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## **Arable Monitor Farm (Angus)**

James & Hugh Black  
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Report on Meeting held 24th February 2009

Development of redundant farm buildings & cottages

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## **TOP TIP FROM MEETING**

Developing redundant farm buildings and property can be very attractive, however, it's a complex area so you need to do your research and get good professional advice. There are lots of pitfalls particularly in the current economic climate.

## **INTRODUCTION**

The meeting took place at the Carmyllie Hall 9.30–1.00pm and was supported by 35 members present. The programme was as follows:

### **Programme;**

1. Visit steading at Newton of Carmyllie
2. Update from Monitor Farmer
3. Review of planning process (Bob Fraser Architect)
4. Property Developer's perspective (Guild Homes)
5. Land Agents perspective (Malcolm Taylor, Bell Ingram)
6. Crop Market Update (Gavin Will, Openfield)
7. Potential Environmental Projects (Alison Mole, ADAS)
8. Lunch

### **1. Visit steading at Newton of Carmyllie (Hugh Black)**

Hugh provided a brief background to the Newton of Carmyllie and described their future plans. The farm, which extends to 284ac, was bought in 2004 for £5,000 /ac. It includes a large farmhouse, an old bothy, some traditional buildings, old poultry sheds and a small grain store (1,000t). The grain store is most modern building and is currently used for winter barley storage.

Originally the house was let but now in the process of improving it prior to Hugh, who gets married this summer, moving in. The Black's did use the steading for contract finishing pigs, however this enterprise was stopped in 2006. One wing of the traditional steading (stone and slate) is currently used as an ambient potato store (400t). There is a useful concert pad area which is used to store hen pen and FYM from neighbours.

There are two entrances to the farm off the public road with the old bothy at one of the entrances. The Bothy is in the process of being modernised and will be marketed for a long-term let (hope to get £475/mth). Although it is small, it will have 3 bedrooms and will include a wood chip heating system to be sited in an adjacent shed. The Black's were successful in securing some SRDP grant for the bothy conversion.

### **Future plans?**

Originally the Black's had hoped to get planning permission for 14 new houses on the site to recoup some of the cost of the farm purchase, however, this was rejected by Angus Council. Now they have had to have a major re-think particularly in light of the current recession and collapse in the housing market. It would be only possible to get one house from the traditional steading so the new plan is to get planning permission for 4 new houses on the site.

## 2. Monitor Farm update (Hugh Black)

Hugh provided a brief update over coffee of things happening on the farm since the last meeting (Jan 09).

- Purchased a replacement combine, cost £78k. New Holland CX 880, 30ft header, 6 straw walker. Done 4 seasons work.
- Purchased another 2<sup>nd</sup> hand Reekie stone separator ( 6yrs old). Have 300ac of potatoes to plant so this will double the farm's workrate at planting time. Will also utilise the new man better.
- Hired 2 Polish casual workers direct to do a variety of maintenance jobs around the farm (they live in Arbroath) cost £7.50/hr.
- Haven't been dressing potatoes these last two weeks, still have approx 1,800t to do - can dress 130t per day. Prices down from last year, M. Piper £90/t, Rooster £125/t.
- Had annual meeting with Bank (RSB); cashflow an issue just now
- Have still 200t wheat to sell
- Crop agronomist has looked through all the cereals and OSR; have over wintered well and no major problems.
- Plan to grow 116ha spring barley, malting contracts vary from £137 - £157/t

## 3. Review of Local Authority Planning (Bob Fraser)

The Architects employed by the Black's – Bob Fraser, of AB Roger & Young, provided a review of Local Authority Planning for the meeting.

The Angus Local Plan policy encourages the conversion and reuse of redundant farm buildings for housing purposes. The policy also allows for the suitable reuse and conversion of farm building to appropriate rural business, holiday accommodation or other leisure, recreation or commercial use. Although there are many common elements in conversion projects, the site, building type, style and condition mean that in practice the design solution for each scheme is virtually unique.

Steading conversions have been fashionable for a number of years but now the current economic climate has virtually destroyed their economic viability over night.

### **The Local Authority Planning process has a number of drivers:**

**1. The Scottish Planning Act** which has been amended this year and includes a number (8) of changes e.g. 12 wks notice on application submission, planning consent extended from 3 to 5 yrs, new appeals system

**2. Each Local Authority must have a Local Plan** in place which details their policies. The Local Plan also outlines the Councils' intentions and provisions for the next 5 years in regard to housing requirements, land uses, employment, retail, leisure etc.

Angus is divided into 2 areas known as RSU 1 & 2. RSU 1, which means that only 1 house e.g. will be permitted in certain situations in the countryside with the exception of essential workers houses. In RSU 2 areas, which are generally the more upland

and poorer farming areas, there is a desire to prevent depopulation hence up to 2 houses are possible given certain criteria.

**3. The Local Plan Policies are driven by guidance notes both Local and National.** The Scottish Executive have a series of guidance documents known as Scottish Planning Guides or SPG's. At a local level Angus Council has guidance notes on everything from satellite dishes to replacement windows, to house extensions etc. These guidance notes are generally more technical and specific.

A lot of planning argument hinges on interpretation of the policies and guidance notes but if the first hurdle of local plan policy is not met this could attract a refusal unless there is substantial material consideration to set aside a policy.

### **Local Plan Policy**

The adopted Angus Local Plan supports the conversion of redundant, traditionally constructed farm buildings that make a positive contribution to the visual amenity and character of the rural area. Implicit behind this positive contribution to the visual amenity and character of the rural area.

The policy requires that a number of factors be taken into account both by the developer in considering the suitability of a project and by the council in assessing development proposals. Primarily the policy is about the retention and conversion of redundant buildings to sustain their future while providing good quality new housing or appropriate new use. It is important therefore that from the outset, the technical feasibility of the conversion project is fully investigated by suitably qualified professionals.

### **Other issues:**

- Under the Local Plan policy the whole building must be utilised. - a mix of residential and farming activity will not be acceptable.
- Applications should provide for the establishment of a good quality living environment and also deals with garden, car parking & garaging
- Access is imp't and may need improvement e.g. passing places, first 10m must be solid
- Affordable housing option is imp't
- Biodiversity / wildlife – a full survey of species will be required as for any planning application
- Brown field policy a max of 4 houses
- Drainage and surface water management; consultation with SEPA, Scottish Water and Angus Council. Moving away from septic tanks
- Farm building replacement

### **Development Proposals must be accompanied by:-**

- Location plan at an appropriate scale to be able to identify the property.
- Site plan showing the existing layout, building/use, landscaping, trees and woodland, and boundary treatment of the area.
- A detailed statement of the sites planning history, demonstrating that the buildings are redundant with no requirement for the previous or related use, or for a similar replacement building within the farm unit in the foreseeable future.
- A report from a Structural Engineer to confirm that the building is capable of conversion in the intended manner and that the works required for the conversion will not compromise its structural integrity.

- Detailed survey plans showing the ground floor, any other floors and elevations of existing structures, the extent and nature of any dunting, remedial work and rebuilding required; a schedule detailing the proposed phasing of works.
- Ecological survey undertaken by suitably qualified professional to ascertain the presence of or use of the building or trees by species including bats, barn owls, swallows, martins and swifts and other protected species together with any protection measures and mitigation measures to be implemented during the construction period.
- An architectural appraisal of the building that identifies the character of the building and a Design Statement to identify how the proposed conversion retains the character identified in the architectural appraisal:
- Architectural plans coloured to show details of the conversion proposals, house numbers, and internal layout, building elevations, and fully showing the extent of any remedial works and/or alterations.
- Details of access arrangements, including provision of passing places and improvements to the standard of the access track or junction with the public road.
- Landscape plan showing both existing landscape features to be retained and new landscaping, boundary treatment, communal ground, and private gardens and other spaces. Where communal areas are proposed, management arrangements should also be submitted.

NB - a more detailed report of the Planning Process is available on request.

#### **4 Property Developers perspective (Mark Guild, Guild Homes)**

Mark Guild established Guild Homes Ltd, which has their office in Forfar, in 1997 (see [www.guild-homes.co.uk/](http://www.guild-homes.co.uk/)). Guild Homes are house builders and property developers who build approx 25 houses per year, with a turnover of £8M.

Originally started buying sites with planning permission but now work more with landowners to secure planning permission. This approach takes more time and cost but importantly builds up a land bank for future development. Have completed developments in Letham (40), Friockheim (40) and Kirriemuir (120).

##### **The three critical issues are**

- Planning permission
- Location
- Timing

##### **Lots of issues to think about including:**

- Impact on neighbours and their attitude to the development
- Considerable legal aspects eg Who owns the roads and responsibility for maintenance; the Servitudes and access
- Appointing an architect. Ask about their successes and failures. They need to be experienced in the planning process
- Need to decide if you want to develop the site yourself, sell the land, or an option with developer
- Important to get expert advice; too many farmers wrongly think they can do it themselves to cut costs

- Location is everything – determines demand. 3 areas; RSU1, RSU2 or A90 corridor.
- Lost of consents to gain, including building warrants.

### **Conversion of farm buildings for residential homes**

- Not attractive for developers as expensive to do, lots of planning restrictions and unknowns so more risks /hassles.
- Can also be difficult to sale, as looking for a premium price but properties are semi-detached
- If 3 or 4 homes in the development can be a problem to sell them all.
- In past, when demand outstripped supply, steading conversions were viable, however, believe things have changed (Mark said he wouldn't take on any steading conversions).

## **5. Land Agents perspective (Malcolm Taylor)**

Malcolm Taylor is a Director with Bell Ingram at their Forfar office. He is a qualified Chartered Surveyor.

### **What are the options available for farmers looking to develop property?**

**1. Bring in a Developer.** Sign up an option, £50 - £200k to lock-out others. Gaining planning permission and all the approvals takes considerable time – have seen it take 12 years!

**2. Do it yourself.** Suits smaller schemes. Advantage here you control it.

The holiday cottage market:

- Must be high standard, good finish
- 25-30 weeks occupancy is good
- weekend breaks good marketing tool
- Remember to include cost of furnishing
- Who will do the greeting, showing around, cleaning and general management?
- Will have to pay rates

**3. Let the building for commercial use.** This could be for small business use or storage. Rents vary but typically £5-£7 / ft<sup>2</sup>. Need to notify change of use. Insurance considerations?

### **Grants**

**Community Scotland:** max a third of cost up to £45k; affordable housing; £350/mth; 5-25yr contract; return 3-5%. See web page for more details

[www.communitiesscotland.gov.uk/intradoc-cgi/idc\\_cgi\\_isapi.dll?IdcService=GET\\_DOC\\_PAGE&Action=GetTemplatePage&Page=CS\\_GRANTS](http://www.communitiesscotland.gov.uk/intradoc-cgi/idc_cgi_isapi.dll?IdcService=GET_DOC_PAGE&Action=GetTemplatePage&Page=CS_GRANTS)

### **Finance**

AMC - + 2% over base + an arrangement fee

Banks

VAT – if property has been empty, pay only 5% on improvements

## **Costs**

Steading conversions very expensive – typically £2,000 /m<sup>2</sup>

New buildings cheaper – typically £1,200 /m<sup>2</sup>

Plot values vary with site but typically £10,000 plus

Self build using a local builder generally more economical, especially if you do the project management

Fair rents in Angus assessed at £350/mth with central heating

Angus Council like units of 5.

If establishing a property business, need to consider if worth establishing a new separate business from the farm business.

## **6. Crop Market Update (Gavin Will)**

Gavin Will, Farm Business Manager, Openfield Scotland, (formerly Grainfarmers) provided the Group with a market update.

### **Key points:**

- World wheat production reached new high – in 2008 684MT, up 74MT. Many countries now exporting e.g. Ukraine
- Wheat consumption also up – 654MT, up 37MT
- However stock levels slowly recovering – 148MT
- UK Wheat supply & demand – see table 2 below
- UK wheat surplus 4MT this season; exports on track
- Sterling £ weakness crucial element
- 2009 global wheat area down 5%, output down 35MT at least, weather dependent
- US SRW planting down 25%

### **Malting Barley**

- Distillers very cautious, impact of global recession
- Demand for malt may be back, especially brewing
- Malting barley from England may be come to Scotland
- Impt. growers have an outlet for their malting barley this year

### **OSR – drivers in the market**

- Global recession
- Falling crude oil prices
- Falling biodiesel demand
- Huge crops in Ukraine
- Better crops in Germany / France
- US Soya crops
- Big Canadian crop
- Crush margins?
- Demand from China

**Table 1 Cereal Prices**

	Current Ex-farm	Nov 2009
Wheat	£106	£120
Malting barley	£	£145*
Feed barley	£90	£110
OSR	£236	£248

Source: Gavin Will Feb 09

Key: \* = low N 1.55% - Harvest Movement

**Table 2: UK Wheat supply & demand ('000 tonnes)**

	2007/8	2007/8	2008/9
<b>Carry In</b>	<b>1,856</b>	<b>1,868</b>	<b>1,820</b>
<b>Production</b>	<b>13,362</b>	<b>13,221</b>	<b>17,258</b>
<b>Imports</b>	<b>1,045</b>	<b>1,441</b>	<b>1,100</b>
<b>Total Supply</b>	<b>16,263</b>	<b>16,530</b>	<b>20,178</b>
<b>H &amp; I</b>	<b>6,695</b>	<b>6,778</b>	<b>7,127</b>
<b>Animal Feed</b>	<b>6,396</b>	<b>6,058</b>	<b>6,850</b>
<b>Seed / Other</b>	<b>342</b>	<b>377</b>	<b>408</b>
<b>Total Demand</b>	<b>13,433</b>	<b>13,213</b>	<b>14,385</b>
<b>Surplus</b>	<b>942</b>	<b>1,497</b>	<b>3,917</b>
<b>Carry Out</b>	<b>1,888</b>	<b>1,820</b>	<b>1,876</b>

**Malting Barley varieties, Eng & Wales, and Scotland 2008**

<b>Supply and Demand</b>					
E&W	Varietal split	Area %	Scot	Varietal split	Area %
	Winter			Winter	
	Pearl	20%		Pearl	1%
	Flagon	20%		Flagon	1%
	Cassata	14%		...	0%
	Others	6%		Fanfare	0%
	Feed	40%		Others + feed	98%
		100%			100%
	Spring			Spring	
	Optic	6%		Optic	31%
	Tipple	70%		Oxbridge	12%
	Cocktail	1%		Cocktail	12%
	Oxbridge	1%		Publican	2%
	Westminster	1%		West/Appalo/D	6%
	Quench	18%		Tartan	16%
	Feed	3%		Feed	21%
		100%			100%

## 7. Possible Environmental projects (Alison Mole)

Alison Mole, who is based in Edinburgh with ADAS, described how funding was available for all the Monitor Farms to specifically undertake small scale environmental projects. The projects should help the environment in some way as well as saving money. Funding is provided from SNH, QMS and Scottish Government over the next 2 years.

The Community Group were asked to come up with suggestions for possible environmental projects that they could carry out, that would benefit the environment in some way and could help them save money and/or add value at the same time.

The following were suggested:

Topic	Detail
Carbon footprinting and reduction of inputs	<p>Variable rate nitrogen application i.e. precision nitrogen</p> <p>Also further opportunities in precision farming to target applications</p> <p>Efficiency of cold stores (for potatoes)            - looking at different energy uses (wind, solar, standard electricity)            - investigation use to heat nearby houses to maximise energy use</p> <p>Energy audit on the farm</p> <p>Fuel use meters and investigate different emissions</p> <p>Biomass use – investigate opportunities for extension of existing system (woodchip biomass burner) from residential use to grain drying</p>
Irrigation and water quality	<p>Investigation into more efficient application of irrigation water            - mapping soil textures and adjusting amount of water in relation to requirements of different types</p> <p>Use of a membrane over the irrigation reservoir in order to reduce evaporation and reduce the amount of sunlight getting in. Investigate cost-effectiveness and effect on water quality</p> <p>Opportunities for further boreholes on site</p>

<b>Topic</b>	<b>Detail</b>
Climate change	Installation of a test turbine to monitor wind speeds etc. to assess whether a small-scale wind turbine installation would be feasible.
Biodiversity	Take unproductive areas/fields out of use and use for benefits to wildlife etc. instead.

**Date of next meeting**

The next meeting would not take place until all the spring work is finished, likely to be mid-May. Letters would be sent to all Community Group members nearer the time.