

Farm Diversification

Farmers and land managers have always sought to make the best use of their assets. The very large fall in farm incomes over the last five years in all areas of farming has forced attention onto the subject. Reforms of the Common Agricultural Policy (CAP) have reduced the price guarantees for food production, but at the same time have increased the sums available for support of new enterprises. Many farmers, faced with a situation where they can no longer rely on a guaranteed market for their produce, will need to consider diversification.

Diversification is the name given to the process where farmers seek alternative income, other than from growing food crops or conventional livestock keeping. Most farmers will adapt their enterprises in some way, to meet the needs of the market and maintain their livelihood. Small scale changes, such as growing more of one conventional crop or changing livestock regimes do not deliver diversification.

There are many reasons why farmers seek diversified incomes, and the process has been going on for a long time. The main reason might be the particular suitability of the farm (for instance a large and handsome farmhouse well suited to farmhouse bed and breakfast) the location of the land (for instance on the edge of a village where there is a high demand for horse pasture and stabling) or the skills and interests of the farmer (for instance a new visitor enterprise, such as an open farm, or sporting enterprises). Many successful enterprises will have been added on to an existing farm business and adapted to fit in with existing resources.

Grant aid is sometimes available from the Department for Environment, Food and Rural Affairs (DEFRA) as part of the English Rural Development Scheme (ERDP), especially if the proposed enterprise will create employment.

Developing a diversified enterprise is undoubtedly a challenge for farmers traditionally skilled in the business of food production. Often different management skills are needed, such as public relations and marketing. Most new enterprises will also be subject to a range of additional rules and regulations such as business rates, planning consent, insurance and health and safety regulations, hygiene and so on. There are, however, many examples where well planned diversification has been a great success and provided new incomes and employment in rural areas. This sheet provides just a few examples of the most common types of farm diversification.

Alternative Livestock

- Deer

The majority of deer meat, called venison, comes from wild deer that have been produced in their natural habitat. Deer numbers need to be controlled to prevent damage and disease that occurs when populations get too large for the area. However, deer farming systems have increased in popularity with red deer being the main species farmed for venison.

Deer meat is sold in farm shops, to butchers and to the restaurant trade. Some animals are also sold to other farmers for breeding. The major cost associated with deer is the substantial fencing that is required to contain the herd. Farmers also have to provide handling pens which are necessary for veterinary treatment, weighing and gathering prior to transportation.

- Milking Sheep and Goats

Sheep and goat dairying is increasing in popularity with a growing demand for the products as an alternative to cows milk. It is usually more profitable for farmers to produce 'value added' processed foods such as cheese or yogurt, often sold direct from the farm, or processed off farm by farmer controlled co-operatives.

Goats and sheep are milked in specially adapted milking parlours and housed undercover in straw yards, especially in winter.

- Fish farming

Fish farms in the UK produce many thousands of tonnes of fish each year, most of which is used for human consumption. They are located in lochs and on the coast, largely in Scotland, and inland, often in man made ponds in England. The main species farmed are brown and rainbow trout, salmon, carp and to a lesser extent eels, crayfish and oysters.

Fish farming is a very skilled and technical business but has proven profitable for farmers that have an established market. Fish farms use a great deal of water and the ready supply of a clean, unpolluted flow is the most important factor when establishing a new enterprise.

- Snails

Snail farming, known as heliciculture, is another highly skilled, specialised enterprise. Snails are farmed inside in a controlled environment. The market for snails depends on the type. Some farmers sell their crop to local shops and restaurants, and some are exported to France.

Alternative Crops

A wide variety of alternative crops are grown by farmers, both exotic species and those that are native to this country. Farmers growing novel crops have to ensure that they have a market for their produce be it for fibre, fuel, flavour, medicines or oil. Typically this means that crops will be grown 'under contract' to specialist processing companies. There are a huge range of alternative crops, and only some of the more common types are listed below.

- Spelt Wheat

Spelt Wheat is a specialist wheat crop grown for people with allergies and for pasta.

- Evening Primrose

Evening primrose is grown for pharmaceutical uses including the treatment of heart disease and improving digestion. It can be a difficult crop for farmers to grow but, if successful, can be very profitable.

- Rye

Rye is usually grown under contract to a processing company for the manufacture of crispbread and as seed for forage crops.

- Energy crops

Energy crops include Miscanthus (a type of elephant grass) and Short rotation coppice (usually willow trees). They are grown where there is a market for use in wood fueled power stations, such as the Arbore energy plant at Eggborough in North Yorkshire. They are "perennial" crops, which produce the crops from root systems that survive harvesting and produce a new crop the next year. This means they are good habitats for wildlife.

- Hemp

Hemp, specially bred to remove the narcotic substances found in nature, is primarily grown under contract for the fibre in the stalks. This can be extracted and used to make very strong and light materials, some of which are used in BMW cars.

Sport and Recreation Enterprises

Diversification into sport and recreation can often offer wider benefits to local businesses and communities. In more remote areas, the influx of visitors who come to enjoy the sports made available by farmers support a range of businesses, including hotels, restaurants, pubs, local shops and garages, together with specialist businesses serving the sportsman's needs. These can include fishing tackle shops, farriers and blacksmiths, licensed firearms dealers and specialist clothing manufacture and shops. Some communities in deeper rural areas rely on countryside sports for their income over winter months.

- Fishing

Fishing is one of the nation's most popular pastimes. In England and Wales more than 20,000 owners lease game and fishing rights to over 2.7 million anglers each year. This takes two main forms: fishing rights in natural waters, such as lakes, rivers and streams, and fishing in man made waters such as canals, reservoirs and ponds.

Game fisheries stock brown and rainbow trout, migratory trout and salmon, which occur naturally in many rivers that are free from pollution. Rainbow trout rarely spawn in this country, and are introduced from fish hatcheries to rivers purely for sport.

Fisheries are often still-water reservoirs or lakes, managed on a 'put-and-take' basis, where anglers will normally be allowed a certain number of fish each day.

Coarse Fisheries are an alternative which stock species such as perch, carp, tench and pike, indigenous in rivers and lakes.

Where a landowner has the fishing rights to a river, lake etc, these can be let to an individual, to a syndicate, to an hotel, or fishing club and can be offered for a whole season or shorter periods. Management for fishing benefits biodiversity and water quality, as game fish require clean water, ample food supplies, and a safe environment for breeding.

- Shooting

Shooting is another popular national pastime and for a great many farmers with woodland or conservation areas it is another source of income. The shooting of game birds such as pheasant, partridge and grouse, is by far the most common. Other types include the 'rough' shooting of pigeon, rabbits, wildfowl, duck and geese and the stalking of deer. These are known as quarry species.

Many farmers let days or have paying guests on otherwise private shoots. Other shoots are run as enterprises on land leased from the farmer. In both cases, the farming of the land continues at the same time, but with investment and careful management to promote wildlife and conservation, which benefits both quarry species and other wildlife. This includes land being planted with woodland or special crops that provide food and habitat for the birds, and areas left undisturbed for nesting and feeding. Shooting thereby influences the management of the wider countryside in ways that are both wildlife friendly and that also help provide the landscape that people enjoy.

- Clay Pigeon Shooting is also becoming increasingly popular. Some farmers let their land to shoots whilst others provide complete facilities for hire by individuals or clubs.

- Cycling

Cycling is estimated to be the second most popular form of recreation with mountain biking particularly in vogue. Farms are meeting an increasing demand for off-road cycling routes.

- Golf

In recent years there has been a great demand for new golf courses and many farmers, particularly those on the edge of conurbations, sold or developed their land for this purpose. In some areas, however, the potential for further development is now very limited. The average size of an 18 hole golf course is 63ha and over 1,500 courses operate in the UK, each serving approximately 45,000 people. The cost of developing a new course and its accompanying facilities is very high, so some farmers join forces with a specialist developer or investor. Some, smaller scale, facilities are also provided such as 9 hole courses and golf driving ranges.

- Motor Car and Motor Cycling

Several activities involving motor cars or motorcycles can be incorporated onto a farm. Four-wheel drive vehicles require an area of over 5ha with facilities for spectators, parking and refreshments. Trialling over rough ground is becoming increasingly popular, with the development of off road buggies, whilst circuit racing and karting require provision of a tarmac surface.

- Horse Enterprises

There are approximately 600,000 horses in the UK and 3.5 million people ride. The provision of equestrian facilities has therefore become a common form of farm diversification across the country. Enterprises vary from pony trekking, cross country and point-to-point courses to those which provide riding instruction and the hire of horses.

The term 'livery' is used to describe the provision of accommodation for horses. This may vary from simply providing grazing land to a complete service where stable owners will feed, care and exercise horses on behalf of their owners.

Water-Based Recreation

- Canoeing

Canoeing can take place on most stretches of water, providing that it is sufficiently deep. Activities are varied and include sprint racing, slalom, marathon racing, white water racing and canoe polo. Careful management is required to balance the needs of fishermen and those of canoeists.

- Sailing and Windsurfing

Large stretches of water, up to 50ha in size, are required for a sailing club although windsurfing can take place on as little as 1ha of water. These enterprises are therefore most commonly provided on sites such as reservoirs and former mineral workings. Again, multiple uses of water and wetland require careful management.

Farm Retailing

Many farmers have traditionally supplemented their income by selling produce from the farm gate, market stalls, farm shops and pick your own. In many instances these enterprises have proved profitable to the farmers because of their customers desire to buy fresh food. The rising interest in organic food, and the development of "Farmers Markets" has given fresh impetus to this activity, as has the development of "box schemes". Again, a new set of skills are required, and fresh food shops face many levels of regulation.

Added Value

Most farmers sell raw food products in bulk, at prices that bear little relation to the prices paid by consumers in the shops. For instance, dairy farmers will get as little as 13p per litre for their milk, which sells in supermarkets for up to 60p. The farmer's wheat amounts to only some 5p of the cost of a loaf of bread.

"Adding value" is the term used for farmers who go beyond wholesale of raw food, and process and package their produce so as to command a higher price. For example milk can be processed on farm, or in co-operatives, into dairy products such as cream, butter, cheese, yogurt and ice cream. Vegetables can be graded, washed and packaged in ready to eat trays. Livestock farmers can undertake some of the butcher's trade, selling cuts and joints in well presented parcels, or go further in making specialised meats such as smoked hams and pate. Other farmers will make home milled flour, or process top fruit into jams and preserves.

Tourism

Farmers, particularly but not exclusively those close to the coast or in areas of outstanding natural beauty, benefit from tourism as an important source of income. Holiday cottages, bed and breakfast and the provision of camping and caravanning facilities are all popular but more and more diversification into all aspects of entertainment for the public is taking place. Agricultural practices and farm trails actively encourage peoples' enjoyment of the countryside whilst wildlife farms, tea rooms and craft shops all contribute to providing facilities for the public. Good advertising and promotion is required and local tourist boards play an important part in this. The landscape produced by farmers also forms the backcloth to a wider rural tourism industry which is estimated to be worth in excess of £23 Billion per year.

Further reading:

Rural Diversification, Peter Prag, Second edition (2002)
Published by Estates Gazette/Farmers Weekly ISBN 0 7282 0371 5 Price £20

Rural Enterprise Scheme, DEFRA
Details from DEFRA free literature, tel 0645 335577 www.defra.gov.uk

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