

Paper for XIth Agrarian Perspectives –
Development of Multifunctional Agriculture – UK Example.

Simon Dennison

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Introduction

All farmers in the U.K. operate under EU C.A.P. rules. These rules will come to ČR in due course, when you join the EU. The rules are particularly important to arable farms and those producing beef, sheepmeat and milk. Pigs and poultry are hardly affected at all by the C.A.P. at the farm level.

On arable farms, receipt of Arable Area Payments is conditional upon having 10% set-aside. At present Arable Area Aid is approx. 215GBP per Ha., with slightly more for protein crops.

Dairy farms are affected by the strict imposition of a milk quota on production, with a punitive fine for over production.

Beef and Sheep farms receive headage payments, based on quotas for breeding livestock or Cattle Identification Documents for male cattle only.

At present the vast majority of available farmland in the UK is used for food production.

Factors influencing the development of Multifunctional Agriculture in UK

1. It must enhance rather than detract from overall levels of profitability. This sounds obvious, but frequently the tough, commercial world of non-agricultural activities is underestimated due to lack of experience outside agriculture.
2. There is an increasing demand for industrial crops – oilseed rape and linseed grown on set-aside land, as they are non-food crops. Oilseed rape for biodiesel production appears to be growing most of all, particularly in the rest of the EU. Due to North Sea oil, the petrochemical lobby in the UK appears to be trying to block the development of biodiesel as it is clearly not in its commercial interest to help the opposition to develop its product. It is likely that this may change in the future, due to pressure from the rest of the EU.

The demand for straw and short-term coppice for fuel is also starting to develop in UK. Short-term coppice can also be grown on set-aside land.

3. There needs to be **positive** financial encouragement from government/Brussels to encourage environmentally friendly maintenance of hedges, stone walls and farm buildings. Outside the Upland areas of the UK (Less Favoured Areas), this is, at present, not the case. Encouraging words and statements by politicians are **not** backed up by financial incentives.
4. Poor, badly drained or low lying land, however small the area, requires **positive** financial encouragement to change its use. At present the Countryside Stewardship Scheme is a 10-year commitment with many “strings” attached, but it is backed up by some financial reward. The scheme is not interested in small areas, say 5Ha., and many farmers consider 10 years too long to commit to such a scheme. The rates of reward are not fixed for the 10 years and are at the discretion of the Commission in Brussels.
5. In the future, receipt of Arable Area Aid payments may be conditional upon certain environmental conditions being met. This has been frequently stated by politicians, but is not the case at present. Exactly what these conditions may be, and how they may be policed is unclear. An example of this has been attempted by several of the main supermarket buyers, e.g. Tesco and Sainsbury for potatoes, fruit and vegetable crops. They stipulated rotational requirements, establishment of wildlife habitats and many more. On a farm level, policing of all this appears to be, at best, haphazard and irregular. It is likely that it is only done to convince their discerning customers, that the produce is grown in an environmentally friendly way.
6. Conversion of redundant farm buildings to non-farm use requires flexible planning controls by local councils for change of use. This is a major issue in South-East England, where there is a significant demand from light industry and local commerce for building space. Office and other space in local towns and villages is frequently at a premium and may cost £20 per square metre. Converted farm buildings offer the following additional advantages, compared to urban locations:
 - (a) Pleasant rural location.
 - (b) No car parking problems.
 - (c) Probably plenty of space for further expansion.
 - (d) Lower local rates.

There are also likely to be some disadvantages:

- (a) Remoteness.

- (b) Access problems, particularly during inclement winter weather.
- (c) Increased possibility of burglary or theft.
- (d) Converted farm buildings may be less convenient, i.e. still farm buildings.

I know of one farmer who has built up a consultancy business, advising other farmers how to convert their buildings in the most efficient way, how to “manage” the local council and the planning laws, finding suitable tenants and then organising the letting, being paid a commission for his work.

7. On tenanted farms, most tenancy agreements specifically exclude use of the land or buildings for non-agricultural purposes. They will argue that the landlord himself could use his assets for himself in this way. At the very least, the landlord must give his permission for the use of his assets in this way, and will demand a large proportion of the rewards for the tenant’s endeavour. If the tenant does not obtain the landlord’s permission, it is likely to be grounds for, at best, “notice to remedy” in a given timescale, or, at worst, notice to quit. The growing of industrial crops appears to still constitute “farming”, whereas other land uses do not. Overall Multifunctional Agriculture mainly only applies to the land owning sector.

Requirements for development of Multifunctional Agriculture

1. Owing to the densely populated nature of most of the U.K., a significant proportion of the countryside has a local wealthy urban population on its doorstep. This is particularly so in South East England, due to its proximity to London. This creates a significant demand for land and buildings for leisure and light industrial purposes. Examples of this alternative use of traditional farming assets are:
- (a) Golf Courses
 - (b) Golf Driving Ranges
 - (c) Camping
 - (d) Caravanning
 - (e) Bed and Breakfast (Hotels)
 - (f) Pony Trekking
 - (g) Hiking, Rambling and Walking
 - (h) Clay Pigeon Shooting
 - (i) Motorbike Scrambling

2. To manage these “diversified” enterprises, farmers will require additional management skills and techniques. For large-scale enterprises, such as Golf Courses the required management skills will usually be brought in from outside. It is rare to find such skills amongst the majority of farmers, but a few will and do manage it successfully. If these skills are not there, it is likely that the enterprise will fail.
3. Flexible planning controls are required from the local councils and are important for Multifunctional Agriculture to be successful. This is frequently a significant hindrance owing to either ignorance or innate conservatism. Much skill in managing the local council to win their support is vital, and frequently missing.
4. In the U.K. income from “diversified” enterprises is usually taxed separately from the main farm business, unless the income is very small. This means that losses on the farm cannot be offset against profits on the “diversification”. This does not encourage Multifunctional Agriculture. Taxation of the whole business, whatever the proportion of farming and other income, would encourage more diversification.

Conclusions

1. The majority of farm profits are likely to continue to come from food production – this is **not** the answer to a failing farm business. It **must** be in addition to a successful business.
2. Multifunctional Agriculture **must** add to profitability, not detract from it.
3. Government support in action, not just words, is important, rather than discouragement or apathy.
4. Farmers will be required to develop new management skills for the new venture.
5. For the tenanted sector, a solution needs to be found in the tenancy legislation, to enable a more positive approach by the landlords and their agents. At the very least the division of reward for the tenant’s effort needs to be more than the 50% that it usually is.
6. Multifunctional Agriculture is common and widespread in the U.K. and continues to expand.