

Proof of Evidence: Business options and financial viability

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Mark Measures Associates

Planning appeal: Wealden District Council, non-determination
planning application WD/2017/0340/F

Description: Siting of three temporary agricultural workers'
dwellings for a period of 5 years together with an agricultural barn
with PV array and alterations to existing highway access to provide
three affordable smallholdings to new entrants to ecological
agriculture

Location: Field south of Copyhold Cottages, Arlington, Hailsham,
BN26 6RU

July 2018

Qualifications and experience

I am Mark Measures BSc. Hons., Accredited Member of the Institute of Organic Training and Advice, Associate of the Royal Agricultural Society, Member of the Soil Association, Member of the Organic Growers Alliance and 2017 Winston Churchill Fellow.

I am the leading organic farming consultant in the UK; I initiated and headed the Organic advisory Service, 1986 – 2000, a national organic farming advisory working with 30 advisers and initiated and headed the Institute of Organic Training and Advice 2000 – 2018, a national professional body providing accreditation and training of organic advisers to meet Defra standards.

I am co-editor of the Organic Farm Management Handbook¹, a biennial organic farming business costings handbook, now in its 11th edition and I have authored or co-authored many technical leaflets and research reports.

Since 2001 I have run my own organic farming consultancy business, Mark Measures Associates² and work part time with the principle organic farming research organisation in the UK, the Organic Research Centre³. I provide the following services: technical, financial and business advice to commercial producers, research projects, wildlife and education trusts, organic farming organisations and certification bodies. My Associates who have worked with me on the business plan for the Ecological Land Cooperative include Iain Tolhurst⁴ who is one of the most experienced organic growers in the UK, having run his own business on 8 ha. for 40 years. He has written 3 books on organic horticulture and provides technical, business and marketing advice to growers.

My work focuses on farm business management and I have developed conversion planning and financial budgeting tools and I review the annual Farm Business Survey results on the financial performance of organic farms. I advise Defra on organic and environmental grant schemes and I have been responsible to Defra for calculating the payment levels for organic land under the Defra Countryside Stewardship Scheme⁵ grants. I have unique experience of organic farm and horticultural businesses in the UK.

I am a partner in Cow Hall farm, which produces cattle, sheep and potatoes.

I abide by the Code of Conduct required of IOTA Accredited Members⁶

¹ Organic Farm Management Handbook available from <http://www.organicresearchcentre.com>

² Mark Measures Associates <https://www.organicmeasures.co.uk>

³ Organic Research Centre <http://www.organicresearchcentre.com>

⁴ Tolhurst Organic <http://www.tolhurstorganic.co.uk>

⁵ Countryside Stewardship scheme <https://www.gov.uk/government/collections/countryside-stewardship-get-paid-for-environmental-land-management>

⁶ Institute of Organic Training and Advice Code of Conduct <http://www.organicresearchcentre.com/?go=IOTA&page=conduct>

The evidence which I have prepared and provide for this appeal in this Proof of Evidence is true and I can confirm that the opinions expressed are my true and honest opinions.

1. Organic business and markets in the UK

The organic market in the UK is in a period of strong growth, along with all other Western European countries. The *2018 Soil Association Market Report*⁷ states:

- *“The pace of growth of the organic market in the UK continues to be solid, at 6%”*
- *At £2.2 billion in 2017, the UK organic market is worth more than it ever has been.*
- *We’ve seen six years of solid growth in the organic market in the UK.*
- *Almost 30% of all sales of organic are through independent retailers and home delivery, and growing faster than supermarket sales.”*

Of relevance to Arlington the Report states that 24% of the organic market is fresh produce (fruit and veg) for which annual growth is 6.5% and that smaller scheme home deliveries are growing by 17%. The organic market is strongest in the South East of the UK. New market opportunities are emerging for smaller growers, such as Food Assemblies.

The environmental benefits of sustainable organic farming in terms of the positive impacts on wildlife, carbon sequestration and soil and water quality and reduced agro-chemical pollution and minimal use of finite resources are well documented e.g. Organic Farming and Biodiversity OCW 2011⁸, consequently Defra provides grant support for organic conversion and management.

Future agricultural policy in the UK is currently being debated in the context of Brexit but it is certain that with the policies being developed by Michael Gove, Secretary of State for Environment, Food and Rural Affairs that there will be a radical shift towards a more sustainable food and farming, which delivers on environmental and social issues, such as support for smaller producers, as well as food⁹.

The Arlington proposals are entirely consistent with such new government policy.

2. Experience of organic horticultural business

⁷ 2018 Soil Association Market Report <https://www.soilassociation.org/farmers-growers/market-information>

⁸ Organic Farming and Biodiversity OCW 2011
http://www.canolfanorganigymru.org.uk/uploads/biodiversity_review_2011.pdf

⁹ Defra 2018, Health and Harmony: the future for food, farming and the environment in a Green Brexit
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/684003/future-farming-environment-consult-document.pdf

It is my experience and that of Iain Tolhurst who collaborated on the preparation of the Sample Business Plans that, with organic premiums of between 25% and 100% for fruit and vegetables and low input costs, smaller horticultural operations are viable businesses, both technically and financially. While scale is important in some situations, of greater significance is the production of higher value crops marketed direct to the consumer through outlets such as farmers markets and box schemes which secure a retail price.

The financial viability of these business has been demonstrated in the report *A Matter of Scale, Land Workers Alliance and Coventry University*¹⁰ which has analysed 69 holdings of less than 20 ha. and shows that they have adequate incomes and that many have been in business for many years.

The long-term viability of these businesses is also demonstrated by the many organic growers throughout the country and the thriving support organisations including the Organic Growers Alliance¹¹, the Soil Association¹² and the Land Workers Alliance¹³.

3. Technical

Following a site visit by Iain Tolhurst the enterprise mix and cropping have been devised to suit the conditions and the market opportunities. The yields proposed are realistic and achievable basis for the Sample Business Plans.

4. Polytunnels

The Sample Business Plan includes 3,000 square meters of polytunnels for Holding A and 1,500 square meters of polytunnels for Holding B; these are to provide weather protection, temperature control and pest control for propagation and production of flowers and herbs and all-year-round vegetable production. The polytunnels will be metal framed with plastic covering, the dimensions of each tunnel will be approximately 8 m wide x 3m high x 30m long. The following photo gives an indication of the type.

¹⁰ A Matter of Scale, Land Workers Alliance and Coventry University
<https://landworkersalliance.org.uk/2017/07/small-scale-agroecological-farms-attract-uk-workers-produce-high-yields-of-vegetables-and-deliver-multiple-environmental-and-social-benefits>

¹¹ Organic Growers Alliance <https://www.organicgrowersalliance.co.uk>

¹² Soil Association <https://www.soilassociation.org>

¹³ Land Workers Alliance <https://landworkersalliance.org.uk>



Polytunnel

There is an option for the design of the polytunnel for some crops on Holding A, where all year round production is not proposed for some crops, Spanish Tunnels could be used and the plastic removed for 6 months of the year. The dimensions are similar and the following photo gives an indication of the type, when covered.



Spanish Tunnel

5. Business proposals for Arlington

Sample Business Plans have been drawn up and submitted as part of the application for the Arlington site. The proposals are for horticultural businesses that are appropriate to the land type and area available, the exceptionally good market opportunities in the region and the potential scope for collaboration and economies between three units. The basis of the budget for each business is that they should be stand-alone businesses which share equipment and facilities, thereby reducing individual overheads. They are also potentially complimentary in terms of their crops and while collaborative marketing has not been assumed there are clearly opportunities for sharing skills, marketing time and marketing costs.

The Sample Business Plans and mix of enterprise proposed for Arlington are not necessarily fixed but provide three viable proposals that can be adapted according to the skills of the individual grower and demands of the local market, which will inevitably evolve over time. No consideration has been given to processing any of the products but that may be an opportunity in the future, bringing in additional income.

The enterprise performance and financial data used in the Sample Business Plans is based on the Organic Farm Management Handbook 2017¹⁴ which draws on the results of many commercial farms and from many years of personal experience. Having been involved in the collection and analysis of this data I can vouch for its accuracy. The budgets for the Holdings have been drawn up with the necessary caution and realistic and conservative performance levels have been used.

The financial returns budgeted in the Sample Business Plans are based on a mix of wholesale and retail prices, 100% retail in Holding A, 50% wholesale and 50% retail in Holdings B and C, reflecting the type of produce and our general experience in operating commercial businesses. There is clearly scope to increase the retail sales to 100% given the necessary market development, which would substantially increase the returns. For example the current sales from Holding C total £72,651 on the basis of 50% sales at wholesale prices, in the event of selling 100% at retail prices the sales increase to £86,184, an additional £13,533 which it may be possible to achieve with a minimum of additional cost, albeit with good marketing.

To give some indication of the range of enterprise options that are possible on this site a second set of business plans have been provided in the application Appendix 9: *Alternative Business Plans*. These plans have a much reduced area of polytunnels and a lower income, but still one sufficient for a modest income.

Organic certification has been proposed as this provides the best guarantee of food quality and securing a market premium. The production of a range of horticultural crops provides an excellent opportunity to reduce food miles and increase the financial returns from the land. The output and returns contrast with the potential output and profitability under conventional grassland with beef or sheep, which was the most likely alternative use of the site. Output and returns are generally poor; the latest Defra Farm Business Survey results for Lowland Grazing Farms during 2016/17 show Net Farm Income of £43/ha/year including all farm income and costs. This includes £37/ha income from agri-environment grants and £179/ha from the Basic Farm Payment. The latter will be removed by 2022; these conventional livestock farms will cease to be viable thereafter.

¹⁴ Organic Farm Management Handbook 2017

<http://www.organicresearchcentre.com/?go=information%20and%20publications&page=Organic%20FM%20Handbook>

The potential commercial viability of the horticultural holdings proposed in the Arlington plan is indicated by the long term businesses described in Appendix 8: *ELC Publication Small is Successful*. One of these businesses is well known to me, having at close hand witnessed its development and success over a period of 30 years. There is no doubt that such small scale horticultural holdings are financially viable, personally and socially rewarding and environmentally positive. Further assessment of the potential financial viability of the proposed holdings is provided in the Proof of Evidence: *Financial Viability and Functional Need* by Zoe Wangler.

The standards to which the site will be operated and how the implementation and performance of the business plans will be monitored is set out in Appendix 4. of the application: *Management Plan for New Smallholdings*. Comprehensive monitoring will include environmental (landscape, biodiversity, soil, energy and carbon, audio), animal welfare, construction, community engagement, operation of the business plans and financial performance. Compliance with the standards, follow up and subsequent course of action has been specified and is secured by Appendix 3: *Draft Section 106 Unilateral Undertaking*.

The financial returns budgeted for the three businesses are modest but in our professional opinion based on many years of experience of working with small growers they are entirely achievable.

6. Need to live on site

Residence on site is necessary for the type of high value crops proposed in the Sample Business Plans, this is particularly the case for organic growing because attention to detail, timeliness and vulnerability to pest and disease are crucial. The following summarises the principal needs to live on site:

1. Organic growing is a labour intensive system, which avoids the use of pesticides but does require greater timeliness of operations, often outside normal working hours.
2. Plant propagation requires exceptional control of growing conditions and continual monitoring.
3. By its nature protected cropping seeks to maintain an ideal growing environment for the crop and this involves controlling temperature, humidity, ventilation and water supply. In a glasshouse situation many of these parameters can be controlled by automatic equipment such as auto-vents and timed irrigation with alarms that can pass signals down telephone lines to a remote location. It is much more difficult to install such systems in the standard cropping polytunnel that is appropriate for this situation. Automation remains unreliable and unsuitable for the wide range of crops, which are a necessary part of organic production.
4. Pest and disease management in organic farming is a matter of prevention through close monitoring and precise temperature and moisture control, and rapid response to problems as they arise, which needs round the clock management.
5. Pest and disease control. Where disease does occur some naturally occurring inputs are permitted in organic farming, but these are slower

acting and less effective than conventional inputs, therefore requiring use earlier in the infection and quicker detection and response.

6. Large pest control. A constant presence on-site will also play a major role in minimising the damage caused by large pests such as wood pigeons, rabbits, foxes, etc. particularly as they are more active at night and often cause greater problems than insect pests.
7. Harvesting. In order to provide produce in the best condition for the various marketing outlets it should be harvested as fresh as possible. In any event harvesting is best carried out very early in the morning when the crops are still cool – this is crucially important for leafy crops such as lettuce, spinach, chard, spring greens, etc. Packing for retail markets and box schemes is often carried out late in the evening – the aim is often to have the crop ready first thing in the morning but it is also a job that can be carried out under artificial lighting after the sun has gone down.
8. Regular management. It is vital that the closest of control is maintained. Monitoring and adjustments need to be frequently carried out – this should involve several checks during every day and at least once every night.
9. Security. Given the high value of the crops proposed 24-hour security against theft will be important.

The Arlington Planning Application includes 12 examples of smallholdings that have been granted planning permission for a dwelling, Appendix 10 *Table of planning decisions for farm and horticultural holdings on less than 10 acres*. These holdings have similar enterprises to those proposed for the Arlington site and they will have had similar needs for residence on site. These holdings will have successfully demonstrated the financial viability test and justified the need to live on site.

Mark Measures
July 2018