

Brexit Hub

Future Proof your
Business through
Diversification





Acknowledgement

This guide has been published by members of the SAC Consulting Food and Drink team who specialise in farm diversification.

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Background

Brexit is expected to have far reaching market, economic, business and policy impacts on the farming sector. Impacts may include changes in demand, trade effects, labour shortages, and changes in regulatory and farm business support. These will all impact on farming and rural businesses across different sectors in Scotland with the level of change dependent on the final withdrawal agreement (or not) between the UK and EU.

Diversification already plays a crucial role in the 21st Century agriculture and rural business sector. Farm diversification is the process of a farm expanding it's business activities beyond the traditional farming enterprise in order to add value to its produce, build resilience, increase business profitability, reduce market and price volatility, and highlight supply chain provenance. Diversification enterprises should ideally complement the existing business model drawing upon the existing skills, experience, buildings, machinery, and land capabilities.

With Brexit uncertainty on the horizon and the future of farm subsidy payments uncertain, diversification can provide farmers and rural businesses with new income streams, adding value to produce and other outputs, increasing profitability, and ensuring the long-term sustainability of their businesses. An altered relationship with the EU could provide opportunities to sell more Scottish, and UK, food, in global markets and increase demand for local, traceable food and drink within local Scottish markets – but there is no guarantee that this will happen, or indeed, without some challenges.

This document provides guidance and examples of diversification opportunities supported by case studies of successful diversification business models across Scotland.





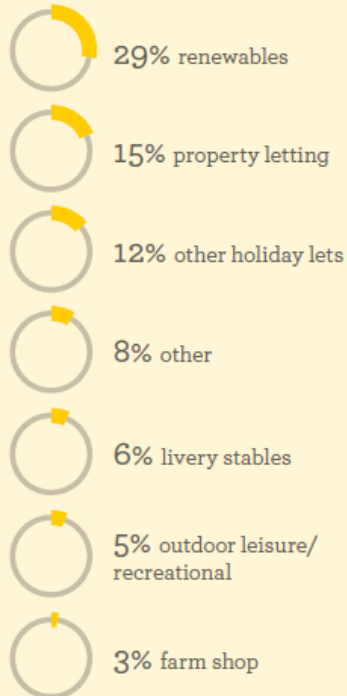
Diversification Statistics

- **Over 60% of UK farms have diversified**
(Source: DEFRA Farm Business Survey, 2017)
- **More than ¼ of Scottish farmers plan to diversify to make their farms sustainable post Brexit**
(Source: NFU Mutual Diversification Report 2018)
- **In England, total farm income from diversification enterprises in 2016/17 was £620 million, an 8% increase from that in 2015/16.**
(Source: DEFRA Farm Business Survey, 2017)
- **Diversification activities accounted for 29% of total farm business income between 2016 and 2017, and on 21% of farms surveyed diversification contributed more income than the core farming activity**
(Source: DEFRA Farm Business Survey, 2017).
- **In Scotland, revenue generated from diversified activities increased by 19% between 2014/15 and 2015/16**
(Source: Scottish Government Scottish Farm Incomes, 2017).
- **Diversified farm businesses in Scotland achieved incomes, on average, £11,000 higher than non-diversified businesses**
(Source: Scottish Government Scottish Farm Incomes, 2017).
- **63% of farms state diversification is either “vital” or “significant” to the financial viability of the farm**
(Source: NFU Mutual Diversification Report 2018)
- **Over 90% of farm diversification schemes are financially successful**
(Source: NFU Mutual Diversification Report 2018)

NFU Mutual Farm Diversification Survey 2018

Statistics below illustrate survey analysis following the national NFU Mutual Farm Diversification Survey.

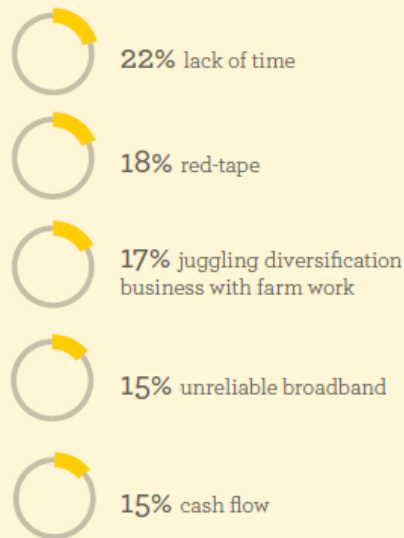
WHAT SORT OF DIVERSIFICATION ACTIVITIES DO YOU OPERATE?



Most common diversifications listed above.

CHALLENGES TO RUNNING A DIVERSIFIED FARM:

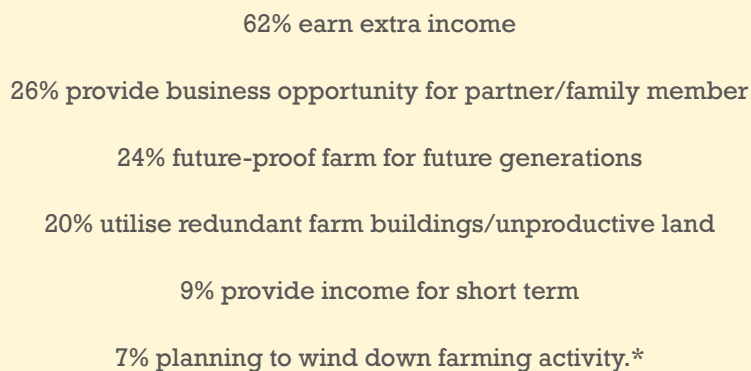
One in five farmers have found that finding time to run a diversification enterprise alongside a busy farm is a major challenge.



Five biggest challenges listed above.

Respondents were able to select more than one answer.

WHY DID YOU DIVERSIFY?



*Respondents selected all that applied.

HOW LONG DID IT TAKE TO RETURN A PROFIT ON YOUR DIVERSIFICATION SCHEME?





What To Consider When Assessing Your Business Idea

Before you begin your new business venture, it is crucial to consider the following factors;

1. The existing farm business

- Analyse your existing business model. A new diversification venture should ideally complement the core business activities utilising available land, buildings, machinery, equipment, skills and experience of the farm manager and/or farm employees.
- Assess any under-utilised resources e.g. outbuildings, cottages, machinery, land, watercourses, woodland, upland pasture etc.

2. Is the new venture correct for you, your family, and farming business?

- Do you or your family have specific qualities, skills and experience to pursue a specific business venture?
- Do you have the drive, ambition, and motivation to take on a new venture and make it successful?
- Do you have the time to invest in the new business venture while continuing to run the core farming activities? Do you need to take on additional labour?
- Do you enjoy working with people, do you have customer service qualities, or do you value your privacy?

3. Location

- Does your existing farming business, or proposed new venture have location advantages?
- Is it close to a busy commuter route?
- Is it close to tourist attractions?
- Is it near a town or city?
- Does the farm have good access? E.g. tarmac/gravel tracks.
- Consider accessibility and ease of customer use.
- Is the farm quiet in a peaceful location with scenic views?

4. Assess the market

- For any new business to be successful it is important to be market-led and customer focussed with a unique product service offering.
- What is the market you intend to supply?
- Are there any opportunities in the market?
- What is your USP? Can you develop your USP?
- Who are your customers? Where are they located?

- What is the size of your market? Is it growing or saturated?
- Who are your competitors?
- Identify strengths and weaknesses in your competitors.
- How can you differentiate your products/services to your competitors?

5. Labour and resources

- Do you have sufficient labour and resource to run the new venture along with the existing farming business?
- Do you need to employ part-time or full-time staff?

6. Legislation

- Entering into a new business venture may have a different tax and VAT structure from the existing farming enterprise.
- Seek legal advice from your accountant and/or lawyer when scoping a new business venture.
- Diversified businesses may need to employ additional staff. This will increase the amount of employer's National Insurance and pension contributions payable under automatic enrolment.
- The proposed diversified business may be subject to Inheritance Tax and/or Capital Gains Tax in future when the farm owner/manager passes away.
- Diversification can change how farm land and buildings are treated for Inheritance Tax purposes.

7. Insurance

- Changes to your insurance policy may be required when setting up a diversified enterprise.
- New activities relating to property and/or agricultural buildings will result in a change in cover. Agricultural buildings which are no longer used for livestock or machinery may be classed as a "change in agricultural use".
- Contents insurance may be required if the new business has internal materials contained within the buildings, holiday accommodation, or glamping pods.
- Public Liability Insurance is required to protect you if a member of the public suffers personal injury, or if any of their property is damaged, as a result of your new business activities.
- Employers Liability Cover would be required if you employ full-time or part-time staff to manage, administrate or assist with the business enterprise. This also covers cleaning and maintenance staff.
- Risk Management – A Health and Safety and Fire Plan is required before setting up a new business venture.
- Business Interruption Cover is insurance that covers the loss of income that a business suffers after a natural disaster e.g. fire, wind, flooding etc. Although Business Interruption Cover is not essential, it is advantageous to cover any financial loss/loss of income incurred due to a natural disaster.

8. Finance

- Grant funding may be available to support the start-up of a diversified enterprise. It is unlikely that grant funding will support the full costs of the proposed venture and personal/business investment will be required.
- Every grant is different and will vary depending on the diversification business – it is important to plan applications and seek professional advice as grant funding can often take 6-12 months to be approved.
- Other sources of funding may be required to set up the diversification venture. Bank loans and overdrafts have benefits and limitations depending on the proposed venture and the existing core business model. Full financial projections including; monthly cash flow, profit and loss statement, and balance sheet for the start-up phase alongside a rigorous business plan will be required when approaching the bank for capital investment.

9. Planning permission

- Planning permission may be required if the new business venture involves erecting or modifying a permanent building.
- Planning permission may also be required if there is a change of agricultural land or change of land use.

10. Pricing

- When carrying out a financial analysis of the proposed business venture it is important to consider the price you intend to sell your products/services to customers.
- What are your costs going to be?
- What are your competitors pricing their products/services in the market?
- Have you allowed for inflation and increased overheads?
- Have you considered premiumisation for your products/services?
- Establish a pricing model/structure.
- Can you offer incentives e.g. discounts on repeat orders, discount on duration of stay at holiday destination etc.



Glamping

Glamping pods, Wigwams, and Yurts, may be a suitable diversification option for farmers, landowners and/or rural businesses. Glamping has become a popular attraction for UK holiday-makers and over-seas tourists seeking the luxuries of hotel accommodation alongside the freedom and adventure of camping. Glamping can add value to your business, provide an additional income stream, and contribute to the local economy. Glamping is a tourism experience where individuals, couples, or groups seek to immerse themselves in the natural environment by going back to basics and re-connecting with nature from a luxurious base. A glamping pod, wigwam, or yurt is a free-standing and self-contained structure located in an area of spectacular natural beauty with all of the standard creature comforts found in a hotel or bed and breakfast. In recent years, glamping has proved to be a very popular short-stay holiday escape for couples and/or small groups who want to escape the busy city lifestyle and enjoy the tranquil surroundings of the countryside.

Considerations when setting up a Glampsite:

- Planning permission – planning permission may be required for semi-permanent structures and a change of land use if on agricultural or forestry land.
- Site selection – it is important to assess the site in which you intend to locate pods, wigwams or yurts. The site should be easily accessible by vehicle with suitable accessibility, well maintained, and free from environmental hazards such as flooding, tree damage and loose rocks.
- Landscape impact – there may be some conflict here as the best Glamping sites often have fantastic views and can be seen from public vantage points. However, with careful planning and site selection it is possible to be attractive to guests, the public, and have minimal impact on the natural landscape.
- Costs - basic glamping pods start at around £3,000-£8,000 each with more advanced models ranging from £10,000-£20,000 each. Basic wigwams start around £7,000 with larger more advanced models ranging from £14,000-£20,000. Yurts also vary in size, shape and cost.



Small 10ft yurts start around £4,000-£6,000 with larger models 25ft – 40ft ranging from £15,000-£40,000. Delivery charges may also apply with certain manufacturers. Maintenance costs are around 5-10% of capital value per annum.



Farm Vending

Farm vending is a novel method of selling fresh farm produce directly to consumers. The farm vending concept began because producers, selling produce via an honesty box system, were often left out of pocket as customers would sometimes fail to pay. Farm vending allows consumers to purchase fresh local produce such as; potatoes, vegetables, eggs, soft fruit, jams, and preserves 24 hours per day 365 days per year. Farm vending cuts out the middle-man, provides farmers with significantly higher profit margins than mainstream markets, and ensures that any profits made are retained at the farm gate.

Milk vending is also growing in popularity in Scotland. Many dairy farmers who do not achieve a price they would consider, "fair", for their milk through the milk supply chain have diversified into farm vending as a means to increase profit margin. Aberdeenshire based Forest Farm Dairy, was the first Scottish dairy farm to invest in milk vending technology and has proved to be a huge success. The farm sells, on average, 300 litres of milk per day via their 200l and 400l vending machines made by Italian company DF Italia. Milk vending allows customers to buy fresh, pasteurised milk directly from the farm in a branded, re-fillable glass bottle which is environmentally friendly.

Fresh Produce Vending Suppliers

Vending by J.S.R Services, based in Blairgowrie, is the UK's sole distributor for both 'Roesler' and 'Automaten Centrale' vending machines. Machines are custom built and come in varying locker sizes. Ambient machines cost around £9,000 (28 locker) and refrigerated machines cost around £12,000 (28 locker)

<http://www.vendingbyjsr.co.uk/>
Stuart Retson - 07917 730452

Milk Vending Suppliers

The Milk Station Company, based near Somerset, is the UK's sole distributor for Brunimat and DF Italia milk vending machines. Brunimat machines combine a dispensing system, milk tanks, agitator, control system and chilled milk compartment in one freestanding unit. Prices range from £5,890 to £8,290. DF Italia machines come in various sizes and dimensions ranging from £7,650 to £16,375 excluding VAT and installation.

<https://themilkstationcompany.co.uk/>



Boxed Produce

Boxed produce can be a good method of adding value to finished livestock and/or fruit/vegetable production. A meat or veg box scheme is an operation where producers either deliver fresh produce directly to customers, or via a local collection point. Boxed produce can increase profitability and output for small to medium sized (SME) businesses, and provide consumers with the opportunity to buy fresh, local produce delivered directly to their door. Boxed produce, also referred to as box schemes, allows producers to market all of their produce to consumers. This includes marketing the 'whole' animal by offering different cuts of meat and marketing all of their fruit/vegetables which may include a 'wonky veg' range. This is beneficial to producers by maximising returns for your produce and reduces food waste.

Boxed produce can include;

- Beef
- Lamb
- Pork
- Chicken
- Venison
- Game
- Fruit & Vegetables
- Dairy



Boxed produce considerations:

Packaging - outer-packaging should be robust, fit for purpose, and protect the products from damage, temperature, and vibration, providing a protective barrier from oxygen, water and other environmental conditions. Packaging should illustrate your products and/or brand, and display product information such as cooking instructions, use-by/best before dates, allergen information, and storage requirements. Consider the use of sustainable packaging and the recyclability/reusability of packaging to reduce environmental impacts.

Legislation – you must register with your local authority at least 28 days before the operation starts. If you are responsible for developing and maintaining a business's food safety management procedures, you are legally required to have formal food safety and hygiene certification – contact your local authority for more information. Following registration your business will undergo regular inspections to ensure that you meet food hygiene standards and legislation. You must also follow the principles of Hazard Analysis and Critical Control Point (HACCP). Meat should ideally be frozen or stored at refrigerated temperatures at or below 8°C (targeting 5°C). During transportation meat should be kept chilled using suitable chilled transport, ice blocks or gel packs.



Agri-Tourism

Farm-based recreation or ‘agri-tourism’ is becoming increasingly popular for Scottish farmers and is seen as a diversification strategy which promotes a more diverse and sustainable rural economy protecting farming incomes from market fluctuations and uncertainty. Agri-tourism involves farms, crofts, or estates offering tourism or leisure experiences to domestic UK and over-seas customers. Agri-tourism has a positive impact on the local economy and often brings additional income to other businesses in the area or region. Agri-tourism is estimated to be worth over £100 million to the Scottish agriculture sector and has huge opportunities to grow in future.

Agri-tourism provides customers with the opportunity to visit and stay at a farm, or rural business, eat the range of local food and drink on offer, visit local tourist attractions, towns, cities, and villages and support the Scottish food and drink sector in future by continuing to buy quality, fresh, local food and drink.

Many farmers take their rural countryside locations for granted and often don’t appreciate that the majority of people, who live in big towns and cities never get the opportunity to engage in countryside recreational pursuits, find out about food and farming, or take relaxing strolls through the great Scottish countryside. Today’s consumers want the opportunity to stay in comfortable, homely accommodation in a rural setting, get up close with farm animals, try fresh food and drink from the farm or the local area, and experience life in the countryside.



Go Rural is a business specialising in supporting the development of agri-tourism, food and drink, and rural businesses, facilitating national and international knowledge exchange, project management, providing business advice on farm diversification, and organising bespoke rural events and workshops. Go Rural facilitates the Scottish Enterprise Agri-Tourism Monitor Farm Project which is an initiative to bring farmers, crofters, and rural business managers together to learn, share ideas, and promote agri-tourism across Scotland.

More information on the agri-tourism monitor farm project can be found here:

<https://news.gov.scot/news/agri-tourism-monitor-farms>

<http://www.goruralforbusiness.com/services/project-management/scottish-agritourism-monitor-farm-project>



Farm Tours & Educational Initiatives

The LEAF Open Farm Sunday, managed by LEAF (Linking Environment and Farming), has proved to be a huge success since it was established in 2006. The initiative, which involves farmers opening their farm gates to the general public one Sunday each year, has allowed over 2.2 million British people to see the working livelihoods of farmers and farm businesses across the UK. In Scotland, between 15 and 30 farmers open their gates each year and to date have hosted 80,830 people.

This educational initiative has raised the profile of British agriculture, increased awareness of the opportunities and challenges farmers face, and aided a sense of community within local regions. Open Farm Sunday is a fantastic opportunity for everyone, young and old, to discover first-hand what it means to be a farmer and the fabulous work they do producing food, enhancing the countryside and all the additional community services farmers provide.

Each event is unique based around the farm's individual story. Activities during the day may include a farm walk, nature trail, tractor and trailer rides, demonstrations, pond dipping, activities for children, a mini farmers market, or farm shop – there is something for everyone!

LEAF Open Farm School Days is a nationwide initiative to get children out onto farms and learn about where their food comes from. The initiative links with local schools providing children with the opportunity to gain a practical insight into farming, livestock management, and learn how their food is grown, where it comes from, and meeting the farmers who grow it.

For more information and to register click here: <https://farmsunday.org/open-my-farm>

Some farms can continue to host educational trips for children and adults as commercial enterprises.

Considerations when hosting farm visits and educational tours:

- Are you/your family suited to welcoming the public onto your farm?
- Is your farm suited to host farm tours?
- Layout, walkways, and accessibility
- Biosecurity and hygiene
- Public liability insurance
- PVG Disclosure check



LEAF Open Farm Sunday information pack:

<https://farmsunday.org/uploads/homepage-slides/2019-LOFS-Information-Pack-FINAL.pdf>



Wedding Venues

Farm-based wedding venues have grown in popularity over the past 5-7 years as couples looking to tie the knot see farm barns, marquees, and farm countryside as the special place to host their wedding. According to the Office for National Statistics, 250,000 couples marry each year in the UK and just over 70% choose a civil ceremony. Surveys by bridal websites suggest that the average cost of a UK wedding is more than £25,000, with the venue usually being one of the biggest expenses.

Combining a working farm and a wedding venue does not come without its challenges, and requires considerable commitment and a specific skillset to run successfully. However, developing a successful wedding venue on a working farm can be a very lucrative diversification option providing significantly higher profits than the core farm business. Prices vary depending on location, package offering, and unique selling points. As a guide, farm-based wedding venues can generate between £3,500 - £7,500 solely for the ceremony and reception. Additional service packages can be added on.

The wedding venue market is very competitive so it is important to carry out thorough market research.

- What is the size of the local market?
- Does your farm have a unique selling point which will encourage people to travel from further afield?
- Who are your competitors, what are they offering, and what are their prices?



© The Byre at Inchyra

Wedding venue considerations:

- Is your farm located near a village, town or city with good access and road network?
- Consider accessibility and parking sites (a grass field may not be suitable for wedding guests)
- How comfortable do you feel welcoming people onto your farm?
- Consider offering packages (venue, accommodation, catering, entertainment, etc).
- Planning permission may be required to convert a redundant outbuilding into a permanent venue.
- Changes to agricultural outbuildings may require a change in farm insurance.
- Public liability insurance will be required.
- If producing/serving food, product liability insurance will be required.
- Employers liability insurance will be required if employing staff.
- Risk assessments, fire safety assessment and HACCP/food hygiene certification.



Sports & Leisure Tourism

A farm-based gym may not be the first diversification opportunity that springs to mind for many Scottish farmers. It is fair to say that farming and fitness go hand-in-hand as farmers heave bags of livestock feed, lift small bales of hay, run after new born lambs and shovel muck in cattle sheds. In England, one Essex farmer's son, also a qualified personal trainer, has combined his interest in farming with exercise to create 'Farm Fitness' – a new unique take on the typical gym environment.

Farm Fitness is a unique outdoor workout concept with a custom training facility located against the idyllic farmyard backdrop. Customers can pre-book to use the outdoor equipment or get a personalised training session replicating farming activities. Farm Fitness was voted one of the best gym's in the world and 'coolest outdoor space' by fitness magazine Men's Health.

The leisure tourism market has grown rapidly over the past 5 years. One English farm, Welsh Road Farm, based near Leamington Spa, Warwickshire, voted the Farmers Weekly Farm Diversification of the Year 2018, diversified into outdoor fitness events on their farm following continued low wheat prices and a barrier to future farm expansion. The 'WOLF' Run was set up by Charlie Moreton and Karen Archer along with Charlie's brother Will - an innovative and challenging 10k which is based on an outdoor adventure race featuring 25 man-made and natural obstacles, including lakes, fallen trees, bale stacks and a 100m waterslide. Runners climb huge fallen trees, wade through mud and water, tackle 40 foot cargo nets and swim lakes, before warming up at a post-run party with music, local food and drinks. The WOLF event has grown hugely in popularity from 650 participants in 2011 to 35,000 participants in 2018.

Sports tourism considerations:

- The business idea needs to be innovative and provide customers with a 'new' experience.
- Public liability insurance and employers' liability insurance will be required.
- Impact on nature, land, woodland and natural habitats.
- Health & safety and risk assessments will be required.
- Consult with local authority to ensure compliance with legislation and any change of agricultural land use.



© Wol Run 2019



© Farm Fitness 2019



Pets, Cattery or Kennels

In 2017, total UK consumer spending on pets, and pet related products, was £4.62 billion. This was an 82% rise in spending since 2005. Spending on veterinary services and other pet services also rose by 75% from just over £2 billion in 2005 to £3.5 billion in 2017 (Source: Statista, 2019).

Animal husbandry is second nature to many farmers and may be a suitable diversification option to capitalise on spare farm buildings. Boarding kennels or a cattery could be incorporated into an existing farm business. Kennel and cattery units vary in size and specifications. Commercial dog kennels cost around £1,500-£4,000 per dog and a commercial cattery facility costs around £750-£3,000 per cat. This includes groundwork, mains water supply and electricity connection.

Considerations:

- The location of the business should ideally be situated near a town or city with a large customer population.
- A change of building or land use may require a change in your insurance.
- Running a kennels or cattery business is a lifestyle choice and the owner may be tied to the business 24/7.
- Noise impacts from dogs and cats may cause offence or nuisance to neighbours.
- Before starting the business you must contact the local authority to cover any building planning issues, business rates, operating licences and any other obligations.
- You must receive a licence under the Animal Boarding Establishment Act 1963.
- Public liability and product liability insurance is required. You should also be insured for professional indemnity and against the loss of income if you lose your licence. Liability to animals in your care custody and control is definitely required. In the case of kennels and catteries, cover for vets fees can be extended to include any illness in a client pet that commences within 72 hours of leaving your establishment. Property damage cover should also be purchased.

For further information and a guide to building kennels or a cattery visit

<https://www.gla.ac.uk/t4/~vet/files/teaching/SAHusbandry/boardingkennels.pdf>

<https://pet-owners.org.uk/news/setting-up-a-cattery-or-boarding-kennel>



© Lumphanan Pet Hotel 2019



Equestrian

Horse livery and equestrian facilities have proven to be a popular diversification option for many Scottish farmers over the past 10 years. In some areas, the livery/equestrian market is over-saturated and for those thinking of entering the market must be able to have a defined unique selling point in order to attract and retain customers.

Livery/equestrian considerations:

- Location – equine customers are actively looking for good riding country, with access for safe, off-road hacking and within easy reach of at least one centre of population. Enterprises with unique offerings, specialist services/facilities or located on the outskirts of major towns/cities may be able to command a higher rate.
- Additional services – equestrian yards are usually priced based on a DIY or Full-Livery rate (DIY – where customers do all of the work associated with keeping a horse, full-livery where customers pay the owner/manager to carry out duties such as mucking out, lunging, turn-out, feeding etc.). Some yards offer additional services such as grooming, farrier, arena hire, horse boxes and transport.
- Land – although horses can graze on steep slopes, the majority of customers will prefer their horses to be kept on flat, free-draining ground. Horses, like cattle, can be heavy on the ground and grassland management is essential in order to maintain good quality grass. Costs will vary depending on land suitability but may include a re-seeding policy, with annual fertiliser applications and weed control, and seasonal field operations such as harrowing, rolling and topping.
- Fencing - well maintained fencing which is suitable for horses (electric fencing is often preferred), with good gates and an adequate water supply is essential. In some cases, smaller paddocks or all-weather turnout areas may be required.
- Riding facilities - an all-weather outdoor schooling area is almost essential in order to attract and retain customers. For some enterprises looking for added-value, an indoor arena may also be desirable particularly for the winter months. A 40m x 20m outdoor arena could cost between £10,000-£40,000 depending on materials used. A similar size indoor arena could cost between £75,000-£150,000. Both outdoor and indoor costs are determined by the level of ground works required, the size of the arena, the surface chosen and provision of lighting and mirrors. Planning permission may be required for the construction of an indoor or outdoor arena.
- Rates - Buildings used for agriculture are normally exempt from rates however horses are not considered as agricultural "livestock." Where a business is providing buildings for use by horses, these buildings are potentially rateable.



© Over Kinfauns Farm Livery 2019





© Arbikie Highland Estate Potato Vodka 2019

Added Value Produce

Adding value to primary produce is a good method of increasing and retaining profits at the farm gate. On-farm processing has grown in popularity as farmers seek to add value to their primary outputs; milk, oats, grains, livestock, fruits and vegetables etc.. Farmers may also be able to grow or utilise other materials grown on the farm to supply the cosmetics or textiles market.

Examples of added value produce/materials may include;

- Jams, preserves, chutneys and sauces.
- Cheese, yoghurt and butter, (including cattle, sheep, goats milk).
- Fruit to produce dried fruit, crushed to produce juice, or fermented to produce alcoholic beverages.
- Cut flowers dried, pressed or treated to produce products including cosmetics.
- Herbs to produce essential oils and cosmetics.
- Wool/fleece from livestock (e.g. sheep, goats, alpacas), or plant fibre, can be spun and used to make yarn, fabric, clothing or blankets etc..

On-farm distilling

One popular diversification enterprise in recent years has been the introduction of on-farm distilleries where cereal farmers have added value to their barley, wheat, or oats. The drinks industry can be described as becoming an ever crowded marketplace with over 131 registered distilleries producing whisky and raw spirit for flavoured gins and vodka (Scottish Government Special Economic Study CBAA, 2017/18), but farm-based distilleries boast the unique selling point of producing all ingredients on the farm, or sourced within a local radius.

In 2016, gin stole the limelight as Britain's most popular spirit. There are now over 100 Scottish gins and over 50 distilleries producing gin in Scotland (Scottish Gin Society, 2017). In 2010 UK gin sales were £774.9 million compared to £1.29 billion whisky sales. Today, both spirits are worth over £1.2 billion, and by 2020 gin is predicted to overtake whisky to more than £1.5 billion (Euromonitor, 2017). In what some would regard as a saturated marketplace, Ogilvy Spirits, Arbikie Highland Estate Distillery, and Ballindalloch distillery are leading the way in on-farm distilling emphasising the provenance of ingredients used to create premium spirits. On-farm distilleries differentiate from other brands by communicating the story of growing, harvesting, and distilling crops to create premium alcohol. On-farm distilleries can also add value through promoting the use of a single grain. Arbikie have achieved this by extending their product portfolio to include potato vodka, wheat vodka and a limited edition Highland Rye whisky.



© Blair Drummond Smiddy Farm Shop 2019

Farm Retail

Selling farm produce or local produce directly to consumers can be a great way to add value and increase profit margins. Farm retailing evolved in the 1970s when farmers sold fresh produce at the farm gate and fruit farms welcomed the general public to pick their own fruit. Since then, farm shops have multiplied as farmers have diversified in order to add value to their produce and farm businesses. According to the Farm Retail Association, there are now over 4000 farm shops in the UK. Demand in the farm retail market has been promoted by food-savvy consumers looking to reconnect with the countryside, purchase fresh, high-quality, local food with strong provenance. Farm shops showcase local food and drink, and provide customers with the opportunity to buy products which may not be advised in other retail outlets. The farm retail market could be described as becoming rather saturated in some regions therefore it is important to carry out a rigorous feasibility study before launching. New retail outlets or farm cafes must provide a unique selling point or have a strong attraction in order to entice customers. Many farm shops are becoming 'destinations' where customers will go to spend a morning or afternoon and participate in recreational/leisure activities whilst on the farm.

Farm shop considerations:

- Location – location is critical to the success of a farm shop. A new farm shop or café must be in close proximity to a city, village or town, have a good adjoining road network and be easily accessible for customers.
- Planning permission – planning permission for a new build or a converted farm outbuilding is required.
- Insurance – public liability, employers' liability, and product liability insurance is required as standard. Contact your local authority to confirm insurance required for your specific farm retailing business.
- Food safety - anyone serving or processing food in its raw form needs basic food hygiene training and certification. Supervisors and managers may require advanced food hygiene certification. From 2006, any business processing, selling or serving food is required to have HACCP (Hazard Analysis and Critical Control Points) - a process of identifying potential hazards relating to food safety and hygiene, and putting measures in place to reduce potential harm to health. Before starting a retailing business you must inform the local authority and your local Environmental Health Officer.
- Employees – you will need a good team of staff to run a successful farm shop or café. You will need to consider working hours, part-time and full-time staff, working rotations, annual leave entitlements, pay and conditions and set up an HR and finance system.

For more information on farm retailing visit:

<http://www.farma.org.uk/>



Forestry

Diversifying into trees or forestry could provide an additional income stream to the farming business as well as benefiting crops and livestock. Trees and woodland are often regarded as 'unproductive' by many farmers as they don't provide the quick returns on investment that arable crops or livestock enterprises do. However, during times of increasing pressure on farm incomes, it could be time to think about how trees or woodland may help diversify farm income, both in terms of generating additional income and reducing costs. Planting trees on the farm can also be viewed as a long-term investment which will hopefully reap financial rewards in future years - particularly attractive during times where bank interest rates are low.

Trees have many benefits to various farming systems including;

- Tree roots allow for much greater water penetration than grass or arable crops, therefore reducing soil erosion and run off.
- Trees provide shade for livestock. Increasingly hot summers have the potential to reduce milk yields on dairy farms, but the shade that trees provide for cattle could help to alleviate this.
- Trees provide shelter during the cold winter and spring months which can improve the survival rates for new-born lambs.
- Trees can be used as wind-breaks and can help prevent damage to crops and reduce soil erosion. Shelter belts can also protect farm buildings and prevent snow drifting onto farm tracks.
- Trees can provide amenity/sporting opportunities such as the introduction and management of game shoots.



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If you already have mature woodland on the farm, it may be an untapped source of timber, firewood or biomass either for home-use or for sale. Lower quality timber can also be produced to create fencing materials and wood chips for animal bedding.

Planting a new woodland on your farm offers the opportunity to utilise less productive areas such as upland hill ground or less favoured areas where trees will provide more income than other enterprises. As a guide, a mixed broadleaf and coniferous woodland could generate firewood production after approximately 12-15 years.

More information on forestry and farm woodland can be found here:

<https://scotland.forestry.gov.uk/supporting/grants-and-regulations/farm-woodlands>

https://www.sruc.ac.uk/info/120682/forestry_management

CASE STUDY

Arnprior Farm

Arnprior farm is an 800-acre farm owned and run by the McEwen family based in the heart of the Scottish countryside, near Stirling. Arnprior farm diversified in 2015 by opening Scotland's first and original pumpkin farms welcoming the general public to 'pick-their-own' pumpkins. This was followed a year later by providing a 'lambing experience event' whereby families and children can book a 1 hour session to view, feed, bed and water ewes and their new born lambs during the spring months. This attracts hundreds of visitors each year, many of whom are from towns, villages or cities and do not get the opportunity to witness new life being born on the farm, or indeed experience what it is like to be a farmer at this time of year. Arnprior farm is continuing to extend their diversification portfolio by building an eco-luxe Glamping Pod site nestled within the roving hills on the farm. The glamping site, due to be completed in summer 2019, will house four-luxury pods each sleeping up to five people. The development will also encompass a 10m x 4m heated indoor swimming pool exclusively for guests to enjoy during their stay.



Key Success Factors:

- The annual lambing event allows visitors and children to see a working farm, get up close to ewes and lambs and get a flavour of Scottish farming.
- The construction of a heated indoor swimming pool will provide guests with a unique experience during their glamping stay.
- The indoor pool will be sustainably heated using our wood chip biomass boiler utilising surplus energy which is not used to heat the farmhouse, three other houses on the farm, or the grain drier.



"Arnprior was primarily a beef, sheep and arable farm until 2015, when we decided to sell the cattle, increase sheep numbers, and try out diversification in the form of pumpkins. We have always wanted to create unique interactive family farming days and with 1200 ewes in lamb we decided to launch lambing experiences for young children. We are excited to launch our latest diversification enterprise this summer, the construction of 4 glamping pods and a heated indoor swimming pool. The pool is available for community use, for private lessons, and for families to hire by the hour."

Rebecca McEwen, Arnprior Farm

CASE STUDY.....

New Product Development Castleton Farm

Castleton Farm is a family run business owned by the Mitchell family and located in the Howe of the Mearns in South Aberdeenshire. Now one of Scotland's biggest commercial fruit growers, Castleton has been producing fruit for over 20 years. The crop currently comprises strawberries raspberries, blueberries and cherries and the farm supplies many of the large retailers but most of its fruit goes to Marks & Spencer and Tesco.

In 2008 Castleton had a seasonal retail offering, open from June to October, and selling fruit from the farm as well as other local produce such as meat, cheeses and vegetables. This proved popular and resulted in Castleton opening a custom built farm shop and café in 2009. To gain value from unused fruit, and as part of its farm shop expansion, Castleton developed its Berrylicious range of products. Using its own in-house kitchen and new product development (NPD) expertise from SRUC, Castleton developed jams, chutneys and then more innovative products including berry vinegars, syrups and a strawberry tart jelly (pictured).



This award winning jelly uses Castleton's own berries and includes only natural ingredients to ensure a "100% Real Fruit Taste". It can be stored at ambient temperature and is the perfect topping to fruit tarts, cheesecakes and other products.

Castleton's innovative Berrylicious range has proved so popular it is now stocked in a range of outlets including other local Aberdeenshire retailers, local branches of Scotmid and Dobbies; and is listed with the Cress Company for national distribution. Castleton has also capitalised on the e-commerce opportunity and sells the Berrylicious range online.

Key Success Factors:

- Creating an innovative product with a proven USP.
- Capitalising on provenance and a great home grown story to build a product range offering.
- Identifying and working with available NPD experts to maximise the use of available support.
- Entering the Berrylicious Strawberry Tart Jelly into the prestigious North East Scotland Food & Drink Awards 2017 and winning Best New Retail Product. This created a huge marketing boost to the product and created a halo effect for the full Berrylicious range.

Challenges / Limitations:

- Taking an artisan product and scaling up for mass production – the production and bottling of the jelly is very labour intensive.
- Gaining access to new consumer markets is hard work, time consuming and requires focus and investment.

Funding used:

- Castleton Farm benefitted from a £5K Innovation Voucher from Scottish Funding Council. This funding was used to support SRUC Hospitality Chefs to develop the product.

"The development of the tart jelly has allowed Castleton Farm to add value to secondary waste berries, build the Berrylicious brand and generally help promote the Castleton Farm story."

Anna Mitchell, Farmer and Partner, Castleton Farm - <https://castletonfarmshop.co.uk/>

CASE STUDY

Deer Farming Mauldslie Farm

Mauldslie Farm, which is located in Gorebridge, near Edinburgh is a 434ha deer and sheep farm which currently holds 665 deer (400 hinds, 15 stud stags and 250 yearling calves). The farm was purchased in December 2013 with the aim of developing an economically sustainable (without subsidy) farming unit primarily based on a deer breeding and finishing unit to produce finest quality venison for the growing venison market. The target for Mauldslie Farm is to have a deer herd size of 800 by 2022.

The deer enterprise began in 2014 with the installation of fencing, deer buildings and handling facilities and the first sale of stock took place in 2016. Investment into the farm has been over £500,000 in order to return the farm to productivity, undertake over 17,000m of new fencing forming over 13 deer fields, purchase stock and construct a new dedicated deer shed for wintering calves.



Mauldslie Farm currently sell approx. 100 yearling hinds each year to new deer farms for breeding stock and 125 yearling stags for slaughter through First Venison Co-op, supplying Waitrose with the highest quality venison. The Key challenge on farm is to improve the efficiency of deer farming by increasing output and reducing cost. Mauldslie Farm have spent considerable effort improving the grassland and soil health on the farm by turning rough ground into pasture and increasing the soil pH from 5 to 6. This is a slow process taking up to 5 years to fruition but can have huge impacts on the economic outputs by reducing the need for expensive concentrate and increasing the stock density.

Key Success Factors

- Grassland and soil health plan implemented to increase pH on farm through a combination of liming, increased drainage, introduction on new grass species and removal of thatch and mosses which has led to improved economics of the farm.
- Part of First Venison co-operative with multiple farms in Scotland and England that supply Waitrose. This offers a stable price and dedicated supply chain.

Challenges / limitations

- Large Investment needed in purchasing infrastructure for setting up deer farm. Over 5 years Mauldslie Farm has spent over £170K on deer fencing (17,000m @ £10/m) and plan another 3000m this year.
- Initial issues with getting breeding stock. When setting up a new farm, you should look to get 80-120 yearlings per year from no more the 2 sources (to limit social problems inter-herd). You need to be in discussions with potential sources 1 year in advance with orders made 6 months ahead.

Funding used

- Funding remains a challenge and there has been no support from Scottish Government to develop Mauldslie Farm despite being a New Entrant.

“The sector is very open and we would encourage any potential new farmer to speak to the industry. The industry wants more deer farms and are very happy to share their experiences on issue, problems and potential solutions.”

John Goffin, farmer and owner of Mauldslie Farm

CASE STUDY.....

Deer Abattoir & Processor Downfield Farm (Stagison)

Downfield Farm, Scottish abattoir and producers of Stagison Venison is home to Scotland's only deer abattoir, handling and processing plant. This makes Stagison Scotland's only field to fork venison farm. Established in the spring of 2016, Downfield Farm installed a-state-of-the-art Abattoir, meat processing plant, butchery and packaging plant. They currently sell venison products throughout Scotland to restaurants, hotels, independent retailers and UK wholesalers under the Stagison brand.

Bob & Jane Prentice moved to Fife in 2002 when they bought Downfield Farm, just outside Cupar. The farm is mixed with a suckler cow and breeding sheep herd together with cereal crops and in 2012 they added farmed deer to the stock. Downfield Farm receive deer calves from 6 months old that they then finish on the farm, grazing outside in the summer and then being fed inside in the winter on their own grass silage, to yearlings that are finished ready to process



Downfield Farm have recently purchased a Butchers shop in Ceres, Fife for the manufacture of added value products including venison pies, sausages, burgers and sausage rolls. This will give Downfield Farm through the Stagison brand the opportunity to sell a variety of different products which do not use the popular cuts of venison so waste is limited and profitability improved.

Key Success Factors

- Downfield Farm operate the first and only deer abattoir and butchery in Scotland. With upcoming issues of Brexit, Downfield Farm can offer a complete, local supply chain. Scottish farmed deer can be processed to supply the Scottish venison market.

Challenges / limitations

- The venison market is very competitive with the vast majority of farmed deer going through the First Venison co-operative to supply Waitrose. This has led to the reduction of deer going to Downfield Farm abattoir.
- To compensate for reduced farmed deer number, Downfield Farm currently process wild deer, sheep, cattle and offer a private processing of lamb where Downfield Farm will process and butcher and then return to the farmer for selling locally.

Funding used

- Downfield Farm received £130K for a butchery and intake larder for wild deer funded by the EU Scottish Rural Development Programme.

“There is a huge opportunity for deer farming in Scotland. Demand is high for Scottish farmed venison and our world class abattoir and butchery is well placed to help meet this demand.”

Bob Prentice, farmer and owner of Downfield Farm

Stagison Venison - <https://stagison.com/>

CASE STUDY

Guardswell Farm

Guardswell Farm is a 150-acre grassland farm situated on a south facing hillside, between Abernyte and Kinnaird, Perthshire. The farm has been owned and run by the Lamotte and Wilson families since 2011 and is a successful farm diversification enterprise encompassing; luxury accommodation (sleeping up to 30 guests), a beautiful wedding venue with panoramic countryside views, cookery school, seasonal events, arts and crafts, and a creative place for team working, networking and workshops. Guardswell is a multi-purpose rural venue which also hosts weekly and seasonal events such as children's outdoor day camps, spoon carving classes, and yoga & brunch sessions. Guests have the option to stay in a choice of hilltop huts or cottages and even make use of the hilltop boat for creative-thinking and networking.

Guardswell Farm - <https://www.guardswell.co.uk/>

Key Success Factors

- Beautifully renovated cattle shed with ample space for weddings, events and activities.
- Fully equipped modern kitchen for cookery lessons, parties and events.
- Panoramic views over Perthshire, Fife, Dundee and Angus.
- Warm and cosy accommodation with modern and rustic features.

Challenges / limitations

- Be aware of licences and fees – a premises licence is required when serving alcohol and food which is based on the square footage of the venue (larger venue = higher fees).
- Obtaining staff can be challenging particularly for low-skilled work e.g. cleaning and house-keeping.



“Guardswell is a secret getaway for those looking to escape their fast paced digital lives, seeking a special place to celebrate a wedding with friends and family, those looking to engage in rural recreational activities, team working, arts & crafts, or those who want to fully immerse themselves in their simple and bygone ways. We have created contemporary huts using locally sourced materials, and cottages to suit the modern world escapee-switching off from their digital dependence and taking a deep breath of fresh Perthshire air. At Guardswell there is something for everyone!”

Anna Lamotte – manager at Guardswell Farm

CASE STUDY.....

Laggan Outdoor Activity Centre

Laggan Outdoor Activity Centre is a successful farm business diversification offering adventure and recreational experiences for individuals, couples and families.

The farm is owned and run by the McConchie family, who first bought Laggan Farm in 1970. The farm is currently run and managed by Murray, Kerr and Ian McConchie. In 2007, Duncan wanted to move back home to the farm after a period working in London, and it was agreed that the family would diversify part of Laggan farm to form an outdoor activity centre.

The first activity launched was archery, which took place in a cow shed during the summer months. Since then, new activities have been added on each year, with the introduction of Clay Pigeon Shooting, Mountain Boarding, Zorbing, and Segway Adventure Tours.

In 2012, the business installed a Zip Wire, a Human Slingshot and a 40 seater café. More recently, the business has extended their diversification portfolio further with the introduction of 10 accommodation 'Snugs', and, GG's yard, - an exclusive wedding and conference centre.

Activities are available to book separately or as a 'package' where individuals, couples, or groups can try a range of outdoor activities.

Laggan Outdoor - <https://www.lagganoutdoor.co.uk/>

Key Success Factors

- Laggan Outdoors became an Agri-Tourism Monitor Farm which helped to raise the profile of the business, and share knowledge and experience with other farmers and rural businesses across Scotland.
- The business received support from Scottish Enterprise and took part in the Scottish Enterprise Rural Leadership Programme.
- The business managed to utilise existing land as security to borrow capital at low interest rates to facilitate expansion.



CASE STUDY.....

Lindores Equestrian & Horse Holidays

Lindores Equestrian was awarded Equestrian Business of the Year 2019 at the national horse Scotland awards. The business attracts riders and luxury horse holiday makers from all over Scotland and Northern England. Braeside of Lindores is a family run farm set amongst breath taking views of Fife, Perthshire, Kinross-shire, Angus and beyond, and is a popular destination to stay, ride or relax and enjoy the great outdoors. With over 125 cross country fences, suited to horses and riders of all experience and ability levels, grass show jumping paddocks, outdoor school, full camping facilities and a choice of luxury accommodation – there is something for everyone. Lindores Equestrian has 30 stables for permanent or stopover liveries if riders want to attend training days or events locally. Lindores Horse Holidays, voted No. 1 horse holiday destination in Scotland by EQy magazine, is a 5-star rural retreat with architecturally designed self-catering properties, enclosed gardens, and private hot tubs. Guests can bring their horses and dogs to enjoy the on-site facilities, as well as visits to St Andrews, local restaurants, cycle routes, kid's adventure parks, and tourist attractions.



Key Success Factors

- Beautiful location with breath-taking countryside views.
- Luxury 5-star properties providing a unique holiday experience to the equestrian market.
- Lots of activities to do locally with easy access to St Andrews, local restaurants, and attractions to suit everyone's tastes.

Challenges / limitations

- Maintenance and keeping up with market demands.
- Regulation, Health and Safety, and Risk Management.

"2019 marks our 30th year in business. We have tried to evolve and continue to innovate with market demands and opportunities."

Anna Black, manager at Lindores Equestrian and Lindores Horse Holidays

CASE STUDY.....

Muddy Boots Farm Shop

Muddy Boots Farm Shop started off in the 1950's by selling freshly harvested vegetables from the back door of the farm house. The business later expanded to sell fresh raspberries and in 2005, production moved into a purpose-built poly tunnel. This enabled the business to expand the range of fruit and vegetables on offer, and sell other local produce from Fife.

Following the loss of a supply contract to one of the major supermarkets in 2007, farm buildings were converted into a farm shop and a range of outdoor activities were created. Facilities now consist of a modern farm shop, café, outdoor children's adventure play area, party rooms and pottery painting studio. In 2018, an existing farm building was refurbished to create a new indoor soft play area, powered by a renewable woodchip heating system, helping to create a year-round children's attraction.

The range of children's activities at Muddy Boots Farm Shop include;

- Giant jumping pillow
- Grass sledging
- The Coop indoor play
- Pottery
- Zorbing
- Pig racing
- Mini tractors



Key Success Factors

- The farm shop provides a homely and relaxing environment for parents to enjoy coffee, cake, or lunch while their children play in the outdoor or indoor play park.
- Location – the farm shop is located in the heart of Fife, only 10 minutes from Cupar and 10 minutes from Glenrothes.
- Parking – there is ample free parking on-site for families and suitable accessibility.
- Fantastic range of fun activities to keep children amused and allow their parents to get a little breathing space!

Muddy Boots Farm Shop - <http://www.muddybootsfife.com/>

CASE STUDY

Portnellan Farm

Portnellan Farm is a 230 acre family farm producing high quality organic beef with stunning views over Loch Lomond. In 2005 the business diversified by offering moorings for rent on the loch and quickly progressed to a wide range of diversified enterprises including; 4 star self-catering accommodation, glamping, speedboat tours, kayaking, and paddle boarding.

The farm prides itself in being organic therefore using no chemical fertilisers, herbicides or pesticides on the land. Portnellan is home to home-bred Aberdeen Angus and Shorthorn cattle that are gently reared and grown slowly on a diet of organic grass until they mature at around 30 months old. The beef is hung for a minimum of 21 days to ensure excellent depth of flavour and tenderness. Visitors can purchase beef directly from the farm. Portnellan sits in an area of outstanding natural beauty and is ideal for visitors seeking either a tranquil relaxation break, or thrill-seekers looking for an adventure in the great outdoors.

Key Success Factors

- Location: on the secluded south-eastern shore of Loch Lomond in the Loch Lomond and the Trossachs National Park.
- Luxury accommodation (4* self-catering) and a glamping experience.
- Wide range of activities offered.
- Website and social media activity has raised the profile of the business.
- Demand for moorings.

Challenges / limitations

- Increase the profitable farming enterprises within the confines of 230 acres.
- Develop and expand diversification projects without losing peace and tranquillity.

“We diversified in 2005 in order to bring in extra income so that we could support, what was at the time, three generations of family, plus a dairyman. We started by offering moorings on the loch which was, and continues to be, really successful. Five years later we realised that the milk price we were being paid wasn’t really covering the cost of production. We then turned to converting the Old Farmhouse into four-star luxury self-catering accommodation and put up a glamping tent. Around the same time, I started up a speedboat tours business on Loch Lomond and also offered kayaking and paddle boarding to provide a wider range of water sports to customers. Diversification has been hugely successful and provides additional income to the family farming business.”

Chris Scott-Park, fourth generation farmer at Portnellan Farm



CASE STUDY.....

Local Food & Food Tourism- St. Andrews Farmhouse Cheese Company

The Stewart family have been dairy farmers in the East Neuk of Fife since the 1930s and, in 2008, with the price of milk falling, they decided to diversify into cheese production. The St. Andrews Cheese Company was born, creating a real field to plate experience with the farm's home bred herd of Holstein Friesians providing the main ingredient. In May 2008, the coffee shop was opened enabling visitors to watch the cheese being made through the viewing gallery, enjoy home baking, and sample the range of award winning cheeses: Anster, Red Anster, Mature Anster, Smoked Anster and St. Andrews Farmhouse Cheddar.

St. Andrews cheeses have won many awards including: Melton Mowbray Artisan Cheese Gold; British Cheese Award, Royal Highland Cheese Award; International Cheese Award; Great Taste Award; Scotland Food & Drink Excellence Award and World Cheese Award.

The business welcomes visitors from near and far; and also sells its cheeses through farmers' markets, and across the UK and into Canada and the USA through a network of wholesalers. Diversifying was not an easy decision, various products were considered but cheese, with its year-round consumer appeal and the fact that it uses a large volume of milk, was the product of choice.



Key Success Factors

- A great quality product – is critical to business success and a sense of achievement.
- Research – visits to other diversified farm businesses were invaluable.
- Learning from others – a learning visit to a cheesemaker in Wales was inspirational; demonstrated the holistic approach, hard work and dedication that diversifying would demand; but confirmed the decision to diversify.
- Enjoy and be proud of what you're doing – because running a diversified business is hard work.
- Family support and team effort – is critical as developing a new enterprise is a steep learning curve.
- Cheesemaker network – being part of a bigger family and a national offering has supported profile and raised awareness of the sector.

Challenges / limitations

- Time – to do everything because diversified businesses are personal.
- Cash flow – planning because it will take time for the business to produce profit.
- Infrastructure – future online developments for the business will require improved digital infrastructure in the region.

Support Received

- A FPMCG grant helped to fund cheese production.
- Fife Council has supported event attendance.
- The Scottish Dairy Growth Board has promoted Scottish dairy products.

"We are very proud of our award winning cheese and we thoroughly enjoy the challenges and opportunities which this diversification brings. Hard work and determination are a part of everyday life in any farming business, and 'adding value' through diversification requires a similar effort and commitment."

Jane Stewart, Director, St. Andrews Cheese

CASE STUDY.....

Lower Thorneybank

Farm Shop / Farm Vending

Lower Thorneybank Farm Shop, based near Inverurie, Aberdeenshire, was originally set up by Eric J Stephen in the 1970's and was a simple cart at the side of the road selling home grown vegetables. Over the years Eric along with his son Stuart have grown and developed the shop into what it is today. The farm shop, which has been selling home-grown produce for almost 40 years, ventured into farm vending in December 2018. The Stephen family opened a refurbished farm shop installing the new 'Lock Blox' vending machine by JSR Services. The vending machine stocks delicious home-bakes, potatoes, vegetables, eggs, and other produce sourced from the local area.



Key Success Factors

- Farm shop is located on the B9001 and easy for customers to access.
- Flexible opening hours make it very easy and convenient for customers.
- The shop does not need to be staffed like a typical farm shop.
- Novel, fun, and interesting for customers.

Challenges / limitations

- Continually varying range of produce and stock.
- Recommend installing contactless/card payments – some coins and notes are rejected and cause customer frustration.

“We have been selling home-grown produce for almost 40 years now. In December 2018, we ventured into farm vending and opened a refurbished farm shop with the new state of the art ‘Lock Blox’ vending machine by JSR Services. The machine is convenient, easy to use and provides customers with a novel shopping experience. We sell potatoes, vegetables, other local produce, and home-made shortbread, toffee, fruit loaf and oatcakes. The vending machine has a touchscreen system and takes cash/coins or contactless payments. Since opening in December we have, on average, 250-300 customers per week, many of whom are repeat customers. The project has proven to be a complete success and adds value to our home-grown produce.”

Stuart Stephen, farmer and owner of Lower Thorneybank Farm Shop

Useful Sources of Information

SRUC - <https://www.sruc.ac.uk/>

SAC Consulting - https://www.sruc.ac.uk/info/20005/sac_consulting

Farmers Weekly Diversification - <https://www.fwi.co.uk/business/diversification>

AHDB Beef and Lamb Box Scheme - <http://beefandlamb.ahdb.org.uk/directselling/box-schemes/>

Food Standards Scotland - <http://www.foodstandards.gov.scot/business-and-industry/advice-for-new-businesses>

Soil Association - <https://www.soilassociation.org/>

Business Gateway - <https://www.bgateway.com/>

Scotland Food & Drink - <https://www.foodanddrink.scot/>

Connect Local - <https://connectlocal.scot/>

Quality Meat Scotland - <http://www.qmscotland.co.uk/>

Planning production for veg boxes - <https://businesswales.gov.wales/farmingconnect/sites/farming/files/052012-vegbox-scheme.pdf>

Visit Scotland - <https://www.visitscotland.com/accommodation/caravan-camping/glamping/>

NFU Mutual Diversification Report - <https://www.nfumutual.co.uk/farming/farming-diversification/>

Inspired Camping - <https://www.inspiredcamping.com/starting-a-glamping-business/>

The Rural Planning Practice - <http://therpp.co.uk/setting-glamping-business/>

Farmers Weekly Setting up a Glamping Business - <https://www.fwi.co.uk/business/diversification/10-tips-starting-glamping-business-farm>

Food Hygiene - HACCP

<https://www.food.gov.uk/business-guidance/hazard-analysis-and-critical-control-point-haccp>
Food (Scotland) Act 2015

Regulation 178/2002 on general food safety

Regulation 452/2004 on the hygiene of foodstuffs

- © Photography
- Wolf Run 2019
- Farm Fitness 2019
- Lumphanan Pet Hotel 2019
- Over Kinfauns Farm Livery 2019
- Arbikie Highland Estate Vodka 2019
- Blair Drummond Smiddy Farm Shop 2019
- The Scottish Farmer 2019
- Adobe Stock
- Chris Hoskins
- SRUC

