

**MINUTES of the meeting of Strategic Monitoring Committee held at The Council Chamber, Brockington, 35 Hafod Road, Hereford on Wednesday, 10 December 2008 at 9.30 a.m.**

**Present:** Councillor WLS Bowen (Vice-Chairman)

**Councillors:** PA Andrews, KG Grumbley, TM James, PM Morgan, AT Oliver and SJ Robertson

**In attendance:** Councillors H Bramer (Cabinet Member - Resources) , JP French (Cabinet Member - Corporate and Customer Services and Human Resources), JW Hope MBE and JB Williams

**50. APOLOGIES FOR ABSENCE**

Apologies were received from Councillors WU Attfield, PJ Edwards, RI Matthews and JK Swinburne.

Councillors Edwards and Matthews asked that it be recorded that they were absent because they had prejudicial interests because each had a relative who farmed one of the Smallholdings.

Apologies were also received from Councillor RJ Phillips – Leader of the Council who had also requested that it be recorded that he was absent because of a prejudicial interest.

**51. DECLARATIONS OF INTEREST**

There were no declarations of interest other than those notified in advance by Councillors Edwards and Matthews as referred to in Minute 50 above.

**52. MINUTES**

**RESOLVED:** That the Minutes of the meeting held on 17 November 2008 be confirmed as a correct record and signed by the Chairman.

**53. SUGGESTIONS FROM MEMBERS OF THE PUBLIC ON ISSUES FOR FUTURE SCRUTINY**

There were no suggestions from members of the public.

**54. SMALLHOLDINGS ESTATE STRATEGY REVIEW**

The Committee considered the findings of a review of the smallholdings estate strategy.

The Committee had before it the report on the Smallholdings Estate Strategy Review, the Minutes and reports of its meetings of 19 November 2007 and 10 March 2008, when it had considered the policy and requested an overarching review, a report on the importance of the County Farms Service to the rural economy

produced by Sir Donald Curry, Chairman of the Sustainable Farming and Food Delivery Group in November 2008; and an example of a tenancy agreement.

The Cabinet Member (Resources) stated that the report before the Committee represented an overarching review of the Smallholdings Estate Strategy. He drew attention also to the appended report on the importance of the County Farms Service to the rural economy produced by Sir Donald Curry.

He explained that the review had comprised an examination of the rationale for holding the smallholdings estate as an asset. This had included an option appraisal, which had examined both value for money and the contribution to the rural economy. Given that there was no corporate need to realise a capital receipt by disposing of the estate it had been concluded that retention of the estate was the best option.

Having reached that conclusion, consideration had been given to the development and maintenance of the estate. The intention was to help as many people as possible embark on a career in farming. There would be disposals and acquisitions of land over time to support this objective.

The current policy objective of achieving capital receipts from the estate of £10m over a ten year period would be revoked. However, capital receipts would be generated as the estate developed. A development plan would be prepared.

The proposals for developing and managing the estate set out in the report did not generally represent a new direction but provided clarity. He highlighted that it was proposed that holdings would be let on fixed term business tenancies of up to six years for the initial letting with an option for a second six year term on a larger holding on the estate with progression then to the private sector.

He concluded by saying that the aim was to support sustainable farming and he would welcome the Committee's views to inform the proposed report to Cabinet in January.

The Director of Resources said the report was intended to address the Committee's previously expressed concerns and show how the smallholdings estate could support the Council's priorities for Herefordshire. One of the objectives was to ensure that management of the smallholdings estate was integrated into the overall asset management arrangements.

She presented the report in detail, commenting first on the following sections of the report, including the context of the review, the review methodology, the legislative framework and the appraisal of the key options involving both a financial and non-financial assessment.

This work had concluded that the financial assessment supported the view that the smallholdings estate should be retained and developed in the absence of a corporate policy driver for disposal. It was also clear that the smallholdings service made a contribution to a number of corporate plan themes.

She then commented on the strategic aim and strategic objectives and proposals for developing and managing the estate. She highlighted the removal of the policy of generating £10m of receipts because of concern that this was leading to decisions that would not support the overall policy. She reported that the proposed farm business tenancy term of up to six years was quite standard across smallholding authorities, noting that Gloucestershire CC set a term of five years. The proposal was to offer scope to extend the tenancy for a further 6 years. The intention was to support tenants in developing a business case, building up capital and experience, to

enable them to progress to a larger holding on the estate or move into the private sector. There was scope within the policy for tenants to hold over on their tenancy, a period of up to 9 months being envisaged.

Neighbouring smallholding authorities had been consulted, as had the Tenant Farmers Association (TFA) and the National Farmers Union (NFU). Overall she considered the proposals would bring the authority into line with other authorities. The TFA and NFU had supported the strategic direction which was consistent with the direction of Sir Donald Curry's report. Both the TFA and NFU had been represented on the Group that had produced that report.

In the ensuing discussion the following principal points were made:

- It was suggested that whilst the report contained many good elements and the objective of providing an entry into farming and encouraging progression was fine, there was a fundamental flaw in that there was a dearth of available farms to provide for progression. The cost of acquiring a farm would in any case be likely to be prohibitive, noting land was currently £10,000 per acre. The outcome of the proposed approach to setting a limit on the maximum length of a tenancy would therefore be that the Council would find itself evicting families who had made farming their living. Flexibility in the letting of the holdings needed to be retained. The real alternatives were to continue with that present flexible approach or to dispose of the estate.

That the term "rationalisation of the estate" was very broad. Concern was expressed that over time this would mean disposal of the estate by stealth. If that was the Council's intention that should be explicitly stated. It was suggested that the policy should contain a safeguard that the overall size of the estate and number of holdings should not be reduced.

That it was important to recognise the symbolic importance of the smallholdings estate to Herefordshire as a rural County and therefore to the Council and what it represented should not be overlooked.

- The Director of Resources replied that the proposed policy did not suggest disposal of the estate by stealth. The report recognised the contribution the smallholdings estate made to the Council's own priorities including the sustainability of the rural economy and rural communities. The proposed removal of the objective to realise £10m of capital receipts over 10 years was further evidence that disposal of the estate was not being proposed. It had been recognised that this objective might not be in the best interests of the estate. The policy did also provide for acquisition of land where a business case for this could be made.

She emphasised that the proposed strategy was in line with the approach being taken by leading smallholdings authorities such as Gloucestershire County Council and the principles in Sir Donald Curry's report.

She accepted that the proposed approach to progression was challenging. However, she considered it worthwhile to aspire to achieve best value for farmers and the community as a whole from the estate. It was intended to work with the private sector to explore opportunities for progression. This could include exploring the possibility to rent.

The Head of Asset Management agreed that facilitating progression would be difficult. It was not intended, however, to engage in a series of evictions. The plan was to work with tenants to explore opportunities and provide assistance

where possible.

- In reply a Member expressed the view that the structure of landholdings in the County differed to that in Gloucestershire. In the main in Herefordshire land was owner-occupied and estates as a rule tended to provide for succession for families of existing tenants.
- The flexibility in extending tenancies was questioned noting that this could in effect lead to permanent tenancies.
- It was suggested that if progression was to be encouraged additional land should be acquired. The Director replied that the Strategy did provide for acquisition as part of the Council's overall capital programme. A business case would need to be made and evaluated alongside other capital bids from within the Council.
- The ring fencing of capital receipts from the estate to provide for acquisitions was discussed. The Cabinet Member (Corporate and Customer Services and Human Resources) asserted the importance of assets being treated corporately and having a transparent process for agreeing a Capital Programme that met the Council's overall priorities.
- That whilst the aims of the proposed strategy were laudable there were clearly practical considerations to be addressed, in particular the scope for progression. The quality of the management of the estate was a key part of delivering the objectives set out in the report.
- It was suggested that the proposed ratio of three starter units for each larger unit should be reconsidered.
- It was suggested that consideration should be given to offering tenants two extensions of 6 years to the initial 6 year tenancy. The Director of Resources remarked that the proposed new policy had a presumption against reletting. It was considered important that tenants were able to demonstrate a clear plan for progression. However, there was no intention to throw people out of their homes. The intention was to support tenants in pursuing their careers.
- The importance of tenants demonstrating that they were farming their holdings effectively, deriving maximum benefit from them and keeping them in good order was emphasised. It was suggested that this should be a consideration in determining whether or not to extend a tenancy.
- A question was asked about demand for tenancies. The reply was that demand was very high. The last letting had been three years ago when there had been 30 expressions of interest and some 15 applications.
- That offering an opportunity to enter farming was a positive action. Progression might be difficult but tenants would enter into the tenancy knowing the position. Given the demand from new entrants, to allow tenants to remain on holdings indefinitely would be to deny opportunities to others.
- A question was asked about suggestions that consideration was being given to disposing of parts of the Nieuport Estate. The Director replied that the estate was being managed in accordance with the current policy and if there was a case for disposal that would be considered in line with that policy. The new policy also recognised that disposal would form part of the management of the estate.

- The issue of sub-letting was discussed. The Director noted that there were only two instances of this at the moment and the proposed policy was that the Council would consider requests from tenants to sublet, providing such disposals did not hinder the development of the estate development plan and the Council secured an appropriate share of any uplift in rental income.
- The Director commented on the process for issuing Notices to Quit. She assured the Committee that this situation was dealt with sensitively. The notice period was one year and officers sought to offer the opportunity for discussions and renegotiation. The process did, however, require corresponding engagement by the tenants. Members emphasised the importance of ensuring good communication.
- It was asked whether the financial analysis took account of the revenue costs to the Council of managing the estate. The Director of Resources replied that the analysis did not take account of the cost of the small team responsible for the operational management of the estate. This cost would have been common to all options and would not have affected the ranking of the options analysed. She noted that a wider review of the property estate and its management was being carried out that was due to be completed by the end of March 2009. The smallholdings review was seeking to establish strategic principles and officers would then develop the detailed procedures within that framework.
- It was noted that the Tenant Farmers Association and the National Farmers Union had been invited to comment on the report. It was suggested that a further communication should be sent to them specifically inviting comment on the issue of progression and how that might be achieved.
- The Cabinet Member (Resources) commented that, as referred to in the report, he had met representatives of the Tenant Farmers Association and the National Farmers Union. The proposed strategy reflected views expressed at that meeting.
- In response to a point suggesting the wording of the tenancy agreement, for example in relation to a tenant undertaking other occupations or business, did not encourage progression as desired, the Director said that operational documents would be reviewed as part of the management process if the proposed new strategy were approved.
- That the report provided evidence to support retention of the estate. However, it was not appropriate to hold some assets and disposal properly formed part of the proposed policy.
- That good environmental practice should be promoted on the estate.
- That the educational opportunities afforded by the estate and marketing opportunities for produce should also be fully explored.
- Clarification was sought on points of detail regarding the references to Hospital Farm on p9 and p56 of the agenda papers, and the current procedure for granting a further six year tenancy once the first six year term had come to an end. It was agreed that a written answer would be given.

The Chairman invited comments from members of the public present:

Two tenants on the estate spoke and generally expressed support for the policy.

The following principal issues were also raised:

- That there was scope to make the estate an exemplar.
- Concern was expressed about the difficulty of securing progression in a situation where farms seemed to be getting ever larger.
- It was suggested increasing the number of smaller farms might be one option to consider enabling part-time farming to be undertaken, rather than focusing on progression to ever larger holdings.
- Concern was expressed at the prospect of tenancies being restricted to 6 yrs. Attention was drawn to the fact that farming families would have children of school age. Implications for small rural schools were also mentioned.
- It would be helpful if tenant farmers seeking to progress and buy land from a private estate were enabled under the planning system to build a farm house.
- Holdings needed to be kept presentable and tenants held to account.
- The structure of holdings needed further consideration.
- That without the County smallholdings entry into farming would be extremely difficult.

**RESOLVED;**

**That the following observations be recommended to Cabinet for consideration:**

- That (a) the Committee agrees that the evidence provided in the report to the Committee on the Smallholdings Estate Strategy Review on 10 December 2008 supports the rationale for retaining the smallholdings estate in the absence of a corporate priority that requires disposal to be considered;**
- (b) the principle of encouraging career progression be supported, with tenants being offered an initial tenancy for a fixed term of six years with a further six year tenancy being available providing that the tenant can provide evidence of a good business plan and show that the holding has been well maintained. In exceptional circumstances a tenant could be offered the further opportunity to extend the tenancy for up to a maximum of six years subject to a good business plan;**
- (c) the proposal over time to establish a ratio of three starter units for each larger unit be reconsidered with consideration given to the possibility of creating more starter units and increasing the acreage of the estate if and when appropriate; and**
- (d) tenants be supported by agencies and the Council to address their individual need for training and development to enhance the prospects of progression.**

The meeting adjourned between 11.25 and 11.55 and ended at 12.10 pm.

**CHAIRMAN**