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**TOWN AND COUNTRY PLANNING ACT 1990**  
**APPEAL REFERENCE: APP/A2280/W/20/3259868**  
**APPEAL BY A C GOATHAM & SONS**

**LAND OFF PUMP LANE, RAINHAM**  
**REBUTTAL PROOF OF EVIDENCE OF J PELHAM IN RESPECT OF**  
**“BEST AND MOST VERSATILE LAND”**

**8<sup>th</sup> February 2021**

This rebuttal is set out in six parts, as follows:

- i) Introduction and matters addressed;
- ii) UK self-sufficiency;
- iii) Hail insurance;
- iv) Hail covers;
- v) Wholesale prices;
- vi) Conclusion.

**i) Introduction and matters addressed**

1. My name is John Pelham and I am a partner in Andersons Midlands, a farm business advisory practice. My qualifications and experience are set out in my Proof of Evidence.
2. This Rebuttal Proof of Evidence specifically addresses four matters raised in the Proof of Evidence of Mr. RJ Lloyd-Hughes, being:
  - UK self-sufficiency;
  - Hail damage – insurance;
  - Hail damage and the economics of hail nets;
  - Wholesale prices.
3. I do not address here every aspect of Mr. Lloyd-Hughes’ Proof of Evidence. I confirm that not including a matter in this rebuttal should not be treated as indicating my agreement with the observations or conclusions in Mr. Lloyd-Hughes’ Proof of Evidence.

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## **ii) UK Self-Sufficiency**

4. In paragraphs 23 and 91 of his evidence, Mr. Lloyd-Hughes refers to a potential increase in the requirement for UK self-sufficiency as a factor to consider in respect of best and most versatile (“BMV”) land. Paragraph 91 states as follows:

*“A potential need for more self-sufficiency in UK farming and crop production, as well as a general desire for more locally produced food, in respect of which better quality land makes a valuable contribution, now arises as a result of the uncertainties regarding Brexit (as the Appellants’ own agents argued in promoting the development of Swanton Farm - see paras 2.2 to 2.9 in Swanton Farm additional supporting Statement reproduced in Appendix RLH 08), as well as the impact of the current Covid -19 pandemic.”*

5. This speculative observation is not supported by evidence. Neither is any indication given of the level of UK self-sufficiency for the crops that might be relevant at Pump and Bloors farms, nor whether there are commercial (i.e. financial viable) opportunities for increased domestic production, which might influence the financial viability of production at Pump and Bloors.
6. In my opinion these observations are far too speculative to be relevant in assessing the current and future financial viability of apple and pear production at Pump and Bloors farms.

## **iii) Hail damage - insurance**

7. In paragraph 61 Mr. Lloyd-Hughes observes:

*“Whilst hail can have a serious affect on orchard crops in particular, it is a random occurrence.....indeed as noted by AM it is variable and highly localised which is why it forms no part of an ALC assessment. It is also a risk that is insurable - see Appendix RLH 06.”*

8. Whilst noting that the risk of hail may be capable, in a given case, of being insurable, no evidence is offered by Mr. Lloyd-Hughes to indicate either the cost or cost-effectiveness of such. Furthermore, no indication is given of the financial consequences for the cost of production, (and therefore financial viability) of insuring the hail risk for apple or pear crops.
9. Appendix RLH 06 seems, at best, to amount to anecdotal observation about West Midlands farmers’ investment in hail insurance. This holds little, if any, relevance for farmers in Kent, specifically, and casts no implications for the financial viability of apple and pear production at Pump and Bloors farms.
10. In my considerable experience in working with growers, hail insurance rarely fully covers all financial losses, except in those circumstances where there is a total crop loss (which in my experience is very unusual). Therefore, even if insurance cover is held and operative, it is

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most likely to be the case that some financial loss is suffered when there is partial hail damage.

11. A key point is that if a holding such as Pump Farm is susceptible to hail, this needs to be taken into account in assessing financial viability, either as a reduction in income and increase in costs (uninsured) or as an increase in costs (insured). In my considerable experience of working with UK top fruit businesses, hail insurance does not prove cost-effective over an extended period.

**iv) Hail damage and the economics of hail nets**

12. In paragraph 64 Mr Lloyd-Hughes states:

*“AM does not substantiate the assertion that any damage beyond 10% is likely to make the whole crop loss-making, nor that the use of hail nets, as employed by other growers, makes orchard replanting unviable.”*

13. This is not accepted and I make two immediate points. Firstly, my observations are based on my own experience of undertaking financial costings with UK fruit growers in respect of a wide range of matters, including hail damage and the cost-effectiveness of investing in hail netting.
14. Secondly, to address Mr. Lloyd-Hughes’ apparent misunderstanding, what I stated in my report (December 2020 Version, paragraph 8.11) about the cost effectiveness of investment in hail nets was in respect of *“future orchard plantings”* and *“most dessert apple varieties.”* In considering the viability of Pump and Bloors farms, I addressed the future, rather than historic, economics of investing in hail nets.
15. In respect of hail nets, the Fruit Grower article of April 2017 in Appendix RLH 06 again seems merely to comprise anecdotal observation on the economics of investment in hail nets. What is reported, even if correct, provides no indication of the capital cost of installing the hail nets, when the installation was undertaken, the value of the crop that was being protected or the level of damage that would be required to make the investment cost effective.
16. I consider that Appendix RLH 06 provides no evidence on which to assess the cost effectiveness of investing in hail netting.
17. Mr Lloyd-Hughes has given no indication as to whether he has direct experience in assessing the economic consequences of hail damage and the financial viability of investing in hail netting.

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**v) Wholesale prices**

18. In paragraph 66, Mr. Lloyd-Hughes states as follows:

*“In fact available DEFRA statistics indicate a steady overall rise in both UK dessert apple production volumes, and wholesale prices, in recent years; from some 125,000 tonnes, valued at £63.5m (£508/tonne) in 2010, to 206,500 tonnes, valued at £140.8m (£682/tonne) in 2019: a price rise of some 34 % - see Appendix RLH 07.”*

19. Reference is made to wholesale prices, which are then used to generalize about the changing value of apples. Mr. Lloyd-Hughes fails to note the irrelevance of DEFRA (Department for Farming, Food and Rural Affairs) industry average prices or wholesale prices to the economics of production, not only for Pump and Bloors farms, but also for the majority of UK apple farms.

20. I deal with each of the information sources set out RLH 07, in turn.

21. The first data presented are DEFRA’s figures for total dessert apple yields and sale values, from which Mr Lloyd–Hughes calculates an average value per tonne for 2010 and 2019. What is left unexplained is that his calculated figure is the average value of all dessert apple varieties and that there are considerable changes in the areas of different varieties between 2010 and 2019. This is important in that one of the central developments of apple production during this period has been the reduction in the area of lower-value varieties (e.g. Worcester Pearmain, Discovery) and an increasing area of the higher value so-called “premium dessert” varieties (e.g. Jazz, Kanzi). These underlying changes are not identified in the DEFRA statistics.

22. It is therefore inappropriate to conclude that all varieties of dessert apples have increased in value between 2010 and 2019, based on these DEFRA data.

23. The second data presented are DEFRA’s figures for the wholesale value of home-grown Gala apples for the years ending October 2019 and October 2020, with R Lloyd-Hughes stating in paragraph 67:

*“For Gala apples, specifically, average recorded prices have risen from some 67p/kg (£670/tonne) for the year to the end of October 2011, to £1.05/kg (1050/tonne) in the year to the end of October 2020 (see Appendix RLH 07 ), an increase of some 57%.”*

24. These figures are used as the basis for refuting the observation in my Proof of Evidence that apple sale prices have remained largely static.

25. What Mr Lloyd-Hughes fails to make clear is the relevance of DEFRA apple wholesale prices are to the economics of UK apple production. Only a minor part of the UK apple crop is sold

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through wholesale markets, whilst between 60-65% of the crop is sold through multiple retailers (*Source: British Apples and Pears*). Of the balance, the most significant category is fruit for processing (e.g. juice, desserts), with the balance being either sold through wholesale markets or direct to consumers. Whilst there are variations from year to year, the proportion of the overall UK crop sold through wholesale markets is likely to be in the 10-15% range. Wholesale prices are therefore only relevant for a minor part of the UK apple crop.

26. In practice most commercial dessert apple growers send a much lower proportion of fruit to wholesale markets than the overall 10-15% (because of lower prices than multiple retailer and higher marketing costs); in fact a number do not use wholesale markets at all.
27. Out of interest, the proportion of the AC Goatham and Son crop sold through wholesale markets is generally less than 5%, whilst the proportion sold to multiple retailers is typically 80-90%. These proportions are consistent with those for many UK apple growers.
28. Knowledge of the prices received by growers from multiple retailers identifies two key differences from the wholesale market prices. Firstly, multiple retailer prices are higher (which is why growers prefer to supply multiple retailers) and, secondly, multiple retailer prices tend to change little with time.
29. The use of wholesale market data for assessing the future viability of apple production at Pump and Bloors farms is incorrect.

#### **vi) Conclusion**

30. In the light of my review of Mr Lloyd-Hughes Proof of Evidence and my observations, above, I confirm that this does not alter the views expressed and conclusions reached in my original Proof of Evidence.

### **EXPERT DECLARATION**

I, ERIC JOHN PELHAM DECLARE THAT

1. I understand that my duty in providing written reports and giving evidence is to help the Inspector appointed by the Secretary of State , and that this duty overrides any obligation to the party by whom I am engaged or the person who has paid or is liable to pay me. I confirm that I have complied and will continue to comply with my duty.
2. I am aware of the requirements of CPR Part 35 and the Guidance for the Instruction of Experts in Civil Claims 2014.

3. I confirm that I have made clear which facts and matters referred to within this report are within my own knowledge and which are not. Those which are within my knowledge I confirm to be true. The opinions that I have expressed represent my true and complete professional opinion on the matters to which they refer.
4. I have endeavoured to include in my report those matters, of which I have knowledge or of which I have been made aware, that might adversely affect the validity of my opinion. I have clearly stated any qualifications to my opinion.
5. I have identified the sources of all information I have used, bracketed and in italics.
6. I have not without forming an independent view included or excluded anything which has been suggested to me by others including my instructing lawyers.
7. I will notify those instructing me immediately and confirm in writing if for any reason my existing report requires any correction or qualification.
8. I understand that;
  - a) my report, subject to any corrections before swearing as to its correctness, will form the evidence to be given under oath or affirmation;
  - b) I may be cross-examined on my report by a cross-examiner assisted by an expert;
  - c) I am likely to be the subject of public adverse criticism if the Inspector and/or the Secretary of State concludes that I have not taken reasonable care in trying to meet the standards set out above.
9. I confirm that I have not entered into any arrangement where the amount or payment of my fees is in any way dependent on the outcome of the case.

Signed: EJP

Date: 8/2/2021