Farming diversification in England: statistics

Standard Note: SN/SG/2879
Last updated: 17 December 2009
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UK farming has been adversely affected in recent years by a series of events, including a strong pound, BSE and foot and mouth disease. These factors occurred in a sector that was already experiencing significant decline.[1] Against this background, many farmers have sought alternative revenue streams, by allowing some of their land to be used for purposes other than agriculture, such as camping, fishing and farm shops.

This Note summarises diversification statistics in England collected by Defra in its 2007/08 *Farm Business Survey* and its *June Survey of Agriculture and Horticulture* from 1998 to 2003. Other aspects of farm diversification and planning guidance can be found in SN/SC/3158: Farm Diversification, Countryside and Planning. Comparisons between the various sources can prove difficult, due to different definitions, samples and methodologies. The data contained in this Note should therefore be treated with some caution. Figures from 1998-2003 are presented separately in Annex 1 because they are not directly comparable with the more recent data. Detailed analysis of the figures from 2003/04 to 2007/08 is provided in Defra's *Farm diversification* release from January 2009.[2]

In 2007/08, there were 57,100 farms in England of a size considered sufficient to occupy a farmer for at least half-time. Although this represents only half of the total number of farms in England, they accounted for 91% of land area farmed and 96% of agricultural production. A summary of findings for these 57,100 farms is presented below:

- 51% had diversified activity in 2007/08;
- total income from diversification was £400 million, 8% lower than in 2006/07; diversified enterprises generated 15% of the total income of farm businesses in 2007/08;
- for 22% of farms which had diversified activity, the income from their diversified enterprise exceeded the income from the remainder of the farm business in 2007/08;
- the dominant type of diversified enterprise was letting out buildings for non-farming use; 36% of farms did this, and letting out buildings generated 68% of total diversified income and 47% of total diversified output;
- about 7% of diversifying farms discontinued their diversified enterprises in 2007/08 and another 10% started diversifying for the first time;
- there were some significant regional variations; 75% of farms in the South East had diversified enterprises compared with 45% of farms in the West Midlands.

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[1] See Library Standard Note SN/SG/2246, *Farm incomes*: http://pims.parliament.uk:81/PIMS/Static%20Files/Extended%20File%20Scan%20Files/LIBRARY_OTHER_PAPERS/STANDARD_NOTE/snsg-02246.pdf

[2] Defra, *Farm Diversification in England: Results from the Farm Business Survey, 2007/08*, 31 January 2008: https://statistics.defra.gov.uk/esg/statnot/Divers09.pdf

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A. 2003/04 to 2007/08

1. Diversification

Defra defines diversification as "the entrepreneurial use of farm resources for a non-agricultural purpose for commercial gain".[3] This definition includes non-agricultural contracting and the letting of buildings. It excludes the letting of land for agricultural or non-agricultural end-purpose (land let for non-agricultural activity is not diversification as it is not the farmer who is undertaking the activity), agricultural contracting and the hiring of other assets for an agricultural or non-agricultural end-purpose.

2. Numbers of farms

Only farms of a size considered sufficient to occupy a farmer for at least half-time (SLR≥½) are covered by Defra's *Farm Business Survey*. In 2007/08, there were 57,100 such farms in England. Although this was only half of the total number of farms, they accounted for 91% of land area farmed and 96% of agricultural production.

Table 1 details the numbers of farms with diversified activity between 2003/04 and 2007/08. In 2007/08, around half of full-time and part-time farm businesses in England had some diversified activity. The primary form of diversification was letting out buildings for non-agricultural use. Excluding this activity reduced the proportion of farms diversifying in 2007/08 to 28%, up from 18 % in 2003/04.

Table 1: Number of farms[1] with diversified activities: England 2003/04 to 2007/08

	2003/04	2004/05	2005/06	2006/07	2007/08
Numbers					
Total number of farm businesses (SLR≥1/2)	60,000	60,800	61,700	59,500	57,100
With diversified activity	31,400	29,000	30,900	30,000	29,200[2]
With diversified activity other than letting buildings	10,800	11,500	15,300	16,100	16,100[3]
Percentages					
Total number of farm businesses (SLR≥1/2)	100%	100%	100%	100%	100%
With diversified activity	52%	48%	50%	50%	51%
With diversified activity other than letting buildings	18%	19%	25%	27%	28%

Notes: [1] Full-time and part-time farm business only.
[2] The 95% confidence interval for this estimate is 27,700-30,700.
[3] The 95% confidence interval for this estimate is 14,700-17,500.

Source: Defra, *Farm Diversification in England*, 29 January 2009, Table 1

3. Income and output associated with diversification

Table 2 presents components of income for farms ≥ ½ SLR in the years 2003/04 to 2007/08. It shows that, in 2007/08, total income from diversified activities in England was £400 million, representing 15% of the total. Note that changes in subsidies and payments to agriculture mean that this series cannot be analysed on a consistent basis over the period.

[3] Defra, *Farm Diversification in England: Results from the Farm Business Survey, 2007/08*, 31 January 2008: https://statistics.defra.gov.uk/esg/statnot/Divers09.pdf

Table 3 details the value of farm output in England accounted for by different activities, including diversification, in each year from 2003/04 to 2007/08. In 2007/08, diversification activities accounted for 5% of total farm output. This is less than its contribution to farm income because agriculture (excluding subsidies) accounts for the vast majority of total output but contributes little to income.

Table 2: Components of farm income for farms ≥ ½ SLR: England 2003/04 to 2007/08

	2003/04	2004/05	2005/06	2006/07	2007/08
£million					
Total farm business income (including diversification)	2,210	1,720	1,760	2,050	2,750
Income from agriculture (excluding subsidies and payments to agriculture)	310	-320	-360	-130	630
Subsidies and payments to agriculture (excluding agri-environment payments)	1,430	1,520	120	30	20
Income from Single Payment Scheme	0	0	1,380	1,430	1,370
Income from agri-environment work	150	180	200	280	330
Income from diversified enterprises	320	340	420	430	400[1]
Percentages					
Total farm business income (including diversification)	100%	100%	100%	100%	100%
Income from agriculture (excluding subsidies and payments to agriculture)	14%	-19%	-20%	-6%	23%
Subsidies and payments to agriculture (excluding agri-environment payments)	65%	88%	7%	1%	1%
Income from Single Payment Scheme	0%	0%	78%	70%	50%
Income from agri-environment work	7%	10%	11%	14%	12%
Income from diversified enterprises	14%	20%	24%	21%	15%

Notes: [1] The 95% confidence interval for this figure is £370m to £500m.

Source: Defra, *Farm Diversification in England, 29 January 2009* , Table 2

Table 3: Components of farm output for farms ≥ ½ SLR: England 2003/04 to 2007/08

	2003/04	2004/05	2005/06	2006/07	2007/08
£million					
Total farm business output (including diversification)	11,210	10,960	11,100	11,670	12,840
Output from agriculture (excluding subsidies and payments to agriculture)	9,120	8,730	8,760	9,150	10,410
Subsidies and payments to agriculture (excluding agri-environment payments)	1,430	1,520	120	30	20
Output from Single Payment Scheme	0	0	1,380	1,430	1,370
Output from agri-environment work	160	190	220	300	350
Output from diversified enterprises	510	530	620	750	700
Percentages					
Total farm business output (including diversification)	100%	100%	100%	100%	100%
Output from agriculture (excluding subsidies and payments to agriculture)	81%	80%	79%	78%	81%
Subsidies and payments to agriculture (excluding agri-environment payments)	13%	14%	1%	0%	0%
Output from Single Payment Scheme	0%	0%	12%	12%	11%
Output from agri-environment work	1%	2%	2%	3%	3%
Output from diversified enterprises	5%	5%	6%	6%	5%

Source: Defra, *Farm Diversification in England, 29 January 2009* , Table 3

4. Diversified activities

Nearly 30% of farms which diversify have more than one diversified enterprise. Table 4 provides a breakdown by type of diversified activity entered into by farms in England in 2007/08. The 29,200 farms with diversified activity achieved a total income of £1,700 million, 23% of which was derived from their diversified activity. Of the £400 million total from diversified activity, 68% was generated from letting out buildings for non-farming use. A further 10% was generated by processing/retailing of farm produce; 8% was derived from tourist accommodation and catering; and 8% was generated by sport and recreation activity.

Overall, the farms which diversified in 2007/08 achieved an average enterprise income of £13,700 per farm. Letting buildings for non-farming use produced an average enterprise income of £13,000 per farm engaging in it. By contrast, those farms undertaking sport and recreation diversification received an average enterprise income from the activity of £4,700 each.

Table 4: Diversified enterprises: England 2007/08

	Number of farms	Proportion of farms	Total farm income (£million)	Income of diversified enterprise (£million)	Average enterprise income per farm (£)
Farm business (including diversification)	57,100	100%	2,750	-	-
Farms which engage in:					
Any diversification	29,200	51%	1,700	400	13,700
Letting buildings for non-farming use	20,700	36%	1,380	270	13,000
Processing/retailing of farm produce	4,200	7%	170	40	9,800
Sport and recreation	6,500	11%	330	30	4,700
Tourist accommodation and catering	3,100	5%	90	30	10,300
Other diversified activities	4,500	8%	300	40	8,900

Source: Defra, *Farm Diversification in England, 29 January 2009* , Table 4

5. Farm size

Table 5 provides a breakdown of diversified farm businesses in England in 2007/08 by the size of the core farming activity (excluding diversification activity). It shows that, while 51% of all full-time and part-time farm businesses engaged in diversified activity, the rate rose to 66% among the largest organisations, and fell to 42% among the smallest.

Table 5: Diversified enterprises by size of core farming activity: England 2007/08

	Number of farms	Farms with diversified enterprises: Number	Proportion of all farms
All sizes (≥1/2 SLR)	57,100	29,200	51%
Very small	15,900	6,700	42%
Small	17,700	9,800	55%
Medium	8,900	3,800	42%
Large	7,500	4,300	57%
Very large	7,200	4,700	66%

Source: Defra, *Farm Diversification in England, 29 January 2009* , Table 7

6. Farm type

Table 6 details diversified activity in England in 2007/08 by farm type. It shows that diversification took place on 61% of cropping farms, compared with 44% of livestock farms. Within cropping, 70% of cereals farms engaged in diversified activity, compared with 48% of horticulture farms. The majority of this activity related to letting out buildings, with 59% of cereals farms undertaking such enterprise.

Table 6: Distribution of diversified activity by type of farm: England 2007/08

	Number of farms	Proportion of farms with: Some diversified activity	Food processing/ retailing	Sport and recreation	Tourism	Letting buildings	Other diversified activity
All farm types (≥1/2 SLR)	57,100	51%	7%	11%	5%	37%	8%
Cropping	24,000	61%	8%	14%	5%	48%	11%
Cereals	12,900	70%	5%	19%	5%	59%	11%
General cropping	6,500	53%	8%	13%	3%	44%	6%
Horticulture	4,600	48%	16%	3%	6%	22%	17%
Livestock	25,500	44%	6%	9%	7%	28%	6%
Dairy	9,200	41%	5%	7%	5%	28%	7%
Grazing livestock (lowland)	10,200	48%	8%	10%	8%	32%	6%
Grazing livestock (less favourable areas)	6,000	41%	7%	10%	7%	21%	5%
Other types and mixed	7,600	44%	8%	11%	3%	30%	4%

Source: Defra, *Farm Diversification in England, 29 January 2009* , Table 9

7. Regional comparisons

Table 7 sets out the number of full-time and part-time farms engaging in diversified activity in 2007/08 by region. It shows that 75% of farms in the South East undertook some form of diversification, compared with just 45% in the West Midlands.

Table 8 presents components of income for farms ≥ ½ SLR in 2007/08 by region. It shows that diversified activity accounted for 31% of total income in the South East, compared with just 11% in the East of England. These figures compare with the national level of 15%, set out in Table 2.

Table 7: Number of farms with diversified activities, by region: England 2007/08

	Number of farm businesses ≥1/2 SLR	Proportion with diversified enterprises
North West	6,800	47%
North East and Yorkshire & Humber	8,300	49%
East Midlands	8,100	47%
West Midlands	6,800	45%
East of England	8,300	48%
South East	7,200	75%
South West	11,600	49%
England	57,100	51%

Source: Defra, *Farm Diversification in England, 29 January 2009*, Table 12

Table 8: Components of farm income for farms ≥ ½ SLR by region: England 2007/08

£million	North West	North East & Yorkshire & Humber	East Midlands	West Midlands	East of England	South East	South West
Total farm business income (including diversification)	232	356	403	253	662	390	453
Income from agriculture (excluding subsidies and payments to agriculture)	38	53	91	66	269	26	87
Subsidies and payments to agriculture (excluding agri-environment payments)	0.4	0.8	2	5	2	1	7
Income from Single Payment Scheme	126	210	216	129	262	185	239
Income from agri-environment work	37	49	46	29	58	58	57
Income from diversified enterprises	30	43	49	23	71	121	62
Proportion of farm income from diversification	13%	12%	12%	9%	11%	31%	14%

Source: Defra, *Farm Diversification in England, 29 January 2009*, Table 11

Annex 1: 1998-2003 archive

This Annex summarises agricultural diversification in England between 1998 and 2003, based on *June Agricultural Census* returns. The data is analysed by farm size, farm type and government office region.

Results are based on responses received from approximately 85,000 holdings in 1998 and 1999, 115,000 holdings in 2000, 28,000 in 2001 (when the sample size was reduced due to foot and mouth disease), and 50,000 in 2002 and 2003. The nature of the sampling, and the inherent complexities of definitions of diversification, mean that the results are subject to a degree of uncertainty. The data relates to registered agricultural holdings only and excludes minor holdings.

The results reproduced in this Annex are generally lower than in other studies on diversification, including those reported on earlier in this Note. This is partly because agricultural contracting and haulage are not included in the census and partly because farmers tend only to record major diversification activities. Once a holding has fully diversified outside of agriculture, the holding is taken off the register and no longer included in the results.

Table A1 shows that the proportion of agricultural holdings in England undertaking some form of diversification activity increased between 1998 and 2000, although there was little subsequent change. Diversification activity took place on just under 17% of holdings in 2003.

Within this overall trend, different diversification activities grew at different rates. Tables A2-A6 detail the proportion of holdings undertaking different forms of diversification.

- Tourism activity includes camping/caravanning, self catering and services (eg B&B);
- Sport & recreation activity includes equestrian, fishing, golf, shooting and other sports;
- Direct sales activity includes farm shops and other sales (eg Pick Your Own);
- Processing & food manufacturing activity includes processing of, for example, dairy products and crops/vegetables/fruit products;
- Any other activity includes all other forms of diversification.

In 2003, sport & recreation activity was the most popular form of agricultural diversification in England, with 7.6% of holdings undertaking such activity. This form of diversification grew generally from 1998, as did direct sales activity, processing & food manufacturing and other forms of diversification activities. By contrast, there was no overall increase in the proportion of holdings undertaking tourism activities.

Table A1 details diversification by farm size, and shows that, overall, non-agricultural activities were highest on very large holdings and lowest on very small holdings. This is perhaps not surprising given that diversification activities usually require extra space. It is worth noting, however, that there was very little difference in the proportions of small, medium and large farms undertaking such activity in 2003.

Table A1 also splits diversification by farm type and shows that, diversification tended to be highest on mixed, horticulture, general cropping, and cereals farms. By contrast, extra activity was lowest on dairy, cattle & sheep (LFA) and pigs & poultry farms. In 2003, 22.7% of mixed farm holdings undertook some diversification, compared with 12.7% of dairy farms.

Diversification rates by government office region are also shown in Table A1. Levels in 2003 were considerably higher in the South East & London than elsewhere, with 23.4% of holdings in this region undertaking some form of diversification, compared with 13.5% in the North West & Midlands.

Table A1: Proportion of holdings undertaking any form of diversification: England 1998-2003

	1998	1999	2000	2001	2002	2003
All holdings	**13.9%**	**14.1%**	**16.5%**	**18.4%**	**16.5%**	**16.6%**
Breakdown by farm size						
Very small	12.6%	12.7%	14.5%	17.4%	13.4%	12.4%
Small	14.5%	14.5%	17.7%	20.4%	18.1%	19.3%
Medium	14.7%	14.5%	17.1%	16.7%	17.0%	19.0%
Large	14.4%	16.2%	19.0%	19.8%	18.8%	19.0%
Very large	18.8%	20.0%	23.5%	23.6%	20.8%	23.0%
Breakdown by farm type						
Cereals	13.6%	14.1%	17.2%	18.1%	17.6%	20.6%
General cropping	14.9%	15.5%	18.2%	19.4%	18.9%	20.9%
Horticulture	18.5%	18.3%	22.4%	20.3%	23.3%	22.3%
Pigs & poultry	11.9%	12.1%	15.1%	15.0%	16.3%	13.2%
Dairy	11.2%	11.5%	13.4%	13.1%	12.2%	12.7%
Cattle & sheep (LFA)	12.6%	12.5%	14.4%	16.1%	12.8%	12.8%
Cattle & sheep (lowland)	12.2%	12.3%	14.1%	12.6%	13.6%	13.9%
Mixed	17.8%	18.8%	22.2%	22.7%	23.3%	22.7%
Other	15.8%	15.4%	17.3%	26.0%	16.7%	15.0%
Breakdown by region						
North East	13.4%	14.1%	16.2%	17.8%	14.4%	16.6%
North West & Merseyside	12.3%	12.1%	13.9%	16.3%	14.1%	13.5%
Yorkshire & Humberside	12.4%	12.1%	14.8%	16.4%	14.0%	14.1%
East Midlands	10.8%	11.5%	13.6%	14.7%	13.6%	14.2%
West Midlands	11.6%	11.8%	13.7%	15.8%	13.6%	14.3%
Eastern	13.8%	14.3%	17.2%	20.9%	18.0%	18.8%
South East & London	19.3%	19.3%	22.8%	25.2%	24.1%	23.4%
South West	15.4%	15.7%	17.7%	19.4%	17.4%	16.8%

Source: Defra, *June Agricultural Census Diversification Results*

Table A2 details the proportion of English agricultural holdings engaged in tourism activities between 1998 and 2003, and shows very little change over the period. As noted above, tourism diversification involves opening land to camping/caravanning, self catering and services such as bed & breakfast.

Perhaps surprisingly, tourism activity was highest in 2003 on small holdings, although medium and large holdings were not far behind. The relatively low proportion of very large holdings involved in tourism activity might reflect the fact that such properties are better suited to sports & recreation activities.

In 2003, tourism activity was highest on mixed farms and on cattle & sheep in less favoured areas (LFA) farms. The latter finding might reflect the fact that LFAs are often attractive for tourists, for example hilly areas. In addition, cattle & sheep are likely to be less obtrusive than other forms of farm produce, such as pigs & poultry, in terms of noise and smell.

Tourism activity was consistently highest in the South West of England over the period considered, probably reflecting the higher propensity for camping and outdoor pursuits in this area compared with, for example, the East Midlands.

Table A2: Proportion of holdings undertaking tourism diversification: England 1998-2003

	1998	1999	2000	2001	2002	2003
All holdings	**5.4%**	**5.5%**	**5.4%**	**5.6%**	**5.1%**	**5.4%**
Breakdown by farm size						
Very small	4.9%	5.0%	4.5%	4.8%	4.0%	4.3%
Small	5.6%	5.8%	5.9%	6.7%	5.7%	6.5%
Medium	6.7%	6.4%	6.5%	6.0%	5.8%	6.2%
Large	5.9%	6.0%	6.5%	6.6%	5.7%	5.4%
Very large	3.7%	4.4%	4.6%	4.7%	4.6%	4.8%
Breakdown by farm type						
Cereals	4.3%	4.3%	4.7%	4.6%	4.4%	5.5%
General cropping	4.3%	4.3%	4.6%	4.5%	3.8%	4.7%
Horticulture	3.2%	3.5%	3.7%	4.4%	4.2%	4.6%
Pigs & poultry	4.2%	3.7%	4.6%	4.6%	3.2%	3.3%
Dairy	6.1%	6.2%	6.7%	6.2%	5.6%	5.9%
Cattle & sheep (LFA)	8.6%	8.4%	8.9%	11.3%	7.9%	7.6%
Cattle & sheep (lowland)	5.9%	5.7%	5.5%	5.1%	5.1%	6.0%
Mixed	7.3%	7.8%	7.8%	7.7%	7.8%	7.8%
Other	4.1%	4.6%	3.8%	4.9%	4.2%	3.5%
Breakdown by region						
North East	6.2%	6.6%	6.5%	7.0%	4.8%	5.6%
North West & Merseyside	4.8%	4.8%	4.6%	4.6%	4.8%	4.6%
Yorkshire & Humberside	5.3%	5.2%	5.5%	6.1%	4.9%	4.7%
East Midlands	3.2%	3.5%	3.4%	3.2%	3.3%	3.5%
West Midlands	4.2%	4.1%	4.2%	4.4%	4.1%	4.5%
Eastern	3.1%	3.3%	3.3%	4.1%	2.9%	3.6%
South East & London	5.0%	4.9%	4.8%	4.4%	4.8%	5.3%
South West	8.6%	8.8%	8.4%	8.4%	7.8%	8.1%

Source: Defra, *June Agricultural Census Diversification Results*

Table A3 shows the proportion of English agricultural holdings involved in sport & recreation diversification between 1998 and 2003. The level rose considerably between 1998 and 2001 and, despite tailing off slightly in subsequent years, remained the most popular single form of diversification in English agriculture in 2003. Sporting & recreation activity includes equestrian, fishing, golf, shooting and other sports.

Very large holdings were considerably more likely to engage in such activities than smaller holdings in 2003. While 13.1% of very large farms undertook sports & recreation diversification, the next highest proportion was 8.6% on large farms and just 6.7% of very small farms were involved.

There appeared to be a clear distinction in 2003 between crop-based farms (cereals, other, mixed and general cropping) and livestock-based farms (cattle & sheep (lowland), cattle & sheep (LFA), dairy and pigs & poultry), with sport & recreation diversification more popular on the former than the latter. Given the mobile and often sensitive nature of livestock, it is perhaps not surprising that farmers are more reluctant to invite sporting activities onto their land, especially in the cases of hunting and golf.

The proportion of holdings undertaking sport and recreation activity was consistently highest in the South East & London, and increased over time across all regions.

Table A3: Proportion of holdings undertaking sport & recreation diversification: England 1998-2003

	1998	1999	2000	2001	2002	2003
All holdings	**4.6%**	**4.5%**	**7.1%**	**8.6%**	**6.9%**	**7.6%**
Breakdown by farm size						
Very small	3.9%	3.5%	6.6%	9.0%	6.3%	6.7%
Small	4.5%	4.0%	7.0%	8.7%	7.2%	8.3%
Medium	5.0%	4.7%	6.2%	6.1%	6.0%	6.9%
Large	4.7%	7.1%	8.5%	8.4%	7.5%	8.6%
Very large	11.3%	11.5%	14.2%	14.6%	10.5%	13.1%
Breakdown by farm type						
Cereals	6.2%	6.2%	8.8%	10.7%	9.2%	11.2%
General cropping	5.4%	5.9%	7.8%	8.3%	8.2%	9.8%
Horticulture	1.6%	1.9%	3.4%	3.1%	3.4%	3.6%
Pigs & poultry	2.0%	2.6%	4.1%	4.8%	4.0%	3.0%
Dairy	2.4%	2.9%	3.6%	3.6%	3.1%	3.4%
Cattle & sheep (LFA)	2.5%	2.0%	3.4%	3.3%	3.0%	3.5%
Cattle & sheep (lowland)	3.3%	3.3%	5.5%	4.5%	4.8%	5.6%
Mixed	6.5%	6.5%	8.9%	10.5%	9.8%	10.0%
Other	8.3%	6.8%	11.5%	20.2%	10.0%	10.7%
Breakdown by region						
North East	4.4%	4.5%	6.7%	8.2%	5.4%	8.6%
North West & Merseyside	3.7%	3.4%	5.4%	7.6%	5.5%	5.8%
Yorkshire & Humberside	3.6%	3.5%	5.6%	6.3%	4.9%	5.7%
East Midlands	4.2%	4.1%	6.3%	7.5%	6.0%	7.2%
West Midlands	4.3%	4.0%	5.9%	7.7%	5.5%	6.3%
Eastern	5.5%	5.9%	8.4%	10.7%	8.9%	9.5%
South East & London	8.1%	7.6%	12.5%	14.7%	12.4%	13.3%
South West	3.7%	3.6%	6.1%	7.4%	5.9%	6.2%

Source: Defra, *June Agricultural Census Diversification Results*

Table A4 details the proportion of agricultural holdings in England undertaking direct sales diversification between 1998 and 2003. The level increased from 1998, although it remained a relatively small diversification, with just 3.3% of holdings involved in such activity in 2003.

Direct sales activity grew generally across most farm sizes: rates for medium, very large, large and small farms in 2003 were within one percentage point of each other. The proportion of very small holdings involved in such activity was considerably smaller, however, and fell over the period. Rather than reflecting any particular issue with very small farms, it is probable that much of the decline, especially since 2001, was due to a large increase in the total number of small holdings, created for registry purposes.

The proportion of horticulture farms involved in direct sales activity was considerably higher than elsewhere, more than double the next highest farm type in 2003. Given the coverage of direct sales activities, this is unsurprising: direct sales activity refers to farm shops and other sales such as Pick Your Own.

The South East & London and Eastern regions consistently had the highest rates of direct sales diversification.

Table A4: Proportion of holdings undertaking direct sales diversification: England 1998-2003

	1998	1999	2000	2001	2002	2003
All holdings	**2.6%**	**2.6%**	**2.8%**	**3.6%**	**3.1%**	**3.3%**
Breakdown by farm size						
Very small	2.0%	2.1%	1.8%	2.8%	1.4%	1.5%
Small	3.3%	3.2%	3.7%	5.1%	3.6%	4.2%
Medium	2.6%	2.8%	3.4%	3.7%	4.1%	5.3%
Large	2.9%	2.6%	3.1%	3.8%	4.7%	4.4%
Very large	3.7%	3.1%	4.0%	4.4%	4.8%	4.9%
Breakdown by farm type						
Cereals	1.8%	1.8%	2.0%	2.1%	2.1%	2.5%
General cropping	5.5%	5.2%	5.5%	5.8%	6.5%	6.9%
Horticulture	11.7%	11.7%	13.5%	12.0%	14.5%	14.0%
Pigs & poultry	3.8%	3.8%	4.0%	4.7%	5.7%	6.1%
Dairy	1.6%	1.5%	1.7%	1.5%	1.9%	2.3%
Cattle & sheep (LFA)	0.5%	0.8%	1.1%	0.6%	0.8%	1.3%
Cattle & sheep (lowland)	1.4%	1.6%	1.7%	1.9%	2.1%	2.4%
Mixed	3.7%	3.4%	4.6%	5.2%	5.7%	6.1%
Other	1.3%	1.4%	1.0%	1.5%	0.9%	1.0%
Breakdown by region						
North East	1.4%	1.6%	1.9%	2.1%	1.8%	2.6%
North West & Merseyside	2.2%	2.1%	2.3%	2.2%	2.2%	2.5%
Yorkshire & Humberside	2.0%	1.8%	2.1%	2.4%	2.4%	2.8%
East Midlands	2.3%	2.1%	2.5%	3.6%	3.1%	3.0%
West Midlands	2.1%	2.3%	2.2%	2.8%	2.6%	2.6%
Eastern	3.7%	3.6%	3.9%	5.8%	4.2%	4.9%
South East & London	4.7%	4.9%	4.5%	6.9%	5.5%	5.7%
South West	2.1%	2.2%	2.4%	3.3%	2.7%	2.7%

Source: Defra, *June Agricultural Census Diversification Results*

Table A5 details the proportion of agricultural holdings in England undertaking processing & food manufacturing diversification between 1998 and 2003. While the rate increased steadily, by 2003 just 1.0% of holdings were involved in such activity, the lowest level of any individually identified activity. Processing & food manufacturing activity includes the processing of, for example, dairy products and crops/vegetables/fruit products.

There appears to be a strong link between this type of activity and farm size, with the rate of involvement increasing considerably with magnitude. In 2003, just 0.4% of very small farms undertook such activity, compared with 2.4% of very large farms.

Processing and food manufacturing activity was highest on dairy farms in 2003, although there was little to choose between various other farm types. Such activity was clearly lower, however, on cattle & sheep (both LFA and lowland) farms and on other farms.

While there was less than one half of a percentage point difference between the highest and lowest rates, processing and food manufacturing activity was most prominent in the South East & London and Yorkshire & Humberside regions in 2003

Table A5: Proportion of holdings undertaking processing & food manufacturing diversification: England 1998-2003

	1998	1999	2000	2001	2002	2003
All holdings	**0.8%**	**0.8%**	**0.8%**	**0.9%**	**0.9%**	**1.0%**
Breakdown by farm size						
Very small	0.6%	0.6%	0.5%	0.6%	0.4%	0.4%
Small	0.7%	0.7%	0.8%	0.9%	0.9%	1.0%
Medium	1.2%	1.1%	1.1%	1.3%	1.2%	1.4%
Large	1.0%	1.3%	1.3%	1.5%	1.3%	1.6%
Very large	2.3%	2.1%	2.5%	2.5%	2.1%	2.4%
Breakdown by farm type						
Cereals	0.5%	0.5%	0.6%	0.7%	1.6%	1.0%
General cropping	1.0%	1.0%	1.7%	2.0%	1.5%	1.7%
Horticulture	1.3%	1.4%	1.5%	1.4%	1.4%	1.4%
Pigs & poultry	1.6%	1.2%	1.9%	1.9%	1.5%	1.6%
Dairy	1.8%	1.8%	1.8%	2.1%	2.1%	1.9%
Cattle & sheep (LFA)	0.3%	0.3%	0.2%	0.3%	0.2%	0.6%
Cattle & sheep (lowland)	0.5%	0.5%	0.5%	0.6%	0.5%	0.5%
Mixed	1.1%	1.2%	1.4%	1.6%	1.7%	1.8%
Other	0.5%	0.5%	0.3%	0.5%	0.3%	0.3%
Breakdown by region						
North East	0.4%	0.7%	0.5%	1.5%	0.7%	0.7%
North West & Merseyside	1.1%	0.9%	1.0%	1.1%	1.1%	0.8%
Yorkshire & Humberside	1.0%	1.0%	0.8%	1.0%	1.2%	1.2%
East Midlands	0.5%	0.5%	0.7%	0.7%	1.0%	0.9%
West Midlands	0.6%	0.6%	0.5%	0.7%	0.4%	0.7%
Eastern	0.9%	0.8%	0.8%	0.6%	0.7%	1.0%
South East & London	1.2%	1.3%	1.3%	1.5%	1.0%	1.2%
South West	0.8%	0.8%	0.8%	0.8%	0.9%	1.0%

Source: Defra, *June Agricultural Census Diversification Results*

Table A6 details the proportion of agricultural holdings in England undertaking any other form of diversification between 1998 and 2003.

Table A6: Proportion of holdings undertaking any other diversification: England 1998-2003

	1998	1999	2000	2001	2002	2003
All holdings	**2.8%**	**3.0%**	**3.7%**	**3.4%**	**3.8%**	**3.0%**
Breakdown by farm size						
Very small	3.3%	3.6%	3.5%	3.4%	3.5%	2.2%
Small	3.0%	3.3%	3.9%	3.7%	4.2%	3.4%
Medium	1.9%	2.0%	3.5%	2.9%	3.7%	3.7%
Large	2.3%	2.1%	3.8%	3.2%	3.8%	3.6%
Very large	2.0%	2.3%	3.9%	3.7%	4.0%	3.9%
Breakdown by farm type						
Cereals	3.0%	3.3%	4.5%	4.2%	4.6%	4.9%
General cropping	2.2%	2.4%	3.6%	3.5%	3.7%	3.7%
Horticulture	3.9%	3.5%	5.5%	4.6%	5.4%	4.2%
Pigs & poultry	2.8%	3.0%	3.9%	3.3%	6.2%	2.7%
Dairy	1.1%	1.0%	2.0%	1.6%	1.9%	1.8%
Cattle & sheep (LFA)	2.0%	2.3%	2.8%	2.9%	2.8%	2.3%
Cattle & sheep (lowland)	2.8%	3.1%	3.6%	3.0%	3.6%	2.5%
Mixed	3.1%	3.7%	5.0%	3.7%	4.5%	4.0%
Other	4.1%	4.6%	3.3%	3.6%	3.8%	2.1%
Breakdown by region						
North East	2.4%	2.7%	3.3%	2.3%	4.2%	2.4%
North West & Merseyside	2.2%	2.4%	2.6%	2.9%	2.7%	2.2%
Yorkshire & Humberside	2.2%	2.5%	3.0%	3.2%	3.0%	2.3%
East Midlands	2.4%	2.7%	3.1%	2.7%	2.8%	2.6%
West Midlands	2.4%	2.7%	3.5%	3.2%	3.2%	2.6%
Eastern	3.2%	3.5%	4.5%	3.4%	5.1%	4.5%
South East & London	4.4%	4.6%	5.3%	4.4%	5.8%	4.6%
South West	2.7%	2.9%	3.6%	3.9%	3.8%	2.6%

Source: Defra, *June Agricultural Census Diversification Results*