Statement from George Dunn, Tenant farmers Association

Please find below some thoughts that we believe the Cabinet should consider as it debates the new management strategy for the county farms estate.

Background

The agricultural units now owned and managed by Dorset County Council (referred to as County Council Smallholdings) have their origins in UK Government policy of the early 20th Century when there was a major concern about the decline in agricultural employment. This led onto a wish to provide farming opportunities for returning ex-servicemen from the two world wars.

The 1970 Agriculture Act embodied the further evolution of the holdings as units to provide a much wider franchise of individuals with opportunities to farm in their own right. In 1984, the House of Lords, in debating what would become the 1984 Agricultural Holdings Act, emphasised the role of these holdings acting as "starter units" which would encourage tenants to move onto larger holdings elsewhere in due course. As a consequence of this, the concept of succession was excluded for these types of holdings.

The question now is what role these farms play in the early part of the 21st Century. Today's challenges are very different to those of a century ago. Local authorities have many more competing demands on their scarce resources and society's link with farming and agriculture has become significantly weaker as we have developed into an ever more urban-centric country. However, food production is still important as is the management of our countryside and there are still many looking to get into farming but who lack the capital to purchase land or to take on larger tenancies offered in the private sector to make their first step.

The Challenge

The TFA is concerned that in recent times there has been an unhealthy focus, in some local authorities, on the capital value of their farm estates which leads to calls for them to be sold to find resources for other challenges being faced in local communities. The TFA believes that with a more strategic approach to their farm estates, local authorities could benefit significantly in financial terms, continue to provide opportunities for those who want to farm in their own right and be a major driver for rural and wider economic development in their localities.

Meeting the Statutory Objective

The rules for administration of statutory smallholdings are set out within Part III of the UK Agriculture Act 1970. Councils in their role as statutory smallholding authorities have a duty under legislation to make it their general aim to provide farms to those who wish to be farmers in their own right. This stems from Section 39 of the 1970 Act which reads:

"Having regard to the general interests of agriculture and of good estate management, [smallholding authorities] shall make it their general aim to provide opportunities for persons to be farmers on their own account by letting holdings to them".

1. In order to meet that objective, the TFA believes that Dorset and other local authorities with a smallholdings estate have both to offer opportunities to new entrants and to work to sustain existing tenants in their farming career into the long term be that on

the local authority estate or in the private sector. Research has shown that county farms are the principal route into farming for new entrants. However, it is not sufficient to merely oversee a conveyor belt approach where new entrants come on at one end and fall off at the other if they cannot make the transition to the private sector. Either smallholdings authorities need to put resources into ensuring that their tenants can make the transition to the private sector or, if this is not possible, to look at extending existing tenancies and providing longer term tenancies for the security of and investment of those granted initial opportunities. In this respect, the TFA is concerned that there is too much of a focus on new entrants and not enough on progression within the draft management strategy. The vision should be to create a stable, long-term framework for the profitable management of County Council farms to ensure that County Council farms provide their principle function of providing opportunities for individuals to be farmers in their own account.

To assist with progression, the TFA believes that there would be merit in investigating the potential for greater networking and collaboration in the management of County Council Smallholding Estates in other parts of England and Wales.

Development Opportunities

The TFA recognises that the council can realise significant sums through the sale of individual farms or pieces of land with development potential. The TFA does not oppose such sales as it recognises the benefit of the capital receipts to the County Council whilst maintaining (and possibly enhancing) the bulk of the agricultural estate.

However, once farms are sold, they are gone forever. It would be inappropriate to treat capital as revenue to fund frontline services on an ongoing basis. Value from the local authority estate needs to be harvested rather than mined in accordance with a strategic plan. The TFA would advocate that Dorset looks to take a longer term, strategic and patient approach to disposals which will enable maximum benefit with minimum disruption. Importantly, at least some of the receipts from such disposal should be earmarked for investing in new or existing smallholdings within the local authority. This is something which the TFA believes should be coordinated and encouraged at an all-Wales level by reference to a previously agreed good practice guide endorsed by farming and professional bodies which can be accessed by clicking here[1].

Wider Benefits

Ownership of County farms also assists the council directly in meeting wider objectives in relation to countryside and environmental issues, access to the countryside, learning outside the classroom, planning policies, greenbelt management and assisting in the management of flood risk. Without the retention of the land bank, these benefits will be lost.

Management

It is essential to have consistent, enthusiastic proactive staff who are able to engage both with the tenants on the estate and with potential new entrants. The estate management team should also be proactive in reaching out to private estates as possible routes to progression for tenants on the council estate. The estate management team must not be passive or just reactive, they very much need to set the agenda.

Rental income

The TFA notes that the council has benchmarked its rental income per acre with other local authorities. We do not consider that this is a valid comparison given the extent to which rent varies for many reasons including the level of fixed equipment, repairing obligations, quality of the land, enterprise choice and many others. Rental incomes must be set on a case-by-case basis taking into consideration all relevant factors on the subject holding.

Code of Good Practice and Commissioner of the Tenant Farming Sector

The county council will be aware of the recently agreed code of Good Practice for Agricultural Landlords and Tenants and the appointment of the Commissioner for the Tenant Farming Sector. The TFA will encourage the county council to include the code of practice within its tenancy agreements (existing tenancy agreements can incorporate code of practice by memorandum) and to include provisions which allow alleged breaches of the code of practice to be put to the Commissioner.

Principal Conclusions

1. Dorset should review its County Council smallholding estate as an important, strategic, asset that should be retained.

2. More effort should be made to support existing and future tenants to sustain their businesses either within the council or, in the future, in the private sector.

3. There should be greater collaboration with other County farm estates.

4. The council should seek to manage disposals of land from its smallholding estate within the context of a properly thought through asset management plan in order to maximise revenue from development sales whilst not undermining the principal objectives of the estate. Some of this development profit should be used to re-invest in the smallholdings estate.

5. The council should pay greater attention to the wider benefits derived from owning and managing its smallholdings estate.

6. The county farms estate needs a vibrant management team.

7. The agricultural landlord and tenant code of practice should be incorporated into all the council's farm tenancy agreements either when newly let all by memorandum allow all alleged breaches of the code to be referred to the Commissioner.