

Mid Devon District Council

# Update to 2006 Farm Diversification Study

June 2012

## **Update to 2006 Farm Diversification Study**

In 2006 Mid Devon District Council commissioned Acorus Rural Property Services to undertake a study into farm diversification. The study gave an assessment of trends in farm diversification, the drivers that affected diversification and the planning policy background. The study set out areas where there were barriers to achieving further diversification and made a number of recommendations to overcome these.

### *Update rationale*

Since 2006, there have been a number of significant changes within European and national policy fields that will impact on farm diversification. In particular there have been recent changes to national planning guidance whilst the EU has proposed reforms to the Common Agricultural Policy (CAP).

This document is being produced to address some of the areas of the original study that discuss policy or programmes that are no longer relevant. An up to date policy context is provided through an analysis of the relevant chapters of the new national planning policy framework (NPPF). Local planning policy has seen significant changes and the document now includes information on the Core Strategy and proposed Development Management Local Plan which may contain specific policies on farm diversification.

Additional detail is also provided on the latest information relating to the EU's proposed reforms to the CAP. The opportunity has also been taken to include information from the most recent DEFRA 'June Agricultural Census' and 'Farm Business Survey' on diversification, in order to provide more recent trend information.

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## **Conclusions from the 2006 Study**

The 2006 Acorus study concluded that farm diversification was, and had been for some time a significant component of the rural economy. In terms of diversification trends it noted that there was a comprehensive variety of activities covered, from agricultural contracting to recreation facilities and visitor attractions that are quite unrelated to farming. The study predicted that the range of diversification activities was likely to become increasingly broad due to increasing competition, changes in agriculture, use of energy crops and alternative technologies and a growing creative leisure industry.

The study also noted that until that point diversification had been largely business-led, rather than planning-led. It stated that planning was beginning to play a positive changing role, with policies guiding, rather than reflecting the evolution of the sector.

However it noted that the positive planning context had brought certain crucial issues into sharp focus. These included:

- Concentrating new development in or adjacent to existing settlements – the study stated this would mitigate against farm diversification given their often remote location
- General imperative to reduce journeys by car – the study stated this was often inconsistent with the approval of diversification proposals, but noted that even for remote sites the increase will typically be of low impact
- Siting in open countryside may clash with policies to protect the environment, landscape and biodiversity – the study stated rather than obstruct proposals of good intrinsic merit, planning policies should be used as instruments to guide and fine-tune worthy diversification schemes
- Requirement for diversified activities to be ‘ancillary’ to, or ‘supportive’ of farming enterprise – the study stated proposals for diversification that meet all other planning stipulations should be equally favoured whether they provide an opportunity to supersede the agricultural business or are intended to support it

However in general it noted that planning policies at national, regional and local level were sympathetic to the principles of diversification.

## **Proposed changes to the Common Agricultural Policy and the UK response**

The original study provided commentary on the then recent reform of the EU’s Common Agricultural Policy (CAP) which came into effect on 1<sup>st</sup> January 2005. These changes introduced the ‘Single Payment Scheme’ (SPS), reforming the means by which agricultural subsidies were provided.

In October 2011 the European Commission launched new regulatory proposals with the intention of reforming the CAP for the period 2014-2020. These proposals have recently been out for consultation, and it is anticipated that the reforms will be implemented by the beginning of 2014.

The reforms propose to replace the Single Payment Scheme with a new 'Basic Payment Scheme' (BPS) and update the criteria for 'agricultural activity' which defines eligibility to claim the subsidy. SPS introduced entitlements and replaced many coupled support schemes. The new proposals will cancel all existing entitlements and have them replaced with BPS entitlements, allocated on the basis of each hectare of land declared in 2014.

In addition to the BPS, farmers will also receive a topped up payment by fulfilling certain 'greening' requirements, such as maintaining permanent grassland or devoting a portion of land to be an 'Ecological Focus Area'. Further payments are also set out for young farmers, and the maintaining of land wholly or partially in 'areas of natural constraint'. An alternative payment method to the BPS will be offered via the 'Small Farmers Scheme' offering a set payment level and requiring participants to opt in within the first year of the scheme.

The individual nations of the UK (England, Wales, Scotland and Northern Ireland) are consulting on the implications of the CAP reform separately. This consultation is still ongoing in some states at the time of writing.

Prior to the current consultation, the UK provided a response to the wider agenda of CAP reform which it published in January 2011. Within this it stated that the UK's priorities for reform were as follows:

- A substantially reduced and refocused CAP budget improving value for money
- Pillar 2 measures [i.e. rural development – pillar 1 is related to subsidies] should be enhanced, particularly for the delivery of agri-environmental schemes
- Measures that enhance competitiveness and reduce reliance on subsidies should be enhanced, without interfering with the EU level playing field
- Increased market orientation, including a reduction in trade distorting subsidies and measures
- Continued simplification of the CAP, ensuring a reduction in costs and complexity for both farmers and administrations unless benefits outweigh costs

A DEFRA (Department for Environment, Food and Rural Affairs) report on sustainable farming, published in April 2012 gave a brief update on the latest position:

"The EU has a huge opportunity to agree the genuine reforms needed to meet the long-term demands of the 21<sup>st</sup> Century. It is not too late to deliver that, but it will require a lot of hard work. The Government and Ministers of the devolved administrations are considering the Commission's proposals, and have started discussions at European level. We are working constructively with Member States, the Commission and – for the first time on CAP Reform – with the European Parliament, to deliver the ambitious reform we believe is necessary."

Only once the final changes are announced, and can be investigated will the full effects on the UK farming industry be fully understood. However it is clear that the reforms will represent

another major challenge to UK farming, which is likely to maintain the pressure for farm diversification.

## Updated diversification trend information

The original Acorus report was produced six years ago, and since that time more recent data has been collected by DEFRA on farm diversification. This is predominantly collected through two surveys:

- Farm Business Survey (FBS) – is undertaken yearly and surveys all businesses over 8 ESU in size (Economic Standard Units), includes a total of approximately 2,000 holdings, and is set out at national and regional level
- June Agricultural and Horticultural Census – has been collected on a yearly basis since 1998 and surveys all holdings of various types and tenures (approximately 80,000), and can be aggregated at district level

The most recent FBS was published in January 2011 and included results from 2009/10.

Its findings on farm diversification were:

- 50% of farms had diversified activity in 2009/10; the percentage of farms with diversification other than letting buildings was 27% in 2009/10 (Table 2)
- Since 2006/07 the overall percentage of farms with any diversified activities and those which are carrying out activities other than letting buildings has remained stable
- Total income from diversification was £360 million in 2009/10; diversified enterprises generated 15% of the total income of farm businesses in 2009/10
- Total Farm Business Income (which includes income from diversification) fell in 2009/10 after increasing over the previous four years
- For 23% of farms which had diversified activity, the income from their diversified enterprise exceeds the income from the remainder of the farm business in 2009/10
- The dominant type of diversified enterprise is letting out buildings for non-farming use; 36% of farms do this and letting out buildings generates 73% of total diversified income (Table 5) and just over half of total diversified output (Table 6)
- 3,100 farms with diversified enterprises in 2008/09 discontinued them in 2009/10; and 2,500 farms started diversifying for the first time (Table 7)
- 53% of diversified enterprises have an annual output of less than £10,000; 12% of diversified enterprises have an annual output of £50,000 or more
- There are some significant regional variations; 73% of farms in the South East have diversified enterprises but only 49% of farms in the South West (Table 12)
- Average income from off-farm employment and self-employment was highest for very large farms at £21,400 per farm (Table 13)

The data in table format from the FBS and June Census can be found within the appendix. The most recent June Agricultural and Horticultural Census was undertaken in 2010, with figures below compared with those from 2007. Findings include:

- 10% decrease in the total farmed area of Mid Devon between 2007-2010
- Livestock - Cattle numbers remained stable, but poultry numbers increased by 25% in Mid Devon, though there was no overall change at the South West or England level; pig numbers were up 8% but overall they were down 19% in the South West
- Labour – there was a reduction in part-time farmers/directors/spouses in the district, down by 14%, a sharper decrease than experienced regionally and at national level; salaried managers also decreased by 26%, consistent with wider trends across the country; full-time worker numbers increased by 29%, part-time workers and casual worker numbers both fell; overall there was a total reduction in labour of 8% - a higher rate than at regional and national level

For the full data please see the Table 1 in the appendix.

## Changes to national and regional planning policy

The Coalition Government has made a number of significant changes to national and regional planning policy since the 2006 report was prepared. In 2010 the government announced the abolition of the Regional Spatial Strategies (RSS) with provisions for implementing this included within the Localism Act 2011. The abolition of the RSS is currently subject to an environmental assessment, and at the present time the draft document is still extant but carries very little weight.

In March 2012 the government introduced the National Planning Policy Framework (NPPF), compiling numerous policy documents into one concise volume. The NPPF has replaced all previous Planning Policy Statements (PPSs) and Planning Policy Guidance Notes (PPGs).

As a result of these changes many of the planning documents referred to within the Acorus report no longer apply. Superseded national policies relevant to farm diversification within the document included:

- PPS1: Delivering Sustainable Development
- PPS7: Sustainable Development in Rural Areas
- PPG13: Transport
- PPG2: Green Belts (superseded by PPS4: Planning for Sustainable Economic Growth in 2009, which itself has now been replaced by the NPPF)
- PPG17: Planning for Open Space, Sport and Recreation (superseded by PPS4: Planning for Sustainable Economic Growth in 2009, which itself has now been replaced by the NPPF)

Policy documents that are still extant but carry little weight include:

- The (Draft) Regional Spatial Strategy for the South West
- RPG10: Regional Planning Guidance for the South West
- Devon Structure Plan 2001-2016

### *The national planning policy framework*

Delivering sustainable development has been retained as the central tenet of the new framework. The three dimensions to sustainable development – economic, social and environmental – are emphasised as mutually dependent. Pursuing sustainable development is stated to include:

- *Making it easier for jobs to be created in cities, towns and villages;*
- *Moving from a net loss of biodiversity to achieving net gains for nature;*
- *Replacing poor design with better design;*
- *Improving the conditions in which people live, work, travel and take leisure; and*
- *Widening the choice of high quality homes*



Furthermore, the NPPF highlights that ‘plans and decisions need to take local circumstances into account, so that they respond to the different opportunities for achieving sustainable development in different areas’.

In addition, there is now a ‘presumption in favour of sustainable development’ which ‘should be seen as a golden thread running through both plan-making and decision-taking’. Local Plans should follow this approach, setting clear policies that guide how the presumption will be applied locally, and enabling the approval without delay of development that is sustainable.

National rural policy was previously set out in PPS7: Sustainable Development in Rural Areas. This has now been replaced and the following text from the NPPF now covers rural diversification (any land-based rural business, not only agriculture) and tourism development:

#### *Supporting a prosperous rural economy*

*28. Planning policies should support economic growth in rural areas in order to create jobs and prosperity by taking a positive approach to sustainable new development. To promote a strong rural economy, local and neighbourhood plans should:*

- *Support the sustainable growth and expansion of all types of business and enterprise in rural areas, both through conversion of existing buildings and well designed new buildings;*
- *Promote the development and diversification of agricultural and other land-based rural businesses;*
- *Support sustainable rural tourism and leisure developments that benefit businesses in rural areas, communities and visitors, and which respect the character of the countryside. This should include supporting the provision and expansion of tourist and visitor facilities in appropriate locations where identified needs are not met by existing facilities in rural service centres; and*
- *Promote the retention and development of local services and community facilities in villages, such as local shops, meeting places, sports venues, cultural buildings, public houses and places of worship*

PPG13: Transport previously discussed employment in rural areas and the effects on agricultural diversification in relation to transportation. The new NPPF transport section no longer has any specific references to agricultural diversification. However the following policy does make reference to transportation issues in rural areas:

#### *Promoting sustainable transport*

*29. Transport policies have an important role to play in facilitating sustainable development but also in contributing to wider sustainability and health objectives. Smarter use of technologies can reduce the need to travel. The transport system needs to be balanced in favour of sustainable transport modes, giving people a real choice about how they travel. However the Government recognises that different policies and measures will be required in different communities and opportunities to maximise sustainable transport solutions will vary from urban to rural areas.*

*34. Plans and decisions should ensure developments that generate significant movement are located where the need to travel will be minimised and the use of sustainable transport modes can be maximised. However this needs to take account of policies set out elsewhere in this Framework, particularly in rural areas.*

The Acorus report made reference to PPG2: Green Belts and their objectives. There are no green belt designations within Mid Devon, and none are proposed to be established within the future development documents. Therefore no policy criteria relating to these have been included from the NPPF.

The NPPF must be considered as a whole, so diversification schemes must also be considered in the context of the following NPPF principles:

- Recognise intrinsic character and beauty of the countryside and support thriving rural communities within it.
- Support transition to low carbon economy, encouraging reuse of existing resources, including conversion of existing buildings, and use of renewable resources.
- Conserve and enhance the historic and natural environment.
- Avoid isolated new homes in the countryside unless special circumstances apply.
- High quality design based on an understanding and evaluation of the area's defining characteristics.
- Take into account the benefits of the best and most versatile agricultural land and seek to steer development towards poorer quality land where possible.

## **Changes to local planning policy**

Since the Acorus Report was produced Mid Devon has adopted a Core Strategy (2007) and an Allocations and Infrastructure Development Plan Document (AIDPD) (2010). These documents have replaced the majority of the Local Plan (2006), and any remaining policies will be replaced in a new Development Management Local Plan which is scheduled to be adopted in 2013.

The NPPF reintroduced the terminology of 'Local Plans' to describe the documents that contain local planning policies. As a result, the Core Strategy and AIDPD have now been suffixed with the term 'Local Plan'. The Core Strategy represents Part I, the AIDPD Part II and the emerging development management policies will be within Local Plan Part III.

### ***Core Strategy (Local Plan Part I)***

The Core Strategy is the overarching planning document for the Mid Devon district. The principal policy within this to guide all development is: (relevant bullet points only)

#### *COR1: Sustainable Communities*

*Growth will be managed so that development meets sustainability objectives, brings positive benefits, supports the diverse needs of communities and provides vibrant, safe, healthy and inclusive places where existing and future residents want to live and work through:*

- b) providing access to education, training and jobs and supporting the creation of new enterprises to bring economic prosperity and self-sufficiency for the district and its settlements,*
- c) enhancing the self-sufficiency and vitality of communities, providing neighbourhoods and settlements with a vibrant mix of flexible and compatible uses, services and community facilities,*
- e) providing accessible forms of development that reduce the need to travel by car and are integrated with public transport and other sustainable modes of travel, allow for ease of movement and provide safe environments,*
- i) the provision and protection of accessible green infrastructure networks*

Policy COR2 builds on the above provisions in relation to design, conservation and environmental protection of the landscape.

#### *COR2: Local Distinctiveness*

*Development will sustain the distinctive quality, character and diversity of Mid Devon's environmental assets through:*

- a) high quality sustainable design which reinforces the character and legibility of Mid Devon's built environment and creates attractive places,*
- b) the efficient use and conservation of natural resources of land, water and energy,*
- c) the preservation and enhancement of the distinctive qualities of Mid Devon's natural landscape, supporting opportunities identified within landscape character areas. Within the Blackdown Hills Area of Outstanding Natural Beauty or Exmoor and Dartmoor National Parks, the primary objective will be to protect the special environmental qualities of that landscape and its setting,*
- d) the protection and enhancement of designated sites of national and local biodiversity and geodiversity importance. Development will support opportunities for protecting and enhancing species populations and the restoration, recreation, enhancement and linking of habitats to contribute toward the delivery of Biodiversity Action Plan targets, and*
- e) the preservation and enhancement of Mid Devon's cultural and historical environment, and the protection of sites, buildings, areas and features of recognised national and local importance.*

Policy COR4 provides guidance on meeting the employment needs of the district and makes particular reference to agricultural diversification.

#### *COR4: Meeting Employment Needs*

*The employment needs of the district will be met through*

- a) the development of approximately 300,000 square metres of employment (B1 – B8) floorspace;*

- b) *the development of approximately 10,000 square metres of retail (A1) sales floorspace (2006-2016);*
- c) *measures to diversify the agricultural and rural economy in ways which protect countryside character*
- d) *other forms of sustainable employment generating uses.*

The supporting text to COR4 acknowledges the rural nature of the district and states where appropriate the Council will support new businesses as traditional ones decline. Other forms of appropriate employment generation, e.g. tourism, leisure and public services, in sustainable locations, will also be supported.

The diversification into renewable energy production has been an area that has seen a particular increase in recent years. Mid Devon has recently received a number of solar farm applications, of which six were granted planning consent in May 2012, whilst previous applications for onshore wind farms have also been submitted.

Policy COR5 on climate change sets the guidance:

*COR5: Climate Change*

*Measures will be sought which minimise the impact of development on climate change, and contribute towards national and regional targets for the reduction of greenhouse gas emissions, including:*

- a) *the development of renewable energy capacity will be supported in locations with an acceptable local impact, including visual, on nearby residents and wildlife.*
- b) *energy efficiency improvement measures will be supported with an acceptable impact on historic interest*

Development has been restricted to the four principal towns of Tiverton, Cullompton, Crediton and Bampton, in addition to very limited role for 21 villages (which have defined settlement limits). Any development taking place outside of the defined settlements is considered to be development in the countryside, and is covered by the following policy COR18.

*COR18: Countryside*

*Development outside the settlements defined by COR13 – COR17 [i.e. development policies for the four towns and 21 villages] will be strictly controlled, enhancing the character, appearance and biodiversity of the countryside while promoting sustainable diversification of the rural economy. Detailed development control policies will permit agricultural and other appropriate uses, subject to appropriate criteria, as follows:*

- a) *affordable housing to meet local needs, gypsy accommodation, replacement dwellings, housing essential to accommodate an agricultural or forestry worker and accommodation ancillary to a dwelling;*
- b) *appropriately scaled retail, employment, farm diversification and tourism related development (including conversion of existing buildings);*

- c) *appropriately scaled and designed extensions and other physical alterations to existing buildings;*
- d) *agricultural buildings;*
- e) *community facilities, such as educational facilities, buildings associated with public open space, development required to support or enhance biodiversity or geodiversity interests, transportation and infrastructure proposals, horse riding establishments and golf facilities; and*
- f) *renewable energy and telecommunications.*

## ***Allocations and Infrastructure Development Plan Document (Local Plan Part 2)***

The AIDPD sets out the allocated sites for development in order to meet the housing and employment needs of the district. It also contains policies regarding infrastructure provision, including the introduction of the Community Infrastructure Levy (CIL), as well as public open space and green infrastructure provision for new housing developments. Of most relevance to farm diversification are the provisions regarding green infrastructure which have been expanded upon within the Green Infrastructure Plan which is discussed below.

## ***Local Plan Part 3: Development management policies***

A Development Management Local Plan (initially referred to as the Development Management DPD or DMDPD) is currently being produced. This document will review and replace the remaining policies of the old Local Plan (adopted 2006), and will include comprehensive consideration of design, climate change, transport and green infrastructure, in addition to including a review of settlement limits, primary shopping frontages and town centre boundaries. The document underwent an Issues and Options consultation in 2011, and a Submission Version is scheduled for late 2012.

There are a number of policies within the old Local Plan that have a link with farm diversification. These will all be reviewed and updated, and include:

- S9 – Agricultural land
- E11 – Rural employment development
- E12 – Rural employment conversion
- E13 – Farm diversification (see below)
- E14 – Agricultural buildings
- E16 – Tourism proposals outside defined settlement limits
- C1 – Provision of new community facilities
- C2 – Protection of existing community facilities
- C3 – Provision of open space

- C6 – Horse riding establishments
- C7 – Golf courses
- ENV2 – Renewable energy
- ENV17 – The wider countryside

The DM Local Plan policy on farm diversification will be based on a review of the old policy and the NPPF. It will take on board the findings from the 2006 Farm Diversification Study, in conjunction with this update.

### ***Green Infrastructure Plan***

The Council is currently producing a Green Infrastructure Plan (GIP). Green Infrastructure (GI) is the network of multi-functional green space with recreational, visual and biodiversity value. Examples of GI include parks and gardens, green corridors (e.g. rights of way, hedgerows, road/rail verges), natural and semi-natural greenspaces (e.g. nature reserves, grassland, open water bodies) and amenity greenspace (e.g. play areas, village greens, allotments etc). The draft GIP sets out a strategy for the Council's engagement and investment in GI delivery, which could include designation of local nature reserves, investment in wildlife surveys, or involvement in specific environmental enhancement schemes across Mid Devon.

## 2012 Conclusions

In line with the conclusions from the 2006 report, farm diversification remains a significant component of the rural economy. The conclusions from the original report remain a valid consideration, though there have been wider changes that will impact on farm diversification. In particular the proposed reforms to the Common Agricultural Policy, once finalised, are likely to have a large effect on the agriculture across the UK. Only once these reforms have been finalised, will a more detailed analysis of their likely effects be possible.

National planning policy has also changed following the introduction of the National Planning Policy Framework. This has reduced much of the guidance on development in rural areas and replaced it with a much more concise statement and list of criteria in regard to encouraging sustainable economic growth in rural areas. This can be interpreted as taking a permissive approach towards rural diversification enterprises, subject to the criterion of delivering sustainable development and being in line with local planning policies. An assessment of a proposal's sustainability must take account of all relevant parts of the NPPF, so due consideration must also be given to intrinsic character and beauty of the countryside, the requirement for low carbon development and reduced transport emissions, the importance of high quality agricultural land, and the conservation and enhancement of the historic and natural environment.

Local planning policy within the Core Strategy is sympathetic to the notion of encouraging farm diversification. This trend is expected to continue through into the Development Management Local Plan which should contain specific policies to support and guide various forms of rural diversification in Mid Devon.

## Appendix

**Table 1: Mid Devon DEFRA June Census Statistics – 2007 to 2010**

	Mid Devon			South West <sup>(1)</sup>	England <sup>(1)</sup>
	2007	2010	% difference	% difference	% difference
<b>Number of holdings 2010</b>	-	1,374	-	-	-
<b>Total farmed area (hectares)</b>	84,266	76,130	-10	-6	-4
Cereals	10,537	10,361	-2	+2	+4
Arable crops (excl cereals)	5,938	6,160	+4	+8	+9
Fruit and vegetables	583	441	-24	+3	-2
Grassland	59,743	54,060	-10	-6	-4
<b>Number of livestock</b>					
Cattle	94,747	94,763	0	0	-1
Sheep	190,508	168,934	-11	-8	-8
Pigs	16,497	17,760	+8	-19	-9
Poultry	2,232,757	2,785,070	+25	0	-3
<b>Farm labour</b>					
Farmers, partners, directors & spouses (F/T)	1,252	1,205	-4	-1	-1
Farmers, partners, directors & spouses (P/T)	1,319	1,129	-14	-10	-9
Salaried managers	58	43	-26	-26	-25
Regular workers (F/T)	304	393	+29	+7	+8
Regular workers (P/T)	331	278	-16	-5	-5
Casual workers	305	233	-24	-21	-9
<b>Total labour</b>	3,569	3,281	-8	-6	-5

Source: June Census Survey, [www.defra.gov.uk](http://www.defra.gov.uk)

<sup>(1)</sup> % difference for South West and England calculated from a comparison between the respective 2007 and 2010 figures

**Table 2: Number of farms with diversified activities – England 2005/06 to 2009/10**

	2005/06	2006/07	2007/08	2008/09	2009/10	% of Farms in 2009/10
<b>Total Number of Farm Businesses (SLR≥½)</b>	61,700	59,500	57,100	57,200	56,100	100%
<b>Of which:</b>						
Have diversified activity	30,900	30,000	29,200	29,200	28,300 <sup>(1)</sup>	50%
Farms with diversified activity other than letting buildings	15,300	16,100	16,100	16,100	15,100 <sup>(2)</sup>	27%

Source: Farm Business Survey

<sup>(1)</sup> The 95% confidence interval for this estimate is (26,800-29,800)

<sup>(2)</sup> The 95% confidence interval for this estimate is (13,700-16,400)



**Table 3: Components of farm income for farms – England 2005/06 to 2009/10**

	Income 2005/06 (£m)	Income 2006/07 (£m)	Income 2007/08 (£m)	Income 2008/09 (£m)	Income 2009/10 (£m)	%change 2009/10 2008/09
<b>Total Farm Business Income (including diversification)</b>	1,760	2,050	2,750	2,910	2,430	-16%
<b>Of which:</b>						
Income from agriculture (excluding subsidies and payments to agriculture)	-360	-130	630	980	220	-78%
Subsidies and payments to agriculture (excluding agri-environment payments)	120	30	20	30	30	0%
Income from Single Payment Scheme	1,380	1,430	1,370	1,320	1,520	15%
Income from agri-environment work	200	280	330	280	280	0%
Income from diversified enterprises	420	430	400	300 <sup>(1)</sup>	360 <sup>(2)</sup>	20%

Source: Farm Business Survey (subsidies and payments may therefore differ from official figures)

<sup>(1)</sup> Change to methodology for allocating fixed costs across the four cost centres.

<sup>(2)</sup> The 95% confidence interval for this estimate is (£310m-£410m)

**Table 4: Components of farm output for farms – England 2005/06 to 2009/10**

	Output 2005/06 (£m)	Output 2006/07 (£m)	Output 2007/08 (£m)	Output 2008/09 (£m)	Output 2009/10 (£m)	%change 2009/10 2008/09
<b>Total Farm Business Output (including diversification)</b>	11,100	11,670	12,840	14,380	13,910	-3%
<b>Of which:</b>						
Output from agriculture (excluding subsidies and payments to agriculture)	8,760	9,150	10,410	11,690	11,090	-5%
Subsidies and payments to agriculture (excluding agri-environment payments)	120	30	20	30	30	0%
Output from Single Payment Scheme <sup>(1)</sup>	1,380	1,430	1,370	1,510	1,690	11%
Output from agri-environment work <sup>(2)</sup>	220	300	350	370	380	3%
Output from diversified enterprises	620	750	700	780	730 <sup>(3)</sup>	-7%

Source: Farm Business Survey (subsidies and payments may therefore differ from official figures)

<sup>(1)</sup> Receipts from Single Payment Scheme including leasing

<sup>(2)</sup> Payments from agri-environment and other environment based schemes

<sup>(3)</sup> The 95% confidence interval for this estimate is (£620m-£840m)

**Table 5: Income from diversified enterprises – England 2009/10**

	No. of farms	% of farms	Total farm income for these farms (£m)	Income of diversified enterprise (£m)	Average enterprise income (£/farm) <sup>(1)</sup>
<b>Farm Business Income (including diversification)</b>	56,100	100%	2,430	-	-
<b>Farms which engage in:</b>	28,300	50%	1,460	360	12,800
Diversified enterprises (all kinds)					
Letting buildings for non-farming use	20,000	36%	1,180	260	13,200
Processing/retailing of farm produce	3,900	7%	140	40	9,700
Sport and recreation	6,100	11%	280	20	2,700
Tourist accommodation and catering	3,100	5%	130	20	6,800
Other diversified activities	3,800	7%	220	20	5,800

Source: Farm Business Survey

<sup>(1)</sup> Average over the whole population

**Table 6: Output from diversified enterprises – England 2009/10**

	No. of farms	% of farms	Total farm output for these farms (£m)	Output of diversified enterprise (£m)	Average enterprise output (£/farm) <sup>(1)</sup>
<b>Farm Business Output (including diversification)</b>	56,100	100%	13,910	-	-
<b>Farms which engage in:</b>	28,300	50%	8,300	730	25,800
<b>Diversified enterprises (all kinds)</b>					
Letting buildings for non-farming use	20,000	36%	6,640	380	19,100
Processing/retailing of farm produce	3,900	7%	1,010	120	31,600
Sport and recreation	6,100	11%	1,590	50	8,400
Tourist accommodation and catering	3,100	5%	660	60	21,000
Other diversified activities	3,800	7%	1,180	110	28,500

Source: Farm Business Survey

<sup>(1)</sup> Average over the whole population**Table 7: Start-ups and discontinued diversified enterprises between 2008/09 with 2009/10**

	Number of enterprises in 2008/09	Discontinued during 2009/10	New in 2009/10	Number of enterprises in 2009/10
<b>Diversified activity of any kind</b>	28,500	3,100 <sup>(1)</sup>	2,500 <sup>(1)</sup>	27,900
Letting buildings for non-farming use	20,600	1,900	1,800	20,500
Processing/retailing of farm produce	5,200	1,000	700	4,800
Sport and recreation	6,300	1,000	1,200	6,500
Tourist accommodation and catering	3,400	500	500 <sup>(2)</sup>	3,400
Other diversified activities	4,600	1,900	1,600	4,400

Source: Farm Business Survey

<sup>(1)</sup> These figures refer to farms which are entirely new to diversification or have stopped diversifying completely. Whereas the remainder of the table refers to both farms with existing diversification activities or those which are new to diversification (referred to as single diversification activities)<sup>(2)</sup> Caution should be taken when interpreting this figure due to the small number of farms in the sample.

Note: these figures will differ from those in other tables, as they have been obtained from a sample containing farms present in 2008/09 and 2009/10 only and weights have been redistributed to these farms

**Table 8: Diversified enterprises by size of core farming activity – England 2009/10**

	Number of farms		Farms with diversified enterprises		
	Number	% of farms by size	Avg output (£/farm)	Avg income (£/farm)	
<b>ALL SIZES <math>\geq \frac{1}{2}</math> SLR</b>	56,100	28,300	50%	25,800	12,800
<b>Very small</b>	16,400	7,100	43%	25,200	10,800
<b>Small</b>	17,100	8,800	51%	19,000	10,200
<b>Medium</b>	8,700	4,300	49%	20,500	13,000
<b>Large</b>	7,600	4,300	56%	31,200	13,400
<b>Very large</b>	6,400	3,900	61%	41,700	21,300

Source: Farm Business Survey

**Table 9: Distribution of diversified activity by type of farm - England 2009/10**

	Number of farms	Percentage of farms with					Other diversified activity
		Some diversified activity	Food retailing/ processing	Sport & recreation	Tourism	Letting buildings	
<b>ALL FARM TYPES</b>	56,100	50%	7%	11%	5%	37%	7%
<b>Cropping:</b>	24,200	61%	9%	15%	6%	48%	8%
Cereals	13,800	65%	4%	16%	5%	56%	6%
General cropping	6,000	60%	7%	15%	5%	48%	6%
Horticulture	4,500	49%	24%	8%	10%	23%	12%
<b>Livestock:</b>	24,100	42%	5%	8%	6%	27%	6%
Dairy	8,300	38%	5%	4%	3%	29%	5%
Grazing livestock (lowland)	9,900	47%	7%	11%	9%	31%	5%
Grazing livestock (LFA)	5,900	37%	3%	9%	5%	17%	7%
<b>Other types and mixed</b>	7,800	45%	7%	9%	2%	33%	7%

Source: Farm Business Survey

**Table 10: Diversified activity by age of farmer - England 2009/10**

	ALL AGES	Under 45	45-54	55-64	65 & over
<b>All farms</b>					
Number of farms	56,100	9,600	18,100	17,900	10,600
Output from farm business (£m)	13,900	2,500	5,100	4,200	2,100
<b>Farms with diversified activity (SLR<math>\geq</math>½)</b>					
Number of farms	28,300	4,800	8,500	9,500	5,500
Percentage of all farms	50%	50%	47%	53%	52%
Output from farm business (£m)	8,300	1,480	2,970	2,570	1,270
Output from diversified enterprises (£m)	730	140	230	270	100
Proportion of farm output from diversification	9%	9%	8%	10%	8%

Source: Farm Business Survey

**Table 11: Farm income for farms by region - England 2009/10 (£ million)**

	NW	NE&YH	EM	WM	EE	SE	SW
<b>Total farm business income</b>	190	290	420	230	600	300	410
<b>Of which:</b>							
Income from agriculture (excluding subsidies and payments to agriculture)	-10	-30	100	60	140	-60	20
Subsidies and payments to agriculture (excluding agri-environment payments)	-	-	-	10	-	-	10
Income from Single Payment Scheme	140	220	240	120	320	210	270
Income from agri-environment work	30	50	40	20	60	40	50
Income from diversified activities	30	40	30	20	70	110	60
<b>% of farm income from diversification</b>	14%	15%	8%	9%	12%	36%	14%

Source: Farm Business Survey

**Table 12: Regional distribution by type of diversified activity – 2009/10**

	England	NW	NE&YH	EM	WM	EE	SE	SW
<b>% of farms with diversified enterprises</b>	50%	41%	56%	51%	46%	47%	73%	49%
<b>% of all farm which have:</b>								
<b>Buildings let for non-farming use</b>	36%	23%	28%	41%	33%	37%	57%	31%
<b>Processing/retailing of farm produce</b>	7%	8%	6%	4%	5%	7%	14%	6%
<b>Sport and recreation</b>	11%	9%	11%	11%	5%	10%	19%	11%
<b>Tourist accommodation and catering</b>	5%	6%	2%	4%	4%	4%	10%	8%
<b>Other diversified enterprises</b>	7%	9%	10%	3%	8%	6%	7%	5%

Source: Farm Business Survey

Note: The percentages in the lower part of the table sum to more than the top row since some farms have more than one diversified enterprise

**Table 13: Income from off-farm employment and self-employment – 2009/10**

	All Farms			Farms where farmer/spouse have income from employment <sup>(1)</sup>			
	Number of Farms	Number of farms	% of size group	Total income from employment (£m)	Lower confidence interval for total income from employment (£m)	Upper confidence interval for total income from employment (£m)	Average income from employment (£/farm)
<b>ALL SIZES3 ≥%</b>	56,100	20,700	37%	370	310	430	17,700
<b>SLR</b>							
<b>Very small</b>	16,400	6,500	40%	110	70	150	17,200
<b>Small</b>	17,100	6,300	37%	110	80	150	18,200
<b>Medium</b>	8,700	3,600	41%	60	50	80	16,900
<b>Large</b>	7,600	7,600	34%	40	20	60	16,100
<b>Very large</b>	6,400	1,800	28%	40	20	50	21,400

Source: Farm Business Survey

<sup>(1)</sup> Includes self-employment, other than from farming.

**Table 14: Off-farm employment by robust farm type - England 2009/10**

	All Farms		Farms where farmer/spouse have income from employment <sup>(1)</sup>				
	Number of farms	Number of farms	% of farm type	Total income from employment (£m)	Lower confidence interval for total income from employment (£m)	Upper confidence interval for total income from employment (£m)	Average income from employment (£/farm)
<b>ALL FARM TYPES</b>	56,100	20,700	37%	370	310	430	17,700
<b>Cereals</b>	13,800	5,200	38%	110	70	160	21,400
<b>General cropping</b>	6,000	2,100	36%	40	20	60	18,000
<b>Dairy</b>	8,300	2,800	34%	40	30	50	13,600
<b>Grazing Livestock (lowland):</b>	9,900	3,900	40%	70	40	90	16,700
<b>Grazing livestock (LFA)</b>	5,900	2,400	41%	40	20	60	15,800
<b>Specialist Pigs</b>	1,000	400	42%	10	0	10	14,400
<b>Specialist Poultry</b>	900	-	-	-	-	-	-
<b>Mixed</b>	5,900	1,900	33%	30	20	40	15,600
<b>Horticulture</b>	4,500	1,600	36%	30	20	50	21,600

Source: Farm Business Survey

<sup>(1)</sup> Includes self-employment, other than that from farming.

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