

PLANNING APPRAISAL

TEMPORARY AGRICULTURAL WORKERS DWELLING FOR LAND AT GELLI GWENYN

Prepared For

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1. INTRODUCTION

Graham Leaver of Egis Consultancy Ltd has been instructed to prepare an agricultural appraisal in accordance with instructions issued by Miss Lowri Jones of Moelfre Farm, Llanwnnen. Lampeter. Graham Leaver visited the business in October 2019 and the appraisal is based on information provided by the family, an inspection of the land and buildings and certain industry standard farm management statistics.

2. TERMS OF REFERENCE

This report is prepared for use in connection with a planning application to Ceredigion County Council for the erection of a temporary agricultural workers dwelling at land adjacent to Gelli Gwenyn, Silian, Lampeter, SA48 8BN. Particular reference is made to Technical Advice Note (Wales) 6: Agricultural and Rural Development. These government papers address the requirement for the justification of dwellings on an agricultural unit. Reference is also made to the need for an assessment of the financial test.

3. CURRENT AND FUTURE FARMING PRACTICE

Currently Lowri works for her mother Jean Jones who farms the land at both Moelfre, Llanwnnen and at Gelli Gwenyn, Silian. The total area farmed is 303 acres, of which 203 acres are at Moelfre that is the main holding and 100 acres is at Gelli Gwenyn. There are two main enterprises on the holding and they are a suckler herd of 35 cows and flock of 750 ewes. 30 acres of spring barley are grown and the ground is farmed organically

Jean Jones is looking to reduce the area farmed and her daughter Lowri wants to establish her own farm business. Jean has decided to offer Lowri the opportunity to farm in her own right at Gelli Gwenyn but to be able to do establish a farm business on this site a temporary dwelling on the holding will be required. The Basic Payment entitlements for Gelli Gwenyn will be transferred to Lowri and the ground will continue to be farmed organically

There will be 2 enterprises on the holding and they will be beef and sheep. The business will purchase calves at 2-4 weeks of age and sell the steer calves at 12 weeks of age. The heifers will be kept as bulling heifers and those suitable to breed from will be retained and sold as freshly calved heifers with calves at foot. The heifers not suitable for breeding will be sold as store cattle. The business will purchase a poly tunnel that will be large enough to house 100 calves

The business will purchase 50 dairy cross calves every 3 months and aim to calve 25 heifers each year when they are 2 years of age. The heifers will then be sold within 4 weeks of calving

There will also be a flock of 200 ewes with the lambs sold as finished and replacements bought in. The business will also purchase 200 ewe lambs in the autumn and sell them as couples in the spring. 100 ewes will lamb in February and the remainder in March, whilst the ewe lambs will lamb outdoors in April. The finished lambs will be sold off grass in the autumn. No contractors will be used as the silage will be made with the help of other family members

The existing building at Gelli Gwenyn will house approximately 30 heifers between 7 months and calving and the ewes that are due to lamb. The aim will be to calve 10 heifers in the spring and the remaining 10 in the autumn. With the purchase of the poly tunnel there should be enough housing for the livestock.

During the summer there will be 200 ewes and 20-30 heifers grazing at Gelli Gwenyn which means that the stocking rate over the summer will be 1.2LSU/ha, which should be sustainable for a farm that is organic without the need for significant inputs of feed or organic fertiliser

With the expectation of at least 20 calvings and 400 ewes and ewe lambs lambing each year, constant supervision of the livestock will be required, to help ensure the business maximises its income and profit from the area farmed. Calving and lambing often occurs outside of normal working hours, which clearly demonstrates that Lowri will need to be available at all times to assist the heifers and ewes where necessary. plus the ewe lambs that will lamb in April and May. Therefore, there is a necessity for Lowri to live on the holding throughout the year

For the business to be able to maximise the income by developing beef and sheep enterprises, it is a necessity for Lowri to be present on the site at all times. This will be clearly demonstrated in this appraisal, which shows that a temporary dwelling is essential for the successful running of all enterprise. There are no buildings on the holding that are redundant so there is not the option of converting one into a dwelling

4. FARM UNIT

- ❖ The area farmed is in one block at Gelli Gwenyn and the ground is all LFA
- ❖ A plan showing the boundaries of the ground and the location of the farm buildings is enclosed

5. LAND USE

- ❖ All 100 acres of land is grassland with 35 acres used for making hay or silage

6. LIVESTOCK

- ❖ The average number of livestock on or to be on the holding at any one time is expected to be
 - 200 ewes all year and 200 ewe lambs over the winter
 - 10 rams
 - 260 lambs between March and January
 - 50 heifers between 4-24 months
 - 2 bulls
 - 50 calves between 0-3 months
- ❖ The average number of livestock marketed or to be produced/annum including age and weight at sale are
 - 260 fat lambs that are sold either between 35-40kg liveweight of 18-20kg deadweight between May-January
 - 140 weaned calves at approximately 110-150kg
 - 25 store heifers at 300-350kg
 - 25 freshly calved heifers
 - Approximately 200 ewe lambs sold as couples

7. LABOUR

- ❖ Lowri Jones will work full time on the farm
- ❖ Contractors will only be used for hedge trimming

8. FARM BUILDINGS

- ❖ A livestock building that is 120 x 40ft that will be used for housing the heifers and ewes
- ❖ A poly tunnel that is 120 x 30 ft and will house 50 calves between 0-3 months and 20 heifers between 4-12 months
- ❖ All livestock will be loose housed

There is water at the site of the proposed dwelling but the nearest electricity supply is 800m away. However, if planning is granted for this dwelling the business would consider renewable energy as a source of electricity

The Farmyard Manure from the stock is stored in the buildings or in the fields until it is spread on the land as required

9. PROPOSED NEW DWELLING

- ❖ The proposed temporary dwelling will have a floor area of 80ft² be sited to the north of the existing livestock building. The reasons for siting here are
 - The dwelling would be 100m from the livestock building and therefore within sight and sound of it
 - Its position at the entrance to the yard would provide maximum security against theft and rustling
 - The proposed dwelling would not affect the skyline or be detrimental to the local landscape

The nearest house to the dwelling that is not part of the farming business would be approximately 800m away

10. MANNING LEVELS

Below is an eligibility check using standard man hour figures from the Agricultural Budgeting and Costings Book (ABC) May 2019 Edition, that clearly show the level of labour required to run this business as a profitable venture. The requirements for the grassland are included in the hours/annum for the livestock.

Livestock and Hours/Annum	Future
200 Ewes at 4hrs/annum	800
10 Rams at 4hrs/annum	40
200 Ewe Lambs at 2hrs/annum	400
20 Heifers 12-24 months at 14hrs/annum	280
10 Heifers 4-12 months at 11hrs/annum	110
50 Calves 0-3 months at 21hrs/annum	1,050
Total	2,680

Assuming that one man works for 2,200 hours per annum (after holidays), the future total hourly requirement would equate to 1.22 standard man-days, or one full time member of staff.

11. INFORMATION ON FARMING SYSTEMS AND HUSBANDRY PRACTICES

- ❖ The husbandry practices that require supervision are calving 20 suckler heifers/yr, lambing 400 ewes and ewe lambs, feeding and bedding down the cattle during the winter and other stock tasks
- ❖ The mothers of the calves and lambs are likely to require supervision whilst giving birth to ensure that it is as smooth as possible. Calving will be all year and due its very nature can occur at any time of day and night. Lambing is seasonal but a shepherd should never be far from his flock during this period
- ❖ Whilst most offspring are reared naturally there are always a few that require individual feeding. These calves and lambs will require feeding when they're young on a regular basis, which means that this will need to be done before and after the recognised working day
- ❖ Young stock and calves in particular can need essential care at short notice and this would be more difficult to administer and increases the potential losses if there is not a stockperson living on the site

12. OTHER ENTERPRISES/DIVERSIFICATION ON THE FARM

There are no ancillary or non-agricultural enterprises, which are carried out on the holding that have not already been mentioned

13. JUSTIFICATION AND PLANNING POLICY

This appraisal makes it apparent that planning permission is required for a temporary agricultural dwelling at Gelli Gwenyn. As part of the planning application a functional test is required to prove the necessity to live close or at the place of work.

The main question that needs addressing is whether the labour requirements are sufficient to justify a dwelling on the holding. To help determine this, Technical Advice Note 6 [TAN 6] is the principal document followed. It states in paragraph 4.3 that one of the few circumstances in which isolated residential development in the countryside may be justified is when accommodation is required to enable farm or forestry workers to live at or close to their place of work

Further to this paragraph 4.6 states:

If it is considered that a new dwelling will be essential to support a new rural enterprise, it should satisfy the following criteria

- ❖ Clear evidence of a firm intention and ability to develop the rural enterprise concerned (significant investment in new buildings and equipment is often a good indication of intentions);
- ❖ Clear evidence that the new enterprise needs to be established at the proposed location and that it cannot be accommodated at another suitable site where a dwelling is likely to be available;
- ❖ Clear evidence that the proposed enterprise has been planned on a sound financial basis;
- ❖ There is a clearly established functional need and that relates to a full-time worker and does not relate to a part-time requirement
- ❖ Other normal planning requirements, for example, on siting and access, are satisfied

13.1 Evidence of a Firm Intention

To implement the proposed enterprises included in this application the investment is calculated to be approximately £70,000. The breakdown of the figure is £25,000 for the temporary dwelling and connection to the electricity supply, £2,500 for the poly

tunnel, £12,000 for the ewes and rams and £30,000 for the calves and working capital. An initial overall investment of £70,000 clearly demonstrates a Firm Intention to farm

13.2 Evidence that Enterprise has to be at Gelli Gwenyn

As the business owns the 100 acres that are essential to all enterprises, it is clear that the site for these enterprises has to be at Gelli Gwenyn

13.3 Functional Need

A temporary dwelling at Gelli Gwenyn can be justified in terms of meeting the functional need because:

- ❖ It is crucial that Lowri is present during calving and lambing, as difficulties can occur in a very short space of time. It is at these times that a decision has to be taken whether to aid in the skilled task of assisting the cow or ewe or to contact the vet because in extreme instances, these situations can be life or death for both mother and offspring. It is not only during a difficult calving and lambing that assistance is required, as it is important to keep the distress to both mother and offspring to a minimum during labour. This can be done through a variety of methods but it would require Lowri to be present. It must also be remembered that calving and lambing often occurs outside of normal working hours so this and the other reasons mentioned are why it is essential that someone needs to be living on site at all times
- ❖ The need for Lowri to be present on site during calving or lambing is supported by Animal Welfare Leaflets issued by the Government and other industry bodies such as the AHDB. In these leaflets the following guidance is detailed in relation to when assistance is required at both calving and lambing
 - When a cow/ewe has been straining for an hour or more and there is no sign of the calf/lamb
 - When part of the offspring is visible and the mother has been straining for some considerable time or has given up
 - When part of the calf/lamb is showing and indicates an abnormal presentation
 - When a cow/ewe has given birth but is still agitated
 - When the mother has been agitated for a prolonged period but is not straining or the cleansing is showing
 - If the mother has a uterine or anal prolapse
- ❖ When assistance has been given during calving or lambing the mother should always be injected with an antibiotic immediately and kept under frequent observation.

- ❖ There are other stock tasks that could be required at or just after calving and lambing and they include
 - Dipping the navels of the youngstock in iodine as soon as possible
 - Ensuring that the calf/lamb receives colostrum from the mother or artificially within 3 hours of birth
 - Isolating sick or mothers in poor condition with their offspring
 - Ensuring that all offspring from a multiple birth are receiving adequate milk Regular provision of clean bedding

- ❖ Very young stock can require essential care at very short notice and out of normal working hours. This is particularly true in relation to diseases such as pneumonia and scouring, e-coli infections in both calves and lambs, New Forest eye in calves and watery month, and clostridia-based diseases in lambs. In all these cases they need round the clock treatment in the early stages to get the disease under control and restrict the infection to as few animals as possible. If the diseases become established they can cause death or blindness and in the case of pneumonia and scouring become endemic, which means they are a constant drain on the financial resources. Administering the treatment and keeping the disease under control will be more difficult if someone is not living on site at all times

- ❖ It is essential that Lowri is present at all times to deal with emergencies such as fire and the stock escaping. As straw will be used, as bedding the fire risk is higher and would be well alight before being seen and the emergency services were called. The nature of the countryside around the farm means the stock could be some distance from the farm in a very short space of time, which means they could be lost or be very difficult to return to the buildings

13.4 Security

There are several security and safety issues as well and they are

- ❖ As there is good vehicle access to the buildings rustling is a possibility, especially if the value of weaned calves, lambs or replacement breeding stock remains high or continues to rise. A dwelling close to the farmyard would reduce this risk considerably

- ❖ A public footpath runs close to the farm and access to it and the stock would be easy. The close proximity of the footpath could tempt members of the public to trespass onto the yard, let the livestock out, play in the farm or in the bedding

- ❖ There is also the risk of the public injuring livestock as access is easy and there are many cases cited in the media. Livestock do need protection from such acts outside of normal hours on animal welfare grounds

13.5 Full Time Test

This test has already been addressed in detail in Section 10 of this report and it shows that post investment there will be enough man hours for one full time member of staff. Therefore, the Full Time Test has been passed

13.6 Financial Test

Paragraph 4.10.1 of TAN6 states that for a temporary dwelling the rural enterprise should be financially sound and should have good prospects of remaining economically sustainable for a reasonable period of time, which is usually 5 years. It also states that there must be clear evidence that the proposed enterprise has been planned on a sound financial basis

To show that the business has good prospects of remaining economically sustainable, a 5-year budget has been submitted with this application. The budget is based on the proposed farming system and includes the proposed investment in the livestock, housing and the temporary dwelling. The budget must show that within 3 years the business can generate a high enough net profit to pay Lowri's drawings and meet the expected mortgage repayments of a permanent dwelling.

The Practice Guidance for TAN6 gives further detail on what the budget should demonstrate, and this is

- ❖ **Profitable** – Income must exceed expenditure on a regular basis
- ❖ **Feasible** – Have sufficient funds to support ongoing operations
- ❖ **Worthwhile** – Provide a reasonable return on the resources used in it

The table below summarises the budget that has been enclosed with this appraisal in the third year even though the forecast is for 5 years. The reason for this is that usually a temporary permission is for 3 years and it is after this period of time that the business has to prove that it meets the tests for a permanent dwelling. The bullet points and summary below the table relates to the 3-year period of the temporary dwelling.

Gross Output	£147,200
Variable Costs	£93,100
Gross Margin	£54,100
Overhead Costs	£13,400
Finance Charges	£3,100
Depreciation	£1,600
Net Profit	£36,000
Add Back Depreciation	£1,600
Less Loan Repayments	£1,700
Less Private Drawings	£15,600
Cash Surplus/Deficit	£20,300

- ❖ The table shows that in the third year the business is projected to have a net profit after depreciation that is high enough to cover Lowri's drawings and the expected mortgage repayments for the permanent dwelling
- ❖ In the first 3 years the net profit after depreciation is forecast to increase by £45,000 and this is primarily due to all the proposed enterprises being established
- ❖ The two livestock enterprises are expected to be established within 12 months and by the third year should be in full production
- ❖ The lambing percentage sold is forecast to be 125% and the lambs will be sold as finished at an average price of £70/hd
- ❖ 200 ewe lambs will be purchased each autumn at £70/hd and 195 will be sold as couples the following spring for £110/hd
- ❖ 200 calves will be bought each year with 140 steer calves will be sold at 3 months of age for an average of £300/hd and 25 heifers not retained to breed from will be sold as 12-month stores at £600/hd
- ❖ The remaining 25 freshly calved heifers will be sold with calves at foot for £1,500/hd from the third year

- ❖ The business will be claiming the Basic Payment from 2020 and the entitlements are expected to be obtained from the National Reserve
- ❖ The overhead costs are forecast to increase by £2,400 (17%) over the 3 years and that is due to an incremental rise to account for inflation
- ❖ The capital will be provided by a loan of £70,000, which will have a 25-year term and a fixed interest rate of 4%. The repayments will be interest only for 2 years to aid cashflow whilst establishing the enterprises
- ❖ The permanent dwelling is expected cost approximately £150,000 and if this capital is borrowed over 25 years with a fixed interest rate of 4% the repayments would be £9,600. The budget demonstrates that the business would make a high enough profit to meet those repayments and pay Lowri a full-time salary

The enclosed budget clearly demonstrates that the business has every prospect of being financially sound, as it is forecast to make a net profit in all 3 years. In the third year this profit should be high enough to cover Lowri's drawings, the loan repayments for the proposed investment in the livestock and temporary dwelling. It should also be high enough to pay the possible mortgage repayments as well because by the third year the cash surplus is projected to be £20,300

TAN6 Guidance Notes states that there has to be clear evidence that the proposed enterprise has been based on a sound financial basis. The business will need to borrow the capital for a permanent dwelling and there is a requirement under TAN6 to show the business could afford to repay this loan for it after 3 years once the business is established. The total borrowing for the permanent dwelling is expected to be approximately £150,000, and as already detailed in this appraisal the repayments will be £9,600. The budget shows that the business should be able to meet this additional payment and still show a cash surplus. In the fifth year the cash surplus is forecast to be £19,100

The budget clearly demonstrates that this proposal is based on a sound financial basis. Graham Leaver's main source of income is a farm business consultant and part of that work includes preparing budgets and cashflows for both farm businesses and the banks. Therefore, he is experienced in ascertaining whether a business is currently viable and is likely to remain profitable

The TAN6 Guidance states that the business plan should demonstrate that the business is profitable, feasible and worthwhile. The budget meets these objectives in the following ways

- ❖ **Profitable** – There is projected to be a cash surplus from the third year, which demonstrates that the income should exceed expenditure from then on
- ❖ **Feasible** – The business is expected to require a loan but not an overdraft facility. By the third year there is projected to be a cash surplus even though there are loan repayments to be paid. These factors clearly indicate that the business has access to sufficient funds to support the ongoing operations
- ❖ **Worthwhile** - Recognised benchmarking indicates that the net profit before depreciation should be 8% of the turnover and it is forecast that it will be 24% in the third year. The cash retained after all expenditure that is not tax deductible has been deducted from the net profit is forecast to be 14% of the turnover in the third year. Therefore, it has been clearly indicated that any investment in this business can be viewed as worthwhile

The Practice Guidance for TAN6 also states in Paragraph 5.19 that a realistic approach to Financial Test when it is projection led is to include a level of sensitivity in the market conditions, legislative constraints and financing that could result in the viability of the business being threatened. There are factors that could affect the profit margin of the business and these include a fall in the value of the cattle or lambs and an increase in the bank base rate.

There have been allowances for some of these factors included in the budget, which are as follows

- ❖ The price received for all livestock in the budget are lower than the market average in the last 12 months
- ❖ Over the 3 years the overhead costs are forecast to increase by £2,400 (17%) with all costs projected to rise during this period
- ❖ The business should not be vulnerable to rising interest rates as the business is projected to not to require an overdraft facility and the loan is expected to have a fixed rate of interest

Therefore, a reasonable level of sensitivity has already been included in the budget and a cash surplus is still forecast. This indicates that there would have to be a significant fall in income or increase in costs for a sustained period of time for the viability of the business to be under threat. The expectation is that the business should remain profitable, and it has been clearly demonstrated that the it is financially sound and should have good prospects of remaining economically sustainable for a reasonable period of time. Therefore, the conclusion can then be drawn that the Financial Test has been passed

13.7 Other Dwelling Test

The guidance for TAN6 states that the applications for new dwellings to serve existing rural enterprises will need to demonstrate

- ❖ Why any existing dwelling on the land is unsuitable or unavailable to meet the functional need to house a worker
- ❖ Why there are no alternative options to new development on the land: e.g. the absence of buildings for conversion or the opportunities to meet the functional need through a re-organisation of the management of the enterprise
- ❖ Why existing housing in the area is unavailable or unsuitable to meet the functional need of the enterprise: e.g. through the remoteness of the enterprise base, the high cost of the housing market or general lack of availability of appropriate housing type

The primary reason for this application is to show that Lowri has to live at Gelli Gwenyn to ensure that the income and net profit from the area farmed is maximised. Living on the farm will help ensure that the livestock losses are minimised and that there immediate assistance during lambing and calving. Therefore, TAN6 provides provision for an agricultural workers dwelling to be erected on the holding under these circumstances

The reason why there are no alternative buildings for conversion have already been detailed in this appraisal, and that is because there are no redundant buildings on the holding. With the proposed changes an onsite presence is required, and the proposed dwelling is to provide somewhere for Lowri to live. Therefore, the option of meeting the functional need through re-organisation is not appropriate in this instance

Enclosed with this application are details of all properties for sale and rent within a mile radius of the holding at the time of the appraisal being prepared and the search showed that there were no dwellings to either purchase or rent within a mile of the holding. Therefore, the functional need of the business would not be met and as there are no suitable dwellings to purchase or rent the Other Dwellings Test has been passed

13.8 Other Planning Requirements

The information relating to the other planning requirements are enclosed with this application

14. CONCLUSION

This appraisal demonstrates that there is sufficient justification for a temporary agricultural worker's dwelling at Gelli Gwenyn. All the tests required by TAN6 have been satisfied and that this appraisal shows that the business requires accommodation to be on the holding. Therefore, this appraisal recommends that the planning application should be granted