

Cyngor Sir CEREDIGION County Council

REPORT TO: Corporate Resources Scrutiny Committee
DATE: 3 October 2022
LOCATION: Hybrid / Council Chamber
TITLE: COUNTY FARMS – an update

1. Introduction

The Corporate Resources Scrutiny Committee has previously considered the current position of the County Council farm portfolio in Ceredigion, with a view to scrutinising the Council's policy in relation to their future development and operation.

This paper is an update on the on-going work programme to review and develop the farm estate.

2. The County Council Farm estate

The County Council farm holding is made up of 16 parcels of land (plus another farm held by an education trust and controlled by the charitable Trustee committee).

Six farms or parcels of land (5 farms and 1 bare land holding) are Farm Business Tenancies under the Agricultural Tenancies Act 1995.

Seven farms or parcels of land (6 farms and 1 bare land holding) are Agricultural Holdings under the Agricultural Holdings Act 1986. One parcel (allotments in Aberaeron) is let under a licence, whilst two other parcels are untenanted.

Three farms have succession rights attached to them, although these are all on rolling yearly tenancies, determinable by either party following a 12 months' notice period.

The estate currently generates an annual income for the Council of around £60,000. Until recently, the majority of farm rents had not increased for over 10 years and were considered low compared to land values and rents paid by farm tenants to private property owners. Rents of agricultural holdings can be reviewed every three years in accordance with The Agricultural Tenancies Acts.

The current total encumbered value of the farm estate is just over £2m, with the unencumbered value put at £4.2m

3. Previous conclusions

The following has been previously presented to Scrutiny Committee as a representation of the options facing CCC in relation to the farm estate. All options are based on a policy of keeping a Council farm estate with view to playing a role in supporting one of Ceredigion's key industries. This policy and ambition is articulated in CCC's Economic Strategy 2021-35, formally adopted by CCC Cabinet in March 2021:

'Creatively use the County Council's assets and skills to support business start-up and growth (e.g., Food Centre Wales, Council land etc.)'

'Strengthen / capitalise on key opportunities for our key sectors – Food / Farming, Agritech etc..'

The options set out were as follows:

3.1. *Do nothing / minimum.*

Ceredigion CC will invest small amounts of money, within normal budget parameters to address urgent requirements. Tenancies would be transferred to Farm Business Tenancies when they become available, i.e. when farms become vacant (where no succession is in place).

3.2. *Proactively seek to renew tenancies with new FBTs.*

The purpose of pursuing this option would be to ensure all farms are utilised to their maximum possible effect.

3.3. Option 3.2. with further investments to make the existing units more viable and attractive.

Availability of funding is likely to be a limiting factor.

3.4. Seek alternative use for the existing estate where possible.

Options may include investing in renewables or tree planting to generate income and to achieve the Council's climate change action targets.

3.5. Sell parts of the farm estate in order to invest in improving other parts of the estate.

Unencumbered sales of some farms may generate sufficient income to invest in other units that would be viable, more in line with the average size of holding, and thus more in line with the objectives of providing viable opportunities for young farmers to gain experience and establish a career / business in Ceredigion.

3.6. Sell part of the estate to establish a small number of demonstration farm units.

This option would seek to achieve the council's objective of helping new farmers gain experience of farming in a different way. Young farmers may be offered apprenticeships to work on council-owned farm enterprises that also serve to demonstrate the potential for new technologies and innovations (working with Aber Innovation and other partners). This would also be an asset for existing farm businesses in Ceredigion to see emerging technologies in operation.

For each of the options highlighted, there are financial, legal and operational implications that would need to be analysed and considered, depending on the direction the Council would wish to take in exploring the strategic direction.

4. Current issues for the farm estate

4.1. The Control of Agricultural Pollution Regulations

At the last meeting of the Scrutiny Committee, it was reported that the new Control of Agricultural Pollution Regulations by the Welsh Government were likely to have an impact on the farms.

The holdings' tenants will be responsible for compliance with the regulations through their management practices; however at least two of the farms will require investment in slurry storage infrastructure in order to comply with the regulations, and responsibilities here lie with CCC as landlord.

The two units - both dairy farms – are required to demonstrate plans to meet their obligations under the regulations. Discussions are on-going with both businesses to plan the investment that will be required to help them meet the August 2024 deadline.

4.2. Changes to the statuses of farms in the portfolio

Four of the units subject to an FBT will reach the end of their current tenancy agreement period over the next four year (one per from 2023).

The tenant of another unit, which is currently subject of an Agricultural Tenancy has given notice to surrender the tenancy, and as such will become vacant at the end of September.

As previously stated, the proposed approach in each case will be driven by the overarching policy of keeping the units and seeking ways of making them more viable, potentially generating more income or otherwise helping to deliver corporate objectives.

In determining the future use of the farms as they come to the end of an FBT term, each unit will be explored to ascertain opportunities for:

- 4.2.1. exploiting options for renewable energy generation (to operate alongside the farm business)
- 4.2.2. delivering phosphate mitigation measures (e.g. fencing of water courses, tree planting, laying of reed beds)
- 4.2.3. diversification options that may become part of the 'offer' for new tenants.
- 4.2.4. collaborative working with Aberystwyth University and Trinity St. Davids' University to provide extension opportunities for research and development work being carried out (e.g., on general farm practices / agri-tech or regenerative agriculture). This may

be subject to the ability to access revenue funding streams through UK Shared Prosperity Funds, for which a programme has been included in the draft proposals).

5. Approach for future tenancies

In order to facilitate this development, CCC's approach to attracting new tenants will be based around tendering opportunities, where potential tenants will be asked to submit a business plan, as has been done previously, and demonstrate how the objectives for the unit can also be delivered side-by-side with the core farming business, in order to meet viability and corporate objective challenges.

Actions have been undertaken against the current policy, and taking into account within it, some of the options previously considered.

PURPOSE OF REPORT : To share progress on the work to develop options for the Council Farm network.

REASON SCRUTINY HAVE REQUESTED THE INFORMATION: To consider the needs of our County Farms structure so that they can remain viable

BACKGROUND: Members on the Task and Finish Group require further information on the County Farm Estate, and the impact of new Environmental regulations, and have requested regular updates on progress.

CURRENT SITUATION: New Pollution control regulations are likely to place further challenges on the viability of the County Farm structure. Further work is required to understand the extent of the challenge. This paper sets out the latest progress, options for projects involving the Council farm network to inform the discussion and enable Scrutiny Committee to give feedback into the process.

Has an Integrated Impact Assessment been completed? If not, please state why

N/A – this would be completed where further detailed assessments on the options are developed

WELLBEING OF FUTURE GENERATIONS:

Summary:
Long term:
Integration:
Collaboration:
Involvement:
Prevention:

RECOMMENDATION (S): That the Scrutiny Committee considers the report and provides suitable direction for consideration and implementation.

REASON FOR RECOMMENDATION (S):

To help ensure that the appropriate investments are made to protect the Council's assets for the future and to ensure the future viability of the farms.

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Acronyms:

Appendices:

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