

gwd/1415
06 February 2015



Gerald Thomas MRICS
Valuation and Estates Manager
Denbighshire County Council
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Dear Mr Thomas

Denbighshire County Council – Agricultural Estate

Thank you for your letter of 02 February and responding to my subsequent email from today to which you attached a copy of your original letter of 6 January 2015. I hope that in the circumstances there will still be time for the County Council to take into consideration the views of the Tenant Farmers Association as set out below.

The Tenant Farmers Association acknowledges the difficult financial circumstances that many local authorities, including Denbighshire, face at the current time and that there is therefore a need to ensure that the local authority has at its disposal sufficient financial resources to meet its frontline services and that, as a result, all services need to be reviewed.

The TFA would argue that the County Council should view its farms' estate as an income earning asset. With sound asset management it is possible for the county council to see a net contribution to its annual income through the management of its rural estate. This income will not only arise in the form of rent but also from disposals of land for development or marriage value at many times the land's agricultural value. Of course to achieve this there needs to be a sound asset management plan drawn up and for there to be strategic thinking about particular sites on the estate which could attract significant value at disposal due to their development potential. The TFA believes that this route should be fully explored before the Council considers its proposed policy of disposal over time.

The TFA contends that a policy of disposal as and when existing tenancies come to an end is short sighted. Whilst it could provide additional financial resources for the local authority to meet its demand for frontline, statutory services at this stage, this will be on a once and for all basis. When the local authority is in need of resources in the future for hospitals, care homes, schools and the like, it will not have these assets available to sell at that time. That is why the TFA believes there is need for the local authority to make a proper assessment of the potential net present value to the local authority of retaining the assets and making them work more effectively as income earning assets into the future as opposed to what

might be gained from a progressive sell-off. From the correspondence seen, we do not believe that such a comparative net present value approach has been taken and it is therefore impossible to judge whether or not the decision to progressively sell the estate achieves best value for Council tax payers. The TFA believes that county council has a statutory responsibility to ensure the best value is attained and that can only be assessed on the basis of a comparative net present value calculation.

In this respect, I attach some guidance which has been prepared by the Tenancy Reform Industry group (and is due to be published shortly) which I hope will be of assistance to the local authority.

Whilst very much a second-best option, notwithstanding the TFA's views, should the local authority decide that disposal is the best approach, then we would wish existing tenants to have first refusal on purchasing the freehold of their Holdings and that there in put over the years into those farms should be recognised in the price they are asked to pay for acquiring the freehold of those units. It is stressed however that this is very much a second-best option as the TFA believes that the Holdings should be retained by the local authority.

Ownership of County farms will also assist the local authority in meeting its 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. These benefits were the focus of a report entitled: "The Importance of County Farms to the Rural Economy" prepared by Sir Don (now Lord) Curry. A copy of that report is submitted as part of our input to the County Council's Review and we would ask that the wider benefits to which it refers are also considered alongside the other, perhaps more tangible, benefits referred to above.

Of course, the TFA also believes that county council smallholdings continue to contribute to the farming ladder both in providing opportunities for individuals to be farmers in their own account and to progress within the industry. Notwithstanding the comments made in your letter about the concentration of occupation, it is the county council smallholding estates nationally and in England that most new entrants gain entry to the sector.

In conclusion therefore the TFA would argue that the county council turns away from its proposed approach and looks to put in place a proper asset management plan which will deliver best value to Council Tax payers through identification of blocks of land with development opportunity whilst at the same time continuing to acquire wider community, environmental and social benefits through the ownership and management of the farms.

Yours sincerely



**George Dunn BA MSc FRAgS
Chief Executive**