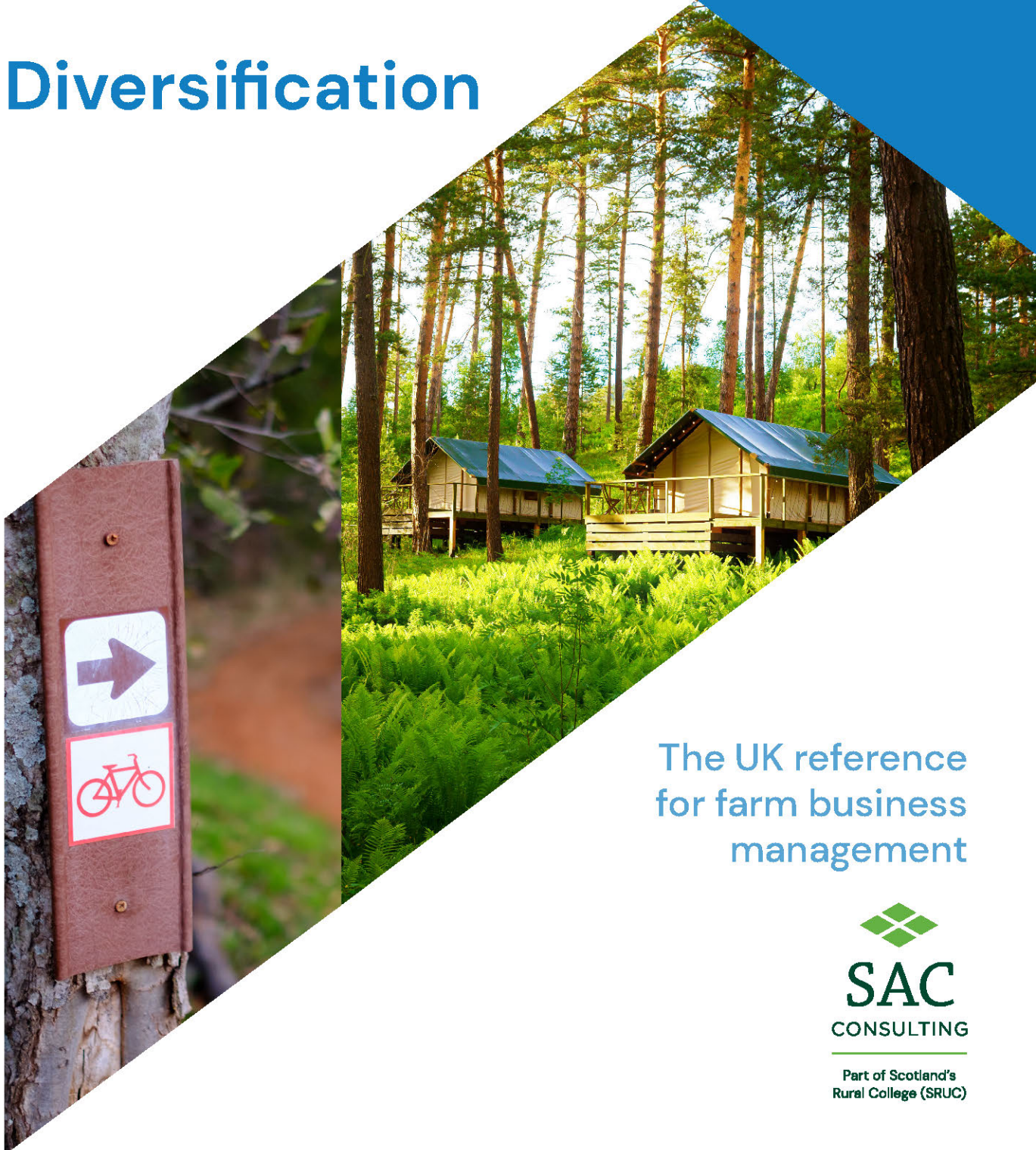




Farm  
Advisory  
Service

# Diversification



The UK reference  
for farm business  
management

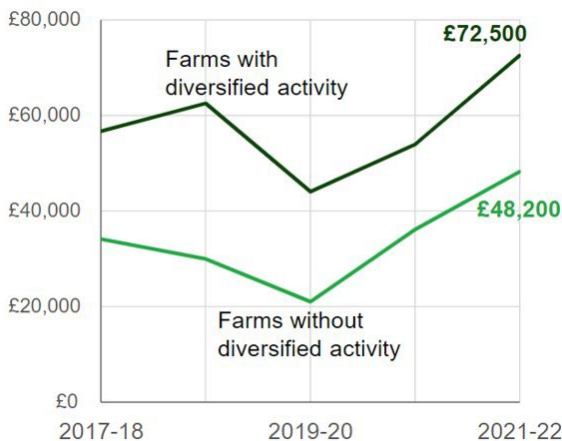


Part of Scotland's  
Rural College (SRUC)

***This document is an updated section of the Farm Management Handbook. It was updated on 28th of June 2024. You can find the complete handbook, as well as other updated sections, on the [FMH section of the FAS website](#).***

## **Introduction**

Diversification presents opportunities for farmers, crofters and land managers to re-assess their asset base and look at ways to generate new income streams to provide a sustainable future for their business. According to the latest Scottish farm business income: annual estimates 2021-2022, 58% of farms surveyed had at least one diversified activity. There is a notable income gap between those with diversified activities and those without. Farms with no diversified activity on average generated £24,200 less income in 2021-22.



Diversification enterprises should ideally complement the existing business model, drawing upon the current skills and interests, experience, buildings, machinery, and/or land capabilities.

Diversification can be an opportunity to support succession planning in agriculture by providing a new role for family members who would like to be more involved in the farming business and can bring new skills and a fresh perspective.

It is important that farmers do not diversify without considering the impacts a new venture can have. New business projects can take a considerable amount of time and commitment to show results. Depending on the type of diversified enterprise chosen, it may place new pressures and demands on other farm resources such as labour, capital, buildings, land and machinery.

## Diversification Considerations

It is highly recommended that businesses considering any kind of diversification carry out market research, a feasibility study and business plan with a diversification professional working directly in the industry. This will ensure that the best possible advice is presented to the business before they start their diversified journey.

Before launching a new business venture, it is crucial to assess the following factors:

1. **Market** – Assess the market you intend to supply. Are there any opportunities in the market? What is your Unique Selling Point? Can you build and develop your USP? Who are your customers? Where are they located? Are they easy to access? What is the size of your market? Is it a growing market or is the market saturated? Who are your competitors? Identify strengths and weaknesses in your competitors and consider how you can differentiate your offer.
2. **Resources** – Are there any under-utilised resources e.g. outbuildings, cottages, machinery, land, watercourses, woodland, upland pasture etc. suitable for farm diversification? Will they require significant investment to make them suitable for your diversification venture's needs? Is the proposed new venture correct for you, your family and the farming business? Do you or your family have specific qualities, interests, skills and experience that would lend to a specific business venture? Do you have the time to invest in the new business venture while continuing to run the core farming activities? Do you need to take on additional labour?
3. **Location** – Does your existing business, or proposed new venture, have location advantages? Is it near to a busy commuter route? Is it close to tourist attractions? Does the farm have good access? E.g., tarmac/gravel tracks. Does your venture have a suitable infrastructure to make it work? E.g. public transport access, parking facilities, proximity to local amenities, and waste disposal. Consider accessibility and ease of customer use.
4. **Labour** – Do you have sufficient labour and resource to run the new venture along with the existing farm business? Consider your own skills and whether they are suitable or could be further developed. Do you need to employ part-time or full-time staff? Don't spread resource thinly just to try to reduce costs - it is important to maximise efficiency but also maintain good product/service quality and customer experience.
5. **Legal** – Entering into a new business venture may have a different tax and VAT structure from the existing farming enterprise. Seek advice from your accountant and/or lawyer when scoping a new business venture. HMRC should be consulted regarding VAT issues (see Taxation section for details on VAT). Diversified businesses

may require additional staff, increasing the employer's National Insurance and pension contributions payable under automatic enrolment. The proposed diversified business may be subject to Inheritance Tax and/or Capital Gains Tax when the farm owner/manager passes the business on to successors. Diversification can change how farmland and buildings are treated for Inheritance Tax purposes. It is advised to seek guidance from a professional to understand the best way to structure your diversified venture.

6. **Insurance** – Changes to your insurance policy may be required when setting up a diversified enterprise. New activities relating to property and/or agricultural buildings will result in a change in cover. Agricultural buildings which are no longer used for livestock or machinery may be classed as a “change in agricultural use”. Contents insurance may be required if the new business has internal materials contained within the buildings, holiday accommodation, or glamping activities. Public Liability Insurance is required to protect you if a member of the public suffers personal injury, or if any of their property is damaged, as a result of your business activities. Employers Liability Cover would be required if you employ full-time or part-time staff to manage, administrate or assist with the business enterprise. This also covers cleaning and maintenance staff.
7. **Risk Management** – A Health and Safety and Fire Plan is required before setting up a new business venture. Business Interruption Cover is insurance that covers the loss of income that a business suffers after a natural disaster e.g., fire, wind, flooding etc. Although Business Interruption Cover is not essential, it is advantageous to cover any financial loss/loss of income incurred due to a natural disaster.
8. **Hygiene** – If you are responsible for developing and maintaining a business' food safety management procedures, you are legally required to have formal food safety and hygiene certification – contact your local authority for more information. Following registration, your business will undergo regular inspections to ensure that you meet food hygiene standards and legislation. You must also follow the principles of Hazard Analysis and Critical Control Point (HACCP). If you are considering investing in property to make it suitable for food production, ensure you consult a professional in order to make the premises suitable to ensure high levels of hygiene and simple processes. Think of how the business may develop and expand to avoid having to invest twice and interrupt production for improvement or extension. Useful information can also be found on the [Food Standards Scotland website](#).
9. **Planning Permission** – Planning permission may be required if the new business venture involves erecting or modifying a permanent

building. Planning permission may also be required if there is a change of agricultural land or change of land use. It is advisable to contact your local authority and/or professional planning consultant early to gauge what planning regulations are required. Getting your local authority on board early is beneficial in the long run and they can answer any questions or concerns you may have before a project begins. See Land and Buildings section for further details.

Specialist advice for farm diversification through the Farm Advisory Service Integrated Land Management Plans (ILMP) can help to explore new ideas and get external professional input into your diversification proposals. [More information and funding criteria can be found here.](#)

## Sources of Information

SAC Consulting published a guide for farm diversification giving advice on suitable diversification enterprises supported with case studies. [This guide can be found here.](#)

Links to support organisations and other useful sources of information include:

- [SRUC](#)
- [SAC Consulting](#)
- [Farm Advisory Service](#)
- [AHDB Beef and Lamb Box Scheme](#)
- [Food Standards Scotland](#)
- [Soil Association](#)
- [Business Gateway](#)
- [Scotland Food & Drink](#)
- [Quality Meat Scotland](#)
- [Visit Scotland](#)
- [Inspired Camping](#)
- [Food Hygiene – HACCP](#)
- [Scottish Agritourism](#)
- [Scottish Tourism Alliance](#)

## Speciality Crops

### Speciality oil crops

Several speciality oil crops have been grown in the UK for a wide range of uses. Some oilseed crops perform particularly well in Scotland yielding higher oil levels while others are not suited to Scotland due to agronomic constraints, particularly the higher risk of a late and wet harvest. Crops with greater potential for cultivation in Scotland are outlined below.

**Oilseed rape** – Developing specialist markets for conventional oilseed rape (*Brassica napus*) and varieties with specialist oil profiles allows

diversification whilst having the benefit of a crop which is familiar to growers. Several growers throughout Scotland have set up specialist brands of cold pressed rapeseed oil for culinary use in recent years. These include Mackintosh of Glendaveny, Ola Oils, Summer Harvest, Borderfields, Supernature and Black and Gold. Markets have been developed which recognise the excellent nutritional characteristics of rapeseed oil (it has the lowest levels of saturated fatty acids of all commonly used fats and oils) in combination with the benefits of cold pressing to maintain natural vitamin content. There is opportunity to develop these oils into a wider product range, with the inclusion of flavoured oils and salad dressings. Different formats can also be created, making the product suitable for different markets, whether that be retail, foodservice or export.

High Erucic Acid Rapeseed (HEAR) is grown to produce erucic acid, used as a specialist lubricant particularly for plastics for which it has clearance for food contact. Seed from HEAR varieties is not suitable for human consumption and HEAR varieties cannot be grown in the same rotation as conventional varieties. Yields are typically below the best conventional varieties but similar to average yielding conventional varieties. Contracts for production are available from a number of merchants.

Another oilseed rape type, with high oleic, low linolenic levels in its oil (HOLL), is used as a specialist healthy frying oil. The oil profile of this type means that it is very stable, resisting oxidation and retaining its taste in a catering environment. Details of varieties can be found on the North UK Oilseed Rape Varieties List (AHDB).

**Linseed** – Linseed oil is high in  $\alpha$ -linolenic acid, and used for the manufacture of coatings, drying agents and putty; low shelf life makes it less desirable for food use. In Scotland the area of linseed grown is currently low. Spring sown varieties tend to be rather late maturing for Scottish conditions. The introduction of autumn sown varieties provides an earlier harvest and these have potential for Scotland if winter hardiness can be confirmed with trials currently in progress.

**Minor oilseed crops** – A range of more novel oilseed crops can be grown in the UK and Scotland though few are presently being widely grown due to limited contracts and agronomic limitations, though this may change.

**Crambe:** Like HEAR, Crambe (*C abyssinica*) is grown for the erucic acid contained in its seeds. It has been grown extensively in the UK and it grows well in Scotland. Crambe contains higher levels of erucic acid than HEAR, but its yields are slightly lower.

**Echium:** Echium (*Echium plantagineum*) also known as Viper's bugloss, produces high levels of stearidonic acid (14% of oil). The oil has valuable application in cosmetics and in skin care for the treatment of eczema and

sunburn and as an anti-wrinkle preparation, as well as for health supplements such as a fish oil alternative as an Omega 3, 6 and 9 source. Echium has been successfully grown in trials in Scotland, although it is challenging to grow and produces low yields. It is spring sown, the crop flowers for an extended period and time of swathing has to be carefully selected to maximise seed setting.

*Camelina*: Part of the *Brassicaceae* family like canola and mustard, camelina used to be grown in the UK prior to oilseed rape and imported palm oil. It has uses in the food market as a distinctively nutty and pepper oil, or as a seed for topping baked products, and is high in Omega 3 fatty acids. There is also growing interest in its use as a biofuel, particularly for aviation. [Technical notes on growing](#) have been produced by Bangor University.

Specialist oilseed crops seed suppliers and contract buyers include; [Premium Crops](#) and [Nature's Crops](#).

A [collaborative interest group](#) formed to further the interests of cold pressed rapeseed oil also exists.

## **Speciality grains and pulses**

**Minor cereals and grains** – with growing consumer interest in low gluten or gluten-free cereals and many supermarkets investing retail space in providing products for alternative diets, there is increasing opportunity for producers to diversify into alternative cereals. While yields may be lower than conventional varieties, premiums for certain crops can compensate for this, and cereals such as rye, emmer and spelt can perform well in challenging conditions, depending on careful variety choice. Buckwheat can be sold as gluten-free if not contaminated with other cereals, research has shown various health benefits including lowering blood sugar, and it holds potential as a plant protein as a naturally high protein cereal.

Dehulling and processing can be challenging as machinery may need to be adjusted, and small quantities can be a barrier for larger processors. A contract is advisable for alternative cereal crops, as well as consulting the processor on choice of variety for the intended use/market.

**Alternative proteins** – Grain legumes are often seen as a low-income crop in arable rotations, with higher value break crops such as rape given preference. However, improving prices, reflecting increasing market interest for locally-grown (and soya alternative) legumes for both feed and food, offers potential for future domestic pea and bean production. Higher value feed markets, such as protein substrate for salmon feed, as well as more options for products destined for human consumption (with a premium of up to £100/t) and climate related co-benefits, may, provide further market opportunity in the future.

Changing consumer demands has seen a year-on-year growth in meat alternative products as well as more sophisticated ways of processing vegetable proteins, providing increasing demand and higher-value markets for pulse crops. Recent market trends have seen a significant focus on foods that support gut health and healthy gut microbiome. Legumes and pulses are of increasing profile via recognition that these products can often offer a cheaper and more accessible way of increasing protein in our diets.

Legumes require no additional nitrogen and can carry over 30kg N/ha in the soil for subsequent crops, reducing N leaching and costs of applied N (of £24/ha). They are beneficial in arable rotations for disease, weed and nitrogen management, and although they are less profitable as stand-alone crops, their returns are improved when factoring in yield benefits and reduced input costs to subsequent crops in the whole rotation. Trials of intercropping peas with spring barley in Scotland have shown to have no adverse effects on yield and improved returns, and farmers in Scotland are actively and productively doing this; alternative methods of cropping such as this therefore offer potential for expanding production of other legumes. [The PGRO](#) publish an annual list of recommended varieties, as well as an agronomy guide for grain legumes, trial results and troubleshooting guides

*Lupins:* Lupins can be grown as a high-quality alternative to soya for livestock feed, and offer a much higher protein content than either peas or beans. There are various potential food uses, although being a common allergen it is less preferred for food markets. Largely spring varieties are available in the UK and prefer a pH of 7 or less. An [Agronomy Guide for growing lupins](#) is available on the PGRO website

### **Essential oil crops**

Essential oil crops are generally grown on a smaller scale than the specialist oil crops mentioned above and can provide high value opportunities. Several are being grown throughout the UK, including lavender, peppermint, rose and rosemary, although the less favourable conditions at harvest in Scotland limit production potential.

### **Fibre crops**

Flax and hemp for fibre can both be cultivated successfully in Scotland and more widely in the UK. There is interest in increasing the use of natural fibres, however, commercial scale processing of these fibres is currently absent or limited in Scotland and the UK at present.

Flax is traditionally used for high quality linen production requiring exacting production conditions There are a small number of producers in the UK for niche, small-scale markets, and no open market currently.



Industrial hemp is usually grown for either fibre or oils/seeds, and there are currently around 40 producers across the UK; currently dual-purpose varieties struggle in the UK as the seeds ripen a month after the fibre is suitable for harvest. Hemp can be incorporated into an arable or mixed arable rotation as a break crop, and is effective in improving soil, sequestering carbon to an amount which could compete with timber, absorbing soil pollutants, and reducing use of inputs. Hemp is relatively hardy, but performs best on deeper, lowland soils.

End uses include biocomposites for car components in the automotive industry, lightweight glass replacement in the aviation industry and insulation materials in the construction industry. A further use for hemp in construction is as 'hempcrete', where the inner core of the stem is blended with a lime-based binder and cast around a timber frame. Hempcrete's qualities of high levels of thermal insulation and excellent strength characters are of note and it meets building regulations, counting towards the code for sustainable homes (CSH). There is also scope for hemp to be used in sustainable packaging alternatives, as industry, consumers and policy increasingly look for non-plastic options as well as other high-value markets (e.g. hemp mattresses), which are increasingly being explored and production area in the UK slowly expanding.

In addition to fibre use, the oil from the seeds has an application in the higher-value specialist food and beauty markets, which have more than doubled during the last five years due to interest in health claims, and is expected to triple in value over the next five years; products from this include essential (CBD) oils, cooking (hemp) oils, teas, milk alternatives, and flours/meals, as well as protein-based by-products. The Scottish Hemp Growers Association group, created in 2019, is focussed on furthering the interests of Scottish grown hemp.

The lack of processing facilities in Scotland and the UK limits greater cultivation of these crops as they are bulky and expensive to transport in their raw state, hence it is necessary to have processing facilities close to the site of production for economic viability. Only varieties of hemp with a THC content of less than 0.2% and from EU approved seed can be grown; a licence is required for the cultivation of hemp, which can be obtained through the processor of the hemp fibre, or applied for directly through the Home Office, and lasts for three growing seasons.

## **Alternative Livestock**

There is a wide range of alternative livestock enterprises that farmers can diversify into, many of which can use existing husbandry skills, and complement existing livestock systems on the farm. Alternative livestock are principally kept for fibre (e.g. cashmere goats, alpacas, angora goats, etc), meat (e.g. wild-boar, buffalo, ostrich, venison, ducks, geese, rabbits, etc), milk and dairy products (e.g. dairy-goats, dairy-sheep, etc) or worms

for a variety of reasons including; composting of green waste, fishing bait, sale of composting and earthworms for household food waste/compost etc.

Diversification into alternative livestock can have considerable capital costs to start-up, particularly through the requirement to purchase livestock, equipment, and infrastructure (deer fencing, handling facilities etc).

Before diversifying into alternative livestock, the economic viability of this venture should be explored. Whether you keep alternative livestock for fibre, meat, or other uses, the end markets can be very niche with limited demand. When undertaking an economic viability assessment, consider alternative markets too, rather than your immediate area. Tastes and attitudes around the world vary and there may be great demand for a product like yours beyond your doorstep. Engage with organisations like Scottish Development International or UK Export Finance to understand opportunities in alternative markets.

In addition to the actual cost of livestock, there can be high capital costs associated with stock control, such as housing, fencing and specialist handling facilities (e.g. specialised wild boar and deer fencing). If alternative livestock are being farmed for meat then it is also recommended to check that local abattoirs are licensed to slaughter that specific type of animal and, if not, what alternatives may exist.

Honey production may be a suitable diversification option for some farmers. Bees play an important role in the pollination of food crops and could be introduced alongside an existing arable, fruit or vegetable enterprise. More information can be obtained from the [Scottish Beekeepers' Association](#) and the [British Beekeepers' Association](#)

Insect farming could provide a sustainable alternative protein source for animal feed, while helping to reduce our reliance on protein imports and environmental impacts. Insect farming provides a circular economy opportunity to turn organic residues, including pre-consumer food waste, into feedstock for food systems. Scotland is well placed to become a global leader in this emerging industry, contributing to the Scottish Government's circular economy objectives and food waste reduction targets. Insect farming can also support aquaculture, agriculture and food and drink businesses. Insects need high quality feeds to perform well just like any other livestock. Production systems can be very expensive, highly automated with purpose-built units. [More information can be found here.](#)

It is advised that anyone who is considering diversifying into alternative livestock should contact the appropriate producer association for advice and support at an early stage of the diversification process. It would also be valuable to speak to others already working in the sector.

Information specifically on deer farming can be found within the Red Deer section of the handbook.

## **Retailing**

Selling farm produce directly to consumers can be an excellent diversification option for farmers enabling them to add value to their primary produce. In an increasingly global market, consumer awareness of the food and drink they consume, where it comes from, and the environmental impacts of our global food system has become a more significant priority for consumers. This presents a huge opportunity for farmers, and food and drink producers to sell their produce locally, promoting high quality produce with strong provenance and environmental credentials.

Farm retailing can range from simple 'honesty boxes,' 'box' delivery services, farm vending facilities, to large, multifunctional retail outlets.

As with any business venture, market research, a feasibility study, and a rigorous business plan incorporating a marketing plan should be prepared and should include information and research into all the relevant aspects of the proposal, such as:

- The size of the local population within a 30-60 minute drive of the proposed retail outlet(s).
- Key transport routes e.g. can your outlet be serviced by local transport?
- Capital costs: car parking and access, construction, storage facilities, website creation, brand and digital investment, purchase of delivery van(s), interior design and materials etc.
- Running costs: including business rates, rent, staff costs, advertising, and other fixed/variable costs.
- Consideration of range, variety and pricing (this should reflect the quality of produce offered including the freshness, environmental impact and provenance of the produce on offer).
- Seasonality: will your outlet be likely to be affected by peaks and troughs in produce availability, seasonal worker labour and the tourist season?
- Competitor outlets (not just other farm shops).
- Planning permission requirements.
- Legislative requirements (e.g. environmental health, food hygiene, labelling, health and safety, trading standards, access from the local Highways Authority, accessibility requirements).

Further advice is available from a number of sources including:

- [SAC Consulting Food and Enterprise:](#)
- Taste of [Scotland](#)
- [Farm Retail Association](#)

- [National Farmers' Retail and Markets Association](#)  
Telephone: 0345 319 6740
- [The Larder](#) - A Guide to Scotland's Food & Drink
- [Scottish Government food and drink policy](#)
- [Scotland Food and Drink](#)
- [Food Tourism Scotland Strategy](#)

### **Farmers' markets**

Farmers markets provide a great opportunity for producers to sell directly to consumers, and for consumers to purchase fresh, local food and drink on the high street. Most farmers' markets are held monthly, with some held more frequently, particularly in areas with larger populations.

In recent years, there has been an increase in online retail sales through businesses' own websites, collaborative online food hubs and farmers markets. '[Neighbourfood](#)' is an example of an online marketplace where consumers can order local produce online and collect from a local collection hub.

[More information can be found here.](#)

Producers considering selling produce through a farmers' market should:

- Assess what is already being sold at the market. Will there be a demand for their produce? Is there enhancement of the product range? Some markets will limit the number of producers from the same sector eg meat, alcohol etc.
- Contact the market organiser for more information on the operation of the local market.
- Visit a local market and obtain information on competitors' products and prices.
- Consider whether the business can commit the time, money and other resources to preparing and selling produce at farmers' markets.
- Think about how the customer will be attracted to the product. Consider the product itself, packaging, information about the product, layout of the stall and price.
- Weather can be a significant factor in the success of a farmers market from one week to the next, with most farmers markets hosted outside. Consider planning your attendance, stock levels and set up in accordance with the weather forecast.
- Consider how the product can be stored and displayed, ensuring compliance with all legislation and other regulations. For more information contact [Food Standards Scotland](#).
- Contact your local regional food group.

### **Farm shops**

Farm shops vary in size and product/service offering and it is important to carry out a feasibility study before starting. New retail outlets or farm cafes must provide a unique selling point or have a strong attraction in order to attract and retain customers. Many farm shops are now

becoming food tourism destinations where customers spend time participating in recreational/leisure activities during their visit. Consider what how you can add opportunities to encourage your visitors to stay longer, the inclusion of a café or restaurant in a popular way to encourage visitors to make a day of visiting your site.

The increase in popularity of farm shops is linked to the growing trend amongst consumers to buy local food with strong provenance and traceability. Most farm shop businesses are initially based around products that are produced or made on the farm, in the shop, or where possible, within the local area. Linking the farm shop to produce grown or made on the farm and telling the history or provenance of the farm is a key marketing tool.

### **Vending Machines (Milk & Fresh Produce)**

With strong consumer demand for local, traceable produce, installing a vending machine is a relatively low-cost method of diversification. Farm vending allows consumers to purchase fresh local produce such as potatoes, vegetables, eggs, soft fruit, and more, 24 hours per day, 365 days per year. Farm vending provides farmers with significantly higher profit margins than mainstream markets and ensures that profits are retained at the farm gate. Farm vending is also advantageous as it requires very little labour, which can often be one of the most significant overheads associated with running a farm shop.

Farm vending machines are usually custom-built and come in varying sizes. Machines can be ambient or chilled depending on the type of produce sold. Some farms have chosen to create walk-in farm vending retail spaces where customers can browse products, purchase fresh produce, and buy fresh coffee from self-service takeaway machines.

In the correct location, with a good variety of produce available, farm vending machines can have a payback period of around 12 months. Vending machines should be ideally positioned where there is good vehicular access and/or areas with high customer footfall, i.e. farms near to a main road, shopping centre, caravan park, petrol station, etc. Machines need to be kept under cover to protect them from the elements and consideration should be given for parking and groundworks.

Planning permission may be required if the machine is located within a purpose-built shed/outbuilding. Keeping vending machines stocked with a variety of seasonal fresh produce is important to ensure repeat custom. Ensure that you provide the opportunity for customers to pay using their chosen method both card and cash – in an increasingly cashless world, it is vital to provide card payment facilities to avoid missed sales opportunities.

# **Tourism**

## **Agri-Tourism**

Farm-based recreation or 'agri-tourism' is becoming increasingly popular among tourists/visitors and is a diversification enterprise which promotes a more diverse and sustainable rural economy. Agri-tourism provides farmers, crofters and landowners with additional income and the opportunity to share their experiences with a wider audience.

Agri-tourism has moved towards the provision of rural experiences where customers can get a hands-on flavour of the countryside and/or the daily life of a farmer. Bespoke packages can be created and may include accommodation, private dining experiences, farm tours, lambing experiences, and other farm-based activities.

## **Farm Tours**

Farm tours and supervised on-farm experiences can be very socially rewarding for both farmers and customers, strengthening relationships between farmers and the public. Farm tours and other educational initiatives allow visitors to learn about farming, food production, and the environment, and can be very financially rewarding for farmers and landowners. Farm tours are relatively easy to set up without considerable overheads, but considerations should be given for public liability insurance, health & safety, and showcasing your business and farm animals to the general public in the best possible way. Consider the limitations of what is possible to showcase in a safe manner as well as making consideration for potential customers who may have differing access needs.

## **Health & Wellbeing Tourism**

Health & Wellbeing tourism continues to be an exciting opportunity for diversification where visitors can engage in a variety of wellbeing activities, farm tours, nature trails and more.

Sensory gardens, forest bathing, organic skincare products, paddleboard yoga, thermal pools and wild swimming continue to drive consumer interest. Those booking rural breaks in Scotland also want good local food and drink with nutritional benefits to aid their health and wellbeing.

## **Ecotourism and nature-based tourism**

An increasing number of tourists and visitors are looking for "green" holidays or activities. Ecotourism, which tends to be connected to educational aspects such as the promotion of sustainability, is different from nature-based tourism which can be viewed as tourism to places of natural significance or beauty, although there is some overlap between the two concepts.

Businesses looking to diversify could consider their own 'green credentials' and how they could, if necessary, modify their marketing to attract the maximum number of customers. Many businesses are

members of initiatives such as the [Green Business Tourism Scheme](#) and membership of such schemes can be used in marketing and promotional material. Tourism businesses could incorporate nature-based activities such as wildlife-watching and adventure-based activities into their offering to take advantage of their natural capital. Information on the local environment, scenery and nature-based activities in the area could also be provided to potential customers. Signposting and collaboration between businesses adds to the customer experience and also supports the local economy. Seek support from professionals to ensure you get the messaging right around your 'green credentials' to avoid making claims that cannot be confirmed and the potential for 'green washing'.

### **Self-catering**

Planning permission and building regulations (see Land and Buildings section) are the essential first steps when considering offering self-catering accommodation. If starting a new business or converting/extending your premises, you should contact your local authority planning department for their advice on planning permission at a very early stage. Any structural alterations to a property, or the construction of a new building, will be subject to building regulations, so again contact your local authority.

From 1st October 2023 all short-term let accommodation, unless specifically excluded, requires a licence. The licence is granted by your local authority and the fee is dependent on property size and type and will typically last for three years. The licence ensures properties meet the legal repairing standard, energy standards, and fire, gas, water and electrical safety, as well as additional requirements depending on local authority and property type. [More information can be found here.](#)

Good marketing is required to maximise occupancy rates and participation in quality assurance schemes will also be beneficial, e.g. [VisitScotland](#) Quality Assurance Schemes. Membership of associations can also be beneficial, such as the [Association of Scotland's Self-Caterers](#). These associations and membership groups provide up to date information and guidance particularly any changes to health and safety and cleaning protocols.

### **Glamping**

Glamping is a tourism experience where individuals, couples, or groups seek to immerse themselves in the natural environment by going back to basics and re-connecting with nature from a luxurious base. Glamping has become a popular option for UK holiday-makers and overseas visitors seeking the luxuries of hotel accommodation alongside the freedom and adventure of camping. Glamping sites usually provide electricity, heating, kitchen and toilet facilities as standard, with many sites now offering saunas, jacuzzi's and hot tubs. Due to the popularity and availability of glamping in the agri-tourism market, customer

expectations have increased, and many providers are now operating in competition with 4- and 5-star rural accommodation providers.

Careful consideration should be given before starting a new glamping business to identify ways to differentiate in the market through additional activities, such as food and drink experiences, farm tours, and educational initiatives.

Glamping sites should ideally be located near areas of spectacular scenery, on the banks of lochs, nestled beneath hillsides, along popular walking or cycling routes, or within proximity of towns, villages or cities. Planning permission may be required for a glamping site in some locations. Conflicts of interest between tourism, accommodation, cars, caravans, and the natural environment should be considered. Seek advice from your local authority at an early stage of the diversification project.



## **Sources of information**

- [Go Rural](#)
- [Criteria/guidance for Small Serviced Classification](#)
- [Farm Stay](#)
- [Accommodation in Scotland](#)
- [Farm Business Innovation Diversification into Glamping](#)

## **Sports & Leisure Tourism**

The outdoor sports and leisure market continues to be a popular diversification option for farmers and landowners.

### **Farm/Outdoor Fitness**

Farm fitness is a relatively new concept which is quite novel as a diversification enterprise. . Consumer demand to keep physically active presents farmers and landowners with the opportunity to provide safe, outdoor spaces for people to exercise. This has now developed into new farm-based gym facilities being offered with state-of-the-art equipment, cardio and weights machines, and outdoor fitness classes.

It is possible to start a farm/outdoor fitness enterprise and employ suitable staff with appropriate skills, qualifications, and enthusiasm, but careful consideration should be given to how the enterprise fits in with existing farming operations.

### **Children's activities**

Farm-based children's soft play areas are popular among families during the holiday season. Converting old farm buildings or utilising fields as a children's play park can be a profitable venture for farmers/landowners. Location, ease of access, and activities offered determine the success of the enterprise. A children's play park would complement a farm shop, café or retail outlet.

### **Outdoor Education**

Outdoor education plays an important role in children's development, educating them on the provenance of food, farming, and the environment. Outdoor education and activities also promote good mental and physical health, by allowing those from an urban area the opportunity to explore the countryside in a safe and supervised environment.

### **Eco-therapy & Care Farming**

Eco-therapy, often referred to as 'green care' or 'green exercise,' is a form of therapeutic treatment in which patients take part in activities in the natural environment. These activities may include gardening, caring for animals, woodland walks, and horse riding, and has shown results in supporting people experiencing anxiety and/or depression. Nature has incredible healing qualities and eco-therapy is now being prescribed by general practitioners for stress and anxiety.

## **Equestrian Enterprises**

Equestrian related enterprises are often seen as good diversification options for farms or rural occupiers as they can easily complement the existing infrastructure land and business model of the farm. Enterprises that are commonly considered are:

- Horse Livery
- Cross Country Course
- Riding School
- Horse Bed and Breakfast
- Horse Riding Holidays
- Equine Health
- Equine Chiropractic
- Equine Massage

### **Horse livery**

On-farm horse and pony livery can range from providing grazing only, to DIY livery, and full livery (including labour, grazing, stabling, grooming, feeding and possibly exercise).

Financial returns will vary depending on the level of service (which is dependent on the knowledge of the person/s running the yard) and facilities being provided (e.g. a basic farm diversification versus a specialist / professional yard).

Livery services are likely to range from 70-100% occupancy. Grass and DIY livery are realistically the base market for farm diversification projects while part and full livery services will be more suited to yards with skilled personnel.

### **Horse riding holidays**

Location is fundamental to the success of horse-riding holidays. A riding holiday centre is most suited to premises in scenic and rural areas. Good access to off-road riding over a variety of terrain is essential.

The service can include the provision of horses to hire or there can be the option for guests to bring their own horses.

Basic facilities could include:

- A covered area for tacking up or a tack room.
- Stables and/or grazing (for hire horses and/or guest's horses).
- Toilet facilities.
- Facilities to allow picnics and packed lunches to be consumed.
- Living accommodation for guests

The service can be enhanced by providing other riding facilities, i.e. all weather or indoor arenas, show jumping and cross country facilities, riding lessons, and all-inclusive luxury accommodation. With the above

in mind, investment could be high if starting from a blank canvas. This enterprise will work best when there are already horses and facilities in place. Local authority licensing will apply where horses are provided.

### **Riding for the differently abled**

A riding school for differently abled adults and/or children is a rewarding diversification enterprise. Horses and ponies provide therapy, achievement and enjoyment to people who are differently abled. Providing a safe, fun, and supporting learning environment can improve the lifestyle for people with physical and learning difficulties, mental illnesses or other additional support needs. For further information [visit the RDA](#).

## **Wedding Venues**

Converting old or disused farm buildings into a wedding venue may be a profitable diversification option for farmers. Farm-based wedding venues have grown in popularity over the past 5-10 years as couples see farm barns, marquees, and farm countryside as the special place to host their wedding.

Combining a working farm and a wedding venue does not come without its challenges and requires considerable commitment and a specific skillset to run successfully. However, developing a successful wedding venue on a working farm can be a very lucrative diversification option providing significantly higher profits than the core farm business.

Most farm-based wedding venues also offer on-site accommodation for the bridal party and wedding guests. This adds value to the customer experience and can increase revenue potential for farmers and landowners.

Wedding venue considerations:

- Location of the venue near to a main road with good access and transport links. The location should ideally have a picturesque landscape with suitable car parking, toilet facilities and accessibility for differently abled people.
- The level of service offered; basic package of the venue as standard but extra services such as catering, bar, disco/band/entertainment, transport, photography, and on-site accommodation could be included for an additional charge.
- Labour: the venue will require management and a point of contact for those hosting their special day. Careful coordination will be required, often months in advance, allowing for viewings and queries from those using the venue. The provision of wait staff or bar workers could be considered at an additional cost.
- Planning permission: may be required for the renovation or erection of the proposed venue.

- Legislation requirements such as; health and safety, food hygiene, public liability insurance, alcohol licencing, and employment law may apply to the venture.

## **Pet Boarding Facilities**

Animal husbandry is second nature to many farmers and may be a suitable diversification option to capitalise on underutilised farm buildings. Boarding kennels or a cattery could be incorporated into an existing farm business. Kennel and cattery units vary in size and specifications.

Pet boarding facility considerations:

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

[Further information and a guide to building kennels or a cattery.](#)