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Department for Environment  
Food and Rural Affairs

# Barriers to farm diversification

**Report of the Joint Industry-Government  
Working Group**

**May 2007**



Department for Environment, Food and Rural Affairs  
Nobel House  
17 Smith Square  
London  
SW1P 3JR

Tel: 020 7238 6000

Website: [www.defra.gov.uk](http://www.defra.gov.uk)

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## **Introduction**

1. The importance of diversification within the farm economy is widely recognised. Alternative and additional enterprises can make a valuable contribution both to total farm business incomes and more broadly to the rural economy. However, it would also be fair to say that the industry and other stakeholders view the government's enthusiasm for diversification with some caution: many in the industry regard farm diversification as an adjunct to the core business of farming (i.e. food, fibre and energy production). Their concern is that government regards diversification as an alternative to creating the environment in which efficient agriculture is economically viable in its own right.
2. Nonetheless, it is a fact that many, albeit not all, farms have assets which have the potential to be exploited for additional, non-agricultural income, should farmers choose to widen their business base outside of traditional agriculture. Whether or not that potential is realised is a decision for the individual. The aim of this Working Group has been to identify those factors which might inhibit individuals from taking the decision to diversify and/or which threaten the success of the diversification once undertaken; and to make recommendations for how such barriers might be removed or their impact mitigated. Our recommendations relate to two key areas: lack of business skills and the land use planning system.

## **Background**

3. This Working Group originated in a commitment made by David Miliband in his speech at the Royal Show 2006, when he said:

“Farm diversification – the use of farm assets for other activities, in particular tourism – is an activity which has great potential for contributing to sustainable rural communities, not just to farmer incomes. I am pleased that we are setting up a small working group, including NFU, CLA and of course the RDAs, to explore the barriers to successful diversification and make recommendations about the means of overcoming them.”

4. The following organisations have been represented on the Group:
  - The Country Land and Business Association
  - The National Farmers Union
  - The Small Farms Association
  - The Tenant Farmers' Association
  - The Regional Development Agencies (represented by East of England Development Agency and East Midlands Development Agency)
  - and Defra.

## What is meant by “diversification”?

5. The Group used the following definition of diversification:

- any activity, excluding mainstream agriculture and external employment by members of the farm family, which makes use of farm assets to generate additional income.

6. It was immediately apparent that there is a wealth of research into farm diversification. (A summary of a few of the most recent reports are provided at annex A). Some of the most relevant findings can be summarised thus:<sup>1</sup>

- a high number of farms already undertake diversification activities (over 58%), with the proportion varying by location (68% in the SE compared to 48% in the NW)
- the most common diversification activity is letting out buildings
- owner occupied holdings are less likely to be diversified compared to wholly tenanted holdings
- agricultural services (e.g. machinery hire, haulage, consultancy, supply of agricultural sundries) account for more than 1 in 3 of diversified enterprises
- trading enterprises are found on almost 33% of diversified holding;
- provision of accommodation and catering is found on 24% of diversified holdings
- equine services are found on nearly 25% of diversified holdings
- nearly 25% have at least one activity characterised as recreation and leisure services
- the scale of both output and net profit from diversified activities vary enormously
- drivers for diversification are varied, with the most important being a need for a supplementary income source
- more than 6 out of 10 enterprises are set up without the operator identifying any real degree of difficulty
- there are a proportion of farmers who are natural entrepreneurs.

7. A key source of evidence about developments in diversification activity is Defra’s annual publication based on data from the Farm Business Survey<sup>2</sup>. The 2005-06 survey indicates that:

- 50% of larger<sup>3</sup> farms have some form of diversified activity
- total income from diversification in 2005/06 was £420 million, 21% higher than in 2004/05; diversified enterprises generated 22% of the total income of farm businesses in 2005/06 and accounted for all of the annual increase in farm income

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<sup>1</sup> Farm Diversification Activities Baseline Study, (Exeter 2002).

<sup>2</sup> Farm Diversification Statistical Release England (Defra and ONS 2007)

<sup>3</sup> The Farm Business Survey covers only the 60,000 farms of a size sufficient to occupy a farmer for at least half time.

- for 56% of diversified farmers, diversified income accounts for a quarter or more of their total business income
  - for 28% of diversified farms the income from diversification exceeds that of the core agricultural business.
8. Many farmers are already involved in successful diversification activities and achieve their ends without reporting significant difficulties. A proportion of farmers are clearly natural entrepreneurs and will succeed in maximising the returns from their assets without, or even in spite of, government intervention. Equally, there are a proportion of farmers who will never undertake a diversification project, either because they are temperamentally unsuited to the task, lack the training or necessary skills, or their farm circumstances are such that they lack the market opportunities to undertake diversification successfully. Between these two extremes is the tranche of farmers who “would if they could”. The Working Group considered that our challenge was to identify the barriers which either prevent this group from diversifying successfully, or which create their perception that diversification is not an option.

### **The Key Barriers**

9. The published research about diversification reports a wide range of issues that can affect both decisions to undertake diversification projects and the future success of those projects. These included validity of market research, capacity to develop a considered business case, quality of business skills and training generally, availability of appropriately skilled personnel, and regulatory controls (including but not limited to planning), lack of access to broadband and lack of specialist business advice. Access to finance was also identified as a potential barrier. Grant funding and schemes such as the Small Firms Loan Guarantee Scheme are of assistance to many farmers but not all are able to take advantage.
10. Tenant farmers as a group have a range of issues specific to their particular circumstances. They often find accessing capital difficult as they do not have the collateral available to farmers who own their own land. Tenant farmers also can have problems with their tenancy agreements, some of which may not allow particular kinds of, or in some cases any, diversification activity. Diversification activities which change the use of land to a non agricultural purpose can also have tax and inheritance implications for the landowner. The Farm Business Tenancy, a new type of landlord/tenant agreement created by the Agricultural Tenancies Act 1995, allows more flexibility for tenant farmers to diversify their activities. In addition there is now a code of practice which aims to facilitate gaining agreement for diversification activities on tenant farms.<sup>4</sup> A recent report, summarised in annex A, looks at tenant farmers diversification activities in more detail.<sup>5</sup>

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<sup>4</sup> [www.defra.gov.uk/farm/working/tenancies/pdf/trig-cogp.pdf](http://www.defra.gov.uk/farm/working/tenancies/pdf/trig-cogp.pdf)

<sup>5</sup> Research into the potential impacts of CAP Reform on the diversification activities of the tenant farmers in England - Baseline Study, (Coventry 2006)

11. The consensus of the Working Group was that all of these issues are relevant. In our view two categories of barrier are significantly higher than the rest. These are:
- lack of generic business skills in the farming industry (which impacts not only on diversified enterprises but also the core business)
  - planning controls, as currently designed and implemented.
12. With the assistance of experts on each topic (listed in annex G, summaries of presentations at annex E) the Group has:
- assessed the barriers by reference to the scale of their impact either on decisions to diversify or the ultimate success of diversified activities
  - identified the fundamental origins of the main barriers, and brought forward evidence in support of those conclusions;
  - made recommendations for lowering or removing the barriers.
13. The details of the issues addressed together with the relevant research findings are set out below. It should be stressed that whilst the Working Group's remit was to look at issues affecting farmers, very few of the issues discussed affect farmers alone and most apply equally to small rural businesses, which constitute the vast majority of rural businesses generally.

## Summary Recommendations

### Skills

- **Recommendation 1:** industry groups should undertake an evaluation of the effectiveness of rural business training provision and business development with relevant government agencies and providers with the aim of promoting the benefits of training and development in business skills for farmers and growers.
- **Recommendation 2:** Defra should re-visit the National Skills Strategy in order to improve the level of rural-proofing.
- **Recommendation 3:** Defra should both promote the need for and signal the availability of training in business skills through the Whole Farm Approach and Farming Link.
- **Recommendation 4:** training providers should tailor promotional materials offering farming related case studies to illustrate the benefits of business skills training in an agricultural context.

- **Recommendation 5:** training providers should offer flexible delivery hours and methods to maximise potential for farmers and other rural businesses to benefit.
- **Recommendation 6:** regional agencies should establish a network of business development mentoring and demonstration farms to illustrate effective farm diversification.

## Planning

- **Recommendation 7:** Defra should improve the resolution and presentation of conflicting departmental priorities when rural proofing Communities and Local Government policy and legislative provision. To this end it should charge the Commission for Rural Communities (CRC) to develop more effective stakeholder feedback and engagement over Defra's and other departmental policies.
- **Recommendation 8:** when applying Sustainable Development considerations Local Planning Authorities should actively and fairly consider the economic costs and benefits of proposals equally with social and environmental impacts.
- **Recommendation 9:** planning is not necessarily the most appropriate route for taking indirect action (e.g. trying to influence individuals' behaviour) on environmental issues such as travel and transport patterns and emissions. These issues should not be used as a basis to reject small scale rural development.
- **Recommendation 10:** policies which prioritise urban renaissance, city region and "town centre first" should not preclude economic development in rural areas.
- **Recommendation 11:** the planning system at all levels should undergo further review and simplification to improve speed of planning change and facilitate public access and influence.
- **Recommendation 12:** the perverse impacts of Planning Delivery Grants should be investigated with a view to amending the function of the grant.
- **Recommendation 13:** thresholds for minor commercial development should be raised to allow small scale developments with minimum external impact to proceed outside the planning system.
- **Recommendation 14:** the threshold for inclusion in the Planning Gain Supplement (PGS) should be raised to exclude the majority of small scale developments such as farm diversifications. More work should

be done on the existing Section 106 regime to enable its full potential to be realised.

- **Recommendation 15:** Planning and Economic Development Departments in Local Authorities should be encouraged to work together more closely and there should be skilled rural economic development staff in each authority.
- **Recommendation 16:** planners and appropriate council members should be trained in economic development issues.
- **Recommendation 17:** Local Authority planners should be encouraged to develop a less risk averse and more proportionate approach to planning applications, particularly in terms of streamlining the quantity of supporting documentation required for small scale developments.
- **Recommendation 18:** Defra and Communities and Local Government should update and re-publish “A Farmers’ Guide to the Planning System”.
- **Recommendation 19:** Local Planning Authorities should consider the value of setting resources aside for provision of pre-application advice.
- **Recommendation 20:** Defra should consider the benefits of further research into the nature and extent of the planning process as a barrier to farm diversification.
- **Recommendation 21:** industry organisations should draw up a planning for diversification template for planning applications.

## **Delivery**

- **Recommendation 22:** the Government should establish a small joint government/industry stakeholder group with an external chair to champion delivery of the changes required.



## Section 1: Business Skills

14. Lack of business skills is identified as widespread in all sectors, and is a crucial issue for the UK economy.<sup>6</sup> The Working Group was concerned with those generic skills related to the running and management of any business, such as:
- market research
  - marketing
  - business planning
  - business management, and
  - customer relations.
15. The technical knowledge and skills required to produce crops and care for livestock, or perform the main function of the diversified business were out of scope.
16. Competence in business skills is key both to successful start-up of diversified businesses and ongoing profitability. These skills also impact positively on the planning and management of the mainstream agricultural enterprises so that their acquisition provides a double benefit. Few farmers can now rely solely on their knowledge of basic commodity production. Many have already diversified or added value to produce, and need the skills required to run new businesses, including dealing directly with customers, marketing their products, and selecting and managing staff.

### The evidence base

17. The rural economy is an important source of small businesses and new start-ups. Rural areas of England account for approximately 19% of the population and around 25% of the business stock, resulting in more businesses per head in rural compared to urban areas. In terms of business start-ups per 10,000 of population, rural areas are roughly equal to or better than the English average for business start-ups (when the City of London is excluded.) However, rural businesses tend to be smaller than in urban areas, a higher proportion have no employees and while they have the highest growth aspirations, they are actually the most likely to have stayed the same size. Lack of managerial skills is cited as a key limiting factor for rural businesses.<sup>7</sup>
18. The recent Leitch Review of Skills states that one half of CBI employers cite improving management and leadership skills as the most significant factor contributing to competitiveness. Research indicates that agriculture has the highest level of unqualified managers and the lowest participation

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<sup>6</sup> Analysis of this issue is contained in the Leitch Review of Skills: 'Prosperity for all in the global economy – world class skills (Leitch 2006)

<sup>7</sup> Small Businesses in Rural Areas: An Analysis of the Annual Small Business Survey 2004, Small Business Survey Analytical Unit (SBSAU 2006)

in management training of any industry sector. Managers in agriculture also tend to stay longer in one job than in other industries.<sup>8</sup> In addition there is a lack of awareness of the need for business and management training, low importance given to business training generally and a lack of recognition of the benefits of business skills development. This is supported by evidence from research commissioned by Defra into the effects of grant funding of farmers attitudes to farm diversification.<sup>9</sup> There was strong evidence of lack of knowledge amongst diversifiers of the business that they were going into. In general the diversified farmers had had no training in 67% of the enterprises they had set up and what training there was tended to be in technical skills. and only 4% of diversified farmers who had not received training felt it had any impact on the success of the business. (See annex B for further statistics on training and advice).

### **Barriers to training**

19. A wide range of studies have looked at farmers' attitudes towards and take up of training, including business skills training. Lantra has set out the key barriers to farmers accessing training as:

- cost of training and lack of effective funding provision
- access to appropriate training and not knowing where to find it
- time away from the business
- relevance of training and delivery methods
- awareness of business and personal benefits of training.

20. These key barriers are supported by a range of other research, including Defra's Learning Skills and Knowledge Review 2002/03, which concluded that provision of training was abundant, but awareness in rural businesses of what was on offer and where, was variable. The quality of the services were also found to be variable and access arrangements were not always suited to rural micro-businesses. The Leitch Review of Skills had a much wider remit, looking at skills issues across UK industry, but found many of the same issues, particularly time, cost and access. Leitch recommends a proposed strengthened and defined role for Sector Skills Councils in driving up employer involvement in management and leadership skills.

21. A recent literature review of research into business competence among farmers found similar barriers<sup>10</sup>. It found that the structure of farming itself could be a barrier, with the small size of many farming businesses making it difficult to arrange training, and an increased risk associated with trained staff leaving the business. Furthermore the nature of farming as a family

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<sup>8</sup> Sectoral Management Priorities, Management Skills and Capacity (Warwick, 2005)

<sup>9</sup> The effects of public funding on farmers' attitudes to farm diversification (Exeter 2006)

<sup>10</sup> Business Competence – review of recent research into business competence amongst farmers and to review current publicly funded measures aimed at raising competence amongst farmers and to consider implications for policy, (Imperial College London 2007).

business, whilst encouraging face to face training, tends to militate against more formal training activity.

22. This review also concluded that most of the problems encountered by farmers in gaining business skills are generally a barrier for the full range of businesses that are small and located in rural areas: they are not unique to agriculture. The proportion of people in the most rural areas of England receiving job related training is consistently lower than the England average.<sup>11</sup> The review concluded that if there was a case for using public resources to improve business skills, it would be applicable to all small rural businesses, not just farmers. However, provision of information to farmers on the private and business benefits of training appeared to be a good candidate for public funds as there was evidence of market failure in this area.
23. The recommendations coming from this Working Group must be considered in the context of the Business Support Simplification Programme (BSSP). This is a cross-Government initiative which is aiming to reduce the number of publicly funded business support programmes from around 3000 to no more than 100 by 2010. It was announced by the Chancellor in the 2006 Budget. We are aware that Defra Ministers are committed to this agenda. The BSSP vision is for easy-to-access, high impact, Government support for business. Such support must be targeted where it will have greatest impact, be efficiently delivered to get best value for money, and be fit for purpose so that it meets national, regional and local challenges in a changing global economy.

## Discussion

24. The Working Group particularly identified business planning as a key skills gap for diversified enterprises, as well as for the core farming business. The Working Group felt that the need for business planning both as a skill and as an ongoing business activity required intervention to ensure that the agriculture industry upgraded performance to meet that of mainstream business practice. The Group also identified people skills, in terms of both staff management and customer relations, as very important for diversified businesses. Farming tends to be a fairly isolated activity and increased mechanisation reduces the need for employment of farm workers and therefore reduces the farmer's contact with other people. Closure of livestock markets and other infrastructure means that farmer to farmer contact is also reducing<sup>12</sup>. Entering into diversified businesses often requires face to face contact with the public and employing staff (often with very different skills from the farmer), as well as interfacing with a variety of other businesses, contractors, suppliers and customers. All these are areas with which many farmers are unfamiliar. Even those farmers still

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<sup>11</sup> Productivity in Rural England, (Defra 2005).

<sup>12</sup> Recent research commissioned by Defra explores these issues in further detail: The Wider Social Impacts of Changes in the Structure of Agricultural Businesses, (Exeter 2006a).

largely involved only in commodity production are operating in an increasingly competitive market with ever more demanding customers and consumers.

25. Farming, in common with all business sectors, has the full spectrum of “personalities” involved in it from the most entrepreneurial at one end of the spectrum who are likely to already have several diversification activities, to the most traditional who are content to survive even if that means taking cuts in living standards, rather than modernise or diversify. In addition the farming sector, perhaps more than most, has a culture associated with the lifestyle of farming and the family and historical connections associated with this. Many farms are family concerns handed down through several generations. With this background, there is a feeling that some farmers do not conceptualise their farms as businesses in the same way as other sectors would do. This impacts on the farmers’ attitudes to the need for generic business skills and training. (The different approaches farmers have to dealing with business change and restructuring are explored further in Defra commissioned research<sup>13</sup>).
26. Farmers’ attitudes to diversification are similarly variable, and even those who have already diversified can see their new enterprises as necessary evils rather than logical and beneficial business development practice. This is also backed up in research, which found the key driver behind diversifying to be poor returns from farming (78%), rather than a more positive desire to develop the farm business (8%). A common attitude cited is that a farmer “shouldn’t need to have to be diversified, should be able to get a fair return for agricultural products.”<sup>14</sup> However, the same study found that a large majority (73%) of farmers with diversified businesses were at least optimistic about the contribution of the diversified business and only 20% of non diversifying farmers had no inclination to diversify at all, suggesting that many farmers would consider diversification if given the right encouragement.
27. This failure to conceptualise “farming” as a business and the perception that many farmers diversify because they have to, rather than because they see the business benefits of diversification, also influences farmers’ perception of the need for business advice and skills and their perception of potential sources of relevant advice and training. Again, research suggests that farmers value technical advice and training above other kinds. This can also affect how farmers access advice. The Working Group felt that farmers tend to go to tried and tested sources such as bank managers and accountants with whom they already have an established relationship, and do not always identify the benefits to be realised from working with public sector sources of generic business advice such as Business Links. This could be because farmers do not see the relevance of generic training or advice to agriculture or rural areas. Anecdotal evidence also suggests that the performance of Business Links

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<sup>13</sup> Exeter 2006a.

<sup>14</sup> Exeter 2006.

organisations is variable, with some marketing not attractive to rural and agricultural businesses.

28. A further cultural barrier is farmers' apparent lack of interest in training and the benefits it can offer. Research has found that nearly 60% of diversified farmers considered the availability of training as "not important" in their decision to diversify<sup>15</sup>. However, the Working Group also considered that many farmers had little confidence in the current form of training provision and some of the trainers providing it, many of whom we considered to have no background in rural or agricultural issues. The Working Group particularly considered the necessity to spend time away from the business as a key issue for farmers, especially livestock farmers. This should be considered when training suppliers are designing delivery mechanisms.
29. During the evidence gathering stage of the study the Working Group received reports of the effectiveness of farmer-to-farmer working and farm-focused business clubs, such as the rural hubs established by Advantage West Midlands. Similar approaches are run in the South West region under the 'SWARD' initiative. The Group's attention has also been drawn to a DTI sponsored project 'Inside UK Enterprise', which provides case study visits to diversified holdings to see at first hand the results and learn the lessons of successful diversification.
30. The Group recognises that people who may benefit most from business skills training are often those who are least likely to call on professional trainers or participate in formal training sessions. Instead these farmers are more influenced by peer recommendation or action; the actions and success of a neighbour can encourage adoption of new business practices or even diversification. Consequently the Working Group believes that further work should be done on farmer-to farmer initiatives and mentoring to assess the effectiveness of such approaches in the diversification context.
31. Costs and funding appears to be less of an issue. The recent Vocational Training Scheme (VTS - part of the England Rural Development Programme 2000-2006) provided up to 75% of training costs for a wide range of training activities, including farm diversification. Early on, take up of the programme was slow, largely because of the impact of Foot and Mouth and also the excessive bureaucracy, and the programme was changed part way through in order to streamline the paperwork required to encourage participation. The success of this has not yet been evaluated. However, the scheme has delivered nearly 157,000 training days up to the end of 2006, through nearly 19,000 individual courses and participants have gained over 17,000 qualifications (not all courses would have led to qualifications). Only about a third of VTS training has been to do with skills related to business competence (ICT excluded) though this has risen

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<sup>15</sup> Exeter 2006.

over time.<sup>16</sup> The Rural Enterprise Scheme (RES) also offered the opportunity for funding farm relief services whilst farmers were away training.

## Conclusions

32. The Working Group reached the following conclusions:

- There do appear to be some significant skills gaps which inhibit successful diversification. In the view of the Working Group, the most significant appeared to be business planning, market research, and people skills (both people management and customer relations).
- Access to funding does not appear to be a significant inhibitor to take-up of training.
- The issues relating to failure to take up training appear to be:
  - ❖ lack of recognition that generic business skills training intended for small and medium sized enterprises generally is equally applicable to farm businesses as to any other business of equivalent size
  - ❖ lack of recognition of the value of training other than that specifically targeting technical agricultural skills
  - ❖ problems with accessing training in venues and at times which facilitate small rural business participation
  - ❖ failure of providers to provide training in forms and content perceived as of value to mainstream and diversifying farmers and growers
  - ❖ lack of credible trainers and peer group mentors able to stimulate and support diversification.

33. As most of the above comments could apply equally to other small rural businesses which share many of the same practical barriers to training and skills development with farmers, many of the following recommendations apply equally to the full range of rural small businesses. However, we consider that, given the background and circumstances of farmers, particular attention is required on the part of training providers to tailoring advertising and provision to attract farmers and demonstrate the very real benefits of business skills in an agricultural business context.

## Recommendations

34. The Working Group considered that there were 3 key areas which merited attention: increasing awareness, promoting generic skills training as applicable to the generality of farm businesses, and improving the rural-proofing of skills training. The Group was unanimous in its view that these ends would be best achieved by appropriate action on the part of both government and industry. The Group therefore recommend:

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<sup>16</sup> Imperial College London 2007.

- **Recommendation 1:** industry groups should undertake an evaluation of the effectiveness of rural business training provision and business development with relevant government agencies and providers with the aim of promoting the benefits of training and development in business skills for farmers and growers
- **Recommendation 2:** Defra should re-visit the National Skills Strategy in order to improve the level of rural-proofing.
- **Recommendation 3:** Defra should both promote the need for and signal the availability of training in business skills through the Whole Farm Approach and Farming Link.
- **Recommendation 4:** training providers should tailor promotional materials offering farming related case studies to illustrate the benefits of business skills training in an agricultural context.
- **Recommendation 5:** training providers should offer flexible delivery hours and methods to maximise potential for farmers and other rural businesses to benefit.
- **Recommendation 6:** regional agencies should establish a network of business development mentoring and demonstration farms to illustrate effective farm diversification.

## **Section 2: The Application Of Current Planning Controls**

### **Background**

35. Under the Town & Country Planning Act 1990, planning permission is required for any development of land, which is defined as being any building or engineering operation on the land, or any material change of use of land. There are however a number of exceptions to this requirement. First, a number of types of what would otherwise be development are expressly excluded. The list includes the use of land for agriculture or forestry.
36. Second, a number of forms of development are exempted from the need to make a formal application for planning permission. So long as various specified conditions are satisfied, planning permission is granted under what are known as permitted development rights. The list of classes of permitted development includes operational development for agricultural or forestry purposes. Farmers' permitted development rights are set out in the Town & Country Planning (General Permitted Development) Order 1995 Part 6 Agricultural buildings and operations.
37. As a consequence of these special provisions for agriculture, the requirement to obtain planning permission for non-agricultural activity and the bureaucratic processes associated with gaining planning consents can be perceived as a particularly high barrier for farmers. In addition, the current planning consent processes are both complex and under-resourced. Finally, the Town and Country Planning system is largely urban centric, with too little regard for or understanding of rural development considerations. Perception and hear-say thus tend to be reinforced by poor experience, with the result that the effect of planning as a barrier to diversification operates at two key levels. First, the perceptions are so poor that many farmers do not even attempt diversifications which require planning consent for change of use. Second, the very complexity of the process and the broad range of reasons available for refusing planning applications for even minor changes of use means that diversification proposals can fall at this first hurdle.

### **Planning Policy Statement 7 – Sustainable Development in Rural Areas**

38. PPS 7 is the key planning policy statement covering development in rural areas, though others also have a bearing and sometimes conflict, as discussed below. PPS 7 states "Recognising that diversification into non-agricultural activities is vital to the continuing viability of many farm enterprises, local planning authorities should:
- be supportive of well-conceived farm diversification schemes for business purposes that contribute to sustainable development objectives and help to sustain the agricultural enterprise, and are



consistent in their scale with their rural location. This applies equally to farm diversification schemes around the fringes of urban areas

- where relevant, give favourable consideration to proposals for diversification in Green Belts where the development preserves the openness of the Green Belt and does not conflict with the purposes of including land within it.

### **The evidence base**

39. It is important to acknowledge that many farmers have diversified successfully, though it is not known how many of those would necessarily have needed planning permission. There is very little recent empirical evidence about the impact of planning as a barrier to diversification, though there is substantial anecdotal evidence from research studies, agricultural consultants and farmers themselves.<sup>17</sup>

40. An important piece of research for the purpose of this Working Group is a DETR (now DCLG) funded report looking at the impact of national planning policies on farm diversification, which reported in 2001.<sup>18</sup> This is now somewhat out of date as it predated Planning Policy Statement 7 – Sustainable Development in Rural Areas. It was also written before the full implementation of the England Rural Development Programme, a key source of funding for farm diversification activities. The aims of this research were to:

- assess the extent to which national planning policy guidance set out in PPG7 (1997, prior to its amendment in March 2001) for the diversification of farm businesses, is reflected in development plans and in development control decisions
- identify where, in the operation of the planning system, and in what circumstances, problems may lie; and
- establish the extent to which planning authorities are proactively assisting farm diversification.

41. The research was based on 21 sample local planning authorities and included inspecting regional and local plans, interviewing LPA staff and members, examination of case studies, postal and telephone questionnaires of farmers and finally stakeholder workshops.

42. The research found that 83% of farm diversification related planning applications in 1999-2000 were approved. Whilst this seems high, set in the context of planning approvals more generally, this compares with approval rates of 88% for all planning applications in England or just over 90% for minor developments (excluding dwellings). The approval rate for

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<sup>17</sup> Some data is collected in Exeter 2006

<sup>18</sup> The Implementation of National Planning Policy Guidance (PPG7) in relation to the diversification of farm businesses, Land Use Consultants, 2001.

farm diversifications varied across areas of the country with approval rates being lowest in urban fringe areas (68%) and highest in remote rural areas (87%). Where applications were refused, the most common reasons for refusal relate to: landscape and visual impact (62% of applications refused), development inappropriate in the countryside (52% of refusals), traffic and highways (51% of refusals), and inappropriate development in Areas of Outstanding Natural Beauty/Green Belts (33% of refusals).

43. Although it paints a reasonably positive picture of farm diversification approval rates, the report found a number of problem areas including: lack of vision in local planning authorities about their rural areas in terms of economic and social as well as environmental needs, conflicts between the then Planning Policy Guidance 7 (which was replaced by PPS7) and PPG 13 (Transport) regarding traffic generation, lack of understanding of modern agriculture by planning officials, lack of understanding of the role of planning by farmers, little available guidance, and slow processing of diversification planning applications.
44. Other findings of the 2001 Report included the value of pre-application advice, the need for linkages between the Local Planning Authority and Economic Development Departments, an apparent increase in areas covered by local protective designations, the continuing bias towards urban development, inconsistent advice, and indifferent, inflexible or negative attitudes of planning officers and sometimes councillors. As this report sets out, the Working Group has found many of these issues continue to be a problem.
45. More recent research<sup>19</sup> into the effects of public funding on farmers' attitudes to farm diversification found that planning continues to cause problems for farmers. It should be noted that the research was designed to examine the impact of public funding as a driver for diversification. However, to provide context, data was collected on other contributing factors, including planning. An analysis of the relevant statistics from the report is attached at annex C. In brief, between a quarter and a third of all diversifying farmers surveyed, whether successful in carrying out their activity or not, found planning to be a significant challenge to setting up their enterprises. Two of the Working Group members carried out brief surveys on their memberships into planning as a barrier to farm diversification. A summary of their findings are at annex D. Almost three quarters of respondents to these surveys found the planning system discouraging.

## **Issues**

46. The Working Group considered problems around the impact of the planning system at three key levels: Central Government (looking at issues around the creation and development of national policy), local

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<sup>19</sup> Exeter 2006.

planning policies (looking at how Local Planning Authorities implement national policy) and industry, looking at how individual farmers interact with the planning process. As has already been noted in the section of this report on business skills, almost all of the planning issues discussed below affect other rural businesses, not just diversifying farmers.

## **Central Government Issues**

### **Rural Proofing**

47. The Government is committed to ensuring that all its domestic policies take account of rural circumstances and needs – this is known as rural proofing. It is a mandatory part of the policy process and applies to all policies, programmes and initiatives at both design and delivery stages. A key role for Defra in taking this commitment forward is to contribute to the policies of other departments, assessing the impact of policy on rural areas and working with departments to reduce negative impacts and develop a balanced approach to policy making taking into account the needs of rural communities and economies.
48. A key problem for Defra is that its wide remit means that there are inevitably policy tensions within the Department and very often no clear hierarchy or method of balancing these priorities to allow a clear steer when it comes to policy delivery. These issues often come to a head when dealing with planning: for example the balance between permitting economic development in the countryside and the desire to minimise environmental impact.
49. A report by the Commission for Rural Communities<sup>20</sup> concludes that rural proofing is taking place both centrally and regionally to varying degrees and at varying stages in the policy making process and is happening through a variety of mechanisms. In particular Defra's role of championing rural proofing is showing evidence of becoming established. However, in some cases policies are not referred to Defra for advice early enough. It is also not possible for a proactive approach to be taken as policies may only come to Defra's attention at Cabinet Committee stage when policy change is reported. The report recommended that the rural proofing process and compliance with it needs to be better embedded into organisational systems and included in Departmental Capability Reviews.

### **Urban bias**

50. It is a widespread concern that planning policy has an overriding imperative towards urban development. This is both to improve prospects for lagging urban areas and steer major economic development towards areas with the appropriate existing infrastructure as well as preserving the

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<sup>20</sup> Challenging Government to meet rural needs – Rural Proofing Monitoring Report (CRC 2006)

character of the countryside. However, this policy can be interpreted to mean that economic development in rural areas should be avoided, and once these interpretations become incorporated into Regional Spatial Strategies and local planning policy, they can become an insuperable barrier to small scale rural economic development such as farm diversification schemes. The urban centric nature of planning can also mean that there is a lack of skills, experience and appreciation amongst planning officers of the need and nature of farm based diversification or wider rural economy issues. The bias towards development in and around urban areas is also encouraged by the principle of sustainable development.

### **Sustainable Development**

51. This is the fundamental principle underpinning planning policy. This is set out in Planning Policy Statement 1 and picked up in other PPSs. This sets the tone for planning policy for all areas and requires local development plans to consider the inter-relationship between social inclusion, protecting and enhancing the environment, the prudent use of natural resources and economic development.
52. In theory the three factors, economic, environmental and social, should all be given equal weight when considering development. In practise environmental and social issues appear to be given precedence. Yet it has to be accepted that virtually all forms of development will potentially have some negative environmental and social impacts, whilst providing economic benefits. The key issue is the balance of costs and benefits. PPS1 states that planning authorities should not impose disproportionate costs, in terms of environmental and social impacts, or by unnecessarily constraining otherwise beneficial economic or social development.
53. However, it can be difficult for planning officials to balance out long term effects with more immediate implications of planning decisions. The Working Group particularly felt that there was a strong bias against rural development on sustainability grounds that did not take into account appropriately the needs of rural economies and the value of economic development to rural communities in supporting local infrastructure and helping rural communities thrive.

### **Travel/Transport issues**

54. PPS 7 - Sustainable Development in Rural Areas, is quite supportive of farm diversification. However, PPS7 also discourages, on sustainable development grounds, rural development that may increase traffic. This has often been interpreted by local planning authorities as a reason for turning down planning applications for rural diversification proposals, with consequential economic implications for both rural areas and the farmer.
55. This is possibly about to be compounded by the Planning and Climate Change PPS which is out for consultation as this report is being written.

There appears to be a continuing lack of understanding about the nature of the availability of public transport in rural areas. There is little or no regular public transport in many rural areas and the only way those working and living in such areas can get around is through the use of private transport. The partial regulatory impact assessment of the proposed new PPS states that “development has to be located in areas that encourage transport options other than private car”; this is in contradiction both to the promotion of rural diversification and economic development in PPS 7 and policies on provision of rural affordable housing in PPS 3 and militates against the objective to reinforce fragile economies in rural areas.

### **Environmental designation/landscape character assessments**

56. Some environmental constraints imposed through the planning system are not discretionary (about 7-10% of land area) and do not originate from within the planning system. For example, rules on habitats, environmental impact assessments and on a range of other environmental issues are set out in EU legislation. At a local level, local landscape designations, impacts on wildlife and archaeological concerns form the bulk of environmental obstacles to development.
57. Guidance on preparation and use of Landscape Character Assessments (LCAs) is provided by Natural England. This guidance stresses that Landscape Character Assessment is a tool which can make a significant contribution to the objectives that relate to ‘environmental protection’ and ‘prudent resource use’ as corner-stones of sustainable development. However, it goes on to say that Landscape Character Assessment is not a tool designed to resist changes that may influence the landscape. Rather it is an aid to decision-making. This is supported by PPS 7, which recommends LCAs as a tool for creating criteria-based policies in Local Development documents to protect valued landscapes outside nationally designated areas without the need for rigid local designations, which may restrict sustainable development and the economic vitality of rural areas.
58. Whilst much of the role of Landscape Character Assessment is more applicable to high level decision making at strategic level, they are also used to inform Environmental Assessments at individual application level. The Working Group were concerned that overuse of the protective elements of Landscape Character Assessments - as a blueprint for the landscape rather than a description of its characteristics - can be a significant barrier to diversification and other rural development. Anecdotal evidence seems to demonstrate that landscape issues and inappropriateness of development in the countryside are often cited as reasons for refusal of farm diversification planning applications. This is backed up by research<sup>21</sup> which found that landscape and “appropriateness” issues were the most predominant reasons for turning down farm diversification planning applications.

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<sup>21</sup> Land Use Consultants, 2001

## **Inconsistent National Policy**

59. Planning Policy Guidance and the more recent Planning Policy Statements establish the ground rules for policy on a range of planning issues but overall present a somewhat confused picture for the planning and development communities alike. While setting a national overview and avoiding prescription – deliberately so in order to facilitate local decision-making responsive to local issues – their consistency leaves much to be desired. For example the supportive content of PPS7 is often undermined by other statements such as those on housing, nature conservation and transport.
60. In addition there are no checks done on how national policies are being delivered and no additional guidance offered on interpretation of national policy at a local level, though local development plans are tested for “soundness” by the Planning Inspectorate. Guidance for farmers on diversification applications by Local Planning Authorities does exist and can be very helpful, although these are written within the context of the interpretation of national policy of that particular Local Planning Authority.<sup>22</sup> Inconsistencies of application of planning policy between (and in some cases within) Local Planning Authorities is a key source of complaint from farmers.

## **Planning Gain Supplement (PGS)**

61. This is a recent proposal currently under consideration by HM Treasury and is a future potential barrier for farmers considering diversification. The aim of the PGS is to capture an element of the uplift in land values as a result of planning permission being granted, in the form of a tax. It is proposed that a proportion of the revenues generated by the PGS would be dedicated to local communities to manage the impacts of growth, and to funding the local and strategic infrastructure necessary to support and stimulate new development and contribute to long-term sustainability. The PGS would be used to ensure that local land value uplifts benefit local communities and support efforts to expand housing supply. The precise details such as the amount of the tax are not yet known, but the tax rate should not be set so high as to discourage development, but at a rate that at least covers the estimated local authority gain from section 106 developer contributions and provides additional resources to boost housing supply. The tax would apply to both residential and non-residential development land. Home improvements would be excluded.
62. The Working Group considers that the PGS as it is currently envisaged misunderstands the situation of farmers as developers and also runs counter to government policy (and support) to diversify farm businesses. In particular, the requirement that the tax should be paid upfront, before the uplift in land values has been realised, would be a significant barrier.

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<sup>22</sup> We had brought to our attention specific guidance issued by a number of LAs, including Lewes, Eden, and Stratford Upon Avon.

In the case of on farm developments in particular, most development is undertaken by the farmers themselves, with no third party involvement and often no sale of the land as the development remains part of the farm business. There is no obvious point at which the planning value of the land is realised. The requirement for the farmer to fund not only the development itself but the PGS liability would potentially be a significant financial burden. As currently drafted, the PGS liability is proposed as a standard rate and does not reflect the actual impact on local infrastructure. For tenant farmers it is also not clear whether the tenant or the landlord would be liable for the PGS liability.

## **Local Government Issues**

### **The Planning Delivery Grant**

63. This is a financial incentive for Local Planning Authorities to meet performance targets for processing planning applications. However, anecdotal evidence suggests that this approach may be backfiring in some cases. For example, the Working Group has heard that some LPAs simply reject all applications which they have been unable to process. Others invite applicants to withdraw planning applications close to the deadline and resubmit them in order to gain processing time.

### **Proportional approach to minor development**

64. A fixed list of conditions or requirements is often applied to all planning applications without due consideration of whether they are relevant, leading to a lack of proportionality. For example, contamination reports and environmental assessments are often required no matter what the nature of the development proposed. This can be due to poor skills and training of administrative staff who conduct the initial checks. It can also result from a “just in case” mentality, where officials are unprepared to take minor reasonable risks in an effort to cover all eventualities.

### **Pre application advice**

65. Some Local Planning Authorities do offer pre-application advice and the best also offer planning clinics but owing to lack of staff resources with appropriate skill sets within many rural authorities, not all LPAs are in a position to offer these services, resulting in many wasted and rejected applications. Research has found that positive approaches at pre-application stage were often not carried forward into the following assessment stages and that some planning officials could be negative and unhelpful<sup>23</sup>. Provision of advice and guidance above LPA level is made difficult due to the differing interpretation of planning policy between different authorities.

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<sup>23</sup> Land Use Consultants, 2001

## **Wider understanding of rural economy**

66. Planning officials are not required to have an understanding of rural businesses and the rural economy and are often not trained in this area. This problem is often compounded at planning committee level with Councillors often having a poor understanding of wider rural economic issues. The Working Group has also heard that there is often little interface between planning departments and economic development departments of local authorities.

## **Industry Issues**

### **Perception of planning as a barrier**

67. There is much anecdotal evidence, supported by some research, that many farmers find dealing with planning issues problematic.<sup>24</sup> However, there are no known figures of how many farmers reject diversification as an option to begin with because of planning concerns. Nor, are there any recent statistics about how many farmers that do go ahead with applications for diversified businesses, fail to get planning permission.

### **Failure to take advice**

68. Some farmers do not conceptualise themselves as businesses and fail to take relevant advice, particularly if accessing from mainstream sources. This is discussed more fully in the section on Business Skills. In addition, due to the special conditions around planning for agriculture set out in the introduction to this section, farmers often do not understand the need and importance of obtaining planning permission for non-agricultural diversification.

### **Lack of advice at individual level**

69. Whilst some local authorities do provide advice and guidance information, sometimes tailored specifically for farm diversification applications, others do not. Generic guidance is difficult due to the wide ranging interpretation of national guidance by Local Planning Authorities. The Defra "Farmers Guide to the Planning System", is now out of date. The Working Group also considered whether a template for farm diversification applications might be useful.

### **Unprofessional approach**

70. Many farmers do not appreciate the level of professionalism that local planning authorities expect in their dealings with planning applications. Due to lack of familiarity and experience, some farmers are not aware of

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<sup>24</sup> Exeter 2006



how to present information to Local Planning Authorities, for example the value of business plans and other supporting information.

## **The Barker Review of Land Use Planning**

71. The report of this Working Group must take into account the Barker Review of Land Use Planning which reported in December 2006<sup>25</sup>. Implementation of many of Barker's recommendations would go some considerable way towards meeting a number of the concerns detailed above. Set out below are the key issues of interest to the Barriers to Diversification Working Group and the Group's comments. These comments relate specifically to the impact of the Barker recommendations on farm diversification rather than the broader issues raised by Barker.

### **Barker's Recommendations**

72. **Sustainable Development** - strengthening of the economic aspects of development activity. Implementation of Barker's recommendations would go some way to addressing concerns about the over-use of environmental and social justification for turning down planning applications and help to develop a more balanced approach. Barker is particularly critical of the focus on transport and emissions issues to reject otherwise reasonable applications in rural areas, particularly for small developments when impact on congestion or emissions is likely to be low. The Working Group supports Barker's assertion that planning can only have indirect influence in these areas at best and that there are other, more appropriate ways of tackling them.
73. **Planning Policy Guidance 4, (Industrial, commercial development and small firms)** - It is now widely accepted that PPG 4 is out of date. The Working Group welcomes the recommendation that PPS4 should be published by end 2007 and trusts that it will take account of the needs of rural economic development and rural diversification.
74. **Green belt designation** – Barker recommends that regional planning bodies and Local Planning Authorities review Green Belt boundaries to ensure their continuing relevance, and consider enhancing the quality of Green Belt land, whilst allowing greater flexibility for proposed developments. The Working Group supports this recommendation as we consider that agricultural land of low value near urban boundaries should be considered for release for economic or housing development.
75. **Streamlining the Planning System** – Barker raises concerns about the quantity of primary and secondary legislation governing the planning system and the continuing complexity of the system for creating, revising

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<sup>25</sup> [www.communities.gov.uk/index.asp?id=1504875](http://www.communities.gov.uk/index.asp?id=1504875)

and consulting on regional and local development plans. The review recommends streamlining of national policies including expanding PPS 1, Delivering Sustainable Development, to replace some of the current menu of 23 Planning Policy Documents. Whilst the Working Group welcomes any move towards simplification of planning legislation, we would have grave concerns over any proposed loss of PPS 7 (Sustainable Development in Rural Areas) by its being subsumed into a larger document. PPS 7 is the key planning guidance dealing with development in rural areas, in a wider system which tends towards an urban bias.

- 76. Pre-application consultation** – Barker recommends more widespread use of such consultations to help minimise the number of abortive applications and improve efficiency. The Working Group support this recommendation as we believe that pre-application contact with planners significantly enhances applicants’ understanding of the planning process and requirements and will encourage more farmers to come forward with new business applications.
- 77. Widening of permitted development rights** – In another recommendation to improve efficiency of Local Planning Authorities, Barker recommends that minor commercial development with marginal impact on third parties should not require planning permission, and suggests processes such as negotiated side agreements to resolve conflicts, with only unresolved cases requiring intervention of the LPA. The Working Group supports this recommendation. Many farm diversifications can involve internal conversions of redundant buildings or use of equipment or machinery not dissimilar from agricultural equipment and therefore having little impact on neighbours. Widening permitted development rights to allow this kind of activity would remove a significant barrier to farmers considering small scale business conversions.
- 78. Minimising paperwork burden** – Barker identifies the need to ensure the proportionality of additional support information to the nature and scale of the application under consideration. To this end the report recommends raising the threshold at which statutory consultees become involved, introducing criteria to be fulfilled before additional information is requested from applicants, raising thresholds for Environmental Impact Assessments and reducing the paperwork required for Environmental assessments. The Working Group agrees with these recommendations. However, it should be noted that over-simplification of the EIA process could have a detrimental affect on some farmers, particularly where polluting activities are proposed on neighbouring land.
- 79. Training of planners and elected members** – Barker recommends compulsory training for planning committee members and the introduction of mechanisms to ensure the most qualified planners deal with the most complex cases. The Working Group supports these recommendations.
- 80. Increasing resources** – Barker noted the perverse effects of the current Planning Delivery Grant system (discussed above) in her interim report

and recommended amending it, linking it to improvements in housing development and plan making. However, the final report recommends that Planning Delivery Grant is continued though adapted. The Working Group is keen to see any perverse effects of the current PDG removed and would encourage a review of how the grant works in practice. The report also suggests that applicants could pay for additional resources to be applied to their applications. However, the Working Group is concerned that raising additional revenue by allowing applicants to pay more for increased resources will lead to a two tier approach to consideration of planning applications based on ability to pay.

### **Additional comments on the Barker Report**

81. Though not arising directly out of discussions of this Working Group, we would like to express particular support for the following of Barker's recommendations in addition to those referred to above:

- **Barker Recommendation 3, bull point 6:** ensuring that development in rural communities is not unduly restrained and allows for a wide range of economic activity;

82. The Working Group would like to raise their concerns about the following recommendation:

- **Barker recommendation 20:** this calls for maintenance of a form of Planning Delivery Grant beyond 2007/08. Whilst the Group supports the need for effective incentives for efficient management of the planning process, we encourage further investigation into how the grant works in practice. In particular this should look at the potential perverse effects of the grant which have come up in the Working Group's discussions, and which are referred to in Barker's final report (paragraph 5.27).

### **Working Group Recommendations**

83. The final report of the Barker Review of Land Use Planning was published on 5th December 2006. It is hoped that implementation of this review will address many of the issues we have discussed, although the Barker Review's remit was far wider. In the context of barriers to farm diversification, we make the following recommendations in relation to planning, cross referencing where applicable to the Summary of Recommendations in the Barker Report.

### **Central Government Issues**

- **Recommendation 7:** Defra should improve the resolution and presentation of conflicting departmental priorities when rural proofing

Communities and Local Government, policy and legislative provision. To this end it should charge the Commission for Rural Communities (CRC) to develop more effective stakeholder feedback and engagement over its own and other departmental policies. (Partly included in Barker recommendation 5.)

- **Recommendation 8:** when applying Sustainable Development considerations, Local Planning Authorities should actively and fairly consider the economic costs and benefits of proposals equally with social and environmental impacts. (Barker recommendation 3.)
- **Recommendation 9:** planning is not necessarily the most appropriate route for taking indirect action (e.g. trying to influence individuals' behaviour) on environmental issues such as travel and transport patterns and emissions. These issues should not be used as a basis to reject small scale rural development. (Barker recommendation 4.)
- **Recommendation 10:** policies which prioritise urban renaissance, city region and "town centre first" should not preclude economic development in rural areas. (Barker recommendation 4.)
- **Recommendation 11:** the planning system at all levels should undergo further review and simplification to improve speed of planning change and facilitate public access and influence. (Included in several Barker recommendations including 14,17,18 and 19.)
- **Recommendation 12:** the perverse impacts of Planning Delivery Grants should be investigated with a view to amending the function of the grant. (Mentioned in Barker recommendation 20. However see additional comments below.)
- **Recommendation 13:** thresholds for minor commercial development should be raised to allow small scale developments with minimum external impact to proceed outside the planning system.
- **Recommendation 14:** the threshold for inclusion in the Planning Gain Supplement (PGS) should be raised to exclude the majority of small scale developments such as farm diversifications. More work should be done on the existing Section 106 regime to enable its full potential to be realised.

### **Local Government Issues**

- **Recommendation 15:** Planning and Economic Development Departments in Local Authorities should be encouraged to work together more closely and there should be skilled rural economic development staff in each authority.

- **Recommendation 16:** planners and appropriate council members should be trained in economic development issues. (Barker recommendation 21.)
- **Recommendation 17:** Local Authority planners should be encouraged to develop a less risk averse and more proportionate approach to planning applications, particularly in terms of streamlining the quantity of supporting documentation required for small scale developments. (Barker recommendations 17 and 18.)

### Industry issues

- **Recommendation 18:** Defra and Communities and Local Government should update and re-publish “A Farmers’ Guide to the Planning System”.
- **Recommendation 19:** Local Planning Authorities should consider the value of setting resources aside for provision of pre-application advice. (Barker recommendation 19)
- **Recommendation 20:** Defra should consider the benefits of further research into the nature and extent of the planning process as a barrier to farm diversification.
- **Recommendation 21:** industry organisations should draw up a planning for diversification template for planning applications.

### Conclusion

84. The Working Group has concentrated on what it saw as the two key issues which may prevent farmers from diversifying their activities. As set out in the introduction, these are not the only barriers, and others may be worthy of further investigation. In particular the role of capital and access to finance would be a particular candidate for further investigation both in terms of the extent to which it is a barrier to activity and the effectiveness of current arrangements, with particular reference to special problems encountered by tenant farmers.

85. The Working Group hope that Ministers will accept these recommendations, which are broad ranging. Many require action on the part of either Government or the industry: other issues are best taken forward jointly. A key to the successful implementation of the recommendations will be consensus working between a range of stakeholders. The Working Group’s final recommendation therefore, is:

- **Recommendation 22:** the Government should establish a small joint government/industry stakeholder group with an external chair to champion delivery of the changes required.

86. The Tenancy Industry Reform Group might provide a good model, with a membership of about 10 stakeholders and an external chair. It is suggested the group should have a timescale of 18 months from establishment to final delivery report. Proposals for membership are at annex H.

# Annexes

- Annex A – Summary of recent key research findings**
- Annex B – Business skills levels as a barrier to farm diversification – Statistics**
- Annex C – Planning as a barrier to farm diversification – Statistics**
- Annex D – Diversification Survey NFU and CLA**
- Annex E – Summaries of presentations to the Working Group**
- Annex F – Barriers to Diversification Working Group membership**
- Annex G – Expert speakers at the two day workshop**
- Annex H – Proposed membership of delivery working group**
- Annex I – Bibliography**

## **Annex A - Summary of recent key research findings**

1. During the last year (2005/06) Defra commissioned three independent research projects which touch on the topic of diversification to various degrees. The three projects are:
  - The wider social impacts of changes in the structure of agricultural businesses
  - Research into the potential impacts of CAP Reform on the diversification activities of tenant farmers in England – Baseline Study
  - The effects of public funding on farmers' attitudes to farm diversification.
2. The three projects have clear differences in approach and draw varying conclusions, but also have some crossover in key areas, such as broad numbers of people diversifying and views on the future of farming under Common Agricultural Policy reform which largely concur.
3. A summary of the key conclusions from each project most relevant to our work is set out below. This highlights where there is read across between projects.

### **The wider social impacts of changes in the structure of agricultural businesses**

4. This study looked at the effects of CAP reform on farmers' behaviour. It found only a small increase in numbers of diversifiers and similar increase in numbers of businesses remaining static, absorbing policy change by reducing household consumption or accepting a declining standard of living. There was evidence that the effect of the uncertainty around the Single Payment Scheme and market conditions has been to delay widespread change rather than hasten its implementation, with the large majority of farmers, 76%, planning to continue farming or retire in favour of a successor.
5. This study's unique contribution to diversification research are the findings on the social impact of diversification. The study found that for non diversified farmers isolation was increasing, due to a variety of factors including farmers' spouses leaving the farm to work (and developing their own social circles), changes to the business such as labour shedding and declining contact between farmers because of dwindling infrastructure e.g. the closure of livestock markets. At the same time, farmers who had restructured their businesses and reduced their reliance on mainstream agriculture benefited in terms of reduced stress, more family time and opportunities to leave the farm. Those actively engaged in diversification are developing a new set of relationships with customers and suppliers as other traditional agricultural relationships are reducing. They are also



more likely to be involved in community activities and organisations and their contact with non-farmers has increased often as a direct consequence of diversified activities.

6. The report concludes by confirming the social benefits of diversification as a valuable spin off from the original policy rationale (diverting resources and spreading risk). It suggests there is scope for a fresh look at how diversification is regulated through the planning system and promoted under the next Rural Development Programme for England, focussing on training, marketing, networking and good design of new schemes. Those giving advice to farmers should be aware of the social reconnection effect and personal well-being benefits of diversification.

### **The potential impacts of CAP Reform on the diversification activities of tenant farmers in England – baseline study**

7. The purpose of this research was to assess the potential impacts that the introduction of the Single Farm Payment and other CAP reforms may have on tenant farmers in England, focussing in particular on their diversification activities. The study found that, despite, or perhaps because of, uncertainties around CAP reform, 80% of respondents indicated a continued commitment to farming with only one in seven intending to reduce or cease their commitment to agriculture. This corresponds closely with the previous study's findings.
8. Another similar finding was that the high levels of uncertainty about CAP reform mean that both tenant farmers and landlords are more concerned about levels of funding under the Single Payment Scheme than investment decisions such as diversification. Most were waiting to see how the Single Payment Scheme will affect their business before making major decisions. In terms of the influence of CAP reform on diversification activities, any new diversification activity was most likely to occur on farms which have already diversified, with around a third of already diversified farmers being likely to diversify further because of CAP reform. Four fifths of those who have not yet diversified were not likely to diversify as a result of CAP Reform.
9. In terms of current diversification activities, more than two thirds of tenant farmers who responded to the survey were diversified, even higher than the findings of the Exeter baseline study of 2002 (about 58% of owner occupiers had diversified according to the Exeter study.) However, the study also found, that whilst the extent of tenure (wholly, mainly or partly) did not appear to be a major influence on whether a farmer will diversify, wholly tenanted farmers were the least likely to, and tenant farmers expressed a preference for diversifying on land that they owned where possible.
10. The research found that larger farms were more likely to diversify, which is similar to findings in the Farm Business Survey. Also larger tenanted

farms were more likely to receive Rural Enterprise Scheme grants, though larger farms also tended to receive smaller grants. However, only one fifth of diversified respondents had received any grant.

11. The study highlighted the complexity of the tenanted sector, with many farms being part owned and part tenanted, some with a range of different tenancy arrangements and some with more than one landlord. The study also found an increasing tendency for owner occupiers to expand their farming activities using tenanted land.
12. Very few tenant farmers were aware of the Tenancy Reform Industry Group (TRIG) Code of Practice on Farm Diversification, though awareness amongst landlords was higher. About half of tenant farmers thought their landlord would support a diversified activity though about a third thought the opposite.
13. Very few landlords interviewed identified diversification as a method for farmers to stay in business. Most of the landlords interviewed had allowed their tenants to diversify, though they had varying views on what they would allow, and most would not permit activities which might jeopardise the character or physical environment of the land. However, the sample was biased towards traditional landed estates and cannot be said to be fully representative.
14. The study also found some potential changes in the structure of farm tenancy arrangements. Increasingly landlords expressed the intention to let tenanted farmland as bare land, with farmhouses and sometimes buildings either sold or rented out separately for the greater income they provided. Effectively this means that landlords and not tenants may be making the best use of their assets by diversifying their income base away from solely agricultural sources. Combined with the increased tendency for owner occupiers to expand their operations using rented land, this could affect tenant farmers abilities to diversify their activities in the future and also the availability of tenancies for new entrants.

### **The effects of public funding on farmers' attitudes to farm diversification**

15. This study looked at the rationale for continued government intervention to encourage farm diversification. The research found that just over half (51%) of its sample had diversified without grant support. This might lead to the conclusion that grant funding was not necessary to support diversification. However, the study found that the majority of those who diversified without grant were older, established diversified businesses involved in more "traditional" diversifications, (agricultural contracting, Bed & Breakfasts) relying on use of farm resources, and developed over time, and which largely predated the existence of grant support schemes.

### **Contribution of public funding to farmer's capacity to diversify**

16. Grant funding did not seem to affect profitability of an enterprise but did seem to have influenced employment with approximately twice as many staff employed by the diversified enterprise where grant had been received. About 90% of diversified farmers believed that without grant the business would not have gone ahead at all or would have been reduced in scope. About 75% also believed that receipt of grant had a longer term impact on the success of the project. Findings show that projects which received funding at establishment stage were significantly more likely to have undergone subsequent development. This may be due to the funding but also due to the rigorous application process and associated planning and advice. 75% of farmers who abandoned their plans for diversification projects did so because of failure to secure grant. Stakeholders also took the view that lack of capital was a key issue for diversification projects and considered that withdrawal of grants would have a negative impact on diversification. They saw grants in particular as improving confidence and "removing inertia" and also providing confidence for lenders suggesting a possible leverage effect on private funding sources.

### **Grant funding as a decision making factor**

17. Regardless of grant aid the key drivers for the decision to diversify were poor returns from the farming business, followed by identification of a market opportunity, which points to an essentially entrepreneurial approach. This implies that some farmers would have diversified without grant and that grant aid does not overcome inherent scepticism. However, most farmers still felt that the availability of grant had been important to the eventual decision to diversify. This evidence would seem to imply that farmers diversify for economic reasons, not purely to take advantage of grant availability, but then having taken the initial decision to consider diversification, grant availability has a positive effect on the decision to go ahead with the project.

### **Innovation**

18. No definite evidence was found that grant funding encouraged innovation. It may be that the grant scheme assessment process may actually mitigate against it by being risk averse. The study did find that "embracers" and "adaptors" were more likely to have received grants than "weak adaptors" and were more likely to want to expand or upgrade their businesses, or be considering further new diversification activity. It was argued that, given the attitudes of many farmers, including some who had diversified, that it wasn't a proper part of farming culture, the study concluded that any form of diversification activity was in itself innovative.

### **Success/failure rate of diversified business**

19. Stakeholders reported failure rates of all diversified businesses as low, backed up by the findings from the farmers' survey which found few discontinued businesses. In other parts of the survey evidence shows that grant aid had a positive effect on the continued success and viability of the enterprise. Other benefits associated with grant aid may also have an impact e.g.: increased confidence resulting from external validation of the business idea, increased confidence of lenders, friends etc, greater awareness and planning encouraged by the rigour of the application process.

### **Other public support – advice and guidance/training**

20. The study found that only 11-13% of farmers had full knowledge of the enterprise they were setting up and 55-60% had no knowledge of the new enterprise. Against this background, approximately 30% of diversified farmers received no advice relating to the enterprise. Of those that did, the majority felt it was either very useful or essential and most felt it was easy to obtain. Key areas identified for advice included planning consent, securing grants, marketing and securing funding. Those who applied for grants (whether or not received) attached greater importance to advice than those who did not.
21. The importance of training was very highly valued by stakeholders but much less so by farmers. Evidence showed that there was no shortage of training availability, but that farmers were unwilling to take advantage. Increasing the availability of training scored very low on factors likely to encourage farmers to diversify. Farmers received no training in 67% of the enterprises they had set up. However, the grant system seemed to have made a difference with 45% of farmers in receipt of grant having had some training. About 70% of those who did undertake training found it easy to find and essential or helpful to the business. Those farmers who had not received training less than 4% felt this had had any impact on the success of their enterprise.

### **Targeting**

22. Respondents were asked whether and how future funding should be targeted. Responses were wide ranging with little consensus. Some stakeholders felt that targeting already existed. Others were strongly against it in any form as being too restrictive and encouraging over supply. Almost every form of criteria was suggested as suitable for targeting. Tenant farmers were most favoured, followed by remote or hill farms, however others were strongly against post coding of provision.

## **Annex B - Business skills levels as a barrier to farm diversification - Statistics**

1. The following data relating to the impact of level of business skills as a barrier to diversification has been drawn from recent research commissioned by Defra into:
  - The effects of public funding on farmers' attitudes to farm diversification (Exeter 2006).
2. Research found a proliferation and diversity of advisory schemes. Key areas identified by new and developing diversifiers were, planning consents, securing grants, marketing and securing financing, all of which were seen as current major constraints to diversification. Most farmers who had received advice found it easy to obtain and useful. Inadequate market research, poor business skills and insufficient capital are more important in terms of lack of success than lack of advice.
3. Stakeholders, administrators and advisors were strongly supportive of training and mentoring, seeing it as an important pre-requisite of capital investment to ensure it is used to the greatest capacity and value. Many farmers remain unconvinced. In general the diversified farmers had had no training in 67% of the enterprises they had set up. Those diversified farmers who had received a grant were much more likely to have received training though still in the minority (45%). However, this was a much higher proportion than those diversified farmers who had not received (27%) or applied for (21%) grants. Only 4% of diversified farmers who had not received training considered that this lack had had any impact on the success of the business.
4. There was an expressed preference for intensive training, away from the farm, rather than the current, very short courses. Those farmers who did engage in training found it easy to obtain and either helpful or essential to the new business. However, most training undertaken was in technical skills, though some business management and marketing training was being undertaken and was found to be useful.
5. The research's recommendations included the provision of a flexible menu of support, including grants but also initial and ongoing advice, particularly in business planning and marketing, continuing the rigorous application process based on a quality business plan and including ongoing support and post application appraisal and mentoring.

## **Annex C - Planning as a barrier to farm diversification – Statistics**

1. The following data relating to planning as a barrier to diversification have been drawn from two research studies commissioned by Defra:
  - The effects of public funding on farmers' attitudes to farm diversification (Exeter, 2006) and
  - the Farm Diversification in England Baseline Study, (Exeter, 2002).

### **The effects of public funding on farmers' attitudes to farm diversification (2006)**

2. The figures below are taken from the telephone survey of approximately 1,000 farmers, though the research also included postal questionnaires to stakeholders and a focus group.

### **Farmers with current diversified enterprises**

3. 749 farmers out of the sample had diversified. The interview questions were asked of more than one enterprise per farm where these existed (up to 5 per farm) so the figure for current diversified enterprises is 1,032.

### **Major challenges to setting up (current diversified enterprises)**

4. Farmers with current diversified enterprises were asked what their major challenges had been in setting up each diversified enterprise and also to identify which of these had been their greatest challenge. Planning was cited as one of the major challenges for 32% of current diversified enterprises, ahead of all other challenges, followed by securing grants (29%), securing financing (18%) and marketing (15%). 20% of diversified enterprises put planning as the *greatest* challenge they had experienced in setting up their current business, again the largest number, followed by securing grants (18%), with marketing and securing finance tying at 9%.

### **Training (current diversified enterprises)**

5. Farmers with current diversified enterprises were asked whether they had undertaken any training relevant to their diversified enterprises. Farmers had undertaken training in 31% of current enterprises altogether. Only 1% had received training on planning. (Technical training 55%, other regulatory/compliance 30%, business management 25%, marketing 17%).

### **Advice (current diversified enterprises)**

6. Farmers with current diversified enterprises were asked whether they had received any advice relating to their diversified enterprises. Farmers had received advice relating to 63% of their current enterprises, of which 16% had received advice on planning (technical 29%, grants 24%, diversification and finance tying at 18% and marketing at 17 %.) Of those

enterprises which had received advice on planning, 95% found it helpful (22%), very useful (49%) or essential (23%).

### **Current major challenges (current diversified enterprises)**

7. Farmers with current diversified enterprises were asked what they considered were their current major challenges and which of these were most important. Though well below more relevant issues for an up and running business such as level of demand/competition (25%) and marketing (18%), planning is still featuring at 8%, above securing financing (7%) and staffing (5%) and was cited as the most important issue for nearly 6% of current diversified enterprises.

### **Diversified Enterprises which were not set up**

8. There were 62 enterprises (not necessarily individual farmers, one farmer may have considered more than one enterprise) included in this sample.

### **Diversified enterprises not set up - reasons for not going ahead**

9. Farmers were asked for reasons why diversified enterprises which had been considered were not set up. Farmers gave planning issues as the reason for not going ahead for 24% of these enterprises, second only to failure to secure grant aid (40%) and ahead of financing issues (16%) and expected profitability/financial return (13%). For 21% of potential enterprises, planning issues were the **most important** reason given for not pursuing their business, again after failure to secure grant aid at 37%.

### **Diversified enterprises not set up – range of advice sought**

10. Farmers were asked whether they had received any advice relating to diversified businesses not eventually set up. 81% of farmers received advice for these enterprises (interestingly more than that for current enterprises, see above). 18% of these received planning advice, second only to grant advice at 21%.

### **Non-diversified farmers**

11. There were 251 non-diversified farmers in the sample, of which 165 indicated an interest in diversifying in the future.

### **Non-diversified farmers considering diversifying – most significant issues/ challenges**

12. Farmers considering diversifying were asked what they saw as their most significant challenges. 23% of farmers considering diversifying cited sorting out planning constraints as a significant issue/challenge, second only to market opportunities.

## **Attitudes and Opinions**

### **Diversified and non-diversified farmers attitudes and opinions – how farmers could be encouraged to diversify**

13. 749 diversified farmers and 251 non-diversified farmers were in this sample. Both diversified and non-diversified farmers were asked how farmers could be encouraged to diversify. Planning as an issue came quite far down the list at 5% behind activities to do with improving the grant application process (27%) and broadening availability of grant funding (21%), but among a very broadly spread range of options. However, it is not wholly clear what the actual issue is e.g. simplifying the process, offering more advice etc. This was not asked as part of the questionnaire but must have been mentioned repeatedly by farmers as an “other” issue to feature in the table at all.

### **Farm Diversification in England Baseline Study, Exeter 2002**

14. This was a postal survey. 5,500 questionnaires were sent out with a response rate of 51%. 1,716 respondents indicated some diversified activity. Again there may be more than one enterprise on each farm holding but the responses are from the diversifying farmers in this case, not for each diversified enterprise.

#### **The incidence and nature of problems experienced in establishing diversified enterprises**

15. 62% of farmers in this survey had no problems in setting up their diversified enterprises. Planning was the third most cited problem at 9%, following uncertain/changing demand for service or product (13%) and other regulations or licenses (12%) and ahead of raising finance (8%).

#### **The incidence and nature of the problems experienced in operating diversified enterprises**

16. As would be expected planning is much less of an issue for business in operation. 64% of farmers found no problems in running diversified enterprises. The major problems where they existed were uncertain or changing demand for service or product (15%) and other regulations or licences (8%). Planning issues came second from last in the list at only 2%.

## **Conclusion**

17. The evidence above, particularly in the more recent research, does suggest that farmers perceive planning as a substantial barrier towards diversification activities. Approximately one third of diversified enterprises encountered planning problems whilst setting up with one fifth citing planning as the major obstacle. Also about a quarter of enterprises that



did not proceed cited planning as a key reason, with one fifth citing it as the main reason. About a quarter of farmers considering diversifying perceive planning as a potential challenge. A fairly small number of enterprises received advice on planning, compared to some other activities though most found the advice useful. Interestingly, when asked what could encourage more people to diversify, planning issues came quite low down on the list, however, as planning was not directly included in the question, but came up as part of an “other” category, it was obviously proposed by a number of farmers to have made it into the table at all.

18. It is interesting to note that whilst planning was one of several peripheral issues looked at by the report (its main remit was to compare the impact of public funding on diversification activity), it was raised in the report recommendations as an issue that might inhibit future support regimes, particularly “a degree of unwillingness within Local Planning Authorities to embrace business development in the countryside”. Planning in the 2006 research appears to be far more of any issue for farmers than was found in the 2002 report, though the differences in objectives, methodology, questions and sample probably preclude drawing any firm conclusions about this.

## **Annex D - Diversification Survey – National Farmers Union (NFU) and Country Land and Business Association (CLA)**

### **Background**

1. In order to fill the acknowledged evidence gap on planning as a barrier to farm diversification, industry representatives of the Barriers to Diversification Working Group undertook to carry out a short member survey. The summary below, combines the responses of the NFU and CLA surveys. The survey was carried out in December with a deadline of early January. Nearly 100 farmers responded to the questionnaire.

### **Summary of responses**

2. All respondents had considered a diversification project at some point in the last 10 years, with nearly half of the CLA respondents having considered diversifying within the last year.
3. Over four fifths of respondents had followed up their diversification proposal with a planning application.

### **Planning System**

4. Nearly two thirds of respondents considered that they understood the planning system and how to achieve a successful application. However, almost three quarters felt discouraged by the planning system and nearly half felt discouraged by the complexity of the planning application.

### **Supplementary information**

5. Only just over a third of respondents included business plans with their proposals, others supplying letters or reports to justify the proposal.

### **Pre application contact**

6. Almost four fifths of respondents requested a pre-applications discussion and nearly three quarters of those received one. Over four fifths of applicants contacted the planning officer during the application process period to discuss the application.

### **Success rate and conditions**

7. Over half of applications were unsuccessful, but this masks a wide variation in responses between the CLA and NFU. Three quarters of the CLA respondents were successful against only one third of the NFU respondents. There was also a wide difference in the granting of conditions, with nearly all of the NFU members' successful applications having conditions imposed and less than two thirds of the CLA members' applications. Only between one third (CLA) and half (NFU) of respondents

were aware that conditions were likely to be imposed as part of the approval process.

8. The variety of conditions were fairly evenly spread across the categories (Landscape, materials, design, siting, access, operating conditions, other). Access was perceived by the majority of respondents to be the most onerous condition.

### **Application Cost and Time**

9. Only about half of the CLA respondents considered the cost of achieving planning permission proportionate to the cost of setting up the diversification whereas nearly four fifths of the NFU applicants found it proportionate. Only a third of all respondents had their applications dealt with within the statutory time limits.

### **Unsuccessful applications – reason for refusal**

10. “Impact on the landscape” or “detrimental to character and appearance of the surrounding area” were the most common reasons for refusal.

### **Appeals**

11. Less than half of appeals were successful. About two thirds of those whose appeals were successful, still felt the cost of the planning process was proportionate to the cost of establishing the diversified business, despite the extra cost involved.

### **Other barriers**

12. Aside from planning and other regulatory red tape, cost and the attitude of neighbours and the public were perceived as considerable barriers to farm diversification.

### **Comments**

13. Many respondents took the opportunity to comment as summarised below:
  - Planners have a poor understanding of rural businesses and need;
  - Planners hide behind policies which are often outdated and ignore more recent government directives;
  - Planners are scared to make decisions and thus turn applications down;
  - Nimby attitudes of neighbours;

- The imagination and confidence of farmers to look at the bigger picture and use the assets they own in another way. Farmers need to see their farms as ways of making money not just doing what their fathers did;
- Opposition from those who wish the farming community to maintain the countryside as a playground/museum rather than a working environment;
- Biggest barrier is the planning authorities and increased local bureaucracy;
- Present style seems to “can we prevent this” while we need an attitude of “can we pass this” in order to maintain local rural economies;
- Present farming unable to generate funds to finance new diversification;
- Tenanted sector unable to borrow enough capital;
- Too busy farming, no time to plan.

## Annex E - Summaries of presentations to the Working Group

### Business Skills - Industry Specialist Presentations

1. The Working Group heard presentations from four industry specialists in Business Skills (see annex G) from Lantra, Sussex Enterprise, South West Rural Enterprise Gateway and the Royal Agricultural College.
2. **Lantra** – The Lantra presentation set out the position regarding skills and training in the industry. The key conclusions from this presentation were that there was a low level of business and management skills in the sector, and the industry lacked awareness for the need for business and management training. Low importance was given to training generally and business and management training in particular. The benefits of business and management skills development were not recognised. Key recommendations coming out of the presentation were for appropriate and streamlined funding, ongoing development of Lantra's competency framework, provision of effective business and management training delivered via a flexible approach to meet needs of small and medium sized businesses, and development of advocates and ambassadors to promote the benefits of business and management training to farmers.
3. **Sussex Enterprise** – This presentation identified the need to diversify, to improve efficiency and improve asset management as major issues, especially in relation to the Single Payment Scheme. This new arrangement also has implications for farmers planning livestock and cropping strategies and cash planning. Key skills needs were identified as ICT skills/telecoms/internet awareness, finance skills, preparation of business plans and dealing with planners. Specific business skills identified included selling and marketing, promotion and advertising, negotiating skills, packaging and labelling and human resource issues. The presentation suggested a mix of specialist and generic sources of advice and training with appropriate signposting.
4. **South West Rural Enterprise Gateway** – The stated mission of the Gateway is to help rural businesses to develop and adapt to change. The Gateway approach works through four main strands:
  - workforce development – access to grant support and meeting training needs
  - knowledge transfer – a resource of high level research and information relevant to rural businesses
  - business support – grant funding for businesses working together to achieve collaborative goals, and
  - collaboration – encouraging and supporting collaborative activity between farmers.
5. Rural Enterprise Gateways are delivered through Business Links but have a strong rural focus and use rural and farming case studies.

6. **Royal Agricultural College** – All agriculture students study marketing, finance and business planning. Farm Business Diversification is an additional, elective module which is becoming increasingly popular. There is a programme of visits and visiting speakers and students produce a full scale business plan for a diversified enterprise. Important elements include market research, a marketing strategy, analysis of resources, technical and legal requirements and financial statements. In addition the students have to present the plan both in a clear written form and through a verbal presentation. The college views understanding of basic business skills as a pre-requisite for diversification, followed by inspiration by examples and learning by student application.

### **Planning – Industry Specialist Presentations**

7. The Working Group heard presentations from three specialists in Planning (See annex G): St Edmundsbury Borough Council Planning Department, a rural planning consultant, and Defra's Planning Policy Team.
8. **St Edmundsbury Borough Council** – This presentation set out the levels of planning policy - national, regional and local - identifying key features of importance such as PPS7 at national level, quotations from regional policy documents in support of the rural economy and diversification and gave examples of a Local Planning Authority approach to farm diversification. This was set into the overarching context of Sustainable Development. The role of supplementary guidance was set out as amplifying local policies for particular subject areas or localities, and as being material in considering planning applications. Examples were provided of useful guidance written by Local Planning Authorities for farmers considering diversification. The presentation finished by setting out key planning issues from the planners' point of view, in particular that intense employment generation was not considered appropriate for the countryside, major transport generators were not sustainable, the importance of viability of the farm unit, appropriateness and value of farm buildings for conversion and that land was considered a finite resource.
9. **Rural Planning Consultant** – The presentation began by questioning the definition of both a farmer and diversification. It covered the key procedural planning barriers including poor staffing of planning authorities, staff without rural backgrounds, lack of, or negative pre application advice, lack of approachability and neighbours' perceptions. Examples were provided of the extensive and onerous forms and supplementary information required as part of the planning application process. The current "plan led" system was criticised as being confusing, inflexible and inadequately rural proofed. Suggestions were made for changes to planning policy reducing the complexity of documents and returning to a status where planning was granted unless material circumstances dictated otherwise.

**10. Defra Planning Policy Team** – This presentation set out Defra’s interests in the planning system and how the Department influences the process. Defra has a wide range of interests across its remit including rural economy and housing, but also issues such as food and farming, land management, biodiversity, energy, flood and coast management noise and climate change. While Communities and Local Government leads on planning policy, Defra’s has a role to contribute to national policy development. PPS 7 - Sustainable Development in Rural Areas is one of Defra’s key interests but there are at least five other current PPSs in which Defra has an interest, as well as several in the pipeline. Defra also contributes towards the Government response to Regional Spatial Strategies. At a local level the role of Defra is taken forward by Government Offices, the Environment Agency and Natural England which comment on Local Development Frameworks, ensuring their consistency with Regional and National Policy. Defra does not comment on individual planning applications. Defra’s interest in the planning system is wide ranging but there are no clear priorities and aims are contradictory which means that regional and local planners can struggle to reconcile Defra’s objectives. In the short term Defra is developing a more strategic approach to influencing planners. In the longer term Defra is encouraging a debate about land use driven by the Barker Review and Defra’s Strategy Refresh and One Planet Living agenda. Future land use needs to balance the requirement to protect some land, in the light of increasing need for housing, the impact of climate change, as well rural development needs.

## **Annex F - Barriers to Diversification Working Group Membership**

### **Industry**

**Fiona Bryant** – East of England Development Agency

**Andrew Clark** – National Farmers Union

**Fenella Collins** – Country Land and Business Association

**George Dunn** – Tenant Farmers Association

**Mary Talbot Rosevear** – Small Farms Association

**Michael Stubbs** – East Midlands Development Agency

### **Defra**

**Heather Peck** – Innovation and Better Regulation for Farmers Division (Chair)

**Dominic Rowland** – Rural Economies Division

**Julia Negus** – Rural Economies Division (Secretariat)



## **Annex G - Expert speakers at the two day workshop**

### **Business Skills**

**Tim Drew** - Industry Partnership Manager for Agriculture, Lantra

**John Evans** - Farming and Rural Business Adviser, Sussex Enterprise

**David Hynd** - Regional Project Manager, South West Rural Enterprise Gateway

**James Jones** - Principal Lecturer in Farm Management, Royal Agricultural College

### **Planning**

**Julie Hitchcock** – Planning Policy Team Leader, Defra

**Judith Norris FRICS** – Judith Norris Ltd, Specialist in rural planning

**Ian Poole** - Planning Policy and Specialist Services Manager, St Edmundsbury Borough Council

## **Annex H - Proposed membership of delivery working group**

Agricultural Law Association  
Campaign to Protect Rural England  
Central Association of Agricultural Valuers  
Commission for Rural Communities  
Communities and Local Government  
Country Land and Business Association  
Department for Environment Food and Rural Affairs  
Local Government Association  
National Farmers Union  
Regional Development Agencies  
Royal Institute of Chartered Surveyors  
Royal Town Planning Institute  
Tenant Farmers Association

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