

## Rural Development Sub-Committee

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30 September 2010

### National Assembly for Wales Rural Development Sub Committee Inquiry into Local Authority Farms – 7<sup>th</sup> July 2010

#### Questions not reached in Committee – Response from NFU Cymru

- 1. What balance should local authorities aim to achieve between providing sufficient opportunities for new entrants and ensuring long term security for existing tenants?**

The right balance needs to be found to ensure some certainty of tenure for the tenant whilst at the same time maintaining opportunities for new entrants to enter the estate. Banks and other lending institutions will require security of tenure before lending money which is crucial for tenants considering diversification, adding value to primary produce or other business ventures. For most business ventures it is likely to take a number of years for the initial investment to be recovered and for the business to deliver profit. To enter into a number of schemes offered by the Assembly Government tenants need to be able to show that they have full management control of land for a number of years.

Many within the estate will wish to progress on to larger units be this within the county council estate or possibly through a move into the private sector however as we highlighted at our oral evidence session this can only happen if opportunities arise at the appropriate time for tenants. No one would wish to see a tenant having made a success of his business being forced to leave the holding with no progression opportunity available. This is why NFU Cymru believes that the Welsh Assembly Government could play an important role in co-ordinating a more integrated approach between neighbouring authorities and between the public and private sectors to facilitate progression. As tenants progress “up the ladder” this would then work its way back down the chain to open up more opportunities for new entrants.

Finally it is important to point out that whilst more recent tenancy legislation provides greater flexibility on setting the length of tenancies, local authorities must respect tenancy agreements set under previous legislation that they still have remaining.

## **2. What, if any, further work could be done by local authorities and the Welsh Assembly Government to support tenant progression from farms?**

As highlighted in question 1 NFU Cymru believe a closer working relationship between local authorities, the Welsh Assembly Government and the private sector would support tenant progression.

NFU Cymru believe that WAG may have a role to play in fostering, developing and facilitating a much more integrated approach between neighbouring authorities and private estates to ensure that tenants are in a position to take advantage of progression opportunities. Farming Connect may also have a role to play in this process in helping, advising and mentoring tenants to prepare them for the transition to larger units.

## **3. What opportunities exist for local authority tenant farms to contribute to wider countryside objectives?**

The Local Authority estate can deliver on a wide range of countryside objectives given the right incentives and opportunities. These could include renewable energy production, utilisation of waste (possibly from the Local authority) for energy generation and / or composting, reconnecting with the urban population through open farm days and providing opportunities for school and educational visits. A well managed farm estate can also offer opportunities for local authorities to become carbon neutral or to reduce their carbon footprint.

Local Authority farmers will manage a wealth of traditional landscape features such as hedges, stonewalls, ditches and farm buildings all important to the aspirations of Local authorities. Tenant farmers will also play an important in maintaining and improving biodiversity another important local authority aspiration.

The origins of Local Authority farms were based on early 20<sup>th</sup> Century policy when there was concern about the decline in agricultural employment. Given the continuing exodus of young people from rural areas the role the estate plays in securing employment is as crucial today as it ever was.

Many of the issues highlighted above will of course have budgetary implications for the tenant and as we have highlighted in both written and oral evidence these tenants will

have very little capital to be able to invest in such measures. It is therefore important that to help achieve these wider countryside objectives sufficient financial support and / or incentive is made available to tenants.

#### **4. How could these objectives be further facilitated by local authorities and the Welsh Assembly Government?**

As highlighted above tenants will respond to these objectives provided that the right incentives are made available. Energy generation and waste utilisation in particular require significant initial capital investment something that tenants will not have access to, Local authorities and WAG will therefore need to consider how this lack of access to finance can be overcome.

#### **5. To what extent do you believe there is a need for a more strategic approach by local authorities to the disposal of local authority farm estates?**

NFU Cymru recognises the extreme financial pressures faced by local authorities in the present economic climate resulting in some authorities considering a programme of farm disposals. We believe that this is tantamount to selling the family silver; instead a well managed estate should be seen as a vital and profitable asset for local authorities. We fully understand that opportunities will and do arise to sell individual parcels of land for development which can realise significant sums of money. We can accept this provided that individual businesses are not threatened and that the money is ring-fenced and is re-invested in the estate.

Local Authorities should carry out a strategic review of their estates to assist in deciding on a strategy for the estate over a longer time period and this should include whether the current estate has the right balance in terms of starter and progression units, the review would also need to consider whether the size of units offered and farming systems practiced continue to be appropriate to modern day agriculture. The review should consider potential actions that could be taken to ensure that the estate remains able to fulfil its primary role in providing opportunities to allow individuals to farm in their own right. The review could also identify opportunities to potentially co-operate with neighbouring authorities to ensure a good mix of starter / progression and “full time commercial” holdings are available.

Local authorities in Wales are well placed to identify future development opportunities and acquiring land should also be a consideration of any review to provide a land bank for the authority which at the same time could be used as an entry point for new entrants into agriculture. NFU Cymru could support this type of active asset management provided that

it could be seen as improving and increasing the authority's portfolio and that tenants businesses were not compromised.

**6. To what extent do you believe that the collection of national data on local authority farms should be a priority?**

It is important that national data is readily available on local authority farms in Wales; it is difficult to plan for the future without knowing accurately what the current state of play is. In researching for this inquiry NFU Cymru had great difficulty in finding any relevant up to date data on the local authority farm network in Wales. We believe that WAG should investigate what mechanisms could be utilised that could provide the necessary information at minimum cost to WAG and local authorities and how this information could be regularly updated.