

<b>SCRUTINY COMMISSION FOR RURAL COMMUNITIES</b>	<b>Agenda Item No. 5</b>
<b>12 JANUARY 2015</b>	<b>Public Report</b>

## Report of the Executive Director of Resources

Contact Officer(s) – Jonathan Lewis – Assistant Director – Education, Resources and Corporate Property

Contact Details – 01733 863912 / [jonathan.lewis@peterborough.gov.uk](mailto:jonathan.lewis@peterborough.gov.uk)

## STRATEGY FOR THE RETENTION AND DEVELOPMENT OF THE FARMS ESTATE

### 1. PURPOSE

- 1.1 The purpose of this report is to present the draft Strategy for the Retention and Development of the Farms Estate to the Scrutiny Commission for Rural Communities.

### 2. RECOMMENDATIONS

- 2.1 The commission is asked to review the proposed strategy and make comments and recommendations before the final version is agreed and presented to Cabinet.

### 3. LINKS TO THE SUSTAINABLE COMMUNITY STRATEGY

- 3.1 This report links to the delivery of sustainable growth through the effective management of the Farms Estate.

### 4. BACKGROUND

- 4.1 The Peterborough Farms Estate was purchased by the Council approximately 100 years ago. It is a statutory smallholdings estate held by the Council under the provisions of the Agriculture Act 1970. Section 39 of the Act states;

*“In the performance of their functions under this Part of this Act smallholding authorities, having regard to the general interest of agriculture and of good estate management, shall make it their general aim to provide opportunities for persons to be farmers on their own account”.*

- 4.2 Central government policy is to encourage all smallholdings authorities, such as Peterborough, to retain and develop their farms estates with the following aims:

- *To provide opportunities for new entrants into farming*
- *To provide examples of best practice*
- *To provide a positive link between the city and the surrounding rural land*
- *To support the local rural economy*

- 4.3 The most recent government report *The Importance of the County Farms Estate to the Rural Economy*, November 2008, made a number of key recommendations, including:

1. *Regional Economic Strategies should recognise the importance of the County Farm structure as a crucial entry point for new entrants to agriculture*
2. *Local authorities should take a longer-term view when considering sale of land to seek to maximise revenue for development whilst not undermining the principle objectives of the estates*
3. *Local authorities should develop the wider benefits of their holding with particular*

*regard to renewable energy, local food, public access, education, employment and the broader rural economy*

- 4.4 The farms estate consists of a total land area of 1,217 hectares (3,007 acres) consisting of :-
- 15 equipped holdings (with house and buildings)
  - 7 holdings with land and some buildings (no dwelling)
  - 12 bare-land lettings (no buildings)
- 4.5 The estate is located in three areas of the city: Newborough, Thorney and Fengate. Newborough has by far the largest number of assets and accounts for nearly 90% of the estate by area.
- 4.6 The farm estate the council retains is a valued and important aspect of the work of the city council and the character of the authority. The council needs to protect these assets whilst maximising their financial benefit of these assets and enhancing the rural economy. There has not been a significant review of the farm estate for many years and at the meeting of the committee on the 20<sup>th</sup> January, it was proposed to establish a task and finish group to develop a formal strategy.
- 4.7 The agreed terms of reference for this group were to –
- Ensure that the profile of the farm estate is raised, both within the council and members but also to the public including the key role it has played for the City over a number of years going back to 1913.
  - Develop a strategy for the farms estate and their use into the future
  - Consider options around realising maximum value from the estate, including financial, social and environmental returns. Financial considerations include options for sale, expansion, rental levels, alternative uses, attracting external funding or invest to save proposals.
- 4.8 The task and finish group is a cross party group consisting of the following members –
- Councillor David Over  
Councillor Judy Fox  
Councillor Ed Murphy  
Councillor David Harrington
- The group has been supported by Jonathan Lewis, Jo Gresty with considerable support from officers within Democratic Services. The task and finish group has met on the following occasions –
- 29<sup>th</sup> April  
3<sup>rd</sup> June  
15<sup>th</sup> July  
9<sup>th</sup> September  
27<sup>th</sup> October  
2<sup>nd</sup> December
- 4.9 The group has been given a detailed oversight of the farm estate including its history, opportunities, challenges and potential future options for its use. This has include a tour of the estates and two meetings with representatives from the Peterborough City Council Tenant Farmers Associations and the National Farmers Union (NFU).

## **5. KEY ISSUES**

- 5.1 In developing a formal strategy for the farms estate, the group considered strongly the areas outlined in 4.1, 4.2 and 4.3 of this report – why we have ownership of the farm estate, what we want to achieve from this land holding and what are central governments expectations. The outcome of significant deliberation can be found in the draft farm strategy in appendix 1.

- 5.2 In the early stages, the group considered the potential outright sale of the farm estate. Whilst the estate does have a realisable value in its current configuration, its value could be enhanced in two ways –
1. Selling land which is in vacant possession is more value than land which has tenancy arrangements over it.
  2. The value of the asset would be enhanced through investment and review. The strategy makes provision for this.
- 5.3 In addition, the group felt the intangible benefits that came from the effective stewardship of the farms estate were significant and therefore this option was not considered any further at this time. However, the group still felt that, where appropriate, surplus land should be considered for disposal.
- 5.4 The strategy sets out principles for the management of the estate. A further document is being developed for a 10 year budget strategy for the farm estate which looks at how to maximise return sustainable, invest in the farm estate and delivering the strategy. It considers how to continue to create a revenue return to the council whilst ensuring competitive rents and investment in the estate including the development of assets which have not been maintained for many years. An early draft has been shared with the task and finish group. This document needs further refinement and internal agreement but helps operationalise the farm strategy.
- 5.5 The strategy will need to be reviewed in light of any proposals around use of the farm estate for energy production but has been written on the basis that the land at America’s Farm is either available for farming or used for a different purpose. Given it is an isolated plot from the other estate, it does not have a material impact on the strategy.

## **6. IMPLICATIONS**

- 6.1 Whilst the strategy establishes a framework for managing the farm estate, further work is required to develop the action plan that sits below these objectives. This action plan will have implications in terms of finance, legal and property considerations. Appropriate decision making processes will be undertaken and information will be shared with committees where requested and / or appropriate.

## **7. CONSULTATION**

- 7.1 The Task and Finish group has consulted with the tenant farmers of the City Council in preparing the strategy and they have supported the strategy as outlined in Appendix 1.

## **8. NEXT STEPS**

- 8.1 Providing the Sustainable Growth and Environment Capital Scrutiny Committee supports the proposed strategy, it is intended to take the strategy to Cabinet for approval for the next 5 year period. A more detailed action plan has been developed and this will be further developed now a strategy outlines the proposals for the farm estates. It is proposed an annual report is taken to the committee on the farms estate.

## **9. BACKGROUND DOCUMENTS**

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- 9.1 None

## **10. APPENDICES**

- 10.1 Appendix 1 – Draft Peterborough City Council Farm Strategy  
Appendix 2 – Plans of Farms Estate

**Peterborough City Council - Strategy for the Retention and Development of the Farms Estate**

Part 1 – Strategy Statement

1. Objectives
2. Implementation of Objectives
  - 2.1 Financial
  - 2.2 Agricultural
  - 2.3 Social & Environmental

Part 2 – Supporting Information

I Background to the Peterborough Farms Estate

History

The Agriculture Act 1970

Current Central Government Policy

Food Strategy

II Plans of Farms Estate

Land at Newborough

Land at Thorney

America Farm

## **Peterborough City Council**

### **Strategy for the Retention and Development of the Farms Estate**

The overall strategy for the estate is to retain it as a viable land holding which will provide significant benefit to the people of Peterborough.

The strategy identifies the principle objectives of ownership and the methods by which the objectives may be achieved.

The estate is subject to many changing influences, many of which are beyond the Council's influence. The strategy is designed to give the Council the flexibility to react to changing financial, social and environmental circumstances.

The strategy will be supported by three yearly and ten yearly programs which will be updated annually. It is within these programs that the details of projects will be agreed by the Council.

#### **1. Objectives for the Peterborough Farms Estate**

##### **OBJECTIVE 1 – Financial**

- Promotion of viable farm enterprises
- Maintenance of rental and capital values of the estate
- Sale of property which is genuinely surplus to the operating requirements of the estate or which are not financially viable to retain

##### **OBJECTIVE 2 – Agricultural**

- Provide opportunities new farm businesses, new entrants into farming and opportunity for diverse farming related enterprises
- Encourage sustainable farming practices and businesses

##### **OBJECTIVE 3 – Social & Environmental**

- Provide opportunities for varied use, environmental and social benefit to the people of Peterborough.
- Where appropriate non-agricultural uses will be integrated with agricultural use

## **2. Implementation of Objectives**

### **2.1 Financial**

#### **a) Investment –**

The estate has not had any significant investment in the repair and improvement of its fixed equipment (mainly houses, farm buildings and land drainage) since the 1970s.

To maintain the rental and capital value of the estate as well as to provide the basis for viable farming businesses, the Council will undertake targeted investment in the repair and improvement of the estate. The Council will seek a sustainable financial return on the cost of investment.

#### **b) Rental Values –**

Rents of let holdings will be reviewed regularly in accordance with the provisions of the relevant statutory provisions.

When vacant holdings are relet, they will be advertised on the open market where appropriate. The amount of rent tendered by applicants will be a key factor to be balanced against other material considerations, such as sustainability and non-financial benefits of the tender, in seeking best value for Peterborough.

#### **c) Sustainable Businesses –**

Agricultural incomes are volatile, being highly dependent on factors outside the control of the individual farming business. The Council will seek to set rents for independent holdings at sustainable levels.

When reletting on the open market, the Council will not be bound to accept the highest or any rent tendered if such amounts are likely to be unsustainable.

Encourage diversification of businesses which are appropriate to the rural environment if they help support individual farm businesses and the wider rural economy.

#### **d) Sustainability of the Estate –**

A balance will be sought between maximising immediate financial return and achieving indirect and non-financial benefits to Peterborough. To achieve a balance, account will be taken of the financial demands on the Council as the local authority.

#### **e) Sales & Development –**

Property which is identified as surplus to the requirements of the sustainability of the estate shall be offered for sale on the open market.

Property which is available for sale at a significant capital uplift, for example following the gaining of planning permission for development, will be sold on the open market or retained for reletting at a viable financial return.

#### **f) Acquisition of Land and Property –**

The estate will not be regarded as an unchangeable asset. The Council will consider purchase of agricultural property elsewhere in the district if that property would provide significant advantages to Peterborough. Where appropriate, acquisitions will be funded by sale of less strategically valuable parts of the existing estate.

### **2.2 Agricultural**

#### **a) New Tenants –**

In accordance with the responsibility placed on the Council by the Agriculture Act 1970, the Council will endeavour to provide opportunities for new entrants into agriculture.

Consideration will be given to making available small part-time holdings and holding with and without fixed equipment. Provision of housing on the holding will not be necessary for all tenancies.

All new tenants will be required to demonstrate a good standard of agricultural expertise and training. Whilst new entrants may not have extensive business management experience, a good understanding supported by appropriate academic qualification will be necessary. Further, new tenants will be required to demonstrate that they have adequate financial and practical resources to support their proposed business models.

Proposals for mixed agricultural / commercial businesses which meet the Council's environmental and sustainability standards will be encouraged to provide economic diversity and strength.

#### **b) Sustainable Farming –**

EU and UK government policy is to encourage environmentally sustainable practices. The Council will encourage tenants to enter into appropriate environmental stewardship schemes with a view to enhancing the landscape and wildlife habitat of the estate whilst maintaining a high level of agricultural output.

When reletting land, proposals for innovative low environmental impact methods and systems shall be considered favourably if they help to support an economically and environmentally viable business.

Conditions of tenancy concerning the management and use of land will be informed by statutory controls prevailing at the time. The growth of genetically modified crops will not be permitted without formal decision of the Council.

#### **c) Sustainable Food Delivery –**

Market conditions do not always favour the sale of produce locally. However, favourable consideration shall be given to applicants for tenancies that include proposals for local food production and marketing.

### **2.3 Social & Environmental**

The government recognises the social and environmental importance of county farms estates within the local and national context. The Peterborough Farms Estate potentially provides a valuable social, financial and environmental link between the urban and rural communities.

The farms estate is run on a relatively intensive basis supporting significantly more households than the equivalent area of privately let land. Encouragement will be given to business enterprises which provide employment opportunities for local residents or contribute to business in the city.

#### **Environmental**

##### **a) Sense of Place -**

There is scope to enhance the character and appearance of the estate through a planned program of tree and hedge planting. Whilst a Fenland Landscape, targeted planting could greatly enhance the landscape and improve habitat. A co-ordinated approach with other initiatives and bodies (e.g. the Woodland Trust and Peterborough Forest) should be explored.

##### **b) Energy –**

Energy efficiency and use of renewable energy products should be encouraged.

Continuation of energy efficiency improvement measures to the housing stock is needed to bring the properties up to modern standards.

##### **c) Habitat –**

The soils of the estate are largely suitable for intensive, high output agriculture. This is generally considered good use of the land. There should be a presumption in favour of food and industrial crop production with habitat schemes directed to poorer quality land, both on the estate and elsewhere.

#### **Social**

Peterborough is growing fast and overall there is little social and financial exchange between the urban and rural areas of the district. Whilst Nene Park provides a major recreational link to the Nene Valley west of the city, its objectives are not necessarily the same as the Farms Estate's. The Farms Estate provides an opportunity for the Council to encourage better integration of the two communities, especially to the east of the city.

##### **a) Education –**

Promote formal and informal education, including promotion of the profile of the estate through occasional newsletters and press releases.

Encourage tenants to allow school visits, Open Farm Sunday etc.

Provide information boards when carrying out projects visible to the public.

Work with other Council departments to enable social and community work projects as appropriate.

Work with the Regional College in the development of its rural based curriculum.

#### **b) Social Inclusion –**

Ensure that all elements of the population of Peterborough are given the opportunity to tender for land to let.

Peterborough is ethnically diverse and there is scope for development of specialist local growers to serve the local community.

#### **c) Support of the Rural Community and Economy –**

The government recognises the importance of maintaining and developing a strong rural economy. The letting of the estate as small holdings results in intensity of use which supports more livelihoods per area of land than larger, less intensively run farming operations tend to.

The Council will endeavour to let the majority of the land as small holdings whilst maintaining a balance with its financial aims and demands.

#### **d) Retirement of Farm Tenants –**

Not all of the Council's farm tenants are financially equipped to retire comfortably at 65. Many of the tenants hold retirement tenancies which enable the Council to terminate the tenancy after the tenant has reached the age of 65. The Council will adopt a retirement policy which will enable tenants to continue to farm for a limited period beyond 65 where the tenant continues to farm actively with a good standard of husbandry, where it does not compromise unduly the ability of the Council to make land available for new entrants into farming or the overall management objectives for the Estate. Each tenant's case will be assessed on its merits. To provide certainty for all parties, tenants who hold retirement tenancies and who wish to farm beyond 65 will be required to enter into a new fixed term agreement for the additional term.

#### **e) Public Access –**

There is limited informal public access to the farms estate. Provision of permissive footpaths and bridleways where there is an identifiable need will be considered as and when necessary. The right to create new permissive access routes will be reserved in new tenancy agreements.

The estate provides a long-term potential for recreational open space to the east of the city.

## **Background to the Peterborough Farms Estate**

### **History**

Nationally the County Farm Estates (CFE) is one of the major institutional landowners in England and Wales which has a long history. Peterborough has owned an agricultural estate for over 100 years.

In 1892 the Small Holdings Act was implemented in an attempt by parliament to counter the loss of farms to urbanisation and the over-concentration of land in the hands of large private estates by making land available to small farmers. This resulted in opportunities for the young who were tempted to leave the land for the attractions of urban life and helped to improve farming efficiency.

In 1908 the Small Holdings and Allotments Act imposed a statutory duty on councils to provide smallholdings for farmers where the "need existed". By 1914 the national CFE had expanded to 80,600 hectares (199,000 acres), made up of some 14,908 holdings.

Peterborough acquired its first farm at Thorney from the Duke of Bedford under the provisions of the 1908 Act in 1910 with other land being acquired over the following 11 years.

Today the national CFE extends to 96,206 ha (237,725 acres) with 2836 tenants, 20% more land than in 1914 but with only 20% of the tenancies.



## The Agriculture Act 1970

The Agriculture Act 1970 (the Act) imposes statutory duties on all councils with farms estates. S39 of the Act states;

*“In the performance of their functions under this Part of this Act smallholding authorities, having regard to the general interest of agriculture and of good estate management, shall make it their general aim to provide opportunities for persons to be farmers on their own account”.*

This duty remains the fundamental force behind the CFE and up until the mid-1980s County Farms provided a valuable route for new entrants into agriculture. However, it has become progressively less easy for new entrants to establish themselves as farmers in their own right. The financial capital needed to farm is far greater than it used to be and declining profit margins of conventional farms, especially in the 1980s and 90s, means that the viability of small farms has become increasingly uncertain over the past thirty years. This trend has in part been reversed in recent years with worldwide shortages of agricultural commodities and demand for higher quality food in the developing world leading to higher food price, generally improving the viability of small farms.

In a response to the changing agricultural economy, many councils have departed from the provisions of the Act by selling land to release capital. In line with national trends, smaller farms have been amalgamated to form larger, potentially more profitable units. Significant parts of the Peterborough Estate were sold by Cambridgeshire County Council prior to establishment of the unitary authority in 1998. Most of the remaining holdings have had land added to make them larger. However, the farms remain small by national standards and few of the tenants rely on them for their sole source of income.

Nationally the average age of farmers is high (58) and there is considerable concern that shortly there will be a significant national skills shortage in the agricultural sector as well as an over-concentration of farming in the hands of a few, large agricultural companies. In many respects, this is a situation which is similar to the one which led to introduction of the Small Holdings Act in 1982.

Central government has recognised that local authorities are increasingly naturally urban in their character and outlook and that many have very limited links with the rural economy and society.

## Current Central Government Policy

Central government policy is to encourage all the remaining small holdings authorities, such as Peterborough, to retain and develop their farms estates. In 2004 Lord Whitty wrote to all small holdings authorities to confirm the following stated aims:

*To provide opportunities for new entrants into farming*

*To provide examples of best practice*

*To provide a positive link between the city and the surrounding rural land*

*To support the local rural economy*

Whilst the Government has stated that it does not intend to legislate beyond the existing powers of the 1970 Act, in 2003 it wrote to all council chief executives emphasising their councils' statutory duties regarding the CFE.

In November 2008, the government's advisor Sir Donald Curry issued a paper entitled *The Importance of the County Farms Estate to the Rural Economy*.

The paper made a number of key recommendations, including:

1. *Regional Economic Strategies should recognise the importance of the County Farm structure as a crucial entry point for new entrants to agriculture*

2. *Local authorities should take a longer-term view when considering sale of land to seek to maximise revenue for development whilst not undermining the principle objectives of the estates*
3. *Local authorities should develop the wider benefits of their holding with particular regard to renewable energy, local food, public access, education, employment and the broader rural economy*

### **Food Strategy – Food 2030**

In January the Government published its paper *Food Strategy – Food 2030*. The paper is in response to increasing concerns regarding national food security.

The paper states

*“Our food security is ensured through strong UK agriculture and food sectors ...”*

The County Farms are regarded as having significant potential to make a valuable contribution UK agriculture.