

RURAL ESTATE STRATEGIC REVIEW

To: Commercial & Investment Committee

Meeting Date: 21st February 2020

From: Chris Malyon, Deputy Chief Executive

Electoral division(s): All

Forward Plan ref: N/a **Key decision:** No

Purpose: To confirm the proposed management policies for the Rural Estate following the completion of the Strategic Review.

Recommendation: Commercial & Investment Committee is requested to approve the policies and objectives as set out in this paper as agreed by the Member Working Group.

<i>Officer contact:</i>		<i>Member contact:</i>	
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1. BACKGROUND

- 1.1** Strategic reviews have been carried out regularly by the Council since 1988 and the Cambridgeshire County Council approach has been at the forefront in England and Wales. The last strategic review of the Rural Estate was in 2006 with a scrutiny review in 2011.
- 1.2** Previous reviews have been by Member working groups with officers with external support from Bidwell's. The external role was to sense check and externally validate recommendations.
- 1.3** In July 2015 General Purposes Committee (GPC) resolved to carry out a fresh strategic review of the Rural Estate.
- 1.4** Savills were procured using the Eastern Shires Purchasing Organisation (ESPO) procurement framework in August 2015 to provide a detailed review of the estate which was completed February 2016.
- 1.5** GPC delegated the review work to the Investment Review Group and this passed to the Assets and Investments Committee (renamed the Commercial and Investments Committee). The member working group formed at the outset has continued in place throughout these changes.
- 1.6** As part of the review tenants were asked to provide their views and feedback on the Estate using a questionnaire (with 73 responses) and additional workshops were held at the Tenants meetings in January 2016.
- 1.7** The Savills report noted that the estate was generally well run and raised a number of options.
- 1.8** A paper was taken to Assets and Investment Committee on 11th November 2016 summarising the various options on planning, tenancy matters, maintenance, investment, rents and non-financial issues. At the committee it was decided that member workshops were to be set up in 2017 to agree the options set out on each of the above areas. Three Member workshops were held with the Committee Members and new policies were drafted.
- 1.9** In June 2017 a General Election took place and so the matter was place on hold until afterwards.
- 1.10** In October 2017 a Rural Assets Outcome Focused Review (OFR) started and the strategic review was paused.
- 1.11** The OFR review reported to C&I in January 2018. It was agreed to proceed to the next stage of OFR which was to look at current policy surrounding the management of the Estate, analyse feedback form the 2017 Tenant workshops, review the valuations of the Rural Estate, review staffing resources and explore alternative delivery models, and identify areas for investment.
- 1.12** In early 2018 two valuations of the Estate were commissioned from Savills and Strutt & Parker which were received in April and May.

- 1.13** In May 2018 a Rural Assets OFR workshop was held with Members from the member working group and officers to determine the future for the Rural Estate. At this meeting it was decided that the main aim for the Rural Estate was to provide a return on investment.
- 1.14** At Commercial & Investment (C&I) in September 2018 the Committee considered the report on the Rural Estate OFR. Selling the estate as a whole was ruled out. They then resolved to look at 4 different management options.
- 1.15** The report on the options was taken to C&I Committee in November 2018 and it was agreed that the management of the Rural Estate should stay in house with the Strategic Assets team. It was also agreed that the OFR briefing notes and paperwork would be resubmitted to the County Farms Working Group.
- 1.16** The Rural Estate working group met a number of times throughout 2019 and policies were drafted with final agreement in December delayed by the General Election.
- 1.17** On the 17th January 2020 the policies were agreed by the working group and it was resolved that they should go to the C&I Committee in February 2020.

2. CAMBRIDGESHIRE RURAL ESTATE OBJECTIVES AND POLICIES AGREED BY COUNTY FARMS MEMBER WORKING GROUP

2.1 Estate Objectives

- The estate will be managed to optimise the income and development returns to produce a target revenue return to the Council of 4%.
- To manage the estate to promote rural businesses and healthy living and to protect the environment.

2.2 Estate Policies

Disposals and Acquisitions

Disposals from the estate should only be considered:

- as part of an agreed sale in line with the approved Council's outline disposal process for property assets;
- if the asset has no strategic value or is beyond economic use and does not contribute to the Council's objectives;
- As part of agreed land swap deals with local landowners
- Where the asset is for an agreed social or environmental benefit and there is no long term strategic value for its retention.

Acquisitions should be considered where the asset to be purchased:

- Provides strategic value to the rural estate and is in line with the Council's overarching strategic objectives;

- Produces a revenue return in line with the Council's investment strategy;
- Replaces land sold for development purposes; or
- Is identified as having long term potential development value;
- As part of agreed land swap deals with local landowners.

Estate Commercialisation

Non-Agricultural Development

- To continue to take a fully commercial approach to promoting potential development sites, including for renewable energy projects where appropriate, and Permitted Development in order to support the Council's broader financial and investment strategies.

Farm Diversification

- To consider tenant-led diversification on the estate. Subject to the receipt of suitable business plans, agreement to pay an improvement charge at the Council's standard investment threshold and if appropriate the creation of a separate tenancy agreement.
- To consider converting suitable farm buildings for office, retail, industrial or mixed use schemes where accompanied by a detailed business case demonstrating that each scheme creates a revenue return in line with the Council's investment strategy.

2.3 Agriculture

Tenant Selection

New Entrants

- The Council will use its Tenant Selection Criteria as set out to inform its selection of potential applicants.
- Long-listed candidates will be invited for an initial interview, with a final interview for shortlisted applicants.

Tenancy Renewals

- Existing tenants will follow the same application process set out above but with a single interview.
- Tenants will be expected to demonstrate how they have grown their business successfully and how they intend to develop their business in order to merit a new tenancy.

2.4 Farm Sizes and Composition

To provide a variety of farm sizes which will allow new entrants to start and others to progress into larger more commercial holdings at market rents. This will encourage new entrants and current tenants to expand their businesses on a commercial basis.

The main characteristics of a holding may include:

- Compact blocks of land with good internal access between fields;
- Suitable dwellings with good amenities;
- Land and buildings conveniently located, where possible, in relation to the dwelling with good access and yard;
- Suitable general purpose type farm buildings with good eaves height.

There is no fixed acreage for full time commercial farms, as this will reflect the profitability of the likely enterprises undertaken which is linked to land quality and soil type.

Where additional land of 1 hectare or more is to be added to a tenancy, the tenant will surrender their existing tenancy agreement and will be granted a new Farm Business Tenancy.

2.5 Tenancy Length

- All new tenants will be offered a tenancy agreement a minimum term of 5 years.
- On the expiration of their current tenancy but subject to a successful application, existing tenants will be offered a tenancy agreement of up to 15 years.
- All tenancy renewals will be subject to a formal application process set out above.

2.6 Rent

- Agricultural rents will normally be charged at a commercial level, payable half yearly in arrears.
- Notices to Quit will be served for non-payment of rent after any statutory notice periods for AHA tenancies have elapsed or, for all tenancies, where tenants have broken agreed payment plans without the written agreement of the Council's officers.
- Rent payment dates for non-agricultural leases will be agreed by negotiation before the new lease's commencement.

2.7 Sub-letting

In normal circumstances, sub-letting or allowing a formal contract farming agreement on the estate will not be permitted; however, sub-letting land for specialist cropping will be considered on the holding to help improve a holding's soil, rotation or viability.

Sub-letting for specialist cropping will be permitted for no more than 20% of the holding in each year, subject to agreeing a cropping licence with the Council beforehand. Priority will be given to current Council tenants, with the emphasis placed on the tenant sub-letting to prove that there is no demand from other Council tenants **before** agreement is reached with a non-estate farmer.

Consideration may be given, in exceptional circumstances, to sub-let dwellings in the final 5 years of a tenancy, with prior agreement from the Council

2.8 Retirement and Succession

Retirement

Renewals of existing tenancy agreements will run to the retirement age set out within the Agricultural Holdings Act 1986 (AHA). The Council will amend its retirement age in line with any changes to the AHA.

Where a tenant wishes to farm beyond the AHA retirement age, a further tenancy agreement for up to 3 years may be granted where this does not impact on the Council's broader strategy. The tenant will be required to go through the renewal process outlined above.

Succession

Whilst there is no formal right of succession on the estate, current existing tenants' close relatives (as defined within the Agricultural Holdings Act 1986) may apply for a tenancy of the holding through the renewal process outlined above.

2.9 Investment and Maintenance

Investment

The Council will seek to invest in the estate proactively where investment produces a return to the Council in excess of the Council's investment threshold or where there are overriding strategic gains to the Council or estate. This is subject to the receipt of suitable business plans, agreement to pay an improvement charge at the Council's standard investment threshold and if appropriate the creation of a separate tenancy agreement.

Maintenance

The Council will maintain dwellings and buildings as per the maintenance and repairing liabilities set out in the relevant tenancy agreement.

To reduce the Council's long term maintenance, by identifying for sale any dwellings and buildings which are beyond their economic repair and have no strategic value.

2.10 Environment and Social

- To manage the woodlands and other environmental assets, including Sites of Special Scientific Interest and Scheduled Ancient Monuments, to retain and improve community benefits.
- Where appropriate plant new woodland either to help create new community assets, or as part of carbon offsetting where suitable management agreements or leases are completed.
- To retain the existing in-hand land management schemes and look for opportunities for new, appropriate schemes that enhance or promote the estate's main objectives.
- To promote the use of land management schemes to farm tenants across the whole estate to improve both biodiversity and permissive access.
- To create new rights of way where appropriate and to promote the use of existing permissive access and rights of way on County Farms land.
- To support the delivery of the Council's Corporate Energy Strategy where appropriate. Projects will be assessed on a case by case basis.

2.11 Tenant Selection Criteria

- All applicants will be expected to provide a completed application form and business plan, to include cash flow forecasts for a minimum of 3 years, evidence of sufficient financial support to enable the proposed business to be established and any other relevant supporting information.
- Applicants should be able to show that they have obtained sufficient experience in the type of farming or enterprise for which they are applying, including some formal training in the enterprise they propose to undertake. Applicants will not be refused on these grounds alone if similar training and experience has been obtained in other ways.
- Applicants will not be discriminated against on the grounds of sex, race, marital status, sexual orientation, disability, age or other protected characteristics. However, part-time units may be more suitable for younger applicants or specialist enterprises.
- Applications from persons who are already established farmers in their own right, and who intend to run the County Farm as an extension to their existing business, will not be considered unless an advertised unit specifically invites such applications.
- The rent payment record of existing tenants will be taken into account when and if they apply for another holding on the Estate. In addition they will be required to provide accounts, audited if possible, to show the health of their business.

- Applicants who can demonstrate direct employment generation potential from their proposed business enterprise will have an enhanced likelihood of success.
- Applicants must declare any relationships they have (current or previous) with any Council Officer, Elected Member or Council Department as part of their application.

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 A good quality of life for everyone

There are no significant implications for this priority.

3.2 Thriving places for people to live

There are no significant implications for this priority.

3.3 The best start for Cambridgeshire's children

There are no significant implications for this priority.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

There are no significant implications within this category.

4.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications within this category.

4.3 Statutory, Legal and Risk Implications

There are no significant implications within this category.

4.4 Equality and Diversity Implications

There are no significant implications within this category.

4.5 Engagement and Communications Implications

There are no significant implications within this category.

4.6 Localism and Local Member Involvement

There are no significant implications within this category.

4.7 Public Health Implications

There are no significant implications within this category.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes Name of Financial Officer: Chris Malyon
Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?	N/a Name of Officer:
Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or LGSS Law?	Yes or No Name of Legal Officer: Fiona MacMillan
Have the equality and diversity implications been cleared by your Service Contact?	Yes Name of Officer: Jennifer Bartlett
Have any engagement and communication implications been cleared by Communications?	Yes or No Name of Officer: Christine Birchall
Have any localism and Local Member involvement issues been cleared by your Service Contact?	N/a
Have any Public Health implications been cleared by Public Health	N/a

Source Documents	Location
Savills Strategic Review 2016	Room 117, Shire Hall, Cambridge