

**Open Report on behalf of James Drury - Executive Director - Commercial**

Report to:	<b>Environment and Economy Scrutiny Committee</b>
Date:	<b>19 October 2021</b>
Subject:	<b>County Farms</b>

**Summary:**

This report provides an update to Members on the County Farms Estate.

**Actions Required:**

The Committee is invited to note the update and comment on the report.

## **1. Background**

This report provides a further update to that given in January 2021.

### **Brexit trade agreement – impact on County Farms**

1. As a result of the trade agreement, a number of reports from tenants have been received expressing problems in dealing with the new international trade regime.
2. There are increased costs which is a disincentive and part of the problem, there is also a significantly increased burden of administration on the exporter. However, the practicalities are the real issue. This is particularly the delay factor involved in having to comply with the necessary requirements for inspection. The issue with this is twofold; firstly, for example when a vegetable producer is looking to export, the potential delay of several days does not fit with the expectation of the buyers.
3. One business on the County Farms Estate would previously have regularly exported to the Netherlands, and this was carried out within 24 hours of an order being placed. Unfortunately, the timescale is now likely to be several days due to the requirements to have the goods inspected and this delay would not meet the requirements of the purchaser. In that case the farmer in question had exported one load in the past year and was not planning to do so again in the foreseeable future.

4. The second issue with the delay is that the delay to the delivery of perishable goods will cause deterioration in the quality of the product on delivery. Hence, one tenant who had previously regularly exported across the Irish Sea is now unable to sell to those customers as the goods are likely to be held for several days on landing pending inspection, after which time the load would be un-saleable.

### **Labour – impact on County Farms**

5. According to industry representations made to the Prime Minister recently, it is estimated that there are 500,000 unfilled vacancies across the UK food supply chain. This is no less of a problem locally, and there has been increasing difficulty reported by County Farms tenants over the past year or so. It is a particular issue for the more intensive/horticultural businesses which are growing vegetables, potatoes, or flowers.
6. Tenants have reported difficulties sourcing labour, labour turning up but demanding increased pay in order to work, operatives receiving better offers and going elsewhere. Some labour suppliers have been demanding £20 per hour to supply agricultural labourers. One of our larger farming businesses which is involved in the growing, processing and packing of brassicas for the supermarkets, reports that their labour costs are up 25% year on year.

### **Haulage**

7. There have been no direct notifications of issues on the estate; however there seems to be a view that deliveries are slower as a result. Aside from the concern at sourcing haulage when required, the associated concern is that this will inevitably feed in to cost inflation.

### **CO2**

8. There have been no specific reports of problems from the County Farms tenants on this issue. However, it is perhaps more of an issue in the short term in the livestock sector (and particularly pigs and poultry), than in the arable sector.
9. There is concern that the price increases in nitrogen fertiliser, which is a key input for all of the County Farms tenants, will filter through in to increased costs for the 2021/22 year.

### **LCC tenant support as a landlord**

10. Continued support has been offered to all tenants and acted on accordingly with business management support and information sharing in respect of wider grants available. LCC continues to encourage early contact should tenants experience difficulties. A Business Resilience Programme is being offered across the wider East Midlands LEP area on behalf of the area's growth hubs. This programme has a specific Agricultural and Horticultural Businesses cohort and is running a series of workshops and webinars this autumn on business and future farming. A number of specialist

speakers shall be joining and providing these including a member of DEFRA. An agricultural advisor is available who can offer farming business support and guidance. There is additionally, an EU advisor available to discuss any international trade queries. Tenants are being made aware of these events.

### **Agriculture Act - Lump Sum Exit Scheme**

11. The Government's proposed Lump Sum Exit Scheme would allow farmers who wish to exit the industry to take their remaining transition period Direct Payments as a capitalised lump sum.
12. A survey was undertaken with County Farms' tenants to establish the likely take-up of the LSES. On the responses received, the results of the survey indicated that due to the financial cap of £100k, there would be very little take up, as it was felt the figure would not provide sufficient funds, particularly for those without accommodation.

### **County Farms strategy review**

13. It is intended to conclude a review of the County Farms Strategy by December 2022. This is to allow the opportunity to consider the implications of the Agriculture Act, Environment Bill, Tenancy reform and National Food Strategy, as well as providing vital engagement with stakeholders.
14. In the meantime, 5 schemes on the farm estate will be included in the Council's recently awarded Treescape programme, incorporating some 1200 plants.

## **2. Conclusion**

The Estate is still subject to substantial change as a result of the legislative changes and proposals.

## **3. Consultation**

No consultation has taken place in providing this update to Members

### **a) Risks and Impact Analysis**

The risks and impact of the changes as listed above will become more apparent as further details are released by Government. At each stage, modelling will be undertaken and reported accordingly.

## **4. Background Papers**

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Sarah Wells, Business Manager - Corporate Property, who can be contacted on 07769 953478 or [sarah.wells@lincolnshire.gov.uk](mailto:sarah.wells@lincolnshire.gov.uk).

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