EXECUTIVE SUMMARY

→ What change is the CLA proposing?
The CLA is calling on Government to support farming families by recognising in planning policy for England that building a new home in the countryside is justified when it will enable a farmer to retire and transfer a farm to the next generation.

→ Why is this change needed?
Current planning policy seeks to restrict building in the countryside, which hampers farming families who may need to build an additional home to make space for the next generation to take over the business. England is unique in the UK in not having specific policies to support this transition.

→ Why is it important?
Agriculture has an ageing workforce. Recognising the housing needs of farming families would remove one of the barriers that prevents the next generation from taking over the business.

Succession is a critical stage for a farming business which can be both financially and emotionally difficult. Having a home on the farm for the retiring farmer to move into would enable the retired farmer to continue to provide advice and support.

Research has shown that Brexit and the change it will bring to the agricultural sector may be the catalyst for many farmers to retire. Having positive policies that remove barriers to this is a sensible step to take at this time.

→ How should this change be implemented?
The CLA is proposing that a recognition of the needs of retiring farmers should be added to paragraph 55 of the National Planning Policy Framework. This addition would encourage local authorities to grant permission for this type and purpose of rural development.
Agriculture has an ageing workforce. In the UK, around a third of all farm holders were over the typical retirement age of 65 years, while the proportion younger than 35 years was around 3%. In 2013 the median age for holders in the UK was 59 years old, unchanged from 2010.1

In contrast to many other professions farming remains a largely inherited occupation. The transfer of business control and ownership to the next generation is one of the most critical stages in the development of the business. Succession and retirement can put financial and emotional stress on farm households and can have a sizeable impact on the business. Research shows that farm business performance and development can be both positively and negatively influenced by succession. Succession is important for both the social and economic sustainability of the family farm and the economy and community in which it operates.

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Various organisations and Government commissioned papers2 have raised concerns regarding the future accommodation needs of farming families. For farming families forced to cease farming or seeking a way to retire and enable the next generation to take on the farm business, access to housing is crucial.

While there are other important behavioural and economic reasons contributing to challenges of succession, housing policies do exist in other home nation countries that target this specific issue such as Policy HOU 10 Retirement from Farming in Northern Ireland and Rural Enterprise Dwellings in Wales.

The shortage of rural housing is well documented and holds back many young people and families as they pursue careers in the countryside. Access to housing close to the family farm or near enough to other employment opportunities to supplement their farm income is important to sustain and develop a thriving rural economy for the future.

**KEY POINT**

**Farmer retirement and Brexit**
The uncertainty caused by the UK leaving the EU and the impact this may have on the agricultural sector is causing some farmers to consider retirement. Research by the CLA found that 38% of members were undertaking succession planning as part of their preparation for Britain leaving the European Union.

**KEY FIGURES**

**Farm demographics**
- The UK farming population is getting older. In 2000 only 5% of “agricultural holders” were under 35 years old, compared to 7% in 1990.
- Farmers are older than people in other self-employed occupations. 52% of farmers are 55 or older, compared to 27% of rural self employed and 22% of urban self employed.
- The rates of entry and exit are both low for farming compared to other sectors. But the entry rate (2% over the last five years) is much lower than the exit rate (18% over the last five years) as the total numbers of farmers and farm businesses are declining.3

**Family farm holdings in the UK**
In the UK, families are responsible for most farms and much of the farmed land. A survey of 255 farmers in six areas of England found that 84% operated “established family farms” (that is, farms run by operators who are at least the second generation of their family to be farming the same farm or nearby farm), and were responsible for managing 86% of the area covered by the survey.4

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1 Source: Farm succession and retirement: Some international comparisons, Journal of Agriculture, Food Systems and Community Development, Matt Lobey, John R Baker, Ian Whitehead, August 2010
2 Source: Future of farming review, DEFRA, 2013
3 Source: Implications of changes in the structure of agricultural businesses, University of Plymouth, Seale-Hayne Campus, UK Department of Land Use and Rural Management, Lobey, Errington, McGeorge, Millad and Potter, 2010
4 Source: Ibid
WHY IS THE PROVISION OF HOUSING IMPORTANT FOR SUCCESSION?

Research indicates that farming has low retirement rates. For many, this is driven by a desire to farm long-term, however pension provision and the lack of housing for the retiree or the successor are also issues that delay this process.

Having a policy in England that permitted the development of an additional dwelling on a farm to help facilitate succession would remove one of these barriers. It would also have other benefits, such as sustaining a family link for provision of care for an elderly farmer or for the retired farmer to continue to provide advice and support.

Succession is the process of transferring the management of business assets, it is not a single event but should be a process that takes place over an extended period of time. This document focuses solely on the transfer of the management of the “home farm” to a successor or multiple successors, rather than the transfer of capital to establish a new farm business.

Succession may take months or years and an additional home can play an important role in easing this transition as well as providing for accommodation needs at the end of the process. It should also be noted that in some circumstances the retiring farmer may continue in some form to contribute to the family business, either by retaining a financial interest, advising on the local agri-environmental conditions or by involvement in some form of business diversification.

Supporting new entrants into farming and providing a way for older farmers to stay on the land preserves an intergenerational connection on a farm. It provides important benefits such as helping to build a responsibility for the land and retaining location specific information and how to deliver effective agricultural and environmental management. Some farmers may of course wish to retire and move away from their farm, but we would contend that the demographics of farmers show this not to be commonplace, and it is no doubt hindered by the high cost of purchasing homes in rural areas – particularly in the South of England.

It is important to note that the intention of this proposal is not to provide every farmer with an automatic right to build an additional property on their land when they retire. The intention is to amend national policy to remove one of the barriers that prevent older farmers from passing the farm onto the next generation.

A similar policy in Wales has specific criteria that must be met in order for an application to be approved. Applications must be able to demonstrate the business is financially sound and there must not be other properties that could be inhabited, the business must be shown to be functioning. In addition, properties must fulfil normal planning provisions set out by the local authority. With caveats such as these, it is possible to ensure the policy will be used for what it is designed to achieve.

KEY POINTS: FARM SUCCESSION

- 84% of farms operated as family farms.
- High retirement age of farmers – 52% of farmers are 55 or older.
- Farm succession takes many months or years.
- Retiring farmer often continues to contribute to family farm, through eg: advice or involvement in a farm diversification.

Source: ibid
THE RURAL HOUSING CONTEXT

It is well recorded that house prices in rural England are significantly higher than those in urban areas (see Table 1). In addition to the average sale price of houses in rural areas outstripping other parts of the country, affordable housing comprises a smaller proportion of rural housing stock compared to other areas, with only 12% of housing classified as affordable in rural areas, compared to 19% in urban areas.

As can be seen in Table 1, the most expensive properties are those in rural villages and hamlets which has implications for those considering retiring and handing on their agricultural business. The prospect of having to move away from their area and potentially struggling to afford a new home may compel individuals to remain in the sector for longer than they otherwise would. There is a sad irony in the fact that farmers more than anyone else contribute to the attractiveness and the appeal of the countryside as a place to live yet can be ultimately priced out when it comes to retirement.

Current policy framework

Government policy in recent years has been to reduce the level of prescription in national planning policy. Whereas prior to the National Planning Policy Framework (NPPF), Planning Policy Statement (PPS) 7 set out in some detail the conditions an application would be required to meet in order to be approved, the NPPF states:

“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.”

Local authorities are able to set out more detailed policies in their local plans, and for many, this means reproducing the old planning policy statements such as PPS7 in supplementary planning guidance. These documents then constitute a material consideration, even if they do not form a part of the development plan.

While feeding in to the development of every local plan and encouraging a policy similar to HOU10 in supplementary planning guidance would be one way to ensure policies were adopted to assist succession, it is not guaranteed to be adopted nationwide. A preferred route would be to have a reference to the needs of retiring farmers in the NPPF.

This could either take the form of an additional paragraph in the NPPF, an amendment to an existing paragraph or a combination of an amendment to an existing paragraph with more detail set out in the glossary of the NPPF or National Planning Policy Guidance (NPPG).

TABLE 1: AVERAGE SALE PRICE OF HOUSES IN ENGLAND

<table>
<thead>
<tr>
<th>Category</th>
<th>Q2 2017</th>
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</thead>
<tbody>
<tr>
<td>Rural</td>
<td>£316,600</td>
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<tr>
<td>Rural town and fringe</td>
<td>£284,600</td>
</tr>
<tr>
<td>Rural village and hamlet</td>
<td>£349,800</td>
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<tr>
<td>Urban</td>
<td>£294,000</td>
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<tr>
<td>England</td>
<td>£298,000</td>
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</tbody>
</table>

Data source: DEFRA Rural Economic Bulletin December 2017
Policies adopted by other home nations

While we are seeking change in England, other home nations already have national policies concerned with succession on farms. Wales has Rural Enterprise Dwellings, Northern Ireland has HOU10 and many Scottish local authorities have specific policies in their supplementary planning guidance that set out conditions an application must meet in order for planning permission to be granted for a home to enable succession of a farming business.

Rural Enterprise Dwellings

Current guidance for the development of dwellings in the open countryside in Wales is contained in Planning Policy Wales and in Technical Advice Note (TAN) 6: Agricultural and Rural Development (2000). The policies within these documents are very similar to those provided by the old PPS7 in England, i.e. “isolated new houses in the open countryside require special justification, for example, where they are essential to enable farm or forestry workers to live at or close to their place of work in the absence of nearby accommodation”.

As can be seen from Table 2, the Rural Enterprise Dwelling policy has not resulted in significant development in the countryside over the last six years. The Rural Enterprise Dwelling policy is essentially an amalgamation of a number of different rural worker policies that already exist in England. Based on the number of planning applications approved in Wales, we would not envisage a policy enabling succession in England to result in a significant increase in dwellings in open countryside. It would simply recognise and provide a solution to a specific concern that exists in the farming industry.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of planning applications granted</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/11</td>
<td>14</td>
</tr>
<tr>
<td>2011/12</td>
<td>45</td>
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<td>2012/13</td>
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<tr>
<td>2014/15</td>
<td>47</td>
</tr>
<tr>
<td>2015/16</td>
<td>32</td>
</tr>
</tbody>
</table>

Data source: Welsh Government
Our assessment is that an addition to paragraph 55 of the NPPF would be the most sensible step to have national policy recognise the important role that housing can play in assisting succession within agriculture.

A reference to this being permissible could then be supported with more detailed information in the NPPG or left for local authorities to individually interpret. Paragraph 55 is set out here, complete with new suggested wording.

55. To promote sustainable development in rural areas, housing should be located where it will enhance or maintain the vitality of rural communities. For example, where there are groups of smaller settlements, development in one village may support services in a village nearby. 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; or

- where a farmer is retiring from farming or dies, an application for planning permission for a new dwelling may be afforded favourable consideration in order to facilitate the orderly transfer of the farm and to enable the farmer, or the surviving partner of the farmer, to continue to live on that land; or

- where such development would represent the optimal viable use of a heritage asset or would be appropriate enabling development to secure the future of heritage assets; or

- where the development would re-use redundant or disused buildings and lead to an enhancement to the immediate setting; or

- the exceptional quality or innovative nature of the design of the dwelling. Such a design should: – be truly outstanding or innovative, helping to raise standards of design more generally in rural areas; – reflect the highest standards in architecture; – significantly enhance its immediate setting; and – be sensitive to the defining characteristics of the local area.

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