



**Planning Guidance for
Rural Enterprise Dwellings
on
Smaller Scale
Horticultural Enterprises**

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Mae'r ddogfen hefyd ar gael yn Gymraeg

This document is also available in Welsh

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1. Introduction

1.1. Overview

1.1.1 The purpose of this planning guidance is to expand upon existing National policy and guidance for Rural Enterprise Dwellings (REDs) to address the specific circumstances of small-scale horticultural enterprises, which Bannau Brycheiniog National Park Authority (BBNPA) wishes to support. This guidance therefore supplements the existing National guidance for REDs¹. It should be read alongside Planning Policy Wales (PPW)² and Technical Advice Note 6 (TAN 6)³. It clearly explains when this guidance adds to the National Guidance and why.

1.1.2 Evidence suggests that small-scale horticulture can create high productivity and profitability from relatively small sites. Since the 1950s fruit and vegetable production has greatly reduced and there is great potential for re-localisation of these and other foods. Smaller holdings can also generate wider environmental and other benefits and help support healthier lives through producing fresh and nutritious local food.

1.1.3 Agroecological approaches to farming, and re-localising food production can both make valuable contributions to addressing the climate and nature emergencies and strengthen local food-chain resilience.

1.1.4 Many of the smaller scale horticulture enterprises this guidance addresses will use intensive approaches to production, utilising relatively small areas of land to produce relatively large returns. In this context intensive refers to this relationship. High crop density, closely controlled growing environments, integrated pest management, crop rotation and succession planting, focus on high value crops, and with skillful human labour input and composts often achieve strong performance under organic and other standards which also improve ecosystems without the need for high levels of synthetic inputs.

1.1.5 Livestock such as chickens and pigs sometimes form a subsidiary part of smaller scale horticultural enterprises both to help with nutrient cycling and pest control, and to provide supplementary income streams through meat and eggs. They will not be main uses of land on the holding, however.

1.1.6 One foundation for this guidance is the research report Planning Issues for Smaller Horticulture-Based Farms Seeking On-Site Dwellings – Bannau Brycheiniog National Park Authority, Monmouthshire & Powys (2023). This made the case for more careful and informed approaches to assessment of the meeting of the functional, time and financial tests for smaller-scale horticulture-based enterprises. Its discussion and justifications are not repeated here, but the approaches to assessment of such enterprises which evidenced them are the basis for this planning guidance's approaches to assessment.

¹ Rural Enterprise Dwellings - Technical Advice Note 6 Planning for Sustainable Rural Communities (2011)

² Planning Policy Wales 2024

³ Technical Advice Note (TAN) 6: Planning for Sustainable Rural Communities

1.2. Policy and Guidance Context

1.2.1 This guidance adds to PPW and TAN 6. The key sections from PPW and TAN 6 are included at Appendix 1.

1.2.2 PPW identifies Rural Enterprise Dwellings as one of the few circumstances in which isolated new residential development in the open countryside may be justified. TAN 6 expands upon PPW and defines Rural Enterprise Dwellings as:

- A new dwelling on an established rural enterprise where there is a need for a full-time worker.
- A second dwelling on an established farm which is financially sustainable to facilitate the handover of the management of the farm business to a younger farmer.
- A second dwelling on an established farm which is financially sustainable, where there is a requirement for a further 0.5 or more of a full-time worker.
- A new dwelling on a new rural enterprise where there is a functional need for a full-time worker.

1.2.3 The latter is most commonly encountered for smaller scale horticultural enterprises, but all are potentially relevant.

1.2.4 TAN 6, Paragraph 4.6, sets out the requirements for a new rural enterprise dwelling on a new enterprise and makes it clear that planning applications are to be accompanied by robust evidence in the form of a **Rural Enterprise Dwelling appraisal**. This must enable the Local Planning Authority to make a full and effective assessment of the application.

1.2.5 A Rural Enterprise Dwelling appraisal must address the following tests:

- **The functional test** - to provide evidence that there is a need for a resident worker for the proper functioning of the enterprise. This must demonstrate a need for one or more workers to be readily available at most times. It should relate to unexpected situations that might arise, for which workers are needed to be on hand outside of normal working hours for the particular enterprise.
- **The time test** – to provide evidence of the labour requirement for the worker.
- **The financial test** – to provide evidence on the economic sustainability of the enterprise.
- **The other dwellings test** – to identify whether there is an existing building or dwelling suitable for conversion on the enterprise or in the locality.
- **Other normal planning requirements test** – to demonstrate that the dwelling is suitably located to fulfil its identified need and to minimise impact on the wider environment.

1.2.6 This planning guidance focusses on the functional, time and financial tests to assist smaller-scale rural horticultural enterprises who may be considering the need for a rural enterprise dwelling to accommodate a resident worker. It adds essential context for the

proper understanding of smaller-scale horticulture and specific approaches to assessing their characteristics and merits.

1.3. Smaller Scale

1.3.1 For the purposes of this planning guidance smaller scale is not defined by factors such as the size of the holding, production volume, or number of workers. Smaller scale is defined by the viability of the holding / enterprise. This is because the viable scale of a holding is dependent on the approach to farming adopted and the nature of the business necessary to fulfil it – rules of thumb are not sufficient.

1.3.2 The financial test, as explained in this guidance, examines whether the farm enterprise is economically sustainable and able to support the needs of the household seeking a new rural enterprise dwelling. Enterprises which are too small will not be able to do this, and so the definition of smaller scale for this guidance is simply whether the financial test is met.

1.3.3 It is envisaged that there will be a range of different enterprises on horticultural holdings of different sizes that will be able to meet this requirement through the adoption and performance of different farm business models.

1.4. Agroecological Farming

1.4.1 Smaller scale horticultural enterprises often adopt agroecological approaches. Whilst it is not a requirement that they do, the alignment of such approaches with the broader environmental, social and economic objectives of BBNPA would be welcomed.

1.4.2 Agroecology is a whole-farm approach to agriculture that seeks to understand and manage agricultural systems to provide environmental and social benefits. It applies ecological concepts and principles to enable farming to work in harmony with natural systems. Its **key characteristics** are:

Mitigating climate change - reducing emissions, increasing sequestration, recycling resources and prioritising local supply chains.

Biodiversity - promoting diversity of plant and animal species, including those which are not farmed, to enhance ecosystem resilience and harnessing nature for tasks such as controlling pests.

Soil health - emphasising the importance of maintaining and improving soil fertility through approaches such as increasing organic matter, crop rotation, and minimal tillage.

Reduced chemical inputs - minimising the use of synthetic pesticides and fertilisers and using biological control methods and organic fertilisers.

Water conservation - implementing water-efficient irrigation techniques and sustainable water management practices.

Local knowledge – understanding and incorporating traditional and local farming knowledge into modern agricultural practices where of benefit.

Social and economic fairness - fostering community involvement, fair labour practices, and

1.4.3 The extent to which a smaller scale horticultural enterprise is able to incorporate these characteristics will vary according to geography and the particular nature of the enterprise.

2. Functional Need Test

2.1. TAN 6

2.1.1 A functional test is necessary to establish whether it is essential, for the proper functioning of the enterprise, for one or more workers to be readily available at most times at or in close proximity to the site of need. It should relate to unexpected situations that might arise, for which workers are needed to be on hand outside of normal working hours for the particular enterprise.

2.1.2 For smaller scale horticultural enterprises it is not a matter of assessment of one task in isolation but a composite of many tasks and factors relevant to the effective operation of the enterprise as a whole.

2.1.3 This planning guidance highlights factors that should be considered for a **rural enterprise dwelling appraisal** for smaller scale horticultural enterprises.

2.1.4 The justification of functional need is a consideration of the ability for the enterprise to function properly and minimise risks to its viability and existence due to:

- Scale.
- Its character and management requirements:
 - Numbers of workers
 - Working patterns
 - What is produced
 - How it is produced
 - Level of mechanisation
 - Routes to market
 - Direct selling
 - Conditions specific to the site such as land and soil type, aspect and exposure
- The combinations of activities, risks and other factors which together demonstrate the functional need.
- The need for the ready attention of a worker(s), without which particular unexpected or emergency events or circumstances could lead to:
 - Adverse crop or product quality
 - Significant loss of seedlings, plug plants and crops

- Adverse animal welfare
- Health and safety problems
- Security issues
- Local housing conditions

2.1.5 Unexpected situations are 'circumstances which could not be properly managed within normal working hours.' Normal working hours are laid out in the Agricultural Wages Order as eight hours per day with a minimum 30-minute break⁴.

2.1.6 A day's labour that takes place over a significantly longer period than 8 hours due to operational requirements is not considered to be within normal working hours.

The subsections below expand on the bullet points above.

2.2. Scale

2.2.1 As covered in Section 1.3 smaller scale is defined by the viability of the horticultural enterprise.

2.2.2 Scale is also to be taken into account for assessment of functional need as scale can be a factor in the level of risk presented by unexpected events because the damage inflicted to a smaller enterprise may be proportionately greater in impact than similar damage to a larger enterprise.

2.2.3 Scale may also impact the availability of labour as explained below.

2.3. Labour

2.3.1 A smaller scale horticultural enterprise relies upon its owner operator(s) to provide the labour input outside of normal working hours for the majority of the year.

2.3.2 Direct sales and / or attending local markets can impact on the day's work and other essential tasks, for example, seedling care, harvesting, crop care and livestock care where relevant, which must be attended to around this activity, necessarily extending the day.

2.3.3 Self-employed owner-operators frequently work longer than normal days, with early starts and late finishes up to seven days a week, particularly at peak times of the season, and this is a common and legitimate feature of smaller scale horticultural enterprises necessary for their proper functioning. Circumstances such as this may contribute to the functional need case.

For instance:

To achieve the highest quality, delicate leaf crops must be watered in the evening of the previous day to ensure they are dry and crisp the following morning. This practice also minimises water use. Correct watering requires that the soil moisture and crop

⁴ <https://www.legislation.gov.uk/wsi/2023/260/made>

condition is assessed. The checking and watering process may only require two 10-minute visits to the crop at the start and end of the process, tasks for which it is uneconomic to employ someone and are not best achieved by automation due to the checks.

The crops must then be harvested early in the morning before the morning sun has heated the plant and placed in cool storage conditions before they wilt. This is required for maximum shelf life.

2.3.4 For smaller scale horticultural enterprises, arrangements requiring the employment of staff and shift working may not be viable or affordable. In addition, it can be hard to find suitable and willing external labour. Thus, it may not be viable for the enterprise to find or pay a worker to come to the farm at an antisocial hour or at a weekend to perform an operation for a short period of time.

2.3.5 For example, larger scale enterprises may be able to allow for the employment of labourers who can be managed through shift working such that operations can be carried out through the day, or through the night if infrastructure provides for this, outside of normal working hours. Automation may be employed to reduce the labour need of these enterprises but is usually implemented alongside the presence of workers who monitor and ensure it is functioning.

2.3.6 The income from the horticultural enterprise can sometimes pay for additional labour (sometimes part time) in peak seasons where there are sufficient hours to attract workers, and this is often utilised to assist with tasks such as planting and weeding and to ensure that harvesting and delivery takes place in the time windows necessary to ensure quality produce. Small farms can also require large amounts of additional labour for limited time periods.

For instance:

Harvesting of soft fruits, bean and pod pea crops is highly labour intensive. On Mora Farm in Cornwall strawberries and french beans are key cash crops which contributed around £40,000 in 2020. The harvesting of french beans happens five or six days per week over three months and takes approximately 12 person hours per day. The strawberry harvesting alone (not cultivation and maintenance of the crop) requires 60 person hours per week for two months of the year.

2.3.7 Workers may be inexperienced, and some will require adequate supervision to ensure health and safety and quality, and the farmer may need to be available to direct this labour as required, even during a break. Circumstances such as this may contribute to the justification of functional need and should be provided within the Rural Enterprise Dwelling appraisal.

2.4. Work Patterns

2.4.1 A viable smaller scale horticultural enterprise will be of the scale that can be managed by an owner operator farmer utilising an appropriate level of technology, machinery and automation with or without the assistance of additional workers at peak times and remain profitable.

2.4.2 In particular, smaller scale horticultural enterprises are often structured around sequences of operations reflecting the careful attention to detail and responsiveness to environmental conditions necessary to propagate and bring on seedling plants and produce good quality harvests of a wide range of different vegetable crops and to attend to many different tasks addressing the farm's production, marketing, sales and delivery.

2.4.3 These operations are required to be carried out at optimum moments in order to avoid abortive work and adverse impacts to crop quality. This optimal timing of operations is not dictated by the clock but by environmental and weather conditions which cannot be predicted when crop planning. Thus, unexpected conditions may dictate when it is necessary to work including the needs of the crop, the actions of pests / diseases, and the requirements of the customer market. Management and administration tasks must also be carried out around these activities. Circumstances such as these may contribute to the justification of the functional need.

For Instance:

Farmers must respond to local conditions. Timing of hoeing operations which can only effectively be done in dry conditions is an example. If crops need weed management and a short dry weather window presents itself the smaller scale farmer weeds late in the evening until the work is done. Unlike larger scale farming there is not usually an industry of contractors who can be mobilised to address the task.

2.4.4 Health and safety aspects are a further consideration:

- The risk to physical health, well-being and mental health of farmers can be reduced by a flexible working approach and sufficient breaks through a day.
- Repetitive strain injuries can end the career of a farmer and the work should be managed to avoid risk of this. This requires breaks and may result in elongation of the working day, for example when hoeing in a tight weather window.

2.5. Horticulture

2.5.1 The nature of the work tasks required to succeed with a smaller scale horticulture enterprise is important to their proper functioning. Small-scale intensive horticulture can be substantively different from mechanised field scale vegetable production, for instance, due to:

- On farm propagation
- The total number of different sorts of crops growing at any one time
- The density of planting
- The placing of different crops with different needs in close proximity making broad scale operations impractical
- The use of systems such as:
 - Intercropping
 - Companion planting
 - Short successions of planting

- The utilisation of manual labour or small-scale mechanisation
- The methods of tillage and weed control
- Control of micro-climates, for example via protected cropping and crop covers
- Approaches to maintaining soil fertility, such as applying composts
- Harvesting requirements of delicate and specialist crops
- Conditioning of flowers.

For instance:

Specialist crops can require particular management; courgette flowers are a high value crop adding significant income in addition to the value of the courgette harvest. To ensure a premium product, the flower is harvested just as it is opening at dawn. If it is harvested later, the flower becomes fragile and unusable. A small farm can sell many thousands of courgette flowers in a season, each one requiring careful handling, packing and storage after harvest.

2.6. Animals

2.6.1 Animals are not essential to demonstrate functional need, although where they are part of the horticultural enterprise they may provide additional justification. Some smaller scale horticultural enterprises may operate a livestock free farming model, sometimes with links to neighbouring livestock holdings. Small numbers of livestock and poultry may be incorporated into the farm to assist in wider land, fertility and pest management without being a key contributor to profitability.

2.6.2 Farming handbooks broadly address the labour requirements for livestock and poultry, including smaller-scale enterprises.

2.7. Automation / Technology / Machinery

2.7.1 Automation, technology and machinery may assist in reducing the labour requirements of a smaller scale horticultural enterprise where it is economically viable and appropriate to do so. However, all enterprises will require appropriate levels of manual labour, supervision and observation from the farmer, and it is still the case that many tasks must be undertaken by people to ensure the best outcomes for the enterprise.

2.7.2 Viable smaller scale horticultural enterprises will have some form of sheltered or protected cropping system to extend the viable growing season and to enable a large range of plant crops to be propagated and grown. External crop covers and agricultural fleeces are a valuable technology for a grower but require careful management and must be removed and replaced to allow management of crops. The management requirements of these protected cropping systems, where proposed, will add further justification to the functional need.

For instance:

Many crops are subject to potential pest damage which can be avoided by utilising protective mesh covers. The cover may extend over different types of crop plant with

different needs. Such covers must be pulled back and replaced in order to access crops for maintenance operations or harvesting. This will often be done by hand due to the scale of the plot and density of the planting. They must be replaced as quickly as possible to control certain pest insects such as carrot root fly or flea beetle.

Should the covers blow off and the crop be left exposed for more than a few hours in the height of summer, some crops can become infested and unsellable. Crop covers can also be dragged over adjacent crops by the wind. Both are examples of unexpected situations that can occur at any time. Being able to spot and remedy this is critical to sustaining quality cropping.

2.8. Unexpected Situations

2.8.1 TAN 6, paragraph 4.8.1 states that the need should relate to unexpected situations that might arise, for which workers are needed to be on hand outside of normal working hours for the particular horticultural enterprise. These can occur on a smaller scale enterprise at any time of day or night and might arise from, for example:

- Extremes of weather
- The change of environmental conditions on a day-to-day basis
- Failure of systems (water, ventilation, cold storage etc.)
- Pest animals
- Escaped Livestock
- Animal Welfare
- Customer demands (orders at short notice)
- Other 'emergency' situations such as theft, vandalism and accidents.

3. Time Test

3.1. Full Time Labour Input

3.1.1 If the functional requirement is established, it will then be necessary to consider the number of workers needed to meet it, for which the scale and nature of the horticultural enterprise will be relevant.

3.1.2 Where there is currently no dwelling associated with the smaller scale rural horticultural enterprise, the worker for whom there is a functional need for new accommodation must be a full-time worker. Therefore, the functional need of a proposal for a smaller scale horticultural enterprise must demonstrate a full-time labour requirement.

3.1.3 The labour input required will be subject to seasonal fluctuations. Viable smaller scale horticultural enterprises will require labour throughout the year, and a period of lower daily labour demand over the winter season does not mean that the time test is not passed. The adoption of agroecological approaches to land management may also legitimately increase labour hours.

3.1.4 The labour inputs required to operate a smaller scale horticultural enterprise are difficult to assess utilising standard farm management handbooks. This is particularly true of horticultural enterprises and enterprises with agroecological approaches to land management. There is an increasing body of evidence from the records of viable small horticultural enterprises that have achieved planning consent for Rural Enterprise Dwellings that have demonstrated the full-time labour input in practice. Appropriate, proportionate record keeping can be utilised to demonstrate labour requirements.

3.2. Working Hours and Standardised Assessments

3.2.1 It is recognised that many of those engaged in small rural enterprises work long and anti-social hours, and that their labour is often undervalued. In assessing labour requirements, it is therefore important to adopt a degree of standardisation which enables the assessment to be applied consistently between different enterprise types. Central to this is the concept of the 8-hour day, or SMD. It is recognised that farmers traditionally work long hours. Utilising the 'Standard Man Days' (SMD) system to assess labour needs, a full-time labour unit has traditionally been presented as 275 days x 8 hours = 2,200 hours.

3.2.2 Full-time workers in other industries typically work 40 hours, five days per week with statutory holidays of 28 days (5.6 weeks) a year, implying a working year of 1,856 hours. It is expected that a full-time worker in a small-scale horticultural enterprise will in reality work closer to 2,200 hours given the nature of these enterprises.

3.2.3 SMDs are widely recognised as suitable for the general estimation of the labour needs of more traditional farming enterprises. However, the use of SMDs to assess labour needs is not stated in TAN 6 and this system is not considered appropriate for smaller scale horticultural enterprises as recognised within farm planning handbooks. In relation to SMDs, the widely used Nix handbook states:

"This data is designed to reflect commercial scale agriculture and so will be of limited value to smallholder scale production operations."

3.2.4 Examining the differences between larger and smaller holdings, the Organic Farm Management Handbook 2023 (OFMH) states:

"Farming and growing on small production holdings is quite different from the larger scale units that are generally reported in this Organic Farm Management Handbook. Not only are the expectations and nature of the business different, but operating on a small scale often with high labour input, low mechanisation and marketing to several outlet types including direct, means that costs, yields and returns may bear little similarity to larger holdings. This is particularly the case for smaller growers, who make up a distinctive, innovative and important sector of organic production."

3.3. Alternative Data

3.3.1 Different approaches to estimating time requirements are therefore needed in relation to smaller scale horticultural enterprises. If an enterprise has been operating for a number of years, with or without a dwelling, then it should be in a position to utilise compiled labour requirement records. These may demonstrate a full-time requirement or

may allow projections to be made to assess the labour requirement of the enterprise for which a proposed dwelling is sought.

3.3.2 These records may also record the pattern and flow of labour requirements across the day, week, season and year to help demonstrate the functional need.

3.3.3 Applications for a new enterprise seeking a Rural Enterprise Dwelling will require robust business plans describing their business(es) and may need to refer to other established enterprises of a similar type and character to estimate labour input.

3.3.4 Operators of existing enterprises will be required to provide appropriate kept records to support planning applications for a Rural Enterprise dwelling.

4. Financial Test

4.1. TAN 6

4.1.1 TAN 6 requires that the rural enterprise should be financially sound and should have good prospects of remaining economically sustainable for a reasonable period of time, usually at least five years.

4.1.2 To be viable or sustainable, any business enterprise must be:

- profitable - income must exceed expenditure on a regular basis;
- feasible - have sufficient funds to support on-going trading operations; and
- worthwhile - provide a reasonable return on the resources used in it.

4.1.3 Evidence of actual or potential economic performance is required. This should be in the form of:

- A clear business plan (for an establishing enterprise).
- The financial performance to date and future projections to assess the viability (for an established enterprise).
- An explanation of the future projections.

4.1.4 The financial information provided should include: all business costs, wages, an allowance for depreciation, rents, any applicable taxes and demonstrate that loan or mortgage payments necessary to establish the business can be met.

4.1.5 TAN 6 states, "To assess economic sustainability it will be necessary to show the business has a reasonable prospect of providing a market return for all operators for the amount of management and manual labour inputs."

4.2. Market Return and Profit

4.2.1 All employees of an agricultural business must be paid the appropriate agricultural

minimum wage as laid out the Agricultural Wages Order (Wales) for the hours they work and business plans and financial records should demonstrate this.

4.2.2 Self-employed owner operators are not employees and are not the subject of the Agricultural Wages Order. However, there is still a need for them to receive a reasonable market return for their work for the enterprise.

4.2.3 The Farm Business Survey (FBS)⁵ defines financial or market return as follows: ‘For non-corporate businesses, farm business income represents the financial return to all unpaid workers (farmers, spouses, non-principal partners and their spouses, and family workers) and on all their capital invested in the farm business (including land and buildings). Farm business income is the same as net profit.’

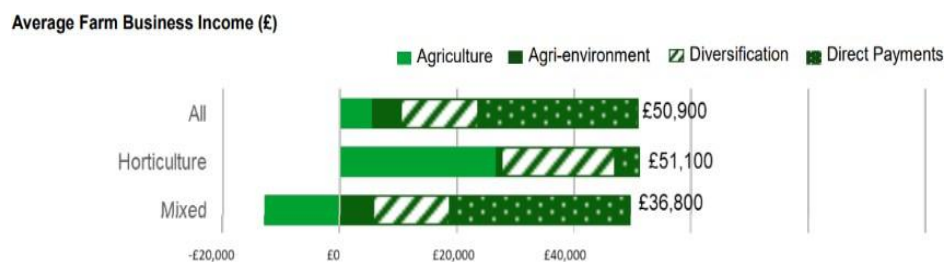
4.2.4 Owner operators are the ‘unpaid workers’, and therefore the market return in question is the profitability of the enterprise.

4.2.5 The FBS benchmarking 2022⁶ currently shows mixed farms in Wales making:

- A net profit of £8.73 per £100 of turnover including subsidy payments.
- A return on capital investment of 1.3%.

In comparison, a sample of viable small horticultural enterprises that achieved planning consent between 2020 and 2023 made:

- A net profit of around £60+ per £100 of turnover, often without subsidy payments.
- A return on capital investment of around 25%.



4.2.6 The Agriculture in the UK Evidence Pack -September 2022 update⁷ shows that on average, across all farm types, the agricultural part of the business made a small profit of £5,600 between 2019/20 and 2020/21. Horticultural profits were considerably higher.

4.2.7 Figure 1 above shows the higher levels of profitability of horticulture, and how that is primarily driven by the agricultural elements of the business.

4.2.8 Overall, this context shows how smaller horticultural holdings can be proportionately and significantly more profitable than other types of smaller holdings.

⁵ <https://www.farmbusinesssurvey.co.uk/>

⁶ <https://www.farmbusinesssurvey.co.uk/benchmarking/Default.aspx?module=PerfmRatios>

⁷ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1106562/AUK_Evidence_Pack_2021_Sept22.pdf

4.3. Economic Sustainability

4.3.1 Nonetheless it will be necessary to demonstrate that the enterprise is economically sustainable, i.e. sufficiently profitable to meet the income needs of the business enterprise and the owner operator household.

4.3.2 The minimum income needs of the household to be met from the net profit for the purposes of this guidance must be sufficient to fund the following costs:

- Council Tax / Business Rates as appropriate
- All food purchases
- All domestic transport costs – (business transport costs are accounted for in the business accounts)
- All domestic energy costs
- All domestic water costs
- Clothing
- Communications costs not accounted for in the business accounts
- Any healthcare costs
- An additional amount equal to 30% of the total above for other expenditure as a suitable contingency.

4.3.3 In addition, planning applications should demonstrate that the total household income and any available capital will be sufficient to cover the cost of the dwelling, including mortgage payments, and ongoing trading operations for the enterprise.

4.3.4 Households living on smaller scale horticultural enterprises are often able to meet some of their needs and reduce some of their costs from the holding, such as:

- Provision of foods from the holding;
- Renewable energy systems and other energy from the holding;
- Reduced commuting transport costs; and
- Reduced housing costs.

4.3.5 Where this is the case, the minimum income needs of the household to be met will be reduced.

4.3.6 Overall, the level of profitability required from a smaller scale horticultural enterprise to sustain the farm household should be based on meeting the total minimum income needs of the household. The appraisal prepared in support of the planning application should demonstrate that this can be sustained or improved over time.

4.3.7 It should also be recognised that other sources of income may be available to the household or other costs, as is the case for most farms. The appraisal will also be required to demonstrate sufficient funds to enable the ongoing trading operations of the enterprise.

4.4. Scale and Type of Dwelling

4.4.1 Dwellings for rural workers should be of an appropriate scale and comply with all other relevant planning policies. Insulated cabins or other alternatives to a conventional dwelling may be cheaper to build and therefore place less of a financial burden on the enterprise.

4.4.2 The size of a dwelling should reflect the needs of the enterprise but, with the extension of potential occupancy by planning condition to those eligible for affordable housing, applicants should also have regard to this consideration.

4.4.3 The siting and design of the proposed dwelling will also need to be considered against other relevant development plan policies and material planning considerations for it to be acceptable to the Local Planning Authority, such as its impact on the landscape.

4.5. Temporary Dwellings

4.5.1 TAN 6, paragraph 4.6.2 states, "Where the case is not completely proven for a dwelling, permission should not be granted for it but it may be appropriate for the planning authority to test the evidence by granting permission for temporary accommodation for a limited period. Three years will normally be appropriate to ensure that the circumstances are fully assessed. If such a permission for temporary accommodation is granted, permission for a permanent dwelling should not subsequently be given unless the criteria in paragraphs 4.4.1 or 4.6.1 are met. The planning authority should make clear in planning conditions the period for which the temporary permission is granted and that the temporary dwelling will have to be removed when that period expires. It should also include an informative attached to the planning decision notice stating the requirements that will have to be met if a permanent permission is to be granted. It will be unsatisfactory to grant successive extensions to a temporary permission if that will result in a permission having a total duration of more than three years."

4.5.2 Temporary permissions may therefore be granted and the Rural Enterprise Dwelling appraisal will need to justify the period sought where the proposed period is in excess of 3 years.

5. Summary of Information Required from Applicants

5.1.1 This section summarises the information that applicants should provide to inform the preparation of a Rural Enterprise Dwelling appraisal. Applicants are advised to seek independent expert advice from a suitably qualified person/organisation to prepare the appraisal. Section 6 sets out further guidance on preparing the appraisal.

5.2. Application Type 1 – for a New Dwelling on an Established Enterprise

5.2.1 Applicants should provide details of the enterprise and evidence of its financial

performance. This includes all items specified in this planning guidance and any other relevant information. The requirements of this guidance are:

- A narrative describing the enterprise - this may be part of a business plan:
 - For a horticultural enterprise the systems of propagation, crop production, harvesting, products, routes to market and risks to profitability.
 - For horticultural enterprises with an element of livestock or poultry systems, animal rearing and finishing, products, routes to market and risks to profitability.
 - Information about the sustainable management of the wider farmland.
- A record of the labour requirement – evidence can be manual (notebooks) or electronic (spreadsheets).
- Evidence of the pattern, flow and timing of work (showing the time spent on tasks and the timing of tasks and operations over typical days, weeks, and months across the year).
 - An example spreadsheet for record keeping of time and to demonstrate the pattern and flow of work showing the time spent on tasks and the timing of tasks over typical days, weeks, and months is published alongside this guidance.
 - The data utilised for the spreadsheet or other methods of presenting the evidence should come from the existing records of labour.
 - Hours worked by seasonal workers should be identified and recorded separately.
- Records of emergency incidents, both occurred or averted, if any.
- Details of plans for future growth, if any.
- Evidence that the business has been established for at least three years.
- Evidence of the financial performance for a minimum of the last three consecutive years, including an accountant's statement or alternative verifiable records.
- Household expenditure as per paragraph 4.3.2.
- Detail of how the costs of a dwelling will be met, as per paragraph 4.3.3.

5.3. Application Type 2 – for a Temporary Dwelling on a New Enterprise

5.3.1 Applicants should provide details of the proposed enterprise. This includes all items specified in this planning guidance and any other relevant information including:

- Evidence of a firm intention and ability to develop the rural enterprise:
 - Details of investment in the business.
 - A business plan as described below.
 - Relevant training and / or experience.
- Information to demonstrate that there is likely to be a functional need for a full-time worker to ensure the effective operation of the enterprise. This will be made up from

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the following:

- A robust plan including a financial forecast addressing:
 - The nature of the enterprise, its products, its proposed staffing and the systems of production.
 - Evidence of markets for the products.
 - The anticipated value of sales based upon plausible production plans, yields and pricing.
 - This link is for a business planning tool for small vegetable growers
<https://www.organicresearchcentre.com/resources/resource-library/horticultural-costings-tool-for-small-scale-growers/>
- The projected household expenditure laid out in paragraph 4.3.2.
- The projected labour need, pattern and flow of work.
- Details of the scope and scale of production and the tasks to be addressed by the farmer. It may be relevant to include farm cropping plans.
- Any relevant information drawn from the previous experience of the applicant. For example, if they have operated or worked for a similar business, including a part-time position.
- References to case studies of successful holdings of similar scale and operation for comparison if relevant.
- Evidence that robust record keeping will be put in place to record labour inputs and financial performance throughout any trial period.

6. Guidance for Those Preparing a Rural Enterprise Dwelling Appraisal

6.1.1 This section describes how a suitably qualified independent person / organisation should prepare the Rural Enterprise Dwelling appraisal from the information provided by applicants as set out in Section 5 above. Two application type appraisals are provided below.

6.2. Appraisal Type 1 – An Application for a New Dwelling on an Established Enterprise

Assessment of Functional Need

6.2.1 Those preparing the appraisal should:

- Ensure applicants have presented all the evidence required.
- Assess how factors laid out in Section 2 of this planning guidance contribute to the effective operation and profitability of the enterprise.
- Consider the operation of all elements of the enterprise and the patterns of

6.2.2 The functional need test can be met by a combination of some or all of the factors in this planning guidance when viewed as a whole, depending on the specific nature of the holding and enterprise.

6.3. Assessment of Labour Input

6.3.1 Those preparing the appraisal should:

- Consider the total recorded hours worked by the applicant and the total labour need of the enterprise.
- Assess how factors laid out in Section 3 of this guidance relate to the total labour requirement.

6.3.2 The requirement of the time test is that the total hours worked by the applicant should be at least 1,856 hours per year.

6.4. Assessment of Financial Test

6.4.1 The appraisal should:

- Ensure applicants have presented evidence of the financial performance of the enterprise. An accountant's audited report or verifiable financial records addressing all the factors laid out in Section 4 is required.

6.4.2 The requirements of the financial test are that:

- The enterprise presents evidence that it has generated sufficient net profit to cover the costs laid out in paragraph 4.3.2 in all of the last three consecutive years.
- The enterprise presents evidence that the costs of the household that would occupy the proposed dwelling can be met, paragraph 4.3.3.

6.5. Appraisal Type 2 – For Applications for New Temporary Dwellings on New Enterprises

6.5.1 The labour requirement and financial performance of an enterprise will be thoroughly tested during the period of any temporary permission.

6.6. Assessment of Intention and Ability

6.6.1 Appraisers should:

- Ensure the business plan is robust and plausible with evidence of markets for products, justification of pricing, and assessments of yields and costs.
- Consider other factors such as experience and training of applicants and the investment in the holding. This should recognise that an intention is to encourage and support new entrants to smaller scale horticultural enterprises.

6.7. Assessment of Functional Need

6.7.1 Appraisers should:

- Ensure applicants have presented all the evidence required.
- Assess how factors laid out in Section 2 of this planning guidance may contribute to the effective operation and profitability of the proposed enterprise and the reduction of risks to the venture and to the farmer.
- Refer to case studies of successful holdings of similar scale and operation for comparison if relevant.

6.7.2 The functional need test can be met by a combination of some or all of the factors in this planning guidance when viewed as a whole, depending on the details of and specific nature of the holding and enterprise.

6.8. Assessment of Labour Input

6.8.1 Appraisers should:

- Assess the projected total labour need presented for the enterprise.
- Refer to case studies of successful holdings of similar scale and operation for comparison if useful.
- Consider evidence of hours worked by the applicant if relevant, for example where they have operated a part-time enterprise previously.
- Assess how factors laid out in this planning guidance relate to the labour requirement.

6.8.2 The requirement of the time test is that the total plausible projected hours worked by the applicant should be at least 1,856 hours per year.

6.9. Assessment of Financial Test

6.9.1 Appraisers should:

- Give consideration to all the factors laid out in Section 4 of this planning guidance.

6.9.2 The financial test will be passed sufficiently to justify a temporary dwelling only where:

- The plausible financial projections are sufficient to maintain the level of profitability laid out in paragraph 4.3.2.

AND

- The costs of the proposed dwelling can be met, paragraph 4.3.3.

6.10. Other TAN 6 Tests

6.10.1 The following sections of TAN 6 also apply to all applications for Rural Enterprise Dwellings and must be addressed within the appraisal prepared in support of the planning application:

- TAN 6 Section 4.11 Other dwelling test
- TAN 6 Section 4.12 Other planning requirements
- TAN 6 Section 4.13 Occupancy conditions

Glossary

Agricultural Wages Order Wales – Legislation that ensures that agricultural workers receive fair, regularly reviewed, wages, allowances and terms of employment.

Established enterprises – A farm business that has been established for more than three years. The business may have been granted permission for a temporary dwelling.

Farm Business Survey -The official source of farm income figures in England & Wales.
<https://www.farmbusinesssurvey.co.uk/>

Horticultural enterprise - a business involved in plant cultivation and management such as:

Vegetable Production: The cultivation of vegetables for consumption, ranging from small-scale market gardens to larger operations.

Fruit Cultivation: The growing of fruit trees and shrubs.

Floriculture: This involves the cultivation of flowering and ornamental plants for gardens, decorative use, or for sale as cut flowers.

Nursery Operations: The propagation and cultivation of plants for transplanting, for use as stock for grafting, or for sale.

Arboriculture: The cultivation and care of trees and shrubs, primarily for shade, ornamental, fruit-bearing purposes, and reforestation.

Herb Cultivation: The growing of herbs for culinary, medicinal, or aromatic uses.

Seed Production: Some enterprises focus on producing seeds for use in horticulture, whether it be for vegetables, flowers, or other plants.

Intensive - An agricultural practice known as 'intensive farming' use significantly more labour and resources compared to the amount of land it occupies.

Mixed enterprise - a business involved in plant cultivation and management and the raising of livestock. In small intensive systems the livestock may be present as part of the wider land management.

Operations - Farming operations are activities such as cultivating, propagation, sowing, planting, harvesting, weed control, irrigation, and similar operations routine to most farms and that are performed on a farm. The standard sorts of operations for smaller enterprises may differ to larger farms due to the different sorts of tools and techniques utilised.

Pattern and flow of work – The sequence of operations necessary to complete many different farming tasks within a given period of time such as a day, week, month. For a smaller enterprise it is common that many different tasks will be carried out within a day in order to address the needs of many different crops.

Sustainable management - management of land to conserve and enhance soil and water resources, habitats, biodiversity and value for wildlife, and carbon sequestration.

Task - a piece of work to be done or undertaken, such as planting of a crop which may involve a number operations (cultivation, planting, watering, protecting).

Appendix 1 – Extracts From National Policy and Guidance

PPW identifies Rural Enterprise Dwellings as representing one of the few circumstances in which isolated new residential development in the open countryside may be justified⁸⁸:

The purpose of 'rural enterprise dwellings' is to enable rural enterprise workers to live at or close to their place of work, including encouraging younger people to manage farm businesses and supporting the diversification of established farms....

All applications for new rural enterprise dwellings should be carefully examined to ensure that there is a genuine need. It will be important to establish whether the rural enterprise is operating as a business and will continue to operate for a reasonable length of time....

Applications for rural enterprise dwellings must only be permitted where the rural enterprise dwelling appraisal provides conclusive evidence of the need for the dwelling.

Paragraph 4.6 of TAN 6 lays out the requirements for a new dwelling on a new enterprise:

- a. clear evidence of a firm intention and ability to develop the rural enterprise concerned (significant investment in new buildings and equipment is often a good indication of intentions);
- b. clear evidence that the new enterprise needs to be established at the proposed location and that it cannot be accommodated at another suitable site where a dwelling is likely to be available;
- c. clear evidence that the proposed enterprise has been planned on a sound financial basis;
- d. there is a clearly established functional need and that need relates to a full-time worker, and does not relate to a part-time requirement;
- e. the functional need could not be fulfilled by another dwelling or by converting an existing suitable building on the enterprise, or any other existing accommodation in the locality which is suitable and available for occupation by the workers concerned;...

Where the case is not completely proven for a dwelling permission should not be granted for it, but it may be appropriate for the planning authority to test the evidence by granting permission for temporary accommodation for a limited period. Three years will normally be appropriate to ensure that the circumstances are fully assessed.

TAN 6 also makes it clear that applications are expected to be accompanied by a robust appraisal sufficient to allow a full assessment of the application, and addressing:

The **functional test** to provide evidence of whether there is a need for a resident worker for the proper functioning of the enterprise. This requires that:

for the proper functioning of the enterprise, for one or more workers to be readily available at most times. It should relate to unexpected situations that might arise, for which workers are needed to be on hand outside of normal working hours for the particular enterprise. Such requirements might arise, for example, if workers are needed to be on hand night and

⁸ There is also an 'other normal planning requirements test' which is not expanded in this report.

day to deal with an emergency that would threaten the continued viability and existence of the enterprise without immediate attention.

The **time test** to provide evidence of the labour requirement for the worker who is working on the justifying enterprise.

Where there is currently no dwelling associated with the rural enterprise the worker for whom there is a functional need for new accommodation must be a full-time worker.

The **financial test** to provide evidence of the economic sustainability of the justifying enterprise.

The rural enterprise and the activity concerned should be financially sound and should have good prospects of remaining economically sustainable for a reasonable period of time, usually at least 5 years.

Evidence of (actual) or potential economic performance will be required. To assess economic sustainability it will be necessary to show the business has a reasonable prospect of providing a market return for all operators for the amount of management and manual labour inputs, including the job for which the rural enterprise dwelling is being sought, for at least five years.