

HAMPSHIRE COUNTY COUNCIL

Report

Committee:	Culture and Communities Select Committee
Date:	12 July 2022
Title:	Hampshire County Farms Annual Report 2021/22
Report From:	Director of Culture, Communities and Business Services

Contact name: Josie Palmer

Tel: 03707 798057

Email: josie.palmer@hants.gov.uk

Purpose of this Report

1. The purpose of this report is to provide an update on progress made in 2021/22 to incorporate the new county farms policy priorities into operational practice.

Recommendation

2. It is recommended that the contents of this first annual Hampshire County Farms report and newsletter be noted by the Culture and Communities Select Committee, and the Committee support its consideration by the Executive Member for Recreation, Heritage and Rural Affairs.

Executive Summary

3. On 19 March 2021, the Executive Member for Recreation, Heritage, Countryside and Rural Affairs approved the new County Farms Policy. The decision report proposed the preparation of an annual performance report to monitor policy implementation.
4. This first annual Hampshire County Farms report sets out progress made in the 2021/22 year. Progress has principally been centred around the key issue of new lettings, an important first stage in the lifecycle of a county farm holding. A new letting and tenant selection process has been both agreed and extensively tested during this first implementation year, culminating in the letting of 6 farms to new entrant farmers from Spring 2022.
5. Significant steps have also been undertaken to improve the profile and identity of Hampshire County Farms as a service. This has included its

movement within the CCBS structure from Property Services to the Natural Environment and Recreation branch to facilitate better, more joined up leadership and support across the County Council's rural estate.

6. The report also includes a newsletter summary of service activities at Appendix 1.

Background

7. The new County Farms Policy was approved on 19 March 2021 by the Executive Member for Recreation, Heritage, Countryside and Rural Affairs. The [report](#) set out all the background to County Farm holdings and presented the revised policy statements.
8. The Policy is entitled 'County Farms Policy 2021 Towards 2050: A Vision for a Better Farming Future' ([Link to Policy document](#)) and comprises a vision to support the future of farming to contribute to Hampshire's quality of place and environment. The policy is divided into four main sections under the following strategic aims:
 - To provide inclusive opportunities for new entrants to a sustainable and innovative farming environment and opportunities for existing tenants to progress to larger holdings.
 - To achieve sustainable and adaptive systems of farming and land management to support high quality environmental, social and economic outcomes for Hampshire.
 - To support tenants to establish and grow viable agricultural businesses by providing farms from which they can operate and thrive for the duration of their tenancy.
 - To maintain the scale and quality of the land and assets available to the County Farms Service.
9. The County Farms policy review recognised the important contribution that county farms continue to make to farming in the UK, in particular their role in enabling new entrants to the sector, and identified:
 - the increasing requirement for farmers to provide public goods for public money,
 - the role of the Hampshire County Farms estate in contributing to the environmental and social priorities of the County Council,
 - the requirement for improved focus on performance and demonstrating good practice in land management,
 - the need for greater awareness of the county farms service and the achievements of our tenant farmers in contributing to the people and place of Hampshire.

10. The March 2021 decision report also recognised the synergies between the County Farms and the Countryside Service with increasing value being placed on the natural environment. It was agreed that the leadership of the County Farms service would be provided by the Assistant Director for Natural Environment and Recreation in CCBS to enable a more flexible, agile and holistic approach to the use of the County Council's rural estate.

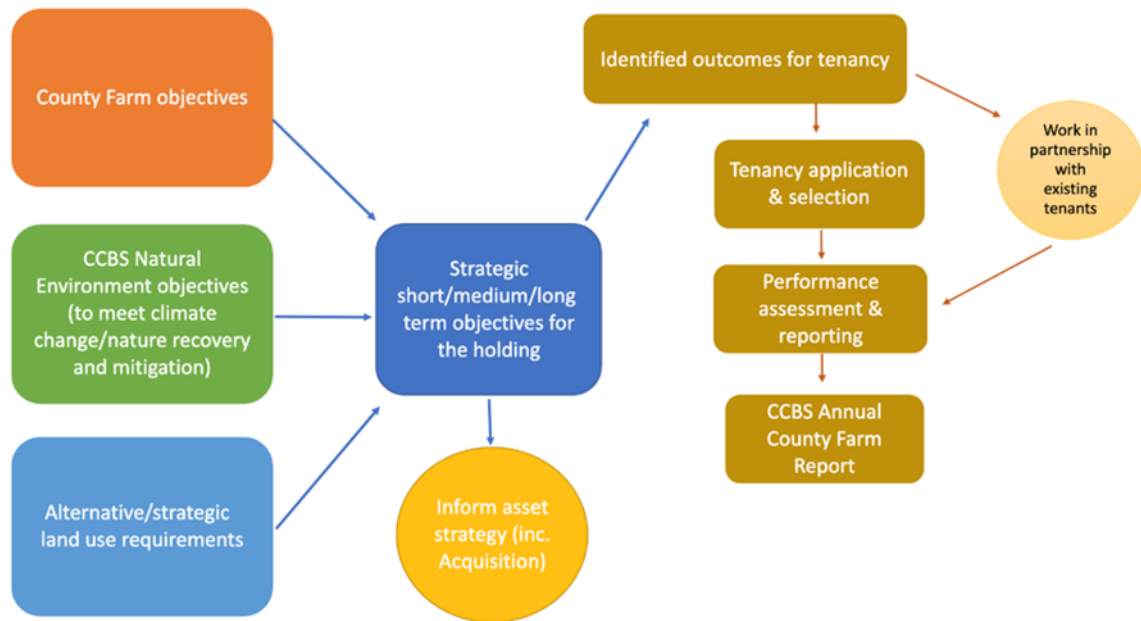
Progress Update

11. Following the approval of the revised policy and the recommendations arising from the policy review, several key actions were undertaken in 2021/22:
12. The Rural Estate and County Farms team is now under the leadership of the Natural Environment and Recreation branch of CCBS. This was formalised on 1 May 2021 and has enabled more bespoke support, a better joined-up rural estate and an increased profile and identity for the service. Communication and connectivity between corporate, departmental and service objectives (e.g. Natural Environment objectives to meet climate change/nature recovery) flows much better, and the team feel collectively part of an exciting opportunity area as nature and landscape recovery grows in strategic significance.
13. The change of branch has also resulted in changes to the financial management of the County Farms Service, with more operational costs, e.g. staffing, included in the same cost centre budget and enabling clearer reporting. However, the expenditure budget for risk management compliance, remedial work and planned maintenance remains with Property Services.
14. A new logo has been designed and brand guidelines prepared to lift the profile and identity of the service. A communications plan has also been drafted and this work has supported both improved engagement through social media and the development of some dedicated webpages for County Farms.
15. Farm landscape & environmental assessments ('FLEAs') have been developed by the service as a means of capturing, monitoring and tracking pertinent natural capital information about each farm. Historically, information of this type will have been gathered potentially many times by the Council for each of its land assets, but records can be often be fragmented across several different departments/teams. The intention is that relevant gathered landscape and environmental data (e.g. from Hampshire Biodiversity Information Centre or the County Archaeologist) will be accessed by Hampshire County Farms via one document/terrier, which will be used to inform land management priorities.

16. It is anticipated that the FLEAs will facilitate better tenant collaboration and enhanced landscape stewardship, with both parties taking joined-up responsibility and contributing towards desired outcomes. These are to be prepared for each farm, but with farms to let from Spring 2022 prioritised in 2021/22 to inform Farm Action Plans.
17. Work with existing tenants on new policy alignment was limited this year with so many new lettings. Those tenants keen to join environmental schemes were however supported; guidance was developed to support tenant performance expectations ahead of any tenancy extension or progression application; and the team increased signposting to useful sources of information about the [Agricultural Transition Plan](#), training, wellbeing support and grant funding opportunities. Compliance and/or condition inspections were also undertaken on well over 40% of existing tenants' farms in 2021/22, which is work that will be built on in 2022/23.
18. A review of the letting and tenancy selection process was also undertaken, to support the marketing of 7 farm opportunities in 2021/22.

New letting and tenant selection process

19. The lifecycle of a county farms holding starts with letting process and, following adoption of the Policy, this is where the team focussed their attention in 2021/22. A staged process was designed, to fit around other county farms performance requirements and also within a wider departmental policy context as per the diagram below.



20. Given the number of new lettings scheduled for the year (7 farms vs a historic average of 1 farm per annum dating right back to 2010), this represented an incredible opportunity to implement new policy direction in a very deliberate way across at least 20% of our farms. With two tenancy extensions also received and due to be considered within the year, this pushed planned roll-out in Year 1 up to a quarter of our farms.
21. The letting process has been split into the following stages, which were extensively tested in 2021/22, given the number of farms marketed and subsequent applications received:
- i. Compilation of farm particulars
 - ii. Advertising
 - iii. Expressions of Interest
 - iv. Viewing Days
 - v. Outline Application
 - vi. Full Application
 - vii. Vetting and shortlisting
 - viii. Interviews & decision-making
 - ix. Requirement for Farm Action Plan
22. As well as summarising farm details, the priority outcomes identified for each farm were set out clearly within the farm particulars. Applicants were expected to demonstrate how they planned to deliver these as part of the application process and within their Farm Action Plans.

23. In 2021/22 the priority outcomes have generally included the following as a minimum:

- To keep sustainable food production at the core of farm activities;
- To protect, put into and keep in good condition the farm's soil health and structure, including organic matter content;
- To protect the farm's natural resources, including the local water environment which will be vulnerable to nitrate and pesticide leaching;
- To improve on-farm biodiversity and connectivity between neighbouring farms, local sites of importance for nature conservation, and within the wider landscape through good management and by providing joined-up wildlife-rich habitats;
- To strive towards net zero greenhouse gas emissions with a well-considered plan for monitoring, mitigation and adaptation;
- To boost pollinators and promote farmland bird abundance on farm through good engagement, monitoring and land management practices;
- To farm sustainably, adopting better performance measures, and with a willingness to undergo independent accreditation and/or periodic auditing to evidence strong performance;
- To adopt and uphold exemplar animal welfare standards;
- To engage with the public and play an active part in increasing the understanding of farming and rural Hampshire in the local community.

24. Advertising was mainly via social media, which reached a growing audience throughout the letting process. A quarter page was also taken in the Farmers Weekly. Marketing went well, although with hindsight some of our farms to let would have benefitted from longer marketing exposure, as indicated by the number of late enquiries. We now have a much-improved profile and identity from which to launch future new lettings.

25. Expressions of Interest enabled early eligibility checks, but whilst the principle worked well, this and subsequent application stages could have really benefitted from some 'smarter working tech solutions' to improve self-service and free up officer time. This is to be worked on in 2022/23.

26. The outline application stage has been included to ensure that there is an alignment of goals/priorities between the Council and prospective applicants before expecting the full extent of work required from applicants to produce a full business plan submission. There is a particular opportunity here to ensure that applicants have understood the need to deliver the Council's priority outcomes and broadly how they propose to do this. In practice, 9 questions were asked, which worked well, inspiring some good responses. Applicants were also asked to prepare an indicative farm action plan at this stage, demonstrating their commitment to sustainable farming and natural resource protection well ahead of producing their financials.

27. Well-rounded business plans with full financials are required at full application stage. Comprehensive guidance was provided to candidates to shape expectation and encourage candidates to provide decent proposals with a good breadth of content. Quality was variable, with weakest areas tending to be around management for nature conservation, e.g. how to support & monitor farmland birds & pollinators. Some curated content on our new webpages and social media should help to upskill and increase know-how in future applicants. There is also opportunity to share Countryside Service expertise on a range of nature topics on our webpages.
28. Scoring was carefully considered and weighted, as follows:
 - a. Agricultural experience & qualifications – 25%
 - b. Financial strength & acumen– 25%
 - c. Climate & environmental commitment & awareness – 25%
 - d. Entrepreneurship & business acumen – 15%
 - e. Rent tendered – 10%
29. The selected applicants have been required to revisit their business plans and to prepare their own Farm Action Plan for the first 5 years of their tenancy agreement, setting out a firm commitment to how they will deliver the outcomes and any natural resource protection & enhancement in practice. There will be a further requirement built into the tenancy agreement (and any lease extension expectations) to review and renew their farm action plan before Year 5 of their tenancy term or as otherwise agreed. These farm action plans are appended to and referenced within the tenancy agreements and included as an Appendix.
30. Work to update the farm business tenancy template has also been undertaken and is ongoing to ensure ongoing fitness and flex to support new policy and emerging environmental opportunities.
31. It was rewarding to treat with so many aspiring farmers and to help improve their understanding and experience of applying for farms. Verbal feedback from candidates about the process was mainly positive, and we have also offered written feedback upon request to all applicants rejected out of the process at the various stages (perhaps an over-commitment given Year 1 pressures, to be addressed with automation via PowerApps in 2022/23).
32. An 'exit' questionnaire is also planned in due course to identify how we could do better in future, and to gear up interest for the next round of lettings.
33. The table below shows how interest and shortlisted numbers tracked for each farm marketed in 2021/22. An introduction to each of the new tenants has been included within the newsletter summary at Appendix 1.

<i>Farm</i>	<i>EOI forms</i>	<i>Viewings</i>	<i>Outline applications</i>	<i>Shortlisted to full stage</i>	<i>Full applications</i>	<i>Shortlisted to interview</i>
Lyde Green	18	15	5	3	3	2
Hazeley	15	17	9	8	7	6
Little Church	19	23	13	11	11	6
Lower Wangfield	17	18	10	5	3	3
Newhouse	12	8	4	4	4	2
Upper Brownwich	15	11	8	8	6	5
Bushfield	27	22	11	8	7	3

Performance assessment & reporting

34. Tenant performance expectations ahead of any tenancy extension or progression application have been developed. These will be summarised for tenant distribution and proactive implementation in 2022/23.

35. It is proposed that all tenants will be subject to regular annual inspections to monitor performance. This was not achieved in 2021/22, with only 60% of equipped farms being formally inspected during the year, including the marketed properties (which were inspected multiple times). If this service target is again not achieved in 2022/23 then a review of inspection frequency may need to be undertaken, or inspections split into different themes to spread workload (e.g. inspections for compliance, condition, letting event, environmental purposes or informal/'mini' spot checks). We look forward to reporting further in 2022/23 after scoping approaches.

36. For starter tenants, assessment and monitoring will be more rigorous, as follows:

37. Every 6 months for the first two years, a formal visit will be made to inspect the farm and examine the tenant's farm records and accounts. A written confidential report will be prepared confirming how the tenant is performing to date and any issues that need attention.

38. After the fifth anniversary but before the sixth, a written report will again be prepared, but with an additional recommendation that the tenant should, or should not, be offered a three-year top-up tenancy of the same starter holding following the expiry of the initial seven-year term.

39. Criteria supporting the expected level of tenant competence will be made openly available to tenants to guide performance expectations.

40. Constructive feedback, including the outcome of the Council's internal review processes, will be provided to the tenant after each programmed periodic visit.

Tenant movements on/off estate

41. A summary of tenant movements onto and off the estate during the 2021/22 year is included within the table below.

<i>Action</i>	<i>No.</i>
Tenant progression off the farms estate to farm in own right elsewhere	3
Retirements	2
Agricultural Industry leavers	1
Internal progression within estate (starter to progression opportunity)	2
Tenancy extensions (in line with policy)	2
New entrant opportunities granted onto the farms estate	5

Tenancy Type

42. There has been a subtle adjustment in spread of tenancy types in 2021/22, most notably the reduction in secure tenancies (now 8 tenants, down from 10, with two having left since the Policy review was undertaken). Please note that the table below includes bare land lettings within the portfolio.

<i>Tenancy type</i>	<i>2011-2012</i>	<i>Policy Review</i>	<i>2021/22</i>
Lifetime (secure)	10	7	6
Retirement (secure)	14	3	2
FBT Less than 5 years	15	11	9
FBT 5 - 10 years	14	9	12
FBT 10-15 years	3	8	8
FBT More than 15 years	4	3	2

Other notable estate achievements

43. Ten county farms now form part of farmer cluster groups (The Winchester Downs Cluster and the Winchester to River Test Cluster), established to deliver joined up and enhanced biodiversity benefit within the wider landscape.
44. A number of community events were hosted by tenants during the year, including Pumpkin Pastures at Brooklands Farm Fordingbridge and educational visits at South Stoke Farm, Kings Worthy.

Finance

2021/22 Financial Summary £'000	Annual budget	Year End Actual	Year End Variance
Expenditure	351	657	306
Income	(681)	(838)	(157)
Net budget/ actuals	(330)	(181)	149

45. *Net Revenue Position*

46. A revenue surplus of £181k was produced by the Rural Estates cost centre in 2021/22. £149k down on the budgeted £330k but tying in with Q1 and subsequent forecasts, that consistently highlighted both the big year of change following policy and operational reviews, plus the significant number of farm lettings.
46. The £181k cost centre surplus reflects all county farms estate income, all staff costs and the majority of property-related costs, including most premises repairs. However, it excludes certain costs administered by Property Services (PS), principally for compliance-related checks (structural surveys, dangerous trees, asbestos surveys and electrical).
47. Some fabric repairs are also met out of PS-administered budgets, for both reactive and planned maintenance. There was no planned maintenance carried out for County Farms in 2021/22 (£50k budgeted but not spent).
48. Factoring back in the PS-administered expenditure of £88k plus fees at 12%, in order to obtain a combined, or 'real', County Farms net revenue position, this reduces the surplus of £181k down to £84k in 2021/22, lower than the usual c.£150k combined revenue position estimated in February 2021.

49. The 2021/22 combined position is lower this year chiefly because of the large number of letting events falling into the same financial year and related costs. For example, an extra £269k of rural estates cost centre expenditure was required in 2021/22, chiefly to address the high tenant turnover-related property costs.

50. *Income*

51. The final income position was £838k for 2021/22, which exceeded the budgeted £681k by £157k.

52. This is chiefly due to the rents negotiated by the rural estates team for temporary smart motorways compounds (3no. in operation in 2021/22, tailing off to 1no. in Q4, which is forecast to remain in use for FY 2022/23 but at risk pending DfT smart motorways safety review).

53. *Expenditure*

54. Performance against budget analysis for PS-administered elements has not been included in this report, falling beyond the scope of the county farms service and largely driven by corporate risk management procedures (e.g. cyclical inspections and resulting repair works).

55. The application of risk management and similar arrangements to the county farms asset category is to be addressed within a future Farm condition review and associated works programme, also tying in with the CCBS Asset Strategy & Capital programme.

56. The Rural Estates budgeted expenditure in 2021/22 was £351k. Actual expenditure was £657k, producing a variance of £306k, predominantly to cater for extraordinary tenancy turnover-related property expenditure, tenants' outgoings/compensation payments and storm damage.

Capital projects

57. The relocation of 2no. steel portal frame buildings from Upper Cufaude Farm to Itchen Farm was completed in 2021/22, well under the £65k budget (£36k) and making excellent use of farm buildings due to be sold and demolished for housing development.

58. As at Year End, South Stoke Farm was close to having fully compliant slurry storage facilities after two short project phases, considerably delayed due to contractor staffing issues. Project still forecast to be delivered to budget (current spend is £326k – anticipated underspend against a budget of £457k).

59. Other projects planned for 2021/22 were pushed back a year given ongoing supply chain issues, or because of the knock-on impacts of other activities. For example, the tenant change at Lyde Green Farm has led to a re-scheduling of its slurry storage project so that the new tenants can feed into the design and construction proposals. Slurry infrastructure grants should also be available from 2022/23 which may assist with overall costs.
60. At Hollam Hill Farm where building replacement is critical, planning consent for the removal of a structurally poor old barn was contested, necessitating a revised scheme design. Some minor works are to be completed to Hazeley Farm to resolve flooding issues, now scheduled for 2022/23.

Consultation and Equalities

61. The new policy was informed by a Member Advisory Group, who met between June and October 2020, and by existing tenants through informal discussion and a targeted survey. This engagement has continued to support 2021/22 implementation activities.
62. Providing inclusive opportunities into a sustainable and innovative farming environment is a key policy aim. It was rewarding to engage with so many aspiring new entrant farmers throughout the letting process this year, providing increased mobility through those engagements into the agricultural industry, and thereby supporting the future of farming to contribute to Hampshire's quality of place and environment. Similarly, the new webpages have been designed to reach and benefit a much wider audience of aspiring new entrants.
63. At the time of the Policy Review, data sources for the agriculture and farming sector in the UK highlighted a continuing increase in the average age of farmers, an underrepresentation of women and a lack of diversity in terms of ethnicity. The review recognised the potential for gender inequality in Hampshire's County Farms service, which had only one female tenant at the time of the review, and the importance of removing barriers for new entrants to farming. The new Policy reflects a more open and inclusive approach to the recruitment of tenants as the first step in enabling opportunity and increasing diversity across Hampshire's County Farms estate. Progress to date against policy appears to have had early positive impacts for the service, with marketing and other activities attracting and retaining a much more diverse range of farm applicants than usual.

Climate Change

64. The County Farms estate forms part of the County Council's wider corporate estate and is therefore subject to the County Council's climate change strategy and targets. The approach to achieving a carbon net zero position

for the County Farms estate and ensuring its resilience in response to a potential 2°C temperature rise is being considered as part of the wider approach to the County Council's internal carbon reduction programme set out in a recent [report](#) to Cabinet.

65. It is anticipated that the service's priority outcomes identified for each farm will have a very beneficial impact on reducing carbon emissions, increasing carbon sequestration and also building resilience to climate change effects. The service will continue to work with both the CCBS climate change programme leads and farm tenants to identify and implement appropriate actions in line with the emerging strategy.

Next steps

66. Implementation planning for 2022/23 includes the following activities:

- a) Smarter working solutions for tenancy application process;
- b) Summarise performance guidance for tenant circulation;
- c) Finalise new Dilapidation Protocol;
- d) Ongoing farm compliance checks;
- e) Scoping for provision of tenant training, mentoring and support;
- f) Farm condition review and associated works programme, tying in with CCBS Asset Strategy & Capital programme;
- g) Proposal for farmhouse improvement programme to ensure compliance and with added value of reducing carbon;
- h) Coastal land case study – joined-up approach to management to boost farming, biodiversity and recreational uses;
- i) New Entrant Scheme – ongoing design considerations and opportunities for Hampshire County Farms;
- j) Carbon auditing – encouragement of detailed carbon footprint assessment by tenants by providing training to those engaging;
- k) 2022/23 Tenant Survey to support implementation and understanding of new policy amongst both the newest and existing tenants.

67. Spring 2023 provisional lettings:

- Copse Farm, Kings Worthy
- Hazeley Farm, Hook
- Lower Brownwich Farm, Fareham
- Tynefield Farm, Fareham
- Annarts Farm, Lockerley

Conclusions

68. The purpose of this report is to provide an update on progress made in 2021/22 to incorporate the new county farms policy priorities into operational practice.

69. It is recommended that the contents of this first annual Hampshire County Farms report and newsletter be noted by the Culture and Communities Select Committee, and the Committee support its consideration by the Executive Member for Recreation, Heritage and Rural Affairs.

Appendix 1: A newsletter summary of service activities is included with this report.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

Hampshire maintains strong and sustainable economic growth and prosperity:	yes
People in Hampshire live safe, healthy and independent lives:	yes
People in Hampshire enjoy a rich and diverse environment:	yes
People in Hampshire enjoy being part of strong, inclusive communities:	yes

Other Significant Links

Links to previous Member decisions:	
<u>Title</u> County Farms Policy 2021 Towards 2050: A Vision For a Better Farming Future	<u>Date</u> 19.03.2021
Direct links to specific legislation or Government Directives	
<u>Title</u> Agriculture Act 2020	<u>Date</u> 11.11.2020

Section 100 D - Local Government Act 1972 - background documents	
<p>The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)</p>	
<u>Document</u>	<u>Location</u>
None	

EQUALITIES IMPACT ASSESSMENT:

1. Equality Duty

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant protected characteristic that are connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic that are different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

2. Equalities Impact Assessment

An Equalities Impact Assessment was undertaken for the County Farms Policy. It identified that the Policy will have a positive impact in relation to protected characteristics of age, sex and race by providing more inclusive opportunities for new entrants to farming and support to tenants to establish viable farm businesses. The EIA also identified a positive impact on rurality arising from the renewed focus of the Policy on achieving high quality environmental, social and economic outcomes that support the communities of Hampshire.