



SCRUTINY COMMISSION – 11TH MARCH 2026

DRAFT INVESTING IN LEICESTERSHIRE PROGRAMME PORTFOLIO RURAL ESTATE STRATEGY 2026 TO 2036

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

Purpose of the Report

1. The purpose of this report is to seek the Commission's views on the draft Investing in Leicestershire Programme Rural Estate Strategy 2026 to 2036 (attached as an Appendix to this report) which sets out the proposed approach to future management of the Programme's portfolio of farms and rural properties.

Policy Framework and Previous Decisions

2. The Corporate Asset Management Plan 2022 – 26, approved by the Cabinet in September 2022, is aligned with the Council's Strategic Plan and promotes the management of the Council's property assets, including the rural estate, in a way that contributes to the achievement of the five strategic outcomes.
3. The Investing in Leicestershire Programme (liLP) Strategy 2025-29, which was approved by the Council in February 2025 as part of the Medium-Term Financial Strategy (MTFS) 2025-29, made a commitment to reviewing the management strategy of the Rural Estate in 2025/26.
4. The Cabinet at its meeting on 18 March 2025 considered a report setting out the management of the County Council's rural estate and its benefits for residents of Leicestershire and agreed a response to Hinckley and Bosworth Borough Council regarding a Notice of Motion agreed by that Borough Council on the subject of County Farms.
5. The Cabinet at its meeting on 16th December 2025 approved an emerging draft of the Rural Estate Strategy for consultation.

Background

6. The Council has owned and managed its rural estate for many years. It now forms part of the liLP direct property portfolio, contributing to the social, economic, and financial objectives of the Council, indirectly supporting service delivery, as well as promoting and supporting farming in Leicestershire.
7. The estate is held under the Agriculture Act 1970 and the approach to date has

focused on the delivery of outcomes that addresses areas of economic and social market failure, such as the lack of opportunities for people to start farming on their own account.

8. The farms and other land holdings have been let in accordance with the legislation in place at the date of letting. Over time, the proportion of Agricultural Holdings Act lettings with Lifetime and Retirement tenancies attached has reduced and this trend will continue until all lettings on the Estate are Farm Business Tenancies on fully repairing and insuring terms.

Estate Overview

9. The Council owns the freehold of the entire estate which extends to 7,359 acres and has a current asset value of £95.9m which represents 41%, by value, of the direct property assets within the liLP portfolio.
10. The estate comprises 6,996 acres of farmland made up of 65 main farms, including one bare land holding (i.e. without buildings), together with 45 partially equipped, secondary bare land holdings and areas of allotments, together with 275 acres of woodland or land of high ecological value.
11. The estate has a record of delivering financial returns above those achieved in the wider agricultural investment market. The overall returns for the estate over the past 1, 3 and 5 years have averaged 8.2%, 7.9% and 12.3% respectively which, based on market information published by leading national land agency practices, is well above the 1.8%, 5.3% and 3.7% achieved by the market.
12. The level of performance is reflected in the fact that the estate has produced £25.9m in capital receipts, with rental income growing by 28.6% to £1.07m per annum over the past 10 years. In recognition of the ongoing contribution the estate makes to the capital programme and to maintain its optimal size, investments to the value of £3.335m have been made on land purchases, principally at Walton Holt Farm, Lutterworth.

The Draft Rural Estate Strategy 2026 – 2036

13. The draft Rural Estate Strategy provides an overview of the estate and considers the future vision, key ambitions and its objectives for the next 10 years, which are set out below.

Vision

14. The stated vision in the draft Strategy is “To create a Rural Estate that provides opportunities for people to establish thriving rural businesses, supports the rural economy and local communities and makes an increasing contribution to the attainment of the Council’s strategic objectives whilst delivering ongoing financial benefits”.
15. It is acknowledged that there will be both opportunities and challenges in realising this vision, as summarised below.

Opportunities

- Leverage the Council's position as landowner to influence strategic outcomes and partnerships.
- Restructure estate clusters to create more sustainable, viable farm units.
- Improve buildings and fixed equipment to boost rental growth and reletting potential.
- Fund farm improvements through disposal of surplus assets.
- Realise development potential of land near population centres.
- Generate income from biodiversity credits and other environmental schemes.
- Modernise tenancy agreements to enable strategic objectives and flexibility.
- Support diversification, niche farming, and educational or rural enterprise uses.
- Promote young entrants through incentives and clear performance measures.
- Apply risk evaluation techniques for new ventures to ensure viability.
- Acquire additional holdings during market downturns to meet future aspirations.
- Build partnerships to access grants and external funding.

Challenges

- Embedding recognition that estate value includes strategic influence, not just financial returns.
- Helping tenants maintain profitable, resilient businesses amid market volatility.
- Managing high compliance and maintenance costs without eroding income.
- Securing capital for ongoing improvements.
- Balancing environmental land management changes with income stability.
- Overcoming constraints of long-term tenancies and associated liabilities.
- Maintaining strong landlord-tenant relationships and the Council's reputation.
- Encouraging tenant engagement with environmental and technological improvements.
- Navigating increasing regulatory requirements and procurement limitations.
- Addressing potential reluctance of tenants to invest in holdings despite long-term benefits.
- Managing sensitivities around property disposals.
- Balance conflicting priorities e.g. development of Local Plans

Ambitions

16. The Council will seek:

- To retain a core estate of farms that have an appropriate mix of sizes and are suitably equipped to support new entrants and existing tenants to run viable and sustainable rural businesses resilient to changing market conditions.

- To realise the estate's potential to deliver financial benefits that help support the provision of services for the people of Leicestershire.
 - To increase the contribution the estate makes to the achievement of the objectives and outcomes of the Council's Strategic Plan thereby improving the economic, social and environmental wellbeing of Leicestershire.
 - To strengthen existing partnerships and create new relationships with stakeholders to secure the delivery of strategic objectives and outcomes.
17. Through the adoption of these strategic ambitions and the associated objectives and action points, it is considered that the estate can contribute towards the delivery of multiple economic, environmental and social benefits.

Development of the Strategy

18. In developing the draft Strategy, detailed consideration has been given to legislation and government regulation, existing Council strategies and initiatives and Planning Policy.

Proposals

19. It is proposed that the Rural Estate should be retained and maintained at its current level of investment providing a range of nursery/starter and progression holdings enabling people to enter the farming industry and build a sustainable rural business.
20. It is considered that the Estate should be restructured to maximise its potential to achieve strategic ambitions. An evidence-based Management Plan will be prepared, and used to identify:
- Those holdings which deliver a market return and can support a sustainable farm enterprise in the future should be retained.
 - Those holdings which, subject to the availability of additional investment or land, have the potential to deliver a market return and could support a sustainable farm enterprise in the future, should be retained.
 - Those holdings and areas of land which possess latent development or Biodiversity Net Gain potential should be retained with a view to realising the potential to support the capital programme and managed in a manner that maximises their income earning potential in the intervening period.
 - Areas of land within the estate capable of supporting the Council's strategic objectives or future service delivery should be identified and retained and managed in a manner that maximises that potential. Projects that provide economic or social benefits to local communities should, subject to a positive business case be progressed and brought forward for implementation.
 - Subject to no overriding estate management reason to the contrary, uneconomic and unviable holdings should be sold, retaining any land that can improve the viability of an adjoining farm and amalgamating it with that holding.

21. The Council will ensure that the portfolio is self-financing and meets or exceeds the market rate of return in the medium term. A rolling 5-year Financial Strategy for the estate will be produced annually, to present to officers and the Scrutiny Commission including the following:
 - A 5-year Disposals and Acquisition Programme.
 - A 5-year Capital Investment Programme detailing the on-farm investments necessary to maintain the performance of individual holdings and fund improvements required to ensure all properties meet regulatory compliance standards.
 - A Revenue Budget detailing income, expenditure and the anticipated annual income return.
22. The Financial Strategy will seek to deliver market returns from farm tenancies and continue to develop opportunities to secure capital receipts to ensure that the estate contributes to the Council's financial sustainability.
23. The management strategy for the Rural Estate will be supported by a suite of key performance indicators that continue to meet current CIPFA requirements, provide a detailed market comparison, and include local indicators to monitor progress in achieving environmental improvements and strategic outcomes; the results being reported in the liLP Annual Report to the liLP Board and Scrutiny Commission.
24. The Rural Estate Strategy will be reviewed at 5-yearly intervals and refocused to reflect changes in the Council's wider policy agenda and deliver appropriate benefits.

Consultation

25. The consultation, comprising a combination of questionnaires, online and in person meetings, took place from 6th January 2026 to 13th February 2026 with the following groups of stakeholders:
 - Farm tenants and members of the public attended a hybrid in-person and online meeting on 29th January 2026.
 - Farming industry stakeholders - Meetings were held with the National Farmers' Union, the National Forest Company, representatives of Brooksby College and Nottingham University School of Veterinary, and Members of Midland Counties Agricultural Valuers' Association over the period of the consultation.
26. In addition, the general public were consulted via the "Have Your Say" page on the County Council's website.
27. Stakeholder packs were prepared and included a summary of the draft Strategy and a questionnaire which focused on the following questions:

- What size of estate should be retained
- Is the estate seen as having a recognisable strategic purpose?
- Do you agree with the vision and ambitions set out in the draft Rural Estate Strategy?
- What initiatives would you be in favour of the estate pursuing in the future and which should it avoid?
- What do you think the estate should prioritise in its continued management? For example, this could include financial returns, level of investment and support for farmers, ecological and/or environmental improvements.
- Are there any opportunities or challenges you feel the strategy should address?
- How can the Council best support tenants, rural businesses, and communities through its estate management?

Consultation Findings

28. The principal observations made by the consultation groups are summarised in paragraphs below.
29. Overall, subject to there being a clear implementation plan, there was agreement that the Vision and Ambitions set out in the draft Strategy were capable of delivering its primary objectives.
30. There is overwhelming support across all groups for the retention of the Rural Estate and whilst the majority of consultees supported maintaining the estate at its current acreage a significant proportion would support increasing the size of the portfolio.
31. There was a recognition that the restructuring of the estate, including the bringing forward of development sites would involve the sale of land and other assets held within the portfolio. This was accepted by the consultees, subject to sufficient funding being made available from the resulting capital receipts to facilitate the delivery of improved on-farm infrastructure vital to maintaining the viability of farms.
32. In addition, it was recognised that within the restructuring process, farmsteads that were no longer seen as being able to support a sustainable farming business could be repurposed for commercial uses that supported the rural economy; the land being added to adjoining farms to support the viability of those units.
33. Significant weight was placed on the need to ensure that the estate remained viable from both the landlord's and tenant's perspective, enabling the Council to achieve an adequate financial return on its capital invested whilst allowing tenants the opportunity to establish and maintain viable businesses. It was also acknowledged that investments in the estate need to be carefully considered, as they may result in an associated rental increase.

34. There was broad agreement that in order to best support new entrants and existing tenants the proposed restructuring of the estate needed to provide a range of starter and progression holdings, enabling tenants to establish and grow a sustainable and resilient business.
35. It was recognised that the estate would continue to make a significant contribution to the wider objectives of the Council. This was seen as particularly important in relation to the environment where it was considered that the estate had an increasing role to play in respect of the Council's statutory Biodiversity Duty to conserve and enhance biodiversity, the Local Nature Recovery Strategy and the outcomes within the Climate Resilience Delivery Plan.
36. Strengthening stakeholder partnerships was seen as key not only to delivering many of the wider strategic objectives but facilitating direct support to tenants through collectively leveraging in external expertise and funding opportunities to the benefit of all parties.
37. Better communications at both an individual and estate- wide level was seen as a key to both landlord and tenants increasing their understanding of the issues facing the estate, changing economic conditions, and the implications for individual farming businesses.
38. It was suggested that support should be provided to those tenants wishing to diversify their businesses by assisting in providing the advice necessary to obtain planning and other consents required in the establishment of a second enterprise.
39. It was also noted that prospective new tenants found difficulty in obtaining details of potential future lettings and accessing the application process. It was therefore agreed that efforts would be made to make this information more readily accessible.
40. It was recognised that for the new Strategy to be effective and deliver on its vision and ambitions there needed to be a clear management plan detailing how the estate would developed over the period to 2036; development of the plan (incorporating future investment proposals) and the blueprint for the restructuring of the estate being seen as key priorities required to address the perceived failings of the current Strategy.

Consultation Outcomes

41. Based on the feedback received, in particular those received at the events attended by farm tenants and internal stakeholders, the proposals relating to the following objectives have been strengthened:
 - Improving communications with tenants by initiating regular meetings to ensure a greater understanding of the issues faced by both parties.
 - Improving awareness of letting opportunities for prospective new entrants.

- Working more closely with colleges and universities within the region to provide educational support for tenants and training opportunities for students.
- Working more closely with the internal stakeholders to establish a co-ordinated approach to engaging with external stakeholders to create increased funding opportunities and technical support for both the Council and tenants

Resource Implications

42. As at the end of 2024/25, the Council's rural estate was valued at £95.9m.
43. Rental income growth has increased from £835,876 to £1,074,597 over the last 10 years. Growth has been achieved through rent reviews, structural improvements and new farm lettings.
44. With an estate this size there are considerable maintenance and repair requirements with a Planned Preventative Maintenance (PPM) programme over 15 years estimated to cost in the region of £20.7m. Spend of £432,000 has been identified as being urgent within the next 12 months. Compliance costs at a similar level will also be required. Meanwhile, capital investment has been modest with £250,000 allocated for 2024/25 and £450,000 for 2025/26.
45. £25.9m of capital receipts has been generated over the past 10 years from the sale of development land and surplus farmsteads, plus uplifts in value from development potential.
46. The estate will need to continue generating receipts to fund improvements and maintain market level rents.
47. The draft Strategy sets out proposals for managing the rural estate, including supplementing staff resources with specialist legal and consultancy advice. With increasing regulation and changes in Government farming support, maintaining the right balance between in-house and external expertise will be critical.

Conclusion

48. The Investing in Leicestershire Programme Rural Estate Strategy is aimed at maintaining the current level of investment in farms and rural properties in order to continue to provide opportunities for people to start and develop sustainable farming businesses whilst delivering financial and wider environmental and community benefits thereby addressing areas of social and economic market failure.

Equality Implications

49. Whilst no equality implications directly arising from this report have been identified, the necessary impact assessments together with a Health Impact

Assessments have been drafted and will be finalised in advance of the Strategy being brought forward for adoption.

Human Rights Implications

50. There are no human rights implications arising from this report.

Environmental Implications

51. The Rural Estate Strategy seeks to encourage environmental improvement across the portfolio. Aligned with the wider ILLP Strategy in relation to the acquisition, development and management of the Fund's property assets by incorporating measures that ensure that the estate makes a positive contribution to the achievement of the Strategic Plan's Clean and Green Strategic Outcome.

Circulation under the Local Issues Alert Procedure

None.

Background Papers

Report to the Cabinet on 23 September 2022 'Corporate Asset Management Plan 2022 – 2026'

<https://democracy.leics.gov.uk/documents/g6776/Public%20reports%20pack%20Friday%2023-Sep-2022%2011.00%20Cabinet.pdf?T=10>

Report to the Council on 19 February 2025 'Provisional Medium Term Financial Strategy 2025/26 – 2028/29'

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=134&MId=7391&Ver=4>

Report to Cabinet on 18 March 2025 'Management of the Council's Rural Estate'

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=7874&Ver=4>

Report to cabinet on 16 December 2025 'Investing in Leicestershire Programme Rural Estate Strategy 2025-2035'

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=7882&Ver=4>

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Appendix

Draft Investing in Leicestershire Programme Rural Estate Strategy 2026 - 2036