

# **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