



Bank Top Farm *Better Taste, Less Miles'*

Bank Top Farm, Hollingworth Road, Littleborough, Lancashire, OL15 0AU

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We pride ourselves in only selling meat from animals which have been reared on our own farm

Farm Business Diversification Statement

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1.0 Existing Farm Operations

History and the Current Farm Context

We (Mr & Mrs Davies) acquired Bank Top Farm from Akzo Chemicals in September 1993. At that time the farmhouse was a derelict and unsafe building which had fallen into disrepair after being empty for over 10 years. Living in a caravan for over 3 years until the house was water-tight and habitable to move in, we have now spent over 25 years re-building the property and associated farm buildings and improving the farm with a number of new buildings.

The farm consists of 35 acres plus some additional local land grazed for neighbours, currently totalling around 65 acres. The land is categorised as Severely Disadvantaged (for Single Payment purposes) and the number of animals it can support is not going to increase substantially.

Improvements to the land have also been made including overseeding and addition of clover and chicory within the fields to enhance the nutrient value of the grazing.

At present the farm supports around 80 Breeding ewes producing around 150 lambs each year. The farm also has around 18 Aberdeen Angus cows, 1 breeding sow, a boar and 30 pigs for fattening, chickens (for free range eggs) and turkeys. This makes the farm a traditional mixed livestock farm very typical for the area and type of land.

The work and investment in the farm over the last 20 years has resulted in the farm being put back into operation. Other improvements include the planting of additional trees and hedgerows and the maintenance of dry-stone walls.

Other wider improvements made at the farm

When the farm was first purchased there were very few trees or hedges present for wildlife habitat. The only birds originally present were a couple of pigeons living in the derelict house. Over the past 25 years the trees we have planted down to the roadside which is bordered by a hawthorn hedge which has encouraged more birds to the area. The trees and hedge along with the stone gabions at the rear of the main farm building have attracted numerous birds which now live and return to the farm annually. If the land had remained redundant these species and other wildlife would not have arrived at the farm as the habitat didn't exist to attract or support them with areas to nest for example. Birds now present or visiting the farm include Chaffinch, Blue tit, White wagtail, Swallow, Swift, Robins, wild Mallard ducks, Partridge.

Employment at the Farm

In taking forward the development of Bank Top Farm, we have worked full-time off the farm in order to be able to invest in getting the farm back into operation and to support its ongoing development.

Both our sons (who are now 24 and 26 years) were born at the farm and actively assist with the farm work and indeed continue to develop it. Both have studied agriculture or agriculture related mechanical engineering, at Myerscough College and an apprenticeship through Reaseheath College, however due to the limited size and nature of the farm they have now been forced to take full time employment off the farm given the requirement to support the income that can be generated by the farm.

The whole family however contribute to the farm work in the evenings and weekends and it is our aim for the farm to become a primary source of employment and income to the family.

The farm setting has also led to our sons undertaking associated farm produce sales over the years.

One son sold free range eggs from the bottom of the lane at weekends since the age of about 12 and one started his own business selling meat and home-made sausages from pigs he rears on the farm, undertaken as 'Pete's Meats'. The sale of sausages along with a limited range of farm produced meat products is currently sold from a portable farm shop trailer which is towed to the bottom of the farm lane at weekends. Current opening hours are limited to Saturdays between 10am – 2pm with the majority of meat being sold frozen. We also now attend Rochdale's Artisan market which is the 2nd Saturday in the month for 9 months of the year. This limits sales due to balancing time spent manning the mobile shop with preparing meat which cannot be done in the mobile shop and his full time employment.

The sale of our produce is registered with the Environmental department of Rochdale Council and we have recently been re-assessed and maintained our 5 Star rating which is a "Very good" standard with no issues identified.

Farm Business Context - Livestock Operations and Sales

The general running costs of the farm currently run at approximately c.£28,000 per annum (2022), this accounts for animal feed, electricity, vehicles, veterinary services, auction fees, killing fees, expenses and the maintenance of land and buildings. The uplift since 2021 (£25,000) reflects the general uplift in all costs bases in recent years (economy wide), e.g. particularly to feedstuffs, bedding and external fees.

As a livestock farm, the income available to the farm is from the rearing and sale of animals and produce from them. The income/turnover for the farm business as it stands runs at approximately c.£24,500 (2022)¹ per annum.

It has also historically been supported by the Rural Aid Payment however this is reducing year on year and will cease in 2028. (i.e. in 2021, the payment was £3,187; 2022 was £2,534.62 (plus an element of grant for a specific site project) (and for information in 2023 is £2,535). Any schemes to replace this (post Brexit) have yet to be finalised, leaving us at this moment in a position where we must plan for a subsidy-free future.

In terms of the income to the farm business, this dual aspect is common in farming practices, as referenced by NFU (see letter).

Sale of Produce

Around 30% of lambs produced on the farm are sold at auction with the price achieved through this market ranging from between £80 and £120 per lamb, however there is no view or guarantee of what price is going to be achieved. Indeed, the prices can vary greatly from week to week and year on year and as such can be unreliable in terms of business planning and when looking at potential to expand the business or to become more profitable. We can only obtain the higher level of £120 if we feed concentrate to supplement grass to finish the lambs quicker but this is a more expensive, higher input model which then reduces profits on the lamb.

Sales direct to the customer i.e. through the current farm shop trailer, can result in full lamb sales of £130 as a minimum, with more being achieved when sold as individual cuts (up to approximately £180). The prices for customers are far less likely to fluctuate and certainly not to the extent of

¹ The previous statement figure (£19,000) was in error (partial figure only)

auction prices/live sales. As such, from the business planning point of view, a greater level of reliance can be made on the future farm turnover when this is weighted to direct meat sales to the customer.

Additional sales through Pete's Meats, such as home reared turkeys at Christmas, generates a further income of approximately £5,000. While this is seasonal only, it is trade which serves to further support the farm business and local trade which has significant scope for expansion.

Overall Position

Most recent (available) sales (turnover) was £24,500 in 2022 (rising from £17,000 in 2021 and £10,500 in 2020). In addition, in the last year there has been additional income from direct animal meat sales to customers rather than live animal sales via auction of £5,000. However, although sales have grown, and the farm showed a small profit of c£3, 500 in 2022, this was largely due to the RPA payment of £2,534.62 plus the grant payment towards the handling system (receiving a total of £6,473) and without which the farm would have made a loss. Previous years the farm accounts showed a net loss e.g. for the year 2021 of around £6,000. At this stage, the business opts to focus the income in continuing to improve the farm (for example a recent building for equipment and feed storage and cattle and sheep handling equipment).

Given the position with subsidies coming to an end, the farm income is changing and will be uncertain – as has been considered in the discussions with the NFU representative. The submitted NFU background note (Appendix 1) on the issues facing farmers and the government aims to promote and secure diversification for farms, also outlines the wider considerations.

In addition to the turnover and expenses summary provided above, it is evident from the past and current need for off-site employment to the family, that there is a need to consider how the farm can diversify to ensure it becomes viable and remains so going forward. The family are committed to continuing to farm and maintain the land in good condition and in order to achieve this we must be in a position to secure on-site family (and potentially other) employment, and the accompanying incomes streams borne out of the current shop sales and their expansion into a wider farm shop proposal.

2.0 The Proposals and Aims

The purpose of this planning application is to seek to diversify the farm business to increase the number of income streams bringing turnover to the business. In particular there is a desire to build upon the farm meat sales and small-scale business which already operates from the farm to take advantage of the significant demand that exists for fresh, locally produced meat purchased directly from the farm.

This will be achieved by selling all meat produced on the farm direct to the public via a formal and larger farm shop outlet, with additional diversification enabled via an on-site café.

Our plans for a further associated community and education room and offer at the site for the use by local groups and schools have regrettably been ceased given the refusal of planning permission for the larger, two-storey building.

Farm shop plans

Having a butchery in the farm shop will enable us to offer fresh meat and products prepared in different formats at the point of sale including prepared meat meals ready to cook. This will generate more revenue, boost profitability and enable the farm to put all meat through the shop rather than selling some lambs through the auction as we currently do (at a lesser price – discussed above). Prices at auction are variable depending upon the time of year and our lambing season, due to the land we farm and the position of the farm, is predominantly at the lower value period. The carbon footprint and transport costs of taking lambs to auction is also significantly higher than selling direct from the farm.

Many of our existing meat customers would like to purchase the meat fresh rather than frozen. However, due to only currently having the ability to offer sales at weekends together with the time required for preparing the meat for sales and our other employment requirements, selling more fresh meat is not currently viable. The proposed farm shop will allow this flexibility and improve our offer to customers, with the knock-on effect of boosting sales and farm income.

The farm shop will also sell an element of predominantly local produce which is not available in other high street or local shops to enhance the value of the visit which will generate more income for the shop and assist other local small businesses grow and develop. We already include some of these items in our Christmas meat hampers such as cranberry sauce and a range of pickles and jams from Reedy's at Shadworth and cheeses from Pextenement Cheese Company. We have a desire to promote other locally produced food and drink. Extra income to the farm will be derived from additional sales of other local products and the café. As sales of meat grow there could also be the opportunity to sell other meats and ranges from other local farms.

The farm shop promotes a more diverse income stream for the farm business as well as proposing a unique offer for customers in the local area.

Cafe

The café will be an important element to generate income as is seen at many farm shops. There will be a number of visitors that enjoy a 'coffee and cake' or even a Full English breakfast including our own produced bacon, sausages and eggs or a Shepherds pie for their lunch as part of their trip to the shop itself. Any hot food offer will predominantly be based on meat from the farm and local suppliers

including a farm fresh cooked breakfast and a Sunday roast. The farm shop and café will present a very different shopping experience than a trip to the supermarket.

Employment

The shop and cafe will not only bring revenue into the farm but will enable us to offer employment to other individuals working in the butchery, shop and café. Currently the family prepare, pack and freeze meat in the evening for sale through the (trailer) shop on a Saturday. The shop will require a butcher to prepare and pack an amount of meat for customers to pick and go whilst also being able to serve customers to supply individual requirements e.g. quantities or cuts. The shop area will employ a person to cover the till area but also stock up fresh produce daily such as bread, fruit and vegetables, cheeses, cakes etc. The café will require a cook to prepare food. When not preparing food for café visitors, cakes, sausage rolls and a small selection of ready meals can be made to sell through the shop. A second person will be required for the café to take orders, make drinks, serve food, clean tables etc. It is likely that extra part-time staff would be required for busier times such as weekends and school holidays.

At the forefront of the plans to diversify the farm is the creation of on-farm employment for the family to ensure that the farm can sustain us financially and therefore the longevity of the farm becomes more secure.

Stocking levels

To support the proposals, we have considered farm stocking levels having regard to the farm context (land size and condition), assessed demand for meat goods (including seasonality of meats), and our experience in animal rearing and welfare considerations.

Stocking levels of breeding ewes are quite stable throughout the year and our current 80 ewes produce an average of 2 lambs each in April, resulting in an average of 3 fresh lambs per week to sell through the shop. Stocking levels of lambs would therefore peak in April/ May and reduce through the year. We would manage higher spring seasonal demand via use of early arrival lambs and retention of some animals from the previous breeding cycle; stock levels would therefore be driven by when they are finished and when we need more meat for the shop. (

Turkey is currently very seasonal with young birds arriving in August and grown on for the Christmas market.

Pig stocking levels on average are around 30 which currently provides around half a year supply. A sow will have a litter of around 8 piglets so stocking levels can fluctuate but we breed piglets to ensure we always have pigs available to convert to meat sales. We can increase the availability of pork and bacon by planning breeding cycles as necessary or reducing the animal time on farm.

Beef stocking levels on average are around 18 and, as with pigs, we rear the animals to ensure we always have beef available to sell. We can also increase the availability of meat if required by reducing the time on farm from 28 months to 18 months for example or not selling via market.

Research Informing the Proposal

Our proposals have been years in the planning. This has included a review of our current farm and business context, research on other farm shops, appointment of a design team and initial pre-application consultation with Rochdale BC.

In addition to this and prior to the submission of a planning application, we also invested in a public consultation to assist in better understanding the public demand and likely support for a farm shop including a series of questions/survey to further understand views about our proposal as well as customer demand for the product range we intend to stock.

In conjunction with our development team, a leaflet with short survey was delivered to all households in the immediate area. The feedback has showed very good support for the proposal of a farm shop, café (and community room). A significant proportion of those responding had not bought meat from the trailer shop previously but confirmed they would like to buy fresh meat from a farm shop along with other local produce. All those responding felt the proposed shop and café would enhance the area.

There was also significant levels of local support expressed to the previous planning application both direct to RBC and via our Facebook page and other social media feedback.

A number of farm shops have been visited as part of this research and it is very clear that those with a café appear to be more successful due to the opportunity to attract more visitors and expand the spend.

Farm shops in the surrounding area:

1. Albion Farm shop – Delph 10 miles away from Bank Top Farm
2. Falshaws Farm Shop – Bury 18 miles away
3. Park Farm and Tearooms – Bury 18 miles away
4. Far Barsey – Halifax 10 miles away
5. Little Owl – Oldham 7 miles away
6. Craggies – Huddersfield 7 miles away
7. Brosters Moor Farm shop – Huddersfield 17 miles away
8. Hinchcliffes – Huddersfield 12 miles away

Whilst there are a number of successful farm shops, no such offering exists in the local area of Littleborough/Hollingworth (or even Rochdale).

There is also recent assessment of the farm shop sector and demand by wider parties.

Harper Adams University recently confirmed farm shops generate £1.4 billion in the UK and employ 25,000 people. 64% of farm shops expect sales to increase. Customers are attracted to shopping from farm retailers due to quality of product, service and the farm setting. Farm shops offer a different experience to high street shopping through quality of product and are seen as a vital part in the community.

Demand is therefore anticipated to remain and grow.

3.0 Outline Business Plan

Costs

For the purposes of the business plan, we have set aside the initial capital investment for the development of the site. A summary of key business costs arising from the operation of the proposed farm shop as part of the farm business are set out below.

The existing farm costs will remain and are likely to increase with inflation, additional costs then being the running and maintenance of the farm shop building and landscaping/grounds, costs for products bought in (predominantly being from local suppliers), insurance and business rates as may be applicable, together with staffing costs.

With the current operating costs of the farm being £28,000 it is anticipated that this will rise to £75,000 (for set up).

Income streams and turnover

It is anticipated that the direct meat sales from the farm shop will increase from year 1, the farm shop will enable all meat produced on the farm to be sold direct from the farm. This will generate around an extra £50 per lamb which will bring in an extra £5,000 from the sale of lamb alone.

Additional income will be generated from sales of other products through the shop which is likely to include (as mentioned earlier) pickles, cheeses, cakes, prepared meals and complimentary products. Assuming conservative additional weekly sales of £1,200 this will generate £62,400 income from the shop (meat and local products), contributing significantly to the turnover of the farm business but - more importantly in this particular element of the proposal –profitability would increase significantly, by reducing the live meat sales at auction where profits are far less and costs higher (e.g. transporting to market).

Combining the farm shop and existing farm/ meat sales elements, the income from the proposal could be into the range of c£92,000 per annum.

In terms of the proposed café adjoining the farm shop, income assuming only 20 covers per day, 5 days a week with an average spend of £20 will generate £104,000 per annum in turnover for the farm business. Products and meals sold at the café will include a large element of farm produce e.g. meat in hot and cold sandwiches, full breakfasts, sausage rolls and pies, cottage pies, eggs etc. While it is anticipated that footfall at weekends and during school holidays may be higher, this conservative estimate of income from the café would result in a significant income stream to the farm business. As part of the income would be based on the farm produce sold, (with reduced costs as not all goods sold would be bought in) there would be some dual benefit of the café income.

The proposal is therefore seeking to deliver a business that can serve and support the members of the family and with additional employment positions.

4.0 Conclusions

The current financial situation for the farm business is unsustainable. The land has been greatly improved through investment over a period approaching 20 years; it is now nearing its maximum capacity in terms of productivity and as such the potential to increase the intensity to which it is farmed in order to increase profits is minimal (i.e. significant uplift in more stock = more sales via auctions and live sales is not a viable option for this farm business).

Without diversification to create additional income streams, the business will not survive and this will be to the detriment of the land and its management.

Income from direct meat sales off the farm via a farm shop and the creation of a small café will contribute to the long-term viability of the farm, enabling continued investment to maintain the farm and land, and support the family to move from off-farm employment working to direct working on the farm in its diversified context.

Appendices:

APPENDIX 1: NFU Background Note



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Date: 20th June 2022

Dear Sirs,

**Proposed Farm Shop/Café and Community Use Unit
Land at Bank Top Farm, Hollingworth Road, Littleborough**

By this letter, we would wish to offer our support for the Planning Application submitted to Rochdale MBC by our Farming and Growing members, Bank Top Farm, by which they seek consent to the establishment of a Farm Shop with Café and Community Room at their holding at Bank Top Farm, Littleborough.

We have known the owners of Bank Top Farm (Mr and Mrs Davies) for many years as NFU Members, since their purchase of the farm in 1994, and have seen the holding brought back into use and be the subject of constant improvement as they commenced a livestock farming business to seek to provide an income for themselves and their family.

Establishing a farm business in Rochdale and North Manchester can be challenging, due to the competition from non-farming interests for countryside property, and the high demand and pricing for available land, yet Mr and Mrs Davies have succeeded in developing an upland beef and sheep enterprise on land which is classified by Land Quality as Severely Disadvantaged (SDA).

The farm extends to some 37 acres at the core holding at Bank Top Farm.

Given the pressures upon property and land prices in the North Manchester area, due to the ability of non-farming buyers to pay higher prices, and the demand for equine and recreational land, and also non-availability, it is unlikely that this land area will be expanded (by purchase of additional land).

To augment the income of the farm, the family have also been required to operate a contracting business, providing services to neighbouring farmers and others, other non-farm employment, and have in recent years begun to retail directly to the public, farm produced beef and lamb products from their home reared cattle and sheep, through a small retail trailer at the bottom of the access lane to Bank Top Farm.

This small scale venture has proven to be successful, commensurate with its size, and retails the products through direct sales, and also through the generation of orders from internet and social media sources.

The farm business is also a regular attendee at the Rochdale Food and Artisans Fayre, facilitated by Rochdale Riverside.

Farming in England is currently undergoing major change, due to the impacts and consequences of multiple pressures.

Due to the influence of many factors, global food supply chains have been severely disrupted, and products which were, historically, imported into the United Kingdom are increasingly unavailable to mass buyers.

The Coronavirus pandemic has seen a huge increase in the desires of the public to source their food locally, from traditional retail outlets, rather than from supermarkets who source on a global scale.

This significant shift commenced in March 2020 and has become permanent as the public look to source their food from reliable outlets. The farming and associated businesses have seen their turnover increase and the demand has sustained.

The Government have recognised the changing nature of the world markets, and the impacts of the increase in the cost of living and concerns about food security, and have addressed this in the Government Food Strategy, published by the Department of Environment, Food and Rural Affairs (DEFRA) on the 13th June 2022.

<https://www.gov.uk/government/publications/government-food-strategy/government-food-strategy>

Broadly, this Strategy recognises the need for the United Kingdom to develop food security in an uncertain world, and seeks to support producers in the Home Nations, and to assist them in maximising the value of their products whilst increasing the available amounts of home and locally produced food.

Home farm production and retailing will have a major part to play in this objective.

A further, and most significant change to the income streams utilised by the farming industry are the restructuring of farm support payment mechanisms since the withdrawal of the United Kingdom from the European Community (Brexit).

Farmers have, historically, received annual payments under the EC Common Agricultural Policy, whereby they were paid to keep land according to an environmental set of standards (Cross Compliance).

Since the UK withdrawal from the EC, the Government has been required to develop a new Agricultural Support scheme, based upon Environmental Land Management Standards (ELMS), where farmers may receive payments for providing a defined range of environmental benefits.

The farming Industry is, currently, in a transitional stage between 2022 and 2027, during which time the currently operating Basic Payment Scheme (BPS) is being phased out, and the newly constituted ELMS schemes are being introduced, commencing July 2022.

The current BPS payments are being reduced annually, on a sliding scale, until they wholly disappear in 2027. The replacement ELMS support regime will not offer the same returns to farmers, and it is anticipated that the reductions in farm income will be significant.

As an industry, farmers only have two basic income streams, the monies that they receive from the commodities they produce, and the support that they receive from the Government through DEFRA.

Farm incomes are marginal on small family farms already and any reductions in the income streams could be catastrophic to on-farm viability.

The increases in the cost of living also being seen also mean that it is unlikely that the public, and the supermarket buyers will pay significantly more for farm produce as the demand on incomes is heightened.

So, farmers need to be able to develop new income sources to replace the reductions in direct farm support. Also to sustain (and grow) incomes in times of increasing costs and pressures on prices.

The Government published an analysis in September 2018, "Moving away from Direct Payments" which details the anticipated financial consequences of the support payment changes.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/740669/agri-bill-evidence-slide-pack-direct-payments.pdf

In 2024, the income from direct support will have reduced by 50%.

Government figures (above link) show that, for farms such as Bank Top Farm, which are located within the Less Favoured Areas, including the Severely Disadvantaged Areas, the current direct payment can be up to 94% of farm income.

Such a reduction will need to be redressed to maintain farm viability.

The same Government analysis identifies that a principal way to replace the income lost is through Diversification, including the ability to retail farm produce directly to the public. This is likely to be a crucial element in the continuance of farm viability.

The document also comments that the ability to maximise Diversification may be location specific.

Given the proximity of Bank Top Farm to both the local population centres of Littleborough, Hollingworth/Smithy Bridge and the nearby areas of Milnrow/Rochdale etc, and the widely visited Hollingworth Lake tourist location, the potential catchment for a farm shop outlet is locally significant.

The Government support for the development of activities upon farms that add value and therefore income to farm produced commodities is shown in the development and launch of the DEFRA Farming Transformation Fund, which opened for applications in June 2022.

The aim of this scheme is to "*support their work, processing, diversifying and adding value to their products*"

<https://www.gov.uk/government/publications/adding-value-grant-for-farmers-to-improve-crops-or-livestock/about-the-adding-value-grant-who-can-apply-and-what-the-grant-can-pay-for>

This scheme is seen as a principal element of the ongoing Farm Transition Programme, and is one that Bank Top Farm could look to take advantage of.

Further indication of the Government intentions that farms should be able to take advantage of diversification opportunities is evidenced by the amendment to Town and Country Planning (General Permitted Development) Order 2015, when Class R was introduced, allowing the conversion of agricultural buildings to commercial use.

We appreciate that the development proposed is not one to which Class R applies, but the introduction of this mechanism enabling rural commercial development and uses nonetheless gives an indication of the Government intentions to encourage farms to diversify.

Our support for the development proposals for the farm shop is based upon the foregoing aims of changing/ emerging government policies and changing business trading conditions for farms.

Improvements and diversification at Bank Top Farm is required to ensure ongoing financial viability and to support the expansion of the existing small meat sales business.

We also support the inclusion of the element of the Planning Application which looks to establish a “Community Facility” that would also enable educational use.

The Borough of Rochdale is lacking in facilities of this nature.

The former farm educational centres at Chamber House Urban Farm, which was owned and operated by Rochdale M.B.C., and at Sheephouse Farm, Littleborough, which was privately owned, have closed, both of which were well used by the public and local groups, and valued as a means whereby the public could learn about primary food production.

Given the growing interest in sustainable farming, animal welfare, reduction in food miles and food traceability, such centres which can provide information and educate people about such matters are to be welcomed, and a community room for local schools, groups and events is welcome, as there are few such venues available.

Based upon all the foregoing reasons, we support the Planning Application as submitted, and trust that the Planning Authority will grant permission, thereby securing the ongoing viability of this family operated farming unit.

Yours sincerely

**A Rothwell
Senior Group Secretary
National Farmers Union
Clitheroe. North West Region**