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Centre for Agricultural Strategy

Crisis on the family farm: ethics or economics?

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Cambridgeshire County Council smallholdings - a future for the small family farm?

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Cambridgeshire County Council owns the largest Smallholdings Estate in the United Kingdom. Some 43 000 acres of Grade 1, 2 and 3 farmland is in the tenancy of just over 600 tenants. Some 300 of these tenancies have a house and farm buildings. The number of tenancies has dropped from just over 1500 in 1975.

In May 1991 the County Council adopted a revised set of policies for its Farms Estate. This was soon after a decision in full Council had been reached not to sell the whole, or a major part, of the Estate. The new policies were aimed at a strongly commercial emphasis on the Estate's future management. There were three primary policies:

- (i) To promote commercial agriculture and horticulture.
- (ii) To provide full-time opportunities for entry into commercial agriculture and horticulture.
- (iii) To promote capital receipts from the sale of surplus property and to reduce the Council's maintenance liability and management costs.

In addition, there were three secondary objectives:

- (i) To promote part-time and retirement opportunities where property is to be held for sound estate management reasons.
- (ii) To support rural development.
- (iii) To promote environmental improvement and access to the countryside.

From the Summer of 1992 a thorough review of all of the Estate was carried out and these policies were then put into a framework on each of 39 Management Plans of the Estate. A synopsis of the outcome of this review is given in Table 1.

Table 1
Synopsis of outcome of farm management plan review

Primary objectives

1. To promote agriculture and horticulture
148 full-time holdings identified, average size 237 acres.
2. To provide full-time opportunities for entry into commercial agriculture and horticulture
At October 1992, 7 tenants have been let holdings averaging 135 acres which are the basis of long-term full-time farms.
3. To promote reduced maintenance liability and management costs
5330 acres identified as surplus, including 96 dwellings. Total value is £23 million plus further 3340 acres held pending long-term sale. Sale of property will reduce long-term maintenance and management costs.

Secondary objectives

1. To promote part-time and retirement opportunities where property is held for sound estate management reasons.
40 part-time and 15 retirement holdings identified (the majority of these occur on land held pending long-term sale).
2. To promote environmental improvement and access to the countryside.
15 significant public access sites identified, 300 acres new woodland planting identified, 26 circular walk and new paths identified, 19 farms have zoned areas for protection and management of archaeological and wildlife interest.
3. To support rural development.
12 barns identified for development, diversification encouraged on all full-time holdings, 6 low-cost housing development sites identified, 4 sites identified with potential for golf courses.

The future of the small family farm in the Cambridgeshire County Council Smallholdings context is that 'small' will become 'medium' sized. A viable unit on fen soils is now considered to be 200 acres plus, with farms on the lighter soils south of Cambridge now identified up to 400 acres. The viability of these farms as commercial units is the determinant when considering how big each farm should be. This restructuring into commercially viable farms would ensure retention of the Estate and protect a rent roll, currently of £2.5 million per year.

Therefore, the number of equipped holdings on the Farms Estate will reduce from the present 300 to 150. One hundred and fifty family farms will 'disappear' over the next 10-20 years; the current rate of reduction is 10 farms per year. As farmers surrender their holdings, mostly through retirement, the land is amalgamated and the surplus dwellings sold on the open market.

The surplus dwellings can also be sold to the existing tenant farmers (at vacant possession value) to enable retirement provision to be made (and a successful incentive scheme has been introduced to promote this). Capital receipts of some £3 million per year are being used by the County Council to assist in the funding of socially desirable projects (eg schools, roads).

The open market sales are bringing in a new rural dweller into often quite isolated locations. It would be a very interesting social study to

see what type of people are purchasing these properties and what contribution they are making to the local economy and social structure.

Fixed costs in the arable sector will be spread over a bigger acreage on each tenancy. The County Council welcomes the new and impending legislation that could free up more land for letting in the tenanted sector under the new freedom of contract proposals. This would be particularly useful for our existing tenant farmer base to further increase the acreage which they individually farm.

The new environmental grants, particularly the Countryside Commission's Stewardship Scheme, are of growing interest. Some five tenants on the Estate now have their rents 'underpinned' by annual payments made through this scheme. In addition, a further seven sites of high wildlife and archaeological interest are being actively and sympathetically managed through the Stewardship Scheme. The Farm Woodland Premium Scheme is also providing annual income to both tenant and landlord. In all some 2.5% of the Estate's land area attracts annual revenue support from the various schemes. It remains to be seen what effect the new permanent Set-aside option will have in increasing this area.

With the seemingly unremitting pressure on farm incomes in the arable sector, the County Council in Cambridgeshire has taken what it feels to be the only course of action open to it to sustain the viability of its tenant farmers by increasing the size of farms. This policy confirms a continuation of the conclusions of a report produced for the County Council in 1985/86 by Cambridge University's Department of Land Economy.