



Elin Jones  
Minister for Rural Affairs  
Welsh Assembly Government  
Ty Hywel  
Cardiff Bay  
CF99 1NA

17 December 2010

Dear Minister,

### **Inquiry into Local Authority Farms**

The Rural Development Sub-Committee has undertaken a short inquiry into Local Authority Farms as this is an area that had not received much attention in terms of policy development over recent years. This was acknowledged by the Minister for Rural Affairs when she told the Committee:

‘I would not want to say that we have worked with local authorities in any strategic way over the last few years, if at all... in looking at these estates as a national asset.’

Several witnesses quoted directly the conclusion included in Sir Donald Curry’s 2008 report *The Importance of the County Farms Service to the Rural Economy* that ‘farms owned and managed by Local Authorities are an important, strategic, national asset that should be retained.’ The Committee fully endorses this view, and our conclusions and recommendations are based on a desire to protect and develop this important asset.

### **Statistics**

The Committee welcomes the Minister’s undertaking to re-introduce the publication of the annual Smallholding in Wales report on the Government and local government’s activities in relation to smallholdings in Wales, as required by the Agriculture Act 1970.

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The Committee is concerned that it was decided somewhat arbitrarily, and without consultation, to cease publication of this report in 2001. As a result, not only were stakeholders deprived of accurate information on the changing size of the local authority farm estate in Wales, but so was the Welsh Government itself. This problem was highlighted when the Government, in its evidence to Committee, quoted figures from CIPFA which implied that the estate in Wales had grown over recent years, when the Committee had already established that these figures were inaccurate as they were based on an England and Wales average and that the size of the Welsh estate was actually in decline.

As in any policy field, a robust evidence base including accurate statistics is essential to good policy making in this area. The Committee believes that the re-introduction of the Smallholding in Wales report is an essential first step to the Welsh Government developing appropriate policy on local authority farms.

### **Entry and Progression**

The Committee heard that agriculture is among the most difficult of industries to enter, and that a local authority farm tenancy is one of the few means of entry into farming for those who have no substantial capital or prospect of family inheritance. The Committee also heard that demand for entry-level tenancies far outstrips supply in Wales.

The legislation that underpins the local authority farm network makes it clear that the purpose of the county farms estate is to provide opportunities for those who want to farm in their own right to do so. The Committee is concerned by the suggestion made by the Powys County Council's scrutiny review of its agricultural estate that 'the primary objective of the estate should be to make a financial contribution to Council services proportionate to the value of the asset employed'.

The Committee believes that providing a springboard for new entrants into the industry should remain as the core purpose of the network.

The Committee heard that finding a balance between providing opportunities for new entrants and providing opportunities for existing tenants to progress within the industry was a constant challenge for local authorities. Some actions, such as rationalisation of holdings, can be beneficial to existing tenants in allowing them to extend their holdings but at the same time further reduce the opportunities for new entrants.

The Committee heard that there were several factors that contributed to the limited opportunities for progression both within the local authority network, and in moving from local authority tenancies into the private sector. Among the factors cited in evidence to Committee were:

- The contraction of the private rented sector over recent years, and the relative prevalence of owner-occupation in Wales compared to England, being respectively 69.6% and 57.7% in 2007. The Tenant Farmers Association told the Committee that it had become 'almost impossible' for tenants to move from the public to the private sector;

- The lack of security offered by the short-term (normally 5 year) tenancies that are typically available in the private sector compared to the longer-term leases available from local authorities. This leads to a disincentive for farmers to move on, even where opportunities are available;
- The prevalence of intra-family succession on the local authority farms estate in Wales;
- Unwillingness of farmers to retire. This could be for financial reasons or because they would have nowhere else to move to should they give up the farm dwelling.

**The Committee urges the Welsh Government to work with local authorities to establish better linkages with private sector landowners, and to develop better integration between the two sectors. The Welsh Government should also work with private sector landlords to identify and overcome barriers to letting, and to identify means of providing greater security to tenants in the private sector through longer-term leases.**

Local authorities should have policies in place to provide farm tenants of retiring age with alternative housing.

### **Management Strategy and Disposal**

The Committee heard that financial pressures on local authorities increasingly led to a focus on the capital value of their farm estates, with many coming under pressure to dispose of land and dwellings in order to raise funds. Often, the funds raised will not be earmarked for reinvestment in the estate; Powys CC, for example, told the Committee that only 10% of funds raised through disposal could be retained for investment in the estate. Although, the Committee acknowledges that the Welsh Government does not have the power to prevent the sale of land by local authorities, we do believe that the Welsh Government could play a role in encouraging and supporting local authorities to take a long term strategic approach to the management of their farm estates.

While some rationalisation of estates can be beneficial in helping the local authority farm network achieve its objectives, non-strategic disposal for the purpose of short-term fundraising rather than long-term investment is in danger of undermining those objectives by reducing the opportunities available for entry and progression.

Several witnesses referred to Sir Donald Curry's 2008 report *The Importance of the County Farms Service to the Rural Economy*, and in particular its recommendation that 'local authorities should carry out strategic reviews of their estates so that policy decisions on the retention, disposal or acquisition of land take a longer-term view seeking to maximise revenue from development whilst not undermining the principal objectives of the estates.' Whilst the Committee heard that such a review had been conducted by Anglesey CC, it does not appear that all local authorities in Wales have done so. The Committee would therefore urge the Welsh Government to issue guidance to local authorities that they should conduct such a review with a view to safeguarding their estates in the long-term.

The case of Gloucestershire was highlighted to the Committee as an example of how long-term strategic management of a local authority farm estate can both raise funds and protect the estate. Since 1974, Gloucestershire County Council has raised over £100 million through careful disposal and planning gain (Section 106) benefits. At the same time, £10 million has been reinvested in modernisation of the estate and land purchases with the result that the size of the estate has remained virtually the same.

**The Committee urges the Welsh Government to use examples of good practise elsewhere, such as that of Gloucestershire, to inform and guide Welsh local authorities to approach the management of their estates in a more strategic manner. The Welsh Government should take a lead role in sharing such best practice among local authorities.**

### **Co-ordination**

Several witnesses emphasised to the Committee that they saw the local authority farms network as a national rather than a local asset, albeit one that should continue to be managed by local authorities.

A constant theme in the evidence received was that the Welsh Government should play a role in facilitating networking and information sharing between local authorities, and that the Welsh Government should work with local authorities to develop a more co-ordinated and strategic approach to management protecting and developing the estate in the long term. In her evidence to the Committee, the Minister conceded that this was an area in which the Welsh Government had been inactive but could play a role in future:

‘...there is a role for us, which we perhaps have not played over the past few years, but which we should play in future, in looking at the options that are available for networking and sharing good practice. It is our responsibility as the Government to co-ordinate that.’

**The Committee therefore calls on the Welsh Government to play an active role in developing a co-ordinated and strategic approach to the management of the local authority farm estate, including the facilitation of networking and information sharing between local authorities and providing strategic guidance.**

**The Welsh Government should at the earliest opportunity meet with representatives of the Welsh Local Government Association (WLGA), the Consortium of Local Authorities in Wales (CLAW) and the Association of Chief Estate Surveyors (ACES) to develop a work programme for achieving the objectives outlined in this letter.**

### **Housing**

The Committee received evidence, principally from Anglesey County Council, that the dwellings on local authority farms were of a poor quality and that massive investment would be required to bring them up to standard. Anglesey stated that of their dwellings, 80% were in need of repair and updating, with a total estimated cost for this work of £5 million pounds. The Committee heard that fewer than 20% of the farm dwellings in Anglesey’s possession had central heating installed and that damp and mould growth were common.

Anglesey CC told the Committee that investment on such a scale would only be possible with outside support. However, the Committee understands from correspondence with the Deputy Minister for Housing that local authority farm dwellings are not covered by the Welsh Housing Quality Standard (WHQS) as they are considered business premises rather than as social housing. As a result, support which is available for the upgrading of other housing is not available for local authority farm dwellings.

The Committee is concerned that farm dwellings leased by local authorities are permitted to be of a lower standard than would be otherwise acceptable, with the implications this has for tenants' health and wellbeing. While we understand the Government's rationale for excluding farm dwellings from the standard, we believe it to be mistaken in applying this exception.

**The Committee believes that all local authority farm dwellings should be brought up to the WHQS as soon as possible, and that the Welsh Government should investigate means of supporting local authorities in making the necessary investment without them having to dispose of estate assets to raise funds.**

Yours sincerely,

A handwritten signature in black ink, reading "Rhodri Glyn Thomas". The signature is written in a cursive style with a large initial 'R'.

Rhodri Glyn Thomas AM  
**Chair, Rural Development Sub-committee**