

# Business and Property Committee

Item No.....

<b>Report title:</b>	<b>Norfolk County Farms update</b>
<b>Date of meeting:</b>	<b>18 October 2017</b>
<b>Responsible Chief Officer:</b>	<b>Director of Finance and Commercial Services</b>
<b>Strategic impact</b> The County Farms Estate extends to 16,739 acres, supporting over 145 tenant farmers, and is the third largest Local Authority Estate in England & Wales. It contributes to the rural economy by creating businesses and employment.	

## Executive summary

As part of the management of the County Farms Estate this report provides a general update to Members of activity on the County Farms Estate since the last Committee meeting. Furthermore ongoing reviews are bringing forward proposals on reorganising existing farm structures, consolidating land, providing opportunities for new entrants, supporting commercial farm enterprises and exploiting potential gains through the planning process.

### Recommendations:

- 1. Business and Property Committee are asked to note the recent management activity and Tenant's successes on the County Farms Estate.**
- 2. Business and Property Committee are asked to agree the emerging strategies and specific proposals for the Stow & Marshland Estate and Welney Estate.**

## 1.0 Management actions and developments across the County Farms Estate

### Bank House Farm Purchase

- 1.1** The purchase of Bank House Farm was completed on 1 September 2017. Currently, the County Farms Team are finalising the tenancy agreement between Norfolk County Council and the nominated tenant for one year. This farm will then form part of the re-letting offering in 2018.
- 1.2** The County Council have already been approached by two tenants on the Stow & Marshland Estate who are interested in using some of the grain storage and drying facilities at Bank House Farm to establish a tenant-based grain co-operative. If established, this would promote co-operative working amongst the tenants and potentially would allow them to obtain a better price

for their produce. The advantages for the Council are that this may be another revenue stream to exploit and assisting tenants to get better prices and rent levels can be underpinned. This project is at the explorative stage and progress will be reported when appropriate.

- 1.3 The purchase itself has attracted widespread public support where it has been reported. The press release on the County Farms Facebook page was seen by over 10,500 people alone. It has also been reported in the farming press.

### **Hindringham Estate**

- 1.4 Following the agreed strategy for this estate, the County Farms team completed the negotiations to achieve the retirement of the estate's two tenants from this October and have re-let the newly amalgamated land on the open market for a 12-month term. This was necessary to provide the opportunity to convert existing buildings to create a new farmhouse and additional infrastructure. This will be re-let as a new County Farms holding in 2018. The rent for the amalgamated holding achieved £54,842 per annum, an increase of 82% on the current passing rent.

### **Rent Reviews**

- 1.5 Norfolk County Council are one of the few landlords who have been actively undertaking rent reviews this year, however, there is strong resistance to most proposals to increase rent. The view is that this is an effect of the challenging market conditions in the industry. As a result, in some instances, the rent remains unchanged.
- 1.6 The rent review process has, nevertheless, proved a useful exercise to keep dialogue flowing between Landlord and Tenant. Maintaining a regular review cycle encourages tenants to actively examine their business. In addition, new opportunities emerge. For example, we are now investigating a possible retirement package that could lead to the unlocking of up to three residential units, bring forward a capital receipt from the disposal of a surplus bungalow and expedite the re-organisation of an estate.

### **Soil Nutrient Testing**

- 1.7 The County Council are trialling using soil testing at tenancy changeover this October on the Welney Farms Estate. It is anticipated that testing will establish a baseline of soil condition at the commencement of a tenancy which will provide evidence to identify poor performing tenants. For the ingoing tenant, they will have the benefit of a nutrient mapped holding which will allow them to target fertiliser applications more effectively and hence reduce variable input costs and improve yields.

### **Annual Tenants' Meeting**

- 1.8 The Annual Tenants' Meeting will be held on Thursday 16 November 2017 from 4.30pm at County Hall. Two new initiatives will be trialled, firstly, the aim

is to procure produce from the County Farms Estate for the catering for the event. Secondly, a pop-up Farmers' Market is to be held in the Marble Map area at County Hall on the day of the Meeting. This will be an opportunity for the Estate's tenants to showcase what they do to the staff working on the County Hall campus.

## **Re-lettings in 2018**

1.9 Three holdings will be offered on the open market in 2018. These are:

- Bank House Farm, Stow & Marshland Estate, an equipped progression farm with 440 acres. A dwelling may be offered with this farm, if required, by the ingoing tenant. The views of applicants will be sought through the letting process as to whether this is required.
- Great Crow Farm, Hindringham Estate, a fully equipped, 315-acre progression farm.
- Manea Farm, Welney Farms Estate, a fully equipped, 70-acre starter farm.

There is the possibility of a further holding in the east of the county, however the current tenant's intentions have yet to be confirmed.

Expressions of interest have been received from existing tenants on the Estate about the two larger farms who are interested in progressing to a bigger holding, which is positive. Advertising for these holdings will commence early in 2018 with the aim of appointing successful applicants by April 2018. Tenancies will begin on the 11 October 2018.

## **Tenant Successes on the Estate**

- 1.10 The tenant at Pates Farm, Welney Farms Estate, Ken Goodger, has been selected as one of McCain's top 10 (out of 150) southern area potato growers. This a big achievement for the County Farms Estate. By way of comparison, the overall winner was the 30,000acre Elveden Estate in Suffolk.
- 1.11 Andrew and John Withers, tenants of Honey Top Farm on the Bacton Estate have been awarded the Aylsham Show Challenge Cup for the Best Norfolk County Council Farm. The award is judged as part of the annual Aylsham Agricultural Show Association's Norfolk Farm Competition.
- 1.12 Robin Shreeve and Erin Ireland, tenants of Upper Wood Farm on the Mautby Estate have recently opened their own farm shop by refurbishing one of the farm's previously redundant buildings. The shop sells home-reared meat and free-range eggs produced by themselves and Robin's brother Alistair, who is also a tenant on the Burlingham Estate

## **2.0 Estate Management Plans**

- 2.1 As part of the objectives for the management of the County Farms Estate each area of the estate is regularly reviewed with the aim of reorganising existing farm structures, consolidating land, providing opportunities for new entrants, supporting commercial farm enterprises and exploiting potential gains through the planning process.
- 2.2 Reviews have been undertaken of the Stow & Marshland Estate and the Welney Estate.

### **Stow & Marshland Estate (King's Lynn and West Norfolk District)**

- 2.3 The Stow and Marshland Estate is the largest individual estate in the western area of the county extending to some 3,457 acres. It lies between Wisbech and Downham Market with the majority of the holdings between the River Great Ouse and the Middle Level Main Drain.
- 2.4 The estate currently extends to some 37 separate lettings let to 21 farm tenants. A plan of the estate is available in **Appendix 1**, illustrating the current configuration of tenancies. The majority of farmsteads on the estate are located on the minor road between Stowbridge and Outwell with more remote holdings accessed from further minor roads and droves off this route. The average farm size is currently 139 acres but the range is from 5 acres up to 429 acres. There are currently 10 fully equipped holdings.
- 2.5 Many of the holdings are fragmented which reflects the piecemeal rationalisation which has previously taken place.
- 2.6 For this estate a number of proposals have emerged with the aim of delivering over the next 10 to 15 years an estate that is modern, fit-for-purpose and sustainable.
  - (i) Re-organise the estate to provide six fully equipped and full time farm holdings.
  - (ii) Undertake capital investment in new infrastructure to facilitate the amalgamation of farms, for example, through the provision of new general purpose buildings.
  - (iii) Lease land to existing tenants where to do so will further the strategy of the estate, i.e. to facilitate the amalgamation of holdings.
  - (iv) Exploit development potential where parts of fields are declared surplus to operational use.
  - (v) Dispose of dwellings that have been identified as surplus to operational requirements.
- 2.7 Consultation with tenants on the estate is ongoing. The responses received to date indicate strong support for the proposals.

## **Welney Estate (King's Lynn and West Norfolk District)**

2.8 The Welney Farms Estate extends to over 556 acres and is currently held by three tenants. Two of these tenants retire autumn 2017. They occupy fully equipped holdings (i.e. dwelling, buildings and land) and between them they farm 338.27 acres. On the plan in **Appendix 2**, these are shown coloured yellow and green.

2.9 The third tenant occupies 210 acres, coloured pink, this is held on a retirement tenancy which ends in 2024. Currently this tenant is also farming the holdings of the two tenants due to retire through a contract farming agreement.

This tenant also farms a further 76 acres of his own land. This is shown edged in green on the plan attached in **Appendix 3**.

2.10 This tenant runs Norfolk Essential Oils from the farm and is keen to rent additional land. This will support an increase in production capacity to meet new contracts the business has won for the provision of essential oils. This is a significant niche business in an otherwise depressed rural area. The business is the sole supplier of peppermint oil to The Body Shop and there other contracts with L'Oréal and Global Essences. Currently, there are 3.5 FTE (full time equivalent) people employed in the business.

2.11 This tenant has asked the County Council to consider a land swap to consolidate the ownership around their dwelling and premises which in turn would also consolidate the Council's ownership. Although this tenant will retire from the County Farms Estate in 2024, they propose to continue with Norfolk Essential Oils on their own land and a land swap would support this.

2.12 Following the review of the Welney Estate the proposals are to:

- (i) Re-organise the estate to provide one fully equipped starter unit based at Manea Farm of circa 70 acres to be let from 2018 following a public tendering process. The land, in the interim, to continue to be farmed by the remaining tenant through 2017-18.
- (ii) Support the land swap.
- (iii) Retain the dwelling at Elder Farm to provide accommodation for the proposed future starter unit. In the interim this dwelling to be let to the remaining tenant with consent to sub-let.
- (iv) Pursue development potential on the estate that could yield new residential plots.
- (v) Make suitable investment in new infrastructure to facilitate the creation of a new farmstead for the proposed holding.
- (vi) Undertake investment in the two dwellings to make them fit for purpose.

- 2.13 Consultation with tenants on the estate has been carried out and they support the proposals.

### **3.0 Financial Implications**

- 3.1 Proposals in this report will ultimately result in increased revenue income and capital receipts following the reorganisation of the estates and capital investment in modern farm building facilities, roadways, land drainage and the refurbishment of dwellings.

### **4.0 Issues and risks**

- 4.1 The risks and issues from the proposals in this report are around:
- Stability of the property market.
  - Brexit.
  - General contingencies resulting in project slippage through, for example, environmental issues, archaeological, resourcing and other.
  - Development control.

### **Officer Contact**

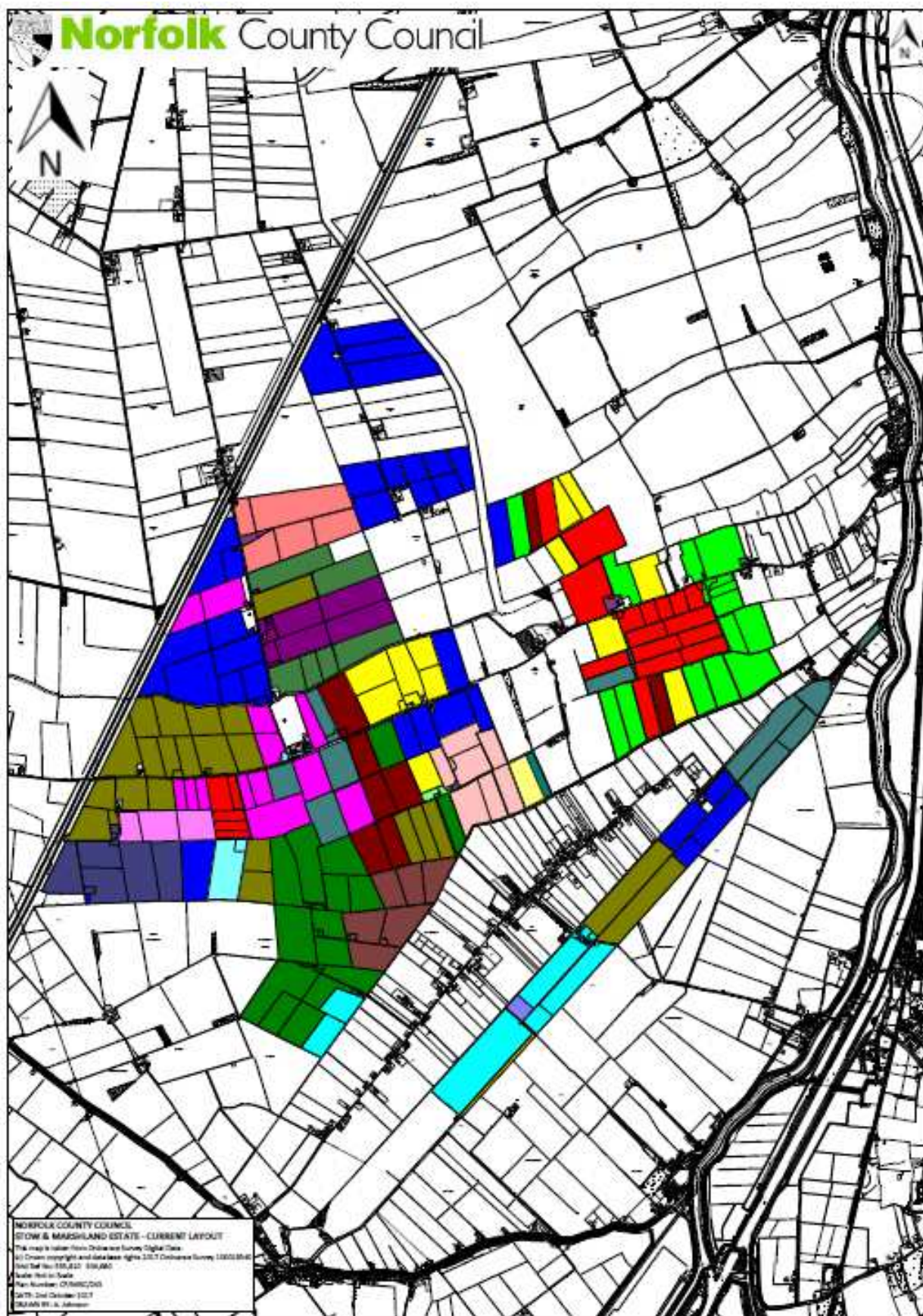
If you have any questions about matters contained or want to see copies of any assessments, eg equality impact assessment, please get in touch with:

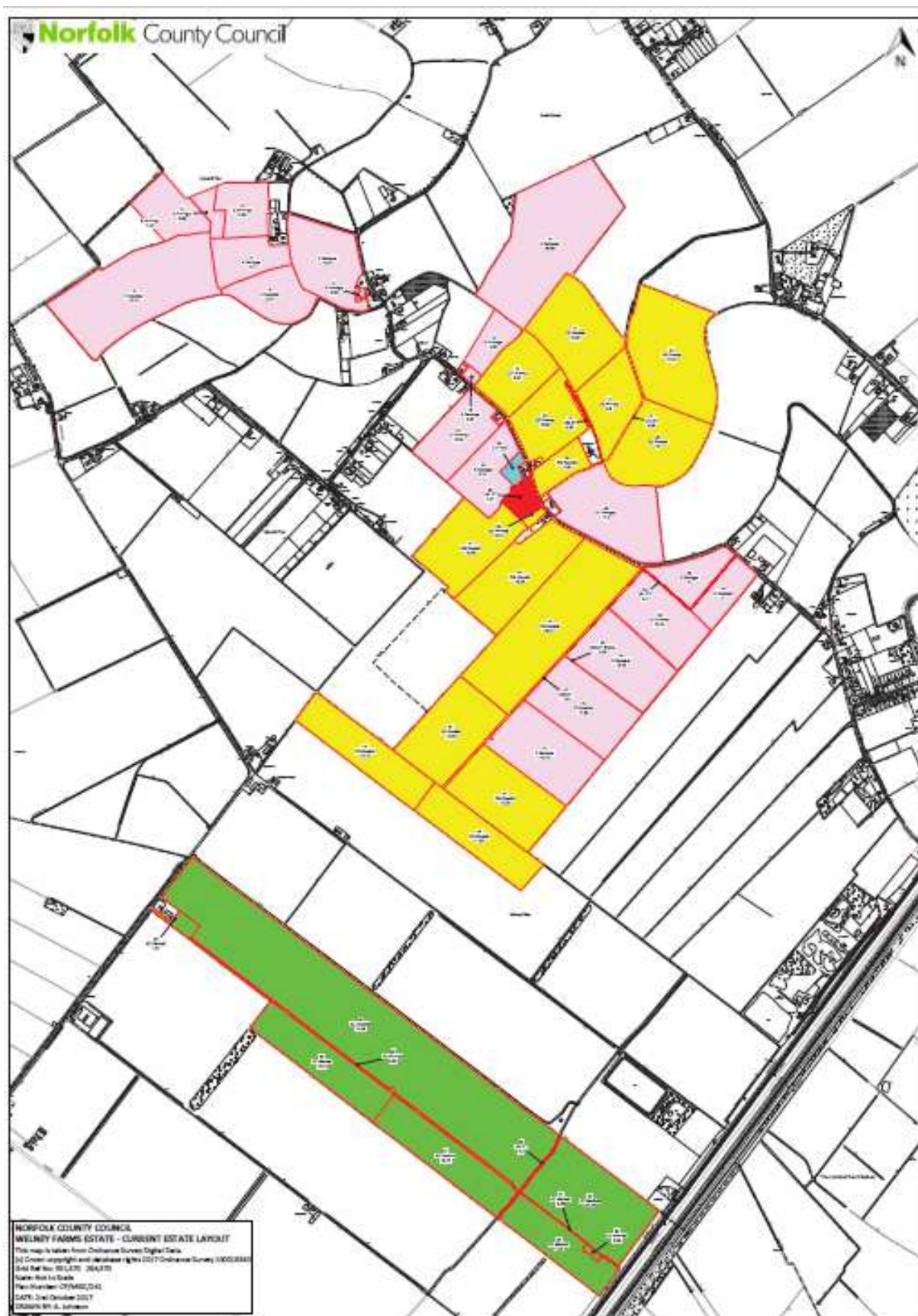
If you have any questions about matters contained in this paper please get in touch with:

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Welney Estate

Welney Estate (proposed land swap)