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Your ref: UTT/0458/12/OP
Our ref: RLH/AA/UT/12/01
Date: 30 July 2012

FAO Clive Theobald

Dear Mr Theobald

LITTLE BOWSERS FARM, LITTLE WALDEN

I refer to your request for advice concerning the planning application, submitted on behalf of Mr Christopher Barker, for the replacement of an existing mobile home with an new agricultural worker's dwelling (a relatively spacious 3 bedroom chalet bungalow of some 190m²) for occupation by the farm manager and family.

As you are aware, at the time of your original request, in April 2012, I provided a list of queries that I considered required clarifying in order to judge the proposal. To a degree these have been responded to in submissions on behalf of the applicant made 13 July 2012; some remain outstanding, including details of the farm's financial results for 2011/12, and the exact status of the current mobile home, however I will set out below my views on the proposal, as matters stand, bearing in the request from the applicant's agents for a decision as soon as possible.

Background

A proposal of this nature was considered in principle under UTT/1497/03/OP but was refused and the appeal was dismissed. The Inspector considered (in his decision dated 26 August 2004) there was a functional need for a competent worker to reside on site, and that the farm was sufficiently profitable and financially sound, however he regarded the existing farmhouse, or else an adaptation of the holiday let accommodation on the premises (converted stables), as suitable and available at that time for meeting the functional needs of the enterprise.

At that time Mr Barker's retirement was mooted. According to his website, in the following year (2005) Mr Barker leased out the organic egg enterprise to a third party, so he could concentrate on the fruit side. This letting-out is confirmed by reference to the submitted accounts for 2006/07 and 2007/08, but the enterprise was back in-hand thereafter: in January 2009 Mr Barker explained on his website that the tenant had given up the chickens, and thus Mr Barker was running both the poultry and the fruit (and was actually getting busier and busier despite being at an age when he should be thinking of retirement).

More recently, the submitted Acorus report and the Planning Statement indicate that Mr Barker has now fully retired from the day-to-day operation of the farming business.

Guiding Policy Context

Until recently the criteria that might justify such accommodation were set out, in some detail, in Annex A of PPS7. Saved Local Plan Policy H12 covers similar ground, but does not include the same level of detailed criteria. PPS7 has now been replaced (as from 27 March 2012) by the new National Planning Policy Framework which simply states (para. 55), in the context of sustainable housing development in rural areas, that local planning authorities should avoid new isolated homes in the countryside unless there are special circumstances such as "the essential need for a rural worker to live permanently at or near their place of work in the countryside".

At present there appears to be no further clarification nationally, or at the local level, to assist in deciding upon "essential need" in individual cases. However there is to be nothing to suggest that para. 55, albeit in summarised form, is promoting any significant departure from the sort of considerations that were set out in more detail in Annex A of PPS7, relating in particular to "essential need" being expressed both in terms of enterprise function, and in terms of the financial soundness and sustainability of the enterprise.

There appears to be a general consensus amongst decision makers and advisors that the principles set out in Annex A continue to be broadly relevant to applications for new rural dwellings. The main Annex A issues of principle in this case appear to be those of functional need, the suitability/availability of alternative accommodation, and the financial soundness of the farming business.

Functional Need

The farm enterprise on this 11.3 ha holding is described (in the Acorus report dated January 2012) as comprising 11,000 free-range laying hens (of which 3000 are managed on an organic basis) and there is also 2.8 ha of top fruit and an area of soft fruit.

I would agree with the gist of the Acorus assessment (and indeed that of the 2004 Inspector) that a farm of this nature and size would require a responsible full-time worker to be resident on site for the proper operation of the enterprise, for the reasons set out in detail in the Acorus report.

Whether there is existing suitable and available alternative accommodation

Other than the existing mobile home, which would be replaced, the only potentially suitable accommodation (close enough to the free-range hens in particular) would appear to be the existing Little Bowsers farmhouse, and the converted stables "holiday let" accommodation.

Neither are subject to any agricultural occupancy condition and indeed I understand that the Council has only recently (2011) granted permission for the converted stables to be used for unrestricted residential accommodation. Nor, presumably, is there any legal agreement that necessarily ties the ownership or occupation of the farmhouse or cottages to the operation of the adjoining farm enterprise.

The submissions on behalf of the applicant confirm now that these dwellings are actually in separate legal ownership to the farm, being part owned by two other named persons as well as by Mr Barker. Although the transfers from the sole ownership of Mr Barker were only effected on 18 May 2012, and although the full reasoning for the transfers has not been explained, there appears to be no fetter, in Planning terms, to disposal of the properties in this way, effectively separating them from the farm ownership, nor any Planning fetter on their occupation by persons not employed functionally in the day-to-day farm operation.

The Council will no doubt consider this issue carefully, particularly in the light of the previous Inspector's decision, but there does now appear a cogent argument, at least, for regarding these existing properties as being outside the "suitable and available" category for the purposes of the Annex A criteria.

Financial Soundness

Trading accounts and balance sheets have been submitted for the 5 years up to 2010/11. As previously mentioned, the poultry enterprise was let out during 2006/07 and 2007/08, but was back in-hand thereafter. Net profits for the next three years were respectively £35,336, £32,394, and £4,162. A contributory factor to these results appears to be that over the three years the income from egg sales has declined quite significantly.

The figures appear to include several £000s of income from let property (net of depreciation, rates etc.) which is not agricultural income and therefore technically should be discounted for the purpose of judging the financial viability of the farming enterprise that gives rise to the case for on-site residence.

The estimate given for of the cost of the new dwelling is £125,000, any mortgage payments to be covered by Mr Barker. This appears (compared to standard costings) a basic sort of figure which is quite likely to be exceeded, in my view, once all relevant costs have been allowed for.

In any event, the relevant test, under Annex A, is the affordability of the dwelling in terms of the farming enterprise income (rather than the ability for it to be constructed from any outside capital or private savings/income).

In this context, the most recent available trading figures are not indicative of a sufficient net farming income to support the cost of the proposed permanent replacement dwelling.

I note that the whole property (including land and farm buildings, farmhouse, converted stables, manager's accommodation, livery yard and stables, and industrial unit) was placed on the market in June 2011, albeit subsequently withdrawn (the date it was taken off the market is not clear).

It has been explained that this was done "to establish its marketability, use value and to see how the market would respond" and that the farm is no longer for sale.

Nevertheless the exercise does introduce, at the very least, a further element of uncertainty as to the future management, and associated accommodation needs, of the premises.

Summary and Conclusions

To summarise, 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, the lack of any submitted financial results since then, and the marketing of the property, combine to signify that there is, at present, no sufficiently clear indication of present and prospective financial soundness to support the provision of the proposed permanent dwelling.

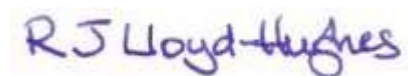
On this basis I would suggest that the application appears, at best, premature as matters stand.

There is a suggestion that the current mobile home is "functionally unsuitable" but that would not in itself be a reason for replacing it 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 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 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