

TOWN AND COUNTRY PLANNING ACT 1990 (as amended)
Planning Inspectorate Ref: APP/A2280/W/20/3259868

Medway Council Ref: MC/19/1566

Land Off Pump Lane, Rainham

APPEAL by A C Goatham & Son against the refusal of a planning application for residential and associated developments

Rebuttal Evidence of Richard John Lloyd-Hughes
BSc Est. Man. (Hons) MRICS, Rural Planning Limited

**In response to the Appellants' evidence relating to Reason for Refusal 8:
(the irreversible loss of best and most versatile agricultural land), entitled:**

**"A REPORT ON FARM BUSINESS FINANCIAL VIABILITY
PUMP AND BLOORS FARMS, KENT**

UPDATED VERSION DECEMBER 2020"

Prepared by E J Pelham, Andersons Midlands (AM)

Context

1. AM's original "financial viability" report, dated 31 August 2020, was submitted as part of the Appellants' Statement of Case, as Technical Appendix 13.2(i) to their Environmental Statement.
2. The updated version, now submitted as part of the Appellants' evidence, includes one section of wholly new material within Section 6, entitled "**Orchard replanting – a lifetime financial model**" along with associated **Tables (8 and 9)** and detailed figures in **Appendices V and VI**. In my view the model is flawed, and as it appears to be central to the Appellants' argument that continued orchard production Pump and Bloors Farm is unviable, I consider it warrants a brief rebuttal.
3. For the avoidance of doubt I do not seek to rebut in writing any other element of the Appellant's evidence, either because they are matters which have already been addressed in my proof of evidence or can be addressed at the Inquiry.

Details of new financial model

4. The additional material purports to demonstrate that there would be relatively limited lifetime profit (£16,585/ha over its 16 year life) in a new Gala orchard (planted in 2024) where no hail damage is assumed, and a lifetime loss (£31,320/ha) where 10.4% average hail damage is assumed, such as to reduce the average price, on the grade-out of apples, from £936/tonne to £848/tonne.
5. 10.4% is apparently the average hail damage experienced at Pump Farm orchards between 2012 and 2020 and the updated report assumes this will be the average impact in the future for the Pump Farm orchards, and the same for the Bloors Farm orchards. As indicated in my main evidence (paras. 61 and 62) hail is a random, variable and localised occurrence, and there is no evidence that these particular orchards are uncommonly susceptible to hail, for some reason, over and above the many other orchards near the north coast of Medway and Kent.
6. Significantly, the new financial model, whilst assuming rising annual costs for labour and machinery etc. assumes no associated rise in prices obtained for the fruit across the crop lifetime. The report claims (at para. 6.30) that this is "consistent with past and current evidence" but no such evidence is included in support of this assertion.
7. In contrast, my main evidence (paras. 66 and 67) taken from DEFRA statistics, shows increases in dessert apple prices of 34% from 2010 to 2019 – equivalent to about 3.7% per annum. For Gala, the DEFRA evidence indicates a higher annual rise in prices: 57% over 9 years, or about 5.2% per annum.

8. I therefore consider that assuming annual rising costs, with no associated rise in prices, produces an unsound and distorted picture of the future financial prospects for new orchard plantings here.

9. Allowing, instead, just a modest 2% annual price rise, from AM's initial grade-out price points, gives a completely different financial outlook, showing a healthy level of viability. Assuming, for the sake of comparison only, the same costs as AM's modelling, and the same impact as to hail damage, **the appended re-worked models** show a lifetime profit of **£150,257/ha** where no hail damage is assumed, and a lifetime profit of **£89,634/ha** where 10.4% average hail damage is assumed.

10. Furthermore there is no evidence that the generalised costs used in AM's modelling "based on experience of a wide range of grower data" are equivalent to the costs the Appellants' actually incur. As indicated in my main proof (para 65) the Appellants are very large producers benefitting from economies of scale, whose use of their satellite farms such as Pump and Bloors has allowed expansion in production overall whilst spreading the costs of establishing and operating the modern storage and packing facilities at their main hub sites.

Summary

11. As I indicated in my main proof (paras 65 and 87) AM's case as to the non-viability of Pump /Bloors Farm for orchard production is backed by no historic evidence of the Appellant's own costs, or returns, either overall, or from these orchards, and the financial modelling now introduced, purporting to show new orchard plantings to be unviable here, essentially rests on the assumption of rising production costs with no future associated rise in apple prices.

12. This assumption is not supported by any evidence and, in contrast, a re-worked model with only a modest 2% annual price increase (less than that indicated by DEFRA's historic price data) shows a very healthy potential profit based on AM's own initial grade-out price points and assumed costs and level of hail damage.

13. Thus the updated "financial viability" report does not demonstrate that the Pump/Bloors Farm orchards have been unviable to date, due to hail damage or for any other reason, nor does it show that orchard production here will be unviable in the future.

Appendices

Gala Orchard Lifetime Financial Planner with 2% annual price rise; costs inflated annually as previously assumed.

Gala Orchard Lifetime Financial Planner with 2% annual price rise; costs inflated annually as previously assumed; 10.4% annual hail damage assumed.