



CABINET – 28 APRIL 2026

INVESTING IN LEICESTERSHIRE PROGRAMME
RURAL ESTATE STRATEGY 2026-2036

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

PART A

Purpose of the Report

1. The purpose of the report is to seek the Cabinet's approval of the Investing in Leicestershire Programme (liLP) Rural Estate Strategy 2026-2036 (attached as Appendix A to this report) which sets out the proposed future vision, ambitions and objectives for the use, management and development of the Council's rural estate for the next 10 years.

Recommendations

2. It is recommended that:
 - a) The Investing in Leicestershire Programme Rural Estate Strategy 2026 - 2036 be approved;
 - b) That the Director of Corporate Resources, following consultation with the Cabinet Lead Member for Resources and the liLP Board, be authorised to approve plans for the Council's Rural Estate, including agreeing disposals and approval of investment proposals within current delegated authority limits and budget approvals.

(KEY DECISION)

Reasons for Recommendations

3. To enable the implementation of the Investing in Leicestershire Programme Rural Estate Strategy 2026-2036.

Timetable for Decisions (including Scrutiny)

4. The draft Rural Estate Strategy was considered by the Scrutiny Commission at its meeting on 11 March 2026 and the Commission's comments are set out in paragraphs 51 and 52 of this report.

Policy Framework and Previous Decisions

5. The liLP Strategy 2025-29 (approved as part of the MTFS 2025-29) made a commitment to reviewing the management strategy of the Rural Estate in 2025-26.
6. The MTFS 2026-30 capital programme was approved by the County Council on 18 February 2026 and includes the provision of £43m (subject to business cases) for the further development of the liLP during the period up to 2029. This allocation includes funding of £1.4m for general improvements to the Rural Estate.
7. The Corporate Asset Management Plan 2022–26, approved by the Cabinet on 23 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.
8. The Cabinet at its meeting on 16 December 2025 approved the draft Rural Estate Strategy for consultation.

Resource Implications

9. As at the end of 2024/25, the Council’s Rural Estate was valued at £95.9m.
10. 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.
11. 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 (these are the direct and indirect expenses incurred in meeting government regulations, legal requirements etc.). Meanwhile, capital investment has been modest with £450,000 allocated for 2025/26 and £350,000 for 2026/27.
12. £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.
13. The Estate will need to continue generating receipts to fund improvements and maintain market level rents.
14. The Strategy sets out proposals for managing the Rural Estate, including supplementing internal 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.

Circulation under the Local Issues Alert Procedure

15. None.

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PART B

Background

16. The Council owns the freehold of the entire Rural Estate which extends to 7,359 acres. It has a current asset value of £95.9m and represents 41%, by value, of the direct property assets within the liLP portfolio.
17. The Estate comprises 6,996 acres of farmland made up of 65 main farms, including one bare land holding, 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.
18. The Estate has a good record of delivering financial returns well above those achieved in the wider agricultural investment market. The overall returns over the past 1, 3 and 5 years averaging 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. 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.

The Rural Estate Strategy 2026 - 2036

19. The Strategy, appended to this report, provides an overview of the Estate and considers the future vision, key ambitions and its objectives for the next 10 years.

Vision

20. “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”.
21. 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, for example development of Local Plans.

Ambitions

22. 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.
23. 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.
 24. In developing the Strategy, detailed consideration has been given to legislation and government regulation, existing Council Strategies and initiatives and local and national Planning Policy.

Key Features of the Strategy

25. 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.
26. The Estate should be restructured to maximise its potential to achieve strategic ambitions. An evidence-based Management Plan will be prepared at Estate and Core Holding level 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.
27. The Council will ensure 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 in consultation with Corporate Finance, to present:

- 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.
28. The Financial Strategy should seek to maintain and maximise the Estate's overall financial performance.
29. To implement any proposals efficiently and effectively it is proposed that the Director of Corporate Resources, following consultation with the Lead Member for Resources and the liLP Board, be authorised to approve future Estate reorganisation plans and to both agree disposals and investment proposals within the financial limits of his existing delegated authority. As the strategy progresses, any potential costs outside of existing approvals will need to be approved by the Cabinet as part of the usual budget process.
30. The management strategy will be supported by a suite of key performance indicators that both 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 annually as part of the liLP Annual Performance Report.
31. A full review of the Strategy will be undertaken in 2031. It will be monitored throughout its life and will be reviewed in consultation with the liLP Board to ensure that it remains relevant in an ever changing rural economy and fully compliant with any statutory and regulatory changes in order to deliver its primary objectives.
32. To drive the implementation of the Strategy an annual Rural Estate Action Plan will define the activities to be delivered each year.

Consultation

33. The Cabinet at its meeting in December 2025 approved the draft Rural Estate Strategy for consultation and agreed the planned approach to this.
34. The consultation comprising a combination of questionnaires, online and in person meetings took place over the period from 6 January 2026 to 13 February 2026 with the following groups:
- Farm tenants and members of the public attended hybrid in-person and online meetings on 29 January 2026.
 - Farming industry stakeholders - meetings were held with the National Farmers' Union, the National Forest, representatives of Brooksby College, Nottingham University Veterinary School and Members of Midland Counties Agricultural Valuers' Association over the period of the consultation.

35. The public was consulted via the “Have Your Say” page on the County Council’s website.
36. Stakeholder packs were prepared and included a summary of the draft Strategy and a questionnaire which focused on the questions outlined in the Cabinet Report of 16 December 2025, namely:
 - 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

37. The principal observations made by the consultation groups are summarised in the paragraphs below.
38. Overall, subject to there being a clear implementation plan, there was agreement that the Vision and Ambitions set out in the Strategy were capable of delivering its primary objectives.
39. There was overwhelming support across all groups for the retention of the Rural Estate and whilst most consultees supported maintaining the Estate at its current acreage a significant proportion would support increasing the size of the portfolio.
40. 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. However, this was accepted subject to sufficient funding being made available from the resulting capital receipts to both facilitate the purchase of an equivalent or improved replacement asset and the delivery of improved on-farm infrastructure vital to maintaining the viability of farms.
41. 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.

42. 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.
43. There was broad agreement that 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.
44. It was recognised that the Estate would continue to make a significant contribution to the Council's wider objectives. 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.
45. 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.
46. 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 Rural Estate, changing economic conditions and the implications for individual farming businesses.
47. Supporting 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.
48. 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.
49. It was recognised that for the Strategy to be effective and deliver on its vision and ambitions there needed to be 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 current approach.

Comments of the Scrutiny Commission

50. The Commission at its meeting on 11 March 2026 considered a report of the Director of Corporate Resources, which presented the draft Investing in

Leicestershire Programme Rural Estate Strategy for 2026 to 2036 for comment and set out the proposed approach to future management of the Programme's portfolio of farms and rural properties.

51. In resolving that the draft Strategy be noted and supported, the Commission made the following key observations:
- Tenant engagement during the consultation on the draft Strategy had been positive with many of their priorities aligning with those of the Council around sustainability and viability. Members agreed the need for ongoing communication to support both tenants and the Council's management of the estate for the long term.
 - The proposed vision of the Strategy and the aim to support new entrants into farming was supported.
 - The overall Strategy was endorsed but the need to ensure the Estate remained viable without subsidisation was stressed. A member further commented on the need to balance the benefits of retaining farmland whilst exploring opportunities for development to maximise the Council's income.
 - The strategic importance of farming to the wider economy and national food security, particularly considering global uncertainties.
 - Works to support biodiversity initiatives also helped deliver the Council's statutory biodiversity duty and its Local Nature Recovery Strategy, as well as outcomes within its Climate Resilience Delivery Plan.
 - Plans to work more collaboratively with Brooksby Agricultural College, the NFU, the National Forest and other organisations to support research and student engagement on Council owned farms and to support those interested in agroforestry were welcomed.
 - Diversification requests from tenants were permitted when they aligned with the farm's agricultural purpose. The Council recognised the need for farmers to diversify to make farms sustainable and sought to support this as far as possible.
52. The Commission noted that an annual report would be presented to the Scrutiny Commission regarding progress against a rolling five-year financial Strategy for the Estate and requested that the Director provide further detail on the criteria applied for allocating new farm tenancies, including whether priority could be given to Leicestershire residents committed to the local rural economy.

Consultation Outcomes

53. Based on the consultation responses, particularly those received at the events attended by farm tenants and internal stakeholders, the proposals relating to the following objectives have been strengthened and are highlighted within the final Strategy appended to this report:-
- 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.

Equality Implications

54. No equality implications directly arising from the recommendations in this report have been identified. The Equalities Impact Assessment is attached as Appendix B.

Health Implications

55. A Health Impact Assessment has also been undertaken in advance of the Strategy being brought forward for adoption and is attached as Appendix C; the assessment showing positive outcomes throughout.

Environmental Implications

56. The Rural Estate Strategy seeks to encourage environmental improvement across the portfolio aligning with the wider liLP 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.

Background Papers

Leicestershire County Council Strategic Plan -

<https://www.leicestershire.gov.uk/sites/default/files/2025-01/LCC-Strategic-Plan.pdf>

Report to the 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>

Report to the County Council on 18 February 2026 - "Medium Term Financial Strategy 2026/27-2029/30"

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=134&MId=7862>

Appendices

Appendix A – Rural Estate Strategy 2026-36

Appendix B – Equality Impact Assessment

Appendix C – Health Impact Assessment

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