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Your ref: UTT/0458/12/OP
Our ref: RLH/AA/UT/12/01
Date: 10 September 2012

FAO Clive Theobald

Dear Mr Theobald

LITTLE BOWSERS FARM, LITTLE WALDEN

Further to my letter of 30 July 2012 I confirm receipt of a draft copy of the 2011/12 accounts with a covering letter from Mr Barker.

As he agrees, the 2011/12 results, which show a trading loss, and another reduction in the egg sales total, do not superficially assist his case. Rather, they confirm my advice that there is no sufficiently clear indication of present and prospective financial soundness to support the provision of the proposed permanent dwelling.

Whilst average wholesale packer free-range egg prices fell back by about 10% during 2010/11, and stayed lower during the earlier part of 2011/12, before rising again, those lower prices alone do not obviously account for the continued steady decline in egg sale income on this holding in each year after 2008/09.

The free range egg industry is still currently facing a period of uncertainty: the British Free Range Egg Producers Association suggests that higher prices earlier this year were influenced by an egg shortage whilst production from new "colony" systems came on stream, but that this alternative production is now available and contributing in turn to an overall surplus in free-range eggs; also that the number of new flock coming on stream could exacerbate over-supply.

In that context, the (undated) budget margin forecasts from the farm's outlet, John Bowler's Eggs, may prove over-optimistic: also the figures relate to a 15 month flock cycle, and not a 12 month accounting period. The figures are also a partial gross margin budget only, for the hens, and show no other farm costs or income.

In any event, whilst budgeting may assist in assessing whether a business is likely to become financially sound, a financial case for a new permanent dwelling has to be based on the latest proven results. On the basis of the last two financial years, Little Bowsers Farm has not returned a sufficient net farming income to support the cost of the proposed permanent replacement dwelling, or indeed (taking the two years together) a net profit at all.

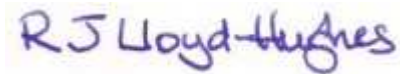
To update my previous summary, therefore, I suggest that recent events over the last year or two including the applicant's full retirement and consequent management changes, the changes in ownership of part of the overall property, the decline in egg sales and overall profitability during 2010/11 and further decline in 2011/12, the general uncertainty in the free range egg market, and the exploratory marketing of the whole property, combine to signify that there is no sufficiently clear indication of present and prospective financial soundness to support the provision of the proposed permanent dwelling here.

The suggestion that the current mobile home is "functionally unsuitable" would not in itself be a reason for replacing in with a permanent dwelling, as opposed to an upgraded temporary home (subject to any necessary planning consent) given that it is possible nowadays to have quite large, well appointed, and not wholly unattractive modern mobile homes/log cabins.

Such a solution on a temporary basis (if proposed, and suitably supported in terms of a comprehensive agricultural justification) might allow the ongoing needs of the farming enterprise to be met for the time being, without compromising the Council's position in the event that the farm remains unprofitable and /or factors outlined above resulted in different farm ownership/management arrangements in the short to medium term.

I hope this is of assistance but please let me know if you require any further advice.

Yours sincerely

A handwritten signature in blue ink that reads "R J Lloyd-Hughes". The signature is written in a cursive style and is positioned above the typed name.

Richard Lloyd-Hughes MRICS
Rural Planning Limited