

RURAL PLANNING LIMITED

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FAO Steve Baughen

Your ref: TM/10/02923/FL
Our ref: RLH/AA/TM/10/10
Date: 08 December 2010

REFERS TO CONFIDENTIAL FINANCIAL INFORMATION

Dear Mr Baughen

PLANET PLANTS, BACK LANE, IGHTHAM

I refer to your letter of 4 November 2010 requesting agricultural advice on the planning application submitted on behalf of Mr and Mrs R McKenna for the erection of a detached dwelling for occupation by the horticultural manager and partner of Planet Plants Nursery.

The applicants have invested significantly in renovating this site, which was part of a larger nursery (Ivy Hatch Nurseries) prior to the applicants' purchase in 2007. The applicants' part extends some 2.63 hectares, which includes a glasshouse, a range of polytunnels, extensive open standing out areas, and a new general purpose building/potting shed/office (24m x 14.8m).

The nursery is being developed mainly as a specialist grower of medium to large/specimen sized shrubs, with plants sold wholesale to trade outlets, although an on-line retail sales outlet is being developed, and there are also occasional open week-ends for the public.

Mr McKenna is an experienced grower who, as well as being involved in establishing Planet Plants Nursery, is currently engaged as manager of the large cash-and-carry nursery "Wyevale East", at Swanley. Mrs McKenna is becoming involved more in the nursery management although she also has the day-to-day care of their two young children. The family currently live in Tonbridge but propose selling their house to finance the construction of the proposed dwelling where they would live in order to provide the necessary on-site attendance for operating the nursery and developing it further.

Given the applicants' other commitments they also rely on employing one full-time worker at Planet Plants and 3 part-time workers.

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There is no residential accommodation on the site or elsewhere locally that would be suitable and available for meeting the functional needs which have been arising here, relating to the proper care of the plants, particularly when weather conditions are adverse through summer heat or winter cold. The site is difficult to access when there is heavy snow: last winter's snow caused damage to various tunnels and plants, and last week's snow has just caused further extensive damage to the two main blocks of polytunnels, which is the subject of an insurance claim. With someone resident on site it should be possible to take prompt action to help minimise damage through snow or frost.

Residency would also assist general husbandry tasks such as spraying and vermin control, and should assist in limiting damage or theft (there is now a valuable range of plants on the site) as further outlined in the applicants' submissions.

Consequently I consider suitable on-site accommodation is warranted in principle here under the functional test of Annex A of PPS7, being essential for the proper ongoing operation and development of the nursery.

The other main considerations under Annex A relate to the financial test:

- whether the unit and activity concerned has been established for at least three years: this has just been achieved, as trading commenced 02 May 2007. Gross sales have risen from just £8,837 in the first year to £66,524 in 2009/10;

- whether it has been profitable for at least one year: this has been achieved but only marginally so, in the finalised accounts to date, by way of £2,285 profit in 2009/2010 (net of employee wages, depreciation, and loan payments), after significant losses in the first two years whilst stocks have been built up;

- whether it is currently financially sound and has a clear prospect of remaining so: this is usually assessed on the basis of providing at least a sufficient livelihood (related to equivalent typical agricultural earnings) for a principal full-time owner/manager, after meeting the costs and investment requirements of the business. Given the submitted accounting results to date, this has yet to be demonstrated, although Mr McKenna estimates that the current year has achieved sales of over £100,000 and that the nursery is now becoming much more profitable. He has quoted profit projections of £30,000 for this year, £45,000 in 2011/12, and £65,000 in 2012/13. However no accounting or budgetary details have been submitted as yet to support these figures.

Overall, therefore, I consider the current application to be insufficiently supported, and indeed somewhat premature, in terms of meeting the financial test under Annex A and I suggest that the proposal for a permanent dwelling should be re-assessed as soon as possible after the end of the current financial year on 31 March 2011 once the full accounts, showing all the sales and costs for the current year, are available.

It is also necessary to assess (under paras 8 and 9 of Annex A) whether the proposed dwelling is of a size commensurate with the established functional requirement, and not unusually large in relation to the agricultural needs of the unit, or unusually expensive to construct in relation to the income it can sustain in the long-term.

The proposed dwelling would be quite substantial, extending to some 250m² gross internal area, and some 290m² gross external area (excluding the carport), and is expected to cost between £200,000 and £250,000.

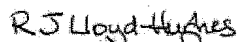
This is indeed larger and more expensive than the typical range for new principal agricultural dwellings permitted in Kent, in my experience (the typical range is about 120m² to 200m² gross external area and the average about 160m²). As matters stand I consider there is no demonstrable functional requirement for a dwelling of the large scale proposed in terms of the needs of the unit itself (which already has its own separate office facilities, for example, as mentioned above). Annex A states that "it is the requirements of the enterprise, rather than those of the owner or occupier, that are relevant in determining the size of dwelling that is appropriate to a particular holding".

Whilst the cost of the dwelling is expected to be broadly covered by the sale of the applicants' Tonbridge property, and whilst no doubt Mr McKenna could also help to support the dwelling from the income gained from his current position at Wyevale East, Annex A requires that the cost should be sustainable only from the income the agricultural unit concerned can provide. A common approach would be to take into account the level of mortgage that might be raised against the income achieved from the unit.

Again, in my view the assessment of the sustainable size and cost of any new dwelling will require the accounts after the current financial year ends on 31 March 2011, but I consider that both in functional and financial terms, it is likely that any new proposed dwelling here would require quite a reduction in size and cost to comply with the Annex A guidance.

I hope this is of assistance but please let me know if you require any further advice.

Yours sincerely



Richard Lloyd-Hughes MRICS
Rural Planning Limited