

**CABINET – 18 MARCH 2025****MANAGEMENT OF THE COUNTY COUNCIL'S RURAL ESTATE****REPORT OF THE DIRECTOR OF CORPORATE RESOURCES****PART A****Purpose of the Report**

1. The purpose of the report is to seek approval for the proposed response to a Notice of Motion agreed by Hinckley and Bosworth Borough Council at its meeting on 28 January 2025, which requested the County Council to 'halt its policy of selling off County farms'.

Recommendations

2. It is recommended that:
 - (a) it be drawn to the attention of Hinckley and Bosworth Borough Council that i) the management and disposal of the County Council's land holdings is in line with approved policies; and ii) the County Council's Rural estate has grown in the last 10 years and that any land sold or acquired is for good reason;
 - (b) it is regrettable that Hinckley and Bosworth Borough Council did not seek to understand the position before tabling an uninformed notice of motion;
 - (c) the County Council hopes that the enclosed report to the Cabinet will enable the Borough Council to have a proper understanding of the proactive management of the County Council's rural estate and its benefits for the residents of Leicestershire.

Reasons for Recommendation

3. To respond to the communication received from Hinckley and Bosworth Borough Council on 13 February 2025 regarding its Notice of Motion citing the sale of County Farms.
4. To advise Hinckley and Bosworth Borough Council regarding the management of the County Council's rural estate.

Timetable for Decisions (including Scrutiny)

5. The agreed response will be communicated to the Borough Council immediately after the Cabinet meeting.

Policy Framework and Previous Decisions

6. Management of the County Council's rural estate ("County Farms") is included in its Investing in Leicestershire Programme Strategy. This is submitted to the Council annually for approval as part of the Medium Term Financial Strategy. The most recent iteration was approved by the Council at its meeting on 19 February 2025.

Resource Implications

7. There are no resources implications arising from the recommendations in this report.
8. The Director of Law and Governance has been consulted on this report.

Circulation under the Local Issues Alert Procedure

9. None.

Officer(s) to Contact

Declan Keegan, Director of Corporate Resources
Corporate Resources Department
Tel: 0116 305 7668
Email: declan.keegan@leics.gov.uk

Lucy Littlefair, Assistant Director People, Property and Transformation
Corporate Resources Department
Tel: 0116 305 6333
Email: lucy.littlefair@leics.gov.uk

PART B

Background

10. At the Hinckley and Bosworth Borough Council meeting on 28 January 2025, a motion was proposed by Councillor M Mullaney and seconded by Councillor D S Cope. The full text of this motion is appended to this report. The motion began with reference to changes in the Government's 2024 autumn budget to inheritance tax relief and the effect of this on farmers, the fall in farming subsidies, and the number of farms that had closed in 2024.
11. The motion went on to outline the Borough Council's beliefs regarding the potential implications of the changes and included the following references to the County Council's rural estate (highlighted in the Appendix):
- “Council further believes that...
- The decision by Leicestershire County Council to sell off, or explore selling off, county farms is also deeply concerning and damaging to future food production – these include farms in Hinckley, Stapleton and Barlestone...
- Council resolves to...
- Call on Leicestershire County Council to halt its policy of selling off county farms.”
12. The County Council has no record of being contacted or asked to comment to inform the Borough Council's debate. The County Council's comments on the motion as it concerns the County Farms estate are set out below.

Context

13. County Councils have had a statutory duty to provide smallholdings (later referred to more generally as County Farms) under the Small Holdings and Allotments Act 1908. Various Acts and reports have subsequently diluted this duty. The Agriculture Act 1970 set the objective that County Councils, as smallholdings authorities, needed to offer opportunities to new entrants to farming and to work to sustain existing tenants in their farming career – this could be in conjunction with other providers including the private sector. Furthermore, the 1970 Act placed a responsibility on the authorities to manage existing estates and review management regularly.

The Rural Estate

14. The rural estate includes various farms, woodlands, and environmental areas, with a focus on maintaining and managing these properties to support the Council's strategic objectives and provide benefits to the local community
15. The Council has owned farm properties for over 100 years. The bulk of the farms were purchased during the period 1920 to 1930, followed by some smaller opportunity purchasing in the 1960's. Latterly, since incorporation of the estate, first within the Corporate Asset Investment Fund and then in the

Investing in Leicestershire Programme, a small number of additional investments have been made.

16. The Council's farm estate currently extends to 7,359 acres, spread geographically across the County and comprises individual blocks of land ranging in size from a single small area of bare land to estates containing multiple fully equipped farms. There is a significant concentration of farms situated in the southwest of the County in the Harborough, Blaby, and Hinckley areas.
17. The estate currently comprises 65 main farm holdings and 45 partially equipped or bare land holdings. In addition, within the total land acreage, there are 275 acres of woodland or land of high ecological value, 86 acres of non-agricultural lettings (including two mineral extraction areas), and a further 298 acres of amenity land, potential development sites, etc.
18. The composition of the estate has changed over time as the Council has sought to balance the need for starter and promotion farms as well as respond to the changing economic conditions within the farming industry, for example, an increase in mixed livestock units. In addition, recognising the need for tenants to maintain a thriving business, the Council has supported those wishing to support or expand their businesses by taking additional land, diversifying their farming business by the generation of income from a secondary enterprise or taking the opportunity to add value to their farm produce for example, by selling milk directly to customers from the farm gate.
19. Alongside recognising the existing use and farming potential of the holdings within the estate, the Council also identifies those farms or areas of land with future (non-agricultural) development potential, sites capable of supporting renewable energy generation on a commercial scale, and areas capable of delivering biodiversity net gains or supporting woodland expansion.
20. The County Council is aware that other Councils around the country have significantly reduced or sold their farms in recent years. A report in 2022, by Campaign to Protect Rural England - 'Reimagining Council Farms' - reported a loss of 10,000 holdings since the mid-1960s and a significant year on year reduction in the let farmed area and number of holdings in England, down from 2,393 in 2010 to 1,752 in 2020.
21. However, against the wider trend, over the ten year period from 2014-15 to the end of the last financial year, Leicestershire's estate has actually grown from 7,211 acres to 7,359 acres as shown in the table below.

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Net change (acres)	22	-10	235	-15	-12	-2	0	0	-27	-15
Acres	7,211	7,186	7,421	7,416	7,403	7,401	7,401	7,401	7,374	7,359

22. Over the same period, as farms have been amalgamated and reorganised to make provide more viable holdings, the number of full tenants has reduced from 70 to 59.
23. It is widely recognised that ownership of farmland requires a long-term investment view; most likely investor scenarios result in comparatively low revenue returns for conventional agricultural lettings when compared with other investment assets (whether in property or the types of derivatives within the Investing in Leicestershire Programme's diversified investment pooled funds) over the short term. Consequently, whilst the historical cost of acquiring farms has long been recompensed by a hundred plus years of rental income, the revenue returns now received against the value of the capital tied up in the estate (i.e. the market or asset value of the land holdings) is well below those which could be achieved by other investments.

Disposal of Property

24. Therefore, despite achieving market comparable revenue returns in the order of 1-1.5% per annum, it is necessary to look to the capital growth achieved on sale of property (especially for development purposes) for the continued financial justification of ownership of such a large estate and avoiding Council Tax payers subsidising the estate. Through prudent timing of the release and disposal of property, substantial capital receipts can be realised without adversely affecting the underlying commercial income base of the estate.
25. Between 2014-15 and 2023-24 capital receipts from the farm estate totalled in excess of £23.3million, whilst the total rent roll increased by 41% over the period.
26. Bringing forward land for non-agricultural development on a structured and co-ordinated basis will continue to contribute significant sums to the Council's capital investment in services well into the future.
27. The County Council maintains and manages its farms estate in line with the 'Investing in Leicestershire Programme Strategy', which will at times identify that the sale of farms and/or land is the most appropriate outcome.
28. It is important to note that the decision to permit the change of use of any part of the estate to a non-agricultural use is one to be taken by the local planning authority alone, such as HBBC. This can either be achieved by a successful strategic promotion of land through the Local Plan leading to a site allocation

or by the grant of a planning permission following the submission of a planning application. Either way HBBC will make that decision. Whilst the change of use of land is a material planning consideration the ownership of that land is not. Planning permission runs with land.

29. It is not clear if HBBC are intending to call on all owners of agricultural land in the district to stop sales or if they intend to restrict their own planning policy to prevent development on agricultural land.
30. The following sales are currently being progressed:
 - Part of Sysonby Farm, Melton Mowbray (contracts exchanged) in respect of land with planning consent for 290 homes. The scheme also delivers a primary school (42 acres). It should be noted that this opportunity was brought about by the release of County Council land to enable the construction of part of the Melton Mowbray Distributor Road.
 - Part of Poole Farm, Quorn in relation to the Solar Farm development (55+ acres).
31. The following are identified for future disposal:
 - Four farms - Wycliffe Farm, Butts Farm, and parts of Misterton Fields Farm and Oback Farm in connection with the Lutterworth East Strategic Development Area (286 acres).
 - Boundary Farm, Sapcote (plus some adjoining land) assuming the Stoney Stanton Strategic Development Area is approved in the future (up to a maximum of c. 200 acres).
 - Smaller parcels of development land forming part of bare land holdings at Ravenstone, Oakthorpe, Osbaston and Ullesthorpe assuming that draft allocations in emerging district local plans are confirmed.
 - Two small parts of holdings have been identified as potential sites for SEND schools, with feasibility currently being assessed.
32. In addition, the County Council is promoting other sites on the rural estate that would be added to the list if local plan allocations or planning permission is forthcoming. Amongst these is Middlefield Farm, Hinckley, where the farm forms a logical extension to the town with the adjoining land, which has already been granted planning permission for development.
33. Although specifically identified by the Borough Council in its Notice of Motion, there are currently no active proposals to sell any parts of the estate at Stapleton.
34. Notwithstanding the rights of the County Council as Landlord to serve notice on tenants to bring their tenancy agreements to an end for the purposes of non-agricultural development, and the consequent rights of the tenant to make claims for statutory compensation for disturbance, the County Council will generally seek to align the marketing and disposal of property with the natural termination of a tenancy. Where this is not possible, then opportunities to relocate tenants to suitable alternative holdings within the estate can be offered, working with tenants to keep them informed of the situation and,

where desired, ensuring that options for continuation of their farming business are supported and enabled.

Equality Implications

35. There are no equality implications directly arising from the recommendation in this report.

Human Rights Implications

36. There are no human rights implications arising from the recommendation in this report.

Other Implications and Impact Assessments

37. The ILLP Portfolio Management Strategy, in relation to the acquisition, development and management of the rural estate, incorporates measures that ensure that the property portfolio makes a positive contribution to the achievement of the Strategic Plan's Clean and Green Strategic Outcome.

Background Papers

Report to the Council on 19 February 2025 " Investing in Leicestershire Programme Strategy "Medium Term Financial Strategy 2025/26 - 2028/29" (Appendix H – Investing in Leicestershire Programme Strategy")
<https://cexmodgov01/mgAi.aspx?ID=84200#mgDocuments>

Appendix

Minute extract - Hinckley and Bosworth Borough Council meeting on 28 January 2025.

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