

Monmouthshire County Council

Asset Management Plan – Tenant Consultation

Introduction

Following the production of the draft 2017 Asset Management Plan for Monmouthshire County Council's farm portfolio, it was agreed that a consultation process would be launched to gather and assess the attitudes of the tenants to the major themes identified by the Asset Management Plan.

This is in line with guidance from the Association of Chief Estates Surveyors and Property Managers in the Public Sector (ACES) in order to highlight the overriding options and risks / impacts (both negative and positive) arising out of the draft Asset Management Plan and to achieve the tenant's 'buy in'.

Process

The farm tenants were each provided with a summary of the current factors affecting the portfolio, which issues needed addressing and what this meant for the portfolio and their holdings. This included a 'marked up' plan of their holding to aid with the core / non-core classification, as well as being directed to the full copy of the Asset Management Plan on the Council's website.

The farm tenants were also supplied with a feedback form which posed a series of questions designed to highlight where sentiments lay in respect of the key themes and outcomes of the draft Asset Management Plan. A copy of this form is included at Appendix A.

Data Collation and Review

The consultation process experienced a low turnout – a total of 25 farm tenants were included in the consultation process and of this number, only four responses were received, equating to 16% of the portfolio.

The low turnout cannot be put down to timing – the process commenced towards the end of November and ended just before Christmas, which is not traditionally a busy time in the farming calendar. It could be attributable to a lack of engagement with the process and the Asset Management Plan in general, or a lack of understanding as to why feedback was requested.

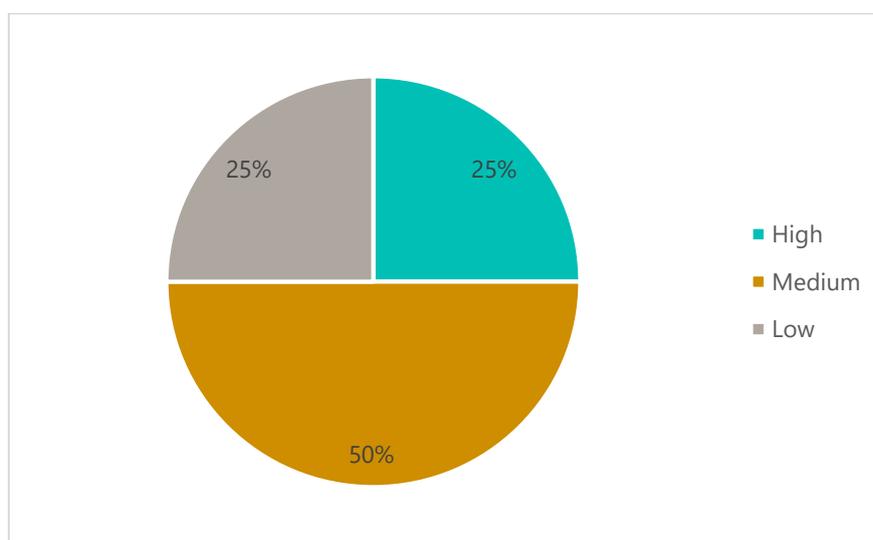
Alternatively, it could be down to the fact that the farm tenants felt that all the salient points and pertinent issues had been suitably identified and commented on within the Asset Management Plan.

Data Analysis

This section looks at how each question was answered and how this relates to the findings within the draft Asset Management Plan. It also explores the reasoning behind the responses given.

1. What level of risk does the decision to leave the European Union pose to your business, in terms of farm support and trade negotiations?

Only 25% of the respondents thought that the decision to leave the European Union posed a high risk to their business. 50% believed it posed a medium risk, and the final 25% stated it was a low risk.

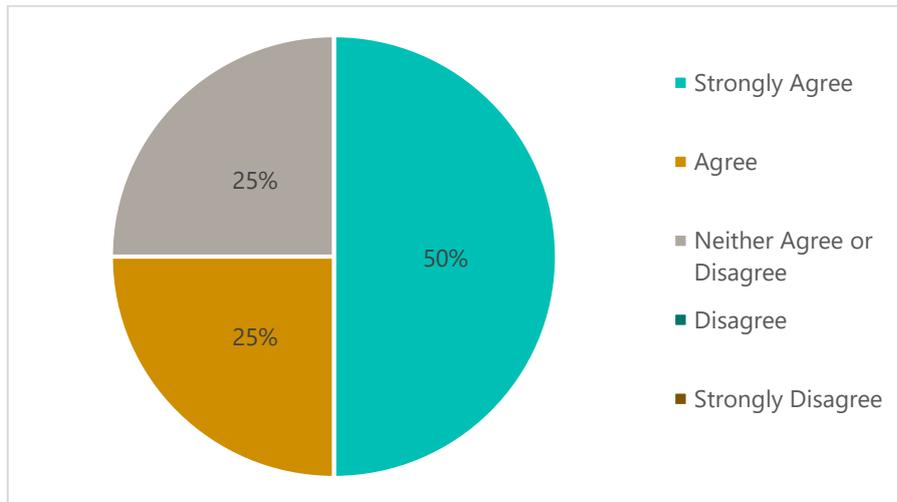


It should be noted that the 'low risk' response related to a holding that does not receive any farm support and therefore any changes to the farming support system is not deemed to be a threat to their business.

It is promising to note that only 25% of the responses indicated that Brexit posed a high risk to their business. This shows that the farm tenants are mindful of the future proposals and feel their businesses are resilient enough to cope with the changes.

2. Do you agree that there is a lack of opportunities for new entrants to farming in the portfolio?

75% of the respondents either strongly agreed or agreed that there is a lack of opportunities within the portfolio for new entrants into farming, with the remaining 25% saying they neither agreed nor disagreed.

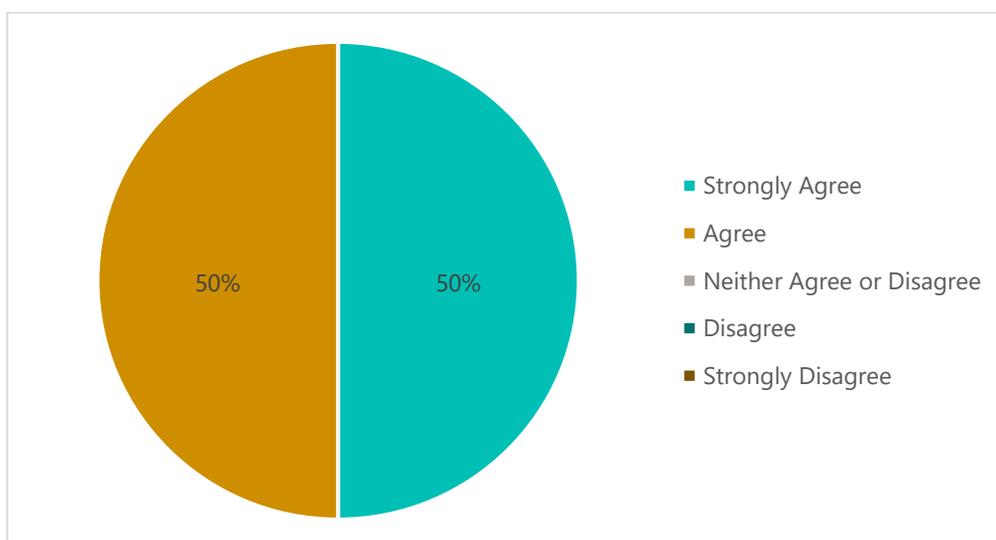


The response to this question is in line with the findings within the Asset Management Plan, which identifies that a limited amount of new letting opportunities for new entrants contributes towards an unsustainable agricultural portfolio.

It is interesting to note that, with one exception, all the tenants who responded to this question are in excess of the national average age of farmers, including the oldest tenant within the portfolio who exceeds the average age by 28 years.

3. Do you agree that there has been no formal structure to facilitate new opportunities within the portfolio?

All of the respondents either strongly agreed or agreed that there has historically been no formal structure to facilitate new opportunities between landlord and tenant.

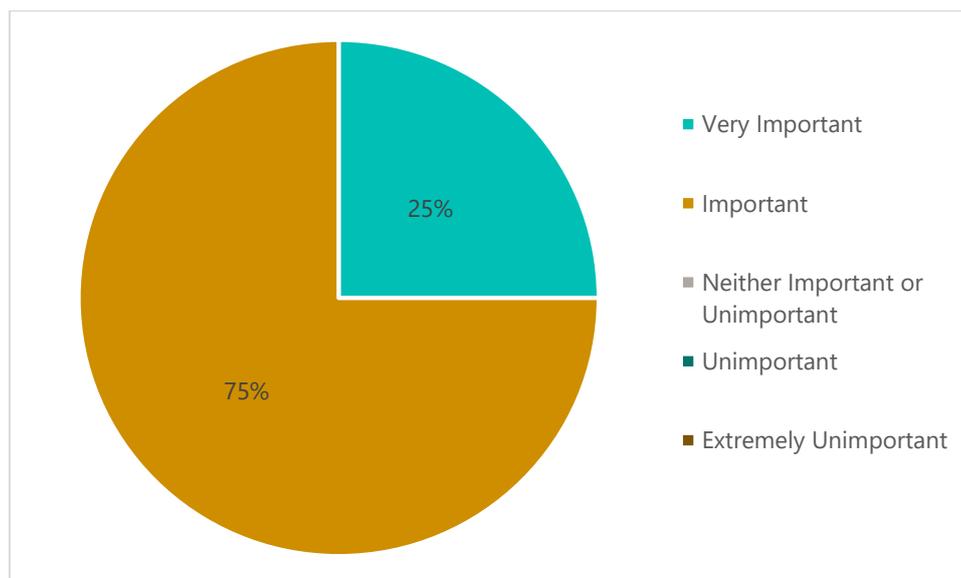


The response to this question supports the findings within the Asset Management Plan, which identifies that diversification within the portfolio has not been recorded or treated correctly, and as such, the value of diversification on the holdings has not been accounted for.

N.B. none of the tenants who responded to this question are currently looking at ways to diversify their income streams. This may be due, in part, to a lack of entrepreneurial spirit amongst the tenants, but may also be attributable to a past reluctant on behalf of the Council to encourage diversification opportunities within the holding.

4. How important do you consider the need for the Council to focus investment into core, profitable holdings that can deliver a commercial return?

All of the respondents considered the Council's need to invest into core, profitable holdings was either extremely important or important.

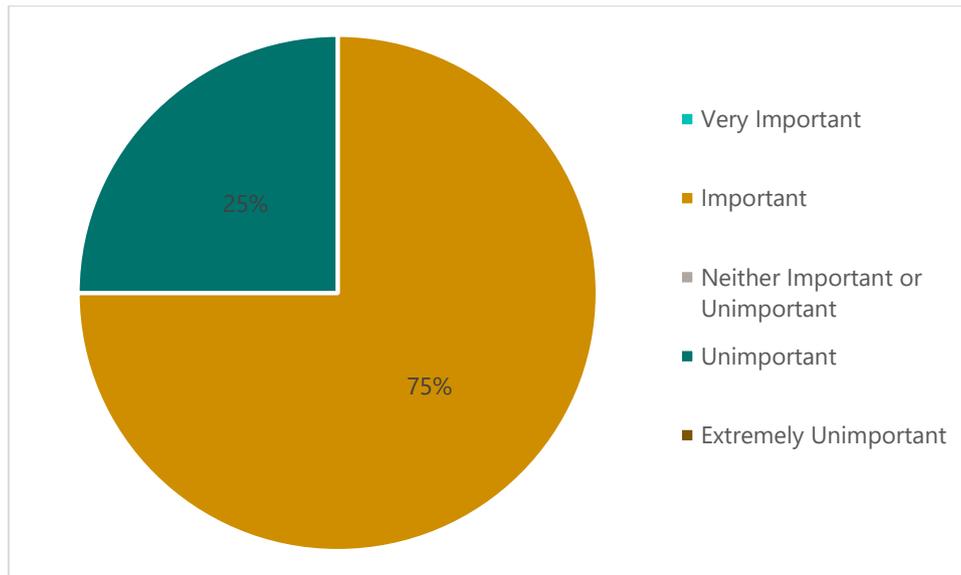


The responses to this question uphold the findings within the Asset Management Plan, which identifies that significant capital investment into holdings that are not considered to be long term core holdings contributes to an unsustainable agricultural portfolio.

It is interesting to note that the tenants who responded to this question are occupiers of holdings that have received little to no landlord investment in the last three years.

5. How important do you consider the need for the portfolio to facilitate an environmentally beneficial solution for the increasing demand for energy?

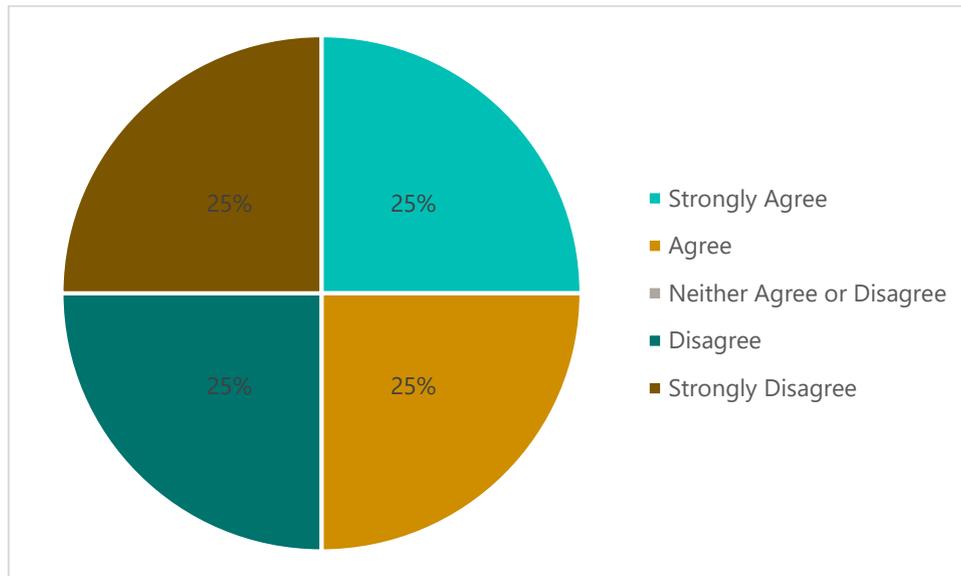
Of the tenants who responded to this question, 75% believed that it was important for the portfolio to facilitate an environmentally beneficial solution to the increasing demand for energy. The remaining 25% thought this was unimportant.



The responses to this question show that energy security is an ever increasingly important issue and indorses the findings within the Asset Management Plan, which states that the portfolio provides opportunities for the development of renewable / low carbon energy schemes.

6. Do you agree that farmhouses and buildings that are no longer required for modern farming provide opportunity to release capital?

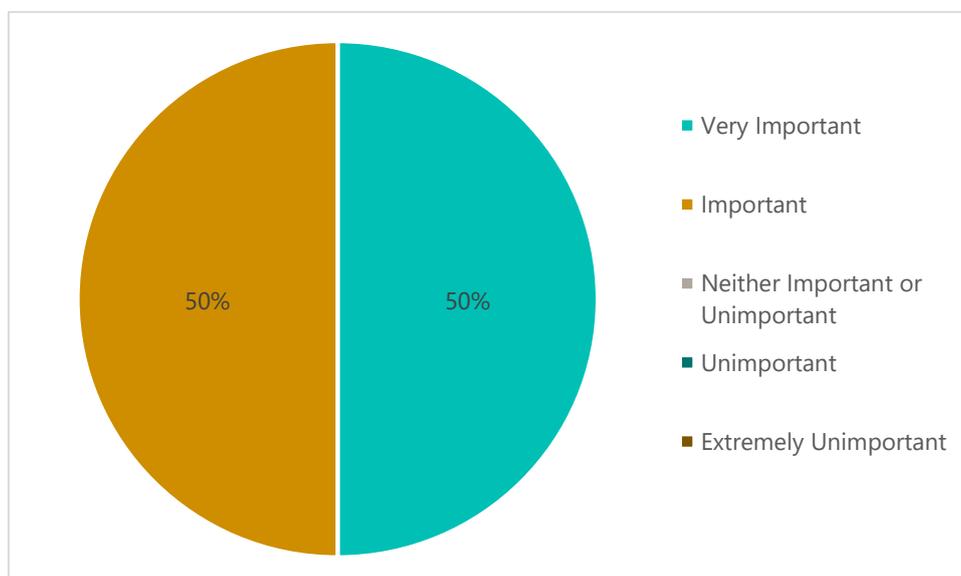
50% of the respondents either strongly agreed or agreed that those farmhouses and buildings that are surplus for modern farming techniques provide an opportunity for the Council to release capital. The remaining 50% either disagreeing or strongly disagreeing.



It is possible that this question was not fully understood by the consultees, as we would have expected a more positive response. However, it should be noted that those tenants who disagreed with the concept are those who have a vested interest as their holdings have buildings that are no longer suited to modern agricultural practices and which would afford the opportunity to release capital.

7. How important do you consider the need for constructive dialogue with the Council when exploring retirement options?

All of the respondents thought that constructive dialogue with the Council was extremely important or important when exploring retirement options.

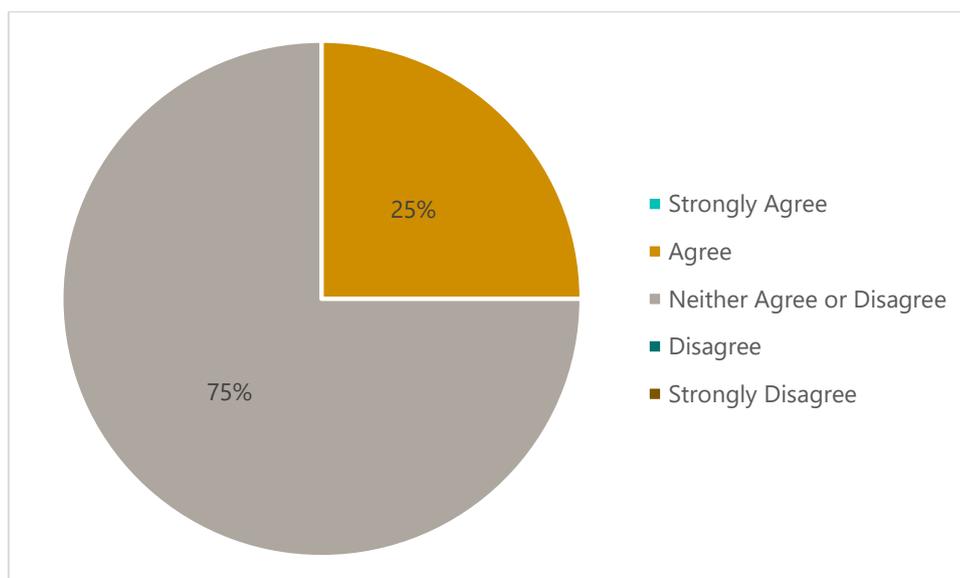


The overwhelming response in favour of this open, constructive dialogue firstly indicates that this is not something that the tenants feel is available to them, and secondly that retirement is an important consideration that the tenants take into account. This is not particularly surprising given the age profile within the portfolio.

The response to this question supports the findings of the Asset Management Plan, and this sentiment will aid the Council to encourage and assist its tenants in taking a responsible attitude towards planning their retirement, while continuing to maintain the properties and businesses on the holdings.

8. Do you agree that there are opportunities for the portfolio to support and provide benefits to the wider electorate?

Only 25% of the respondents agreed that the portfolio could support and provide opportunities benefits to the wider electorate. The remaining 75% neither agreed nor disagreed with this.



It is possible that the responses to this question have arisen due to the focus within the Asset Management Plan of the portfolio supporting the wider electorate through the provision of strategic land for housing, and disregarding the other benefits the portfolio can offer, such as recreation, public access and health and wellbeing.

Additional Comments

The feedback form included a section for the consultees to submit further comments, having read the summary and full Asset Management Plan. Only two of the respondents chose to submit further

comments, and these were either to support the answers given to the questions or to comment that the Council should assist young farmers and new entrants.

Copies of the individual feedback forms are attached at Appendix B.

External Stakeholder Consultation

In addition to the feedback forms sent to the tenants, the following external stakeholders were also directed to the draft Asset Management Plan and asked for their comments and feedback:

- Tenant Farmers Association (TFA);
- National Farmers' Union Wales (NFU Cymru); and
- Farmers' Union of Wales (FUW).

Verbal feedback was received via telephone from George Dunn, Chief Executive of the TFA. Mr Dunn stated that the draft Asset Management Plan appeared to be a "strategy to have a strategy". This was clearly on the basis that Mr Dunn had not had the benefit of the information that was supplied to individual tenants regarding their holdings, and could not therefore pass comment on the strategies put forward. However, Mr Dunn did comment that the Asset Management Plan was in line with best practice.

A formal written response was received from Stella Owen, County Adviser (Brecon and Radnor & Monmouthshire) for NFU Cymru, a copy of which is attached at Appendix C. This was solely focussed on expressing the important role that County farms serve in providing opportunities for new entrants to farming and detailing NFU Cymru's key objectives in terms of local authority agricultural estates in general. NFU Cymru would welcome the opportunity to discuss any proposals in greater detail.

Conclusion

In the main, the feedback that has been received from the farm tenants as part of this consultation process supports and underpins the key findings within the Asset Management Plan, demonstrating that the following key themes are of particular importance:

- Business resilience in light of proposed agricultural policy change;
- New entrants to farming;
- Open, constructive dialogue between landlord and tenant – both for new opportunities and retirement planning;
- Investment into core, profitable holdings;
- Energy security; and

- Rationalisation of holdings to release capital.

On the basis that the consultation process has not highlighted any major incongruities with the key themes of the draft Asset Management Plan, and that this has also received internal 'buy in', we recommend that this document is adopted by Monmouthshire County Council and a communications plan prepared in order to share the Asset Management Plan with the media, partners, internal and external stakeholders.

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