

<u>Eich cyf / Your ref</u>	
<u>Ein cyf / Our ref</u>	GRT
<u>Dyddiad / Date</u>	6 January 2015
<u>Rhif union / Direct dial</u>	01824 70 6791

Dear Sirs

### DENBIGHSHIRE COUNTY COUNCIL – AGRICULTURAL ESTATE

You may recall that Denbighshire County Council undertook a review of its Agricultural Estate in 2010 /2011. A policy of managed rationalization was adopted where the Council would target investment into certain holdings and would dispose of other holdings. This review was for a five year timescale and that period is therefore coming to its conclusion. It is anticipated that all the actions resulting from the 2010/2011 review will be completed and in place by spring 2015.

As background information, the agricultural estate currently comprises approximately 1,053 hectares, (2600 acres) of land. The estate is a mixture of dairy and stock farms with bare land grazing and some woodland. The holdings are let via either Full Agricultural Tenancy agreements subject to the Agricultural Holdings Act 1986, or Farm Business Tenancy agreements subject to the Agricultural Tenancies Act 1995. The two Acts are subject to different statutory provisions and place different responsibilities on the Landlord and Tenant

Notwithstanding that the 2010 review is now in its final stages, concerns were raised by the Councils' performance scrutiny committee in March 2014 which concluded that in view of the change in the financial position of public authorities as compared to that which existed in 2010/11, the agricultural estate strategy is no longer representative of the Council's current position in terms of existing financial constraints. Performance scrutiny established a deadline of February 2015 for an agreed new strategy to be taken through the decision making process and approved prior to April 2015.

Local Authority agricultural estates (also known as County Council smallholdings) were created over a century ago by legislation intended to create opportunities to provide land for new entrants into agriculture.

Improved mechanization in agriculture has resulted in the increase in the average size of farms. Fixed costs have to be spread on larger areas in order for farms to become more viable and to enable them to compete in an increasingly challenging industry. Local Authority farms have followed this trend. Together with the number of long term tenancies still in operation, opportunities for new entrants are extremely limited. Denbighshire's agricultural holdings are therefore no longer providing opportunities for new entrants into the farming industry. Local Authorities offer a wide range of services, many are statutory but others, like the agricultural estates are non-statutory otherwise known as discretionary services.

The Council's Agricultural Estate team together with the Agricultural Estate Working Group has therefore been working on a new strategy to take effect from 2015 onwards. The strategy needs to reflect the current reality for public authorities in Wales.

The following outlines the main proposals in the strategy:-

Existing tenants of tenancies coming to an end will be given the option, where appropriate, to purchase the whole or part of the freehold of the holding prior to the Council disposing the holding on the open market.

Any tenants who make new requests for another succeeding tenancy to a son or daughter and this has not been previously raised under the Bruton Knowles review, will be given an opportunity, where appropriate, to discuss with the Council, their purchase of part or the whole of the holding. If a freehold purchase does not proceed as anticipated, the tenancy will not be renewed and the farm will then be placed upon the open market.

Existing tenants occupying holdings' under long term tenancies will, where appropriate, be offered the option of purchasing all or part of the freehold of their holdings as in the above, taking into consideration the value of the existing lease and any investment made by the tenant in the holding.

Opportunities may arise on an ad hoc basis where a tenant may express his interest in purchasing part or whole of the holding. Such discussions may take place during rent review discussions or during other discussions relating to the management of the holding. Such potential disposal opportunities which arise from unforeseen occurrences will be taken as and when they arise. Strategic sites will be identified and dealt with on an individual basis.

Disposals will in the main be subject to covenants restricting the use of the land for agricultural purposes and/or overage agreements in respect of any increased values obtained through alternative use and/or retention of rights across any disposed land (as far as this can be done legally to protect the rights of the Council and its future needs).

In all cases, the scheme of delegation and democratic process of the Council at the time will be adhered to in the making of decisions affecting the estate.

It would not be appropriate to consult on how the strategy will affect the future of individual holdings nor will the Council be in a position to consult on any detailed financial projections. The officers in the Agricultural estates team will however be in touch with all the individual tenants to discuss how the proposed strategy will affect them individually.

Should you have any comments on these proposals, we would be pleased to hear from you by Friday 23<sup>rd</sup> January 2015 so that the proposals can be put to the Council.

Yours faithfully,



**Gerald Thomas MRICS**  
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