Central Bedfordshire Council

Farms Estate Plan

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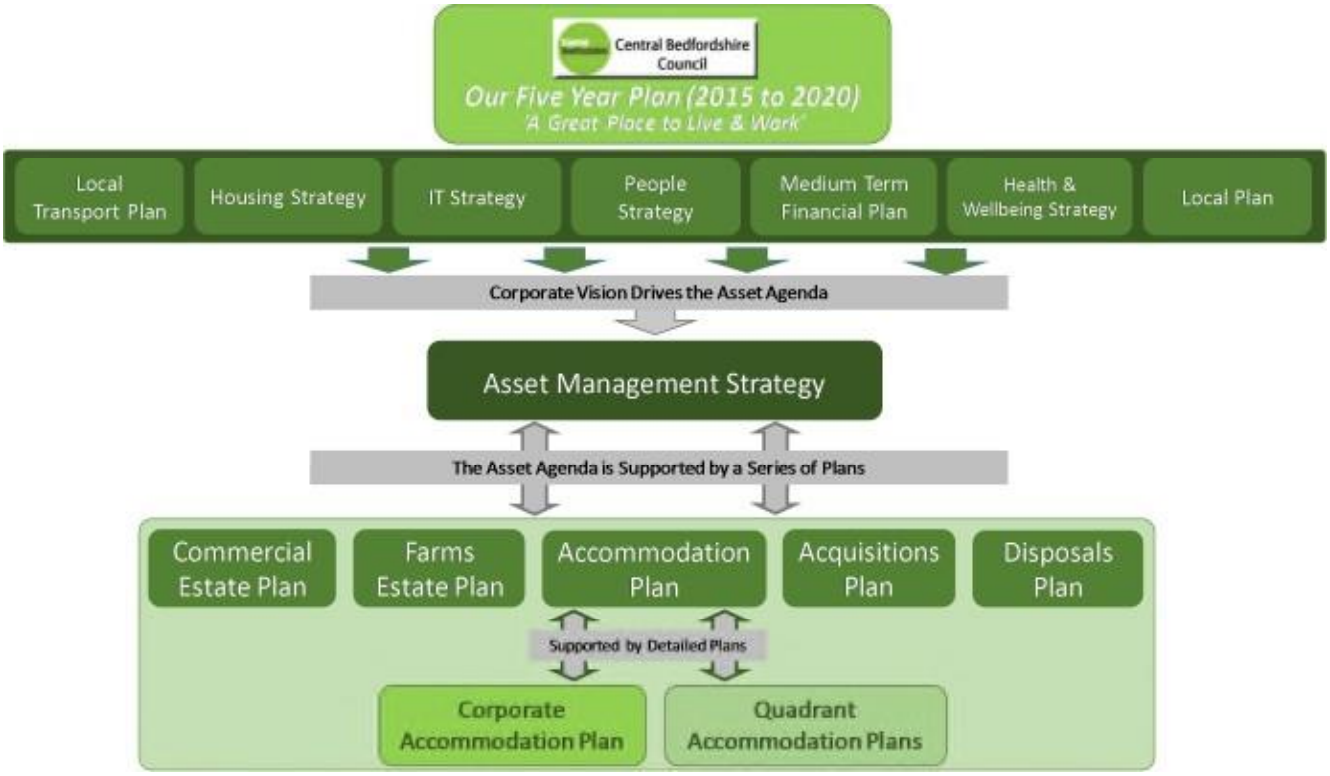
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1. Introduction

1.1. This document, Central Bedfordshire Council's (the Council's) Farms Estate Plan, is part of a new suite of documents developed by the Council, to establish and articulate its holistic approach to asset management.

1.2. The purpose of this suite of documents is to establish how the Council's asset portfolio will become better aligned to support the delivery of its corporate aims and objectives.

1.3. The Farms Estate Plan is a specific element of Central Bedfordshire's Asset Management Strategy (AMS) and articulates the Council's approach to its farm estate.



1.4. The Farms Estate Plan outlines how the Council will effectively and efficiently manage and develop its farms estate over a 10-year Plan period and beyond. Its scope extends to all the building and land assets owned or leased by the Council in the performance of its role as a smallholdings authority.

1.5. Farms owned and managed by Local Authorities are an important strategic and national asset. These farms can assist Local Authorities in meeting wider regional economic, countryside and environmental objectives and provide an essential route into farming for new entrants.

1.6. This Farms Estate Plan provides a plan for the effective management of the farm estate over a 10-year period by enabling:

- Opportunities for new entrants and established farmers to contribute to the food chain, rural business and providing access to the countryside on an estate of not less than 2,000 hectares (ha).
- Occupation of around 30 land holdings of well equipped, well maintained holdings with modern tenancy terms, at market rents.
- Best environmental practice in accordance with the new Government's 25-year Environmental Policy – to provide 'public goods' and supplementing farm returns with payments under agricultural and environmental support schemes.
- A network of holdings through the Council's area that enhance the environment, enjoyment of the countryside, recreation, health and wellbeing and the visitor economy.
- Retain and acquire land that meets the Council's wider objectives for place making.

1.7. These objectives may not apply equally in every case. The Council will balance these key objectives by taking them into account in its decision-making regarding re-letting, acquisition and disposal of parts of its estate.

2. The Asset Management Strategy - Setting the Farms Estate Plan in context

Why produce an Asset Management Strategy

2.1. The Council has developed an Asset Management Strategy to provide a template and framework for how the Council will seek to utilise its property and land assets as a corporate resource.

2.2. Property is expensive to procure, run and maintain, especially when budgets are under ever increasing pressure. As a result, assets need to be carefully managed over their lives to ensure best value in terms of use, maintenance and financial return, whilst still ensuring quality in service delivery.

2.3. The Asset Management Strategy provides an overarching asset management approach enabling delivery of the corporate priorities and service objectives, whilst ensuring the Council remains compliant with legislative requirements.

2.4. The Asset Management Strategy incorporates the Council's key principles, which guide the corporate approach to asset management generally. How the property portfolio will play a vital role in the provision of these services is the key output of the Asset Management Strategy. This incorporates the Council's approach to its farm estate.

Asset Management Strategy Objectives

2.5. The Council's asset portfolio plays a key role in supporting the delivery of the Council's vision and key priorities. The Council's overriding aim for its asset base is:

'To promote the best use of the Council's assets for service delivery, deliver an optimum return from our commercial and agricultural investments, and facilitate regeneration and development'

2.6. Through the development and successful implementation of the Asset Management Strategy, the Council's asset portfolio is assessed and reviewed such that balanced and strategic decisions can be made on its future composition.

2.7. Reflecting the Council's asset management aim, eight asset management objectives have been adopted:

1. Develop a five-year vision and strategic approach to managing the Council's property assets that supports the Council's Corporate Plan;
2. Review and revise the Council's operational estate to optimise ways of working, optimise operational space, achieve revenue savings and focus on service provision;
3. Ensure that operational properties are appropriately located, fit for purpose, provide flexible accommodation, in good condition, within an efficient cost envelope that is appropriately accessible to customers;

4. Deliver cost effective and efficient acquisition, disposal and management of property and land to meet safe service delivery, community benefit and investment needs.
5. Maximise the delivery of capital returns from the disposal of property and land to support the Council's capital programme (this may include the Council acting as a promoter and/or developer of its sites in order to maximise receipts and income);
6. Where appropriate utilise assets to kick start, enhance or underpin economic regeneration;
7. Actively consider and implement innovative use of assets to address specific financial, housing, service and development challenges, building on innovative models being developed across the local government sector; and
8. Maximise revenue income from the rents, leases and 'traded' services.

2.8. The Council's approach to managing its farms estate takes account of:

- The provision of farms to enable new entrants to develop a career in agriculture and amalgamate holdings to create more viable farm lettings;
- Statutory requirement;
- Income generation;
- Capital receipts generation and commercial management;
- Leisure and Community facilities for Central Bedfordshire;
- Environmental responsibilities and Statutory Requirements.

2.9. When reviewing the farm estate, a number of elements needed to be considered including:

- Why does the Council hold a farm estate?
- Does the farm estate add value by supporting the Council's wider objectives?

2.10. Flexibility is important, and the Council's Farms Estate Plan must be able to adapt to and support changes in the Council's policies, legislation and the effects of Brexit.

3. The Councils current Farms Estate

3.1. The Councils Farms Estate has a current asset value of circa £62 million[1], and comprises 1,900 ha (4,700 acres) of land. The estate has generated in excess of £50 million in land sales in the past 5 years.

3.2. The history to the 'accumulation' of a farm estate stems from the Smallholdings and Allotments Acts 1907 and 1908. As a consequence, all Councils had a duty to meet the demand of applications by young persons to enter into farming. The Agriculture Act 1970 replaced the Smallholdings legislation and sets the framework for Councils to provide opportunities to people with agricultural experience to farm in their own right.

3.3. Central Bedfordshire Council's Farms Estate is formed from 92% of the legacy Bedfordshire County Council farms estate. Central Bedfordshire Council and Bedford Borough Council entered into a Disaggregation Agreement from the 1st of April 2009 to 2030 which apportions of net rental income and net capital receipts from identified disposals between the authorities.

3.4. The Bedfordshire County Council estate was rationalised in the late 1990's with core holdings located near main population holdings being retained and surplus or non-core property being sold.

3.5. The current Farms Estate is situated throughout the area of Central Bedfordshire Council. Smallholdings are generally close to three areas around the market towns or settlements of Flitwick, Maulden and Ampthill and the outlying settlements to the east and south of Biggleswade and Sandy and to the south of Arlesey and Stotfold. There are a number of smaller isolated holdings throughout the Central Bedfordshire area.

[1] Based on 2015 full estate valuation - including all houses, cottages and buildings, and non-agricultural parts of the estate - and allowing for recent land sales.

Map to show Farms estate



Size and Tenancy Type

3.6. The farms estate is let under 64 separate lettings to 58 different tenants. The lettings are made up of 15 Agricultural Holdings Act agreements, 42 Farm Business Tenancies and 7 other agreements. 24 lettings include one or more houses and 30 include farm buildings.

Table to show lettings by lease type

Lease Type	Number
AHA	15
Allotment Agreement	2
FBT - More than two years	31
FBT - Two years or less	11
Grazing Agreement	2
Grazing Licence - Agr	2
Grazing Licence - Non Agr	1
Total	**64**

3.7. The number of Agricultural Holdings Act Tenancies are decreasing as these tenants retire. There are two AHA tenancies with specific retirement clauses, where the tenancies will end when the tenant reaches age 65. There are an increasing number of Farm Business Tenancies with a term of two years or less.

Table to show when tenancies are expected to end

Vacant Possession within	%
5 years	65
10 years	14
Not within 5 or 10 years	21
Total	100

3.8. There are a number of other non-agricultural tenancies within the portfolio, including fishing licences, grazing licences and agreements, allotment agreements, access agreements, garden agreements and shooting licences. The time periods to gain vacant possession on these varies between the agreements.

3.9. The tenancies range in size from 0.31 ha (0.76 acres – smaller than a football pitch) to 130 ha (321 acres – equivalent of around 320 football pitches), with the majority being between 12 ha (29 acres) and 100 ha (247 acres).

3.10. Most holdings are small by modern farming standards which reduces their commercial viability[2]. Having a greater number of smaller holdings also increases the cost to the Council to maintain and run them in comparison with a smaller number of larger holdings.

[2] In the UK most agricultural farm holdings are over 100 ha (250 acres). 400 ha (1,000 acres) is considered the optimum size for viable arable production in the East of England.

Built Farm Assets

Farmhouses

3.11. Farmhouses range from traditional three or four-bedroom farmhouses to the more modern council-built three-bedroom detached houses typical of those built in the 1950s. The majority of these properties require some updating and maintenance; with some lacking central heating systems, insulation and double glazing. Some properties are listed, so are governed by more restrictive planning conditions and levels of upkeep with associated costs.

3.12. Examples of the different types of farmhouses within the portfolio are shown below:



Top left: Five-bedroom house, split into two properties, Top right: Detached three-bedroom farmhouse, Bottom left: Detached three-bedroom farmhouse, Bottom right: Grade II listed two-bedroom farmhouse

Agricultural Buildings

3.13. The following table shows the number of lettings with buildings (30), with most of these benefitting from modern type buildings.

Type of building	Count of Modern/Traditional
Modern	11
Modern and traditional	16
Traditional	3
Total	**30**

3.14. The farm buildings range from traditional brick-built farmyards with little use for modern agriculture, to more modern buildings with asbestos clad roofs. There are a very few newer agricultural buildings, and these have generally been provided where development or other land uses have taken buildings from the farm tenancies and necessitated the replacement of the building.

3.15. Most of the traditional buildings have fallen into disrepair due to their limited use for modern agricultural practices and lack of maintenance, however these are generally still in use by tenants for storage purposes.

3.16. The more modern buildings range in condition depending on the tenant, their lease terms and method of farming.

Total Repairs and Maintenance Costs

3.17. A rolling programme of building condition surveys is carried out as part of the Council's Asset Management Plan. This informs a programme for capital investment that is reviewed annually to prioritise work.

3.18. The farm estate is carrying a backlog of capital works of circa £300,000 (to be completed in 2018/19 financial year) and has an annual revenue budget of circa £50,000 - £70,000 per annum for ongoing repair and maintenance.

Financials

Value of Farmed Estate

3.19. The whole estate was valued in 2015 and one fifth of the estate is valued annually on a rolling programme. The value of the whole estate in 2015 was an average value for the estate of £29,600 per hectare (£11,978 per acre). Allowing for recent disposals, this places the value of the Farms Estate at circa £62m.

3.20. This value includes:

- Land with development opportunity 36%
- Residential elements 10%
- Farmland 48%
- Other (including minerals, business, woodland etc.) 5%

3.21. Capital receipts in excess of £50m have been generated from the sale of surplus or redundant land and buildings and land sold for development in the last 5 years.

Income

3.22. Gross income for the estate in 2017 was £900,000. The rental income is approximately £700,000 pa, with a further £150,000 - 250,000 income from minerals per annum which could be sustained for a further 2 years.

3.23. Rent from the farms is related to the following:

- The residential element, i.e. the benefit of the house to the tenancy or the subletting income from this; these are not equivalent to, but are indirectly linked to, rental values on the open market and it will broadly follows trends in residential letting values.
- Farmland, the value of which is linked to profitability and agricultural commodity prices. For Agricultural Holdings Act tenancies, the rent is directly related to profit via the statutory review formula; for Farm Business Tenancies rent reflects the demand for land which is greater if there are higher profits.

3.24. Rental income from the estate can be broken down into 3 core elements and has traditionally comprised; approximately 11% residential, 7% buildings and non-agricultural income and 82% land.

3.25. By contrast a recent new letting for a small diversified holding; including a farm shop, comprises; approximately 35% residential, 17% buildings and non-agricultural income and 48% land. Shifting the balance away from the land makes the income more resilient to world food prices which in turn makes the holding more sustainable.

The Common Agricultural Policy and Brexit

3.26. A payment of approximately £200 per hectare is made to to all farmers under the Common Agricultural Policy in addition to any environmental scheme payment. The UK is withdrawing from the European Union and therefore the Common Agricultural Policy. Direct payments are likely to be phased out and replaced (post Brexit) by a scheme of payments based on delivering 'public goods'.

3.27. Most of the Council's Farms Estate tenants appear to rely on their basic payment to pay their rent or to live on as profit from the holdings. It will be important as the UK leaves the Common Agricultural Policy to ensure flexibility within Farm Business Tenancies to deal with any new regimes that will provide future support.

3.28. Higher performing farms that have focused on improving output and minimising costs will be more resilience to changes, and those that are able to deliver enhanced environmental and health benefits should be better placed to capitalise on the new regime.

4. Strategic themes

4.1. There are several themes, strategies and priorities that emerge from work to deliver the Council's vision, as well as government policy that relate to the Farms Estate.

Access to the Countryside

4.2. The Council aims to make countryside and open space as accessible as possible. Countryside and open space ranges from large areas of woodland and public managed grassland on the outskirts of settlements, to smaller and isolated areas of woodland often in remote locations. Residents tell us they visit these sites to walk and exercise, relax, for children to play, to walk the dog and for peace and tranquillity.

4.3. The strategy for Green Space and Countryside Access areas is under review and it is intended there will be rationalisation of ownership and management of sites, with the intention of concentrating on larger more accessible sites better related to settlements to provide more access for more people. The development outlined in the Local Plan will create a demand for extended green space. The Council has established Green Wheel routes around settlements to encourage exercise and healthy living.

4.4. By providing public rights of way through farmland, the Farms Estate can form part of a broader network joining up Countryside sites, parks and open space. Collaboration between holdings, neighbours and National bodies such as the Greensand Trust, RSPCA, National Trust can also provide opportunities for development of rural businesses and employment; providing facilities such as outdoor leisure and recreation, rural retail and catering and leisure accommodation.

The Local Plan

4.5. The Central Bedfordshire Local Plan is the key strategic planning document for Central Bedfordshire and will guide and support the delivery of new infrastructure, homes and jobs. It sets out the long-term vision and objectives for the area, what is going to happen, where and when and how this will be achieved and delivered up to 2035. The Local Plan, currently known as the pre-submission Plan, was formally submitted at the end of April 2018.

4.6. The lifespan of the Local Plan is 20 years, but it is anticipated that once adopted, elements will have to be reviewed earlier in able to respond to a number of emerging strategies; notably the Cambridge- Milton Keynes- Oxford Arc.

4.7. The pre-submission Plan seeks to deliver around 39,350 new homes (this includes 23,845 homes already planned for) through new villages and moderate extensions to existing towns (varying in size from 11 – 650 homes) located across Central Bedfordshire.

4.8. In Marston Vale new villages will accommodate up to 5,000 homes and East of Biggleswade around 1,500 homes. Around 4,000 homes will be allocated North of Luton and around 2,000 homes East of Arlesey. Housing delivery will be phased across several years, the expectation is new homes will come forward in Marston Vale from 2021/22, North of Luton from 2022/23 and East of Biggleswade and East of Arlesey from 2023/24.

4.9. The Farms Estate has significant land holdings around major settlements. By holding this land the Council has more control and influence over the Countryside, and more control over the pace and type of development that takes place to meet local housing and employment need.

4.10. Disposals of estate over the last five years has enabled significant job creation, increasing NNDR income to the Council as well as providing Capital Receipts. But it has also reduced the size of the Farms Estate by around 360 ha which will need to be replenished to maintain a viable holding.

Supply of Minerals

4.11. Central Bedfordshire, Bedford Borough and Luton Borough Councils have joint Minerals and Waste plan to make sure there is a steady and adequate supply of minerals to meet the needs of national and regional supply policy, and local development needs; and that Minerals are obtained from the most sustainable sources, and extraction sites will be planned, located and operated so as to protect the environment.

4.12. In Central Bedfordshire there are two safeguarded land classification areas; sand and gravels in the river (principally the Ouse) valleys and building sand on the Greensand ridge. Demand for building sand is increasing through residential development but there are limited reserves and a limited processing capacity in this sector.

4.13. The Council has land subject to sand quarrying at Potton and land at Willington Lock is subject to an option for working a reserve of approximately 0.5 million tonnes from circa 2030.

4.14. Any land located in a safeguarded area will considered for its future mineral potential as a key factor in any long-term decision regarding the land. This will enable an opportunity for mineral working to contribute to supply needs and generate income for the Council. Acquisition of land adjacent to existing holdings that unlocks the mineral potential will also be considered.

Environmental responsibilities

4.15. The Council has responsibilties under the Natural Environment and Rural Communities Act (2006) where all public authorities have to have regard to conserving biodiversity, for example by creating ecological networks, and buffering biodiversity sites and in 2018 the UK Government published “A Green Future” setting a series of goals and policy objectives.

4.16. The Farms Estate provides greater influence and control to maximise environmental benefits to Central Bedfordshire, whether this be improved ecological activity and biodiversity, protecting key landscapes or mitigation of flooding.

5. Central Bedfordshire's Farms Estate plan

5.1. This Farms Estate Plan provides a plan for the effective management of the farm estate over a 10-year period by enabling:

- Farming opportunities for new entrants, established tenants and contract farmers to contribute to the food chain and rural business on an estate of not less than 2,000 hectares.
- Occupation of around 30 well-equipped and well-maintained holdings, on modern tenancy terms at market rents generating enhanced income from farm diversification.
- Best environmental practice in accordance with the new Government 25-year environmental policy providing 'public goods' and supplementing farm returns with payments under agricultural and environmental support schemes.
- A network of holdings through the Council's area that enhance the environment, enjoyment of the countryside, recreation, health and wellbeing and the visitor economy.
- Retain and acquire land that meets the Council's wider objectives for place making.

5.2. These objectives may not apply equally in every case. The Council will balance these key objectives by taking them into account in its decision-making regarding re-letting, acquisition and disposal of parts of its estate.

Farming opportunities for new entrants, established tenants and contract farmers to contribute to the food chain and rural business on an estate of not less than 2,000 hectares.

5.3. Small 'agricultural only' holdings are not viable, although Farms Estate tenants should be able to benefit from delivery of public goods that will unlock continuing support payments.

5.4. Lettings will focus on diversified holdings with residential, agricultural, food chain, rural retail or recreational facilities as they may be more resilient, but will also be offered as equipped farms and or bare land (suitable for contract farming).

5.5. This will provide opportunities for smallholders and established farmers to have viable rural businesses.

5.6. The Estate is currently c. 1900 hectares following recent and impending development sales. A small estate is less cost effective and efficient to run and would be too small to make meaningful contributions to the rural economy or viable farming opportunities.

5.7. The Council will retain a Farms Estate of not less than 2,000 hectares to deliver a sustainable return from a range of diversified holdings.

5.8. To achieve this will require ongoing acquisition of appropriate landholdings to replace land that is disposed of.

Occupation of around 30 well-equipped and well-maintained holdings, on modern tenancy terms at market rents generating enhanced income from farm diversification

5.9. Within 10 years the majority of traditional tenancies and long term farm business tenancies will have ended and will be replaced by lettings on modern tenancies at market rents.

5.10. New lettings will amalgamate existing holdings to create fewer, but larger holdings. These will be offered on fixed term farm business tenancies; the term reflecting the principal purpose of the land holding.

5.11. New entrants will be offered a short term 'start up' tenancy of not less than 5 years to establish themselves. Lettings to existing tenants may be for a longer term but unlikely to exceed 12 years.

Best environmental practice in accordance with the new Government 25-year environmental policy providing 'public goods' and supplementing farm returns with payments under agricultural and environmental support schemes

5.12. Government environmental policy is focussing on improving natural capital and specific environmental goals, much of which will be delivered through management of rural land and the environment.

5.13. Holding Farm Land enables the Council to meet environmental objectives and will encourage tenants that wish to provide public goods, and benefit from the income streams that may emerge from them (eg Carbon credits scheme, health and well-being, sustainable development).

A network of holdings throughout the Central Bedfordshire Area that enhance the environment, enjoyment of the countryside, recreation, health and wellbeing, and the visitor economy

5.14. The Council will work towards establishing networks of holdings throughout the Central Bedfordshire Area that enhance the environment, enjoyment of the countryside, recreation, health and wellbeing and the visitor economy.

5.15. When new tenancies are let they will safeguard and enhance public access to the Countryside, allowing more visitors to support diversified holdings with rural retail or recreational facilities.

5.16. When acquiring land consideration will be given to the existing countryside and open spaces and the opportunity to provide a connected recreational network between them.

Retain and acquire land that meets the Council's wider objectives for place making

5.17. Holding these assets allows the Council to achieve the other objectives of the Farms Estate plan whilst also retaining more control and influence over the Countryside, and more control over the pace and type of development that takes place to meet local housing and employment need.

Central Bedfordshire

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