

**EXMOOR NATIONAL PARK AUTHORITY****RESOURCES COMMITTEE - 27 April 2004****AGRICULTURAL ESTATE RENTS AND RE-LETTING PROCEDURE****Report of the Head of Conservation and Land Management**

<b>Purpose of Report:</b> To invite Members to adopt guidance on the negotiation of rents on the land owned by the Authority and to support a related amendment to Standing Orders.
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**Legal Implications including Human Rights Act 1998:**

The legal basis for setting agricultural rents is defined in the Agricultural Holdings Act 1986 and Agricultural Tenancies Act 1995. The adoption of the proposed policy statement will help demonstrate fairness and consistency in the way in which the Authority deals with its tenants.

Standing Orders require the National Park Officer in consultation with the Chief Finance Officer to review the financial limits in these Standing Orders to reflect changes in the value of money.

**Financial Implications:**

The proposed policy statement will enable a flexible approach to the setting of rents so as to reflect agricultural incomes and other relevant considerations. Depending on the specific circumstances of each holding this may result in an overall reduction or increase in the income to the Authority.

**National Park Purposes:**

The Authority owns land principally in order to achieve National Park purposes. The primary management tool used to conserve and enhance the natural beauty, wildlife and cultural heritage of this land is farming. The rent set for the Authority's land must reflect this overarching objective as well as produce a fair income to the Authority and ensure good husbandry. The policy set out in this report is intended to help achieve this.

**RECOMMENDATION:**

The Committee is RECOMMENDED to:

- i) APPROVE the policy statement on the setting of rents on land owned by the Authority as set out in Section 3.
  - ii) RECOMMEND to the Authority that the National Park Officer's delegated authority limit for the annual rental of property be increased from £5,000 to £20,000 as set out in Section 4.
  - iii) NOTE that information on rents and recent rent changes will be included in the Annual Estate Report to the Resources Committee
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## 1. INTRODUCTION

- 1.1 The National Park Authority owns just over 3,900 ha of land which is let on either agricultural tenancies or short term grazing licences.
- 1.2 The current net income from this land is approximately £67,000.
- 1.3 The setting of agricultural rents is dictated to a certain degree by agricultural legislation. The Agricultural Holdings Act 1986, for example, contains a considerable amount of detail on how rents should be calculated based on the productive capacity of the land. The Agricultural Tenancies Act 1995 provides a more flexible approach based principally on the open market value of land.
- 1.4 However, as with any negotiating opportunity the setting of rent is predominantly based on the skill and experience of the negotiators and the use of comparable evidence to reach agreement on both sides.

## 2. CURRENT SITUATION

- 2.1 At the Authority's meeting on 2 March 1999 Members authorised the National Park Officer to vary the terms of existing tenancies or licences and replace them with Farm Business Tenancies to enable graziers to apply to enter the ESA scheme. Members felt that there were considerable advantages in this approach in that the tenancy would give each farmer a greater 'stake' in and responsibility for the land and this would reduce the Authority's own management costs. If an application for the ESA scheme was successful, then the economic viability of the holding would be increased, grant aid for conservation work would be available and the rental income due to the Authority would increase. On 18 April 2000 the Authority agreed to seek, by negotiation, to increase rents for its land entered into ESA schemes by 25% of the ESA payment.
- 2.2 This is currently the only guidance on the approach to be adopted by the Authority's officers in negotiating rents. Most of the Authority's tenants are now in the ESA scheme and further guidance on the process for establishing and reviewing rents is desirable.

## 3. RENT POLICY

- 3.1 It is proposed that the following policy statement on the establishment of rents for the Authority's farmed properties be adopted:
  - i) The National Park Authority will seek to achieve, by negotiation, the best rent for each of its agricultural holdings taking in to account the achievement of National Park purposes, the relevant agricultural and other legislation, the character and productivity of the land and the terms and conditions of the tenancy.
  - ii) The Authority's Land Agent will normally lead on negotiation with tenants, or prospective tenants, seeking guidance from the Head of Conservation and Land Management, the National Park Officer and others as appropriate
  - iii) The proposed rent for each holding will be subject to the approval of the National Park Officer if within his delegated authority (and subject to the conditions attached to the Scheme of Delegation) or of the National Park Authority if above the delegated limit.

- iv) At the end of a tenancy period, tenancies will normally be advertised (in order to secure the best return for the Authority and to provide “benchmark” information). Where it is not considered appropriate to advertise, or to accept the highest tender following advertisement, the National Park will report the issue to the Authority.

#### **4. NATIONAL PARK OFFICER DELEGATED AUTHORITY**

- 4.1 Currently, the National Park Officer has delegated authority through standing orders after taking appropriate advice, to “authorize and approve .... the granting or variation in granting of leases ..... where the annual rental does not exceed £5,000”.
- 4.2 The £5000 limit was set many years ago when the most of the rents fell well below this level. Generally it is felt that it would be appropriate for most decisions on the level of rents to be taken by the National Park Officer rather than by the Authority (subject, of course, to the consultation and other conditions set out in the Scheme of Delegation) and it is recommended that the annual rental figure be increased from £5,000 to £20,000.

#### **5. ANNUAL REVIEW**

- 5.1 Members will recall that an Annual Report on the Authority’s estate is now prepared and presented to the Resources Committee. This review will in future include financial performance information. The next report is due in July 2004.

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**19 April 2004**