

**WHITELANDS FARM, BICESTER
REPORT ON AGRICULTURAL VIABILITY**



March 2006

1. Introduction

- 1.1 This report has been prepared by Adrian George Chichester, MA, who is a Fellow of the Royal Institution of Chartered Surveyors and a Fellow of the Central Association of Agricultural Valuers. He is the Partner responsible for the Management Department at Strutt & Parker's Newbury office, having worked for Strutt & Parker – National Rural Property Consultants and Estate Agents – for over 25 years. Previously he graduated with an Honours Degree in Agricultural and Forest Sciences from Oxford University.
- 1.2 Mr Chichester specialises in Farm and Estate Management. The department for which he is responsible advises farmers and landowners in respect of approximately 60,000 hectares (150,000 acres) of farmland from their Newbury office. Strutt & Parker is directly responsible for the management of some 28,000 hectares (70,000 acres) of this.
- 1.3 Strutt & Parker has been instructed by Countryside Properties Limited to advise on the financial viability of the farming enterprise which will continue on that area of Whitelands Farm as will remain after the proposed development of some 115ha (284 acres) of the total 189ha (467ac) of land at Whitelands Farm.

2. The Land

- 2.1 Whitelands Farm is situated to the south of Bicester, immediately adjoining the town and immediately west of the A41 highway.
- 2.2 The land is classified primarily as Grade 3, with a small area of Grade 4 to the south east. (Grade 1 represents the best agricultural land and Grade 5 the poorest). The soils to the west of the farm are brashy, well drained, calcareous fine loamy soils overlying limestone. The soils to the east of the farm are much more heavy, comprising fine loam overlying clay.
- 2.3 The plan at Appendix 1 shows that area of the farm which it is anticipated will be offered for development (edged red), and that area of the farm which will remain for agricultural production (highlighted green). The latter area totals 73.99ha (182.8 acres) and includes some 1.0 ha (2.5 acres) of buildings. We estimate that the area of land in permanent pasture is 5.5 ha (13.5 acres) and the area available for arable cropping is 67ha (166 acres).
- 2.4 The farm buildings complex includes a period 6-bedroom farmhouse in fair repair but in need of some modernisation; a range of traditional farm buildings largely of stone construction with slate roofs; a range of brick and stone outbuildings/garages; and a range of farm buildings including dutch barns and grain store.
- 2.5 There is currently good access to the farm buildings from the A4095 trunk road, and we understand that good access will continue to be provided to the farm buildings in the design of any development proposals. In addition, sufficient access will be provided to all fields.

3. Current Farming System

- 3.1 The farm is currently let to Mr Alan Woodley by Farm Business Tenancy.
- 3.2 Arable land is farmed under rotation, growing mainstream arable crops such as wheat and oilseed rape.
- 3.3 Grassland is kept as permanent pasture and currently used largely for cattle and sheep grazing.
- 3.4 The tenant occupies the Farmhouse and uses the farm buildings in conjunction with his farming business.

4. Viability of Farm Size

- 4.1 It is anticipated that the size of the agricultural holding after development will be 73.99 hectares.
- 4.2 Analysis of national statistics by the Department for Environment Food and Rural Affairs for 2003 shows that the average size of agricultural holdings in England in 2003 was 48.4ha. (See Appendix 2). Clearly the anticipated remaining area of Whitelands farm will be somewhat larger than this.
- 4.3 The minimum holding size for a full-time holding is judged to be that size which equates to 8 European size units. (See Appendix 3). DEFRA calculate that, in 2003, the average area of holdings of more than 8 ESU's was 112.8ha. This would indicate that Whitelands Farm will not comprise a "full-time holding" and would be best farmed using contractors rather than full-time staff and owned machinery.
- 4.4 Eurostat report the average European Union holding size at 22.2ha. (Appendix 4). The remaining area of Whitelands farm will be 3.3 times this average EU farm size.

5. Proposed Farming Policy and Anticipated Profitability

- 5.1 It follows from clause 4 above firstly that the remaining agricultural holding at Whitelands Farm (74ha) will be above average size for both UK and EU, and secondly that it would normally be more cost effective for the farm to employ outside contractors for the main operations rather than employ its own labour and machinery. It is now relatively common for farming businesses to collaborate together or for a farmer to use outside contract for cultivation and other works.
- 5.2 We have assumed that the farmer of the land will hold Single Payment entitlements for the full area farmed (as applies at present).
- 5.3 Appendix 5 shows a budget of likely profitability from an arable enterprise, assuming farmed by the proprietor of the business, namely £12,021 pa.

- 5.4 Appendix 7 shows an estimate of likely profitability from 3 possible options for the farming of the pastureland. Given the location so close to Bicester and the presence of suitable traditional farm buildings for the purpose, we have assumed an equestrian use based on DIY livery. Net profit is estimated at £4,965 pa.
- 5.5 The combination of these suggests a **net annual profitability of £16,986 pa.**, assuming that the land is farmed by the owner personally. The farming operations would not constitute a full time job and the proprietor would have spare time for other income-earning work elsewhere outside of the main harvesting and autumn cultivation period.
- 5.6 No account has been taken of interest requirement either on invested capital or routine cash flow. Capital tied up in farming stocks and machinery (but not land) might be in the order of £75,000.
- 5.7 **Alternatively**, the land could be farmed other than by the proprietor – who could earn a living from elsewhere and simply oversee a land management business either part time or through a professional agent. Appendix 6 shows the likely arable profitability (£8,894) from farming the arable land using entirely outside contractors, and Appendix 8 a similar budget (£3,215) for the equestrian venture using contract. In addition, we estimate the net rental value of the Farmhouse, in its current condition, at approximately £1,500 per calendar month, i.e. £18,000 pa.. Deducting 30% for repairs and management would suggest a net rent of £12,600. This value could be increased significantly if the owner was willing to invest capital in modernisation, with increased rental income providing a return on the investment of significantly more than the cost of borrowing.
- 5.8 Thus, if Countryside Properties Ltd continue to own the land and to farm it themselves using contractors overseen either from within the company or by a professional agent, the company might make an **annual profit of £24,709 pa** (being £8,894 + £3,215 + £12,600) from the holding. (This figure is before professional management charges if relevant).

6. Conclusions

- 6.1 The 74 or so hectares of land at Whitelands farm which will remain after proposed development of the rest of the farm will be viable either to provide a living to a working owner-occupier or to provide a profitable net income to the landowning company if farmed by outside contract. Net income is estimated at £16,986 and £24,709 respectively.
- 6.2 Although this remaining farm area will be larger than both UK and EU average farm size, it will not provide enough work for full time employment. An owner-occupier would therefore have spare time during the quieter periods of the farming year either to gain employment elsewhere or to pursue some other diversified opportunity.

Boundary line
 Residential Farm land
 74.00 ha in total



Client Countywide / South West Developer	
Drawing No Residential Farm land	
Date 15/09/12	Issue No 001
Date November 2005	Issue No 002
Drawing No 1002 (11/04/05)	Issue No 003
Notes 1. All land to be developed in accordance with the Planning Permission for the site. 2. All land to be developed in accordance with the Planning Permission for the site.	

Terence O'Rourke
 Director
 Terence O'Rourke Planning & Design
 10000 Lakeside, Dublin 15
 Tel: 01 272 2222 Fax: 01 272 2222
 Email: info@tor.ie



Table 3.4 continued

		1998		2003	
		Number of holdings (thousand)	Number of livestock (thousand)	Number of holdings (thousand)	Number of livestock (thousand)
Laying fowls (b)	1 to 999 laying fowls	26.8	1 032.4	30.8	828.1
	1,000 to 4,999	0.6	1 724.9	0.5	1 328.9
	5,000 to 19,999	0.7	7 046.2	0.6	6 591.1
	20,000 and over	0.3	32 888.1	0.3	30 158.7
	Total	28.6	42 691.6	32.3	38 906.8
	average size of flock (head)		1 495		1 205
% of total laying fowls in flocks of 20,000 and over			77.0		77.5

source: Defra website, <http://statistics.defra.gov.uk/esg/publications/auk/2004/excel.asp>

- (a) Average area refers to the average area of the specified crop on holdings that grow that crop. Holdings that do not grow the crop are excluded from the calculation.
- (b) Figures for 1998 and 2003 are not directly comparable because of a register improvement exercise for poultry holdings that took place in England and Wales between these years.

Table 3.5 Agricultural holdings by size and country 2003 (a)

Enquiries: Alison Wray on +44 (0)1904 455313

email: alison.wray@defra.gsi.gov.uk

	England		Wales		Scotland		Northern Ireland	
	Number of holdings (thousand)	Percent of total ESU	Number of holdings (thousand)	Percent of total ESU	Number of holdings (thousand)	Percent of total ESU	Number of holdings (thousand)	Percent of total ESU
At June								
Size of holding (ESU)								
under 8 ESU	115.1	2.6	23.7	5.0	34.7	3.1	15.3	9.8
8 to under 40 ESU	33.8	12.1	7.9	27.5	7.3	14.4	9.4	33.6
40 to under 100 ESU	23.0	25.8	3.7	37.9	5.1	31.2	3.1	35.4
100 to under 200 ESU	10.9	26.1	0.9	20.6	2.4	30.5	0.7	16.9
200 ESU and over	5.1	33.4	0.2	8.9	0.7	20.7	0.1	4.3
Total	187.9	100.0	36.5	100.0	50.2	100.0	28.5	100.0
Average size (ESU):								
All holdings		30.8		16.4		21.2		18.5
Holdings 8 ESU and over		77.4		44.7		66.5		36.0
	Number of holdings (thousand)	Hectares (thousand)	Number of holdings (thousand)	Hectares (thousand)	Number of holdings (thousand)	Hectares (thousand)	Number of holdings (thousand)	Hectares (thousand)
Total area on holdings								
Under 20 hectares	114.7	494.9	21.4	102.9	28.9	151.4	12.3	124.4
20 to under 50 hectares	25.8	854.4	6.1	204.2	6.3	207.3	9.7	313.9
50 to under 100 hectares	21.2	1.5	5.0	353.7	5.7	412.1	4.7	321.3
100 hectares and over	26.2	6 228.7	4.0	791.5	9.4	4 764.7	1.8	307.6
Total	187.9	9 099.1	36.5	1 452.2	50.2	5 535.6	28.5	1 067.3
Average area (hectares):								
All holdings		48.4		39.8		110.3		37.4
Holdings 8 ESU and over		112.8		96.2		257.0		61.5
% of total area on holdings with 100 hectares and over		68.5		54.5		86.1		28.8

source: Defra website, <http://statistics.defra.gov.uk/esg/publications/auk/2004/excel.asp>

- (a) This table contains data for all holdings in Great Britain and all active farm businesses in Northern Ireland.

2004

Numbers and sizes of holdings and enterprises (Tables 3.3 to 3.7)

- 6 Tables 3.3 and 3.4 compare numbers and sizes of holdings and enterprises for 2003 and confirm the continuing trend towards larger holdings and enterprises. Tables 3.5 and 3.6 show the relative sizes of all holdings in England, Wales, Scotland and Northern Ireland and of holdings in less favoured areas. The largest holdings in terms of European size units (ESU) are found in England while the largest in terms of area are found in Scotland. Northern Ireland has the smallest holdings in terms of both ESUs and area. Table 3.7 shows agricultural holdings by farm type, size and country.
- 7 European size units measure the financial potential of the holding in terms of the margins which might be expected from crops and stock. The margins used are gross margins standardised at 1987-89 values. The threshold of 8 ESU is judged to be the minimum for full-time holdings.

Table 3.3 UK numbers and sizes of holdings (a)

Minor holdings are excluded for England and Wales in 1998.

Enquiries: Alison Wray on +44 (0)1904 455313

email: alison.wray@defra.gsi.gov.uk

		At June of each year			
		1998		2003	
		Number of holdings (thousand)	Percent of total ESU	Number of holdings (thousand)	Percent of total ESU
Size of holding (ESU)	under 8 European Size Units (ESU)	125.5	3.0	191.9	3.3
	8 to under 40 ESU	65.4	15.2	58.0	14.8
	40 to under 100 ESU	41.6	30.1	34.2	27.7
	100 to under 200 ESU	16.0	24.8	14.8	25.6
	200 ESU and over	6.3	26.9	6.0	28.5
	Total	254.8	100.0	304.8	100.0
Average size (ESUs):					
	All holdings		34.6		25.9
	Holdings 8 ESU and over		66.2		67.7
		Number of holdings (thousand)	Hectares (thousand)	Number of holdings (thousand)	Hectares (thousand)
Total area on holdings	under 20 hectares	117.8	887	178.8	874
	20 to under 50 hectares	56.3	1858	47.3	1565
	50 to under 100 hectares	40.2	2856	36.7	2623
	100 hectares and over	40.6	11657	42.0	12166
	Total	254.8	17258	304.8	17228
	Average area (hectares):				
	All holdings		67.7		56.5
	Holdings 8 ESU and over	
% of total area on holdings					
	with 100 hectares and over		67.5		70.6
Tillage and grass area (b) (c)	0.1 to under 20 hectares	111.8	838	136.4	803
	20 to under 50 hectares	55.7	1838	46.5	1562
	50 to under 100 hectares	38.8	2748	35.6	2542
	100 hectares and over	31.2	6151	32.7	6484
	Total	237.6	11575	251.2	11391
	Average crops and grass area				
	per holding (hectares) (d)		48.7		45.3
% of total crops and grass area					
	on holdings with 100 hectares and over		53.1		56.9

source: Defra website, <http://statistics.defra.gov.uk/esg/publications/auk/2004/excel.asp>

continued

AGRICULTURE AND FISHERIES

Average size of agricultural holdings
(1000 ha)

	AA (ha)	SGM (ESU)	Ls (LSU)	LF (AWU)
EU-25	22.2	22.9	21.3	1.09
BE ^p	23.7	55.5	74.1	1.24
CZ ¹	66.9	:	:	:
DK	45.8	61.9	75.6	1.15
DE ^p	37.6	42.2	42.4	1.35
EE ¹	21.6	:	:	1.02
EL	5.3	7.6	3.8	0.85
ES	21.7	13.9	13.7	0.94
FR	45.8	47.5	39.4	1.54
IE	32.9	22.1	48.5	1.23
IT	8.2	12.3	6.5	0.79
CY	:	:	:	:
LV	21.0	3.5	6.9	1.64
LT	:	:	:	:
LU ^p	48.2	38.3	65.4	1.66
HU ^p	25.3	9.7	13.9	1.58
MT ¹	1.3	10.9	6.7	0.55
NL	20.0	89.7	72.4	2.02
AT ^p	17.1	13.9	16.4	1.04
PL ²	7.0	:	:	1.04
PT	11.9	8.2	8.0	1.44
SI ^p	6.8	6.1	9.2	1.43
SK ¹	30.4	:	13.9	1.92
FI	28.3	24.0	15.6	1.30
SE	40.5	28.4	26.4	0.97
UK	84.6	61.0	87.1	1.81

Holdings of at least 1 ESU.
Source: FSS 1999/2000

Flags used:

- = 0
- :c = confidential
- : = not available
- ¹ = FSS 2003
- ² = FSS 2002
- :p = provisional data (including the smallest holdings)

AA: agricultural area

SGM: economic size, in European Standard Unit (1200€ gross margin)

Ls: livestock, in Livestock Units (eurofarm coefficients)

Lf: labour force, in Annual Working Unit

Whitelands farm, Bicester

Arable farming viability

Assumed rotation: Wheat, wheat, barley, oilseed rape
with 5.4ha set aside

Assumed ELS options: 6m margins and hedgerow management

Income

30.8 ha wheat @ 8.25 T/ha (3.3 T/acre)		
= 254 T @ £68/T		17272
15.4 ha barley @ 6.6 T/ha (2.6 T/acre)		
= 102 T @ £65/T		6630
15.4 ha Oilseed rape @ 3.25 T/ha (1.3 T/acre)		
= 50 T @ £150/T		7500
46.2 ha wheat/barley straw @ £20/ha		924
67 ha Single Payment @ £200/ha		13400
67 ha Entry Level Scheme payment @ £30/ha		2010
	Total Income	47736

Expenditure

Seeds	30.8 ha wheat @ £37.50/ha	1155	
	15.4 ha barley @ £35/ha	539	
	15.4 ha oilseed rape @ 30/ha	462	2156
Fertilisers	30.8 ha wheat @ £95/ha	2926	
	15.4 ha barley @ £85/ha	1309	
	15.4 ha oilseed rape @ 107.50/ha	1656	5891
Sprays	30.8 ha wheat @ £117.50/ha	3619	
	15.4 ha barley @ £85/ha	1309	
	15.4 ha oilseed rape @ £97.50/ha	1501	6429
Contract	61.6 ha combining @ 73/ha		4497
Power and machinery costs	61.6 ha machinery repairs @ £40/ha	2464	
	61.6 ha machinery depreciation @ £80/ha	4928	
	61.6 ha fuel, oils & electricity @ 35/ha	2156	
	61.6 ha vehicle insurance @ £15/ha	924	
	5.5 ha set aside topping @ £20/ha	110	10582
Property costs	Grain store repairs, insurances, etc @ £50/ha		3080
Administration	General & overhead costs @ £50/ha		3080
	Total expenditure	35715	
	NET ENTERPRISE PROFIT	12021	

Gross margin figures taken from John Nix Farm Management Pocketbook 2006
produced by Wye College, University of London

Whitelands farm, Bicester

Arable farming viability
(using outside contract)

Assumed rotation: Wheat, wheat, barley, oilseed rape
Assumed ELS options: 6m margins and hedgerow management

Income

30.8 ha wheat @ 8.25 T/ha (3.3 T/acre)		
= 254 T @ £68/T		17272
15.4 ha barley @ 6.6 T/ha (2.6 T/acre)		
= 102 T @ £65/T		6630
15.4 ha Oilseed rape @ 3.25 T/ha (1.3 T/acre)		
= 50 T @ £150/T		7500
46.2 ha wheat/barley straw @ £20/ha		924
67 ha Single Payment @ £200/ha		13400
67 ha Entry Level Scheme payment @ £30/ha		2010
	Total Income	47736

Expenditure

Seeds	30.8 ha wheat @ £37.50/ha	1155	
	15.4 ha barley @ £35/ha	539	
	15.4 ha oilseed rape @ 30/ha	462	2156
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	15.4 ha barley @ £85/ha	1309	
	15.4 ha oilseed rape @ 107.50/ha	1656	5891
Sprays	30.8 ha wheat @ £117.50/ha	3619	
	15.4 ha barley @ £85/ha	1309	
	15.4 ha oilseed rape @ £97.50/ha	1501	6429
Contract	61.6 ha heavy disc cultivation @ £30/ha	1848	
	61.6 ha combi-drilling @ £41/ha	2526	
	15.4 ha subsoiling on average @ £48.50/ha	747	
	61.6 ha rolling @ £13/ha	801	
	61.6 ha x 3 fertiliser applications @ £9/ha	1663	
	61.6 ha x 4 spraying operations @ £10/ha	2464	
	61.6 ha combining & carting @ 84.50/ha	5205	
	5.5 ha set aside topping @ £20/ha	110	
	406T grain drying, cleaning & outloading @ £5/T	2030	17394
Property costs	Grain store repairs, insurances, etc @ £50/ha		3080
	Grain drying fuel @ £2/T average		812
Administration	General & overhead costs @ £50/ha		3080
	Total expenditure		38842
	NET ENTERPRISE PROFIT		8894

Gross margin figures taken from John Nix Farm Management Pocketbook 2006
produced by Wye College, University of London

Whitelands farm, Bicester

Pasture farming options

Option 1. Horse livery

Income:		
7 horses @ £30/horse/week	10920	
5.5 hectares Single Payment and ELS receipts	1265	
Total Income		12185
Expenditure:		
5.5 hectares seed/fert/sprays @ £40/ha	220	
Machinery costs - nominal tractor use	500	
Property costs - stables, fencing & riding areas	5000	
Administration costs	1500	
Total expenditure		7220
NET ENTERPRISE PROFIT		4965

Option 2. Hay making

Income:		
1250 bales hay @ £2.00/bale	2500	
5.5 hectares Single Payment and ELS receipts	1265	
Total Income		3765
Expenditure:		
5.5 hectares forage costs @ £80/ha	440	
Machinery costs @ £100/ha	550	
Contract baling @ 25p/bale	312	
Property costs	250	
Administration costs	500	
Total expenditure		2052
NET ENTERPRISE PROFIT		1713

Option 3. Herbage licence

Income:		
5.5 ha herbage licence fee for looked stock	220	
5.5 hectares Single Payment and ELS receipts	1265	
Total Income		1485
Expenditure:		
5.5 hectares forage costs @ £30/ha	165	
Machinery costs	250	
Property costs (fencing)	250	
Administration costs	250	
Total expenditure		915
NET ENTERPRISE PROFIT		570

Whitelands farm, Bicester

Pasture farming options
(using outside employment/contract)

Option 1. Horse livery

Income:		
7 horses @ £30/horse/week	10920	
5.5 hectares Single Payment and ELS receipts	1265	
Total Income		12185
Expenditure:		
5.5 hectares seed/fert/sprays @ £40/ha	220	
Contract paddock maintenance/muck spreading	750	
Property costs - stables, fencing & riding areas	6000	
Administration costs	2000	
Total expenditure		8970
NET ENTERPRISE PROFIT		3215

Option 2. Hay making

Income:		
1250 bales hay @ £2.00/bale	2500	
5.5 hectares Single Payment and ELS receipts	1265	
Total Income		3765
Expenditure:		
5.5 hectares forage costs @ £80/ha	440	
Contract fert applications/ spraying weeds, etc	400	
Contract baling @ 25p/bale	312	
Contract bale cart/store, etc	350	
Property costs	250	
Administration costs	1000	
Total expenditure		2752
NET ENTERPRISE PROFIT		1013

Option 3. Herbage licence

Income:		
Herbage licence fee - not looked: assume nil	0	
5.5 hectares Single Payment and ELS receipts	1265	
Total Income		1265
Expenditure:		
5.5 hectares forage costs @ £20/ha	110	
Contract weed control etc	250	
Property costs (fencing)	400	
Administration costs	500	
Total expenditure		1260
NET ENTERPRISE PROFIT		5