## Council owned smallholdings estate (County Farms) in Herefordshire

Frequently Asked Questions

04 December 2015 Updated April 2016

What is the rationale behind selling smallholdings estate? As resources reduce the council’s strategy has been to focus on those areas which are the council’s responsibility and which cannot be done by anyone else – it is not a requirement for the council to manage a farm estate and there are many other agricultural landlords who may be better placed to do so.

The gross revenue from the smallholdings estate is around £400k per annum. However, when including the maintenance costs and the support cost of providing this service, the net income value is negligible. The cost to clear backlog maintenance could not be met by simply increasing rental.  Following the reduction in funding from the government, the council is looking at other funding opportunities which include realising the value of its asset holdings. Some areas of the estate might have the potential for development which can be used to provide vital infrastructure and housing growth opportunities thus contributing to the overall economy by creating jobs and enriching services.

How many tenants will be affected by this sale and how will this sale affect the tenants? Of the 2,664 agricultural holdings in Herefordshire, the council owns 50. As of 31 March 2016 there were 42 farmer tenants on these smallholdings. These consisted of 11 lifetime tenants, 12 retirement tenants, 18 farm business tenants and 1 residential tenant. Tenants with ‘lifetime’ and ‘retirement’ tenancies are unaffected by this decision.

The council will give due regard to the welfare and needs of current tenants who are affected by the sale, ensuring that their respective rights are protected to the end of their contractual term.

How much is the backlog of maintenance? There is a significant backlog maintenance liability of approximately £2.8m.

How much income were smallholdings generating for the council? For the financial year 2014/15, the gross return on capital was less than 1%.

Does this mean that these farms will cease to exist? It is anticipated that the majority of the farms will continue in their current form until the contractual tenancies terminate with the land remaining as being used for agriculture for the foreseeable future.

Does this mean the entire estate will be sold? The council is planning to undertake a structured sale of the entire smallholding estate. However legal and expert advice will be sought to ensure land and/or buildings identified as having potential development value are retained for separate promotion and sale/development to maximise commercial/development value.

Who made the decision to sell smallholdings estate? A task and finish group was formed on 10 June 2015 by the general overview and scrutiny committee to identify options for the long term future of the council’s smallholding estate. The committee reviewed the report and findings of this group on 27 October 2015. Recommendations were put forward to the cabinet after this meeting. The cabinet met on 03 December 2015, and after thorough discussion within the cabinet, the decision was taken to approve a new policy which included selling the entire smallholding estate and possible development on appropriate sites.

How many tenants are on the smallholding estate? There are 42 tenants on these farms.

Would the county’s economy be impacted with this sale? No. Agriculture contributes 9% to the county’s economy. The county farms estate represents approximately 1% of the total farmed area of the county. This would suggest that it accounts for only a small part of the whole agricultural economy in Herefordshire.

Can tenants purchase their own holdings? Tenants will be given the opportunity on a case by case basis to purchase their own holdings provided that such sale brings best value for the property and does not have any negative impact upon the remainder of the identified estate.

What are the different types of tenancies at these smallholdings estate? The council’s estate is let through three types of tenancy, subject to when the tenancy commenced.

* Pre 1984 - Agricultural Holdings Act (AHA 1986) life tenancy. These tenancies have no pre-determined end date.
* Post 1984 – AHA 1986 retirement tenancy. These tenancies have a fixed termination date through a contractual term of the tenant reaching the age of 65.
* Post 1995 – Agricultural Tenancies Act 1995. These tenancies are known as Farm Business Tenancies (FBT) and are for a fixed period. All agricultural tenancies are now let under this legislation.  
    
  There are 11 lifetime tenants, 12 retirement tenants, 18 farm business tenants and 1 residential tenant.

What timescale are you working to? Subject to recommendation being approved it is anticipated that an agent would be appointed by July and that a detailed disposals programme be prepared for cabinet consideration by October. We aim to minimise the timescale as much as possible.

Why aren’t you using a local agent? Due to the size and complexity of the sale and the need to ensure that it is exposed to the widest possible market. Suppliers listed on the framework were assessed during the procurement process for their financial stability, track record, experience and technical & professional ability.Appointment from a framework does not preclude those companies on the framework from working with local agents.

How can I buy one of the smallholdings? If you would like to register your interest in purchasing a smallholding, please email:landagents@herefordshire.gov.uk who will forward all information on to the appointed agent.

How much is the agent going to cost? It is expected that the agent fees will be in two parts. The disposals programme will be on a fixed-fee basis and the marketing and sales will be paid as a percentage on commission. Due to commercial sensitivity and to ensure we receive the best value from the smallholding sales, we cannot confirm this figure.

How will farmers be compensated for crops that may be lost? An agent will assess the value of lost crops and work with tenants and their appointed agent on a one-to-one basis to ensure that the process is fair to all parties.

Why is there such a large amount of maintenance backlog? The council has to prioritise all of its spending based on need and the rate of return. On this basis, it was not seen as beneficial to invest more money into the smallholdings.

Will tenants be entitled to another house from the council when they vacate? There is no automatic entitlement to social housing for farm business tenants. Herefordshire Council has provided details of other housing options including private renting, social housing, and homelessness advice services operated by the council. Tenants can also secure additional advice and assistance through the Addington Fund and Farming Community Network and the council has provided a £500 grant to help with obtaining business, financial and skills advice and training to help plan for the future.

How will the retention of farms in strategic sites affect neighbourhood plans? Neighbourhood plans seek to allocate land to facilitate growth. Parish councils and communities are asked to assess a range of possible sites utilising the Strategic Housing Availability Assessment (SHLAA) or their own ‘call for sites’. Any land allocations are based on the relative planning merits of the site concerned rather than land ownership.