

The feasibility of establishing a Farming Opportunity Matching Service in England

Undertaken on behalf of the

National Federation of Young Farmers' Clubs



by

Dr Steve Webster, Delta-innovation Ltd.

www.delta-innovation.co.uk

Supported by



Executive summary

- i. As part of their Defra grant funding for 2012-13, the National Federation of Young Farmers' Clubs was supported to undertake a 'Feasibility Study into a Farming Opportunity Matching Service'. The feasibility study, reported here, started in April 2012, with data collection ongoing through to August 2012.
- ii. A three stage process was used; Stage 1 was a desk study examining the basic questions as to what a Matching Service might look like, what its objectives should be and how it might operate. Stage 2 involved discussions with farming organisations and farmers, young farmers and other members of the allied industries and, based on these, Stage 3 revised the scoping document produced in the first stage.
- iii. A proposed Farming Opportunity Matching Service was developed and is included as the final section of this report.

Key findings from industry discussions

- iv. It is clear that there is no central marketplace either for young farmers to advertise and sell themselves and their business ambitions or for existing farmers and landowners to put forward any opportunities.
- v. Whilst it is easier to envisage a farming opportunity matching service operating in some agricultural sectors than in others, there are numerous cross-overs between the different agricultural sectors that present opportunities for young farmers. Hence all farming sectors should be included within a single Matching Service.
- vi. A number of supporting services were identified that would be considered essential to the success of a Matching Service. These were (i) the ability to facilitate the building of trust between the parties, (ii) business, legal and technical support to both parties, (iii) training and development of young farmers so that they are of sufficient calibre to run their own businesses and (iv) unlocking financial support.
- vii. In discussion with industry bodies that the consensus was very much in favour of a Matching Service being established; the need for this from the perspective of young farmers and encouraging new entrants was recognised across all sectors. There appears to be a degree of momentum within industry bodies that would now usefully be built upon by the appropriate, targeted actions necessary to establish such a service.
- viii. In addition to Young Farmers' Clubs and the NFYFC a range of other organisations were identified as being of relevance to the Farming Opportunity Matching Service. The NFU and the CLA were highlighted by a great many respondents as being the organisations that farmers would turn to should they be considering putting an opportunity forward for a young farmer, and were considered by most to be 'key partners'.
- ix. At a more local level it was noted that there are a number of initiatives acting on a local or regional basis which already offer some or all of the supporting services seen as necessary for the success of the matching service. Rather than replicating these it was suggested that the matching service should work with these initiatives to offer those other parts of the matching service, in particular the central marketplace for young farmers, farmers and landowners interested in joint venture type activities.

Recommendations from the desk study and scoping exercise

- x. Setting up and delivering a service to overcome the fragmented nature of supply and demand would be best delivered centrally. Facilitation of joint ventures may be best delivered locally by partner organisations.
- xi. Establishing joint ventures between established farmers and new entrants as a *preferred business option for farmers and a preferred route for new entrants* would feasibly be delivered through a range of organisations.
- xii. It would be hoped that the opportunities offered by existing farmers and the ideas presented by new entrants should be many and varied. It will be critical that the matching service does not deter any existing farmers and new entrants from coming forward with opportunities and ideas by excessive focus on procedures and bureaucracy.
- xiii. There is benefit in maintaining a database and web-service covering as broad a geographical area as possible, for economies of scale and to allow the best chance of finding suitable matches.
- xiv. A matching service would not at this point be a commercial proposition. Whilst this is new ground there is little information on how successful it might be in encouraging more farmers to think in this way about how their land might be managed and in matching the current (latent) opportunities to prospective young farmers. Further to this, introducing a charge for using the service would in itself act as a barrier to uptake.
- xv. Future funding may be supplemented by sponsorship and advertising, but in the first instance the matching service is seen as outside the normal marketplace as far as revenue is concerned. However, as a service to members/customers there is potential for support from a range of organisations that deal directly with farmers.
- xvi. There is no real need to limit the service to England, and in fact young farmers would benefit from cross-border linkages. However, placing some constraints on the service will allow for clearer member benefits and allocation of management time. The structure of the matching service should preferably be replicable across the UK and, if wanted, beyond.
- xvii. Ideally the NFU, the CLA and NFYFC would come together as a 'core body' to establish and run a Farming Opportunity Matching Service, with other organisations taking more peripheral roles. If the Matching Service was established as a charity then there would be no ownership issues *per se*.
- xviii. Marketing therefore has at least two audiences for farmers and land-owners, these being those farmers and land-owners themselves and the intermediaries with whom they work. Involving these intermediaries in the development of the service will engender a degree of ownership and a desire for it to succeed.
- xix. For young farmers the marketing route is somewhat easier and might focus on Young Farmers' Clubs in the first instance, with a reach beyond these through national and regional farming press and the land-based colleges.
- xx. Support services involving professional advice are inevitably expensive and this expense serves as a barrier to the initial consideration by farmers and landowners of providing opportunities to young farmers. It may well be that the professional and legal support services offered through the NFU and CLA could be used for their members setting up a joint venture, or that these organisations could develop their professional services offer so that this was possible.

Next steps

- xxi. There are three questions that remain to be answered for a matching service to be taken forward;
- Can the major organisations work together on this initiative?
 - Can we change the culture of farming to adopt such a scheme?
 - How should such a scheme be operated?

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Special thanks are due to Sarah Palmer of the National Federation of Young Farmers' Clubs who initiated, managed and promoted this research within Young Farmers' Clubs and more widely.

1. Background to this study

- 1.1. There are declining numbers of opportunities for young farmers to enter agriculture as farm business owners in their own right. Between 2005 and 2011 there was a decrease of 12.6% in the total numbers of holdings less than 100 ha, and a concurrent increase in the average area of individual holdings. The smallest decrease in holding numbers has been for those of over 100 ha, highlighting the general consolidation of holdings overall.
- 1.2. Newer, younger entrants will be increasingly blocked from entry into farming by the costs involved, especially as smaller holdings become less common and the minimum investment requirements rise. As the cohort of older farmers retires we expect their offspring to take over the reins, but for those with no succession plans then this land becomes available for sale or rent. This cohort of 'uninherited' land and farms will most probably be sold or rented by existing farmers (which in itself is no bad thing, except that doesn't provide any opportunities for 'new blood') or it could be used to help newer, younger farmers come in to farming, at the same time as providing an income stream to retiring farmers through joint ventures and partnerships.
- 1.3. Whilst the structure of agriculture continues to evolve, two factors are apparent;
 - Business consolidation on its own may lead to economies of scale, but business innovation benefits from new ways of thinking i.e. newer, younger entrants to the industry.
 - The role of agricultural workers is increasingly technical and specialised and there are increasing numbers of business opportunities within agricultural service industries i.e. specialist contract labour.
- 1.4. The identification of farm business opportunities has been highlighted as a problem in the sector for some time, not least by Young Farmers Club members endeavouring to get a first foot on the farming ladder. The notion of a 'matching service' has been much discussed within industry. However, translating the idea of a matching service into a reality has not to this point in time happened.
- 1.5. As part of their Defra grant funding for 2012-13, the National Federation of Young Farmers' Clubs was supported to undertake a 'Feasibility Study into a Farming Opportunity Matching Service'. The feasibility study, reported here, started in April 2012, with data collection ongoing through to August 2012.

2. Method of working

- 2.1 This study set out to identify whether a Farming Opportunity Matching Service should or could be established in England. To achieve this, a three stage process was used;

Stage 1 was a desk study examining the basic questions as to what a Matching Service might look like, what its objectives should be and how it might operate. From this stage a scoping document was produced outlining the key features of a potential Farming Opportunity Matching Service.

Stage 2 involved discussions with farming organisations and farmers, young farmers and other members of the allied industries, taking in their ideas of whether a Matching Service was necessary or useful and what the necessary elements would be to make it succeed. A brief outline of the rationale for a Matching Service was sent to interviewees before discussions took place. In addition, presentations (based on the scoping document produced in Stage 1) were made to an NFU tenants' forum in the south west of England, to the Defra project managers and to the Agricultural and Rural Affairs Committee of the NFYFC.

Stage 3 took these findings and, based on these, revised the scoping document outlining the key features of a potential Farming Opportunity Matching Service and constructed a proposal for the establishment of a Farming Opportunity Matching Service.

3. Findings from interviews with industry

Supply and demand

- 3.1 Discussions with Young Farmers' Clubs indicate that at current levels of demand sit in the region of two to four young farmers per county actively seeking business opportunities (*cf employment*) in agriculture at any one time. Multiplied up, this would indicate that around 100 - 150 young farmers would be interested in the Matching Service. This is at current levels, where opportunities are not widely advertised, and it does not take into account young people who are too old to be members of Young Farmers. In Nottingham, for example, when the idea of a matching service was investigated an initial group of 5 young people were identified, one of whom had studied farming and it was noted that the key was to 'get out there and tell people of the opportunities available'. Put another way, young farmers may not see that there are business opportunities for them in farming but if they did then the number of potential users of the service would probably increase. This can be seen in the north west of England, where the Jason Kanabus pilot in its first full year identified 14 hopeful young farmers and helped six of these to start in their farming business.
- 3.2 Assuming that demand will increase as opportunities are made more explicit, and with the current push by Dairy Co and by individual enthusiasts highlighting alternative routes into farming (e.g. share farming), the number of likely opportunities and candidate young farmers would be expected to rise.
- 3.3 There appears to be relatively few opportunities being put forward by farmers. Whole-farm opportunities will of course remain low, and perhaps decrease further still. However, opportunities using a part of a farm, or gradually releasing the major part of a farm, seem likely to increase.
- 3.4 However, the experiences related by farmers and land agents regarding recruiting young farmers to take up opportunities indicate a *shortage* of applicants, with some farmers struggling to find any interest whatsoever. We were told by one farmer that identifying suitable young farmers was very difficult; despite going through their local press and YFC they received little positive response. This is countered from what we hear from County Council tenancies and the TFA; that there are large numbers of good quality applicants, many of them young farmers, coming forward in response to advertised whole farm tenancies.
- 3.5 We might ask why these same young farmers are apparently not coming forward to grasp these other opportunities. There appears to be two separate issues. First of all, there is a cultural difference between taking on a smaller scale opportunity (e.g. a joint venture or share farming) and taking on a farm tenancy. Farm tenancies are what many young farmers have been aiming for; they are the relatively 'easy' option, the off-the-shelf solution to those wanting to farm. Smaller scale opportunities as a route into farming may well have been taken by aspiring tenant farmers, but they require young farmers to have a clear vision of how their business development should progress, and they may not be seen in themselves as the end-product. So there is a need to promote this route into farming to young farmers themselves, to use case studies to show how a farm business enterprise can be built up, and to encourage youngsters to see this as a valid, even preferable, route in.
- 3.6 Second, whilst County Council tenancies and tenancies for many of the larger landowners are in general widely advertised, so that young farmers are aware of their availability, the same is not necessarily true for smaller scale farm business opportunities. Two factors are inherent here: the relatively high costs of advertising, which impacts most of all on smaller scale ventures

and start-up enterprises, and the absence of a single, central market place where young farmers can see what opportunities are available.

- 3.7 Opportunities may of course not be entirely relevant for a variety of reasons. For example, whilst land and buildings may be available for a young farmer to start a business venture, if that young farmer needs to remain elsewhere to hold down a job to provide an income as the business develops then the land and buildings are of no use. The notion that young farmers can move anywhere must be tempered with the recognition that housing and employment prospects can and do restrict movement.
- 3.8 For young farmers wishing to advertise their desire to gain land, buildings and opportunities it is apparent that advertising their wishes is equally difficult. One young farmer told us that in response to their advert for 'land wanted', in a national farming publication, they received one marketing call, one wrong number and one offer of land (that was, unfortunately, unsuitable).

3.9 **Key finding:** To summarise, there is no central marketplace for either young farmers to advertise and sell themselves and their business ambitions or for existing farmers and landowners to put forward any opportunities, advertising is expensive, a cultural change is needed within young farmers and existing farmers and landowners alike, and many young farmers are tied by employment and housing limitations.

- 3.10 Many young farmers have found their opportunities directly, through word of mouth, by being in touch with farming networks and groups and by letting it be known that they were looking for opportunities. This route to finding opportunities is very powerful and is one that should be embraced, or enhanced, through any proposed matching service.
- 3.11 Whilst it seems necessary that a central market place should be created for young farmers and for existing farmers and landowners, there is a notable difference between these sectors in the timing of this. Essentially, the current shortage is of *opportunities* and the process of encouraging more farmers and land owners to come forward with opportunities should not be hampered by a *perceived shortage* of young farmers able to take them. Hence, the initial focus must be on building a cohort of young farmers looking for opportunities; with this in place the focus can shift to identifying where those opportunities lie.
- 3.12 There was a general view that age limits on using a Matching Service would not be useful; that older farmers too require entries to farming.
- 3.13 There was agreement that demand for the Matching Service from young farmers could not be left to passive uptake and that there would need to be in the first instance an active push to ensure uptake, from YFCs, colleges and elsewhere. Alongside this there is recognition that an element of 'quality control' may be necessary. Interviewees identified regional on-farm events, competitions, links with banks and land-agents and other activities as means of encouraging uptake.

Encouraging opportunities

- 3.14 The possible reticence of farmers to provide opportunities to younger farmers was raised by a number of respondents. Whilst this may be a significant barrier it was not, overall, considered to be a barrier that would prevent the Matching Service from being a success. Rather, it is seen as a factor to be dealt with.

- 3.15 It was noted that a range of activities are already taking place to drive up the number of opportunities being offered by existing farmers and landowners. Whether these will be a great success, given the absence of a central marketplace, remains to be seen.
- 3.16 The experience in Wales of attempting to establish a Matching Service is telling. Here, the initial response from farmers and young farmers alike was very positive. However, as young farmers put themselves forward the initially enthusiastic existing farmers and landowners held back. On investigation it transpired that there were too many unresolved questions as to the possible impact that any sort of joint venture with a young farmer might have on their farms, finances, tax liabilities and so on. Such issues are of utmost importance to any farm enterprise and cannot be left unresolved. Hence, wherever and however a Matching Service is to be established then it must be ready and prepared to answer this 'bank of questions'.
- 3.17 Interestingly, two of the perceived major barriers to land availability for young farmers, Agricultural Property Relief and Capital Gains Tax, were highlighted by one interviewee as potential drivers of joint ventures. Both of these deter farmers from selling their land or businesses and may be thought to create a degree of stagnation in the transfer of land and property. However, they might also be thought of as driving up the need to find rental incomes from that land and property and as justifying the case for better managing farm succession.
- 3.18 For the young farmer coming in there is a clear benefit to having the retiring farmer 'around' to mentor and advise. However, we should avoid thinking of this in 'late career retirement' terms. Succession can begin at any time in a farmer's career, and the benefits of new entrants in terms of ideas and enthusiasm, and in terms of developing new income streams and of increasing existing income streams, should not be ignored. Hence the matching Service would usefully encourage this element of 'succession' early in a farmer's career, perhaps renaming it 'business development with people'.

Appropriateness of opportunities

- 3.19 There is some concern that the opportunities that might arise through a Matching Service will be too small or short-term for many aspiring farmers to find to be of use. That is, land or buildings will not form a large enough unit to make for a valid business enterprise, or agreements will be short term, precluding the opportunity to establish a longer term business.
- 3.20 To an extent this relates again to the cultural change that is necessary; since if sufficient opportunities arise in close proximity then a young farmer would have the opportunity to move from one to another (if the agreement on one expired, for example) or to take up multiple opportunities to form one viable business enterprise. That is, sufficient openings must be created so that the small actions by individual farmers aggregate into genuine opportunities for young farmers.

Sector and geographic limits

- 3.21 The scope to use the Matching Service for opportunities outside of farming was discussed with a number of organisations. Two lines of thinking emerged: the first of these was that there should be no constraints on the opportunities that young farmers might put forward or that existing farmers might suggest. The second was that the Matching Service should primarily focus on farming and food production. These are not mutually exclusive; the Matching Service

might focus on farming and food business enterprises, but be open to wider suggestions should these be offered.

- 3.22 There was little appetite for imposing regional or national borders (within the UK) on the use of the matching service. In the first place, such borders would place those young farmers and farmers and landowners situated close to any border at a significant disadvantage, by reducing the local availability of opportunities or young farmers respectively. Whilst differences (e.g. in legislation relating to the land) between England, Scotland, Wales and Northern Ireland were noted, it was thought that the matching service would be of greater benefit to new entrants in particular if there were no limits on where opportunities could be sourced from.

3.23 **Key finding:** Whilst it is easier to envisage a farming opportunity matching service operating in some agricultural sectors than in others, it was not thought that any one sector should be ignored! That is, although for example it may be harder to devise small scale business opportunities for young farmers entering arable farming than it would be for young farmers entering sheep farming, that does not mean the arable opportunities do not exist; it is simply the limitations of our imagination. Moreover, there are numerous cross-overs between the different agricultural sectors that present opportunities for young farmers. Hence all farming sectors should be included within a single Matching Service.

- 3.24 Share farming has been promoted in New Zealand as a route into the sector for young farmers and the concept has been adopted, albeit in relatively few cases, in the UK. For sheep farming, farmers have often started their careers by renting a patchwork of fields spread over a wide area rather than obtaining a single block of land. The critical element identified as a constraint on this in the modern era is the very factor being addressed by this study; that identifying available land is a very real difficulty. Consolidation in the pig industry has of course made it more difficult for new entrants, but there remains scope for small scale producers with artisanal food products.

- 3.25 Tenancy agreements tend to prevent assignation/subletting/contracting out (i.e. non-alienation clauses) and whilst farming partnerships can be used to overcome this, landowners tolerate but are not in general keen on these. However, the Matching Service could be of as much benefit to tenant farmers as it would be to landowners; allowing them to build a stake in a business that might continue to operate long after their tenancy has ended. To this end, the Matching Service must not only cover all sectors of agriculture, it would usefully address all forms of farm business holding.

Supporting services

3.26 **Key finding:** In discussion with young farmers, land agents, business consultants and regional project managers a number of supporting services were identified that would be considered essential to the success of a Matching Service. These were (i) the ability to facilitate the building of trust between the parties, (ii) business, legal and technical support to both parties, (iii) training and development of young farmers so that they are of sufficient calibre to run their own businesses and (iv) unlocking financial support.

- 3.27 Interestingly, the Jason Kanabus pilot operating in the north of England provided all four of these elements and although still in its early days it seemed to be proving to be a success. A key element to this success seems to have been the provision of a specialist business development adviser, selected by the project to understand how rural businesses and joint

ventures can be successfully established. The business development adviser works with both parties as they put their ideas together. To quote from one of the young farmers taking part in the pilot the adviser was 'brilliant, absolutely fantastic, he helped us shape our ideas and pull together a business plan'. The business development advisers in this pilot also work to build trust between the parties - bringing in additional support as necessary.

- 3.28 Unlocking financial support is critical for young farmers starting 'from scratch'. Discussion with two of the major lending banks identified that gaining financial support is not impossible, although it is clearly difficult, but that there were a number of actions that young farmers could take to put themselves in a better position to be supported by the banks. In particular, if young farmers can demonstrate on a small scale that they can manage their finances well then this can be used as evidence in support of them managing borrowed money well. It was noted by business consultants that many (if not all) existing farmers and landowners do have access to capital and that young farmers might usefully demonstrate their ability with business finances to access this source of funding rather than approaching the lending banks.

Principles for successful joint ventures

- 3.29 Defining the specific 'types' of joint venture is not within the scope of this document, and other documents deal with this perfectly adequately. However, business development consultants did provide a number of principles for successful business ventures between young farmers and existing farmers and landowners that are worth noting; (i) the venture must generate free cash, (ii) the young farmer must be prepared to work, especially since farms are usually small businesses with very little spare staffing capacity, (iii) humility is a necessity, (iv) joint ventures that fail usually go too fast and become too entwined early in their development, and a trial period is beneficial. Such a trial period allows the parties to get to know each other before engaging in the formulation of the joint venture itself, and before either party invests any capital.

Industry enthusiasm for a matching service

- 3.30 **Key finding:** It was of note in discussion with industry bodies that the consensus was very much in favour of a Matching Service being established; the need for this from the perspective of young farmers and encouraging new entrants was recognised across all sectors. There appears to be a degree of momentum within industry bodies that would now usefully be built upon by the appropriate, targeted actions necessary to establish such a service.

Partner organisations

- 3.31 **Key finding:** In addition to Young Farmers' Clubs and the NFYFC a range of other organisations were identified as being of relevance to the Farming Opportunity Matching Service. The NFU and the CLA were highlighted by a great many respondents as being the organisations that farmers would turn to should they be considering putting an opportunity forward for a young farmer, and were considered by most to be 'key partners'.

- 3.32 The TFA was suggested as being of value; (i) because the agreements between young farmers and their respective farmers or landowners may well include tenancy agreements, and the TFA would therefore be in the best place to provide support, (ii) because tenant farmers may wish

to use the service and (iii) because of the long standing commitment that the TFA has held towards supporting new entrants.

3.33 Other relevant organisations included the AHDB bodies (BPEX, DairyCO, EBLEX, HGCA etc) for their technical support and the agricultural lending banks for business support. The land based colleges were suggested by some as useful for identifying training availability and because of their importance to many aspiring young farmers.

3.34 The possible inaccessibility to non-levy-paying prospective new entrants of the high quality technical information and advice available from the AHDB bodies to established (levy-paying) farmers was noted as an unnecessary barrier. Any measures to increase the accessibility of this technical information to young farmers as they develop their business ideas and become established would be of great value to them.

3.35 **Key finding:** At a more local level it was noted that there are a number of initiatives acting on a local or regional basis which already offer some or all of the supporting services seen as necessary for the success of the matching service. Rather than replicating these it was suggested that the matching service should work with these initiatives to offer those other parts of the matching service, in particular the central marketplace for young farmers, farmers and landowners interested in joint venture type activities.

Timescale

3.36 The timescale for establishing the matching service was, perhaps surprisingly, seen as long-term. Experience from previous and current initiatives led many respondents to suggest that a three year timescale would be too short and that a five year timescale was more realistic. The reasons for this were the need for cultural change to make this type of farming partnership a more normal route into farming, coupled with the relatively long time it would take to develop case studies of the matching service working (noting from above that joint ventures that fail usually go too fast).

4. A Farming Opportunity Matching Service: Scope

4.1. Background & rationale

- 4.1.1. Difficulties in raising capital and in securing the stability and funding necessary to take on the tenure of a farm can deter and prevent young people from starting in farming. However, it is not necessarily land ownership or tenure that will allow young people to get a foot on the farming ladder.
- 4.1.2. For many, the opportunities offered by joint ventures with existing farmers provide a more realistic route to a farming career. For existing farmers and land owners, the opportunity to develop and diversify the business profile on their farm should be a positive prospect. It is this combination of assets and experience of existing farmers matched with the ideas and enthusiasm of younger entrants that provides such an exciting mix.
- 4.1.3. Joint ventures between established farmers and new entrants are not a new concept, but there is scope for an increase in the number and scale of such activities. Their development as a means to reinvigorate agricultural production has in the past been hindered at least in part by the fragmented nature of supply and demand. A farming opportunity matching service would, it is hoped, overcome this fragmentation.

4.2. Objectives

- 4.2.1. There are two key objectives set out for the Matching Service, as set out below.
- To set up and deliver a service, to overcome the fragmented nature of supply and demand and to facilitate successful joint ventures.
 - To establish joint ventures between established farmers and new entrants as a preferred business option for farmers and a preferred route for new entrants.

4.2.3 **Key point:** Setting up and delivering a service to overcome the fragmented nature of supply and demand would be best delivered centrally. Facilitation of joint ventures may be best delivered locally by partner organisations.

4.2.4 **Key point:** Establishing joint ventures between established farmers and new entrants as a *preferred business option for farmers and a preferred route for new entrants* would feasibly be delivered through a range of organisations.

- 4.2.5 After a period of three years it is recommended that the objectives be reviewed based on experience and knowledge of the market place.

4.3 Scope

- 4.3.3 In its simplest form a 'matching service' would serve to identify opportunities on the one hand and to identify potential new entrants on the other, and to help match these together. However, concurrent with this there has to be a change in the way that young people might think about their route into farming and how land owners might think about business development. Rather than simply 'identifying' opportunities and entrants, the matching service will need, in the first instance at least, to 'encourage' farmers to offer opportunities, and to 'encourage' young farmers to think about these.

4.3.4 Joint ventures require a large degree of trust and it would therefore be prudent for the matching service to offer an introductory service, whereby the meeting of existing farmer and new entrant is facilitated. That is, the matching service is envisaged here as a personal service that properly encourages and mentors the first stages of joint venture activities.

4.3.5 To the extent that it serves to facilitate matches between existing farmers and new entrants, the boundaries of the activities of the matching service should encompass (by delivery or by identification of delivery organisations) a range of other support services, including business and legal support, skills needs and training, unlocking financial support, and facilitation.

4.3.6 **Key point:** It would be hoped that the opportunities offered by existing farmers and the ideas presented by new entrants should be many and varied. It will be critical that the matching service does not deter any existing farmers and new entrants from coming forward with opportunities and ideas by excessive focus on procedures and bureaucracy.

4.3.7 In the first period of its development it is envisaged that the matching service will evolve according to the demands of existing farmers and new entrants, so as to best meet their actual (rather than their projected) needs. To this end the 'offer' of the matching service should not be predetermined.

4.4 Service offer

4.4.3 There are four elements to the service offer, these being;

- Creating, hosting and maintaining a database of opportunities and candidates (*delivered centrally by the matching service*)
- Hosting and developing a web-service providing information on joint ventures (*delivered centrally by the matching service*)
- Providing a facilitation service matching established farmers and new entrants (*delivered centrally by the matching service and locally by partners*)
- Promotion of joint ventures as a preferred business option and route into farming (*delivered locally by partners*)

4.4.4. **Key point:** There is benefit in maintaining a database and web-service covering as broad a geographical area as possible, for economies of scale and to allow the best chance of finding suitable matches.

4.4.5. Providing a facilitation service and the promotion of joint ventures as a preferred business option and route into farming might be best achieved with a regional or indeed local focus, especially as far as 1:1 support is concerned.

4.5 Commercial / non-commercial nature

4.5.3 There are already similar services available for less commercial activities but these are based primarily on sharing small amounts of information of opportunities and of people chasing these opportunities i.e. neglecting the degree of trust that must be built between parties. There are no schemes that we know of that serve the purposes of encouraging, matching, and supporting joint venture activities.

4.5.4 **Key point:** A matching service would not at this point be a commercial proposition. Whilst this is new ground there is little information on how successful it might be in encouraging more farmers to think in this way about how their land might be managed and in matching the current

(latent) opportunities to prospective young farmers. Further to this, introducing a charge for using the service would in itself act as a barrier to uptake.

4.5.5 Moreover, the purpose of the matching service will be to encourage a new way of doing things in farming, The marginal benefit to be drawn from this in terms of fees and commissions is relatively small and may serve as a barrier to prospective users.

4.5.6 **Key point:** Future funding may be supplemented by sponsorship and advertising, but in the first instance the matching service is seen as outside the normal marketplace as far as revenue is concerned. However, as a service to members/customers there is potential for support from a range of organisations that deal directly with farmers.

4.5.7 The matching service is of potential benefit to new entrants to farming and to the economic development of rural areas and as such there may be the potential for EU funding and support at a regional level. The funding mechanism and service offer at a national and regional level must be clear enough to allow this to happen.

4.5.8 Community Supported Agriculture (CSA) is a special case for which the matching service might gain particularly from EU or other social funding.

4.6 Geographical and sector limits

4.6.1 **Key point:** There is no real need to limit the service to England, and in fact young farmers would benefit from cross-border linkages. However, placing some constraints on the service will allow for clearer member benefits and allocation of management time. The structure of the matching service should preferably be replicable across the UK and, if wanted, beyond.

4.6.2 The matching service need not be restricted to agriculture but could also be used in other land based industries. In particular, joint ventures may be an appropriate form of industry development in those sectors which are dependent on relatively expensive fixed assets, such as land or buildings. As such, food processing and production horticulture for example may both benefit from this approach.

4.6.3 For other sectors (and for agriculture) joint ventures may be a means of developing traditional businesses without the need for traditional structures. For example, a joint venture may involve a young farmer setting up and running a shoot on a farm rather than becoming a paid gamekeeper *per se*.

4.7 Responsibility and ownership

4.7.1 Responsibility and primary ownership of the matching service should take into account the two target audiences; existing farmers and new entrants. For both audiences the matching service must be linked with established, trusted sources of advice and opinion. This is especially the case as the service will act, in the first instance, to encourage a new way of thinking about farm business and about entry into farming.

4.7.2 Responsibility and primary ownership should not be seen as restrictions on use but more as a means to encourage activity. If 'non-members' wished to use the service this must be encouraged.

4.7.3 For existing farmers we know that there are a small number of organisations that have large memberships combined with 'trusted' statuses. In particular we might single out the National Farmers Union (NFU) and the Country Land and Business Association (CLA). Other trusted organisations / persons would include the likes of land agents (hence RICS), consultants and AHDB bodies. For new entrants the NFYFC is the only organisation with both a broad membership and trusted status.

4.7.4 **Key point:** Ideally the NFU, the CLA and NFYFC would come together as a 'core body' to establish and run a Farming Opportunity Matching Service, with other organisations taking more peripheral roles. If the Matching Service was established as a charity then there would be no ownership issues *per se*.

4.8 Marketing and promotion

4.8.1 The use of the service will be driven by individuals contacting it directly and by individuals being directed towards the service by intermediaries. For farmers and land owners it is this latter route that is thought to be the most significant.

4.8.2 **Key point:** Marketing therefore has at least two audiences for farmers and land-owners, these being those farmers and land-owners themselves and the intermediaries with whom they work. Involving these intermediaries in the development of the service will engender a degree of ownership and a desire for it to succeed.

4.8.3 **Key point:** For young farmers the marketing route is somewhat easier and might focus on Young Farmers' Clubs in the first instance, with a reach beyond these through national and regional farming press and the land-based colleges.

4.9 Staffing, delivery and timeframe

4.9.1 It is proposed that the service is set up employing one full time equivalent (FTE) managerial staff and 0.5 FTE administrative staff for a five year period. The value of the role that the service plays will be contingent on how well it delivers in its early stages. Ensuring that the service is high quality at the outset may result in some over-delivery for first-comers to the service.

4.9.2 To begin with the service's focus will be on encouraging existing farmers to offer opportunities and new entrants to signal their interest. That is, the major activities will relate to marketing and raising awareness. As the service becomes established the focus will shift from one that is primarily marketing and awareness-raising to one that is delivering. We would expect this shift to be complete within three years.

4.9.3 Work has already been conducted (The Land Partnerships Handbook) to spell out some of the opportunities offered by joint ventures, to provide detail of some key considerations and to describe case studies. Building on this the initial phase of development will be to expand the portfolio of case studies as a means to underpinning the marketing of the service.

4.9.4 **Key point:** Support services involving professional advice are inevitably expensive and this expense serves as a barrier to the initial consideration by farmers and landowners of providing opportunities to young farmers. It may well be that the professional and legal support services offered through the NFU and CLA could be used for their members setting up a joint venture, or that these organisations could develop their professional services offer so that this was possible. This might necessitate changes or additions to the panel of support services offered

through these organisations but it would of course allow for an additional membership benefit to be offered by them.

4.9.5 Indeed, if the NFU and the CLA were to support such facilitation services as part of their membership offer, the advantages in terms of establishing a successful matching service would be very considerable.

4.9.6 For farmers, landowners and young farmers who cannot access services through professional membership organisations, it may be necessary for the Matching Service to establish a panel of advisors to be used on a call-off basis, should funding be available to support this.

4.10 Review

4.10.1 It is possible that after establishment there may remain insufficient opportunities coming forward to justify a full time post. We suggest that the number of opportunities, the service offered to each and the outcome is reviewed annually.

4.10.2 Target revenue streams (sponsorship, costed services and so on) should be examined in full after the first full year of activity when more is known about the potential for uptake.

4.11 Management

4.11.1 Management of the matching service (i.e. oversight, target setting etc) would benefit from a two-tiered approach. Day to day oversight may be provided by direct line management within a host organisation. However, strategic direction would usefully involve representation from existing farmers and land-owners as well as new entrants, and might usefully be coupled with promoting industry buy-in.

4.11.2 The matching service should have a primarily business development focus, and whilst we see considerable scope for the inclusion of skills and training (etc) within this, it will not have a skills and training objective. Restricting the membership of the board of directors / management board to organisations whose members would potentially benefit will serve to maintain this business focus.

4.11.3 To maintain the balance between existing farmers and new entrants it may be prudent to structure the management board to include additional representation from organisations that deliver a service to potential young farmers; for example from the land based colleges.

4.12 Costs

4.12.1 The estimated annual costs of the service, based on the use of one FTE manager plus 0.5 FTE office support, situated within an existing organisation, can be drawn out as follows;

	2012-13	2013-14	2014-15
Staff salaries	£45,000	£45,000	£45,000
Overheads (18%)	£8,100	£8,100	£8,100
Staff costs total	£53,100	£53,100	£53,100
Professional support	£6,000	£6,000	£6,000
Travel & Subsistence	£6,000	£6,000	£6,000
Marketing	£6,000	£3,000	£3,000

Website	£8,000	£1,000	£1,000
Additional costs total	£24,000	£16,000	£16,000
TOTAL COSTS	£77,100	£69,100	£69,100

4.12.2 Notes to table: Professional support refers to legal advice, consultancy in developing a database structure and so on. However, it is assumed that in-kind support will be provided by the supporting organisations where this is available in-house. Travel & Subsistence is set at around £500/month to allow for regional development across the period of the project. Marketing is set at £6,000 in year 1, to pay for materials and attendance at events and £3,000 in years 2 and 3. Website development includes provision for an interactive, on-line matching service.

A proposed Farming Opportunity Matching Service

National Federation of Young Farmers' Clubs

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1. Rationale

- 1.1. Business sectors thrive when new entrants can challenge the ways in which businesses operate. An innovative and dynamic pool of farming businesses, continually challenged by the ideas and enthusiasm of new entrants, will be more responsive and sooner to adapt to changes in public and consumer demands.
- 1.2. However, farming has seen a long-term consolidation of farm businesses, reducing the opportunities for new entrants. Larger farm businesses tend towards greater stability. Without any challenge to business operations there is a risk that business stability will drift towards business stagnation.
- 1.3. Farming has traditionally had difficulties attracting employees: these are micro-businesses and SMEs with little in the way of structured opportunities for career progression. A key attraction for many who have entered farming has been the ability to foresee that they will one day own and operate their own business. But whilst farming has traditionally attracted entrepreneurial types, the changing structure of the industry would appear to be placing a barrier to entry to the very people on whom it depends. If the future of British farming is dependent on business innovation and evolution then we need to do far more to attract and encourage farming entrepreneurs.
- 1.4. The Defra-funded feasibility study into a farming opportunity matching service identified a number of barriers to young farmers identifying and exploiting farming opportunities and to existing farmers and landowners presenting opportunities to young farmers;
 - 1.4.1. There is no central 'market place' for young farmers to present their business (or, indeed, employee) potential, or for existing farmers and landowners to present their opportunities. Establishing this marketplace is unlikely to happen if left to the free market because of the sporadic and often private nature of such opportunities.
 - 1.4.2. Identifying and matching opportunities with young farmers is only one part of what a matching service should offer. There are a number of supporting actions that will help young farmers to become established in farm businesses, and much to be learned from current and previous projects.
 - 1.4.3. Establishing the marketplace to match young farmers with opportunities would be best achieved centrally, with Young Farmers' Clubs, NFU and CLA as key partners. Delivery of the wider matching service 'offer', ensuring that the supporting actions are in place, would be best achieved through and with existing regional and sectoral organisations.

2. The Matching Service 'Offer'

2.1. Overview

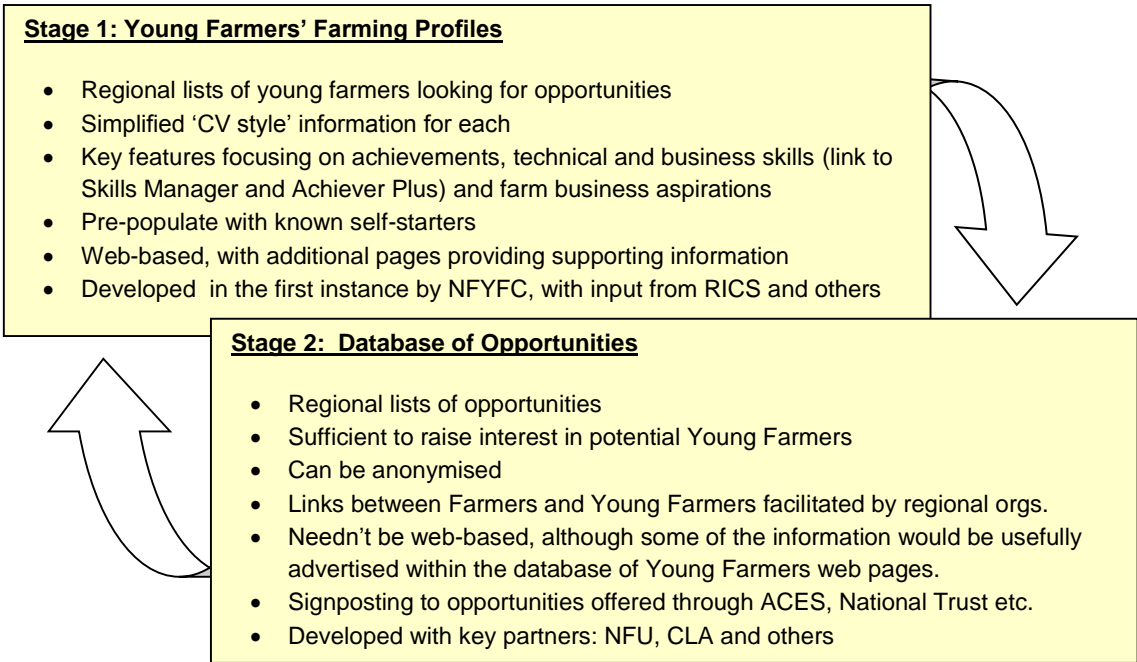
- 2.1.1. The Matching Service 'Offer' includes a core database, with a range of supporting services to facilitate young farmers starting in business. Alongside this the 'Offer' includes a range of promotional activities aimed at encouraging landowners and farmers to provide opportunities to young farmers. The core databases, supporting services and promotional activities are described in summary form in Figure 1.
- 2.1.2. The core service provided will be a database of young farmers and a matching database of Opportunities. These core services will be developed and managed centrally.
- 2.1.3. For these to be of use will require that the following four supporting services are offered by the Farming Opportunity Matching Service *or that they are offered by local and regional partner organisations*. These supporting services are included below as Young Farmer training and development; business, legal and technical support; unlocking financial support; and building trust between the parties.
- 2.1.4. Promotional activities offered by the Matching Service may be delivered by the Matching Service itself *or through local and regional partner organisations*.
- 2.1.5. There are other activities that the Farming Opportunity Matching Service will necessarily undertake, such as liaison with key organisations at a regional and national level.

Figure 1. The proposed Farming Opportunity Matching Service

Market failure: The Feasibility Study identified that there is no central market place for young farmers to present their business potential or for existing farmers and landowners to advertise their opportunities, and that it was unlikely that this would be developed commercially.



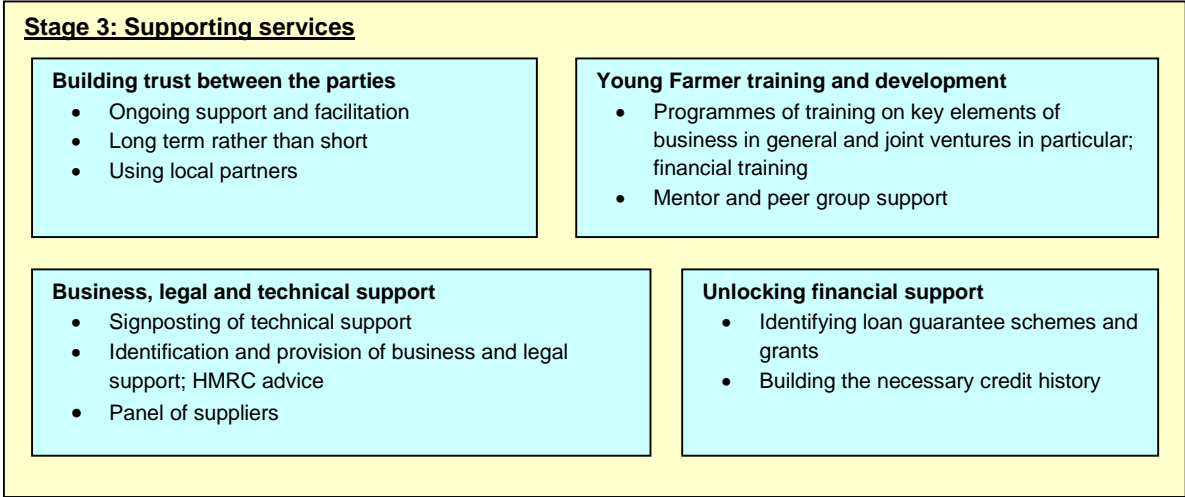
Proposed solution: Young Farmer profiles and a database of opportunities, a central Farming Opportunity Matching Service, delivered on a regional basis.



Learning from others: The Feasibility Study identified key components without which getting Young Farmers into business with established farmers and land owners would fail.



Proposed solution: To build on regional and sectoral initiatives, identifying gaps in provision and ensuring that a complete menu of supporting services is offered.



2.2 Young Farmers' Farming Profiles and the Database of Opportunities

- 2.2.1 **Young Farmers' Farming Profiles:** Building the cohort of young farmers and creating an accessible, web-based database of these is the first step in establishing the Matching Service offer. For young farmers it is an advertising platform by which they can make it known what they can offer and what they want; experience, ability, ambition and so on. Moreover, if the database is made available to those people who would normally work with and alongside farmers and landowners, it serves to demonstrate the capability of those young farmers for both business development and employment purposes i.e. it should benefit young farmers in a wider sense than business development. Using the template of today's social media, young farmers can advertise their farming aspirations for potential partners to view. A Twitter hash tag could link a prospective farming partner to a CV/farming profile or allow access to a current skills recorder.
- 2.2.2 Building the cohort of young farmers is not dependent on others and could be achieved through the NFYFC without any immediate constraints. Older farmers wishing to be included in the cohort, and young farmers who are not members of a YFC, should not be discouraged from using the service.
- 2.2.3 A level of quality control will be necessary in the first instance, so that the cohort is not diluted by the inclusion of young farmers who are not serious about taking on an opportunity, or who do not have sufficient experience to seriously consider one. This is not necessarily about qualifications or certificates; it is simply to ensure that those young farmers presented through the database are of sufficient quality to attract the attention of the intermediaries who will be presenting them to farmers and land owners.
- 2.2.4 It would be beneficial if this database could include a range of Young Farmers at different stages in their progression into business; from those who are still considering their options through to those who have already established themselves in some way. This progression would hopefully inspire other young farmers to consider this route into farming and it would hopefully show farmers and land owners how serious about farming business these young farmers are.
- 2.2.5 The database will not be effective in the absence of the additional support services as outlined in Figure 1 and it would usefully be populated and launched on a region-by-region basis, alongside and with the relevant local support services and stakeholders.
- 2.2.6 The database will necessarily be web-based, to maximise the data that can be presented, portability and search-ability. It would also benefit from being printable in a format suitable for some of the target audience. Additional functions, such as the possibility of submitting queries on behalf of farmers and landowners, should be considered at the design stage.
- 2.2.7 The risk in establishing this database is that insufficient good quality young farmers put themselves forward for inclusion. Some will not wish to make their details publically available. Others may feel under pressure if they are already in employment. Therefore, a two-tier system may be of use, by which young farmers can choose to have their details shown only on password-protected pages (i.e. not available except to intermediaries).
- 2.2.8 **The Database of Opportunities:** Building the cohort of farmers and land owners with opportunities to offer is expected to be a longer, slower, process than building the cohort of young farmers. It is thought that this cohort will be less likely to explicitly make their offers known, especially since we know that many farmers don't advertise facts such as consideration

of retirement. Nevertheless, farmers and landowners should be allowed and encouraged to advertise (if necessary, with a degree of anonymity) what they would like to offer; and should be able to find from the web-based database of young farmers the sources of necessary advice. Building the cohort of farmers and land owners with opportunities will require time and input from key partners, including the NFU and the CLA and any regional partners that are brought on-board.

2.3 Young Farmer Training and Development

- 2.3.1 Ensuring that the young farmers coming through are of sufficient calibre to match the aspirations of land owners cannot of course be guaranteed; and the business planning and interview processes as trialled within the Jason Kanabus pilot¹ might be seen as good practice to be copied or developed further. There are elements of farm enterprise planning that can be taught, and elements of running a farm enterprise that would be usefully addressed in advance. Again, the work of the Jason Kanabus pilot in using the Prince's Trust training programme for young entrepreneurs and the farm business planning competitions run by and through the Young Farmers' Clubs might usefully be built on.
- 2.3.2 For each sector, and indeed in each region, there is likely to be some element of training already made available. It is the role of the Matching Service therefore to undertake, in each region or sector that the Matching Service is launched, a brief gap analysis to identify what additional training would be usefully encouraged, and what can be learned from other regions or sectors.
- 2.3.3 Funding might usefully be sought for the project partners to develop and deliver a 'bespoke' course for aspiring farming entrepreneurs to cover each of the three other support areas; accessing and understanding, business, legal and technical support; unlocking financial support and building credit history; and building trust with business partners. For example, the NFYFC is currently piloting informal efficient business planning events with NatWest agriculture.
- 2.3.4 A mentor system should also be encouraged for young farmers in whichever region or sector that the Matching Service is launched.

2.4 Business, Legal and Technical Support

- 2.4.1 **Business support** and advice to young farmers (and existing farmers and land owners) will necessarily combine elements of the technical support and advice provided by levy bodies and elements of the legal advice outlined below. External, independent business advisors should preferably provide advice at one and the same time to all parties involved; young farmers and existing landowners and farmers. Farm business consultants, selected on their ability to work with new entrants and small scale start-ups, should be offered. The banks should be involved at an early stage (see below). It should be noted that some of the levy bodies (e.g. DairyCo) are already providing business 'courses' related to share farming.
- 2.4.2 **Legal support** and advice to young farmers and to farmers and landowners offering opportunities to young farmers will benefit from the input of a variety of stakeholders; the membership organisations of the NFU, CLA and TFA will be able to input on the 'farm side'; but

¹ Run by the Farmer Network on behalf of the Prince's Trust

specific legal advice must also be provided to young farmers so that they are fully aware of what the commitments are that they are taking on. Independent legal advice should preferably be provided at one and the same time to all parties involved as a means of helping ensure that trust is built not broken.

2.4.3 **Technical support** and advice to young farmers will be best sought, in the first instance, from the levy bodies (DairyCo, Eblex, BPEX, HGCA etc) whose advice to young farmers and to existing farmers and landowners should be both free and impartial. All of the levy bodies have their own in-house knowledge transfer officers, as well as access to high quality consultants.

2.5 **Unlocking financial support**

2.5.1 Alick Jones of Lloyds TSB highlights three key factors affecting the ability to raise finance;

- Demonstrating a track record/evidence of financial skills, typically by showing how they have been able to accumulate their own contribution to a new venture
- Demonstrating the required technical skills for the enterprise that they wish to start
- Providing a sound, realistic and achievable business plan for their new enterprise to back up any requests for finance

2.5.2 Demonstrating a track record or evidence of financial skills is key. However, the ability to accumulate sufficient funds to make a meaningful contribution to a new venture can be difficult, in particular when the costs of a new venture can be very high.

2.5.3 That said, accumulating sufficient funds from earned income is not a pre-requisite, and young farmers might start by ensuring that their personal finances are kept in order by means of a 'track record' and look elsewhere for means of accumulating sufficient funds. One option that is open to them would be the Enterprise Finance Guarantee Scheme, in which the Government acts as guarantor to the loan. A less onerous alternative to this can be seen in the Jason Kanabus pilot project, in which loans are made to young farmers (subject to business plans, technical skills etc) from a charitable fund. There are clear advantages of a guaranteed loan scheme (cf. a grant scheme), in particular that the funding is 'recycled' over the course of successive loans.

2.5.4 Making a loan guarantee scheme available to young farmers serves two distinct purposes. First, it allows young farmers to demonstrate their financial skills, and it allows them to do this more rapidly than if they had to first of all accumulate the required funds. Second, it allows existing farmers and landowners to see incoming young farmers with whom they may partner as investing from their own resources.

2.5.5 Given the rather onerous nature of the Enterprise Finance Guarantee Scheme and the fact that charitable funds are not available across the country, there is an additional potential source of funding that should be examined. The European Commission's proposal for a 'Regulation of the European Parliament and of the Council on support for rural development by the EAFRD' includes under Article 20 'support for business start up aid for young farmers' of up to 70,000 Euros. The potential to use some of this within a loan (rather than a grant) scheme, to allow young farmers to demonstrate their financial skills and to encourage existing farmers and landowners to view them as making an investment in their own right, should be fully explored.

2.6 Promoting new ways into farming

- 2.6.1 Building **case studies** that show the benefit to both parties will be at the centre of the marketing and promotional 'push'. It is intended that case studies should be put together 'in-house' through links held by the key partner organisations. Case studies should be from a diverse range of sectors and from a range of scales of operation. If we are to consider a regional approach to rolling out the Farming Opportunity Matching Service, then building case studies from each region prior to launch would be advantageous.
- 2.6.2 As the Farming Opportunity Matching Service is launched, on a region-by-region basis, then **local marketing** will be achieved through partner organisations and might include a presence at shows and events, local meetings etc. The role of the Farming Opportunity Matching Service will be to help facilitate these through, where necessary, the identification and provision of 'keynote speakers', assistance with identifying and developing relevant, local case studies, etc.
- 2.6.3 **Literature** relating to share farming, joint ventures, and providing opportunities to aspiring young farmers is being developed through other initiatives e.g. the Land Partnerships Handbook, and information on share farming for the dairy sector developed by DairyCo. However, there are gaps in the literature, relating for example to sector-specific advice, and to specific legal and technical information. An ongoing gap-analysis incorporating feedback from case-studies will identify sectors and issues where additional written guidance would be advantageous. The Farming Opportunity Matching Service, with partner organisations, will endeavour to fill these gaps.

2.7 Building the trust between parties.

- 2.7.1 There are numerous means to achieving this end, but most of all the expectations will need to be managed and the progress of young farmers and existing farmers and land owners who choose to be involved in the Farming Opportunity Matching Service will need to be monitored. Key to this will be the use of business advisers, the availability of local contact officers (i.e. through partner organisations) and the availability of the central organising staff of the Farming Opportunity Matching Service. That is, trust will be built through independent intermediaries, facilitating the relationships between existing farmers and landowners and young farmers.

3. Establishing the Matching Service

- 3.1. Whilst the Matching Service has charitable objectives (the promotion of business and commerce, the promotion of agriculture and horticulture, and education) the tax advantages of existing as a charity should be fully exploited.
- 3.2. The day to day operation of the Matching Service should sit between three parties; the CLA, the NFU and the NFYFC. Whilst there is no immediate commercial advantage in the venture and whilst there is long term advantage for UK agriculture as a whole to be gained, a tripartite CLA-NFU-NFYFC operation would serve to maximise contacts with young farmers, new entrants and established farmers and landowners.
- 3.3. Broadening the day to day operation to involve other parties would risk diluting the commitment from any one of them to make the Farming Opportunity Matching Service a success.
- 3.4. However, the operation of the Matching Service should be stand-alone rather than being a part of any one single organisation, since sitting the service within any one organisation alone risks distancing it from one or the other of the key audiences; young farmers and new entrants, or established farmers and land-owners.
- 3.5. The wider Board of Trustees of the Matching Service would ideally include representation from the following key parties; the Tenant Farmers' Association, the Royal Institute of Chartered Surveyors, one or more of the agricultural lending banks, the AHDB, and the agricultural or land-based colleges. The Board of Trustees should also include at least two members who are themselves relatively young farmers, preferably who have entered the sector through this route.
- 3.6. It is inevitable that the name of the Matching Service will be debated. For simplicity, the Farming Opportunity Matching Service would describe to most people what the intentions of the service might be.

4. Working with existing organisations and establishments

- 4.1. Across England and Wales there are many local and regional organisations who not only work with farmers and young farmers, but who also manage and distribute grants, funding and other support. These include County YFC groups, regional offices of the NFU and CLA, the agricultural colleges, show societies, breed societies and farmer groups, amongst others. Such local and regional organisations have established links and a trusted position within farming populations.
- 4.2. The Farming Opportunity Matching Service should therefore build on the work that these organisations already undertake with a discrete, supported 'offer'. For simplicity this might be presented as a menu e.g. use of the "Young Farmer Farming Profiles" site, assisted development of case studies, identification of training gaps and signposting towards suitable training providers, identification and support of business advisers and so on.
- 4.3. The process of 'coming up with an opportunity' can happen at any time in a business' life. However, we know that there are some times when that offer is more likely to happen than others, such as decision points regarding succession and business development. At these times businesses are more likely to be in dialogue with outside agencies and operators and there is a greater potential to sow the seeds of the idea that an opportunity could be offered, from within the business, to a young farmer. The Matching Service should therefore work with these key agencies and operators (i.e. banks, business advisers, land agents and others) to ensure that the potential benefits of working with a young farmer are properly signposted.
- 4.4. The use of these intermediaries points towards a local or regional roll-out of the Farming Opportunity Matching Service. Whilst many organisations have national reach, there are others with a more focused, regional or local reach; they are equally important.
- 4.5. The proposed Farming Opportunity Matching Service will operate at a number of levels, with targets relating to young farmers, new entrants and existing farmers and landowners. Each element of the Matching Service should therefore be monitored so that the whole progresses together i.e. there are new entrants / young farmers developing their skills and defining their ambitions slightly ahead of opportunities being created or uncovered. That is, there is little to be gained from increasing the availability of opportunities if there are not the young farmers ready and prepared and able to take these; and little to be gained from preparing young farmers if the opportunities for them do not develop.
- 4.6. This 'chicken and egg' scenario would also indicate that the Farming Opportunity Matching Service would most suitably be rolled out at a regional level; with young farmers and existing farmers and landowners being targeted in a close sequence. This should not preclude national activities, or young farmers or Opportunities in other regions being developed; but it might usefully focus the operation of the Farming Opportunity Matching Service through its initial stages.
- 4.7. Thus, with regional focus local operators will be able to tailor the matching service offer with ongoing projects and to fully exploit the 'local knowledge' that they hold.

5. Funding the Farming Opportunity Matching Service

- 5.1. Project funding should be sought for provision of 'core services' i.e. a person or persons to organise and deliver those parts of the service that are not outsourced; guiding the development of the service, acting as the facilitator and the first point of contact; promoting the service in the regions and at a national level.
- 5.2. It is estimated here that this core service will require, at the outset, approximately 0.5 full time equivalent (FTE) administrative and up to 1.0 FTE project manager input, with this commitment rising as the Service develops and is rolled out regionally over the first year. This assumes that there will be regional projects into which the Farming Opportunity Matching Service can be enmeshed. In the absence of these, regional roll-out will require a greater time commitment from this core staff.
- 5.3. This project funding would usefully be sought from Defra, or from BIS, or from both; since the Farming Opportunity Matching Service delivers against the need for viable farming enterprises to deliver environmental and social benefits; and the potential for these businesses to deliver employment and business growth benefits.
- 5.4. Initial one-off funding should be sought Stages 1 and 2 of the Farming Opportunity Matching Service, that is the "Young Farmers' Farmer Profiles" and for the database of opportunities. The details to be included within these databases might be scoped by a panel including young farmers, land-agents and business consultants; NFYFC's ARAC grouping, with additional invited expertise, would likely perform this role well.
- 5.5. At a regional level, some or all of the support services may be offered through local and regional initiatives, through charitable trusts and so on. It is not the place of the Farming Opportunity Matching Service to rebrand or repackage these, but rather the Service should fit into the gaps in service provision and facilitate other initiatives, where possible, to aid regional and local delivery.
- 5.6. Once technically developed the "Young Farmers' Farmer Profiles" and for the database of opportunities should be piloted. It is suggested here that these pilots take place to overlap with regional and sectoral activities which are already in place and which will provide for Stage 3 i.e. the supporting services necessary to make opportunity matching a success. For example, a pilot in the north of England would overlap with the Farmer Network's activities.

Appendix 1. Consultees (full telephone discussions / face to face interviews)

Clare Rowntree, NFU Head Office

Barney Kay, Regional Director, NFU North East

Robert Sheasby, Regional Director, NFU - North West

Edward Barker, CLA

George Dunn, Tenant Farmer's Association

Neil Gladwin, RICS

Jill Matthew, Gloucestershire County Council (County Council Farms)

Nick Everington, Royal Association of British Dairy Farmers

Phil Stoker, National Sheep Association

Zoe Davies, National Pig Association

Graham Cory, British Horse Society

Kate Cross, DairyCo

Charlotte Woffindin and Ian Burrow, Royal Bank of Scotland

Alick Jones, Lloyds TSB

Tony Evans, Andersons

David Cooke, Promar

Jane Humphries, The Farmer Network

Alison Rickett, Fresh Start

Kay Lewis, Wales YFC

Tory, Suffolk YFC

Lauren Clark, Notts YFC

Roley Puzey (new entrant farmer)

Matty Sharp (new entrant farmer)

George Brown (aspiring new entrant farmer)

Claire Noble (new entrant farmer)

James Copeman, the Earth Trust / Farmsteps

Margaret Herbert (farmer with new entrant)

Julia Curry (farmer with new entrant)

Other consultees (discussions following presentations)

NFYFC Agricultural and Rural Affairs Committee

NFU South West Tenants' Forum

Appendix 2. The Jason Kanabus Fund

The Jason Kanabus Fund provides support to young people coming into farming with training, advice and finance. It is being piloted on behalf of the Prince's Trust by the Farmers' Network. The pilot began in Cumbria in August 2011.

The key elements of the pilot are that young people;

- a) Take part in the Prince's Trust Explore Enterprise scheme, which is delivered with a 'farming slant'.
- b) Are provided with a business adviser (or mentor) for 8 days to devise a business plan
- c) Attend a 'Business Launch' group, with their adviser.

To date 14 young people have taken part in the Explore Enterprise scheme and 6 have been allocated funds. The third round of the Explore Enterprise scheme is about to start, in the Yorkshire Dales, with around 8 young people expected to participate. The links that are built between the participants, through the training, is recognised as important.

Business mentors are identified by the pilot; they must be entrepreneurial, with a background that allows them to understand farming businesses.

The Business Launch Group is akin to the 'Dragon's Den'. However, all business plans are discussed between the Group prior to the meeting, with feedback given to the participants who then have the opportunity to respond to any queries, so that at the Business Launch Group itself they are given the chance to put their best business case forward.

In terms of funding availability, participants have the opportunity to obtain a grant of up to £4,000 and a loan of up to £25,000 at 3% interest. The grant and the loan allow participants to build their credit history and demonstrate their financial management, whilst speeding up the process of building their own farming enterprise.

Appendix 3. Responses to questions on the first draft received from the NFYFC's Management Board and Agricultural and Rural Affairs Committee

1. *How do you envisage a core body of NFU/NFYFC and CLA working together and logistically how would this work?*

The starting point for the matching service has to be a combination of organisations with farmer contacts (the NFU and the CLA) and the NFYFC. There are two elements to this; in the first instance the 'coming together' could be managed (through gentle discussion) by setting down agreed aims and objectives of any collaborative work in a Memorandum of Understanding (MoU). Given that an MoU would not be a legally binding agreement, but rather a statement of intent, it provides a soft-entry for bringing the parties together. Provided that the aims and objectives are clear then the second part of the negotiation involves determining what each party will bring to the table over and above contact with farmers. This might be as simple as agreed levels of support for farmers who present opportunities to new entrants. Once these elements are agreed in principle then I would suggest moving to the relatively easy stage, of setting up a charitable body to take this partnership forward. Whilst the trustees of this charity may not be the organisations per se, the MoU and subsequent agreements could be used to define where the charity would look for trustees in order that they were selected from within the relevant organisations. From that point onwards it would be for the trustees of the charity (or board members of another body, such as a ltd co, if the charity route is not chosen) to determine the day-to-day logistics of how this would work (e.g. where staff might be located, how they would report to the NFYFC/NFU/CLA, how day-to-day finances would be controlled etc). However, the establishment of clear objectives and ways of working, through gentle discussion, has to be the starting point.

2. *Page 3, 3.4 please can you confirm where 'shortage of applicants' comment has come from and what are the stats around this comment please*

The comment was made by the Earth Trust (Oxfordshire) as well as by another of the farmer respondents who had found difficulty in identifying applicants, and was supported by one of the consultants in agricultural joint ventures that we spoke to (Tony Evans). Statistically this is a tricky area: identifying where farmers have presented opportunities to new entrants is difficult enough, identifying where they have tried to present opportunities but failed is harder still.

3. *Page 5, 3.15 – what is the range of activities referred to please?*

At a national level we might refer to the Land Partnerships Handbook, to the ongoing work of FreshStart in trying to encourage landowners and others to offer greater opportunities to younger farmers and new entrants and to the work of DairyCo in their promotion of the concept of share-farming.

4. *Page 5, 3.21 who are the organisations outside of farming referred to please?*

The organisations were not outside of farming; but notable responses came from the Tenant Farmers Association, the National Sheep Association and the NFU (from within farming) and from the British Horse Society (who are, yes, mostly outside of farming).

5. *Page 8 3.35 – please can you supply a list of what the number of initiatives are?*

I can't provide a full list (because it would take a large study to dig out the various initiatives) but I can give an idea: apart from the JK pilot that is operating in the north west there are various trusts and charities, including agricultural societies, that support young farmers locally; the Fresh Start academies provide (or will provide) a training package that covers business as well as technical

skills and some consultancies offer staff training programmes to farmers, whilst there are still in place a number of training and support packages funded through the RDPE. Interestingly, there is a strong focus on training and development and far less, it seems, on the facilitation and business and legal support.

6. Page 10, 4.5.3 – please can you give details of the ‘similar services available’?

www.landshare.net

7. Page 12, 4.7.4 – should this body be set up as commercial then and not charitable? If so, fees will have to be charged – has any research been concluded on the level of fees to be charged?

Although I would love for this to be a commercial venture I think there are two major barriers at the outset. The first is that it will require a cultural change in the farming community, and the second is that introducing fees and charges would serve as a barrier to use. Put another way, farmers have no immediate need to go into business with young farmers - they can let their land out to other farmers, farm businesses can consolidate, and everything stays as it is. We need to make them realise the benefits of bringing young people into the equation, and to do that we need to avoid presenting them with brokerage fees.

In terms of the levels to be charged, the main factors that would come into play relate to the legal and financial challenges around establishing business partnerships (i.e. professional fees). Any fees on top of this, akin to finders-fees for matching farmers and young farmers together, would need to be priced so as not to make the sum total of professional and finders fees exorbitant. To determine the exact level the usual process would be to conduct a willingness-to-pay study; a process which is neither cheap nor hugely illuminating.

Alternatively one might consider charging young farmers for advertising their ambitions and abilities. Whilst this might not generate huge revenues it is nevertheless worth considering - in part to prevent the flippant use of any system that is established for them, and in part to cover costs.

8. Page 12, 4.91 – how have you reached the conclusion that 1.5 personnel will be needed to run this service and how has the salary been bench-marked?

This is based in part from my own estimates of the time that would need to be allocated to the project to make it work, and in part on discussions with the Jason Kanabus project manager and with the Fresh Start project manager. It is not ‘fixed’, nor necessarily accurate, and because it is for a new position in relatively unknown territory, it must be treated with caution. However, I would not like to propose starting such a project with fewer personnel. In terms of benchmarking the salary; this is based on the use of a project manager, rather than director level person, paid in the region of £30-£35k per annum. Returning to the initial question on how I would envisage the three organisations working together; one of the first questions that they would need to ask would be as to the level of staff that they would require, the appropriate salary and so on.

9. Where would you envisage the staff being based?

I would envisage them being based at Stoneleigh, either within one of the offices of the partner organisations or, for example, in the Arthur Rank Centre. Whilst the NFYFC does not compete for members with either the NFU or the CLA it may be most appropriate to suggest that it is based with Young Farmers.

10. What is the purpose of the NFYFC and does this fall under its core remit?

The core objectives of the NFYFC are as follows;

- To provide opportunities for young people to improve their personal skills and gain a sense of achievement through a variety of educational and enjoyable activities.
- To develop their self-reliance and individual responsibility through self-governance and encouraging and supporting leadership.
- To broaden their horizons and understanding of international perspectives through an extensive programme of foreign visits, exchanges and work experiences.
- To raise awareness of the importance of the care of our environment through varied community involvement and projects.
- To strengthen their community involvement by encouraging voluntary effort in all fields.

The provision of a matching service does not fall directly under this core remit. However, the service would be of direct benefit to a broad span of the YFC members; it would provide opportunities for members to target their skills and self-development towards realistic farming ambitions.

11. Can the NFYFC be a member of a charity?

The NFYFC would not in itself be a member of the charity set up to run the matching service, but would provide one or more trustees. The following paragraphs from the Charity Commission's website are perhaps useful here;

'Usually, the charity's governing document sets out how trustees are to be appointed - this varies according to the particular charity. In other cases the position can be more complicated, and the trustees may need to contact us to help make a new appointment. All trustees, however appointed, must act in the charity's interests, and must not represent the interests of any outside organisation or their own personal interests.

In many cases the charity's governing document says how trustees are to be appointed. It may say that some people are to be trustees because of an office which they hold (known as *ex officio* trustees); common examples are the mayor of a town or the head teacher of a school. Sometimes a named person or organisation is given the right to appoint new trustees. For an organisation with a wider membership, the members usually appoint some or all of the trustees in an annual election.'

12. Can we secure funding which is sufficiently long-term to make this a worthwhile project?

This remains to be seen and will depend not only on possible government and charitable support but also on the willingness of key partners to provide support services to farmers and new entrants from within their 'membership offer'.

Appendix 4. Notes on a presentation made at the Fresh Start Farming Ladder Seminar, Highgrove House, 17th September 2012.

The concept of a farming opportunity matching service was highlighted to the Fresh Start Seminar held at Highgrove on 17 September. Industry, academic and landowner representatives were present and His Royal Highness the Prince of Wales joined the seminar to hear significant points. Both HRH and Lord Curry were particularly interested in the feasibility study, both the opportunities it presented and the questions it posed: could the major organisations work together on this initiative, could we change the culture of farming to adopt such a scheme and how could such a scheme be operated.

From its inception, the Fresh Start initiative proposed to deliver a matching service and it was acknowledged that components of the service were included in the specialised Fresh Start Academies. There has been encouragement to apply for funding from the Prince's Countryside Trust for further project work because of the interest shown by HRH, Lord Curry and industry.