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## Contents

<b>Foreword</b> .....	<b>iii</b>
<b>Acknowledgements</b> .....	<b>iv</b>
<b>Disclaimer</b> .....	<b>iv</b>
<b>Further Reproduction</b> .....	<b>iv</b>
<b>Executive Summary</b> .....	<b>1</b>
<b>Farming in Norfolk</b> .....	<b>17</b>
<b>Weather</b> .....	<b>17</b>
<b>Water resources</b> .....	<b>19</b>
<b>Land quality</b> .....	<b>20</b>
<b>Features of farms</b> .....	<b>21</b>
<i>Area of agricultural land</i> .....	21
<i>Farm size</i> .....	21
<i>Tenure</i> .....	23
<i>Farm types</i> .....	24
<i>Cropping and stocking</i> .....	25
<i>Uptake of environmental support</i> .....	29
<i>Agricultural employment</i> .....	30
<b>Agricultural Policy Context</b> .....	<b>33</b>
<b>Wider policy framework</b> .....	<b>33</b>
<b>Support for the regional rural economy</b> .....	<b>33</b>
<b>Regional planning framework</b> .....	<b>37</b>
<b>Norfolk Farm Study Survey</b> .....	<b>39</b>
<b>Questionnaire design</b> .....	<b>39</b>
<b>The sample</b> .....	<b>40</b>
<b>Key findings</b> .....	<b>41</b>
<i>Pressures for change</i> .....	41
<i>Strategic options</i> .....	44
<i>Adding value</i> .....	45
<i>Environment</i> .....	47
<i>Training and business support</i> .....	48
<i>Succession</i> .....	49
<b>Discussion</b> .....	<b>51</b>
<b>SWOT analysis</b> .....	<b>51</b>
<b>Current initiatives</b> .....	<b>53</b>
<b>Further action</b> .....	<b>55</b>

<b>Appendices .....</b>	<b>58</b>
<b>Appendix 1 .....</b>	<b>59</b>
<b>Membership of Shaping Norfolk's Future Rural Economy Board .....</b>	<b>59</b>
<b>Appendix 2 .....</b>	<b>60</b>
<b>Defra Farm Types Defined.....</b>	<b>60</b>
<b>Appendix 3 .....</b>	<b>62</b>
<b>The Farm Study Survey Questionnaire .....</b>	<b>62</b>

## Foreword



*Sir Nicholas Bacon*

Farming is going through a period of major change in response to pressures generated by such issues as reform of the Common Agricultural Policy and the globalisation of world trade.

These are influencing the way in which we view assets and the tradition in which they work for us; it has led to major growth in farm diversification and also the increasing interest in niche markets.

The importance of the Agricultural sector to the county's economy is underlined by a comparison of the employment and Gross Value Added statistics:

Year 2004	UK	East of England	Norfolk
Employment ('000s)	426.9 (1.4%)	38.4 (1.4%)	9.7 (2.6%)
GVA (£m)	£9,009.5 (1.0%)	£1,64.7 (1.3%)	£295.2 (2.3%)

Development of the agriculture and food processing sectors and general issues for the rural economy in Norfolk are addressed through the Rural Economy Board and its Action Plan. The findings of this Farm Study will provide the Board and other agencies with an up to date picture of the sector's needs in today's rapidly changing environment and thereby inform the generation of further interventions to assist the sector.

The response rate of farmers to the questionnaire was 24%. That is a remarkable statistic when compared with other surveys. It shows how strongly farmers in Norfolk are aware, how much they care and want to influence their own futures in what could be the beginning of another positive era for farming.

Sir Nicholas Bacon

*Chairman of the Rural Economy Board, Shaping Norfolk's Future*

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The report was written by Richard Rampton, Norfolk Rural Business Advice Service, and Michael Hand, Norfolk County Council. Administrative support was provided by Pat Thompson, Norfolk County Council. The authors wish to express their thanks to those farmers that returned completed questionnaires, those who attended the focus group and those individuals consulted at the draft stage of this report for the helpful comments made.

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## **Executive Summary**

The Norfolk Farm Study 2006 has been commissioned by the Rural Economy Board of Shaping Norfolk's Future to provide a review of the current state of the farming industry in the county. The Board has sought to identify problems facing the industry and the gaps present in both the measures and support designed to deal with those problems.

The study is intended for use by policy-makers at local and regional level, providing them with reliable information on trends in production levels and resource use, together with a survey of farmer opinion as to likely future decisions over farm business development.

## **Farming in Norfolk**

### **Weather**

The county's climate is influenced by its low relief and proximity to continental Europe. It is one of the driest parts of the UK, with average rainfall only two thirds the national average. The county also experiences greater extremes of temperature than elsewhere in the country.

Recent years have shown a measure of variation, but the trend has been towards a rise in average annual temperature and in annual rainfall, with a slight fall in sunshine hours.

### **Water resources**

Water resources have been affected by a series of dry winters and there are concerns over the possible effects of climate change, including coastal flooding. With an increasing acceptance of the inevitability of rising sea levels in the long term, policies are being developed that would not see such defences maintained and managed reversion of large areas of the county to tidal inundation is under consideration.

Irrigation has a substantial impact on cropping potential of large areas of the county, especially in the Fens and on the light sandy soils. Here, soils are enabled to produce to their full potential unrestricted by low rainfall. As a result there has been increased and intensive irrigation of high value vegetable and root crops.

To manage the region's water resources and to ensure security of water supplies, Defra and the Environment Agency have encouraged reservoir building designed to store surplus winter rainfall for use in the summer.

### **Land quality**

Defra has devised a system to measure the quality of farmland, dividing it into 5 grades, of which Grade 1 is the highest. The system examines the constraints to production, with Grade 1 having the fewest and Grade 5 the most.

In Norfolk, the Grade 1 and 2 land is concentrated around the Fens in the west, with more in the north-east. Grade 3 occurs widely throughout the county. Grade 4 soils are mostly the sand soils of Breckland around Thetford.

Irrigation is used to overcome the drawbacks of lighter land and raises its potential significantly, especially for high value root crop production.

The flexibility and versatility of Norfolk's soils gives farmers the opportunity to adapt swiftly to changing demand and has buffered them from some of the effects of altered economic circumstances. However, were water abstraction to be curtailed, there would be serious consequences for the production potential of wide areas of the county.

## **Features of farms**

### ***Area of agricultural land***

The farmed area of Norfolk is 433,022 ha (Defra June Census 2004), with a total of 5,797 holdings.

### ***Farm size***

The development of farm size has shown an interesting recent change, dating from just before the introduction of the England Rural Development Programme in 2001. Until then, average farm size had been tending to increase and the number of small farms had been decreasing. However, between 1995 and 2000, and continuing to 2004, there has been a marked rise in the number of Defra registered holdings of less than 5 ha, as recorded by the annual census.

There are a number of possible explanations for this trend, which has been noted nationally as well as locally. Small parcels of land associated with a house may have been registered to ensure eligibility for Single Payment and other support. Land, especially with a surplus house, may have been disposed of to raise capital and the new owners may have registered the property with Defra, again to benefit from support measures. Finally, there may be a developing social trend against the old established system of primogeniture, whereby on inheritance a farm may be split between children rather than passing intact to the eldest.

### ***Tenure***

Farm tenure has changed markedly since 1980. In 1980, nearly half (46%) of the farmland in Norfolk was rented; by 2004, that figure had fallen to less than a third (29%). Norfolk has been a county dominated by large estates and during the 1980s these largely had policies of selling off farmland, often to sitting tenants. With changes in land tenure legislation, this trend has changed, possibly to bringing land back in hand, with the result that the decline of the tenanted sector has slowed. The proportions of Norfolk land owner-occupied and tenanted in Norfolk today is very similar to the national picture.

However, land tenure systems have become increasingly complex, as farmers have sought to reduce fixed costs and increase margins by spreading both specialised equipment and skills across wider areas. This has resulted in an increase in contract farming and in short term lets for potatoes, high value crops such as vegetables and also for some livestock, especially outdoor pigs. An annual census is unlikely to pick up all these specific arrangements in detail, making it difficult to establish the scale of the farming business that is taking the risk of production and marketing.

**Farm types**

<b>Defra, census:</b>	<b>2004</b>	<b>Norfolk</b>	<b>Eastern region</b>	<b>England</b>
Other:		32%	33%	37%
General cropping:		23%	14%	5%
Cereals:		14%	25%	12%
Grazing livestock:		12%	11%	25%
Mixed:		5%	5%	6%
Poultry:		4%	3%	3%
Pigs:		3%	2%	1%
Dairy		1%	1%	7%
Horticulture		6%	7%	5%

**Cropping and stocking**

Norfolk is primarily an arable farming county, but the area devoted to crops has been falling since 1980, mainly due to the introduction of compulsory set aside. There have been small increases in permanent grassland and woodland, with minor reductions in temporary and rough grassland.

The cropping pattern in the county has also changed, in response to changes in price, weather and to scientific and technical advances. Thus, there has been a general increase in wheat production at the expense of barley, with winter barley showing a steady decline. Potatoes, freed of quota controls, seem to have established an equilibrium; marketing contracts now probably underpin the area grown more substantially than had previously been the case. While there has been a steady reduction in the area of sugar beet, it remains of major importance in Norfolk.

The total area for grazing has fluctuated, reducing between 1980 and 2000, but recovering somewhat in 2004. Overall grassland productivity is likely to have been lower in 2004 than in 1980, due to a marked reduction in the proportion of temporary grassland. Norfolk has a substantial amount of land designated as Environmentally Sensitive Areas (ESAs), where conservation of the traditional environment has been encouraged.

Cattle numbers have been in steady decline for the past 24 years. Sheep numbers, which showed an increase between 1980 and 2000, have fallen back to below 1980 levels, while pig numbers have remained steady and indeed show a small increase over 1980 levels.

**Uptake of environmental support**

The Countryside Stewardship Scheme, taken up quite widely in Norfolk, has been replaced by Environmental Stewardship, which has both Entry Level and Higher Level schemes (ELS and HLS) as well as organic options. ELS is a whole farm scheme open to all and Defra expect about 75% of farm land to be entered.

The outlook for cropping and stocking is far from clear and greater changes can be anticipated as farmers come to terms with the Single Farm Payment, which is decoupled from production, and with major changes to sugar beet prices that will follow reform of the EU sugar regime. Environmental schemes can be expected to become significant for a greater number of farmers and a larger area.

### ***Agricultural employment***

Agriculture, with food processing, is an important sector in terms of employment in Norfolk.

However, farm staffing numbers have shown substantial declines, and in 2004 were 56% lower than in 1980. Even from 2000 to 2004 there was a 10% decline in overall employment. The number of farm managers has gone strongly against this trend and their numbers have increased from 321 to 1,022 since 1980. This can be seen as a response to the increased complexity, regulation and sophistication of farming operations. The number of part-time farmers has increased.

### **Agricultural Policy Context**

Norfolk is part of the Eastern Region. As such it is subject to policies and strategies arising from national government, from agencies overseeing the region and from local organisations. These form a complex and interacting web of measures that are designed to develop the economy generally.

#### **Support for the rural economy**

The **Sustainable Farming and Food Strategy (SFFS)** was published in December 2002. Drawing on the report of Sir Don Curry's Policy Commission on the Future of Farming and Food, it set out a national vision for the future of the food and farming sectors in England. Development of the **East of England Delivery Plan** for the SFFS was led by a partnership of public and private sector organisations that included representatives from the food and farming industries. Six broad themes were identified:

- education and skills
- rural economy
- business support
- innovation
- agri-environment
- rural communities

Within each theme, a number of key action areas were identified; one of the action areas is to encourage the development of alternative uses for existing agricultural products. Renewable energy from biomass and biofuels for road transport are seen to have a strong future, with scope for large volumes and areas of production. There are also a range of niche markets and uses for non-food crops that are being developed. Renewables East is driving forward the potential for renewable energy in the region, giving priority to the production of grown energy within agriculture (including biomass, bio-diesel and bio-ethanol).

EEDA has simultaneously developed a **Strategy for the Food and Drink Industry in the East of England (FDIS)**. This sets out a vision of enhanced competitiveness and sustainability for the industry for which themes and priorities have been identified.

In 2004, a new **Regional Economic Strategy** was agreed by partners in the East of England. This sets out the framework within which different organisations can work with businesses, communities and individuals to improve the region's economic performance and the quality of life of those who live and work within the region.

It is within this regional framework for economic development that activities – including initiatives to develop the rural economy - need to fit to attract EEDA support. In the county, this is channelled through **Shaping Norfolk's Future**, the name for the county's economic partnership with members from the public, private and voluntary sectors.

Within the framework that has been designed to drive Norfolk's economy forward, the development of the agriculture and food processing sectors and the general issues for the rural economy are addressed through the Norfolk Rural Economy Board.

Government published its **Rural Strategy** in 2004 and **Regional Rural Delivery Frameworks (RRDF)** have been developed to establish clear and agreed regional rural priorities, effective and targeted delivery mechanisms and a clearer customer focus. The RRDF for the East of England is built around a set of key rural delivery objectives:

- Objective 1. to encourage economic, social and environmental activity which sustains and enhances the distinctive natural, cultural and built heritage of the region's rural areas
- Objective 2. to improve the efficiency and sustainability of resource use across rural areas
- Objective 3. to anticipate and respond to the impacts of climate change across rural areas
- Objective 4. to promote social inclusion through improved access to services, community cohesion and participation in rural areas
- Objective 5. to address housing needs in rural areas and respond to the anticipated impact of growth within the region
- Objective 6. to encourage and support enterprise and innovation in rural businesses
- Objective 7. to encourage people of all ages to participate in quality learning opportunities

The **Rural Development Programme for England (RDPE)** is due to replace the current England Rural Development Programme (ERDP) for the seven year period, 2007-2013. It will include the delivery of the existing Entry Level and Higher Level Schemes, the Woodland Grant Scheme and a new single scheme to replace the current project based schemes (Rural Enterprise Scheme, Processing and Marketing Grants, Vocational Training Scheme and Energy Crops Scheme).

The aim is to use the RDPE to support the sustainable development of the agri-food and rural economy as it responds to the multiple pressures of CAP reform, the drive for more environmentally responsible production and enhanced access to a healthy and vibrant rural landscape.

Initial work has led to the production of a set of proposed high level themes to give focus to the programme:

- Business Efficiency
- New Markets and Products
- New Businesses and Enterprises in the Rural Economy
- Resource Protection
- Conservation of the Natural and Built Historic Environment
- Access and Recreation
- Basic Services for the Rural Community

However, there are a number of constraints which have to be taken into account – such as Defra's intention to make Entry Level Stewardship available to all farmers and aim for an 80% take-up rate, coupled with the desire to attract significant numbers of farmers into Higher Level Stewardship. As a result, the economic and social components of the programme, over which there is more discretion, are likely to be very limited.

### **Regional planning framework**

The **Planning and Compulsory Purchase Act 2004** has introduced major changes to the planning system with a new development plan system based on Regional Spatial Strategies (which replace Structure Plans at county level) and Local Development Frameworks (which replace Local Plans at district level).

In December 2004, the East of England Regional Assembly (EERA) published the first **East of England Plan**. It sets out a draft regional strategy for planning and development to 2021. When finalised (early in 2007) it will provide the statutory framework for local authorities to produce more detailed Local Development Frameworks (LDF) and Local Transport Plans (LTP) for their areas.

Supplementary planning guidance issued by the government in **Planning Policy Statement 7** deals with sustainable development in rural areas. It states that planning policies should recognise the varied roles of agriculture, including the maintenance and management of the countryside and support development proposals that will enable farming and farmers to:

- become more competitive, sustainable and environmentally friendly;
- adapt to new and changing markets;
- comply with changing legislation and associated guidance;
- diversify into new agricultural opportunities (e.g. renewable energy crops);
- broaden their operations to 'add value' to their primary produce.

## **Norfolk Farm Study Survey**

The Farm Study was set up to examine trends in production and enterprises on a county-wide basis, and also to probe farmers' attitudes, perceptions and levels of confidence. A questionnaire was designed and mailed out to about 1400 farmers in November 2005; 340 completed surveys were returned and have been analysed. The response rate of 24% was encouragingly, meaning that the results can be viewed with confidence as representing farmer experience and opinion.

The land area of the respondents was 22.9% of the farmed area of Norfolk and respondents were well distributed across the county.

### ***Pressures for change***

The survey was carried out in November 2005, at a time when most farmers were aware that they would not be getting their IACS payments but expected the new Single Farm Payment (SFP) to be made in February or March 2006.

- The Single Farm Payment is already stimulating significant changes in business management, with more changes planned.
- EU Sugar Regime changes are leading to planned business changes on a high proportion (72%) of sugar beet growing farms.
- Major areas of change to production strategy that have recently been adopted include: contract farming, the use of contractors, collaboration with neighbours and the use of buying and marketing groups.

(More farmers were planning to increase business size than reduce it).

- Downward pressure on product prices, especially commodities, is likely to continue. Technical advances may help to offset these, and there will be a continuing demand for increased efficiency. Regulatory burdens are also inevitably likely to increase, although where possible this should be turned to advantage as certifying enhanced production and welfare standards.
- Enterprises most likely to be terminated in the near future are sugar beet, beef and sheep. Beef producers intending to retain their enterprises are reported as considering changes such as seeking longer term grazing contracts, direct sales or organic conversion.
- Larger farms have made more changes in response to cross compliance and the decoupling of subsidies. Smaller farms, being generally more risk averse, may be less likely to recognise the need for change, be less customer focussed and more reluctant to collaborate with others. They may also have less time to consider management changes.

### ***Strategic options***

The survey asked a number of questions about present and planned farming organisation.

- General cropping farms are the most likely to collaborate with neighbours. They have the highest number of diverse enterprises.

- Livestock farms are the type most likely to use machinery rings but make the least use of marketing groups.
- Older farmers have made greater use of contract farming agreements and contractors to run their farms. They also let more land out and are not as dependent on the farm for their main source of income.
- Younger farmers are more enthusiastic over expansion and have done so by purchase, renting and contract farming land for others. They collaborate more with neighbours and also have more existing and planned diverse enterprises.
- Organic farming was not seen as a significant option by many, of any age group.
- Larger farms have expanded more by land purchase, renting and contract farming. They are also more likely to collaborate with neighbours and make more use of buying and marketing groups.
- Tenant farmers have expanded more into contract farming and have collaborated more with neighbours.

### ***Adding value***

Farm diversification and the development of alternative enterprises are well-established approaches by farmers to the problems arising from depressed commodity prices. In Norfolk, non-agricultural activities account for about 14% of farm gross margin. The survey asked about recent and planned diversification activities and for barriers to diversification.

- Small farms have fewer diverse enterprises (28.8% of farms have only 19.2% of enterprises). They rank local planning policy as a greater barrier to diversification than larger farms.
- Commercially let property is the most popular choice for existing and planned diversification enterprises.
- Owners are most likely to diversify into commercially let property, while tenants are most likely to take off-farm employment.
- Non-serviced accommodation ranked very highly as an existing activity; serviced accommodation was not popular (either existing or planned).
- Rapid growth in energy enterprises is planned. There was especial interest in biofuels (bio-diesel, methanol, biomass), where it was felt that Norfolk had advantages in existing arable skills and scale of operation. There were also felt to be opportunities in the considerable area of under-managed woodland in the county.
- For 78.8% of respondents the farm is the main source of household income.
- Livestock farmers were the least diversified.

Local planning policy was ranked as the most important barrier to diversification. Location, highways policy, regulation, available finance and the risk of business failure were also significantly ranked.

There was a considerable variation by local authority district in how barriers were perceived. While local planning policy was consistently viewed as the most significant, it was much less so in Kings Lynn & West Norfolk. North Norfolk, Broadland and Great Yarmouth (the latter grouped together for analysis purposes as East) were seen as having the most restrictive policies. Farmers in Kings Lynn & West Norfolk district felt more strongly than others that location was a major constraint. Those in Breckland seemed the most risk averse and least confident.

### **Environment**

The survey asked about current and planned participation in environmental schemes.

- 76.5% of respondents plan to participate in Entry Level Stewardship and 18.8% in Higher Level Stewardship. If these plans are fulfilled, it will result in a much higher participation rate in environmental schemes than hitherto.
- Larger farms have had greater participation in Countryside Stewardship, Environmentally Sensitive Area, Wildlife Enhancement and Farm Woodland Schemes.
- Tenants have shown a significantly lower level of participation in Environmentally Sensitive Area and Farm Woodland schemes than owners. However, tenants and owners show a similar level of intent to participate in Entry Level and Higher Level Stewardship schemes.
- Farms with grazing livestock have participated more in Countryside Stewardship, Environmentally Sensitive Area and Wildlife Enhancement Schemes.
- The perception of the countryside and what it is for by the public will increasingly influence farmers' returns. This may be through publicly-funded support or through increasing opportunities to treat the environment as a customer, whose needs can be met at a price.

### **Training and business support**

The survey asked about the availability of skills and the importance of qualifications. Respondents were also asked to identify their training needs and to comment on possible training locations.

- Skilled staff are reported as the most difficult type of labour to source.
- Business management, marketing, regulatory compliance and environmental management are the skills thought to be most in need of improvement.
- A majority of farms in the East of the county and in Breckland would prefer Easton College as a venue for training; those in the West would prefer a local venue, while those in the North and South are more equally divided between Easton and a local venue.
- Workshops and field days were the preferred means of receiving training and information. Training programmes leading to qualifications were said to be preferred to those without a qualification. In discussions, that view was tempered and distinctions were drawn

between craft-type courses leading to licences and management-level courses, where the transfer of useful, practical knowledge was rated more highly than achieving a qualification.

- There was concern for migrant workers, whose attitudes and skills were highly regarded. It was felt important that they were made welcome and recognised as a valuable resource, capable of further development.

### **Succession**

There is increasing concern and uncertainty over the long-term viability of farms as businesses. The survey asked about likely succession to the business by members of the controlling family, and about plans for retirement.

- 13.4% of respondents were under forty years old and 25.9% were over sixty years. 16.4% of respondents plan to retire within five years.
- Only 49.3% expect a family member to take over the management of the business when they retire. Older farmers (60+) are clearest in their views on family succession; a higher proportion of them do not expect to be succeeded by a family member. The youngest age group (<40) have the highest expectation of a family succession; it is reasonable to suspect that they are thinking of themselves as the potential successor.
- Livestock farms are more likely to have a family succession; this is presumably because they are more easily able to involve the next generation in their operation from a young age.
- Only 37.3% of tenants think it likely that a family member will take over the management of the business.
- Farms with mixed tenure tend to be larger and more likely to have a family member take over the management of the business.
- Farmers of larger holdings tend to be younger, less likely to retire soon and more likely to assume that a family member will eventually take over the management of the business.
- Issues of succession are increasingly influenced by pension provisions. These have become an increasing feature of farm business financial planning and may well lead to an increased willingness of older farmers to retire.

## **Discussion**

### **Strengths of Norfolk Farming**

- Technically skilled farmers showing confidence in the future by their willingness to expand their farming operations.
- Good quality land, with a high proportion of the best quality, and a relatively favourable climate.
- Skilled labour force, with few recruitment difficulties reported.

- Active agricultural college in the county, attuned to the educational, training and support needs of the industry.
- Arable farms are generally well structured and well equipped
- Buildings in use are generally fit for purpose and meet assurance scheme standards.
- High level of co-operation (e.g. Anglia Farmers, Aylsham Growers, machinery ring); informal collaboration is widespread.
- Depth of experience in diversification, with willingness to be flexible in terms of resource use.
- Good uptake of environmental schemes.

### **Weaknesses of Norfolk Farming**

- High dependency on commodity production.
- High dependency on government support.
- Low density and dispersed population combined with rural deprivation and low incomes limits opportunities for developing added value products for a local market.
- The local community seems to have lost its links with the farming community and many farmers therefore fail to understand the modern consumer and their needs.
- The county lies at the end of extended and poorer quality supply routes and distant from main markets.
- Over representation in some vulnerable sectors – e.g. sugar beet and poultry.
- Heavy reliance on unlicensed migrant labour in some areas.

### **Opportunities for Norfolk Farming**

- An increasing dependence on contractors for field operations provides opportunities for technician level employment.
- Research and Development base in the Eastern region that is at the cutting edge of technology and management information.
- Developments in bio-energy.
- Strong and innovative food processing and specialist food sectors locally and in the region, needing a reliable supply base.
- Changing trends in food consumption and preferences: eating out and eating locally produced (and authenticated) foods.
- Increased recording and controls over processes required by major buyers are designed to assure consumers of quality and source of British food.
- Norfolk's rural tranquillity and beauty (including National Park, AONB, SSSIs etc) are major attractions for discerning tourists. Tourist agencies and businesses recognise the contribution that farming makes to their industry and are supportive of farming.

- Potential improvements in rural/urban and farm/community linkages.
- The Eastern region is set to grow significantly in terms of population and wealth, providing an expanding local market for producers.
- The London Olympics in 2012 offer a unique opportunity for Norfolk, both in tourism and food production terms.

### **Threats Facing Norfolk Farming**

- Continued downward pressure on commodity prices.
- Loss of skills, especially in the grazing livestock sector if beef and dairy cattle numbers continue to decline.
- Jobs in farming, with no career structure, lack appeal which is leading to a shortage of new entrants to the industry, especially among the ambitious.
- A tendency to talk down the current state and prospects for farming.
- The increasing regulatory burden and the need to evidence and record production processes are time consuming and create an additional burden while at the same time, staffing levels are falling.
- Local food processors sourcing supplies from cheaper sources overseas, or relocating plants to Eastern Europe.
- Water supplies are already critical in the summer period and population increases are likely to make this situation worse.
- The perception of local planning policies as major barriers to diversification.
- Competition from other industries for skilled staff.
- Climate change and global warming are predicted to give rise to drier summers and heavier rainfall in winter, which may result in increased soil erosion and diffuse water pollution.
- Rises in sea-level would pose a real and lasting threat to substantial areas of the county, for which the cost of flood defence may be seen as unjustified.

### **Current initiatives**

- A number of planning seminars have been held in conjunction with district and borough councils as part of their consultations on the emerging Local Development Frameworks. These provided an opportunity for farmers and others to put the case for diversification and alternative building uses to planning officers.
- A study has been undertaken into the demand for converted farm buildings for alternative rural workspace. This highlights the critical features that potential lessees look for when considering such locations for offices and other commercial uses.
- A research initiative is underway to investigate the impact of traffic movements resulting from farm building re-use and provide informed and objective guidance to the Highways Authority on how future

proposals may be assessed. The object is, where possible, to reduce the potential for highways advice to be a perceived or real obstacle to proposals for commercial development of redundant farm buildings.

- An annual Farming Conference is organised by Anglia Farmers in conjunction with Shaping Norfolk's Future. This, now approaching its fifth year has become an established event, drawing a very full attendance of (primarily) farmers.
- Issues associated with livestock grazing, especially in relation to environmentally sensitive areas, are coming under increasing scrutiny and a partnership representing livestock producers and environmental interests is working towards establishing a regional Grazing Livestock Forum.
- The Rural Economy Board has helped to establish a group with local food and its increased consumption at its heart. Eat and Drink Norfolk has run a successful project exploring opportunities for public and institutional caterers to use greater volumes of locally produced foods, to encourage its promotion in local stores and to publicise local producers and farmer's markets. Partners in this project include East Anglia Food Link, Tastes of Anglia, Produced in Norfolk. NRBAS and the Archant Group (publishers of the Eastern Daily Press).
- The Board has also commissioned a study of the use of biomass as a fuel and published a practical guide for builders, architects, home and facility owners: Woodfuel in Norfolk, now being adapted for use across the region.
- Norfolk Rural Business Advice Service (NRBAS) was formed in 2000 to help meet the county's farmers adapt to change and has been successful in drawing down nearly £3million in grants to farms and rural businesses. It is supported by the Rural Economy Board, Easton College and all local authorities in the county. NRBAS continues in its role and is expected to be a significant player as measures under the new Rural Development Programme for England are developed.
- Training and staff development topics and new approaches are kept under continuous review by such organisations as NRBAS and Easton College, especially following its award of Centre of Vocational Excellence in Land Management status and the opening there of the Rural Support Centre.
- With the sale of the Norwich Livestock Market site, ambitious plans are being developed with local councils to ensure the continuance of a market combined with facilities for small and medium local food processors and suppliers.

### **Further action**

There are a number of issues and areas that can be identified as meriting further consideration. These include:

- The significance, in terms of number of businesses, of horticulture within the county. This is a varied industry with specific systems that is not well documented. While it has been deliberately omitted from this

study, for reasons of focus and clarity, policy makers deserve to be better informed about this important local sector.

- Despite the fact that farmers responding to this Study's survey did not regard recruitment as a pressing problem, there is anecdotal evidence of difficulty in filling technician-level posts. These are increasingly within sophisticated contracting operations and may have been missed by the survey. The introduction by Easton College and the UEA of foundation degrees in a number of agricultural disciplines should help to fulfil this need, but it will also be necessary to ensure that the shortfall and the career opportunities presented are well appreciated among able school leavers.
- There is justifiable concern over a number of elements of the livestock industry. Dairying has seen a deep decline and must be regarded as extremely fragile. Successful meat production requires adequate processing facilities – abattoirs and cutting plants – yet these are also under pressure in the county.
- The introduction of the Single Farm Payment is likely to bring major changes to farming systems. It will be important that the opportunities for new crops, new management systems, new markets and new technologies are presented to farmers in accessible ways that help them develop their businesses rapidly and efficiently.
- Farm diversification is a reasonable and sensible development strategy for many farm businesses, as they seek to get the best return from all their resources. While these changes are accepted and supported by district councils in principle, in practice farmers view planners as a major constraint. Both parties need to be helped to understand and to work more closely with each other to achieve what are generally agreed ends.
- Farming and tourism are both important sectors of the Norfolk economy, representing considerable investment and major employment. Their interdependence is well recorded and established. It will be important that farmers recognise the opportunities for ensuring environmental gains in their cultural and management practices, since these are likely to bring with them economic benefits.

Additional issues and significant concerns that were raised by farmers during the focus group session may also warrant consideration for further action.

They can be summarised as follows:

- The general volume of red tape and form filling that is increasingly time consuming
- The impact of new regulations governing treatment of farm waste and the associated additional costs
- The increasing incidence of fly tipping in the countryside and the responsibility of local authorities to pursue prosecution
- Farm security – especially the growing incidence of livestock theft and vandalism
- The actual and threatened loss of some major food processing plants in the area which will lead to loss of key local markets for production

and possible increased transportation costs associated with more distant processing

- Issues associated with the employment of migrant workers, such as the availability of housing and the costs of certified skills training requirements
- The difficulty of starting out in the industry resulting from the high price of land and attitude of the banks and other lending institutions
- A poor general image of the industry and its prospects, which leads to difficulties in attracting younger people to consider it as a career

Any lively industry will take steps to ensure its own development and continuing relevance. Norfolk farming is no different; it is fortunate in having articulate and responsible leaders and members of its own, together with a large number of dedicated support organisations anxious to assist. It is not the role of the Rural Economy Board to propose initiatives to the industry, in a top-down manner, but rather to assist the industry in the formulation of its own proposals and then to help ensure that they are delivered. This Study is intended as a source of information and inspiration that the industry can use in preparing proposals for its future. The Board will welcome the opportunity to discuss these and looks forward to helping bring them about.

## **Introduction**

This study was commissioned by the Rural Economy Board of Shaping Norfolk's Future to provide a review of the current state of the farming industry in the county. The Board seeks to highlight issues facing the local industry and identify/fill gaps in both the measures and support designed to deal with those issues.

The study is intended for use by policy-makers at local and regional level, providing them with reliable information on trends in production levels and resource use in response to the changing economic, political, physical and technological environments.

The statistical review, largely an analysis of Defra annual censuses up to 2004, is supplemented by a survey of farmer attitudes and intentions, taken in November 2005, and completed by 340 practising farmers representing all types, sizes and locations in Norfolk. The survey was managed by the University of Cambridge Rural Business Unit, who are confident of the statistical validity of the results.

Further chapters briefly review the main features of Norfolk farming (tenure, farm size, employment etc.) and the current policies affecting farmers, especially those related to agricultural development and rural area planning.

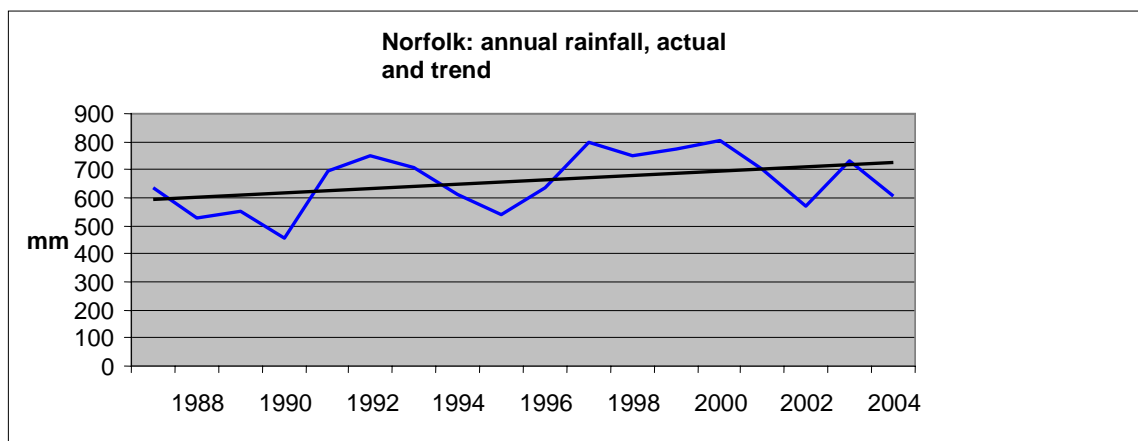
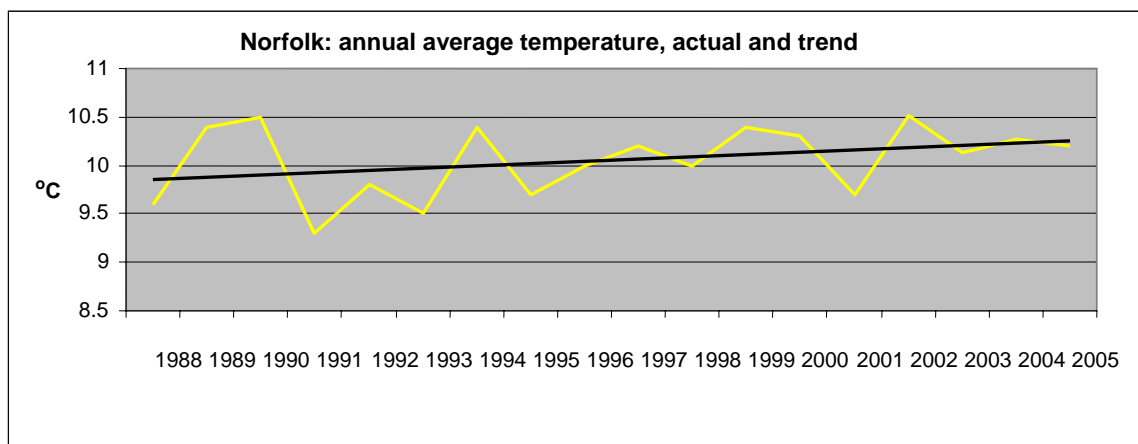
The study concludes with a discussion highlighting some of the issues facing farming in Norfolk in 2006, current initiatives and areas for possible further action.

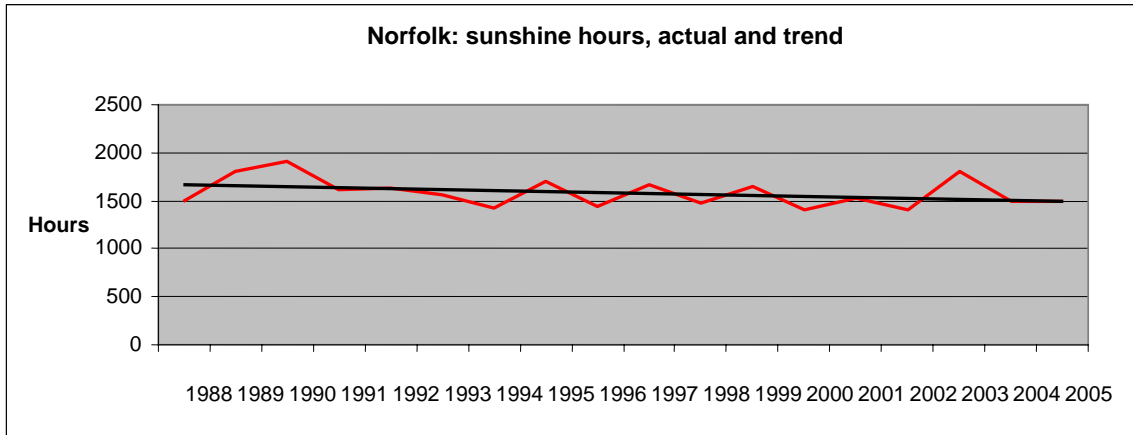
## Farming in Norfolk

### Weather

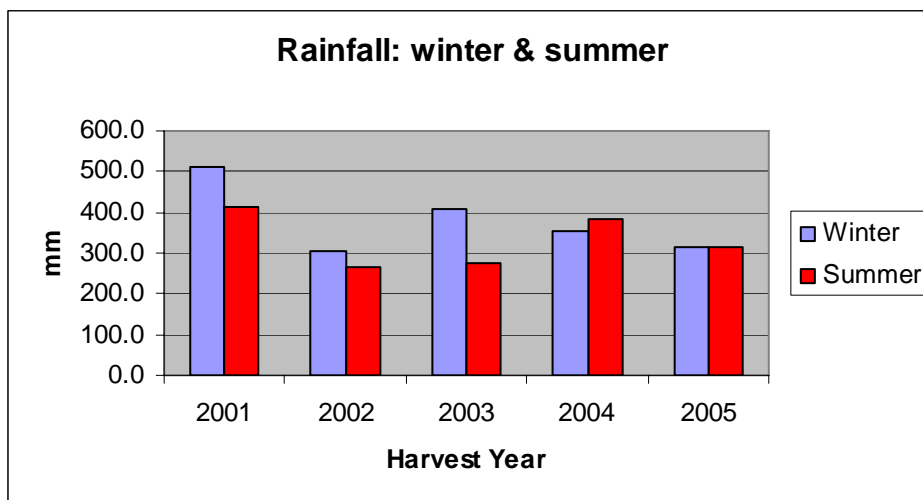
The county climate is influenced by its low relief and proximity to continental Europe. It is one of the driest parts of the UK, with average rainfall only two thirds the national average. The county also experiences greater extremes of temperature than elsewhere in the country.

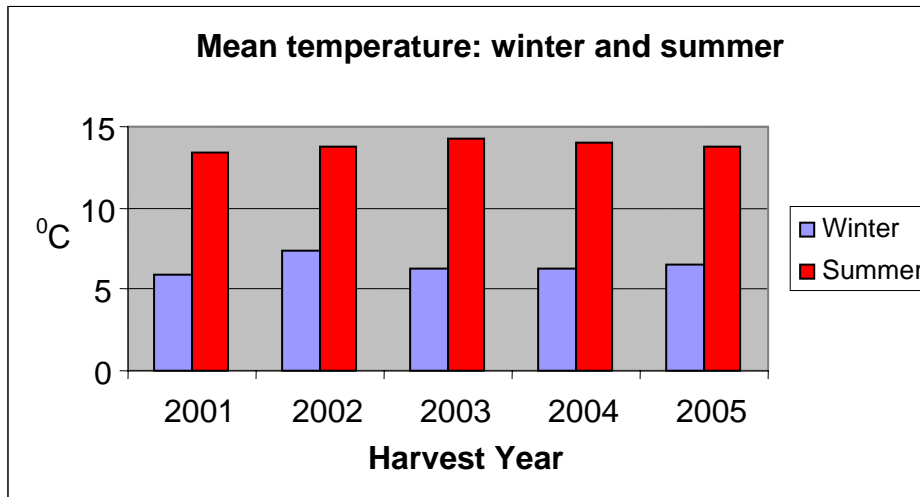
Recent years have shown a measure of variation, but the trend has been towards a rise in average annual temperature and in annual rainfall, with a slight fall in sunshine hours.





For recent years data has been produced to show rainfall and temperature by harvest- rather than calendar-year. The years have been further split into winter (Oct – Mar) and summer (Apr – Sep) periods. In general, wet winters seem to have been followed by wet summers, and dry by dry. There is further evidence (compiled by the Environment Agency’s River Wensum Catchment Officer) to suggest that while autumn rainfall has been decreasing, it has arrived in longer and heavier bursts that actually result in increased risk of erosion.





In a report on Norfolk's environment and the impact of global warming, Defra considers Norfolk:

The low-lying coastline of East Anglia is of major biological, economic and social importance. Even though Norfolk is one of the driest counties in England with aridity on a par with Jerusalem, its geography will mean that it will feel the effects of man-made climate change more than most counties - sea level rise, higher temperatures, stronger winds, lower summer rainfall, stream flow decrease and an increase in coastal and soil erosion. The effects of major flooding will alter the habitat structure, distribution and abundance of important species such as populations of wildfowl and wading birds, together with an impact on offshore shellfish stocks.

- 58% of the most productive agricultural land in England and Wales is within East Anglia.
- In the UK as a whole some 57% of the most productive agricultural land lies below the 5 metre contour line.
- In coastal areas, floods continue to be a regular event although damage has never been on the same scale as the flood of 1953 because of the subsequent defences.
- Protecting these human assets will be costly, particularly if the effects of climate change are sudden rather than gradual.

## Water resources

Water resources have been affected by a series of dry winters and there are concerns over the possible effects of climate change, including coastal flooding. With an increasing acceptance of the inevitability of rising sea levels in the long term, policies are being developed that would not see such defences maintained and managed reversion of large areas of the county to tidal inundation is under consideration.

Irrigation has a substantial impact on cropping potential of large areas of the county, especially the Fens and the light sandy soils. Here, soils are enabled

to produce to their full potential unrestricted by low rainfall. As a result there has been increased and intensive irrigation of high value vegetable and root crops.

To manage the region's water resources and to ensure security of water supplies, Defra and the Environment Agency have encouraged reservoir building designed to store surplus winter rainfall for use in the summer. Techniques have also been developed to improve the efficiency of water application, and to monitor water losses through application systems.

## **Land quality**

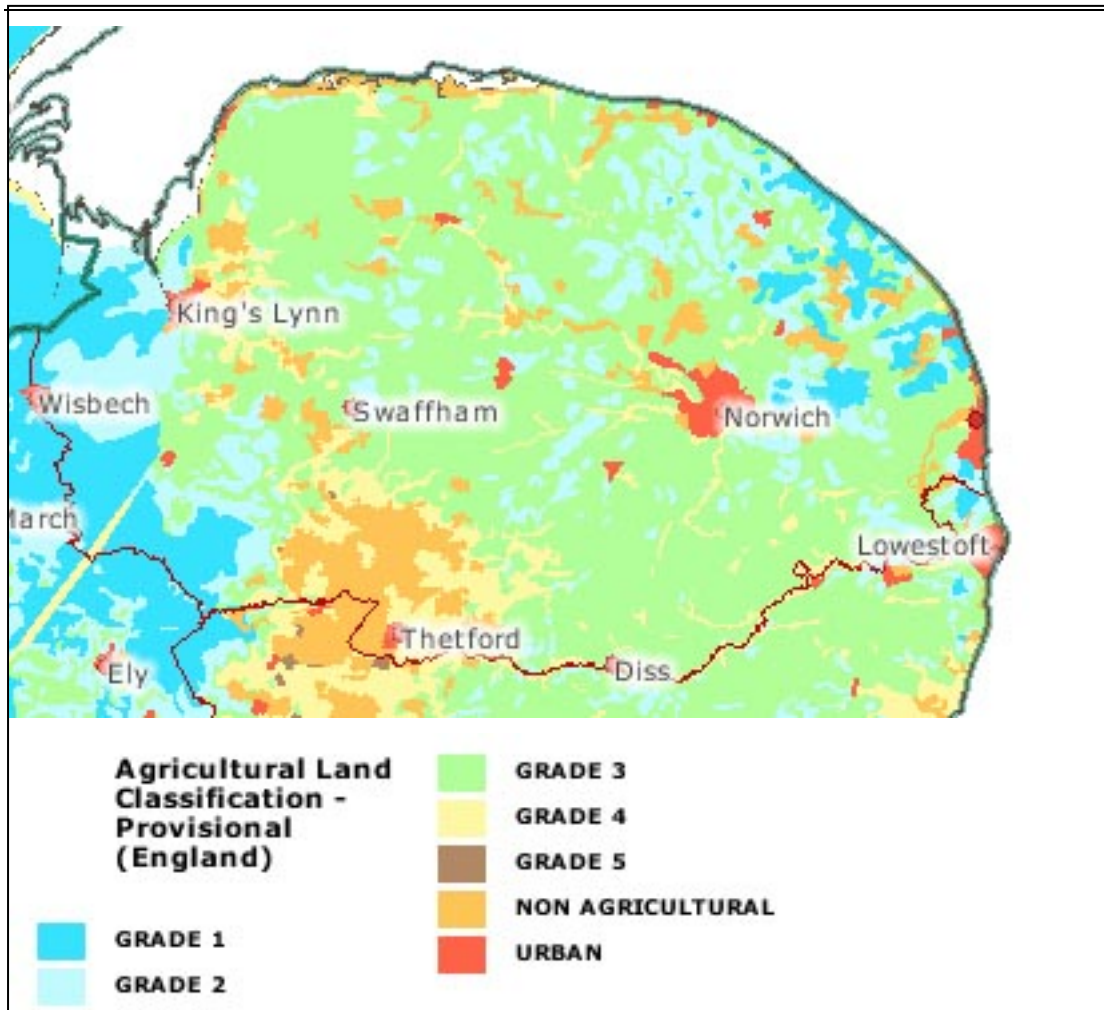
The potential of land for food production is classified under Defra's Agricultural Land Classification Scheme, which ranks land by the limitations to its productive potential arising from its physical or chemical characteristics. These may limit the range of crops grown; restrict the yield potential; determine the consistency of yields; and determine the cost of achieving the yield.

There are five grades, with Grade 1 having no restrictions and Grade 5 being mountain and upland with very little cropping potential. Norfolk has a significant amount of high quality land, with 23.1% in Grades 1 and 2. Of the remainder, 53% is Grade 3 (moderate quality with some restriction) and only 8% in Grade 4.

The Grade 1 and 2 land is concentrated around the Fens in the west, with more in the north-east. Grade 3 occurs widely throughout the county. Grade 4 soils are mostly the sandy soils of Breckland around Thetford.

Irrigation is used to overcome the drawbacks of lighter land and raises its potential significantly, especially for high value root crop production. Were water abstraction to be more severely limited than at present, there would be serious consequences for the businesses on those sandy lands.

The flexibility and versatility of Norfolk's soils gives farmers the opportunity to adapt swiftly to changing demand and has buffered them from some of the effects of altered economic circumstances.



## Features of farms

### *Area of agricultural land<sup>1</sup>*

The farmed area of Norfolk is 433,022 ha (Defra June Census 2004), with a total of 5,797 holdings.

### *Farm size*

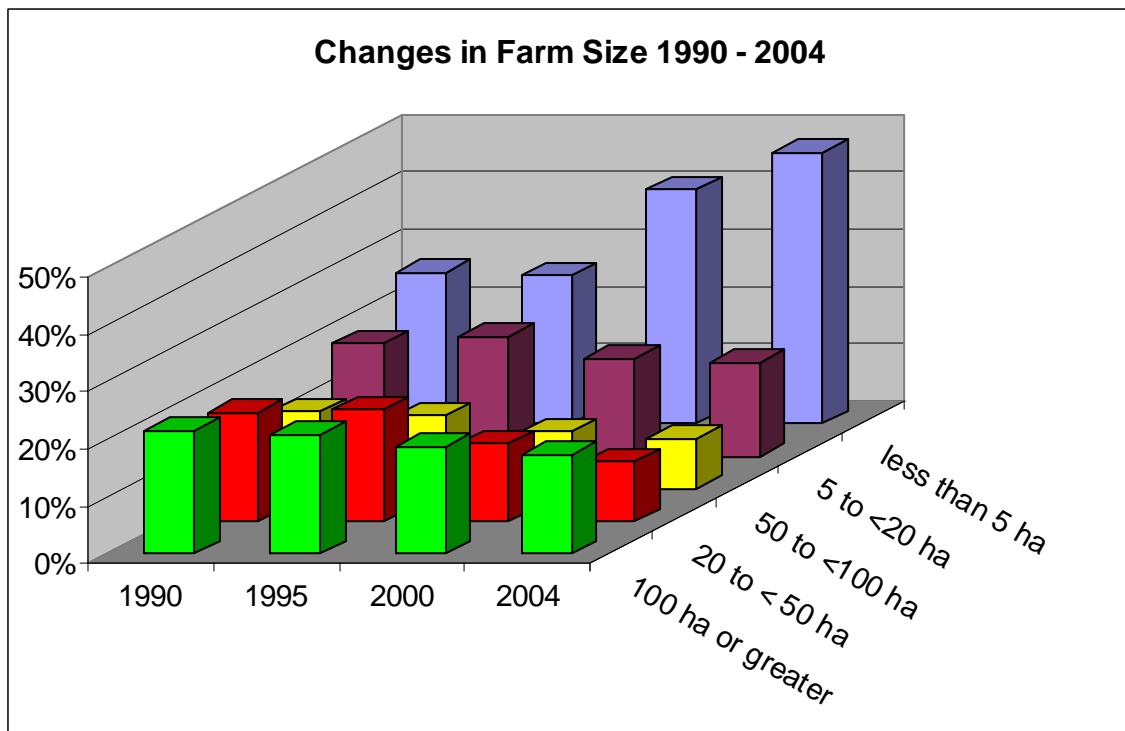
The development of farm size has shown an interesting recent change, dating from just before the introduction of the England Rural Development programme in 2001. Until then, average farm size had been tending to increase and the number of small farms had been decreasing. However, between 1995 and 2000, and continuing to 2004, there has been a marked rise in the number of Defra registered holdings of less than 5 ha, as recorded by the annual census. This is a national trend and may be a result of the registration of small areas, possibly associated with a dwelling that may be used by a retiring farmer, in order to make area-based support claims, or a diversification enterprise being hived off as a separate business. A further explanation is offered by researchers at the Macaulay Institute who suggest

<sup>1</sup> Much of the remainder of this chapter draws on Defra annual census data, the latest available statistics being for 2004. See [www.defra.gov.uk](http://www.defra.gov.uk) for further information.

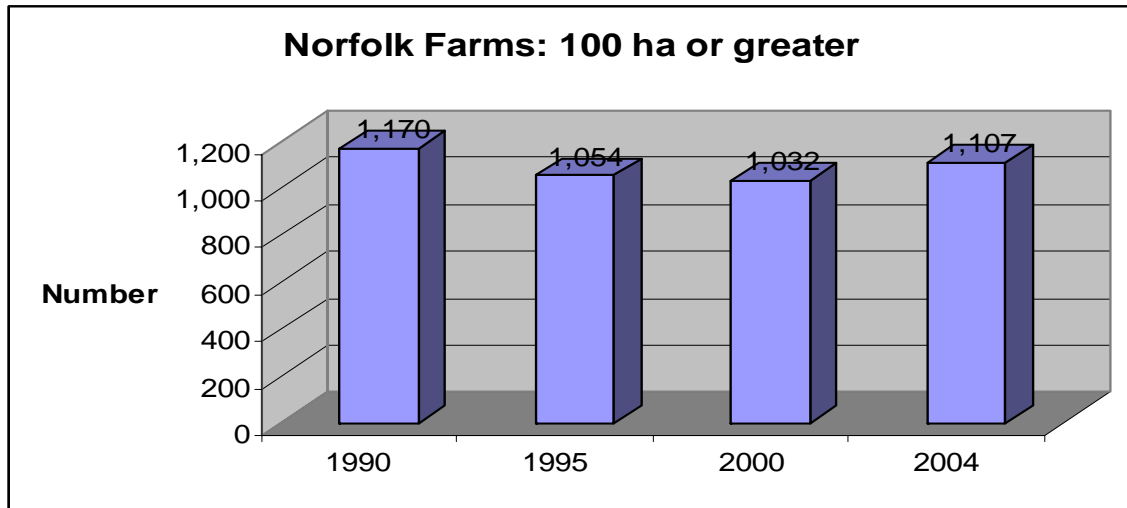
that multiple succession may be more widespread than previously thought. In the UK, the Common Law rule of primogeniture has acted to maintain farms and estates undivided, unlike many countries in Europe where multiple succession is relatively common. Social change in this country may well be making this more acceptable here, leading to a measure of dispersal of farms.

This trend makes the calculation of an average farm size rather less meaningful. Annual census results are available for farm numbers in a range of size categories. Those for Norfolk in 1990, 1995, 2000 and 2004 are shown below. While it might be expected that land is consolidated into larger holdings, this is not borne out by the census details, in which numbers of farm by size category have fluctuated without a clear sense of direction.

*The chart below shows the changes in farm size in percentage terms:*

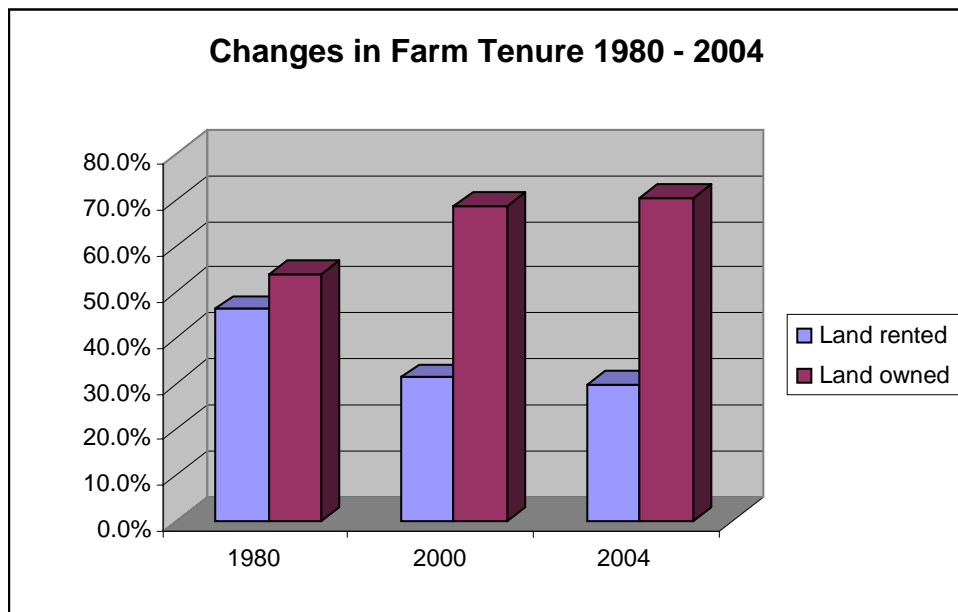


While larger farms (100 ha +) have declined in percentage terms, their actual numbers have fluctuated and in 2004 were slightly lower than in 1990:



**Tenure**

Farm tenure has changed markedly since 1980. In 1980, nearly half (46%) of the farmland in Norfolk was rented; by 2004, that figure had fallen to less than a third (29%). Norfolk has been a county dominated by large estates and during the 1980s these largely had policies of selling off farmland, often to sitting tenants. With changes in land tenure legislation, this trend has changed, possibly to bringing land back in hand with the result that the decline of the tenanted sector has slowed. The proportions of Norfolk land owner-occupied and tenanted is today very similar to the national picture.



By way of caution, it should be pointed out that land tenure systems have become increasingly complex, as farmers have sought to reduce their fixed costs and increase margins by spreading both specialised equipment and skills across wider areas. This has resulted in an increase in contract farming and in short term lets for potatoes, high value crops such as vegetables and also for some livestock, especially outdoor pigs. The broad brush of an

annual census is unlikely to pick up all these specific arrangements in detail, making it difficult to establish the scale of the farming business that is taking the risk of production and marketing. However, the general trend towards ownership over 25 years is clear. Systems to manage the crops and livestock on that land to best effect will continue to evolve.

Given the difficulty of establishing the actual size of a farm business and that it may not be directly related to the area under ownership or formal tenancy, nevertheless it would seem logical to expect business size to increase in response to economic pressures driving further efficiency. However, future changes in physical farm size may be expected to polarise around more large and more very small farms. Larger farm sizes are again a response to the drive for efficiency and reduced fixed costs (specialised labour, machinery, etc.). A growth in small farms could be expected to result from the sale of farm houses with some land at retirement of the principal; on inheritance, with a more equal sharing by a family; or as means of raising capital by sale into a buoyant lifestyle housing market.

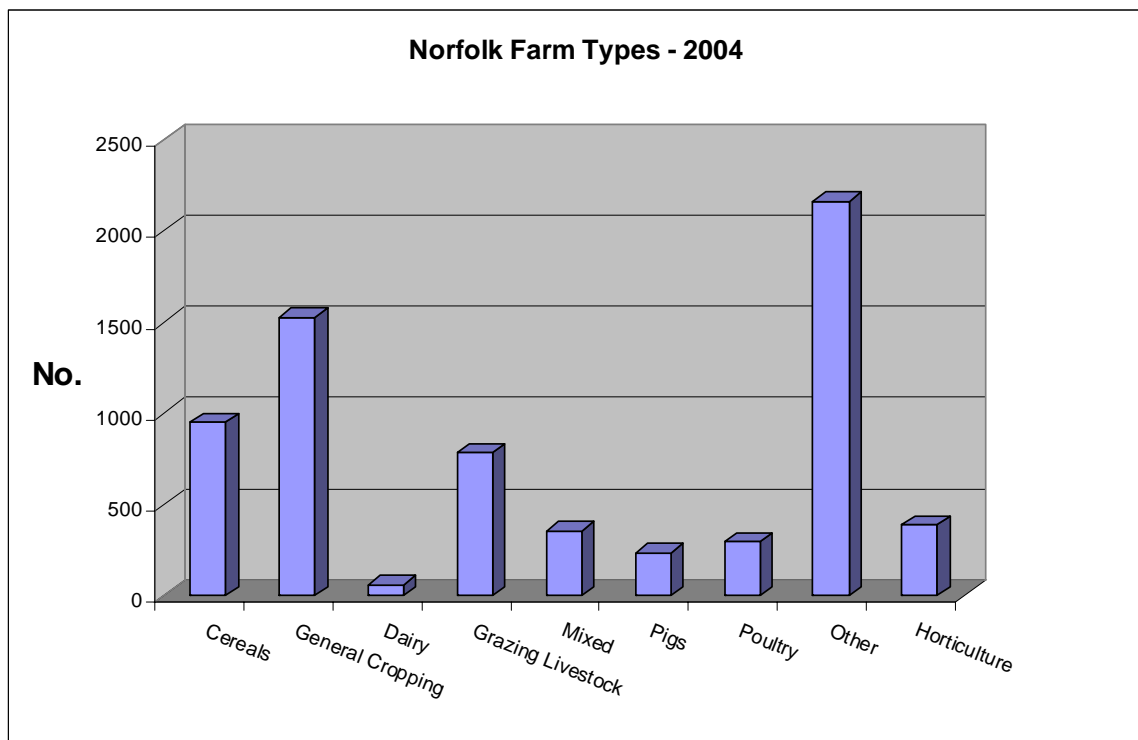
### ***Farm types<sup>2</sup>***

Defra, 2004 census:	Norfolk	Eastern region	England
Other	32%	33%	37%
General cropping	23%	14%	5%
Cereals	14%	25%	12%
Grazing livestock	12%	11%	25%
Mixed	5%	5%	6%
Poultry	4%	3%	3%
Pigs	3%	2%	1%
Dairy	1%	1%	7%
Horticulture	6%	7%	5%

In the broad categories used by Defra to categorise farms, it is not unusual that the largest class should be 'Other' – i.e. those which do not fall readily into a group.

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<sup>2</sup> Defra's definitions of farm types is included as Appendix 3.

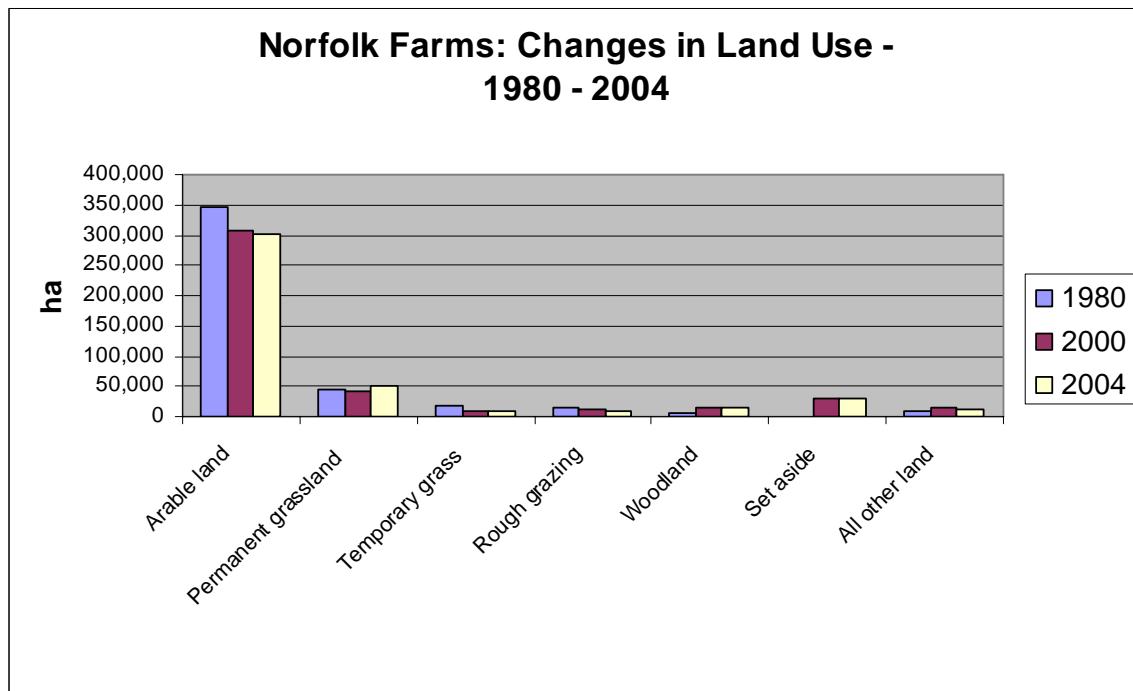


Taken together purely arable farms made up 37% of Norfolk farms; grazing livestock based systems 13%; mixed farms 5%; and intensive livestock 7%. There were 386 holdings devoted to horticulture (not reviewed in this report) – a substantial sector at 6%.

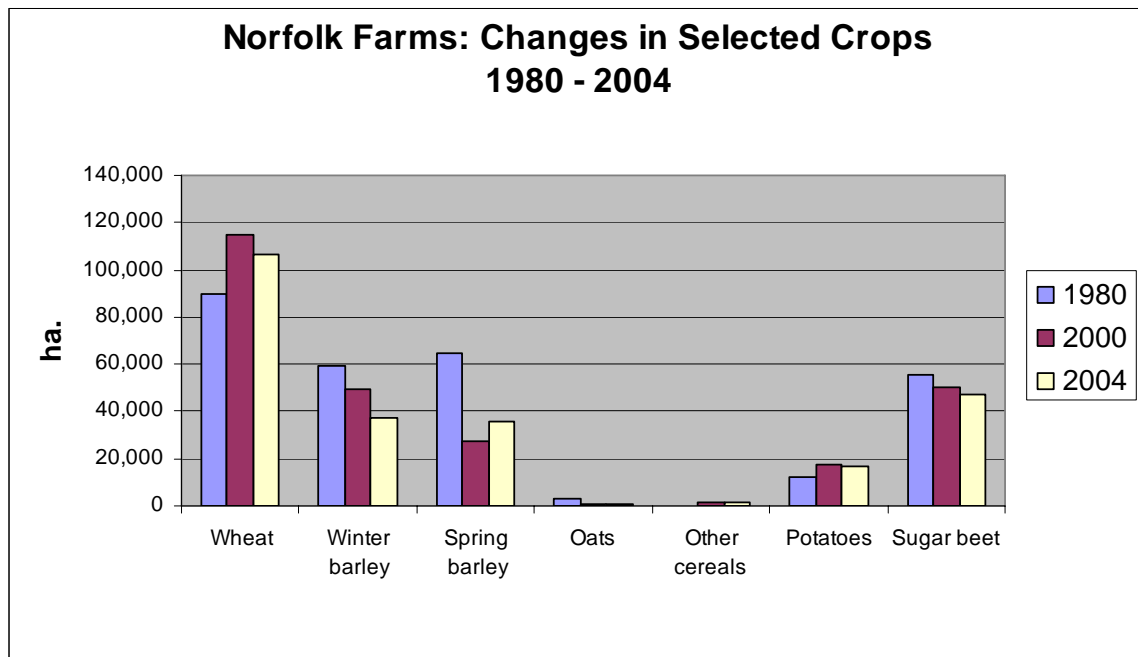
Norfolk's arable systems based on such root crops as sugar beet and potatoes lead to a much higher percentage of general cropping farms than in the region or the country. Similarly, intensive livestock, both pigs and poultry, are much more significant than in the rest of the country, while dairy farming is not as strongly represented.

### ***Cropping and stocking***

Norfolk is primarily an arable farming county, but the area devoted to crops has been falling since 1980, mainly due to the introduction of compulsory set aside. There have been small increases in permanent grassland and woodland, with minor reductions in temporary and rough grassland.

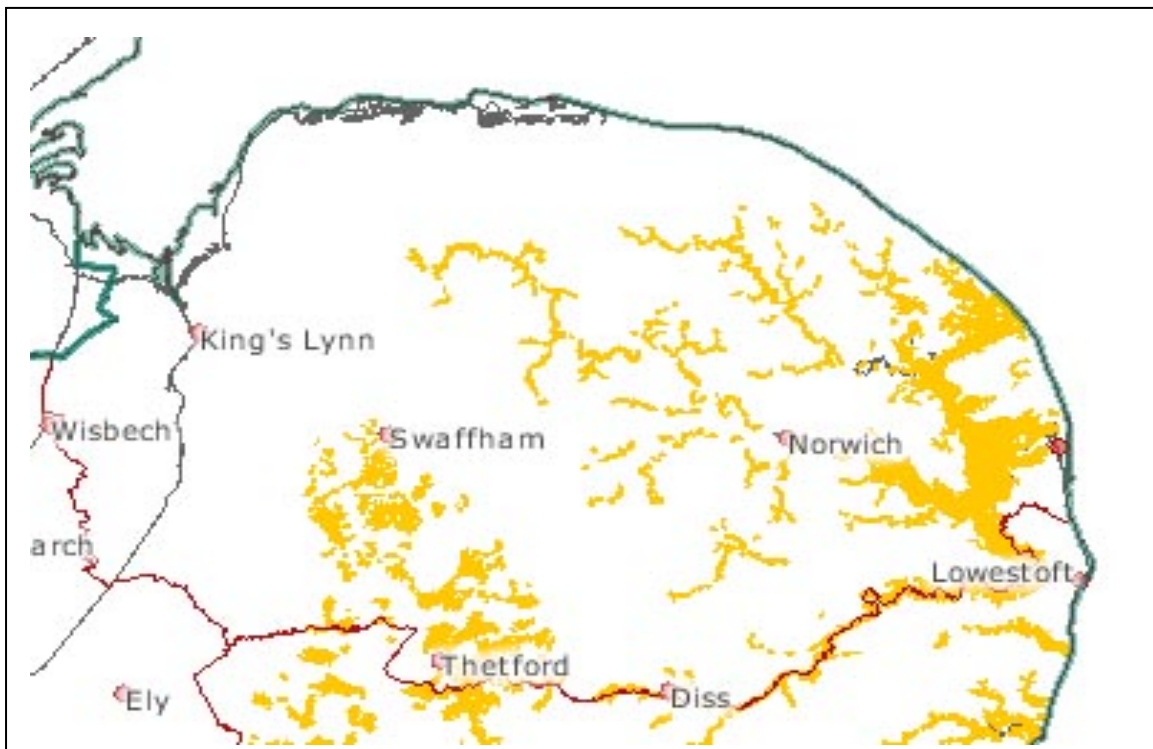


The cropping pattern in the county has also changed, in response to changes in price, weather and to scientific and technical advances. Thus, there has been a general increase in wheat production at the expense of barley, with winter barley showing a steady decline. Spring barley is often a cereal of last resort, planted only if the weather has restricted the establishment of winter cereals. Oats have almost ceased to be grown at all. Potatoes, freed of quota controls, seem to have established an equilibrium; marketing contracts now probably underpin the area grown more substantially than had previously been the case. While there has been a steady reduction in the area of sugar beet, it remains of major importance in Norfolk; the decline in area has been in response to improved varieties as well as a determination among farmers to reduce surplus production in relation to quotas.

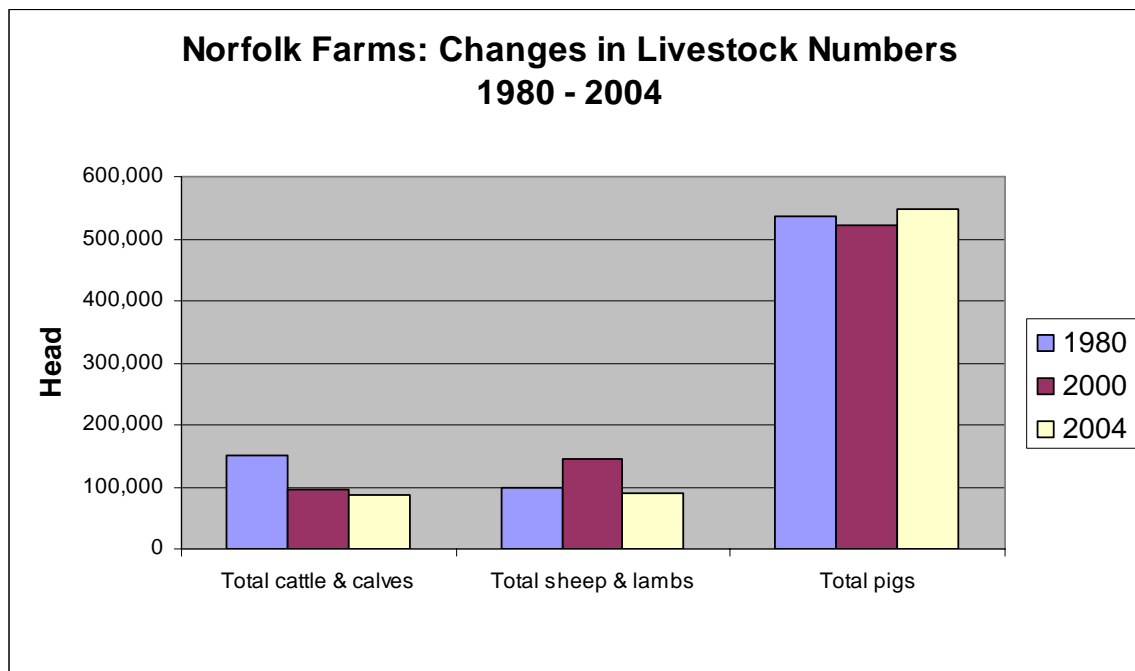


Changes in grassland types have been referred to above. The total area for grazing has fluctuated, reducing between 1980 and 2000, but recovering somewhat in 2004. Overall grassland productivity is likely to have been lower in 2004 than in 1980, due to a marked reduction in the proportion of temporary grassland. Norfolk has a substantial amount of land designated as Environmentally Sensitive Areas (ESAs), where conservation of the traditional environment has been encouraged by way of annual payments for prescribed management over the course of a 10-year agreement. Typically, fertiliser inputs are restricted and grazing intensity is reduced. It should be noted that joining the ESA scheme was optional and that the scheme has now closed, replaced by the Environmental Stewardship's Entry, Higher level and Organic Schemes.

**ESA areas in Norfolk:**

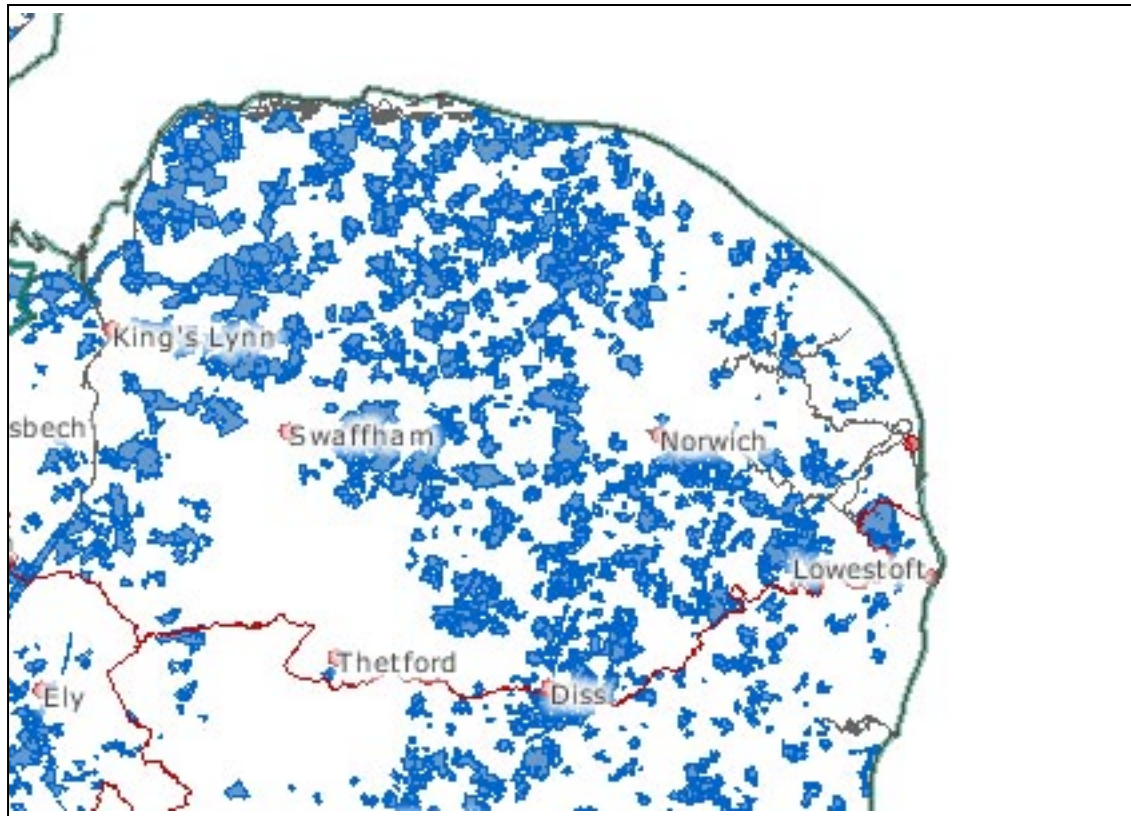


Changes in livestock numbers between 1980 and 2004 are shown below. Cattle numbers have been in steady decline for the past 24 years. Sheep numbers, which showed an increase between 1980 and 2000, have fallen back to below 1980 levels, while pig numbers have remained steady and indeed show a small increase over 1980 levels.



### ***Uptake of environmental support***

The Countryside Stewardship Scheme (CSS) was introduced in 1991 and became the most widespread means of government support for environmental maintenance and improvements. It was a competitive scheme offering both capital grants and annual payments as incentives to improve the natural beauty and diversity of the countryside. Like the ESAs, it was subject to a 10-year agreement. CSS closed in 2004; schemes in Norfolk are shown below:



The CSS has been replaced by Environmental Stewardship, which has both Entry Level and Higher Level schemes (ELS and HLS) as well as organic options. ELS is a whole farm scheme open to all and Defra expect about 75% of farm land to be entered. This will provide an annual payment of £30/ha as a result of a points assessment and an agreement to maintain a number of environmental features on a farm for a period of 5 years. HLS is competitive and rewards specific actions designed to achieve maintain, improve or restore the most important landscapes, habitats and features; it is a 10-year agreement.

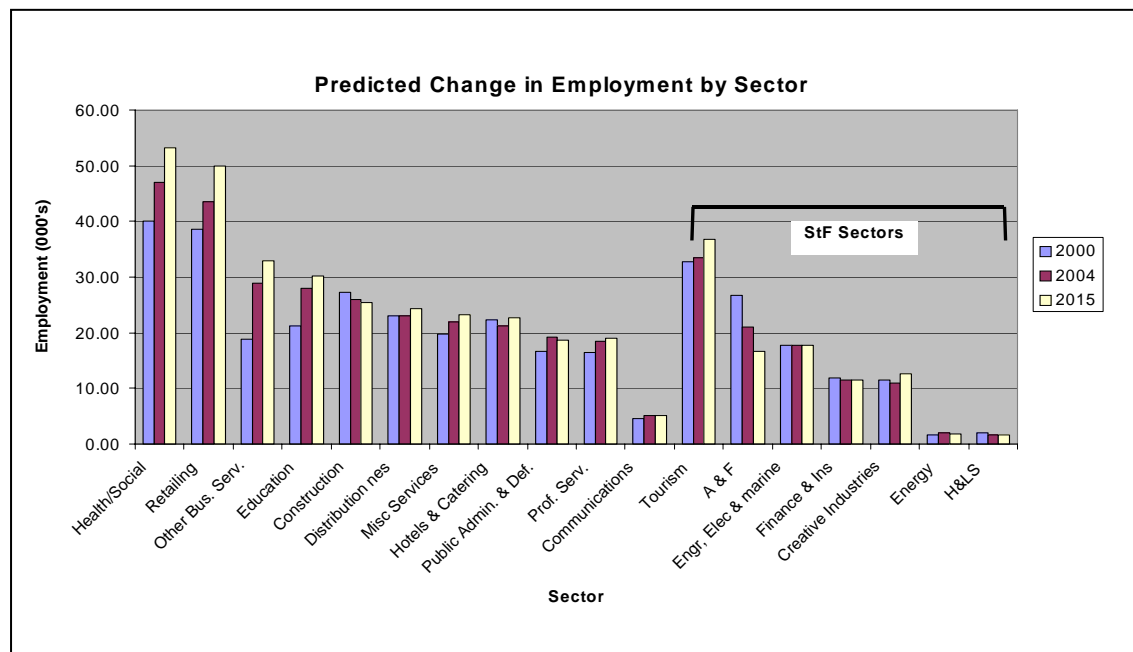
While there are a number of other designations (e.g. Sites of Special Scientific Interest and Ramsar (wetland of international importance) sites) that are of high biodiversity and environmental value, they are not as significant in area terms.

The outlook for cropping and stocking is far from clear and greater changes can be anticipated as farmers come to terms with the Single Farm Payment, which is decoupled from production, and with major changes to sugar beet

prices that will follow reform of the EU sugar regime. Environmental schemes can be expected to become significant for a greater number of farmers and a larger area. Attitudes towards change are explored in the farmer survey, later in this report.

### **Agricultural employment**

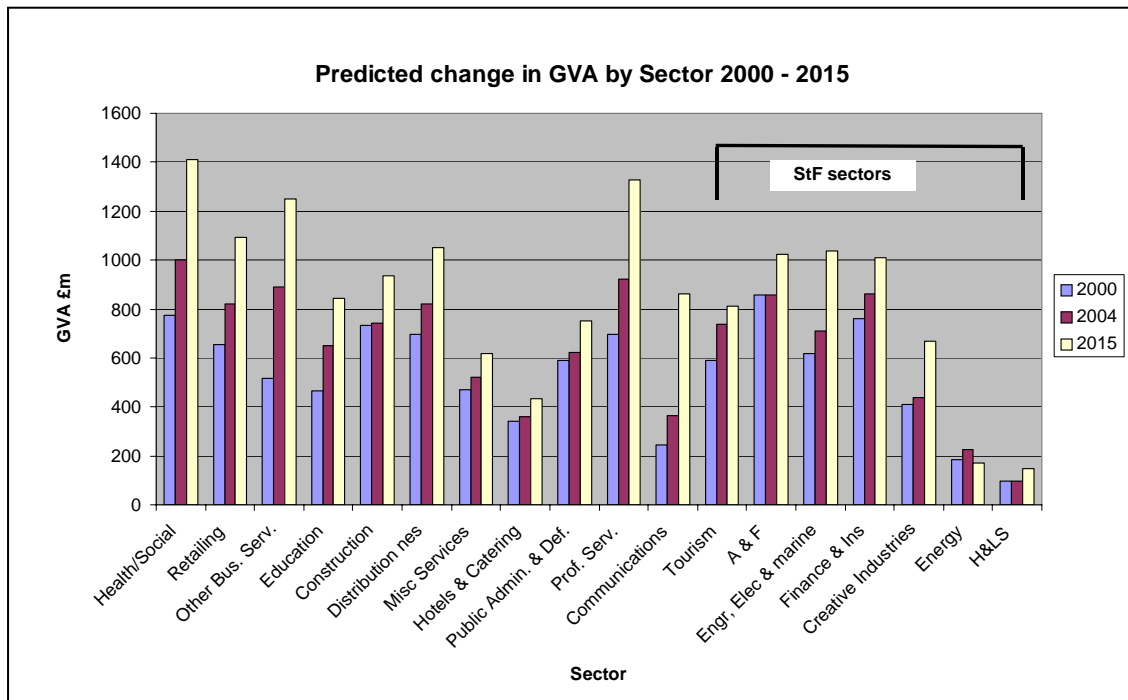
Agriculture, with food processing, is a highly important sector in terms of employment in Norfolk. The following chart shows how the sector (A&F) has changed in recent years and is predicted to change by 2015. It is notable that the substantial decline that has already occurred is forecast to continue. The figures are compared with other sectors; employment in tourism, a growing sector with rural associations and importance, is predicted to employ twice as many people as in A&F in Norfolk in ten years time.



(source: Cambridge Econometrics, Jan 2005)

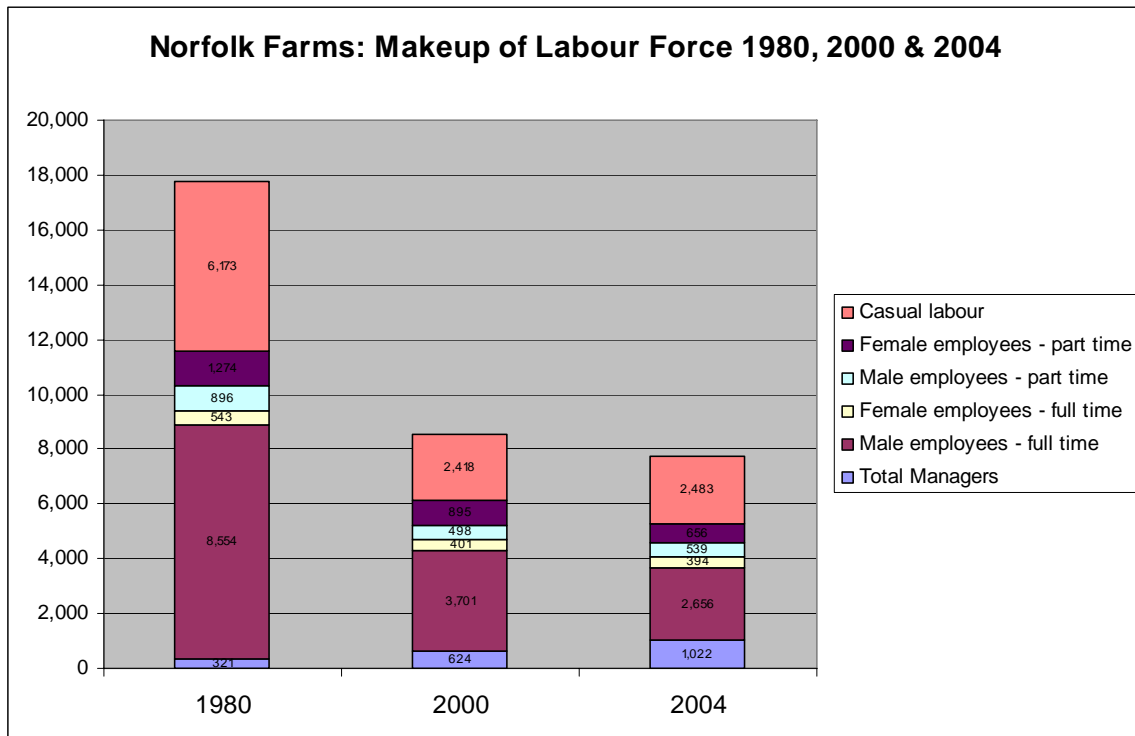
**Legend:**  
 A&F = Agriculture and Food Processing  
 H&LS = Health and Life Sciences  
 Distribution nes = Distribution not included elsewhere

However, in terms of Gross Value Added (GVA), A&F outstrips tourism and is the fifth largest contributor to the Norfolk economy, on a par with Financial Industries. It is predicted to remain in a broadly similar position in 2015 and be worth over an estimated £1billion.

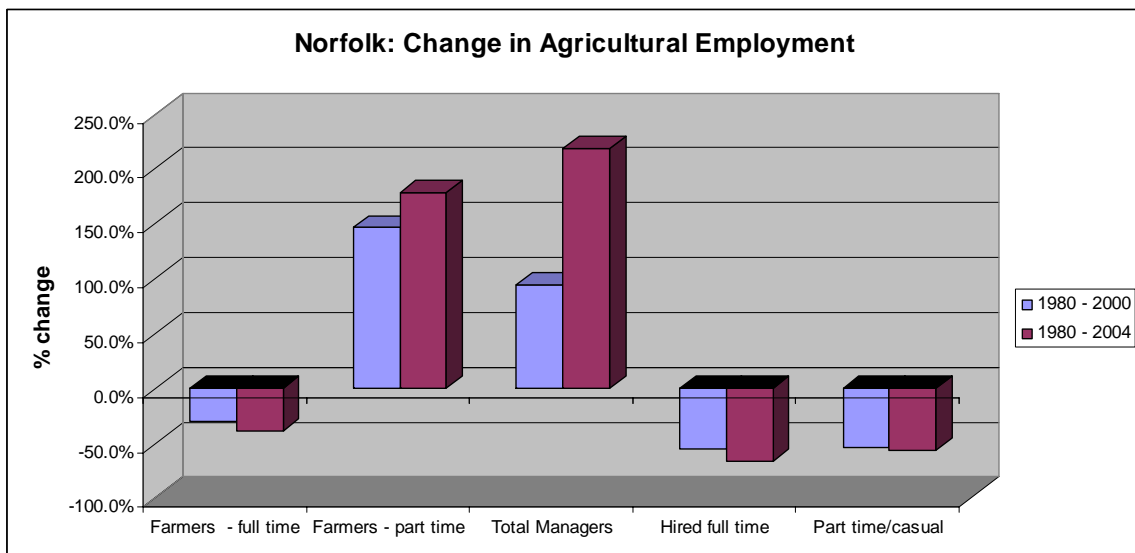


(source: Cambridge Econometrics Jan 2005)

The total number of farmers, together with spouses, partners and directors has been quite stable between 1980 and 2004, falling from 7,857 to 7,425 (432, or 5%). Farm staffing numbers however have shown substantial declines, and in 2004 were 56% lower than in 1980. Even from 2000 to 2004 there was a 10% decline in overall employment. The number of farm managers has gone strongly against this trend and their numbers have increased from 321 to 1,022 since 1980. This can be seen as a response to the increased complexity, regulation and sophistication of farming operations, together with an increasing appreciation of the importance of meeting increasingly demanding market requirements for produce over this time.



The changes in employment in percentage terms from 1980 to 2004 are shown below. This chart includes farmers themselves. The growth in both part-time farmers and in farm managers is clear. There has also been a considerable decline in full-time staff, and in part-time and casual.



Out-sourcing contract services is a significant and growing element of farming activity in Norfolk. It should be noted however that employment statistics, do not record the involvement of contractors nor the employment levels resulting, yet this growing trend has significant implications for training, careers and rewards for individuals. A similar issue of recording arises over the sourcing of seasonal and gang workers if they are not directly employed by farming businesses.

## Agricultural Policy Context

### Wider policy framework

Norfolk is part of the Eastern Region. As such it is subject to policies and strategies arising from national government, from agencies overseeing the region and from organisations local to the county. These form a complex and interacting web of measures that are designed to develop the economy generally. This chapter selects the most significant of those in farming terms. However, it should be recognised that farms do not operate in isolation and that many apparently remote decisions and initiatives can and do impact markedly on the county's farms and farmers.

### Support for the regional rural economy

There is large variation between the economic performance of rural areas across the region. In response, Government Office for the East of England (GO-East) and the East of England Development Agency (EEDA) work closely with partners to help achieve a Government target to improve the economic productivity of the least well performing rural areas (which include King's Lynn and West Norfolk, Great Yarmouth, North Norfolk and Breckland District Council areas).

The Government's **Sustainable Farming and Food Strategy (SFFS)** was published in December 2002. Drawing on the report of Sir Don Curry's Policy Commission on the Future of Farming and Food, it set out a national vision for the future of the food and farming sectors in England. Development of the **East of England Delivery Plan** for the SFFS was led by a partnership of public and private sector organisations that included representatives from the food and farming industries. Consultation with stakeholders throughout the region identified six broad delivery themes:

- education and skills
- rural economy
- business support
- innovation
- agri-environment
- rural communities

Within each theme, a number of key action areas were identified, each of which is led by one of the partners involved in developing the plan. In this way the plan focuses on delivering solutions through partnerships, with lead partners communicating the benefits of working jointly within the plan to individuals, businesses and communities in the East of England.

One of the action areas within the regional Delivery Plan is to encourage the development of alternative uses for existing agricultural products. Renewable energy from biomass and biofuels for road transport are seen to have a strong future, with scope for large volumes and areas of production. There are also a range of niche markets and uses for non-food crops that are being developed with national and international industry partners in the region. Renewables East and partners are driving forward the potential for renewable

energy in the region, giving priority to the production of grown energy within agriculture (including biomass, bio-diesel and bio-ethanol).

While this process was being carried out, EEDA was simultaneously developing a **Strategy for the Food and Drink Industry in the East of England (FDIS)**, following extensive and detailed industry, stakeholder and partner consultation. This sets out a vision of enhanced competitiveness and sustainability for the industry. In order to deliver the vision over the coming decade and beyond, it identified 3 cross-cutting themes (CC) and 6 strategic priorities (SP) for action:

**Themes:**

- CC1 Improving Networking and Connectivity
- CC2 Consumer / Customer Focus
- CC3 Resources for Food and Drink

**Priorities:**

- SP1 Skills for Competitive Food and Drink Businesses
- SP2 Space for Ideas in Food and Drink
- SP3 Internationalising Food and Drink
- SP4 Consumer and Customer Connections
- SP5 Whole Supply Chain
- SP6 Place for Good Food and Drink

In parallel with these sector specific initiatives, EEDA and its regional partners have been developing the regional infrastructure for skills and business support. A cross sector **Regional Skills and Competitiveness Partnership (RSCP)** will co-ordinate public sector engagement and funding. It will be essential that all industry sectors (farming, food and drink) ensure that their particular needs are fully understood and addressed by the RSCP.

In 2004, a new **Regional Economic Strategy** was agreed by partners in the East of England. This sets out the framework within which different organisations can work with businesses, communities and individuals to improve the region's economic performance and the quality of life of those who live and work within the region. The eight goals for the region are:

- Goal 1 - a skills base that can support a world-class economy.
- Goal 2 - growing competitiveness, productivity and entrepreneurship.
- Goal 3 - global leadership in developing and realising innovation and science, technology and research.
- Goal 4 - high quality places to live, work and visit.
- Goal 5 - social inclusion and broad participation in the regional economy.
- Goal 6 - making the most from the development of international gateways and national and regional transport corridors.
- Goal 6 - a leading information society.
- Goal 7 - an exemplar for the efficient use of resources.

It is within this regional framework for economic development that activities – including initiatives to develop the rural economy - need to fit to attract EEDA support. This is channelled through **Shaping Norfolk's Future**, which is the name for the county's sub-regional economic partnership - an unincorporated

association with membership from the public, private and voluntary sectors. It provides the forum within which partners can work together and make more effective use of resources to help achieve the Norfolk economic vision. Delivery of the partnership's goals and priorities is achieved in a number of ways:

- The individual partners take action through their own strategies, priorities and funding streams.
- Partners work together within other partnerships to address the issues.
- Collective action is taken on the main priorities for Norfolk and the gaps that have been identified but which cannot be fully addressed by individual partners.

To help deliver the vision and address the goals and priorities a structure has been developed that has three main approaches:

**Sectoral** - taking action to encourage development and growth of key sectors in the Norfolk economy;

**Thematic** - taking action to tackle the cross cutting issues affecting the performance of the county's economy; and

**Geographic** - taking action to address specific local needs as well as tackling countywide issues at the local level.

Within this framework, the development of the agriculture and food processing sectors and the general issues for the rural economy are addressed through the Norfolk Rural Economy Board.

In response to Lord Haskins' Review of Rural Delivery, the Government published its **Rural Strategy** in 2004 and **Regional Rural Delivery Frameworks (RRDF)** have been developed to establish clear and agreed regional rural priorities, effective and targeted delivery mechanisms and a clearer customer focus. The RRDF for the East of England is built around a set of key rural delivery objectives, following a detailed review of the region's strategies, plans and existing frameworks:

- Objective 1 to encourage economic, social and environmental activity which sustains and enhances the distinctive natural, cultural and built heritage of the region's rural areas
- Objective 2 to improve the efficiency and sustainability of resource use across rural areas
- Objective 3 to anticipate and respond to the impacts of climate change across rural areas
- Objective 4 to promote social inclusion through improved access to services, community cohesion and participation in rural areas
- Objective 5 to address housing needs in rural areas and respond to the anticipated impact of growth within the region
- Objective 6 to encourage and support enterprise and innovation in rural businesses
- Objective 7 to encourage people of all ages to participate in quality learning opportunities

The **Rural Development Programme for England (RDPE)** is due to replace the current England Rural Development Programme (ERDP) for the seven year period, 2007-2013.

The RDPE will include the delivery of the existing Entry Level and Higher Level Schemes, the Woodland Grant Scheme and a new single socio-economic scheme to replace the current project based schemes (Rural Enterprise Scheme, Processing and Marketing Grants, Vocational Training Scheme and Energy Crops Scheme).

The delivery partners (Natural England, EEDA and the Forestry Commission) will produce a single **Regional Implementation Plan for the East of England**. This will set out how the region intends to use the resources allocated to it over the next seven years as part of the England Programme. The RDPE is funded by a combination of EU funding, national match funding from the Treasury and the modulation of the Single Farm Payment.

The aim is to use the RDPE to support the sustainable development of the agri-food and rural economy as it responds to the multiple pressures of CAP reform, the drive for more environmentally responsible production and enhanced access to a healthy and vibrant rural landscape.

Initial work with stakeholders across the region has led to the production of a set of proposed high level themes to give focus to the programme:

- Business Efficiency – focusing on knowledge transfer, skills development and collaboration
- New Markets and Products – supporting new product development and marketing
- New Businesses and Enterprises in the Rural Economy – supporting the development of new rural businesses both on and off farm
- Resource Protection – addressing diffuse pollution, improving the management of water and wastes and improving the management of soils in the agricultural and forestry sectors
- Conservation of the Natural and Built Historic Environment – supporting land management regimes which balance production with the needs of the landscape, habitat and bio-diversity
- Access and Recreation – opening up new areas of the rural landscape to public access
- Basic Services for the Rural Community – improving access to services

However, in producing the Implementation Plan, there are a number of constraints which have to be taken into account – such as Defra's intention to make Entry Level Stewardship available to all farmers and aim for an 80% take-up rate, coupled with the desire to attract significant numbers of farmers into Higher Level Stewardship. As a result, the economic and social components of the programme, over which there is more discretion, are likely to be very limited.

Also, the region can only support projects which are fundable by the 'measures' which are permitted by the EU and national plans and funding will

be focused on priority areas for action which cannot be funded by other funding streams to ensure clear demarcation with other programmes.

## Regional planning framework

The **Planning and Compulsory Purchase Act 2004** introduced major changes to the planning system. The purpose of the Act is to move from an emphasis on the regulation of land use towards enabling the delivery of outcomes. Part II of the Act provides a new development plan system based on Regional Spatial Strategies (which replace Structure Plans at county level) and Local Development Frameworks (which replace Local Plans at district level). Planning Authorities are expected to use the new tools available to them to achieve development that is sustainable and to increase the involvement of their communities.

In December 2004, the East of England Regional Assembly (EERA) published the first **East of England Plan**. It sets out a draft regional strategy for planning and development to 2021. When finalised (early in 2007) it will provide the statutory framework for local authorities to produce more detailed Local Development Frameworks (LDF) and Local Transport Plans (LTP) for their areas. Each of Norfolk's seven District Councils and the Broads Authority are at different stages in the preparation of their Local Development Frameworks, which will include policies for development in rural locations. The County Council is responsible for the production of the Local Transport Plan for Norfolk, the second of which covers the period 2006-2011 and provides a long term strategy for transport improvements as well as a five year implementation plan.

Supplementary planning guidance issued by the government in **Planning Policy Statement 7** deals with sustainable development in rural areas. It states that planning policies should recognise the varied roles of agriculture, including the maintenance and management of the countryside and support development proposals that will enable farming and farmers to:

- become more competitive, sustainable and environmentally friendly;
- adapt to new and changing markets;
- comply with changing legislation and associated guidance;
- diversify into new agricultural opportunities (e.g. renewable energy crops);
- broaden their operations to 'add value' to their primary produce.

Recognising that diversification into non-agricultural activities is vital to the continuing viability of many farm enterprises, local planning authorities are obliged to set out (in their LDF) the criteria to be applied to planning applications for farm diversification projects. They should be supportive of well-conceived farm diversification schemes for business purposes that contribute to sustainable development objectives, help sustain the agricultural enterprise and are consistent in scale with their rural location. A supportive approach to farm diversification should not however result in excessive expansion and encroachment of building development into the countryside. Planning authorities should therefore encourage the re-use or replacement of existing buildings where feasible, and have regard to the amenity of any

nearby residents or other rural businesses that may be adversely affected by new types of on-farm development.

Farmers developing a diversified enterprise frequently require planning permission and should become familiar with their local development framework and with planning policy statements to ensure that they put the best case to their local authority. They will generally find the authority more sympathetic to the application if it is supported by evidence that it meets the local and national criteria.

## Norfolk Farm Study Survey

The Farm Study was set up to examine trends in production and enterprises on a county-wide basis, and also to probe farmers' attitudes, perceptions and levels of confidence. To this end, a questionnaire was designed and mailed out to about 1400 farmers in November 2005; 340 completed surveys were returned and have been analysed. The response rate of 24% was encouragingly high and confirmed that farmers found the research interesting and relevant. It also means that the results can be viewed with confidence as being representative of farmer experience and opinion.

The survey was followed up by one structured focus group session attended by 11 farmers and a number of less formal discussions. The purpose of these was to probe some of the survey findings in more detail and the opinions expressed have been used to inform the findings below.

### Questionnaire design

The questionnaire was designed for easy response and most questions could be answered by ticking one or more of a number of boxes. To ensure all options were covered, most such questions also had an 'Other' box for text entry. There were seven sections and a total of 18 questions (*see Appendix 1 for the questionnaire*). The sections were:

- Your farm business – crops and livestock  
This covered such matters as cropping areas, livestock numbers and location (by local authority district). This section provided a number of bases for comparison, in that farms could be grouped by size, type and location.
- Policy: Single Farm Payment and Sugar Regime change  
These areas of European and national policy were considered to be the two of most immediate significance to Norfolk farmers and questioned the extent to which they had already or were planned to influence changes to farm management.
- Crop and livestock production strategy  
Two questions seeking information on changes to land area farmed, collaboration and sourcing labour.
- Diversification  
Two questions to identify the perceived barriers to diversification and to find out what activities had been introduced or were planned for the future.
- Environmental schemes and regulation  
Questions to find out the possible uptake of environmental stewardship and awareness of forthcoming regulations
- Training  
Skills needed, training methods and location preferences.
- About you  
Some optional personal questions that enabled the analysis to

consider the influences of age and degree of management responsibility, as well as business succession issues.

The questionnaire was returned anonymously. Respondents had the option of expressing interest in joining a focus group and of receiving a copy of the summary of the study; however, their contact details were kept separate from the survey.

The design of the survey, from its scope to the precise wording of the questions was the responsibility of a small group drawn from NRBAS, Norfolk County Council, Norfolk Property Services and the Rural Business Unit from Cambridge University. NRBAS was responsible for the mailing list and Cambridge University for the analysis.

## The sample

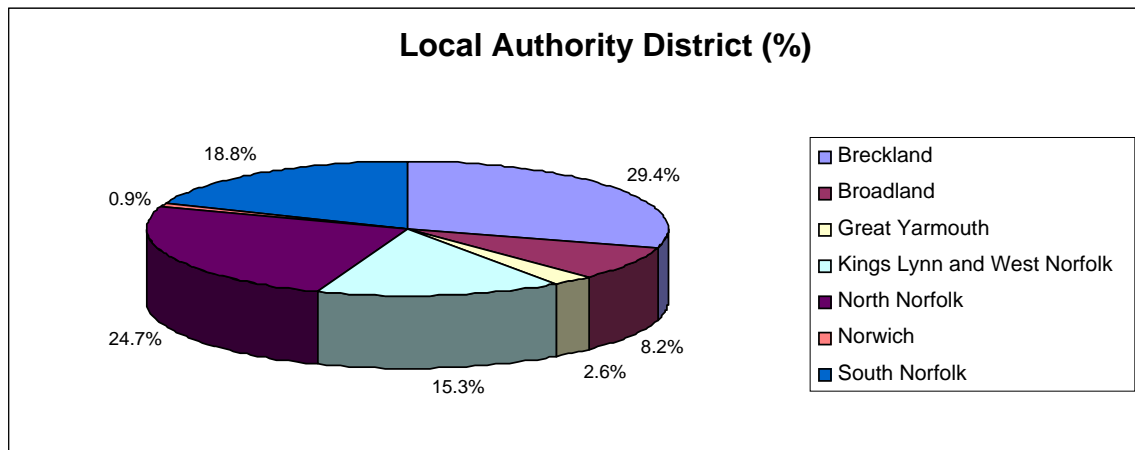
340 responses were able to be used.

Of these 340:

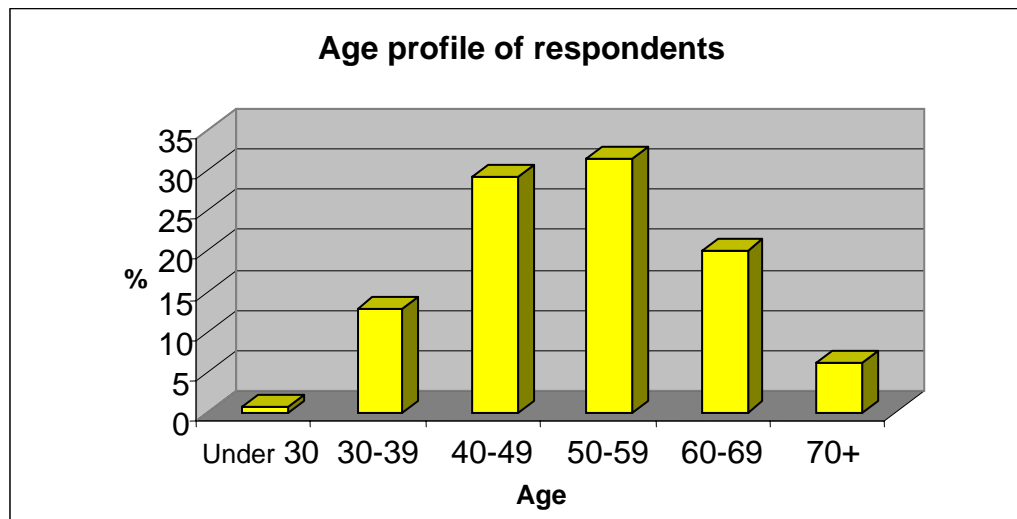
	Farms no.	Ha Total	Av.	%
Area of crops and short leys		78,722	231.5	79.3
Area of long leys / permanent grass		9,271	27.3	9.3
Area of set aside		6,992	20.6	7.0
Area of woods		3,951	11.6	4.0
Other		395	1.2	0.4
<b>Total area</b>	<b>340</b>	<b>99,331</b>	<b>292.2</b>	<b>100.0</b>
Farm area owned		58,262		58.6
Farm area rented		23,708		23.9
Area contract farmed for others		17,361		17.5
<b>Total area</b>	<b>340</b>	<b>99,331</b>		<b>100.0</b>
	no.	%		
Farms with Sheep	47	13.8		
Farms with Cattle	111	32.6		

The land area of the respondents was 22.9% of the farmed area of Norfolk (433,022 ha – Defra 2004).

Respondents were well distributed across the county; the percentage distribution was:



Of those completing the questionnaire, 60% were aged between 40 and 59, and thus can be expected to be playing a significant role in running the farm. In fact 97% claimed responsibility for long-term decisions, 91% for seasonal decisions and 87% for day-to-day decisions.



## Key findings

### *Pressures for change*

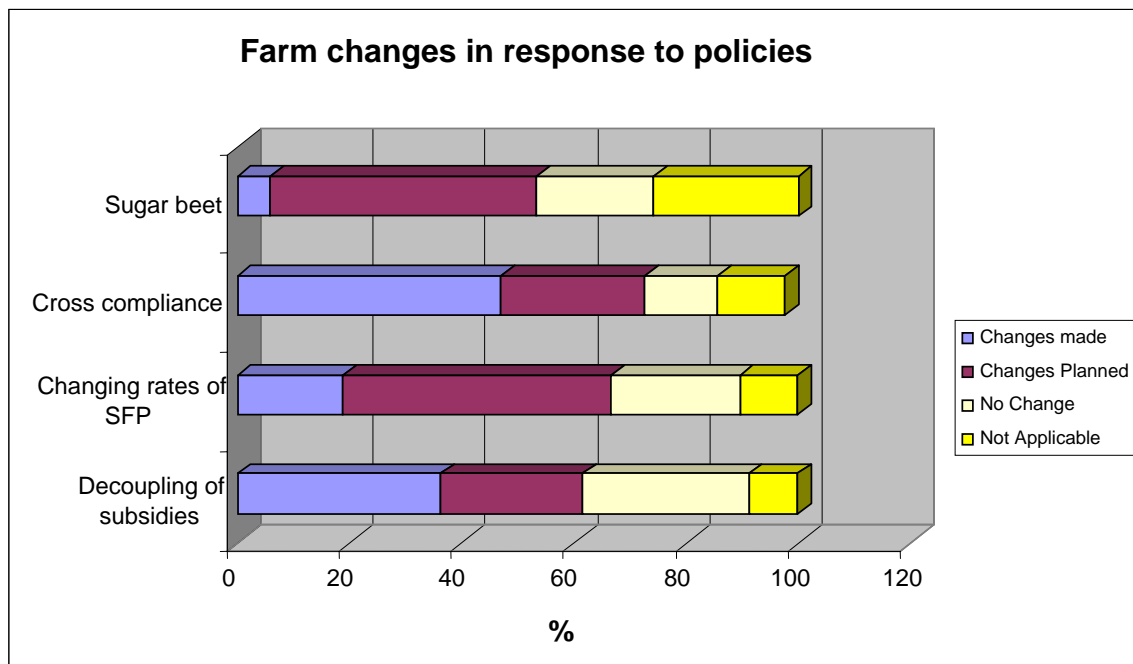
The survey was carried out in November 2005, at a time when most farmers were aware that they would not be getting their IACS payments but expected the new Single Farm Payment (SFP) to be made in February or March 2006. This payment is decoupled from production and will be made to farmers as long as they abide by cross compliance regulations that ensure land is kept in good agricultural and environmental heart. It is anticipated that that this new regime will influence cropping and stocking plans and that marginally profitable enterprises may be terminated. While such decisions are specific to each farm, its systems and overheads, it is generally accepted that beef production will be under considerable threat. It is also predicted with some

certainty that SFP payments will fall, possibly by up to 50%, over the next six years of the scheme.

The autumn of 2005 also saw much discussion and speculation on the future of the sugar beet crop, a significant one for Norfolk, as the European Union reviewed its Sugar Regime in the light of WTO pressure for reform.

Questions were posed in the survey to explore the responses that farmers had already made or were planning to make, to such changes in their economic environment.

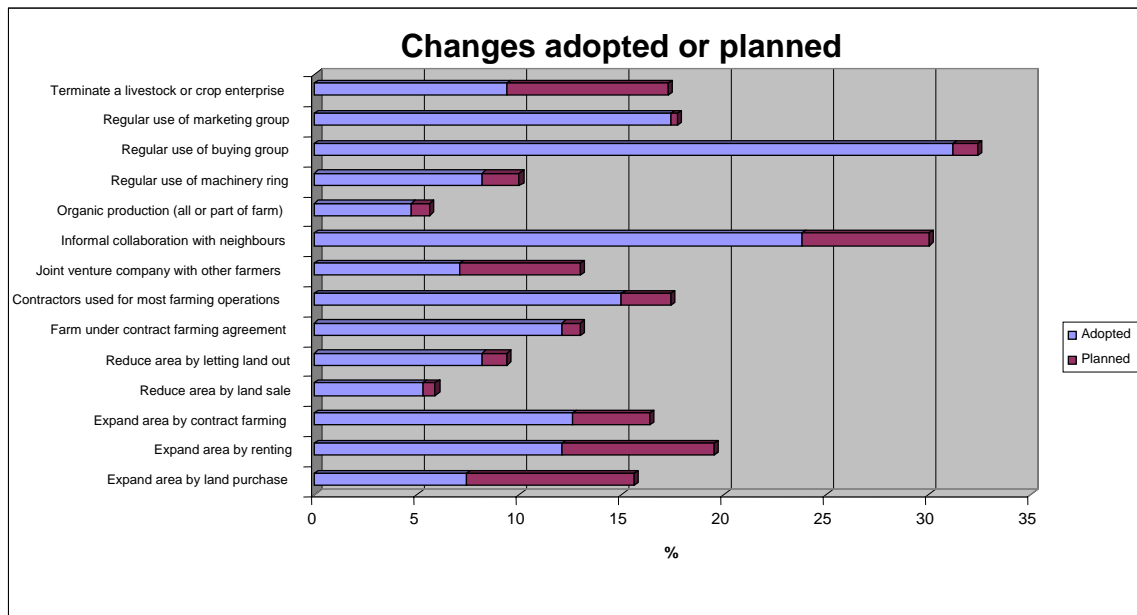
- The Single Farm Payment is already stimulating significant changes in business management, with more changes planned.
- EU Sugar Regime changes are leading to planned business changes on a high proportion (72%) of sugar beet growing farms.



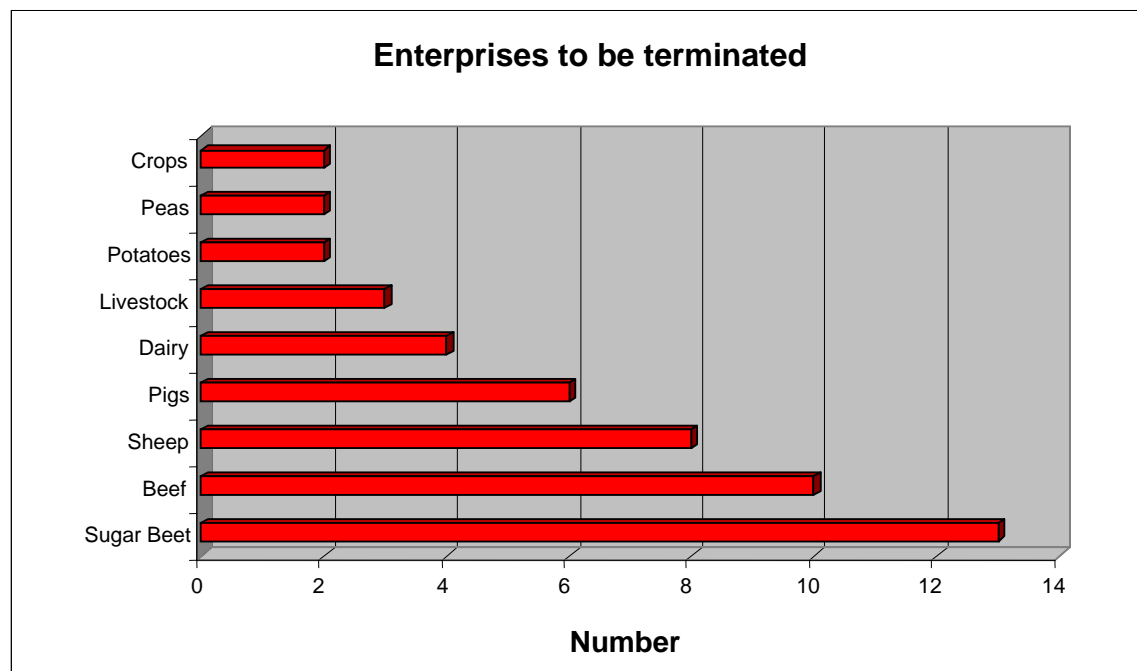
- Major areas of change to production strategy that have recently been adopted include: contract farming, the use of contractors, collaboration with neighbours and the use of buying and marketing groups.

It may also be significant that more farmers were planning to increase business size than reduce it, though this was also influenced by age (see below).

- Downward pressure on product prices, especially commodities, is likely to continue. Technical advances may help to offset these, and there will be a continuing demand for increased efficiency. Regulatory burdens are also inevitably likely to increase, although where possible this should be turned to advantage as certifying enhanced production and welfare standards.



- Enterprises most likely to be terminated in the near future are sugar beet, beef and sheep. Beef producers intending to retain their enterprises are reported as considering changes such as seeking longer term grazing contracts, direct sales or organic conversion.

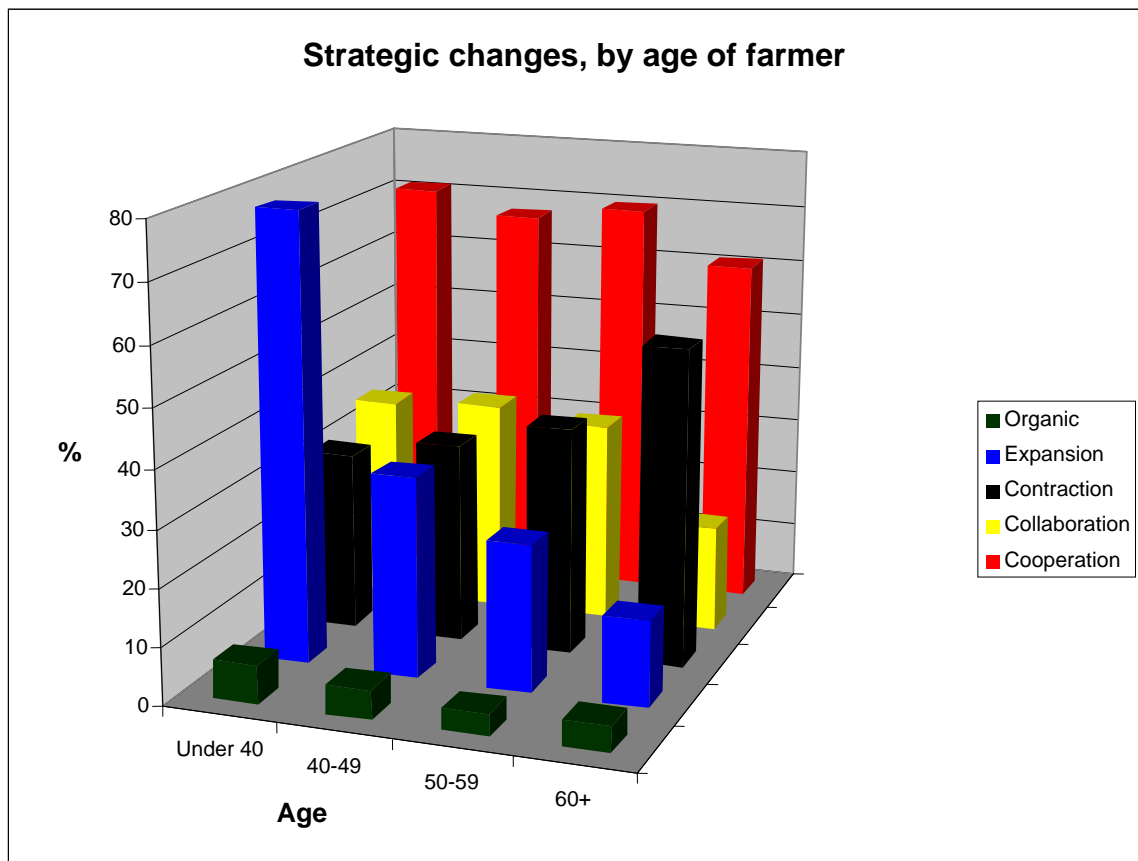


- Larger farms have made more changes in response to cross compliance and the decoupling of subsidies. Smaller farms, being generally more risk averse, may be less likely to recognise the need for change, be less customer focussed and more reluctant to collaborate with others. They may also have less time to consider management changes.

### Strategic options

The survey asked a number of questions about present and planned farming organisation. These could be categorised as expansion, contraction, collaboration, co-operation and organic farming. The analysis examined these strategies in terms of age of the respondent, farm size and type.

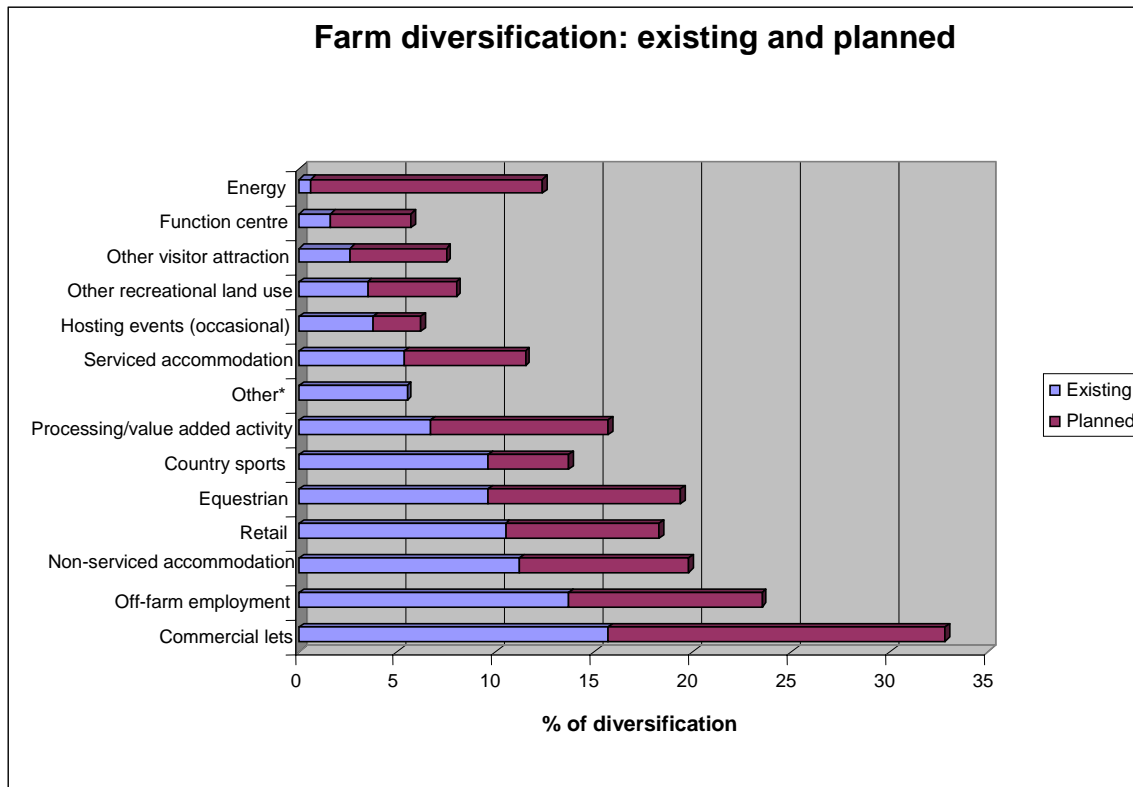
- General cropping farms are the most likely to collaborate with neighbours. They have the highest number of diverse enterprises.
- Livestock farms are the type most likely to use machinery rings but make the least use of marketing groups.
- Older farmers have made greater use of contract farming agreements and contractors to run their farms. They also let more land out and are not as dependent on the farm for their main source of income.
- Younger farmers are more enthusiastic over expansion and have done so by purchase, renting and contract farming land for others. They collaborate more with neighbours and also have more existing and planned diverse enterprises.
- Organic farming was not seen as a significant option by many, of any age group.



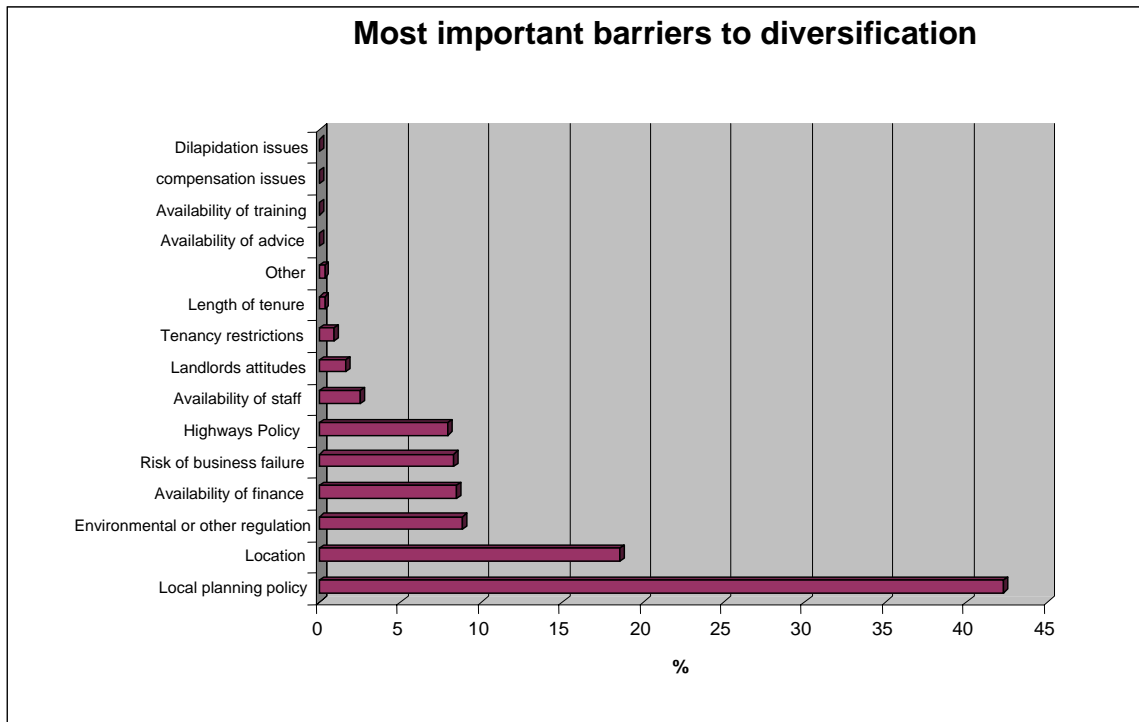
- Larger farms have expanded more by land purchase, renting and contract farming. They are also more likely to collaborate with neighbours and make more use of buying and marketing groups.

- Tenant farmers have expanded more into contract farming and have collaborated more with neighbours.

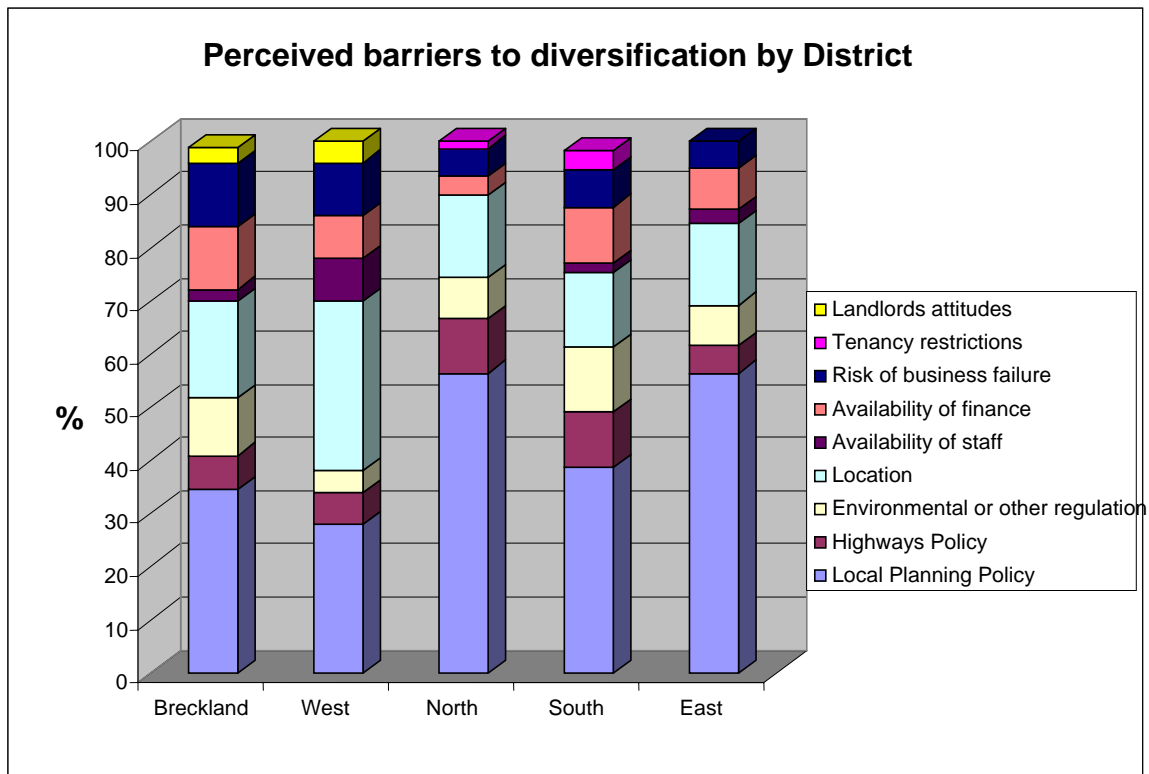
**Adding value**



While diversification has become a more familiar approach for farmers and there are many successful examples locally, it is felt by many that there are obstacles to be overcome in initiating a diversified enterprise. In some cases, these are seen as insuperable. The survey suggested a number of barriers that might exist and asked farmers to rank them in order of importance. While some of these (including compensation issues, available training and advice) were not considered to be problems, local planning policy was ranked as the most important barrier to diversification. Location, highways policy, regulation, available finance and the risk of business failure were also significantly ranked.



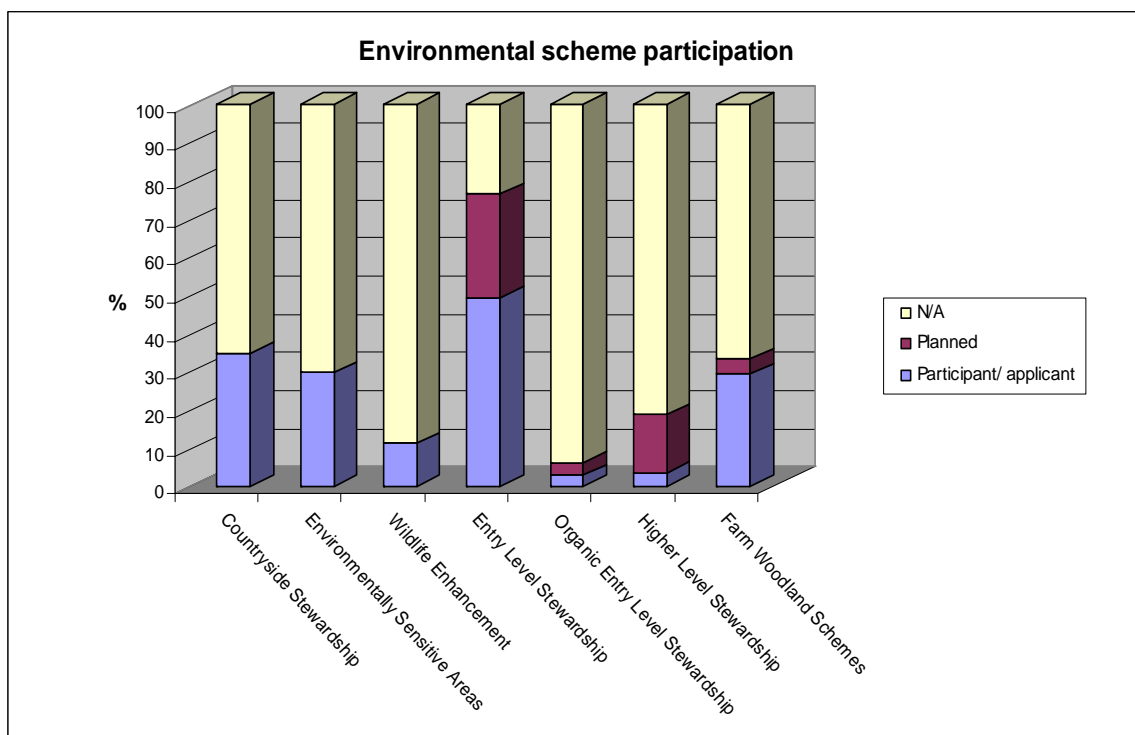
There was a considerable variation by local authority district in how barriers were perceived. While local planning policy was consistently viewed as the most significant, it was much less so in Kings Lynn & West Norfolk. North Norfolk, Broadland and Great Yarmouth (the latter grouped together for analysis purposes as “East”) were seen as having the most restrictive policies. Farmers in Kings Lynn & West Norfolk felt more strongly than others that location was a major constraint. Those in Breckland seemed the most risk averse and least confident.



**Environment**

The survey asked about current and planned participation in environmental schemes. The year 2005 saw the closure of a number of schemes to new applicants and the introduction of Defra’s Environmental Stewardship Scheme at Entry, Organic and Higher levels. The new scheme requires a 5 year commitment at Entry level, 10 years at Higher; most of the schemes it has replaced had 10-year agreements.

- 76.5% of respondents plan to participate in Entry Level Stewardship and 18.8% in Higher Level Stewardship. If these plans are fulfilled, it will result in a much higher participation rate in environmental schemes than hitherto.
- Larger farms have had greater participation in Countryside Stewardship, Environmentally Sensitive Area, Wildlife Enhancement and Farm Woodland Schemes.
- Tenants have shown a significantly lower level of participation in Environmentally Sensitive Area and Farm Woodland schemes than owners. However, tenants and owners show a similar level of intent to participate in Entry Level and Higher Level Stewardship schemes.
- Farms with grazing livestock have participated more in Countryside Stewardship, Environmentally Sensitive Area and Wildlife Enhancement Schemes.
- The perception of the countryside and what it is for by the public will increasingly influence farmers’ returns. This may be through publicly-funded support or through increasing opportunities to treat the environment as a customer, whose needs can be met at a price.



### ***Training and business support***

Modern farming requires skilled labour - however universities and colleges across the country are currently finding difficulties in recruitment to agricultural courses at all levels. Norfolk is fortunate in having an active agricultural college at Easton. The survey asked about the availability of skills and the importance of qualifications. Respondents were also asked to identify their training needs and to comment on possible training locations.

- Skilled staff are reported as the most difficult type of labour to source.
- Business management, marketing, regulatory compliance and environmental management are the skills thought to be most in need of improvement.
- A majority of farms in the East of the county and in Breckland prefer Easton College as a venue for training; those in the West would prefer a local venue, while those in the North and South are more equally divided between Easton and a local venue.
- Workshops and field days were the preferred means of receiving training and information. Training programmes leading to qualifications were said to be preferred to those without a qualification. In discussions, that view was tempered and distinctions were drawn between craft-type courses leading to licences and management-level courses, where the transfer of useful, practical knowledge was rated more highly than achieving a qualification.
- There was concern for migrant workers, whose attitudes and skills were highly regarded. It was felt important that they were made welcome and recognised as a valuable resource, capable of further development.

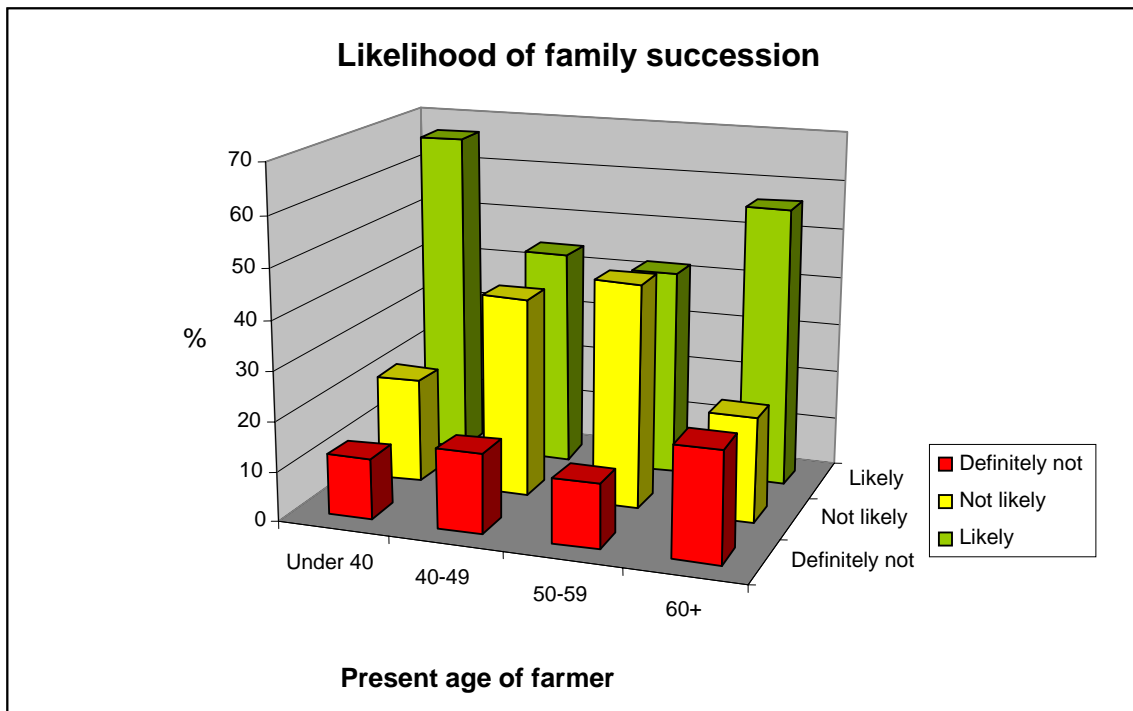


### **Succession**

There is increasing concern and uncertainty over the long-term viability of farms as businesses. This can be assumed to have an impact on the plans of younger family members for taking over the running of the farm as older members retire. The survey asked about likely succession to the business by members of the controlling family, and about plans for retirement. The majority of respondents had control of long-term planning and were between 40 and 59 years of age; they may not have had formal ownership of the business.

- 13.4% of respondents were under forty years old and 25.9% were over sixty years. 16.4% of respondents plan to retire within five years.
- Only 49.3% expect a family member to take over the management of the business when they retire. Older farmers (60+) are clearest in their views on family succession; a higher proportion of them do not expect to be succeeded by a family member. The youngest age group (<40) have the highest expectation of a family succession; it is reasonable to suspect that they are thinking of themselves as the potential successor. It is noticeable that the least expectation of a family succession is held by the largest number of respondents, those in the 40 – 59 age group.
- Livestock farms are more likely to have a family succession; this is presumably because they are more easily able to involve the next generation in their operation from a young age.
- Only 37.3% of tenants think it likely that a family member will take over the management of the business.

- Farms with mixed tenure tend to be larger and more likely to have a family member take over the management of the business.
- Farmers of larger holdings tend to be younger, less likely to retire soon and more likely to assume that a family member will eventually take over the management of the business.
- Issues of succession are increasingly influenced by pension provisions. These may have been barely considered a generation ago but have become an increasing feature of farm business financial planning and may well lead to an increased willingness of older farmers to retire.



## **Discussion**

### **SWOT analysis**

When examining a business, analysts frequently use a tool known as SWOT analysis, which identifies the Strengths, Weaknesses, Opportunities and Threats facing the enterprise. This method can then lead to decisions as to which activities are most likely to develop the business and drive it forward. In adopting this approach to Norfolk farming as a whole, it must be borne in mind that it is the sum of a large number of businesses that is under consideration and that an individual farm is idiosyncratic and may not closely match the overall situation. Nevertheless, it is believed that a general summary is of value to planners and policy makers operating at the county or regional level. It may also be useful for the individual farmer to consider how he measures up to the more general view and what he can do to ensure that he is at least no worse than the average and where his advantages lie.

#### **Strengths of Norfolk Farming**

- Technically skilled farmers, especially in the arable, poultry and pigs sectors, showing confidence in the future by their willingness to expand their farming operations.
- Good quality land, with a high proportion of the best quality, and a relatively favourable climate.
- Skilled labour force, with few recruitment difficulties reported.
- Active agricultural college in the county, attuned to the educational, training and support needs of the industry.
- Arable farms are generally well structured and well equipped, with up to date machinery and equipment.
- Buildings in use are generally fit for purpose and meet assurance scheme standards.
- High level of co-operation (e.g. Anglia Farmers, Aylsham Growers, machinery ring); informal collaboration is widespread.
- Depth of experience in diversification, with willingness to be flexible in terms of resource use.
- Good uptake of environmental schemes.

#### **Weaknesses of Norfolk Farming**

- High dependency on commodity production.
- High dependency on government support. - previously production subsidies, currently Single Farm Payment.
- Low density and dispersed population combined with rural deprivation and low incomes limits opportunities for developing added value products for a local market.
- The local community seems to have lost its links with the farming community and many farmers therefore fail to understand the modern consumer and their needs.

- The county lies at the end of extended and poorer quality supply routes and is distant from main markets.
- Over representation in some vulnerable sectors – e.g. sugar beet and poultry.
- Heavy reliance on unlicensed migrant labour in some areas.

### **Opportunities for Norfolk Farming**

- An increasing dependence on contractors for field operations provides opportunities for technician level employment.
- Research and Development base in the Eastern region that is at the cutting edge of technology and management information.
- Developments in bio-energy both as biofuels (diesel and ethanol) and biomass (for local heating schemes).
- Strong and innovative food processing and specialist food sectors locally and in the region, needing a reliable supply base.
- Changing trends in food consumption and preferences: eating out and eating locally produced (and authenticated) foods.
- Increased recording and controls over processes required by major buyers are designed to assure consumers of quality and source of British food.
- Norfolk's rural tranquillity and beauty (including National Park, AONB, SSSIs etc) are major attractions for discerning tourists. Tourist agencies and businesses recognise the contribution that farming makes to their industry and are supportive of farming.
- Potential improvements in rural/urban and farm/community linkages.
- The Eastern region is set to grow significantly in terms of population and wealth, providing an expanding local market for producers.
- The London Olympics in 2012 offer a unique opportunity for Norfolk, both in tourism and food production terms.

### **Threats Facing Norfolk Farming**

- Continued downward pressure on commodity prices.
- Loss of skills, especially in the grazing livestock sector if beef and dairy cattle numbers continue to decline.
- Jobs in farming, with no career structure, lack appeal which is leading to a shortage of new entrants to the industry, especially among the ambitious.
- A tendency to talk down the current state and prospects for farming.
- The increasing regulatory burden and the need to evidence and record production processes are time consuming and create an additional burden while at the same time, staffing levels are falling.
- Local food processors sourcing supplies from cheaper sources overseas, or relocating plants to Eastern Europe.

- Water supplies are already critical in the summer period and population increases are likely to make this situation worse.
- The perception of local planning policies as major barriers to diversification.
- Competition from other industries for skilled staff.
- Climate change and global warming are predicted to give rise to drier summers and heavier rainfall in winter, which may result in increased soil erosion and diffuse water pollution.
- Rises in sea-level would pose a real and lasting threat to substantial areas of the county, for which the cost of flood defence may be seen as unjustified.

### **Current initiatives**

The purpose of the Farm Study and the associated survey is to identify problems and gaps in the measures and support designed to deal with the problems facing the agricultural sector in Norfolk. The Rural Economy Board does not have the capacity to put forward proposals or initiate action to overcome all the problems identified, nor would it be appropriate for it to do so. The Study is intended to stimulate action by a number of players, including the Board, and inform the development of new initiatives.

However, some immediate responses that are already under way should be recorded. These include:

- A number of planning seminars have been held in conjunction with district and borough councils as part of their consultations on the emerging Local Development Frameworks. These provided an opportunity for farmers and others to put the case for diversification and discuss issues associated with alternative building uses with planning officers.
- A study has been undertaken into the demand for converted farm buildings for alternative rural workspace. This highlights the critical features that potential lessees look for when considering such locations for offices and other commercial uses.
- A research initiative is underway to investigate the impact of traffic movements resulting from farm building re-use and provide informed and objective guidance to the Highways Authority on how future proposals may be assessed. The object is, where possible, to reduce the potential for highways advice to be a perceived or real obstacle to proposals for commercial development of redundant farm buildings.

*These three initiatives have all been made possible by funding available through a European Interreg project, led by Norfolk County Council. The project will also produce a toolkit on design and construction issues associated with the conversion of redundant farm buildings to commercial use.*

- An annual Farming Conference is organised by Anglia Farmers in conjunction with Shaping Norfolk's Future. Now approaching its fifth year, this has become an established event, drawing a very full attendance of (primarily) farmers to hear views and updates on topical subjects from leading speakers and practitioners. This conference is helping to keep the county's farmers up to date, abreast of new ideas and alert to possible future conditions.
- Issues associated with livestock grazing, especially in relation to environmentally sensitive areas, are coming under increasing scrutiny and a partnership representing livestock producers and environmental interests is working towards establishing a regional Grazing Livestock Forum.
- The Rural Economy Board has helped to establish a group with local food and its increased consumption at its heart. Eat and Drink Norfolk has run a successful project exploring opportunities for public and institutional caterers to use greater volumes of locally produced foods, to encourage its promotion in local stores and to publicise local producers and farmer's markets. Partners in this project include East Anglia Food Link, Tastes of Anglia, Produced in Norfolk. NRBAS and the Archant Group (publishers of the Eastern Daily Press).
- The Board has also commissioned a study of the use of biomass as a fuel and published a practical guide for builders, architects, home and facility owners: Woodfuel in Norfolk, now being adapted for use across the region.
- The Rural Economy Board, Easton College and all local authorities in the county have appreciated the importance and value of skilled, experienced and professional advice to farmers, especially those who might feel daunted by the scale and pace of change facing them. There was also a concern that Norfolk's farmers should get at least their fair share of whatever grants were available to them in adapting to those changes. Norfolk Rural Business Advice Service (NRBAS) was formed in 2000 to help meet these needs and has been successful in drawing down nearly £3million in grants to farms and rural businesses. NRBAS continues in its role and is expected to be a significant player as measures under the new Rural Development Programme for England are developed.
- Training and staff development topics and new approaches are kept under continuous review by such organisations as NRBAS and Easton College, especially following its award of Centre of Vocational Excellence in Land Management status and the opening there of the Rural Support Centre.
- With the sale of the Norwich Livestock Market site, ambitious plans are being developed with local councils to ensure the continuance of a market combined with facilities for small and medium local food processors and suppliers.

## Further action

Any lively industry will take steps to ensure its own development and continuing relevance. Norfolk farming is no different; it is fortunate in having articulate and responsible leaders and members of its own, together with a large number of dedicated support organisations anxious to assist. It is not the role of the Rural Economy Board to propose initiatives to the industry, in a top-down manner, but rather to assist the industry in the formulation of its own proposals and then to help ensure that they are delivered.

There are however a number of issues and areas that can be identified as meriting further consideration. These include:

- The significance, in terms of the number of businesses, of horticulture within the county. This is a varied industry with specific systems that is not well documented. While it has been deliberately omitted from this study, for reasons of focus and clarity, policy makers deserve to be better informed about this important local sector.
- Despite the fact that farmers responding to this Study's survey did not generally regard recruitment as a pressing problem, there is anecdotal evidence of difficulty in filling technician-level posts. These are increasingly within sophisticated contracting operations and may have been missed by the survey. The introduction by Easton College and the UEA of foundation degrees in a number of agricultural disciplines should help to fulfil this need, but it will also be necessary to ensure that the shortfall and the career opportunities presented are well appreciated among able school leavers.
- There is justifiable concern over a number of elements of the livestock industry. Dairying has seen a deep decline and must be regarded as extremely fragile. Successful meat production requires adequate processing facilities – abattoirs and cutting plants – yet these are also under pressure in the county.
- The introduction of the Single Farm Payment is likely to bring major changes to farming systems. It will be important that the opportunities for new crops, new management systems, new markets and new technologies are presented to farmers in accessible ways that help them develop their businesses rapidly and efficiently.
- Farm diversification is a reasonable element in the development strategy for many farm businesses, as they seek to get the best return from all their resources. While these changes are accepted and supported by district councils in principle, in practice farmers view the planning system as a major constraint. All parties need to work more closely with each other to achieve acceptable on and off-farm diversification activities.
- Farming and tourism are both important sectors of the Norfolk economy, representing considerable investment and major employment. Their interdependence is well recorded and established. It will be important that farmers recognise the opportunities for ensuring environmental gains in their cultural and management practices, since these are likely to bring with them economic benefits.

Additional issues and significant concerns that were raised by farmers during the focus group session may also warrant consideration for further action.. They are summarised below, with comments on the current situation where some appropriate action is already under way:

- The general volume of red tape and form filling that is increasingly time consuming.

Commentators have been supportive of farmers' calls for simplification and reduction of duplication. The Whole Farm Approach (WFA) has been designed by Defra to lighten the regulatory burden on farmers and growers in England. It allegedly offers a faster and more efficient way of doing business between government and the farming industry and should help reduce the number of duplicated requests farmers receive from Defra and its agencies for information.

This is now a live service. Developed as an electronic only system, it uses an "intelligent" questionnaire system which supposedly makes form filling easier and provides convenient links to best practice advice and guidance.

- The impact of new regulations governing treatment of farm waste and the associated additional costs:

Waste regulations were introduced to the farming industry in 2006, after a number of delays. Norfolk County Council has a researcher in post assessing the impact of the regulations on both waste sites and the industry, with a view to providing advice. Organisations such as Anglia Farmers are developing schemes to help farmers meet the requirements of the regulations.

- The increasing incidence of fly tipping in the countryside and the responsibility of local authorities to pursue prosecution.
- Farm security – especially the growing incidence of livestock theft and vandalism.
- The actual and threatened loss of some major food processing plants in the area which will lead to loss of key local markets for production and possible increased transportation costs associated with more distant processing.

These threats have not gone away, with question marks hanging over Birds Eye, Linda McCartney and other factories. British Sugar has two factories in the county; at one, Wissington, it is developing a substantial bio-ethanol facility, due to come on stream in 2007/8.

- Issues associated with the employment of migrant workers, such as the availability of housing and the costs of certified skills training requirements

A report (OSN Survey 2005, Improve/Euro-PA) examining the employment of Overseas Nationals (OSNs) and their impact on the economy challenges commonly held perceptions.

Research showed that around a third of OSNs working within the food and drink manufacturing sector undertake managerial, technical/scientific, supervisory or skilled roles. Approximately a third are employed in semi-skilled roles and only around a third actually undertake routine, manual jobs. The OSNs are primarily full-time workers rather than part-time or seasonal.

Employed extensively in food and drink industries, OSNs are crucial in the UK's food chain - in certain sectors, as many as 1 in 2 jobs in the whole food chain. Such workers are viewed by employers as hard working, reliable and committed, with high standards of skills/work and a willingness to perform jobs that local workers may be reluctant to do. Overall, most companies regard OSNs as having had a positive impact on the industry as a whole, with very few of a negative opinion.

- The difficulty of starting out in the industry resulting from the high price of land and the attitude of banks and other lending institutions.
- A poor general image of the industry and its prospects, which leads to difficulties in attracting younger people to consider it as a career.

Other meetings in the region and articles from farmers have reached the same conclusion and have given the issue a high priority; it would seem that farmers are prepared to do something about it. The recent Farm Sunday organised by LEAF (Linking the Environment and Farming) was considered successful, with 300 farmers across the country opening their farms to the public. LEAF also encourages its members to communicate their environmental initiatives to the public by, for example, putting explanatory notices on footpaths and bridleways. Farmers who have done this report its success in interesting the public in farming activities generally.

This Study is intended as a source of information and inspiration that the industry can use in preparing proposals for its future. The Board will welcome the opportunity to discuss these and looks forward to helping bring them about.

## Appendices

## Appendix 1

### Membership of Shaping Norfolk's Future Rural Economy Board

Sir Nicholas Bacon	Chairman; private landowner
Alan Bell	Rural Team, Government Office – Eastern Region
Rt. Rev Graham James	Bishop of Norwich
David Lawrence	Principal, Easton College
John Dixon	Chief Executive, Norfolk Rural Community Council
John Packman	Chief Executive, Broads Authority
Noel Bartram	Operations Director, Bernard Matthews plc
Noel Murphy	Chief Executive, Business Link for Norfolk
Pat Holtom	East of England Development Agency Board member
Piers Pratt	Norfolk Chairman, Country Landowners and Business Association
Richard Powell	Regional Director, Royal Society for the Protection of Birds
Sandra Dinneen	Head of Economic Development, Norfolk County Council
Rural Economy Board Co-ordinator:	
Michael Mack	Norfolk Rural Business Advice Service.

## Appendix 2

### Defra Farm Types Defined

#### 1. Cereals

Holdings on which cereals, combinable crops and set aside account for more than two thirds of the total Standard Gross Margin (SGM) and where set aside alone does not account for more than two thirds of the total SGM. (Holdings where set aside accounts for more than two thirds of total SGM are specialist set aside and are included in “other” below.)

#### 2. General Cropping

Holdings on which arable crops (including field scale vegetables) account for more than two thirds of their total SGM excluding holdings classified as *cereals*; holdings on which a mixture of arable and horticultural crops account for more than two thirds of their total SGM excluding holdings classified as *horticulture* and holdings on which arable crops account for more than one third of their total SGM and no other grouping accounts for more than one third.

#### 3. Horticulture

Holdings on which fruit (including vineyards), hardy nursery stock, glasshouse flowers and vegetables, market garden scale vegetables, outdoor bulbs and flowers, and mushrooms account for more than two thirds of their total SGM.

#### 4. Specialist Pigs

Holdings on which pigs account for more than two thirds of their total SGM.

#### 5. Specialist Poultry

Holdings on which poultry account for more than two thirds of their total SGM.

#### 6. Dairy

Holdings on which dairy cows account for more than two thirds of their total SGM.

#### 7. LFA Grazing Livestock

Holdings on which cattle, sheep and other grazing livestock account for more than two thirds of their total SGM except holdings classified as *dairy*. A holding is classified as a Less Favoured Area (LFA) holding if 50 per cent or more of its total area is in the LFA. Of holdings classified as LFA, those whose LFA land is wholly or mainly (50 per cent or more) in the Severely Disadvantaged Area (SDA) are classified as SDA; those whose LFA land is wholly or mainly (more than 50 per cent) in the Disadvantaged Area (DA) are classified as DA.

#### 8. Lowland Grazing Livestock

Holdings on which cattle, sheep and other grazing livestock account for more than two thirds of their total SGM except holdings classified as *dairy*. A holding is classified as lowland if less than 50 per cent of its total area is in the LFA.

**9. Mixed**

Holdings in which none of the above categories is responsible for more than 2/3 of SGMs. This category includes mixed pigs and poultry farms as well as farms with a mixture of crops and livestock (where neither accounts for more than 2/3 of SGMs).

**10. Other (including Non-classifiable)**

Holdings which either do not fit in well with mainstream agriculture, such as specialist horses, or which are of limited economic importance, such as specialist set-aside, specialist grass and forage and non-classifiable holdings. Specialist grass and forage holdings are holdings consisting only of fodder crops, or only of grass or rough grazing and having no livestock.

Non-classifiable farms are farms that fit into none of the above categories. Non-classifiable holdings are holdings consisting of fallow or buildings and other areas only, for which no SGM coefficients are calculated.

## Appendix 3

### The Farm Study Survey Questionnaire



**NORFOLK  
FARM  
STUDY**



**UNIVERSITY OF  
CAMBRIDGE**  
  
**Department of Land  
Economy**  
**Rural Business Unit**

### YOUR FARM BUSINESS – CROPS AND LIVESTOCK

1 Please describe the type and size of your farm including land rented or farmed on contract (exclude land let out or farmed by a contractor):

Area of crops and short leys	ha	Farm area owned	ha
Area of long leys /permanent grass	ha	Farm area rented	ha
Area of set aside	ha	Area contract farmed for others	ha
Area of woods	ha	Do you have sheep? Yes	No
		1 <input type="checkbox"/>	2 <input type="checkbox"/>
Total area	ha	Do you have cattle? Yes	No
		1 <input type="checkbox"/>	2 <input type="checkbox"/>

2 Which farm type describes the **main** enterprise within your farm business? Tick one.

Cereals (and other combinable crops)	1 <input type="checkbox"/>	Pigs	5 <input type="checkbox"/>
General Cropping - sugar beet/potatoes	2 <input type="checkbox"/>	Poultry	6 <input type="checkbox"/>
Horticulture	3 <input type="checkbox"/>	Dairy	7 <input type="checkbox"/>
Non agricultural e.g. wholly set aside	4 <input type="checkbox"/>	Cattle / Sheep	8 <input type="checkbox"/>
		Mixed	9 <input type="checkbox"/>

3 In which Norfolk local authority district is your farm based? Tick one.

Breckland	1 <input type="checkbox"/>	North Norfolk	5 <input type="checkbox"/>
Broadland	2 <input type="checkbox"/>	Norwich	6 <input type="checkbox"/>

Great Yarmouth	<input type="checkbox"/>	South Norfolk	<input type="checkbox"/>
Kings Lynn and West Norfolk	<input type="checkbox"/>		

## POLICY: SINGLE FARM PAYMENT AND SUGAR REGIME CHANGE

4 *The agricultural industry is currently undergoing major change to support and environmental policy. How have the following changed your business management?*

	CHANGES MADE	CHANGES PLANNED	NO CHANGE	N/A
Decoupling of subsidies from production	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Changing rates of Single Farm Payment to 2012	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cross compliance arrangements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reduced price for sugar beet	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## CROP AND LIVESTOCK PRODUCTION STRATEGY

5 *Which of the following have you adopted over the past two years, or planned for your crop/livestock enterprises?*

	ADOPTED	PLANNED
Expand farm area by land purchase	<input type="checkbox"/>	<input type="checkbox"/>
Expand farm area by renting	<input type="checkbox"/>	<input type="checkbox"/>
Expand farm area by contract farming	<input type="checkbox"/>	<input type="checkbox"/>
Reduce farm area by land sale	<input type="checkbox"/>	<input type="checkbox"/>
Reduce farm area by letting land out	<input type="checkbox"/>	<input type="checkbox"/>
Some or all of your land is farmed under a contract farming agreement	<input type="checkbox"/>	<input type="checkbox"/>
Contractors used for most farm operations – organised by you	<input type="checkbox"/>	<input type="checkbox"/>
Joint venture farming company with other farms	<input type="checkbox"/>	<input type="checkbox"/>
Informal collaboration with neighbours	<input type="checkbox"/>	<input type="checkbox"/>
Organic production (all or part of farm)	<input type="checkbox"/>	<input type="checkbox"/>
Regular use of machinery ring	<input type="checkbox"/>	<input type="checkbox"/>
Regular use of buying group	<input type="checkbox"/>	<input type="checkbox"/>

Regular use of marketing group	1 <input type="checkbox"/>	2 <input type="checkbox"/>
Terminate a livestock or crop enterprise	1 <input type="checkbox"/>	2 <input type="checkbox"/>
If so, which enterprise(s)?	<input style="width: 100%;" type="text"/>	

6 Do you have difficulty sourcing labour?

	YES	NO	N/A
Supervisory/managerial level	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>
Skilled staff (e.g. sprayer driver; herdsman)	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>
New entrants	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>
Seasonal labour (e.g. packhouse or crop harvesting)	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>
Does legislation prevent you from employing seasonal labour?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>
If 'yes', what legislation?	<input style="width: 100%;" type="text"/>		

## DIVERSIFICATION

7 Which of the following do you believe are the four key barriers to diversification? (Please rank as 1 – 4, with 1 being the most important.)

Local planning policy	<input type="checkbox"/>	Risk of business failure	<input type="checkbox"/>
Highways policy	<input type="checkbox"/>		
Environmental or other regulation	<input type="checkbox"/>	Tenants' issues:	
Location	<input type="checkbox"/>	tenancy restrictions	<input type="checkbox"/>
Availability of staff	<input type="checkbox"/>	landlord's attitudes	<input type="checkbox"/>
Availability of finance	<input type="checkbox"/>	length of tenure	<input type="checkbox"/>
Availability of advice	<input type="checkbox"/>	compensation issues	<input type="checkbox"/>
Availability of training	<input type="checkbox"/>	dilapidation issues	<input type="checkbox"/>
Other:	<input style="width: 100%;" type="text"/>		

8 Which type of diversification enterprises do you have or plan to develop?

	EXISTING	PLANNED		EXISTING	PLANNED
Retail	1 <input type="checkbox"/>	2 <input type="checkbox"/>	Equestrian	1 <input type="checkbox"/>	2 <input type="checkbox"/>
Serviced accommodation	1 <input type="checkbox"/>	2 <input type="checkbox"/>	Country sports	1 <input type="checkbox"/>	2 <input type="checkbox"/>
Non-serviced accommodation (self-catering, bunkhouse, etc.)	1 <input type="checkbox"/>	2 <input type="checkbox"/>	Other recreational land use	1 <input type="checkbox"/>	2 <input type="checkbox"/>
			Other visitor attraction	1 <input type="checkbox"/>	2 <input type="checkbox"/>
Function centre (weddings, conferences, training, etc.)	1 <input type="checkbox"/>	2 <input type="checkbox"/>	Processing/value added	1 <input type="checkbox"/>	2 <input type="checkbox"/>
Commercially let property (offices, workshop, etc)	1 <input type="checkbox"/>	2 <input type="checkbox"/>	Energy	1 <input type="checkbox"/>	2 <input type="checkbox"/>
Hosting events (occasional)	1 <input type="checkbox"/>	2 <input type="checkbox"/>	Off-farm employment	1 <input type="checkbox"/>	2 <input type="checkbox"/>
Other (please specify)					

ENVIRONMENTAL SCHEMES AND REGULATION

9 Is your farm participating in or planning to participate in one of the following schemes?

	PARTICIPANT/APPLICANT	PLANNED	N/A
Countryside Stewardship	1 <input type="checkbox"/>		3 <input type="checkbox"/>
Environmentally Sensitive Areas	1 <input type="checkbox"/>		3 <input type="checkbox"/>
Wildlife Enhancement	1 <input type="checkbox"/>		3 <input type="checkbox"/>
Entry Level Stewardship	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>
Organic Entry Level Stewardship	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>
Higher Level Stewardship	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>
Farm woodland schemes	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>

10 Please indicate your level of knowledge in the following topics:

	NEW TO ME	DEVELOPING	PROFICIENT	EXPERT
Soil Management Planning	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>
Waste Regulation	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>
Whole Farm Planning	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>

Environmental Impact Assessment	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>
Catchment Sensitive Farming	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>

## TRAINING

11 Please indicate which skills (maximum of three) you think will need improvement to assure your business success:

Crop husbandry	<input type="checkbox"/>	Marketing	<input type="checkbox"/>
Livestock husbandry	<input type="checkbox"/>	Customer care	<input type="checkbox"/>
Business management	<input type="checkbox"/>	Environmental management	<input type="checkbox"/>
Personnel management	<input type="checkbox"/>	Regulatory compliance	<input type="checkbox"/>
Information technology	<input type="checkbox"/>	None of the above	<input type="checkbox"/>
Other – please indicate	<input style="width: 300px; height: 20px;" type="text"/>		

12 What would be your **preferred** training method? Indicate one.

Workshop/seminar/discussion group	1 <input type="checkbox"/>	Training programme /course with qualification	4 <input type="checkbox"/>
Field/demonstration day	2 <input type="checkbox"/>	Training programme /course without qualification	5 <input type="checkbox"/>
Study tour	3 <input type="checkbox"/>		

13 What would be your preferred venue for training?

Local venue	1 <input type="checkbox"/>	Easton College	2 <input type="checkbox"/>	Distance learning/on-line	3 <input type="checkbox"/>
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## ABOUT YOU

14 Is the farm (with any diversification) the main source of household income?

Yes	<input type="checkbox"/>	1 <input type="checkbox"/>
No	<input type="checkbox"/>	2 <input type="checkbox"/>
Prefer not to answer	<input type="checkbox"/>	3 <input type="checkbox"/>

How many people (excluding employees) are dependant on the farm income?	<input type="checkbox"/>
---	--------------------------

15 Are you responsible for farm business decisions that are:

	YES	NO
Long term (more than a year ahead)?	1 <input type="checkbox"/>	2 <input type="checkbox"/>
Seasonal (cropping programmes; buying and selling; etc.)?	1 <input type="checkbox"/>	2 <input type="checkbox"/>
Day-to-day?	1 <input type="checkbox"/>	2 <input type="checkbox"/>

16 Are you aged:

Under 30?	1 <input type="checkbox"/>	30-39?	2 <input type="checkbox"/>	40-49?	3 <input type="checkbox"/>	50-59?	4 <input type="checkbox"/>	60-69?	5 <input type="checkbox"/>	70+?	6 <input type="checkbox"/>
Prefer not to answer											7 <input type="checkbox"/>

17 When do you plan to retire from management of the business?

Within five years	1 <input type="checkbox"/>
Before 2012	2 <input type="checkbox"/>
After 2012	3 <input type="checkbox"/>
Prefer not to answer	4 <input type="checkbox"/>

18 When you retire, will a member of your family take on management of the business?

Likely	1 <input type="checkbox"/>
Not likely	2 <input type="checkbox"/>
Definitely not	3 <input type="checkbox"/>
Prefer not to answer	4 <input type="checkbox"/>

**FINALLY**

Thank you for taking time to complete the questionnaire.

Please send your completed questionnaire in the enclosed reply paid envelope to the Rural Business Unit, Department of Land Economy, 19 Silver Street, CB3 9EP.

## FOCUS GROUP

We plan to invite some farmers to participate in focus groups to discuss issues raised by this survey. If this would interest you, or you would like to receive a copy of the summary of the Farm Study, please include your address below.

Focus Group

Copy of the summary

NAME

ADDRESS

POSTCODE

The Norfolk Farm Study is supported by



**shaping norfolk's future**

The County Economic Development Partnership