

HOLYFIELD HALL FARM UPDATE ON OPERATIONAL REVIEW AND NEW STEWARDSHIP AGREEMENT

Presented by the Corporate Director

EXECUTIVE SUMMARY

This report updates Members on the progress of converting Holyfield Hall Farm (the Farm) to a Beef Suckler Herd from Dairy and seeks approval to enter into a new 5 year Stewardship Agreement for Holyfield Hall Farm when available and seek Government Grant Aid to help finance the changes. This agreement will be in a standard form.

In January officers, with the support of external consultants, reviewed the business operations at the Farm, in response to its direct exposure to world markets and the phasing out of current European Farming Subsidies (Basic Payment Scheme).

On seeking approval from Members to change from the Dairy enterprise and replace with a Beef Suckler Herd in March (Paper E/806/23) further reference was made to the requirement to enrol into appropriate environmental scheme/s and to apply for Department of Environment, Food & Rural Affairs (DEFRA) Capital Grants to improve and install the Farm grazing paddocks. This was to enable the Farm to implement a swift transition to the new operating model with minimum impact to the budget performance. At that time it was unclear as to which scheme/s would yield the best financial and environmental returns for the Farm as the full details were yet to be released by DEFRA. These are now available and detailed in the report below where if the Authority's application is accepted, Members are asked to approve officer delegation to sign-up to these schemes.

RECOMMENDATIONS

Members Note: (1) the report; and

Members Approve: (2) that the Authority enters into the new 5 year Stewardship Agreement for Holyfield Hall Farm for up to 5 years.

BACKGROUND

- 1 Holyfield Hall Farm (the Farm) has been owned and directly managed by the Authority since 1976. Historically its 500 acres (200Ha) were managed as a

mixed farm supporting a milking herd, livestock and arable operation. The Farm also provides grazing animals, which are important in the ongoing management of nature conservation sites within the Regional Park, while providing alternatives to the Grounds Maintenance contract allowing areas to be reduced which has produced cost savings.

- 2 In March 2023 (Paper E/806/23) Members approved the change of business operation at the Farm from a Dairy Herd to a Beef Sucker Herd to provide a more stable business model for the future with less chance of impacts from world markets and agreed for officers to investigate new government stewardship agreements being rolled out, this change also implemented a new staffing structure.

UPDATE OF CURRENT OPERATION

- 3 Following the change in enterprise operations at the Farm, it currently employs two fulltime members of staff plus an apprentice. The Farm currently has three tied houses and a static caravan for the staff. One house and the static caravan are currently unoccupied although the apprentice is due to take up occupancy of the static caravan in the near future. Officers are currently looking at developing the unoccupied house into two 3 bed houses as the Farm requires 3 dwellings.
- 4 The dairy cows were sold as a complete herd to a family run farm in Cheshire through an open bidding process via a national livestock auction house. This meant that the herd were kept together and ensured the animals were transferred with the least amount of stress. The Farm retained all of the beef animals and dairy replacement heifers to ensure the continuation of the conservation grazing and establish a core herd of suckler cows. A new pedigree Hereford bull (Wally) and 18 Hereford heifers to increase core herd numbers have also been sourced from a Tuberculosis free area and purchased through Norton Brooksbank, a national cattle brokerage company who source best value livestock options from a national database based on purchaser's specific requirements. We have also sourced a small number (6) of pedigree Red Poll cows via the national Red Poll Society which will be used for grazing Leyton and Walthamstow Marshes. The intention is to gradually increase these numbers, with one option being to collaborate with Capel Manor College who have a pedigree Red Poll bull, rather than purchasing our own.
- 5 As laid out in Paper E/806/23, the dairy barn and associated equipment were rendered redundant after the sale of the dairy cows. The main dairy barn has been stripped of its cubicle bedding system and converted to a unit suitable for the Beef Suckler Herd. Some work is still needed to complete the transition and this will be completed by mid-November.

The report provided by the independent consultant stated that there would be a residual value to the milking parlour and associated milk storage equipment. Unfortunately this value has proved difficult to realise due to the large number of dairy farmers who have ceased milk production and the reluctance of current milk producers to invest in new plant and equipment due to the continued poor milk price. All avenues to secure a realistic value for its disposal are being explored, however there may need to be a pragmatic approach to this and it may be that a minimal scrap value is all that can be achieved in the current market.

The milk vending machine was sold to a local producer in Hertford Heath.

- 6 The arable enterprise proved to be a challenge this year due to extremes of weather. Despite the wet harvesting weather, the autumn planted Winter Wheat performed and yielded well with above average farm yields at over 3T per acre (average over last 5 years was 2.6T per acre) and good quality results. This has enabled the grain to be sold locally to Wrights Flour Mill in Brimsdown to be used as biscuit flour. The Spring planted Barley fared less favourably and two thirds of the 32 hectares planted area was written-off due to the incredibly dry weather in late Spring and early Summer which equates to c£15k in income. This was the general outcome seen by farmers in the East Anglia/South East areas.
- 7 The Farm is currently in higher level stewardship agreement, which is an environmental enhancement scheme and one of a number entered into by the Authority. The current Farm agreement is due to expire in November 2023. With the removal of European Subsidies the Government are rolling out new agreements for farms to apply for; it is this agreement that officers are seeking Member approval to sign up to.

The Authority engaged an Environment Scheme specialist to produce a Mid-Tier Environmental Scheme application aiming at mirroring and improving the current management practices and one which provided the Farm with a good balance of productivity, environmental enhancements and budget income. The proposal provides diverse herbal leys (an area of temporary grassland made up of legume, herb and grass species) for the home grazed cattle, as well as flower rich meadows, low input forage grounds and overwintering bird seed field margins. Alongside this application the Farm is also eligible for funding from the newly announced DEFRA capital grants to assist in the full transition to the new business model. This includes some 11 kilometres of stock fencing and 500 metres of hedges. The Farm has also registered its interest in enrolling in the SFI (Sustainable Farm Incentive scheme) which will provide further income by undertaking environmentally enhancing farm management techniques.

An application of interest has been submitted, however, due to the Government delay in rolling out the environmental schemes, the Farm finds itself still in the position of not knowing if we have been successful in the application. At this stage there is not a defined date for confirmation, however given the start date of 1 January 2024 we hope to hear if we have been accepted on to the scheme before Christmas.

The agreements run for 5 years from 1 January 2024 and are subject to the usual penalties should the work applied for not be undertaken. Member approval is sought to enter into this new 5 year agreement. However should the Authority wish to switch to another land management scheme that delivers a greater environmental value there is the ability to switch at the end of the agreement year penalty free. Any necessary Member approval for an alternative agreement would be sought at that time.

Under the rules of the agri-environment schemes no work is allowed to be undertaken until full approval has been granted.

For the current year this has left the Farm somewhat in limbo until the application is fully processed. This has meant that in the interim period the Farm has had to scale back the purchasing of new stock and delay conversion of arable land into herbal grazing leys as previously detailed.

However to ensure Farm productivity, all available arable land has been planted with Winter Wheat which will ensure a continued income and allow for prompt planting of the Herbal Leys if and when the Mid-Tier application is accepted and Members have approved.

On a positive note this delay will also provide the Farm with more time to install the field infrastructure needed to graze the suckler herd which it is now intended to do in one go with external contractors should the full capital grants applied for be awarded. The grants themselves cover materials only with the Farm having to cover the labour costs which it is estimated at around £20-£25k and for which the Farm has the budget for.

ENVIRONMENTAL IMPLICATIONS

- 8 There are environmental implications to the ongoing operational changes of the Farm, these will be seen via the greater control and opportunity the Farm has to react to new environmental schemes that are realised.

There are no specific negative environmental implications arising from the request to sign-up to the new environmental agri-agreements as the work carried out through the scheme will enhance the biodiversity value of landholdings.

FINANCIAL IMPLICATIONS

- 9 As agreed by Members previously, funds generated by the sale of the dairy herd and associated infrastructure were to be ring fenced to facilitate the change of operation. To date:

Income	
Dairy Cows	£160,000
Cubicles	£1,500
Milk Machine	£10,000
Total So Far	£171,500
Expenditure	
Herefordshire Bull	£2,500
Hereford/Angus Heifers	£24,300
Red Poll Heifers	£7,200
Concreting Works (to enable dairy barn conversion to beef stock housing)	£25,000
Additional Conversions costs	£7,300
Remaining Hereford/Angus Heifers*	£22,000
Fencing*	£10,000
Baler*	£50,000
Total so Far	£148,300
Net Residual	£23,200

(*) – Still to purchase

Based on guidance from the environmental consultants, should the Farm be accepted on to the Stewardship Scheme and Members approve this report, an annual payment of £44,138.61 would be payable to the Farm to fulfil the management processes applied for. In addition to this the one-off DEFRA capital grant funding for new hedging and fencing materials would be £93,643.40.

If funding is claimed but the works not carried out, the Authority may be in default of the agreement and grant funding could be clawed back. However, if the delivery of planned works could not take place for any reason, such as adverse weather conditions, early dialogue with both the Rural Payments Agency (RPA) and DEFRA would take place so that they are aware of the situation. With their agreement the claim form would be amended, the grant award revised accordingly and the agreement would therefore not be defaulted.

Failure to complete and submit a claim for items by the date shown in the agreement may be considered by the RPA as a breach of agreement and the Authority may have to repay any grant received. The claim deadlines will be embedded in the work programme of the Farm Manager to ensure that they are met and this work programme is monitored by the Head of Parklands.

10 Revenue Accounting

Not taking into account the ring fenced income/expenditure elements of the conversion from Dairy to Beef Suckler Herd due to the delays in the new stewardship agreements being rolled out and the enforced changes to the rollout programme, the Farm is forecasting a small deficit of £1k for this financial year.

11 Capital Accounting

As agreed by Members in March 2023 (Paper E/806/23) the funds from the sale of the dairy herd and sundries are being ring fenced to facilitate the full conversion into the Beef Suckler Herd. These funds will be required in 2024/25 so the balance will be required to be rolled over into next year.

HUMAN RESOURCE IMPLICATIONS

12 There are no human resource implications linked to this update report

LEGAL IMPLICATIONS

13 The legal implications arising directly from the recommendations in this report are explained within the report, mainly committing to the term of the agreements and pay back of monies received if they are surrendered early.

RISK MANAGEMENT IMPLICATIONS

14 By reverting to a suckler herd operation the Authority will have reduced the risk significantly in terms of the direct effect of changes in world markets based on events outside of its control and will be better placed to react to any changes

going forward.

EQUALITY IMPLICATIONS

- 15 There are no equality implications arising directly from the recommendations in this report.
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PREVIOUS COMMITTEE REPORT

Executive E/806/23 Holyfield Hall Farm Operational Review 23 March 2023

LIST OF ABBREVIATIONS

the Farm	Holyfield Hall Farm
DEFRA	Department of Environment, Food & Rural Affairs
RPA	Rural Payments Agency