

Corporate Services Overview & Scrutiny Committee

4th September 2014

County Farms and Smallholdings Strategy 2010 – 2025 Review

Recommendation:

That the Corporate Services Overview and Scrutiny Committee consider this report and comments upon the strategy appended to this report.

1.0 Background

1.1 The purpose of this report is to review the County Farms and Smallholdings Strategy 2014-2025 and retention of the Smallholdings Estate. There are 4 appendices:-

Appendix 1 - The current Warwickshire County Farms and Smallholdings Strategy 2010-2025

Appendix 2 - County Farms and Smallholdings Estate Profile 2014

Appendix 3 – County Farms and Smallholdings Estate Profile 2010

Appendix 4 – Options for the estates strategy considered in 2010

1.2 The Council has had an interest in smallholdings and allotments since 1892 when an Allotments and Smallholding Committee was formed. A brief history of how the County Farms and Smallholdings estate (the Estate) was assembled and the key national policy and legislation affecting smallholdings is set out as an Appendix in the County Farms and Smallholdings Strategy 2010-2025

1.3 In 2010 the County Farms and Smallholdings Strategy 2010 -2025 (the Existing Strategy), for the management and future direction of the Estate was endorsed by Full Council at its meeting on 29th June 2010.

1.4 Full Council unanimously agreed on a 15 Year Smallholdings Strategy to be reviewed every 5 years. The Council is undergoing significant changes to deliver the savings targets via the One Organisational Plan / Medium Term

Financial Plan and Corporate Overview & Scrutiny Committee has requested to review the strategy now, rather than in 2015 as scheduled.

1.5 A cross party member Task & Finish Group was established in 2009 to guide and inform the formulation of the Existing Strategy. At the Full Council meeting on 29th June 2010 the following Options were considered:

- Option 1: Early Wholesale Disposal
- Option 2: Disposal, retaining only land with development potential
- Option 3: Estate enhancement
- Option 4: Status Quo

1.6 Option 4 was adopted and we are now undergoing the first formal review since the Existing Strategy was put in place in 2010.

1.7 Prior to 2010 rental income for the Estate was low with a significant backlog of maintenance. The Estate is now much improved. Previously the priority need was to address maintenance of the existing infrastructure in accordance with lease agreements and compliance with legislation e.g. Nitrate Vulnerable Zone (NVZ) compliance.

2.0 Progress since adoption of the Existing Strategy

2.1 Since the 2010 Review the Existing Strategy has proved successful, resulting in significantly improved holdings, which command good levels of interest when available to let and an improved financial return for the Council. The summary of enhancements to the Estate since 2010 comprise:

- Farm houses and cottages, to be retained, brought up to Decent Home Standards
- All Dairy Farms to be retained are NVZ compliant
- Maintenance backlog being addressed, Stock Condition Survey carried out in 2014 shows maintenance liability decreased.
- Increased Rental Income by 30% since 2010.
- Reduction in protected Tenancies and age profile of Tenants as shown in update Profile at Appendix 2.
- Further surplus properties identified on Rural Asset Plan
- Process of amalgamation started to make viable full time holdings

3.0 Key Issues

3.1 The following are considered to be the key issues that need to be addressed in respect of the Estate.

3.2 Restructuring the Estate

3.3 The current Estate comprises 48 smallholdings and 22 bare land tenancies. 31% of smallholdings are less than 60 acres in size. Smaller holdings, whilst

allowing easier entry into farming for new tenants are generally less sustainable and less financially viable. Tenants need to secure employment off the farm, at least on a part time basis. We will seek to reduce the number of smaller scale holdings by pursuing opportunities to amalgamate holdings and / or bare land as and when possible to create fewer but more sustainable farms, with higher rents. This proposal gives greater opportunity to improve the standard and level of fixed equipment at the smallholdings, thereby improving the viability of any opportunities that are offered, and promote movement through and off the Estate.

3.4 We will seek to restructure the Estate with the ambition to increase the number of larger farms by amalgamation. There are currently fourteen 40 to 60 acre farms, seven of these have potential to be merged or amalgamated with other farms to produce more productive holdings.

3.5 Where there are no opportunities for amalgamation, smallholdings can be retained to provide easier entry for new tenants (potentially on shorter lease terms), or as alternative accommodation for retiring Council smallholdings tenants thus releasing larger smallholdings.

3.6 We will seek to dispose of surplus farmhouses and cottages as and when they become available, where not attached to a retained holding, or needed for a retirement holding. These properties are not required for operational purposes of the Estate. This proposal will reduce maintenance liability and generate capital receipts.

3.7 Disposal of parts of the Estate for development

3.8 The Estate still provides the Council with a significant source of capital receipts and it is estimated that a further 411 acres, equating to just over 8% of the Estate has the potential for development in the next 15 years. The Estate's role as a 'land bank' is very important but clearly is a diminishing asset, if not replaced. Rental income has increased by 30% since 2010, however if the size of the Estate diminishes, as a result of disposing of land for development or surplus property, total rental income produced by the Estate is likely to reduce over time.

3.9 The Council continues to promote large scale strategic development sites – see the Reports to Cabinet “Earmarking Capital Income Relating to Property Transactions” at its meeting on 25th March 2014 and “Disposal of Strategic land” at its meeting on 17th October 2013.

3.10 Strategic acquisition of replacement land

3.11 With the exception of land at South West Warwick, which was sold by the Council in February 2014 as a major residential development site, recent disposals of land within the Estate have been small scale.

3.12 Potential capital receipts for the disposal of smallholdings land are very significant if the Council is successful in securing planning permission for the large scale strategic development sites, see the referenced reports mentioned in para 3.9 above.

3.13 Disposals of significant parcels of the Estate will affect the viability of the remainder of those affected holdings and the Estate generally. Rent income levels will reduce, along with capital asset value. It is considered good practice to actively pursue options for investment in replacement land which offer significant improvement to the Estate and the attainment of its objectives. Where such land is close to existing holdings which prove to have long term development potential, there is the possibility of collateral benefit in the form of future capital receipts.

3.14 The Council has limited capital resources so any re-investment in the Estate would have to be justified as part of the setting of the overall capital programme.

3.15 Traditional Buildings

3.16 We will seek to address the issue of traditional buildings which have little or no value for agricultural use and are often a drain on the maintenance budget. Opportunities to dispose, or redevelop such buildings for an alternative use should be considered where continued operation of the holding is not adversely affected. Revisions to national planning policy should assist with potential conversions. The maintenance backlog liability for traditional buildings on the estate is £1.1m, this forms part of the total maintenance liability from the Stock Condition Surveys completed in March 2014.

3.17 Succession Policy / Letting Policy

3.18 We will seek to reduce the number of lifetime and retirement Agricultural Holdings Act 1988 smallholdings tenancies as swiftly as possible in order to give young entrants the opportunity to lease a smallholding and increase rental income by granting a fixed term Farm Business Tenancy (FBT) which provides a market rent, less maintenance liability for the Landlord and a greater amount of flexibility. Whilst Council smallholding tenants do not enjoy succession rights (i.e. no right for a tenancy to be granted to successive generations of the tenant's family), opportunities exist where a lifetime or retirement tenancy can be surrendered, by agreement, in return for a new FBT being granted to the existing tenant's child / children, or in joint names including the existing tenant.

3.19 It is proposed that where a suitable candidate satisfies the evaluation criteria to become a new Council smallholding tenant, including providing a viable business plan to the Council that a new FBT is granted accordingly. This proposal also gives the Council the opportunity to seek to write off the existing

tenant's capital improvements over the period of the FBT to minimise any compensation payments by the Council.

- 3.20 The current letting policy has proved successful with a number of younger, diverse farming enterprises being established within the Estate. A break clause is now included in leases to new tenants in the event of significant failure to achieve the targets set out in their approved business plan.

4.0 Next steps

- 4.1 That the findings and recommendations of the Corporate Services Overview and Scrutiny Committee inform the preparation of a revised County Farms and Smallholdings Strategy.

5.0 Background papers

27 May 2010 Cabinet Report Agenda 6 "County Farms and Smallholdings Strategy 2010 – 2025".

List of Appendixes:

- Appendix 1 County Farms and Smallholdings Strategy 2010-2025
- Appendix 2 County Farms and Smallholdings Estate Profile 2014
- Appendix 3 County Farms and Smallholdings Estate Profile 2010
- Appendix 4 Options for the Estate's Strategy considered in 2010.

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Warwickshire County Farms and Smallholdings

Strategy 2010 – 2025



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Cover Photo: Potato Harvesting at Heanley Farm, Hurley

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Warwickshire County Farms and Smallholdings: Estate Profile 2010
- published as separate document

Foreword by Portfolio Holder



The County Farms and Smallholdings Estate has been a part of Warwickshire County Council since the end of the nineteenth century. The key purpose of the Estate is to provide an entry into the industry for young aspiring farmers and to provide opportunities for rural enterprise. County Farms have an important role in providing such opportunities, enabling new entrants to build up stock and equipment. The Estate contributes significantly to the county in terms of promoting sustainable rural communities, biodiversity, local food production and the protection and enhancement of the Warwickshire landscape. The capital asset value of the Estate has increased significantly over the years and provides the Council with a regular and valuable source of capital receipts. This new strategy for County Farms and Smallholdings balances these priorities, giving tenants and officers a clear sense of direction and, just as importantly, ensures value for money for the Warwickshire taxpayer.

Cllr Alan Cockburn
Lead Portfolio Holder Decision Making

1. Executive Summary

1.1 The Strategy sets out the current position, including the size of the council's smallholdings estate, its location, the people who work on it and the activities they undertake an includes a review of the wider national and global agricultural context. It sets out a vision and strategy for the estate over the next fifteen years in the context of the council's current policies and its corporate priority to 'develop sustainable places and communities'. It lays out a set of ten policy principles for the management of the estate and twelve policies that the council will apply in relation to tenants and the councils day to day relationship with them including the role of elected members.

2. Vision

2.1 The vision is for a well managed estate with thriving and sustainable farms and rural businesses. It is for an estate that places sustainable agriculture at the centre of its mission and makes a major contribution to local food and farming by supporting existing tenants and providing opportunities for new entrants into agriculture.

2.2 County farms and Smallholdings can make a significant contribution to the council's core priorities, particularly 'Developing sustainable places and communities' by:

- (i) Promoting sustainable development and opportunities for sustainable agriculture and food production, through supporting tenants in farm diversification, developing local food links and enabling local people to develop local food initiatives including allotments and community supported agriculture projects.

- (ii) Sustaining and enhancing the resilience of rural communities by providing a diverse mixture of employment and good quality housing, so contributing to narrowing the gaps in those communities
- (iii) Providing opportunities for new entrants into agriculture who lack the capital needed to purchase a farm
- (iv) Respecting and enhancing the landscape, biodiversity and historic environment of the county

3. Corporate Policy Context

3.1 The purpose of the strategy is to provide direction for the management of the smallholdings estate over the next fifteen years, in the context of the council's existing policies and strategies including specifically, the council's:

- (i) Asset Management Plan.
- (ii) Capital receipts strategy.
- (iii) Affordable Housing Strategy.
- (iv) Climate Change Strategy.
- (v) Biodiversity Strategy and
- (vi) Environmental Sustainability Policy.

4. The Estate and the Agricultural Sector

4.1 The County Council has had an interest in smallholdings and allotments since 1892 when an Allotments and Smallholding Committee was formed. A brief history of how the estate was assembled, together with a summary of recent reviews of the estate and the key national policy and legislation affecting smallholdings is set out in **Annex 1**.

4.2 The estate is diverse and a significant presence in Warwickshire's rural communities, extending to over 2,000 hectares (5,000 acres), with forty six fully equipped farms. It provides an opportunity for people without significant resources, by letting out farms and smallholdings, mostly small in size, to start careers in agriculture, horticulture and rural enterprises. The Estate Profile (see **Annex 2**) gives a comprehensive picture of the Council's current holdings, including their location, the people who work on them and the activities they undertake.



Box 1 provides a snapshot.

Box 1

Warwickshire County Council's Farms and Smallholdings: a snapshot of the estate in 2010.

- It totals just over 2,000 hectares (5,000 acres) representing 1.3% of the agricultural land in the county.
- Had a value of £22.3million in 2009 (subject to existing land use and tenancies), an increase of 236% since 2003.
- Is made up of forty six fully equipped farms i.e. those comprising house, agricultural buildings and farm land.
- Has a further twenty cottages, many in need of renovation.
- Includes twenty six 'land only' holdings. These account for less than 15% of the estate.
- Has an annual revenue income of £540,000.
- Has a good mix of enterprises including dairying, mixed livestock, arable and horticulture.
- Is mainly composed of small 'entry level' holdings, typically 20-60 hectares.
- Has a high age profile of tenants, with many past normal retirement age.
- Has a 33% uptake of the Government's grant scheme for environmental stewardship of farm land, the Entry Level Scheme.

- 4.3 The council's farms and smallholdings operate like all other farms, in a global market, with extensive regulatory and fiscal regimes including national and European Union subsidies and incentives. Several of these are relevant to the economic health of the estate in the future.
- 4.4 The Single Farm Payment (SFP) is the principal agricultural support scheme in the European Union. Worth approximately £200 per hectare, all farm tenants on the Warwickshire Smallholdings Estate, except those on the very smallest holdings, will be in receipt of SFP support. The SFP is linked to a range of environmental and regulatory requirements under a scheme of 'cross compliance'. Together with the 'decoupling of subsidy from production' under SFP arrangements and the top up payments available through the Entry Level and Higher Level grant schemes, this affords opportunities for land to be farmed in more environmentally sensitive ways.
- 4.5 The future of the SFP is likely to be the biggest influence on the future of the sector. The subsidy is currently planned to end in 2012. It is not known if it will continue, be replaced by another form of subsidy, or end.
- 4.6 Market conditions within the sector are notoriously volatile with commodity prices subject to world markets/harvests. For stock farmers the relative value of Sterling against the Euro is significant as is the disease status of the national herd(s)/flock(s). Some small producers manage to mitigate these fluctuations by maximising 'added value', for example by secondary processing of produce, 'farm gate' sales, niche marketing, becoming organic, and/or through 'farm diversification'.

- 4.7 There is an increasing interest in food traceability, 'food miles', local and seasonal produce, community growing, allotments, the organic movement and healthy eating which the estate is in a position to contribute to.
- 4.8 All land in the county is within a Nitrate Vulnerable Zone and this places duties on both landlord and tenant, e.g. adequate storage, handling and disposal of slurry and silage effluent, mainly from dairy farms. Work is under way, with tenants, on capital improvements such as new slurry stores.
- 4.9 The levels of capital investment required to start in agriculture, makes the Council's smallholdings a vital element within the tenanted sector locally. It is often these new entrants who become the innovators that revitalise the sector and ensure growth in years to come. The tenanted sector for small farms has generally been in decline due to the amalgamation of farms since the 1960's.
- 4.10 The farmhouses and cottages on the estate have a similar status to other public sector residential properties. Decent homes are important for the health and well-being of those living in them. The condition of some dwellings on the estate is a cause for concern.
- 4.11 A pro-active approach to management of the estate is being implemented. This includes seeking to encourage tenants who are no longer actively farming a holding themselves to surrender the tenancy, in order that the holding be made available for new entrants to the industry. In some instances, this will require offering alternative accommodation e.g. through appropriate affordable housing developments, in line with the Council's recently adopted strategy, or in refurbished cottages on the estate.

5. Strategy

- 5.1 This Strategy for Smallholdings supports the core Council priority:

'Developing Sustainable Places and Communities'

The objectives that the Council seeks to pursue in maintaining a smallholdings estate are to:-

- (i) Promote rural resilience by identifying and developing successful farming and associated small business activities, identifying and bringing forward affordable housing opportunities and enhancing local food links.
- (ii) Support sustainable development by promoting environmentally appropriate systems of farming, waste minimisation and renewable energy opportunities on farms.
- (iii) Promote good stewardship of the land and the enhancement of the landscape and biodiversity.
- (iv) Ensure high levels of animal welfare on all farms.

- (v) Develop opportunities for Education for Sustainable Development in association with local schools and colleges.
- (vi) Maintain a stream of significant capital receipts from the selective disposal of land identified as having development potential through the planning process, to support the council's wider objectives and in doing so provide value for money for the Warwickshire council tax payer.

6. Policy Statement

6.1 The estate will be managed according to a set of principles that reflect these objectives. These General Policy Principles are:

- a. The estate will be managed so as to optimise benefits for the people of Warwickshire both as council taxpayers and as residents, to maximise their quality of life.
- b. The estate will be retained as an important strategic asset ('land bank') for Warwickshire County Council to enable the council to maximise the benefit of the asset for the people of Warwickshire.
- c. Strategic development land within the estate will be actively promoted to provide a significant continuing source of capital receipts for the council as part of its asset management strategy. Land sold for development will not be automatically replaced.
- d. Where a sound business case can be made for acquisitions to consolidate existing holdings, land can be purchased subject to capital being available. This is with the objective of maintaining a viable smallholdings estate in the longer term for the purpose of promoting sustainable development and food security.
- e. The estate will be managed in such a way as to contribute to the 'narrowing the gaps' agenda by reducing deprivation and improving the quality of life in rural areas through:-
 - (i) Improving the housing stock,
 - (ii) Supporting farm based businesses,
 - (iii) Enabling job opportunities and skills development,
 - (iv) Developing community involvement and
 - (v) Promoting access to well managed countryside.
- f. The estate will be managed so as to provide opportunities to encourage new entrants into agriculture and for appropriate expansion of existing businesses.
- h. Alternative uses and opportunities for diversification will be considered as holdings become vacant, which reflect the council's policies and priorities, as well assisting in the process of rationalising and/or amalgamating holdings to maximise their viability.

- i. The estate will be managed in such a way as to promote good stewardship of the land, to enhance the Warwickshire landscape and to conserve and further biodiversity.
- j. The estate will be managed in such a way as to safeguard the historic landscape and environment including, Sites of Special Scientific Interest , archaeological sites, listed and vernacular buildings, wetlands, woodlands, hedgerows and ancient trees.
- k. Properties on the estate will be brought up and maintained to a Decent Homes Standard as a priority for the council. Those tenants who sub let cottages will be assisted to improve those properties and achieve better rental returns.

7. Smallholdings Policies

7.1 The implementation of these General Policy Principles will be supported by specific policies towards tenants and the day-to-day relationship with them. There are three broad areas where policy translates into practice.

A. Tenancy Lettings

- (i) The Council will seek to maximise the opportunities for new entrants to the farming industry by management of the estate so as to ensure a regular turnover of tenancies. All new agricultural tenancies will be let as Farm Business Tenancies (FBT), normally with a maximum duration of twenty years.
- (ii) Where a holding is available to let, consideration will be given to an existing Council tenant whose holding with the council is to be disposed of for other purposes or substantially reduced and the tenancy has two years or more remaining.
- (iii) Where moving to a newly available holding to let, would appear to present an opportunity for business growth for one or more of the Council's existing tenants, the advertisement of the tenancy may in the first instance be confined to an internal competition from existing Council tenants.
- (iv) Where a tenancy is advertised (internally or externally), applications will be short listed and tenants interviewed by a Panel against published criteria to ensure fair and open competition that also respects the Council's equalities policies. The Panel will be constituted in accordance with the Council's constitution and comprise the Portfolio Holder and up to two other Members and relevant officers.

B. Tenancy Management

- (i) Tenants will be expected to occupy the holding and carry out their business in a way that respects the terms of the tenancy agreement(s). The Council will not tolerate absentee tenants and/or the subletting of land and/or buildings without express permission.
- (ii) Breaches of tenancy agreements will be addressed by direct communication with the tenant in the first instance so as to encourage the remedying of such a breach and to foster goodwill and cooperation. However, serious and/or persistent breaches will result in formal enforcement, referral to arbitration and/or legal action as appropriate.
- (iii) Significant breaches of animal welfare regulations will be subject to legal action via the Police, Trading Standards and/or other agencies as appropriate.
- (iv) For those tenants with retirement clauses at age 65 on Agricultural Holdings Act (AHA) tenancies, the Council will generally seek to invoke these clauses where alternative residential accommodation is, or can be made, available. The aim is to free up farms and make them available for new entrants to the industry.
- (v) For AHA tenancies without retirement clauses, the Council will seek to enter into constructive dialogue with tenants, and their advisors, to explore retirement options. Decisions will be made taking account of the wishes of the tenant, availability of alternative residential accommodation, the level of the tenants business activity on the holding, significant breaches and any other extenuating circumstances.

C. Tenant's Improvements under Farm Business Tenancies

- (i) Only improvements appropriate to the scale of the council's holding will generally be agreed. Larger scale developments to facilitate the farming of other non council land will be at the tenants risk and if necessary we will maintain this position to arbitration.
- (ii) Compensation to outgoing tenants will be based upon the actual costs incurred by the tenant at the time of construction to be agreed by the parties in advance of any improvement.
- (iii) Diversification of farm enterprises will generally be supported including through assistance with grant applications and 'signposting' to business development and training opportunities. Diversification outside of the terms of the current tenancy agreement must be agreed in advance with the Council and all relevant consents and permissions obtained by the tenant. Where diversification is appropriate and represents business growth, the Council will seek a rent increase as part of rent negotiations and/or in variations to the terms of the tenancy. Where diversification is significant, the Council in giving its consent will seek to negotiate a new agreement as an FBT, if the tenancy is not already one.

8. Monitoring and Review

- 8.1 Rental and income levels, tenant turnover, participation in recognised environmental and stewardship schemes and other indicators of the health of the estate will be monitored and benchmarked against the performance of comparable Smallholdings Authorities.
- 8.2 An Action Plan together with a review of progress on the Strategy will be produced annually as part of the Directorate business planning process. The Portfolio Holder in consultation with the Director of Environment and Economy will convene a working party of Members to meet from time to time as appropriate to scrutinise the working of the policy.
- 8.3 The Strategy will be formally reviewed every five years.

Annex 1 - History of the Estate, National Policy and Legislative Background

1. The County Council has had an interest in smallholdings and allotments since 1892 when an Allotments and Smallholding Committee was formed, with the aim of stimulating agricultural employment and arresting the decline of the small farm unit.
2. The 1908 Smallholdings and Allotments Act enabled local authorities to purchase land to create small farms to provide employment for ex-servicemen and other unemployed persons. Assemblage of the Warwickshire estate began in earnest in 1909 with the acquisition of Northfields Farm at Priors Marston, marking the start of Warwickshire County Council as a Smallholdings authority. This 198 acre farm was sub divided into several smallholdings. By 1914 a further twenty seven farms across the county totalling 1,899 acres had been acquired and divided into 5-15 acre plots which were farmed to supplement local peoples income.
3. The 1919 Land Settlement (facilities) Act provided for the development of further smallholdings and the settlement of returning ex-servicemen from the 1914-18 War. The objectives then were to create a 'farming ladder' for agricultural workers, and to address the fear of widespread post war unemployment. By the 1930's the estate had grown to some 6,656 acres and 400 smallholdings, including one acre 'horticultural strips' eight of which exist to this day. Despite the relative inexperience of tenants, many from non farming backgrounds and the agricultural depressions of the 1930's, there were few failures. Another forty nine farms were added to the estate up to the late 1930's
4. The next development of County smallholdings came with the Agriculture Act of 1947, post World War II and the 'Dig for Victory' Campaign. The general purpose of this Act was to promote stable and efficient agriculture. The provision of smallholdings was seen as 'a ladder by which experienced and otherwise suitable agricultural workers can rise from the ranks and become farmers on their own account'.
5. Regular purchases continued up to 1960 after which they tailed off, the last equipped farm purchased being Heathcote Farm, Warwick, in 1979. The Agriculture Act of 1970 made reference to the general aim of smallholdings and to the re-organisation of smallholdings estates; to amalgamate farms to provide more viable holdings. The Warwickshire estate also saw holdings amalgamated to provide more viable units in line with increased mechanisation and changes in farming practice.
6. Tenants on the County farm estates enjoyed lifetime tenancies. However, the effect of this was to stifle opportunities for new entrants. The Agricultural Holdings Act 1986 provided for retirement clauses at age sixty five to be inserted into new tenancies.
7. The advent of the fixed term Farm Business Tenancies under the Agricultural Tenancies Act in 1995 changed the position by enabling authorities to enter into

shorter fixed term tenancies, rather than the lifetime tenancies under the previous acts. Current legislation is no longer an impediment to using county farms as starter holdings.

8. A series of reviews of the estate took place during the 1990's. A review by external consultants in 1996 resulted in a number of farm disposals to sitting tenants together with the disposal of some cottages. A review in 2001 recommended:
 - (i) Developing larger holdings through further amalgamation of holdings and land purchases.
 - (ii) Disposal of peripheral land.
 - (iii) Focusing on the most economic units which were identified as the dairy farms.
 - (iv) Identifying suitable areas for social housing.

9. In November 2008 Sir Donald Curry issued a report '*The importance of the County Farms Service to the rural economy*'. It recommended that:
 - (i) County council smallholdings should be considered as an important strategic national asset that should be retained.
 - (ii) More effort should be made to support existing and future tenants on these estates to sustain their businesses.
 - (iii) There should be greater collaboration between individual county farms to help effective management.
 - (iv) Local authorities should seek to manage their disposals of land from estates 'in a more patient and thoughtful way' to maximise revenue from development sales while not undermining the principal objectives of the estates.
 - (vi) Local authorities should pay attention to the wider benefits derived from owning and managing their estates.

Annex 2 - Glossary

<i>Agricultural Holdings Act</i>	Former legislation that enabled County Council's to create and let <i>Smallholdings</i> . The act effectively created 'lifetime tenancies', many of which persist today. See also <i>Farm Business Tenancies</i> .
<i>Countryside Stewardship</i>	Scheme of grants made for farming and managing land in an environmentally sensitive manor, e.g. wide field margins for wildlife. Currently comprises an Entry Level Scheme and Higher Level Scheme (ELS and HLS respectively). Payments are to reflect the loss of income potential by farming land less intensively and/or to encourage biodiversity.
<i>Cross compliance</i>	The current scheme of regulation for farmers in receipt of the single farm payment under the <i>Single Payment Scheme</i> . Failure to comply puts payments at risk.
<i>Decent Homes Standard</i>	The Government standard stating that a home should be warm, weatherproof and have reasonably modern facilities, recognising that decent homes are important for the health and well-being of those living in them. The standard applies to all local authority and social housing.
<i>Diversification</i>	Any non agricultural business enterprise operating from an agricultural premise, e.g. farm shops, horse livery, etc.
<i>Entry Level stewardship</i>	See <i>Countryside Stewardship</i>
<i>Farm Business Tenancies</i>	Modern fixed term farm tenancy under the Agricultural Tenancies Act 1995. See also <i>Agricultural Holdings Act</i> .
<i>Higher Level Stewardship</i>	See <i>Countryside Stewardship</i>
<i>Nitrate Vulnerable Zone</i>	Legal designation for land within water catchments at risk of high levels of nitrates, recognising that over 60% of nitrates entering water courses do so as run-off from agricultural land, reducing Oxygen levels and compromising plant and animal life. Applies to all of Warwickshire.
<i>Single Payment Scheme</i>	Current scheme of agricultural support from the EU often referred to as the 'single farm payment'. It differs from previous support as the level of subsidy has been 'de-coupled' from production, i.e. payments are no longer per head of stock or per tonne of grain. Payments are linked to a scheme of <i>cross compliance</i> .
<i>Site of Special Scientific Interest (SSSI)</i>	Conservation designation and legal protection for nature and geological sites in the UK.
<i>Smallholding</i>	A small farm, often run by a sole trader or family on a full or part time basis.
<i>Vernacular buildings</i>	Built with local resources and local traditions, often contributing to the local distinctiveness and sense of place of an area.

Annex 3 - 100 Years of Warwickshire County Farms and Smallholdings



Commemorative oak tree being planted at Swan Farm, Grendon, by Cllr Barnes with tenant, Richard White, and Assistant Land Agent, Holly Hicks



Cllr Barnes, Chair of WCC, with Martin Stott, Head of Environment and Resources, with spring lambs



Cake celebrating 100 Years of Warwickshire County Farms and Smallholdings

Estate Profile

The County Farms Estate comprises 2064 hectares and was valued in 2009 at £22.36 million, and £25.71 million as at 31 March 2014.

Annual income from the estate in 2009/10 was £540,000, for the 2014/15 financial year the annual rent is forecast at £705,000. The rent increase has been achieved through a programme of rent reviews, negotiating Agricultural Holdings Act Tenancies on to Farm Business Tenancies at market rents and letting new holdings at higher rents.

Estate Profile

The number & type of tenancies on fully equipped holdings (house, buildings & land):

2014

Tenancy Agreement	No. of Farms with this agreement	
	2010	2014
Lifetime	16	13
Retirement	14	8
Farm Business Tenancy	16	24
Total	46	45*

*Shelford House Farm sold in 2013

The makeup of the estate:

- 45 fully equipped holdings.
- 26 land only holdings - majority of the land only holdings are let to estate tenants with equipped farms to improve size and viability of their holdings.
- 19 cottages - 18 cottages included within tenancies, 1 standalone cottage.
- 6 allotments - managed by the parish/borough councils; these are in Harbury, Moreton Morrell, Salford Priors, Bidford on Avon, Attleborough and Hurley. St Johns Allotments, Warwick are managed directly through Smallholdings.

There are also various horse grazing licences, fishing licences and commercial lettings across the estate e.g. Warwick International School of riding, Jubilee Pools Fishing Lakes and Bernhard Nurseries.

The range in the size of the fully equipped holdings on the Warwickshire estate.

Acres	No of Farms
Less than 20	1
20-40	0
40-60	13
60-80	8
80-100	23

Warwickshire County Farms and Smallholdings

Estate Profile 2010



For more information:

Website: www.warwickshire.gov.uk/smallholdings

Email: smallholdings@warwickshire.gov.uk

Telephone: 01926 412436

Write to: The County Land Agent
Warwickshire County Council
PO Box 43
Shire Hall
Warwick
CV34 4SX

Cover Photo Top: Harvesting at Coney Grey Farm, Ryton on
Dunsmore

Cover Photo Bottom: Dexter Cattle at Manor Farm, Ryton on
Dunsmore

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**Warwickshire County Farms and Smallholdings: Strategy 2010 – 2025
- published as separate document**

1. Introduction

Farms have been owned by Local Authorities for over 100 years. Following a period of acquisitions post the two world wars, and rationalisation to produce viable holdings from the 1960's to the 1990's, some authorities have followed a policy of disposal and sold off their estates while others have continued to maintain, and in some cases increase, the size of their holdings.

This Profile of Warwickshire County Council's Farms and Smallholdings ('the estate') details the size and nature of the estate and illustrates the range of activities carried out. It also refers to a number of key issues which provide a wider context for the information provided in the Profile.

2. The size and value of the estate

There is a varied picture of estate size around the country. Warwickshire County Council's Farm and Smallholdings Estate is approximately 2,037 hectares in size. An estate review in 1995 led to a series of disposals of farms to sitting tenants resulting in a 13.8% decline in the amount of land held.

In 2009 the estate was valued at £22.36 million. This valuation is subject to existing tenancies. Annual income from the estate is currently £540,000. However, significant land within the estate has development potential. It is currently estimated that approximately 240 ha or 12% of the estate has the potential for development in the longer term.

Capital re-investment: Famington Farm, Bidford on Avon

This mixed 150 acre holding included an old set of farm buildings of historic interest together with an adjacent derelict cottage. The Council recognised that the buildings were at the end of their useful life and disposed of the old complex to a local developer, utilising the capital receipt to build new 'fit for purpose' agricultural buildings on the holding.



The size of the estate is below average when compared to some neighbouring shire counties. Table 1. shows the estate area of a number of neighbouring authorities and their proportion of the total farmed area of their county.

Table 1. Estate area and comparison with neighbouring counties

County	Estate Area (ha)	Proportion of Total Farmed Area in County
Staffordshire	3522	1.8%
Gloucestershire	3450	1.6%
Leicestershire	3000	1.5%
Warwickshire	2037	1.3%
Worcestershire	1656	1.3%

Source: DEFRA/CIPFA County Farms and Rural Estates Statistics 2007

3. Tenants and tenancies

Turnover in tenancies has been slow. Consequently the age profile of the tenants is elderly. Table 2 shows an estimated current age profile of tenants

Table 2 Age profile of tenants

Age	Proportion of tenants in age band%
60+	40
50-59	35
40-49	17
<40	7

Key Points

- 40% of tenants are above the age of 60.
- The majority of tenants, 75%, on estate farms are over 50 years of age.

Tenancy agreements for the letting of county farms fall into two main types. These are 'lifetime/retirement tenancies' under the Agricultural Holdings Act 1986 and the newer 'Farm Business Tenancies' (FBTs) under the Agricultural Tenancies Act 1995, that run for a fixed term. The County Farms and Smallholdings Estate Team seek to move tenants onto FBTs when the opportunity arises. All new lettings are FBTs. Table 3 sets out the current proportions of tenancy agreements on the estate

Farm diversification: Carpenters Farm, Warmington

Estate tenant Robert Leach has been at Carpenters farm since 1988. His primary enterprise is rearing Shorthorn cattle and a flock of Badger Faced sheep. He saw a business opportunity to market his produce direct to local and passing customers through a farm shop. A small scale shop opened in the mid 1990's, with a cutting room for preparing his meat being added in 2001. With the increasing interest in local food the shop has recently been extended. He also retails milk from another WCC farm, as well as cheeses, vegetables and speciality produce.



Table 3. number and types of tenancy agreements

Tenancy Agreement	No. of Farms with this agreement
Lifetime/Retirement	30
Farm Business Tenancy	16

Key Points

- 65% of tenancy agreements on county farms are lifetime/retirement agreements.
- Farm Business Tenancies tend to be held by those in the younger range of the tenant age profile.

4. The makeup of the estate

The estate mainly comprises a number of farms, bare land and stand alone cottages. In addition, however, there is small amount of allotment land as well as a range of commercial letting arrangements on the estate. For example Warwick Greyhound Track and the Warwick International School of Riding at Guys Cliff are part of the estate.

4.1 The farms – ‘Fully equipped holdings’

There are forty six farms or ‘county farms’ and smallholdings. These are described as ‘fully equipped’ and this refers to the presence of a farmhouse, agricultural buildings and land. These farms cover approximately 1,708 ha and make up some 85% of the area of the estate and account for approximately 80% of the estate’s income.

Farm diversification: Butlers Road Farm, Long Compton - Bed and Breakfast

Estate tenant Peter Whittaker runs a 114 acre beef enterprise on this Cotswold holding. His wife Eileen has used the farmhouse to offer B&B for a number of years. They can offer up to 8 bed places. They are Heart of England Tourist Board approved 3 star, and provide a base for family holidays in the summer and frequently take visitors round the farm buildings to see calves being born and other farming activities.



Farm holdings on the estate are dispersed throughout the county. The maps show their location. Table 4 below illustrates the number and proportion of farms and land in each borough/district.

Table 4. Distribution of farms and smallholdings by borough and district

Borough/District	Number of Farms	Proportion of all farms on estate %*	Area (ha) covered by farms	Proportion of land area of all farms on estate %*
North Warwickshire	6	13	244	14
Nuneaton & Bedworth	2	4	115	7
Rugby	13	28	439	26
Stratford on Avon	20	43	752	44
Warwick	5	11	163	10

*Total does not equal 100 due to rounding

Key Points

- Stratford on Avon District contains both the highest number of farms and the largest land area of the county farms. 43% of the county farms are in the Stratford on Avon District.
- Approximately 70% of farms are in Stratford on Avon District and Rugby Borough.
- Although Nuneaton and Bedworth Borough has just two farms, it contains the largest farm on the estate.

Table 5 shows the range in the size of the fully equipped holdings on the Warwickshire estate.

Table 5. Size of farm holdings

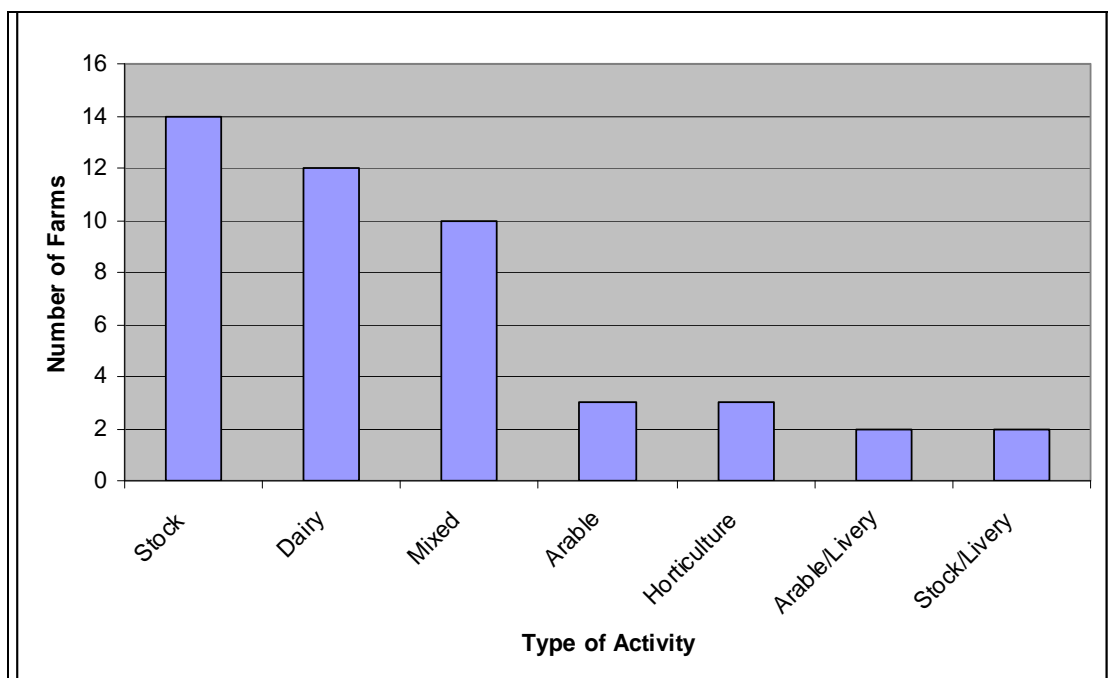
Holding Size (Ha)	Number of Farms	Proportion of Farms at this Size %
< 20	12	26
20-40	13	28
40-60	14	30
60-80	6	13
80-100	1	2

Key points:

- 26% of the farms on the estate are less than 20 hectares.
- The majority of farms on the estate, 58%, are between 20 and 60 hectares.
- The smallest farm is 1.65ha, the largest is 94.65 ha. The former is a small stock enterprise, the latter a dairy farm. Stock farming refers to the rearing of animals which, in practice, on the estate means cattle (other than dairy) and/or sheep.

Figure 1 shows the different types of farming carried out on the estate.

Figure 1. Types of farming activity



Key Points

- 30% of the estate farms are stock farms.
- Just over a quarter of the farms on the estate are dairy farms.
- A fifth of the estate farms are mixed arable and stock farms
- Four farms include a livery enterprise as part of their activities

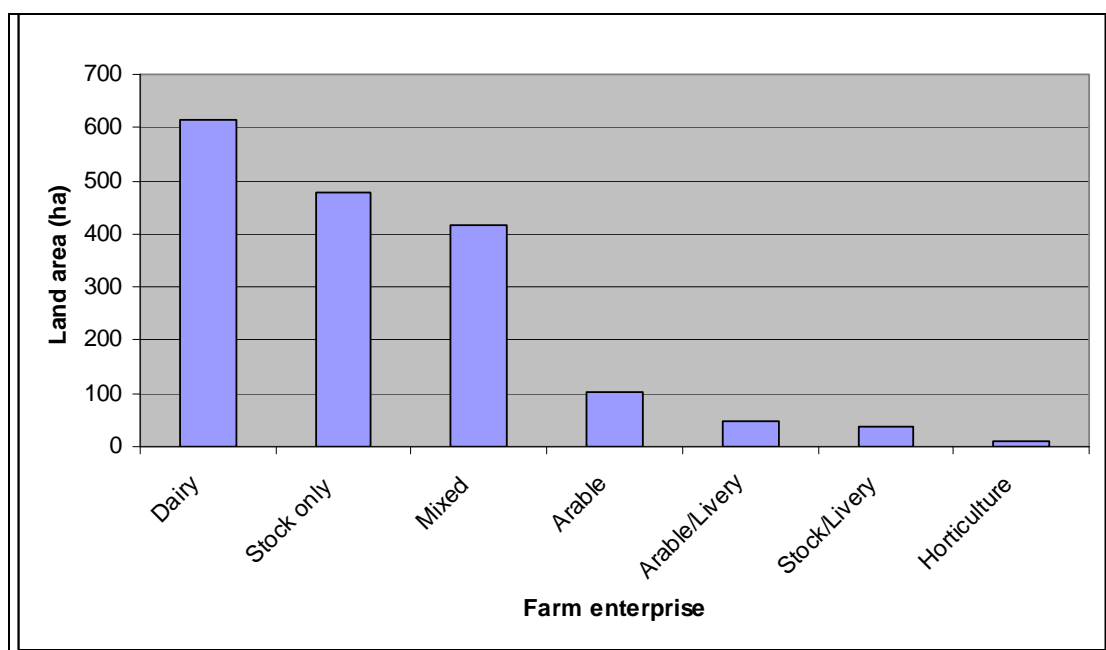
Pedigree Dairy Herd: Top Farm, Weddington, Nuneaton

Tenant Ian Showell, together with his wife Karen and son James, manage this 240 acre dairy. James is the third generation of Showells at Top Farm. The Council invested in a new dairy building in 2009 with the tenant providing the fixtures and fittings. The herd at Top Farm was the only holding on the estate to be culled as a result of the Foot and Mouth outbreak in 2001. The Showells have since rebuilt a prize winning Holstein-Friesian herd that are highly productive and are, unusually, milked three times a day.



Figure 2 shows the land area on estate farms devoted to each type of farming activity.

Figure 2 Area of land by farming activity



Key Points

- 36% of the land on equipped farm holdings is devoted to dairy farming. This equates to approximately 30% of the total estate
- Just over a quarter of land on estate farms is stock only farming
- A further quarter of the land on estate farms is mixed arable and stock farming.
- Horticulture accounts for just 0.6% of the land used on estate farms.

Table 6 shows the average size of estate farms involved in the above enterprises.

Table 6. Size of estate farms

Enterprise	Average size of farm (ha)
Dairy	51
Mixed	42
Stock Only	34
Arable Only	34
Arable/Livery	23.5
Stock/Livery	19.5
Horticulture	3

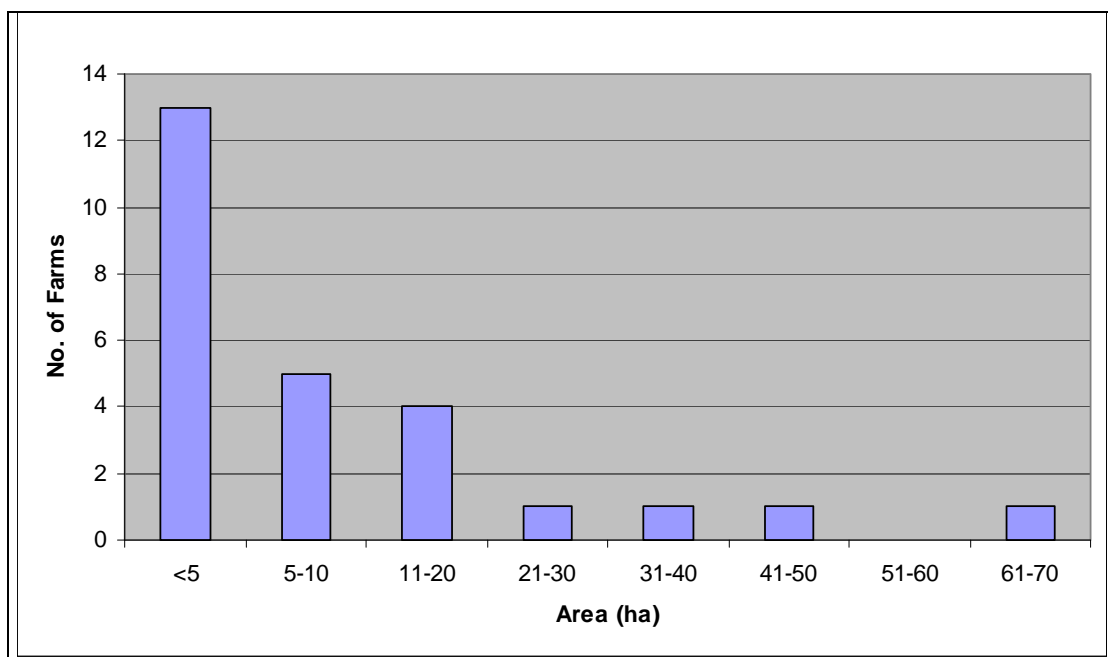
Key Points

- Dairy farms on the estate have the largest average size.
- The average size of mixed farms on the estate is higher than those involved in either stock only or arable only farms.

4.2 Land only Holdings

There are twenty six land only holdings on the estate. They consist of bare land and may have agricultural buildings but no farm house. These holdings total 286 ha and account for approximately 14% of the total estate area. Figure 3 shows the size of land only holdings

Figure 3. Distribution of land only holdings by size



Key Points

- The majority, 85%, of land only holdings are less than 20 hectares.
- Half of the land only holdings are less than 5 hectares.
- 40% of land only holdings are for arable enterprises
- Approximately 30% of land only holdings are used for stock enterprises.
- Approximately a quarter of land only holdings are rented by tenants on fully equipped farms under separate tenancy agreements to their farm holding.
- Just over half of the land only holdings area (153ha) is rented by tenants on fully equipped holdings.

In six cases, land only holdings are let to existing estate tenants with equipped farms, to improve the size and viability of their holdings. These are not included in the figures above.

4.3 Allotments and 'horticultural strips'

A small proportion of the estate's land comprises allotments and horticultural strips. Together these total 6.7 hectares and account for just 0.3% of the total estate area.

There are also four allotment sites as part of the estate. Three of these, located in Harbury, Moreton Morrell, and Salford Priors are managed by the local Parish Councils. One, in Nuneaton is managed by the Borough Council.

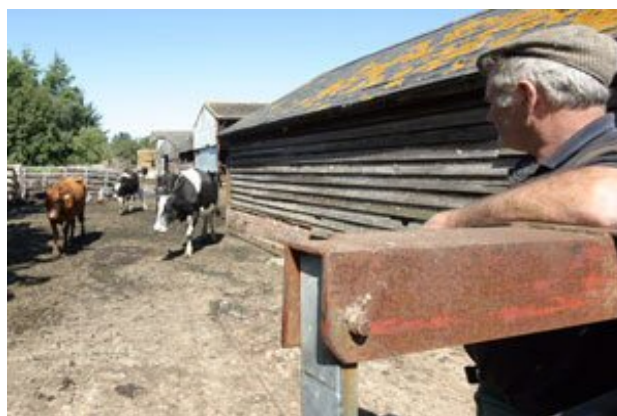
There are also eight 'horticultural strips' which are significantly larger than an allotment, and are typically about 0.5ha each. These are located in Bidford on Avon and licence agreements regularise the arrangements with the individual tenants. They are a remnant of medieval strip farming systems and of considerable historical interest.

4.4 Cottages

There are twenty one cottages on the estate which are let to tenants under a variety of tenancies. Some of the cottages are stand alone dwellings while others are sub let by tenants on the estate's equipped farm holdings.

Affordable housing: Mabels Farm, Ilmington

Mabels Farm, Ilmington is a 70 acre dairy farm with land on the periphery of the village. A local need for affordable housing has been identified and following discussions with Warwickshire Rural Housing Association, 0.8 acres of land has been earmarked for social housing. It is proposed that the land will be sold at agricultural rather than development value, to enable the development to proceed. The scheme demonstrates the potential for the estate to contribute to the Council's Affordable Housing policy.



4.5 Environmental Stewardship and Woodlands

The Campaign for the Farmed Environment, is a voluntary scheme to encourage environmental benefits on farmed land. There is a national target of 70% of all farmland to be managed in an agri-environment scheme by June 2012. Nineteen farming tenants are currently signed up to the Entry Level Scheme for environmental stewardship covering 675 ha of the estate. At present, approximately 33% of the farmed estate area is under an environmental stewardship scheme.

The estate also contains a number of small areas of woodland. It is estimated there is in total about 40 ha of woodland across the estate. This is mostly in small parcels, often within or adjacent to existing holdings, but not necessarily part of the tenancy agreement.

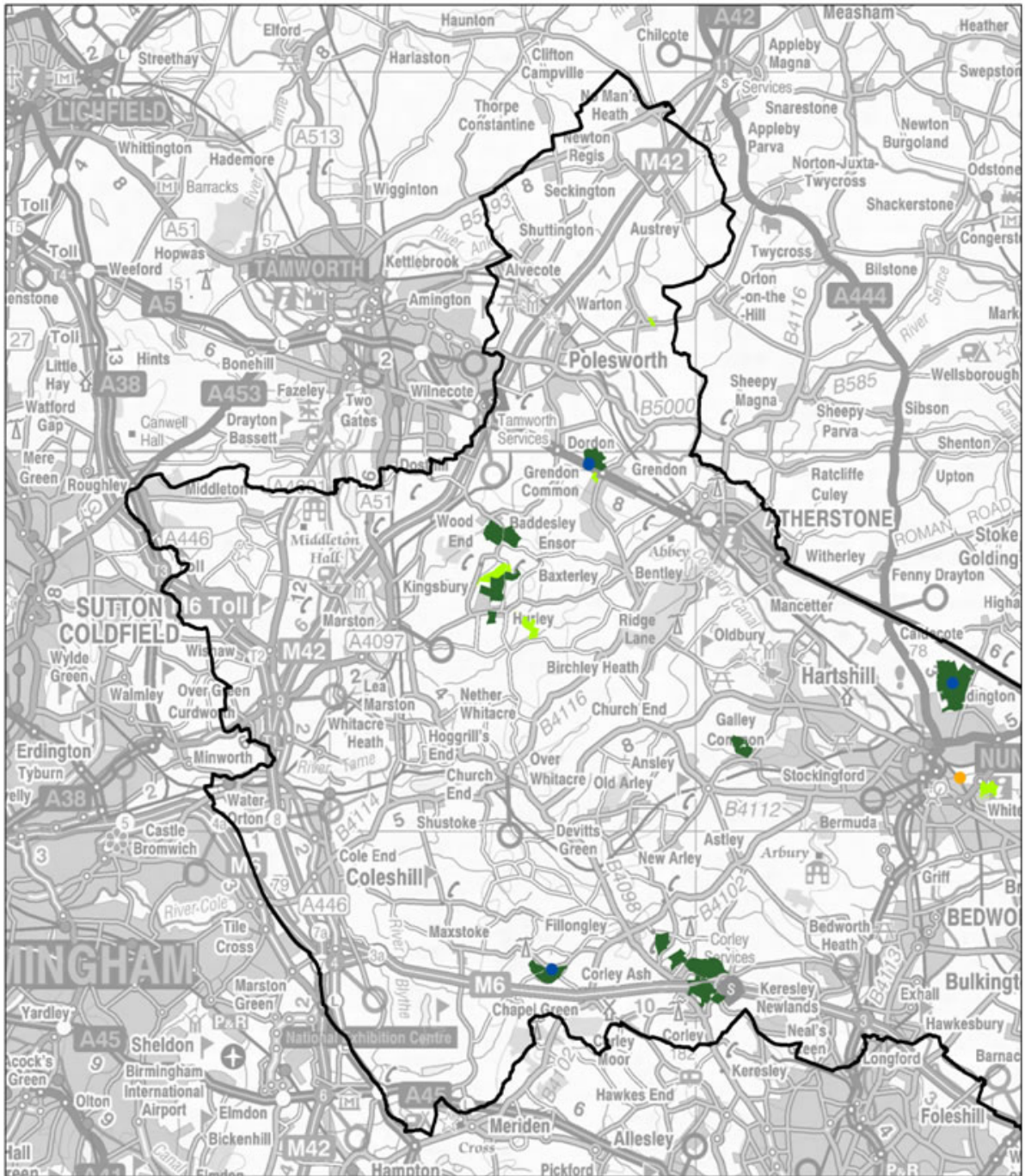
The largest single area is Bob's Wood, Corley, a mixed woodland of 2.5 ha.

Warwickshire County Council has recently commissioned consultants to evaluate the biomass potential of existing woodland. The report will also include an evaluation of the potential for growing biomass fuels on other land owned by the County Council such as country parks.



Allotments, Harbury

Annex 1 - Maps

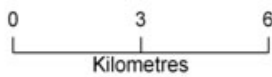


Warwickshire Smallholdings (August 2010)

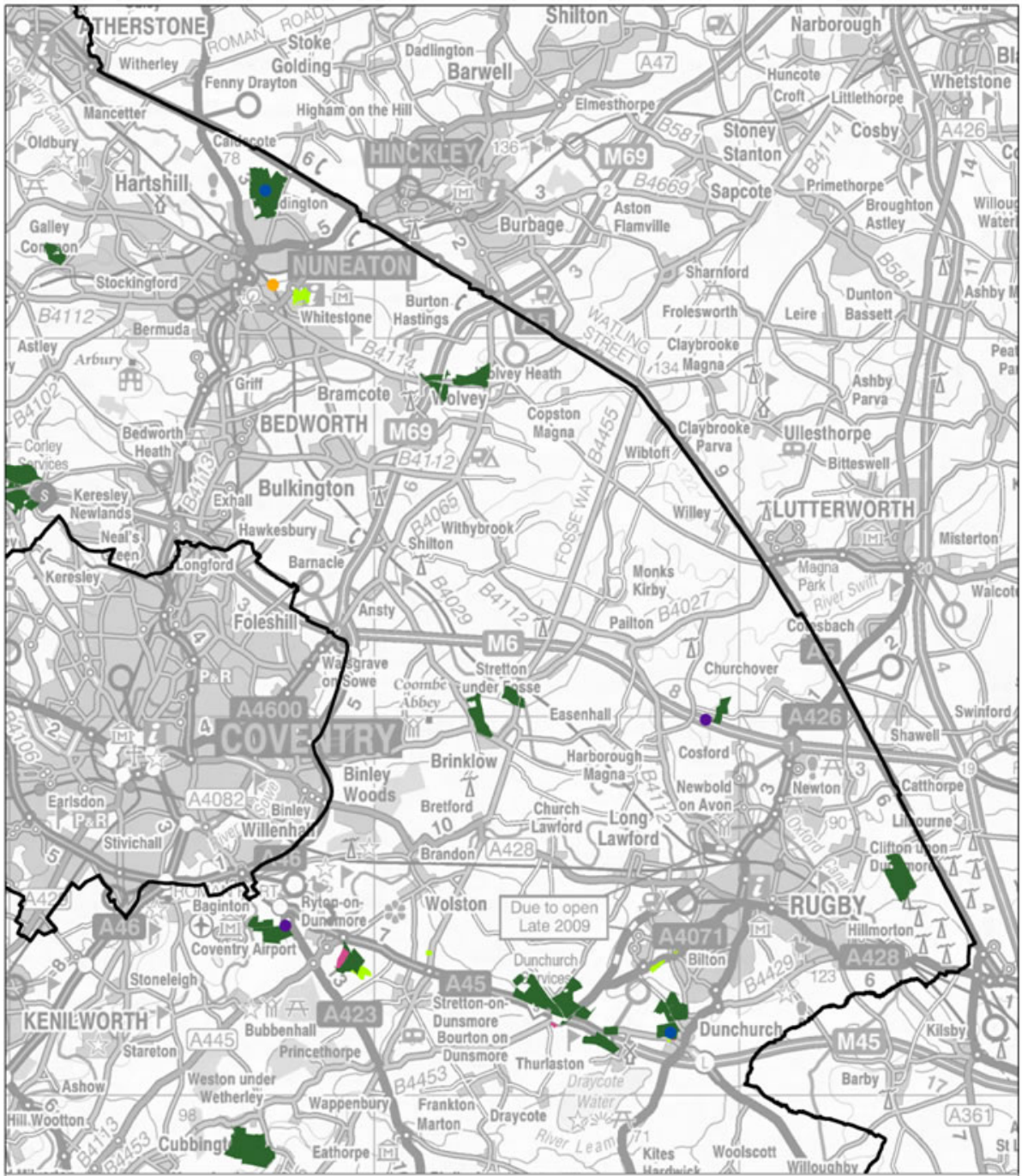
- Warwickshire County Boundary
- Bare Land
- Cottage (Stand Alone)
- Commercial Letting
- Cottage (Sub-let)
- Equipped Farm Holding
- Allotment
- Miscellaneous



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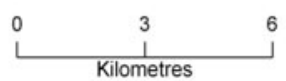


Warwickshire Smallholdings (August 2010)

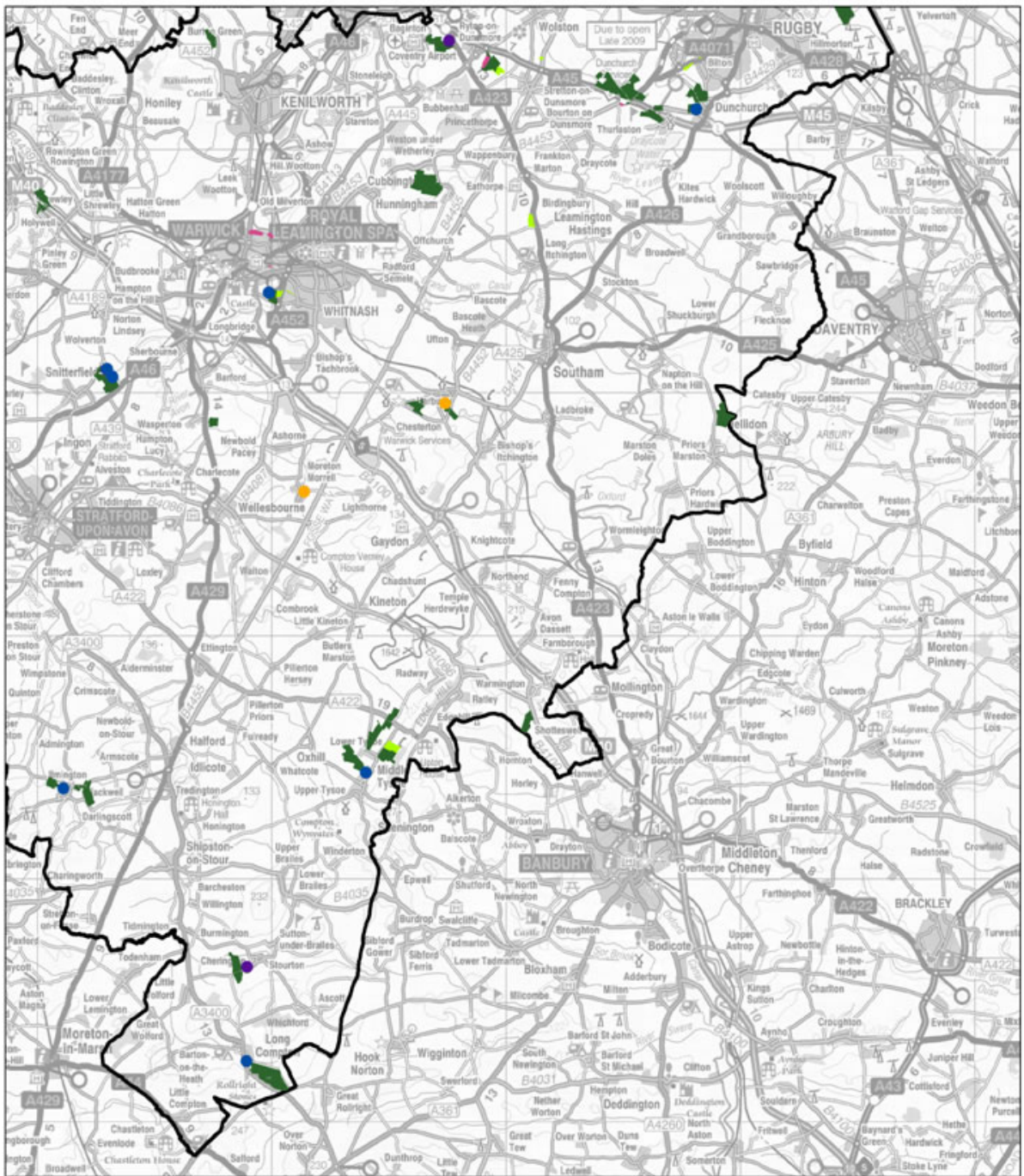
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- Equipped Farm Holding
- Miscellaneous



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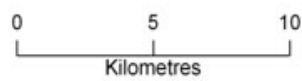


Warwickshire Smallholdings (August 2010)

- Warwickshire County Boundary
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- Allotment
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- Commercial Letting
- Equipped Farm Holding
- Miscellaneous



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Annex 2 - Glossary

<i>Agricultural Holdings Act</i>	Former legislation that enabled County Council's to create and let <i>Smallholdings</i> . The act effectively created 'lifetime tenancies', many of which persist today. See also <i>Farm Business Tenancies</i> .
<i>Countryside Stewardship</i>	Scheme of grants made for farming and managing land in an environmentally sensitive manor, e.g. wide field margins for wildlife. Currently comprises an Entry Level Scheme and Higher Level Scheme (ELS and HLS respectively). Payments are to reflect the loss of income potential by farming land less intensively and/or to encourage biodiversity.
<i>Cross compliance</i>	The current scheme of regulation for farmers in receipt of the single farm payment under the <i>Single Payment Scheme</i> . Failure to comply puts payments at risk.
<i>Decent Homes Standard</i>	The Government standard stating that a home should be warm, weatherproof and have reasonably modern facilities, recognising that decent homes are important for the health and well-being of those living in them. The standard applies to all local authority and social housing.
<i>Diversification</i>	Any non agricultural business enterprise operating from an agricultural premise, e.g. farm shops, horse livery, etc.
<i>Entry Level stewardship</i>	See <i>Countryside Stewardship</i>
<i>Farm Business Tenancies</i>	Modern fixed term farm tenancy under the Agricultural Tenancies Act 1995. See also <i>Agricultural Holdings Act</i> .
<i>Higher Level Stewardship</i>	See <i>Countryside Stewardship</i>
<i>Nitrate Vulnerable Zone</i>	Legal designation for land within water catchments at risk of high levels of nitrates, recognising that over 60% of nitrates entering water courses do so as run-off from agricultural land, reducing Oxygen levels and compromising plant and animal life. Applies to all of Warwickshire.
<i>Single Payment Scheme</i>	Current scheme of agricultural support from the EU often referred to as the 'single farm payment'. It differs from previous support as the level of subsidy has been 'de-coupled' from production, i.e. payments are no longer per head of stock or per tonne of grain. Payments are linked to a scheme of <i>cross compliance</i> .
<i>Site of Special Scientific Interest (SSSI)</i>	Conservation designation and legal protection for nature and geological sites in the UK.
<i>Smallholding</i>	A small farm, often run by a sole trader or family on a full or part time basis.
<i>Vernacular buildings</i>	Built with local resources and local traditions, often contributing to the local distinctiveness and sense of place of an area.



Cattle at Herberts Farm, Middle Tysoe



Sheep at Bridge Barn Farm, Hunningham

Options

The strategic options for the Estate, which were considered in 2010, are as set out below.

1.0 Option 1: Early Wholesale Disposal

1.1 This would involve the disposal of the whole Estate as a single entity to an institutional investor.

1.2 Advantages:-

- (i) The Council would obtain an immediate significant capital receipt.
- (ii) There would be no ongoing management costs associated with the Estate.

1.3 Disadvantages:-

- (i) The capital receipt would be a 'one off'. There would be no opportunity to exploit landholdings as and when their development potential became realisable.
- (ii) The capital receipt would reflect hope value for land with development potential but the Council is likely to receive a significantly reduced capital receipt from wholesale disposal rather than marketing sites for development with the benefit of planning consent or allocation for strategic development in Local Plans.
- (iii) The Council would be ceding one of its most powerful levers in influencing the sustainable communities and places agenda in rural Warwickshire.
- (iv) There would be a risk of reputational damage, particularly in rural communities.
- iv) The Council would lose its ability to introduce a new generation of farmers to the industry.

2.0 Option 2: Disposal, retaining only land with development potential

2.1 This could be achieved by disposal to an institutional investor, or in lots, some to tenants.

2.2 Advantages:-

- (i) Significant capital receipt.
- (ii) Would retain those parts of the Estate which were likely to have development potential - in the region of 8% or approx. 166 hectares of the total.

2.3 Disadvantages:-

- (i) The capital receipt would be much smaller than in Option 1 due to sale of a reduced acreage and limited hope value.
- (ii) The saleability of this element of the Estate, for a price that could be considered to be value for money for the Warwickshire taxpayer at this time, must be doubtful with remaining lifetime tenancies.
- (iii) There would be a residual estate to manage which would not be cost effective and would be too small to allow meaningful smallholdings activity.
- (iv) The Council would be ceding one of its most powerful levers in influencing the sustainable communities and places agenda in rural Warwickshire.
- (v) There would be a risk of reputational damage, particularly in rural communities.
- (vi) The Council would lose its ability to introduce a new generation of farmers to

the industry.

3.0 Option 3: Estate Enhancement

3.1 Use a proportion of capital receipts generated from disposal of smallholdings land for development to acquire replacement land to maintain a similar acreage to existing to maximise its viability.

3.2 Advantages:-

- (i) Maintains the Council's asset base.
- (ii) Ensures the critical mass of the Estate is maintained and that the size of holdings are viable.
- (iii) Provides a 'lever' to assist in the Council's wider policy objectives in rural areas.

3.3 Disadvantages:-

- (i) Acquiring more land is expensive and not necessarily a priority in view of the Council's limited capital resources.

4.0 Option 4: Status Quo

4.1 A recognition that the size of the Estate will gradually diminish as land with development potential is disposed of.

4.2 Advantages:-

- (i) There is a constant stream of capital receipts to the Council over many years.
- (ii) The Estate is maintained and, through active management, is consolidated and improved.
- (iii) Opportunities to promote the Council's wider policy objectives in rural areas e.g. affordable housing development are retained.

4.3 Disadvantages:-

- (i) In the long term the Estate will become smaller and overheads will be spread over fewer farms.