reference to the contribution that the smallholdings estate makes to the council's own priorities, including those for sustainability. These links could readily be created through existing corporate, service and financial planning processes. To illustrate the point, the smallholdings estate contributes to: the sustainability of the economy and rural communities in Herefordshire; the protection of the countryside and environment; the protection of habitats and flora and fauna; the reduction of the carbon footprint;

education for all about the countryside and farming; and improving access to the countryside.

Conclusions

47. The financial assessment supports the view that the smallholdings estate should be retained and developed in the absence of a corporate policy driver for disposal.
48. The non financial analysis summarises the national policy agenda for farming and noted that the council's corporate plan does not refer to the smallholdings service although it clearly makes a contribution to a number of corporate plan themes.
49. The options appraisal process therefore supports the view that the smallholdings estate should be retained in the absence of a requirement to realise significant capital receipts and that it should be developed in support of national and local priorities.

Smallholdings Estate Strategy

50. Paragraphs 51 to 80 set out a revised set of strategic aims, objectives and outcomes for the smallholdings estate and the key principles for developing and managing the estate to deliver those aims, objectives and outcomes.

Strategic Aim

51. To develop and manage the smallholdings estate, so that it provides both an entry point into agriculture for first time tenants and a springboard for existing tenants to progress to a larger unit, initially with the council and subsequently with another landlord or as an owner occupier.

Strategic Objectives

52. To maximise the number of opportunities for new entrants into arable, livestock or mixed farming and for career progression for council tenants by rationalising and enhancing the estate to provide, over time, three starter units for each larger unit.
53. To work with private farming landlords in Herefordshire to develop opportunities for council tenants moving into the private sector.
54. To take a long term view of maximising the annual contribution to the council's revenue account, the annual rate of return, the capital receipts derived from a planned development of the estate and the capital value of the estate in support of strategic aims, objectives and outcomes.

55. To dispose of the land holdings identified as surplus to requirement as a result of implementing the development plan for the estate, subject to no other corporate priority for alternative use of that land holding being identified (e.g. affordable housing) once the asset has been declared surplus to requirement for smallholding purposes.
56. To consider land purchases where that would support rationalisation and enhancement of the estate, in line with the strategic aims, objectives and outcomes of the smallholdings estate. Such purchases would be made in accordance with the council's constitution and financial policies.
57. To develop the links to regional strategies for promoting sustainable rural economies.
58. To continue to develop the links between the council's smallholdings estate strategy and other relevant corporate priorities such as those for renewable energy, local food, public access, education, employment, diversity, health and wellbeing and the rural economy.

Strategic Outcomes

59. The following strategic outcomes have been identified:

Economic	<ul style="list-style-type: none"> • Efficient and successful production of food and non food crops to help enhance farmers' incomes. • Greater number of employment opportunities in farming. • Greater contribution to efficiency in the food chain. • Reduced burden on taxpayers and the rest of the economy.
Environmental	<ul style="list-style-type: none"> • Reduced impact on the environment. • Reduced carbon footprint. • Better use of natural resources. • Improved landscape and biodiversity.
Social	<ul style="list-style-type: none"> • Better public health through improved nutrition and work place health and safety. • Better animal health and welfare. • More cohesive and productive rural economies.

60. These outcomes need to be linked to corporate plan priorities and commitments.

Developing and Managing the Smallholdings Estate

61. The strategic framework for the smallholdings estate will be implemented through a development plan for restructuring the estate and managing ongoing tenancies. The key issues have been identified in paragraphs 62 to 80 below. A copy of the current model tenancy agreement is attached at Appendix 3 for information.
62. The council's statutory powers are limited to providing smallholdings that require one or, at the most, two people to run and manage them effectively. To remain within the law, the development plan must produce starter smallholding units ranging in size from 20 to 40 hectares (50 to 100 acres) and larger smallholding units ranging from 40 hectares (100 acres) in size.
63. Seven out of the council's 77 current smallholdings tenancies are dairy farms, with the remainder being for mixed farming businesses. The current ratio of one arable farm to ten mixed farms meets assessed needs. The development plan will aim to deliver this ratio of arable to mixed farming opportunities.
64. The development plan will reduce the overall number of smallholdings over time as it restructures the estate to increase opportunities for new entrants and support career progression for existing smallholders both within the estate and in other sectors. The development plan will seek to maximise capital receipts but not at the expense of achieving the strategic aims objectives and outcomes of the smallholdings estate strategy. For this reason, a financial target for generating capital receipts will not be set.
65. The development plan will increase tenancy turnover over time, so that more people are helped into a career in farming and to progress within it.
66. The development plan will include performance targets designed to track progress in achieving the strategic outcomes for the smallholdings estates. Performance will be managed in line with the council's performance management arrangements.
67. When tenancies come to an end, either through expiry or mutual agreement, the first priority will be to consider that property in the context of the development plan, so that every opportunity to develop the estate is taken as soon as it arises.
68. There will be a presumption against re-letting to an outgoing tenant because the strategic aim is to support them in their career progression and help them prepare for their next move. However, holding over arrangements will be considered where that clearly supports career progression within the council's smallholdings estate or into the private sector.

69. Tenancy documentation should include obligations on tenants to comply with good practice in order to support the council's smallholdings estate strategy and wider corporate priorities.
70. All tenancies will be let on the basis of open competition, with no preference given at interview stage to individuals who might have had a right of succession under now defunct statutory provisions.
71. All tenancies will be let for a fixed term of up to six years, less by mutual agreement. The Council will consider requests from tenants to sublet providing such proposals do not hinder the development of the smallholdings estate development plan and that the Council secures an appropriate share of any uplift in rental income.
72. Candidates for new tenancies will need to demonstrate their commitment to and plans for career progression in line with the council's policy of providing one tenancy opportunity in a starter unit and one subsequent tenancy in a larger unit before moving into the private sector.
73. Tenants with life or retirement tenancies will be offered a without prejudice and without obligation opportunity to discuss at a time convenient to them options for early termination of their tenancy where this would assist delivery of the development plan.
74. The rents of the holdings will be regularly reviewed and will be based on comparative rents achieved throughout the country for similar smallholding properties and no other type of property.
75. Officers will take decisions on disposals, in line with their delegated responsibilities as set out in the council's constitution and in line with the provisions of the council's smallholdings estate strategy.
76. The Cabinet Member and local ward members will be informed of all disposals.
77. The council will comply with all relevant legislation governing the terms and conditions of smallholdings tenancies. The statutory provisions for smallholding tenancies give smallholding tenants certain rights that are not available in law to other types of council tenant (e.g. length of the period of notice).
78. The council will comply with all relevant legislation governing the council's maintenance responsibilities for its smallholdings properties. This will include a rolling programme of condition surveys completed over a five-year period, as a basis for developing a planned maintenance programme. Approval for all capital spending proposals for the smallholdings estate must be obtained via the council's capital planning procedures. The council's capital planning procedures prioritise

allocation of the available capital resources proposals where non-compliance with statutory requirements is, or would become an issue (e.g. retention and disposal of nitrates for smallholdings properties).

79. The council will encourage and support career progression for its tenant farmers. Training for tenants may be provided by the council where specific personal development needs have been identified that if met will help the tenant develop their agricultural business and/or support their plan for career progression in agriculture.
80. The council's smallholdings team will provide additional advice and support to those tenants whose tenancies are due to expire in less than 2 years from the date of this smallholdings estate strategy if agreed by Cabinet, to help them plan and prepare for progression through the council's smallholdings estate or into the private sector.

Consultation

81. External advice and opinions were sought throughout the review process from other service providers and tenant representatives. The Head of Asset Management & Property Services and his smallholdings team met with colleagues from Gloucestershire and Worcestershire to identify the strategic issues affecting local authority smallholdings estates and areas of good practice for adoption in Herefordshire. The Cabinet Member (Resources) facilitated a meeting with representatives of the Tenant Farmers Association and the National Farmers Union to identify and discuss the issues affecting local authority tenant farmers.

Risk Management

82. Adoption of the revised smallholdings estate strategy outlined in this report will mitigate the risk that this asset is under-utilised in terms of supporting improved outcomes, customer experience, services and value for money.

Conclusions

83. The council's smallholding properties are a valuable asset. This report sets out the evidence supporting the view that, given the absence of a strategic objective requiring disposal, there is a clear rationale for retaining and developing the smallholdings estate, in order to obtain improved outcomes, services, customer experience and better value for money (paragraphs 28 to 49 refer).
84. The report then goes on to propose a new smallholdings estate strategy to increase the opportunities for entry to and progression within the farming industry and to provide more support for a wide range of corporate priorities sets (paragraphs 51 to 80 refer).

Next Steps

85. The proposed smallholdings estate strategy provides the policy framework within which officers will work. The Strategic Asset Management team will be responsible for developing the smallholdings estate development plan and monitoring its implementation, for reviewing and updating the detailed procedure manuals and for reviewing and updating standard tenancy documentation. The Property Operations team manages the smallholdings estate on a day-to-day basis and will comply with the smallholdings estate strategy, development plan and approved operational procedures.
86. Cabinet resolved to carry out a review of the council's future requirements for Asset Management & Property Services in September, when it determined the next steps for the re-negotiation of the Amey contract. Cabinet requires a report on that review by the end of March 2009. The service delivery arrangements for both the strategic and operational aspects of the smallholdings services are being considered as part of the executive's wider review of the Asset Management & Property Services function. Future options for delivering the smallholdings service range from retaining the in-house service through collaboration with other smallholding authorities to outsourcing.

RECOMMENDATIONS

THAT: (a) the Committee considers the extent to which the evidence provided in this report supports the rationale for retaining the smallholdings estate in the absence of a corporate priority that requires disposal to be considered; and

(b) the Committee considers the comments it wishes to make to Cabinet on the proposed smallholdings estate strategy, including the key principles for developing and managing the estate.

BACKGROUND PAPERS

- Department for Environment, Food and Rural Affairs – Sustainable Farming and Food Strategy: Facing the Future (December 2002)
- Department for Environment, Food and Rural Affairs – Sustainable Farming and Food Strategy: Forward Look (July 2006)