

# Rural Development Sub-Committee

RDC(3)-10-10 Paper 7

## Inquiry into the Provision of Local Authority Farms : Evidence from Carmarthenshire County Council

The Rural Development Sub-Committee may wish to consider some of the points outlined below:

Statistical information relating to local authority farms in Wales is produced by The Chartered Institute of Public Finance (CIPFA). Carmarthenshire County Council contributes to this survey annually by completing a detailed questionnaire.

In Carmarthenshire, the Head of Corporate Property has delegated powers for the management of the Rural Estate with central support from Finance, Legal and Technical Services. The day to day management of its 3,500 acres (approx) comprising of 31 equipped holdings, 12 bare land holdings, 47 grazing tenancies with fishing rights and woodland areas is carried out by 1 member of staff as part of his overall duties with some basic administrative support.

Whilst ensuring that the Estate is run on a sound financial basis the recognized aim is to provide affordable opportunities for persons who would otherwise not be able to enter into agriculture by purchasing or renting in the private rented sector & to establish themselves as farmers and rural business entrepreneurs. Also for tenants to progress on their own account & to move off the Estate on to larger farms in the private or institutional sectors.

County Farms also offer the potential to maximise environmental benefits and diversification opportunities eg: where tenants have been encouraged to manage wildlife, farm schemes to create habitats, support biodiversity and adopt best practice in farm management. A few CCC tenants actively participate in schemes such as Tir Gofal, Tir Cynnal etc

The farms have also been regarded as a land bank for the Authority when located near built up areas. A number of housing developments, schools and the National Botanic Gardens, Llanarthne have in the past been built on land held for County Farm purposes.

It is 4 years since CCC last critically reviewed its Rural Estate Policy & agriculture has continued to experience significant change. Financial pressures are at their most acute on small tenanted farms and there are now only 17 CCC farms producing milk which reflects the national trend in the exodus of milk producers and substantial reduction of dairy holdings. The continuing decline in the number of farms largely reflects ongoing estate rationalization to create more commercially viable units to deliver a modern service. In practice, opportunities for new tenants and the progression of existing tenants has become too small both within the public and private sectors.

Decisions about the future management of each holding are based on a number of factors eg: maintenance needs, the capital investment needed to bring the holding up to an efficient level of production, the size and proximity to other holdings. Re-structuring has been inevitable and amalgamation of certain holdings has been necessary in order to achieve correct capital investment and better output levels. As a consequence the average size of Carmarthenshire's equipped holdings has risen to 35.3 Ha (87 acres) which in many ways reflects the changes that have taken place in the agriculture industry as a whole.

CCC has continued to explore creative ways in which the full potential of estate assets can be exploited to the mutual advantage of tenants and council tax payers. There is a greater need for flexibility to enable "family farm" businesses to continue to be the foundation of Welsh agricultural production and to positively encourage and ensure that generations of young people will be given the opportunity to make their living in agriculture. Off farm income is increasingly important along with incentives for tenants to diversify and develop a range of viable farm-based rural businesses as a sole or main form of employment that enable the accumulation of resources for future progression both within and off the Estate. Examples of this can be found on a number of CCC farms where tenants supplement their income from agricultural contracting, building contracting, ice cream production etc.

Whilst maintaining the size of the Estate, disposal of surplus property & amalgamation of land has allowed existing holdings to become more viable although their number has reduced. Since the down turn in the agriculture industry the provision of starter units has been more difficult to achieve due to: viability of small farms, setting up costs, revenue costs of maintenance & lack of progress up the ladder. In this respect it is limited in terms of provision for new entrants. In general, the larger the estate, the more it is able to fulfil its role in providing farms for tenants to progress on to, as well as starter farms.

A number of County estates are no longer providing as many opportunities into farming for young people but that cannot be attributed solely to the system, rather it is one result of the legislation introduced in 1947 and continued until 1995, and a symptom of the decline of available follow on tenancies in the private sector, preventing tenants from moving off the county estates. Consequently there has been a degree of stagnation on many estates with fewer opportunities for new entrants, and many tenants have not been able to build viable businesses, remaining on the same farm until retirement or even farming until well past retirement age.

Liabilities of ownership rest with the Authority including continued investment for essential improvements to comply with legislation, best practice etc. Authorities have also been under pressure to raise capital receipts & some local authorities have long since got rid of their farms.

In terms of improving and developing the estates themselves & the only way to keep young people in the industry would be to ensure a better return on their capital therefore both landlord & tenant would need to re-invest in their farms. CCC have consulted existing

tenants and clearly re-allocation of capital receipts back into the Rural Estate is vital in order to modernise farms and replace some buildings that have reached the end of their useful life for animal health & welfare, health & safety, pollution prevention/waste/environmental management etc and also to take advantage of any land purchase opportunities, highly unlikely in the current financial climate.

Also County Farms have traditionally had high demands for repair liabilities to it's existing buildings and have always had to compete against the demands of other "essential" Council services and more recently services being required to make efficiency savings at unprecedented levels.