

**THE VALE OF
GLAMORGAN COUNCIL**

TOWN AND COUNTRY PLANNING ACT 1990

APPROVED

SUBJECT TO COMPLIANCE WITH CONDITIONS (IF ANY)

ANDERSONS

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AGRICULTURAL ASSESSMENT

for land at

Rhoose – Land North of the Railway Line

On behalf of

**Taylor Wimpey UK Limited
Building 2
Eastern Business Park
Wern Fawr Lane
St Mellons
Cardiff
CF3 5EA**

May 2014

JTS

Prepared by

Joe Scarratt

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1. INTRODUCTION

1. I am Joe Scarratt, a Farm Business Consultant, working for The Andersons Centre, a national organisation of Farm Business Consultants. I have a First Class BSc (Hons) Degree in Business Management with Marketing from Harper Adams University College focusing on the Agri-Food Industry plus 6 years farm business consultancy experience delivering business and technical advice services to farmers and the supply trade, as well as 11 years practical farming/farm management experience. Full details are shown in Appendix I.
2. This report has been prepared on behalf of Taylor Wimpey UK Limited. This report has been prepared to assess the following:-
 - a. The current state of the land and its usage for agriculture.
 - b. Comment on the Agricultural Land Classification and Soil Classification
 - c. An assessment of the limitations on its use for agriculture, including soil type and its suitable uses, practical implications such as size, location and accessibility.
 - d. Where possible, assess the importance of the land to the tenant's current business and farming system.
 - a. Assessment of the productivity of the land and average Gross Margins achieved.
 - b. Assess the financial impact upon the current occupier's farming business if the land were to be developed and any effect upon viability of that business.
 - c. Conclusions of overall agricultural land quality and viability/importance for agriculture.
3. I visited the site and viewed the land from the adjacent footpath and public roads on Wednesday 7th May. I have made repeated attempts to contact the current tenants of the land, namely David Morgan and Gwilym Davies. During March 2014 I did manage to speak with David Morgan and had a brief discussion regarding my role and the land in question, plus his own farming business. I was, however, deterred from walking the land and meeting with him because there were heavily pregnant ewes on the land and due to his current workloads. As agreed, I attempted to contact David again a fortnight later and repeatedly thereafter with no response received. I also attempted to contact Gwilym Davies on a number of occasions with no response either. However, this was arguably less important given the very small area of land under his occupation (see Section 2 below). All attempted correspondence was via telephone and was after Jonathan Latham of Lambert Smith Hampton had contacted the tenants to explain that I would be contacting them thereafter.

4. As a result of the little information provided by the tenants, further information has been provided by Jonathan Latham of Lambert Smith Hampton, the agents for the owners of the land.
5. The site being considered for development measures 12.70 hectares (31.38 acres) in total. The agricultural land is comprised of 5 parcels and is owned by South Wales Land Development (SWLD). In addition, there are a number of garden licences (let to house owners) at the North West of the site.
6. For the purpose of this report, any information which relates to the tenant's businesses was provided either by the tenant themselves (in the case of David Morgan) or by Jonathan Latham of Lambert Smith Hampton, unless otherwise specified. Such information has not been verified by a complete audit of any specific farm / financial records.
7. I have also been in contact with Paul Williams of Savills (Town Planners acting on behalf of Taylor Wimpey UK) to obtain further detail where required and verify various items of information relating to the site.

2. THE SITE

1. The site extends to 12.70 ha (31.38 acres) in total. It is located East of Rhoose, Vale of Glamorgan, in South Wales and lies South of Porthkerry Road (North of the Railway Line). The agricultural land comprises 5 fields as shown on the attached map at Appendix II. The land is understood to be owned by South Wales Land Development (SWLD). The land is let to various parties under various agreements as detailed below (please see the attached plan in Appendix II, the letters for which correspond to the arrangements detailed below):-
 - a. 1.55 acres rented by Mr Gwilym Davies under a 12 month Farm Business Tenancy from 05/04/2013 to 04/04/2014. I have been informed that the FBT has been renewed for a further 12 months (awaiting signature of the documentation), therefore expiring on 04/04/2015. The total rent paid is £60.87 + VAT per annum. This land is part of a larger parcel of land that does not form part of the site under consideration in this report. The other area of this field is not subject to the same tenancy and is understood to be under a different ownership. There is no physical boundary between the two areas of land under different ownership, this being farmed all as one parcel.
 - b. 26.97 acres rented by Mr David Morgan under a 23 month Farm Business Tenancy from 29/05/2013 to 30/04/2015, with a break-clause for landlord and tenant included at 31/08/2014. The total rent payable is £1,500 + VAT per annum.

- c. This is a garden licence rented by Mr John Barlow. The precise area or terms of the agreement are not known.
- d. This is a garden licence rented by Mr and Mrs Thomas. The precise area or terms of the agreement are not known.
- e. This is a garden licence rented by Mr and Mrs Batty. The precise area or terms of the agreement are not known.

It is understood that there is a mutual 30-day option to terminate at any time during the tenancies.

- 2. Therefore the main agricultural areas to consider are the 26.97 acres farmed by Mr Morgan and the 1.55 acres farmed by Mr Davies. This is utilised for the following:-
 - a. Mr Morgan utilises the 26.97 acres in 4 parcels to produce grass for sheep grazing. David informed me that he normally uses the land for sheep grazing. When I visited the site there were ewes and lambs grazing the land. It is understood that Mr Morgan has occupied the land for a number of years. Although the precise period is not known, Jonathan Latham of Lambert Smith Hampton stated that he has been the tenant for the past two years whilst under his control and most probably for a period prior to that as well (although that cannot be confirmed).
 - b. Mr Davies utilises the 1.55 acres under the SWLD ownership to produce grass for cattle grazing. It is understood that normally this land is grazed with forward store cattle. At the time of visiting there were store cattle on the site grazing the land. It is understood that Mr Davies has been the tenant for the past two years as well whilst under SWLD control.
- 3. Both businesses' home farms / steadings are away from the land in question. Mr Morgan is based at New Barn Farm, Flemingston, approximately 5 miles from the site, and Mr Davies is based at Glebe Farm, Porthkerry, circa 1 mile from the site.
- 4. The main access to the land is via the lane running South into the site from Porthkerry Road. This is accessed via a secure gateway slightly set-back from the road which then leads onto the lane, from which then the two main blocks of land can be accessed. The lane also forms part of a public footpath which runs South from Porthkerry Road over the railway line. To my knowledge there are not any further access points. This access is suitable for small-to-medium sized tractors, agricultural vehicles and livestock trailers. Due to the nature of the existing access there could be

some limitations in terms of the size of agricultural vehicles and machinery that it would be possible to get to the site. The track is a rough stone track.

5. The North edge of the site is bordered by houses and gardens (along Porthkerry Road), as is the Western side of the land along Rhoose Road, Romilly Road, Castle Road and Torbay Terrace. The Eastern edge is bordered by the lane (footpath) and other agricultural land (as described above), whilst the Southern boundary is formed by the railway line.

3. THE LAND

1. By considering the Agricultural Land Classification (ALC) Full Classification Map for Wales (1:250,000 scale) it is not possible to ascertain the precise classification at a specific site. This map was produced in 1977 and is the only map at a strategic level for Wales but it pre-dates the change in guidelines in 1988 (produced by MAFF) and should only be used to provide broad guidelines. Therefore, the more detailed surveys should be relied upon for site specific assessments.

The Agricultural Land Classification information from the Land Use Planning (LUP) Unit of the Welsh Assembly Government demonstrates that the land at the site is Grade 3b. The area was surveyed in 1980 (Survey ALC 001/80 – Rhoose and Penmark areas). The area is almost entirely ALC subgrade 3b. The records at the LUP Unit show no site specific ALC survey conducted within the search area since the 1988 revision to the guidelines. However, the area to the south of the railway line was surveyed in 1994 (Survey ALC 002/94 – Rhoose Point). The land is shown as predominantly urban, but with a small area of subgrade 3b. The LUP Unit's records only include surveys carried out by Government on a statutory basis.

This is supported by the findings of the report prepared in June 2010, '*Land North of the Railway Line Rhoose: Environmental Statement Volume 2: Main Text*', on behalf of Bellway Homes Ltd and Persimmon Homes Ltd. This report referred to more detailed Welsh Assembly Government ALC information and stated that this showed the land to be of Grade 3b. For this report, a detailed soil survey was also undertaken and confirmed the land to be of Grade 3b.

Whilst the majority of the wider area is shown on the Provisional (1:250 000) scale Agricultural Land Classification map as being ALC Grade 2, this map was published in 1977 and is the only available map showing ALC at a strategic level for all of Wales. As explained above, the provisional map is to provide broad-brush ALC and additional and more detailed survey work is required (as detailed above).

2. Grades 1, 2 and 3a land are classified as Best and Most Versatile Agricultural Land by policy guidance. This is the land which is most flexible, productive and efficient in response to inputs and which can best deliver future crops for food and non-food uses such as biomass, fibres and pharmaceuticals. The findings above confirm that there is not any Best and Most Versatile Agricultural Land present on the site.

3. The Soil Classification map for the area demonstrates that the land is of the Ston Easton Soil Association (571 a). This is Jurassic and Carboniferous limestone and is described as:-

“Well drained fine silty over clayey soils on limestone. Some shallow calcareous soils”

4. The Soil Classification map indicates suitable uses as:-

‘Dairying and cereals; more cereals in drier coastal districts of Glamorgan’

5. The land is comprised of fields that are relatively small in size. This could limit its use other than for grazing, making it difficult to grow crops on the land. The existing access would not be suitable for large arable machinery to be accessing the land. There did not appear to be any wet areas, appearing relatively free draining. There was stone to the surface evident in a small number of places on the parcels farmed by Mr Morgan which would be a limiting factor in terms of the ability to mow the land for the production of conserved forage or the ability to grow arable crops.
6. The land is currently cropped with grass. Although historical use is not known, the condition of the grass ley/crop suggests that the land farmed by Mr Morgan has been permanent grass for some time. The condition of the grass ley is poor, with old species of grass present and significant infestation with thistles, docks and nettles, as well as other weeds. Although I am not aware if the land is subject to any agri-environment schemes, the nature of the short-term tenancy suggests that it is not and as such good farming practise would be to control these weeds to maximise grass production. This has clearly not been practised. The land is farmed relatively extensively, and although not known, in my experience land such as this is often in need of lime and Phosphorous and Potassium fertiliser applications to raise indices to levels where good productivity can be achieved. The land appears to have only been grazed and if it was mown for silage/hay, the quality of the forage produced would be relatively poor.

The area farmed by Mr Davies appears in much better condition, although this only forms a very small part of the total area of the site. This area is in a much better quality grass ley and appeared much more productive providing reasonably good cattle grazing. This is not due to the soil type necessarily, but instead better farming practise.

7. The field boundaries around the parcels farmed by Mr Morgan are mainly hedges with sheep netting and barbed wire fence intermittently. The general state of repair of the fences and gates on this land is poor. There are hurdles and construction barriers tied up in various gaps to complete broken fences. The hedges are not stock proof, neither do they appear to have been maintained appropriately (not trimmed) with fallen wood in places, and the internal field divisions are not stock proof. The boundary fences appear relatively stock proof. The small parcel farmed by Mr Davies appears stock proof with a good boundary hedge present.
8. There are no farm buildings on the site, neither are there any electrical connections. It is unknown as to whether there is mains water available, but due to the presence of sheep and cattle, it would be assumed that there is mains water available for livestock drinking purposes. There did not appear evidence of temporary drinking water facilities (tanks, bowsers etc) on the land in question. There is a cattle handling pen on the neighbouring land adjacent to the South East corner of the site.
9. It would appear that historically there could have been problems with trespassers on the land, as there are signs on the gates to this effect and chains/locks evident on some gates. There was some litter present down the lane, but nothing too significant. The presence of the neighbouring houses will create this risk of trespass and could create problems for the safety of livestock grazing on the land. It also makes it less desirable to prospective tenants.
10. The overall condition of the land farmed by Mr Morgan is relatively poor. This is only suitable for extensive grazing and is not productive pasture land. The small parcel farmed by Mr Davies had a better quality grass ley present suitable for grazing.

4. THE TENANT AND THE CURRENT FARMING SYSTEM

1. The current rents payable are as follows:-
 - a. Mr Morgan - £1,500 + VAT per annum, equating to £55.60/acre. This is a relatively low rent for Farm Business Tenancies, although will reflect the poor productivity of the land and the small parcel size.
 - b. Mr Davies - £60.87 + VAT per annum, equating to £39.30/acre. This is also a low rent in comparison to other Farm Business Tenancies, although this is likely to be due to the very small parcel size and the fact that it would be a challenge to find anyone else

- who would want to farm it (particularly given the fact that it is adjacent to other land farmed by Mr Davies).
- c. It is not known what the charges are for the garden licences at the North West of the site.
2. Due to the difficulty of contacting the tenants, it has not been possible to assess the significance of this land in the context of their total business. However, due to discussions with Jonathan Latham and an initial discussion with Mr Morgan it is possible to make the following comments:-
- a. The land farmed by Mr Morgan has had gypsy horses on it in the recent past and therefore was not being used for agriculture for some time. As such it is fair to say that this area of land is not particularly important to the tenant's current business. In addition, there has been a failure to repair fences despite requests from the landlord.
 - b. Mr Davies is reaching retirement age and so the impact upon the future business could be limited. However, it is not known whether or not there are any successors to the business.
3. Current machinery movements along the local roads are relatively limited due to the land being grazed, the main vehicle movements being those required daily to shepherd the livestock.
4. It is not possible to comment on the impact any loss of the land would have on the labour of the farm business without understanding the wider business. However, the effect of losing 1.55 acres to Mr Davies will be negligible upon labour. For Mr Morgan, using an average stocking rate of 4.45 ewes per acre (Agricultural Budgeting and Costing Book, 78th Edition, May 2014) for a lowland ewe flock, the number of Standard Man Days (SMDs) is 0.5 per ewe, therefore equating to 60 SMDs in total, which is 22% of a Full-Time Labour unit. Whilst this seems significant, if the system were changed (perhaps using purchased forage to supplement feeding elsewhere), then the ewe flock may not need to be reduced proportionately to the area of land.
5. It is not known whether or not the tenants own Single Farm Payment (SFP) Entitlements for the land and therefore whether they claim under the Single Payment Scheme. However, given the fact that the land is under their occupation (i.e. a tenancy) then the tenants are entitled to claim and SFP Entitlements can be purchased for circa 1.2-1.5 x their annual value. Given the fact that this makes economic sense, it has been assumed that the tenants do claim the SFP on this land.

5. CURRENT AGRICULTURAL PRODUCTIVITY AND VALUE

1. The 26.97 acres farmed by Mr Morgan is only suitable for extensive grazing of livestock and realistically in its current state is only fenced suitably for sheep rather than cattle. The small field sizes make it difficult to utilise for arable production, as well as the possibility of shallow rock under the top soil. The quality of the pasture means that it is not suitable for silage production. The land farmed by Mr Davies is more suitable for silage production, but the size of the parcel in question is very small and this would not be appropriate in isolation without the rest of the field that is under different ownership.
2. It is not possible to comment on yields / stocking rates achieved as it has not been possible to discuss these with the tenants.
3. Therefore, to assess the financial impact of losing the land in question, Gross Margin data from the Agricultural Budgeting and Costing Book (78th Edition, May 2014) has been used together with information obtained regarding the farming systems on the land. This assessment is shown in the following table:-

Table 1 ~ Earning Capacity of 26.97 acres farmed by Mr Morgan

	£	Notes
Lowland Spring Lamb Production Gross Margin Per Ewe	43.14	
Gross Margin Per Acre (at 4.45 ewes/acre)	192.00	
Fixed Costs (excluding Rent, Building Depreciation and Own Labour) Per Acre	179.00	For a medium sized lowland grazing livestock farm
Rent	55.60	
Total Profit (before Subsidy Receipts)	-42.60	
Single Farm Payment	85.00	Assuming average lowland entitlement values
Total Profit Per Acre	42.40	
Total Profit on Land Farmed	1,144	Before own labour/drawings

Source:- Agricultural Budgeting and Costing Book, 78th Edition, May 2014

The financial assessment above assumes a reduction in overheads in proportion to the area of land lost, which in reality can sometimes be difficult to achieve when a business reduces its scale of operations. The financial impact of losing this land is quantified at £1,144 per annum. This is not significant given typical drawings and tax requirements for the proprietor of the farming business, despite the fact that we do not understand the wider business. In any case, the profit from the

above enterprise is all derived from the subsidy, which going forward will reduce under the new Basic Payment Scheme (see below).

The Gross Margin from grass finishing suckled calves on the 1.55 acres of land farmed by Mr Davies would equate to £268/acre (average steers and heifers), therefore equating to £415 in total. After deducting the saving in rent and adding back the Single Farm Payment, the total financial impact equates to £439 per annum. There is unlikely to be any saving in overheads due to the small area and that the rest of the land would continue to be farmed anyway. This is clearly negligible and would have very little impact upon the profitability of the business.

Therefore, the total loss to the two agricultural businesses is calculated at £1,583 per annum. This will clearly not have a substantial impact upon either farming business, particularly given the scale required in modern agriculture to sustain a profitable business.

4. If the land in question was lost to development, it is likely that the land could be replaced by obtaining other rented land locally. However, it is understood that the current supply of rented land is low and demand remains high. Nevertheless, the nature of the short-term tenancies for both areas of land mean that neither business could have relied upon the land for the medium-to-long-term due to the short tenure. It may be possible to change the enterprises by purchasing conserved forage to supplement livestock on other grazing land.

5. With CAP reform negotiations currently being completed and the final detail awaited, it is clear that the Single Farm Payment will reduce anyway under the new Basic Payment Scheme. In Wales, the system will move from an historic based payment system to a Regional Average Payment (RAP) system, whereby the payment per hectare within each categorised land region will be the same. Although it is not possible to calculate the likely changes to the tenants' payment rates because I do not know their current entitlement values, the likelihood is that payment rates will reduce (unless they currently hold very low value entitlements in which case they could increase marginally). As a result, we would expect profitability per acre to reduce regardless of whether or not the land is developed assuming no changes to the farming system. In addition, if the tenant owns the SFP entitlements, then these are tradable and as such they could be sold for a capital sum of circa 1.2-1.5 x their annual value, therefore being worth approximately £3,300 for the entire farmed area of both businesses (assuming average entitlement values). This is therefore an additional benefit to off-set any reduced profit in the short-term if the land was lost to development.

6. CONCLUSIONS

1. The land is classified as Grade 3b and therefore is not Best and Most Versatile Agricultural Land.
2. The land is currently grassland, the majority of which is relatively poor grazing which is grazed relatively extensively. The current state of repair for the majority of the fences is also relatively poor and has not been maintained in good condition as would be expected of an average competent tenant. The small parcel farmed by Mr Davies is in much better overall condition and has a much better grass ley present, although this area only forms 5% of the total site.
3. The land is limited to extensive grazing and is likely to be challenged by the issues created from an urban fringe location, such as trespass and littering.
4. Whilst it is not possible to fully assess the financial impact of losing the land in the context of the wider businesses of the two agricultural tenants, the financial impact calculated above is in my opinion very minor and would not have a significant impact upon a modern-day agricultural business. In any case, there would be future pressure on profitability going forward due to reforms of the CAP regardless of whether the land was lost to development.
5. The site is marginal in terms of its agricultural profitability because of the low productivity of the grassland, its limited alternative uses and the small parcel sizes concerned. With the added costs of moving livestock on and off of the land, plus daily shepherding, the land is unlikely to be any more profitable to any other tenant.

APPENDICES

Appendix I - Qualifications

Appendix II - Site Plan

Joe Scarratt

BSc Hons

Joe is a Business Consultant at The Andersons Centre. He is based in Melton Mowbray. He delivers advice to businesses across the agricultural and rural sectors and has a broad knowledge of all aspects of the agricultural and wider agri-food industry.

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Specialist Skills

- Business consultancy advice and financial planning for agricultural, food and rural businesses
- Farm business consultancy and budgeting
- Business reviews and strategic planning
- Investment appraisals
- Rural Development Programme for England (RDPE) grant applications.
- Dairy supply chains and milk pricing mechanisms
- Contract Farming Agreements

Qualifications and Experience

2009 to Present Day – Business Consultant at The Andersons Centre

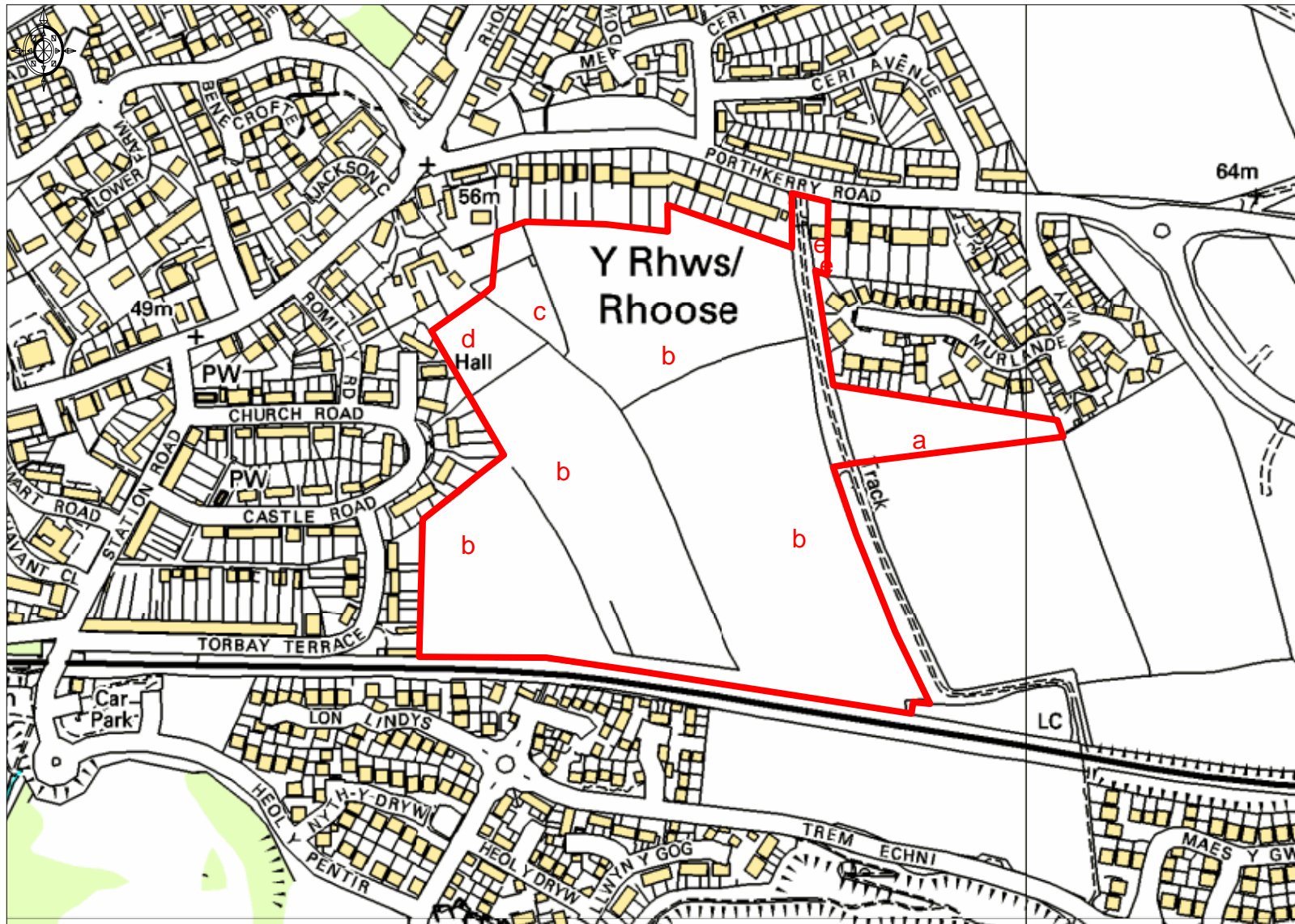
- Delivers business advice to a wide range of farming businesses, focusing on the dairy and arable sectors.
- Over-sees the operation of a number of Contract Farming Agreements across all sectors.
- Undertakes commissioned research projects
- Practical Farm Management work with farm businesses

2005 - 2009 – Harper Adams University College. First Class BSc Hons Business Management with Marketing. The course focused upon the Agri-Food industry.

2007 – 2008 - Research Assistant at The Andersons Centre.

- Worked as part of the Business Research team interpreting UK/EU policy and market developments. Joe was involved with the provision of specialist information to the agricultural industry.
- Worked on commissioned research projects in the renewable energy sector.
- Solely responsible for the operation of the Dairy Manager Costings service to Andersons' dairy clients.

Site Location Plan
Land North of the Railway Line (West), Rhoose



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