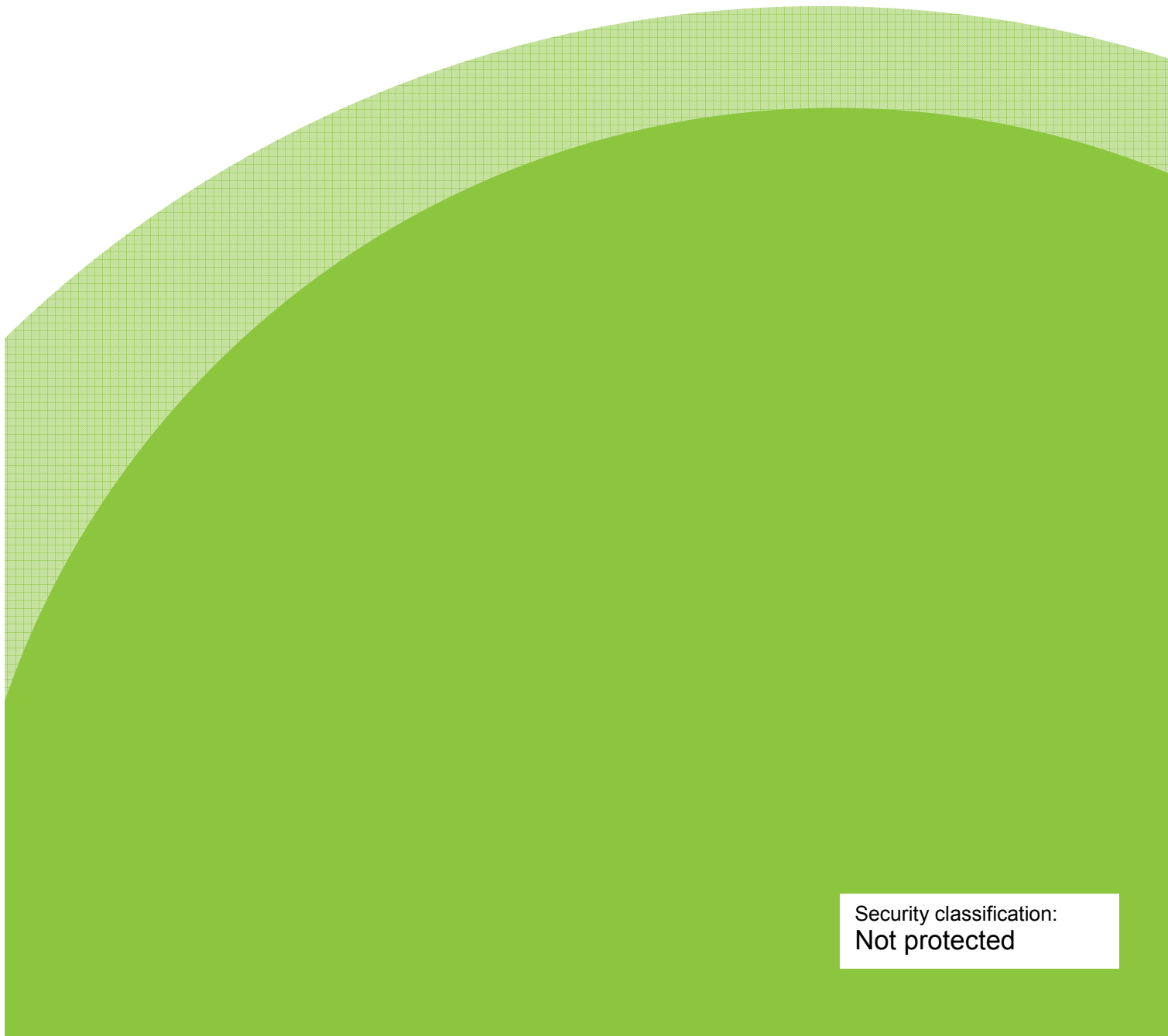




Appendix A

Central Farms Estate

Developing a Farm Estate Strategy



Security classification:
Not protected

Introduction

1.1 The Council's Farm Estate has a current asset value of around £65 million. It comprises 2500 ha (6200 acres) of land and supports 67 full time farm tenancies and a further 50 tenancies for minerals/grazing/sporting/allotment and so on activities. It produces an annual rent roll of £470k gross. A plan showing the approximate location of the farm estate landblocks is attached at Appendix A.

1.2 The Council has adopted a vision for its property assets which can be summarised as follows:

“The Council will only use property that supports and sustains delivery of our services”

1.3 In its Medium Term Plan the Council is committed to six key priorities which are:

1.3.1 Enhancing Central Bedfordshire – creating jobs, managing growth, protecting our countryside and enabling businesses to grow.

1.3.2 Improved educational attainment.

1.3.3 Promoting health and wellbeing and protecting the vulnerable.

1.3.4 Better infrastructure – improved roads, broadband reach and transport.

1.3.5 Great universal services – bins, leisure and libraries.

1.3.6. Value for money.

1.4 The draft Farm Estate Strategy will seek to ensure that the key strategic objectives support

Towards a Farm Estate Strategy

2.1 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. A wide range of benefits could be provided including renewable energy, waste utilisation, and local food production, access to the countryside, learning outside the classroom, greenbelt management and assisting in the management of flood risk.

2.2 The approach to managing the Farm Estate will be determined through the process of creating a farm strategy including making some strategic decisions such as:

- Whether we wish to provide farms to enable new entrants into agriculture and amalgamate holdings, creating more viable farm lettings
 - Statutory requirements.
 - The degree to which we wish to use the farms as a source of revenue income.
 - The degree to which we want to secure capital receipts.
 - The extent of the requirement for a landbank to meet the Council's regeneration ambitions.
 - The provision of leisure/community facilities for the people of Central Bedfordshire at large.
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- How we can best meet our environmental responsibilities.
- 2.3 The emerging Farm Estate Strategy will set out the Council's view as to how it will effectively and efficiently manage and develop our Farm Estate over a 10 year period between 2013 and 2023. The scope of the Strategy will extend to all the building and land assets owned or leased by the Council. It will be proposed that the Strategy will be reviewed every 3 years to ensure alignment with corporate objectives and policies.

Detailed considerations for the Farm Strategy

3.1 Obligations to the agricultural community.

Historically there has been a requirement to provide opportunities for new entrants into agriculture. More recently few new opportunities have been created due to the requirement to amalgamate land available to existing tenants in order to maintain farm viability. Some existing tenants may not be retiring due to insufficient funds to provide their own residential accommodation, thus not releasing farms for further letting to new entrants.

3.2 Supporting the agricultural economy

- 3.2.1 The agriculture, forestry and fishing industry in Central Bedfordshire generates an annual turnover of circa £153 million and employs around 400 people. As a sector, skills shortages are commonly reported. (Central Bedfordshire Local Economic Assessment 2013).
- 3.2.2 The improved prospects for the agricultural industry have given rise to an increase in people seeking employment in agriculture. As routes of entry remain constrained there is demand for opportunities. The council farms portfolios have remained an important first step for people to start on the farming ladder.
- 3.2.3 A detailed programme of condition surveys needs to be undertaken to determine the actual level of investment needed both to farm houses and buildings to meet current legislation in relation to fixed equipment and storage.
- 3.2.4 Growing rental and land values have resulted in agricultural property becoming an attractive and serious asset class in its own right. Land values have doubled in five years and with supply and strong demand the immediate prospects are for the current record values to be sustained or possibly increased. Rural property as an asset class has out-performed other asset classes in recent years. Agricultural land is therefore sought not only by farmers but also by investors attracted by the potential income and capital growth opportunities. These opportunities are available to the Council as an owner of an agricultural portfolio and it is in a unique position to generate other advantages in meeting Council policies or community benefits.

3.3 Statutory Requirement

3.3.1 The Smallholdings and Allotments Acts 1907 and 1908 required all Councils to meet the demand of applications by young persons to enter into farming. Later, the Agriculture Acts had a similar effect and landholdings have been amalgamated to form the larger farms we have today.

3.3.2 The Tenancy Reform Industry Group (TRIG) submitted a report to Government in 2003, stating that local authorities should be reminded of their obligations under the Agriculture Act 1970. The Government's response was to

write to Local Authorities reminding them that under s.39 of the Agriculture Act 1970 they were required: 'to make it their general aim to provide opportunities for persons to be farmers on their own account, having regard to the general interests of agriculture and good estate management, by letting holdings to them'.

3.3.3 Notwithstanding this response, with the economic difficulties of 2009 onwards, a number of local authorities have decided to sell off significant numbers of their farms.

3.3.5 The most recent authority that has adopted a disposal policy is Somerset County Council in October 2010. Somerset have advised that they have not had any legal challenges following the adoption of their disposal policy, albeit they did not dispose of the whole of their county farm estate.

3.3.6 In conclusion whilst CBC is not barred from disposing of our farms per se, we should take account of the 'general aim' under s.39 of the 1970 Act and as a rural authority if there is a call for a farm estate we could be in line for significant criticism if we do not do so. However, this needs to be balanced with the needs of the wider community.

3.3.7 The Council will need to decide whether to dispose of its farm estate, and if so, to which degree.

3.4 Income Generation

3.4.1 The Estate does provide a substantial income via its agricultural rental and mineral royalty (circa £470k per annum). Following a period of reduction in farm rents in the early 2000s the agricultural rental market is now very robust and, with a realistic investment in farm buildings the return on capital is predicted to increase. It should be noted that farm estate revenue income is subject to the disaggregation agreement with Bedford Borough Council on a reducing basis until 2050.

3.4.2 Capital receipts have always provided a justification for retaining parts of the Farm Estate. Allocation of CBC farm estate land for development has been made in Local Development Plans and with a Corporate and Community approach it can continue to provide capital receipts in the future. It should be noted that there is an ongoing dispute with Bedford Borough Council regarding the potential disaggregation of capital receipts from the County Farm Estate which could effect the level of net receipts from sales.

3.5 Corporate need

Land could be available to enable service delivery objectives to be fulfilled e.g. for relocation of services to more appropriate locations.

3.6 Leisure/ Community Facilities

Land that is not identified for other uses could be of benefit to the community for leisure related activities. Even if the land is retained as part of the farm estate it can still provide recreational benefits; public access could also be facilitated and improved for walkers, riders and cyclist through the creation of formal and informal access routes.

3.7 Environmental Responsibilities

The Farm Estate could be leveraged to implement our environmental policies and statutory obligations covering both the natural and built environment. Agricultural land

is a key factor in terms of local distinctiveness and it is important that the council promotes management sympathetic to landscape character. Appropriate land management of the farmed estate can also help manage environmental risks and mitigate climate change causes and effects, including managing water quality and runoff, to reduce flood risk, and soil and carbon conservation.

Suggested Objectives for the Farm Strategy

The Farm Strategy, when developed, will set out a series of objectives. These are some suggested draft objectives for discussion;

4.1 Objective 1: Commercial Farm Enterprises

To promote and encourage commercial farm enterprises by providing full time opportunities for the creation of fixed term commercial farms;

To identify part time new young entrant and retirement opportunities and ensure a steady turnover making the best use of land held pending longer term development / sale

To promote rental growth, both agricultural and non-agricultural derived from conversion from secure to modern tenancies, improvement of holdings, amalgamation of units and promotion of non-agricultural opportunities such as farm retail, liveries and other diversifications. A target for growth year on year will be set.

To minimise rent debt.

4.2 Objective 2: Buildings

To realise (at vacant possession, or by negotiation, or bringing forward surplus and redundant buildings), the sale of identified surplus property on the Estate taking proactive steps to support the capital receipt programme.

To continue to reduce overall maintenance and management costs.

4.3 Objective 3: Environmental and Service Delivery

To deliver a range of environmental enhancements and promote environmental initiatives and to link with schools and colleges to provide a wide educational experience of farming and the countryside.

4.4 Objective 4: Development

To support economic regeneration by identifying a land bank of suitable sites for future LDF allocation, social housing, care opportunities and so on.

To promote asset release for example for infill sites

4.5 Objective 5: Effective Management

To establish effective commercial management of the farm estate, achieving a yield of 2% per annum.

The process for developing the Farm Strategy

- 5.1 In order to develop a strategy to refine and meet the draft objectives, the council needs to establish an evidence base and data regarding our current assets.
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5.2 This evidence base needs to be able to establish a view of the farm estate to assist in policy decisions to be taken on retention, maximisation of income and disposal over a period of up to 10 years, to include:

- A field by field appraisal with a view to identifying 'Core' and 'Non Core' estate, as described in Chapter 6 and identified as below
 - Commercial - commercial farm enterprises to encourage capital investment, enhance rent levels and provide opportunities for new lettings
 - Environmental and Service Areas – land and buildings to enable the corporate, environmental, leisure, or community requirements of the Council to be fulfilled.
 - § Buildings – land and buildings that can be used to maximise income from the estate during the required timeframe, for example barn conversions to start-up business units
 - § Development – land and buildings that should be used to achieve the maximum capital receipt.
- A programme of condition surveys on the farm estate to identify the level of investment required across the estate and to inform decisions on retention or disposal.
- A detailed Policy Scoping Report to examine all aspects of policy (national, regional/sub-regional and local) and market trends affecting the future of the CBC area. Existing CBC assessments and strategies will be key in producing this report:
- CBC Annual Local Economic Assessment
- Central Bedfordshire's Development Strategy
- Economic Development Plan 2012
- Employment land supply studies
- An analysis of any known major or unique requirements for development land in the CBC area and consideration of how the Farm Estate might satisfy those requirements
- Consideration of other income generating uses for the Farm Estate (e.g. renewable energy; biomass crops; carbon trading; equestrian & sport / recreation facilities etc)
- Consultation with farm tenants, the NFU, local land groups eg Marston Forest Centre, County Landowners Association on the direction for the farm estate (potentially via Working Group)

Beginning to 'segment' the farm and land holdings

6.1 Alongside the evidence and data collection described above, we need to begin the process of segmenting the asset base into 'core' and 'non-core' categories, with 'core' holdings being basically those which we wish to retain and 'non-core' being those which we may wish to dispose of.

6.2 The physical criteria for the 'core' holdings may include:

- Compact blocks of land with good internal access between fields;
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- Modern dwellings with basic accommodation and amenities or possibility to provide these at reasonable cost;
- Conveniently located in relation to the dwelling with good access and yard;
- Modern farm buildings of a general purpose type with good eaves height and easy entry for the highest and widest vehicles.

6.3 The economic criteria for the retention of holdings will reflect the profitability of the enterprises most likely to be undertaken. It is likely that full time commercial arable farms will be in the region of 500 acres. The economic criteria for the retention of land and property could be as follows:

- Land which has long term development value and which might otherwise be sold be not sold prematurely;
- Property will not be identified for sale where it would have a serious adverse effect on the value or management of retained land;
- Good and reasonable quality land in compact or closely related blocks will be retained.
- Isolated and detached blocks or poor quality land or properties which are uneconomic to retain can be highlighted for sale with vacant possession subject to existing tenancy restrictions.
- Retirement holdings on the Estate will not be offered
- There will be a presumption against capital investment except where it is essential and where:
 - the Plans are being implemented and a long term holding is substantially complete and where the fixed equipment is inadequate or does not meet H&S standards; or
 - substantial refurbishment to specific farm buildings of traditional construction is required to save consequential repair costs and where long term development potential is to be safeguarded; or
 - substantial capital receipts can be achieved over and above the capital expenditure; or
 - revenue income generation can be maximised on both land and buildings

The reduced number of holdings should lead to a gradual reduction, in real terms, in maintenance costs by selling surplus farm houses and redundant buildings.

Next steps

- 7.1 Over the coming months, the Council will invest in gathering the evidence set out in Chapter 4 and in consulting with farmers, tenants and customers on their vision for the farm estate. This will require some capital investment for stock and condition surveys and a bid has been made in the capital programme.
- 7.2 The aim will be to produce a strategy which has 'buy in' from customers and meets the broader regeneration objectives of the Council by the Summer of 2014.
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