

THE COUNTY FARMS ESTATE POTENTIAL FOR WIDER RURAL BUSINESS START UP OPPORTUNITIES

Report of the Head of Digital Transformation and Business Support

Please note that the following recommendations are subject to consideration and determination by the Committee before taking effect.

Recommendation(s):

1. That wherever feasible and viable consideration be given to offering surplus or potentially surplus in hand buildings to let for wider rural business start up opportunities on a subject to contract and planning basis.
2. That existing tenants be encouraged to consider offering, with landlords conditional consent, surplus or potentially surplus in hand buildings as sublets for wider rural business start up opportunities on a subject to contract and planning basis.

1.0 Background

- 1.1 Members will be aware that recommendation 3.1 (6) of the Farms Estate Strategic Review Report (March 2010) stated:

'That the Authority should recognise the multi-functionality benefits of the Estate and acknowledge the social, economic and environmental value of the farms. Please see section 4.6 for detailed commentary'.

- 1.2 Section 4.6 of the report noted:

'The Estate has become a multifunctional service that provides a resource not only for agriculture but for the wider community. Diversification into alternative agricultural and non-agricultural services on the Estate can allow both tenants and landlord to provide agricultural multifunctionality and economies of scope demonstrating the County Council's commitment to achieving a sustainable rural economy'.

2.0 Tenants diversification

- 2.1 Since the 2010 review, the Estates existing and new tenants have continued to demonstrate high levels of entrepreneurial spirit through diversification. The recent successes at the Devon Farm Business Awards Ceremonies in 2015, 2016 and 2017 is a clear indicator of that entrepreneurial spirit.
- 2.2 Examples of alternative or additional businesses developed on farm by tenants since 2010 include ice cream production, community music festival, green waste composting, quail and duck egg production, asparagus production, farmshops/butcheries, haylage production and an emergency fostering provision.
- 2.2 Examples of alternative off farm diversification ancillary businesses tenants have developed since 2010 include cattle foot trimming, sheep scanning, milk haulier,

outside catering company, agricultural contracting, shepherding services, lecturing at Duchy College.

2.3 It is difficult to quantify the economic and social value of the on and off farm business activities developed by existing and new tenants. It is however clear that through these entrepreneurial tenants wider goods and services are being provided in Devon's rural economy and more jobs are being sustained on and off the Estate than would otherwise be the case but if these entrepreneurial tenants had simply farmed conventional agricultural systems on their respective holdings. Devon's economy is arguable better off as a consequence.

3.0 Tenants Sublet's (with landlords consent)

3.1 In addition to the on and off farm diversification enterprises operated directly by tenants of the Estate, there exist a number of examples of tenants subletting (with landlords conditional consent) surplus buildings to third parties on relatively simple, security of tenure excluded, 1954 Landlord and Tenant Act subleases.

3.2 Such sublets have been created with minimal levels of capital investment required. Some lets have required planning consent and some have required District Council Environmental Health Licences. All of which have been secured without issue. Moving forward such lets are likely to require an EPC of E or better to comply with the Minimum Energy Efficiency Standards Regulations.

3.3 Set out below are three case study examples of such sublet arrangements which demonstrate, in themselves, the benefits of such an approach. Although difficult to quantify, the benefits include:

- (i) Further rural based businesses being supported by the Estate
- (ii) A greater number of jobs are sustained in rural Devon.
- (iii) Devon's rural economy is supported directly and through further supply chain goods and services.
- (iv) Where tenant's sublet land and buildings, the tenant's are able to generate additional income from an otherwise obsolete asset.
- (v) Where landlords consent is granted to sublet, the landlord will receive an increased rental income from the holding.
- (vi) Otherwise obsolete assets are brought back in to use and arguably the landlords capital asset value is enhanced.

3.4 Case Study 1 –Fravocado, Duckaller Farm, Dawlish



- 3.4.1 Fravocado was established in 2015 by Becky Osborne.
- 3.4.2 Fravocado is a form of vegan ice cream made from the two key ingredients of avocado and coconut milk. The product is dairy and gluten free and soya and nut free. Becky believes Fravocado will allow virtually anyone with an allergy to enjoy ice cream. Becky believes the product is unique.
- 3.4.3 Becky developed the product in her kitchen while on maternity leave. After exceptionally positive feedback from friends and family, Becky secured a Trade Mark for the Fravocado brand and began producing it in her garden shed (under District Council Environmental Health Licence).
- 3.4.4 Becky began to produce and sell Fravocado at farmers markets and events such as the Powderham Food Festival. Demand and popularity of Fravocado grew rapidly and in 2016 Fravocado featured in the Guardians Food & Drink Guide for food trends and was nominated for VegFest's most innovative vegan product and won Exeter Queen Streets 'Find a Foodie'.
- 3.4.5 Production from the garden shed was effectively limited to 1 or 2 boxes per week. Demand however rapidly exceeded supply capability. Becky investigated the possibility of renting conventional commercial premises but for a start up business commercial premises were either too large or too expensive, or both. Fortunately Becky discovered that Keith and Roz Partridge had ceased using the former butchery (converted from the former parlour and dairy) at Duckaller Farm.
- 3.4.6 With landlords consent, terms were agreed for a simple security of tenure excluded Landlord and Tenant Act 1954 sublease of the former butchery. The butchery already benefitted from a District Council Environmental Health Licence and required minimal further conversion and adaption.
- 3.4.7 Through Crowd Funding Becky raised £60,000 to purchase new and improved ice cream making plant and equipment. With the new premises and new equipment

Becky is now producing in excess of 700 boxes of ice cream per week. Demand for the product is still increasing exponentially and Fravocado can already be found in outlets from Darts Farm to supermarkets throughout Finland!

- 3.4.8 Fravocado now employs Becky fulltime and her husband, Gabriel part time. Already in 2017, Fravocado has been shortlisted in two categories at the Exeter Business Awards; Excellence in Manufacturing and The Innovation Award.
- 3.4.9 It is arguable that without such an open approach to making best use of an otherwise potentially obsolete asset on the County Farms Estate, Becky would not have had the opportunity to develop Fravocado into the rapidly expanding and highly successful business it has already become.

3.5 Case Study 2- ISCA Ales, Manor Farm, Dawlish



- 3.5.1.1 Isca Ales moved to Manor Farm in 2009. The tenant of Manor Farm had previously had another small scale brewery tenant renting the former parlour and dairy building and had achieved planning permission for change of use in 2005. Andy Oakes from Isca Ales took over some of the former tenants plant and equipment and was therefore able to begin brewing straight away.
- 3.5.2 Isca Ales brewed approximately 14,300 pints last year. The beer is either bottled for retail at local farmers markets or sold in casks to festivals and outlets in Exeter. Customers include Darts Farm and Tuckers Maltings as well as pubs in Exeter such as The Old Fire House and J D Wetherspoons.
- 3.5.3 Andy says the location of the unit is ideal for him, he is able to come and go as he pleases and as and when demand dictates. It is not a full time enterprise for him and therefore if the unit was not available he is doubtful as to whether he would continue to operate the business. To find another unit as suitable as the building at Manor Farm would be very difficult and it would be a huge task to reinstall all his plant and equipment in a way that would enable the efficiency of his current operation.

3.6 Case Study 3 – Oinkers at Drakes Farm, Higher Fingle Farm, Drewsteignton



- 3.6.1 Oinkers and Drakes Farm have now joined to form one business called 'Oinkers at Drakes Farm'.
- 3.6.2 Oinkers was, until recently, an independent trading company and farm shop operating out of rented premises at Longdown. Oinkers has been operated by Richard Dunning, a farmer from Dreswteignton, for the past 25 years.
- 3.6.3 Unfortunately, Mr Dunning's private landlord elected to terminate the lease of the shop in 2017 leaving Mr Dunning having to search for new premises at short notice, or to close the farm shop.
- 3.6.4 Colin and Kim Drake took over Higher Fingle Farm in 2013 and in 2016 began to sell some of their own farm fresh meat from the farm, utilising the existing cutting rooms and cold stores, installed by a previous tenant.
- 3.6.5 Colin, Kim and Richard first met and discussed the idea of the two businesses working together when it was made public that Oinkers Farm Shop was shutting in May 2017. The existing cold store and food processing building on site was confirmed as an ideal premises and Richard was able to bring with him a wide range of butchery equipment, knowledge, experience and an established customer base.
- 3.6.6 A planning application was submitted in July 2017 for a farm butchery and shop, which was granted in September 2017.
- 3.6.7 A new company called 'Oinkers at Drakes Farm' was formed and the shop opened on the 25th October 2017. The new company is a separate entity to Colin and Kim's farming partnership which operates at Higher Fingle Farm. The new company has a security of tenure excluded Landlord and Tenant Act 1954 lease specifically for the cold store and food processing building.
- 3.6.8 The farm shop primarily sells meat, predominantly reared by Colin and Kim. However a much wider range of local businesses are also supported by the farm shop. Currently 11 food producers all based in Devon and 6 local craft businesses are supported through the farm shop. For example poultry is supplied by Creedy Carver,

Crediton and a local catering business makes a range of fresh cooked meat pies (using Colin and Kim's meat) as well as a wide range of fruit tarts and cakes for the shop. The farm shop also stocks locally made chutneys, cheeses, dairy produce, vegetables, honey & craft products including jewellery, herbs, pottery & wooden boxes.

- 3.6.9 Colin and Kim are currently busy taking Christmas orders, including Geese and Turkeys which will be supplied by two additional farms based in Devon.
- 3.6.10 The innovative partnership has not only allowed Colin and Kim to rapidly accelerate their own added value farm produce sales, but it has provided a lifeline to the long established Oinkers Farm shop. It has also secured the jobs of two-part time experienced butchers and has provided an outlet for added value sales for a significant number of other local farming businesses.

4.0 Options/Alternatives

- 4.1 Alternative options have been considered and discounted as they are believed to either be contrary to current Estate policy and/or not in the best financial interests of the Estate.

5.0 Consultations/Representations/Technical Data

- 5.1 The views and opinions of the Devon Federation of Young Farmers Clubs and the Estate Tenants Association will be presented by the two co-opted members to the committee.
- 5.2 No other parties have been consulted and no other representations for or against the proposal have been received
- 5.3 The technical data is believed to be true and accurate.

6.0 Considerations

- 6.1 The Author is not aware of any financial, sustainability, carbon impact, equality, legal, risk management or public health issues arising from this report

7.0 Summary/Conclusions/Reasons for Recommendations

- 7.1 The Author has prepared this report in accordance with the findings of the County Farms Estate Strategic Review (April 2010)

Rob Parkhouse, Report of the Head of Digital Transformation and Business Support

Electoral Divisions:

All

Local Government Act 1972: List of Background Papers

None

Who to contact for enquiries:

Dan Meek, NPS South West Ltd, Venture House, One Capital Court, Bittern Road, Sowton Industrial Estate, Exeter, EX2 7FW

Tel No: (01392) 351066

Email: dan.meek@nps.co.uk

