



## *LEADER Conference 2016: Farm Diversification Workshop*

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*SRUC are funded by the Scottish Government as part of its Rural  
Diversification, Non-food Crop & Renewable Energy Opportunities  
Advisory Activity to provide advice on farm diversification*

*Leading the way in Agriculture and Rural Research, Education and Consulting*

## Structure



- Introduction and workshop purpose
- Ayrshire LDS' support farm diversification
- Session 1: How is your LDS planning to support farm diversification?
- Session 2: What could a farm diversification proposal look like?
- Session 3: Learning from others
- Session 4: Reflecting on the session
- Summing up

## Workshop Purpose

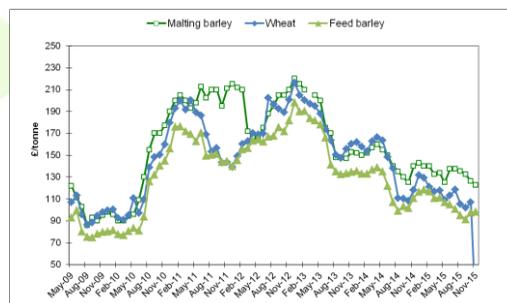


- All LDS have identified enterprise as a key priority
  - focus on jobs and growth with a particular emphasis on micro enterprises
- Dealing with farm diversification is new for most LDSs and LAGs in this programming period
  - Should we get hung up on whether a project is farm diversification or rural enterprise – or is this a budgeting LDS requirement?
  - If it fits with LDS and contributes to the LEADER objectives the LAG be supporting it!
- What needs to be done to support farmers diversify and help LAGs support the sector?

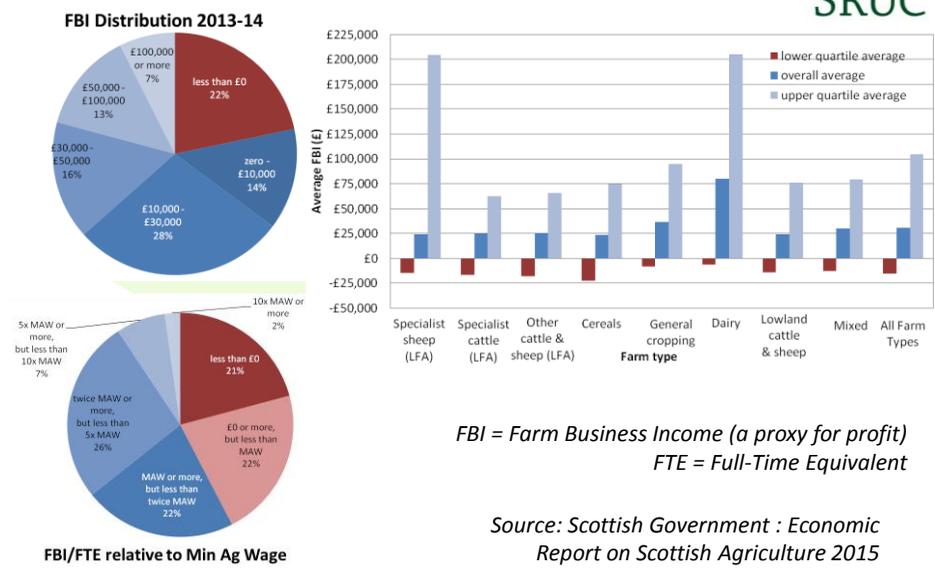
## Farmers and Diversification



- Traditional farming (and forestry) activities remain important in many rural areas
- But there are many farm income pressures:
  - Unstable prices
  - Global competition
  - Input price inflation
  - Seasonality of demand
  - CAP support payment



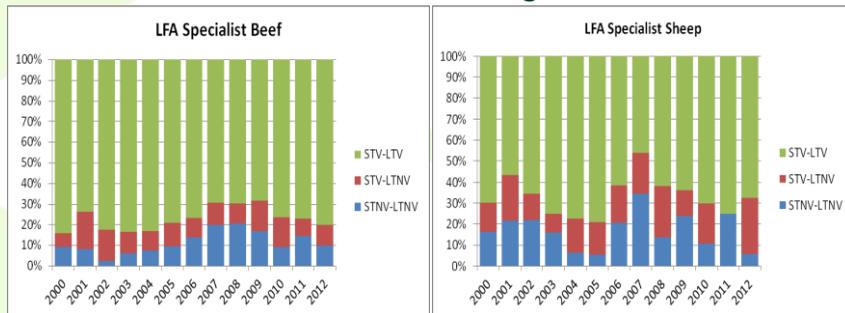
# Farm Incomes challenges



# Business Viability



- Many businesses are not viable, in their current structure, in the short and long term



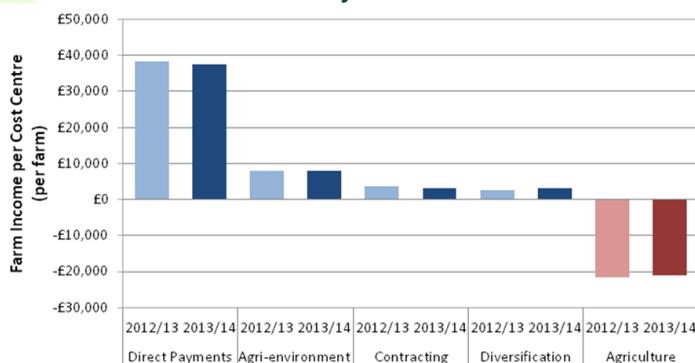
**STV = short term viable LTV = long term viable**  
**STNV= short term non viable LTNV = long term non viable**

Unpublished analysis by SRUC, Policy, Innovation and Behaviours Team

## Need for Diversification



- Farm Business Income by Cost Centres: 2012-14



*Scottish Government (2015) Economic Report on Scottish Agriculture*

- Diversification used to manage income risk, broaden the business base and improve viability

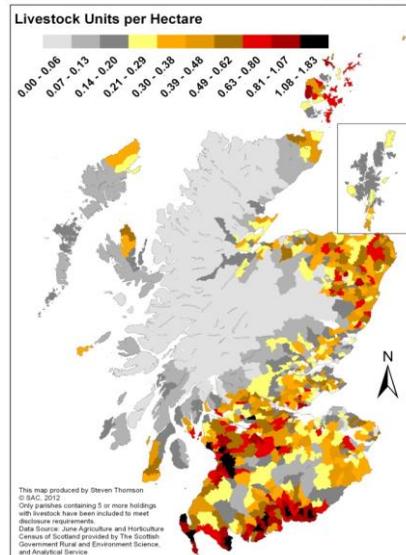
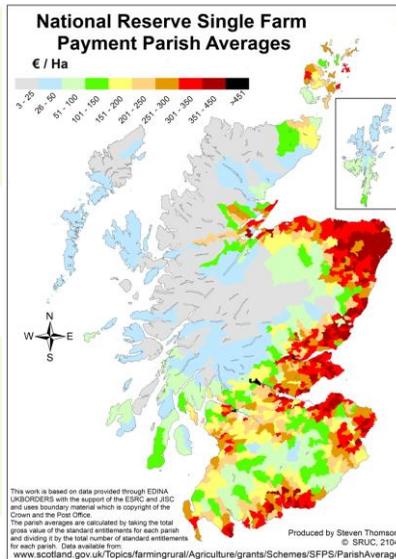
## Farm Incomes – Reliance on CAP



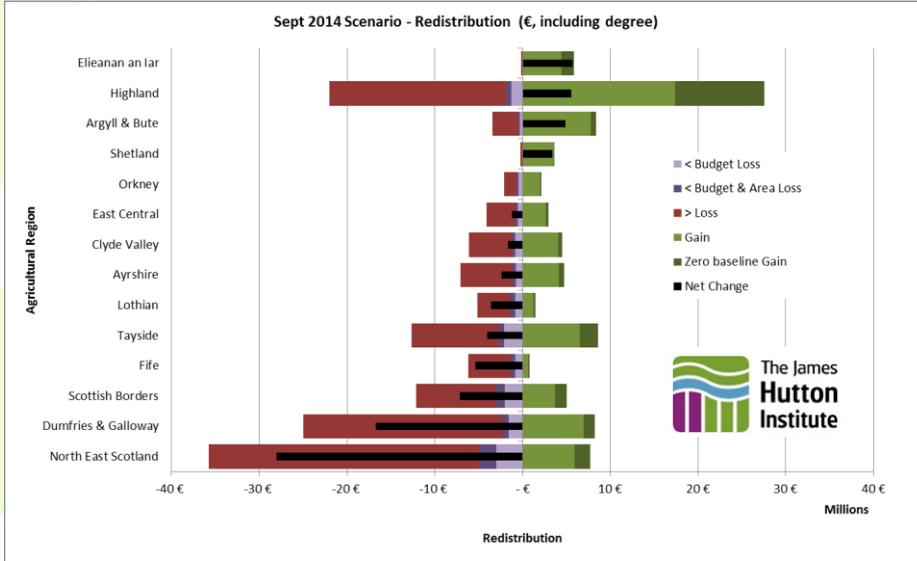
- CAP remains important to farm incomes

2013/14	CAP as % of Farm Business Income	CAP as % of Farm Output
Specialist sheep (LFA)	153%	64%
Specialist cattle (LFA)	221%	43%
Other Cattle and Sheep (LFA)	231%	53%
Cereals	172%	23%
General cropping	102%	17%
Dairy	55%	9%
Lowland cattle and sheep	173%	30%
Mixed	176%	24%
<b>All types</b>	<b>152%</b>	<b>27%</b>

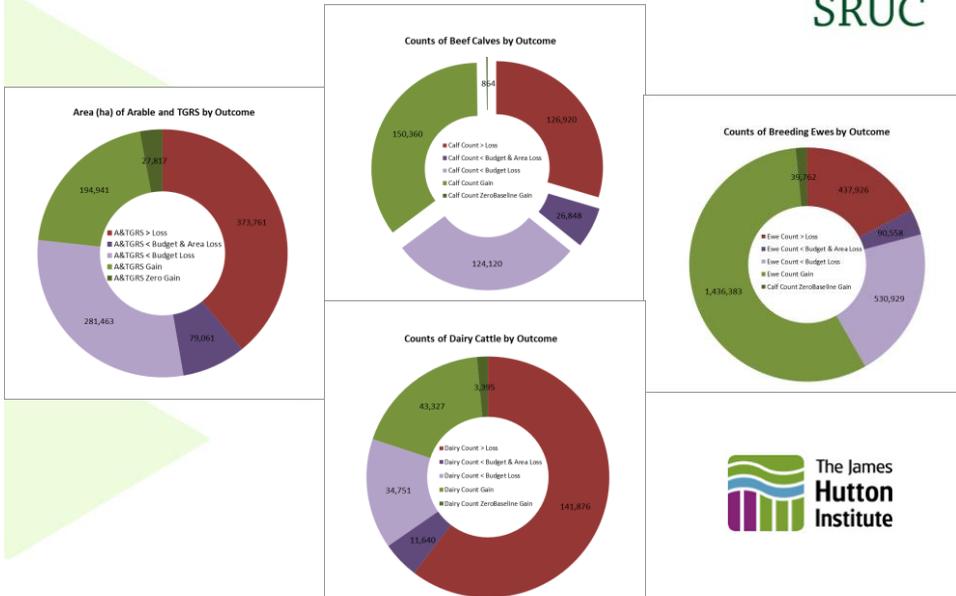
## The future is not what it used to be!



# Estimated CAP Reform Impact



# Estimated CAP Reform Impact



## Myth Busting

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- *“Farmers are all rich and they have plenty assets upon which to borrow”*
  - Uncertainty of establishing new type of business, for new type of customers, using new processes and new marketing techniques
  - Asset rich BUT often cash poor
  - Banks have moved away from asset based lending and look for ability to cover interest and repayments.
  - Business plans are vital – as well as recognition of potential impacts on farm

## LAG approach to Farm Diversification

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- **Supporting farm diversification in Ayrshire**
- **Chris Savage**
  - Ayrshire LDS Chair

## Session 1



- **How is your LDS planning to support farm diversification?**
  - How will LAGs ensure farmers find out about LEADER and support the farm diversification process?
  - How will LAG engage with farmers?
  - How will LAGs ensure LDS priorities are promoted to farmers and ensure projects are aligned to them?
  - How will the LAG ensure farm diversification proposals are robust and will actually improve business viability

## Supporting LAGs



- New Scottish Government Farm Advisory Service
  - Help Desk, one-to-one, one-to-many
- Whole Farm Review
- NFUS – Farming Leader magazine
- SLE
- SRUC
- SGRPID
- SCF
- SRN

## Session 2



### • What could a farm diversification proposal look like?

- Consider each of the two EOIs
- Discuss how your LAG may approach them
  - What kind of feedback would you provide the applicant
  - What additional information would be required for clarity in full application

## Farm Diversification



- Much confusion as to defining farm diversification:
  - If it is on the farm is it not farming? 
  - If it is off the farm is it not rural enterprise? 
- Need to think about “farm diversification” as activities to provide products or services that utilises the farm’s resources:
  - Buildings / machinery / land / labour / capital / etc
- If someone is not actively engaged in agricultural activity then they are **not farming**
  - e.g. I buy a plot of land to build a house and business – the fact I have a field does not make me a farmer



## Arnprior Farm - Stirlingshire



- Cattle production not providing economic return (-£122 per cow in 2013)
- Planted 300 pumpkin plants reared in greenhouse
- “inundated with families keen to encourage their children to have a taste of authentic farming life while choosing their pumpkins from the patch”
- 600 pumpkins sold in matter of days
- More return from ½ acre than 60 cows



<http://www.qmscotland.co.uk/news/pumpkin-patch-success-stirlingshire-farming-family>

## Successful Diversification



# Craigies Farm




**craigie's**  
FARM DELI AND CAFE

home page   activities   deli   butchery   cafe   news   contact us

location map  
charity policy  
vacancies  
links  
cancellation policy

Click here for more information...

Latest News

Open Farm Weekend [more >](#)

**CraigiesCorner**

Craigie's Farm Shop and Cafe  
Dram roll please - Cake of the Week is finally here! To brighten up your Thursday, we have our Chocolate Easter Cake with Vanilla Buttercream filling! Looks so pretty, we don't want to touch it - only joking, pass the knife please! Who wants a slice?

contact-us

**Welcome**

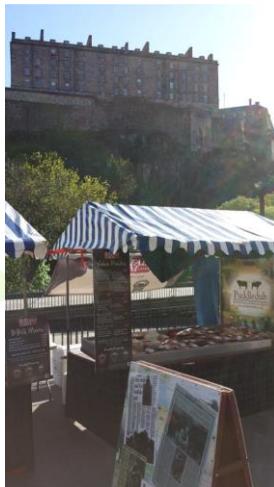
Fantastic news at Craigie's!

As part of our ongoing renovation works, our play park and decking area is getting a bit of a makeover!

We'll be laying an all-weather surface in the playpark which will hopefully mean no more mud! And we'll be re-fencing the area and replacing the decking with an extended patio area so that there will be more room to sit outside when the better weather finally arrives!

Work will be starting this Thursday (4<sup>th</sup> Feb) which will see the area closed for a few weeks but this mean we'll be able to get it all nice and ready for Spring!

# The Buffalo Farm



# The Buffalo Farm



## Session 4



- **Reflecting on the session**
  - What can LAGs do jointly to stimulate actions / understand impacts of LEADER?
  - How can other organisations, including the Rural Network do to support your work on farm diversification?
  - What can LAGs do jointly to stimulate actions/understand impact of LEADER?

## Summing up

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- Roger Clegg  
– Cairngorms LDS Chair

# Thank You

Steven Thomson

<http://www.sruc.ac.uk/sthompson>

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## Farm Diversification

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- Diversification: “*the practice of varying products, operations, etc, in order to spread risk, expand, exploit spare capacity, etc*” [Collins English Dictionary](#)
- Process of change and investment into alternative enterprises which can help spread economic risk and use under utilised farm resources
  - New, unfamiliar, agricultural activities
  - Non-agricultural activities
- What constitutes “farm diversification” is dynamic
  - enterprises once “alternative” may now be considered main-stream