Agriculture & the Rural Economy within Leicestershire

August 1999

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REPORT PURPOSE

The purpose of this report is to review the available information relating to the national, regional and local agricultural sector, and rural economy. The report will objectively present the essential facts, trends and issues currently affecting the agricultural sector and rural economy. It will show the main drivers of change for the farming sector and the wider rural community.

REPORT AUDIENCE

The report will be of interest to local and regional policy-makers and practitioners that have a role or interest in developing and sustaining the agricultural sector and rural communities. The report will provide the intended audience with a comprehensive summary of recent trends, current situation, key issues and likely developments.

Document Structure

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LEICESTERSHIRE ECONOMIC RESEARCH PARTNERSHIP

This report has been produced by the Leicestershire Economic Research Partnership (LERP). LERP is a collaboration between local organisations who have an interest in understanding the local economy of Leicester, Leicestershire & Rutland. The partners are Leicestershire County Council, Leicestershire TEC and Leicester City Council.

Available Data

Census of Agriculture (Ministry for Agriculture, Farming & Fisheries - MAFF) - The report makes use of Census of Agriculture data for Leicestershire County (including Rutland) and its agricultural sub-districts, from 1994 through to 1997. This data will enable a longitudinal analysis of the important local agricultural trends that have occurred over recent years.

Secondary Analysis

The report also makes use of available and relevant documentation to provide a concise and informative overview of the main facts, trends and policy developments that relate to the agriculture sector and wider rural areas.

Agricultural Economy - National

- **Agriculture & Food in the United Kingdom**

Key Statistics

Table 1 – Key Statistics Profile for Agriculture & Food in the United Kingdom: 1994-1998

	1994	1995	1996	1997	1998
Agricultural Land Use *(thousand hectares)*					
▪ Total area on agricultural holdings	17,626	17, 520	17,527	17,432	17,372
➢ Total crops	4,470	4,544	4,722	4,990	4,972
➢ Total tillage	4,516	4,586	4,759	5,020	5,005
➢ Total arable land	5,927	5,993	6,154	6,425	6,308
➢ Total Tillage & Grass	11,360	11,368	11,507	11,706	11,658
▪					
Total Cattle & Calves:	11,954	11,857	12,040	11,633	11,519
Total Sheep & Lambs:	43,813	43,304	42,086	42,823	44,471
Total Pigs:	7,892	7,627	7,590	8,072	8,146
Total Fowls: *(thousands)*	126,653	127,035	na	na	147,609
Workforce in Agriculture:					
▪ ('000 persons)	626	620	616	612	615 [1]
▪ As a % of total workforce in employment	2.4	2.4	2.3	2.3	2.3
Total Income from Farming: (£ million)	4,350	5,159	4,831	3,073	2,173
Hired Labour Costs Per Hour: (Regular whole-time workers aged 20 years and over)					(provisional)
▪ 1995=100	96.8	100.0	103.7	110.2	Na
Hired Labour Costs (£ million)					
▪ Total hired labour	1,819	1,822	1,863	1,915	1,945
Agriculture's contribution to Gross Domestic Product:					(provisional)
▪ At current price (£ million)	9,180	10,084	9,782	8,217	7,298
▪ Volume index (1995=100)	100.7	100.0	101.6	103.5	102.3
▪ % of national GDP (current prices)	1.6	1.7	1.5	1.2	1.0
Imports of food, feed & drink:					(provisional)
▪ (£ million)	14,767	16,257	17,766	17,170	17,114
▪ % of total UK imports	9.9	9.7	9.7	9.1	9.0
Exports of food, feed & drink:					(provisional)
▪ (£ million)	8,977	9,974	9,974	9,924	9,185
▪ % of total exports	6.7	6.5	6.0	5.8	5.6

na – not available

[1] 1998 Census had fundamental changes to labour questions. This has led to the recording of additional labour and a redistribution of labour between categories, most notably salaried managers. Therefore caution is advised when comparing 1998 figures with previous years.

• Overview of Agriculture in the UK

Current Importance - Agriculture is the major user of rural land, more particularly, farming is essential to the rural economy and it is estimated that approximately 20% of the UK population live in rural areas. Farming is the main producer of the nation's food supply, and contributes to the nation's exports and balance of trade. Agriculture's contribution to GDP in 1998 was £7,298 *billion (provisional figures)*, this represents 1.0% of GDP. The agricultural sector is also a major employer with 615,000 directly employed in this sector, or 2.3% of the population. Agriculture also generates substantial additional employment through ancillary industries and indirectly through tourism activities.

Agricultural Trends - Agriculture's relative importance in the economy has declined significantly, in both the UK and in most EU countries, with agriculture's share of GDP falling. As household incomes rise over time, expenditure on food tends to rise more slowly, with more recently a switch towards higher quality and more extensively processed foods. UK farming however, has been successful in sustaining steady productivity growth; with labour productivity having more than doubled since 1973. The total workforce has declined by 20% over the past twenty years, accompanied by a shift in composition with part-timers becoming more important. Part-time workers now account for over 30% of the workforce. Increased productivity has also in part been achieved by increased utilisation of other factors such as machinery and materials. Re-structuring has also contributed to improved productivity, along with technological developments. Additionally, increases in enterprise size have also helped to exploit economies of scale, although these are constrained by the type of farming and its structure of production.

Diversification - Recent trends have also included diversification into non-farming activities, for example, a significant number of farmers now earn income from employment or self-employment on off-farm activities. Currently, nationally more than 60% of farmers (and spouses) in England have some form of off-farm income. However, opportunities for diversification will also vary between different locations and types of farms.

Table 2 - Off-Farm Income of Farmer & Spouse by Type of Income, England

	Level of Off-Farm Incomes			
Source of Income:	*Zero*	*Up to £5,000*	*£5,000 to £10,000*	*Over £10,000*
	Percentage of Farms			
Employment	85%	5%	5%	4%
Self-employment	91%	5%	2%	2%
Investment	61%	32%	4%	3%
Pensions	93%	6%	2%	-
Social Payments	81%	19%	-	-
Other	93%	6%	1%	1%
All sources of off-farm income	39%	37%	12%	12%

Source: Farm Business Survey

• The Present Economic Position of UK Farming

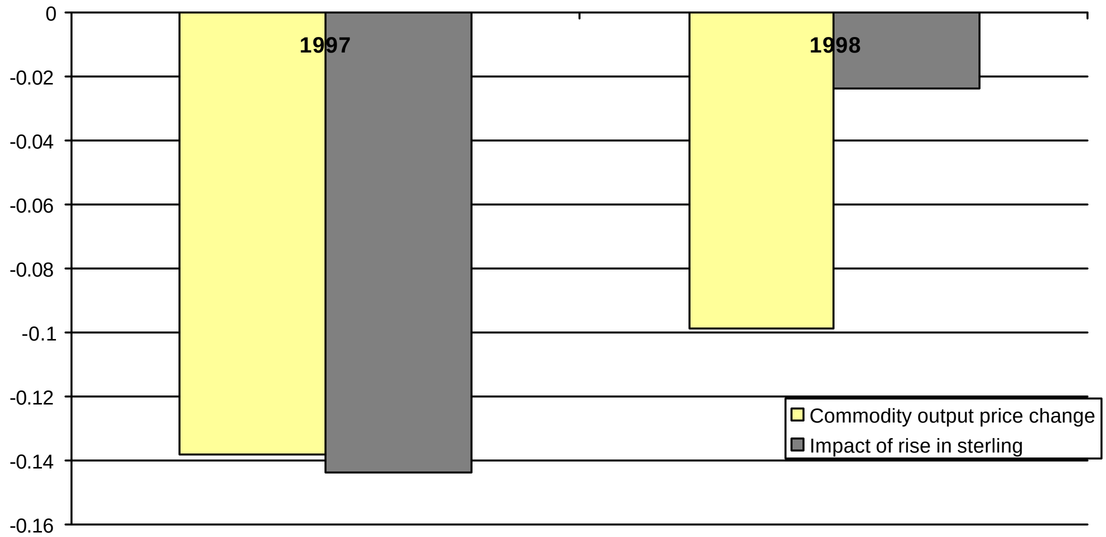
Introduction

MAFF produce an annual report for the UK Agriculture sector, the latest being 1998. This report gives a comprehensive overview of the Agricultural sector within the United Kingdom. It gives detailed statistics and a thorough review of the fortunes, issues and policy developments affecting the agricultural sector.

UK farming has, and is still, undergoing re-structuring. This re-structuring has helped to boost productivity, and until the recent economic crisis, sustain the real level of incomes per head in farming.

1998 Total Income from Farming (TIFF) - represents the returns to the entrepreneurial capital and labour of farmers, their families and partners. Between 1996 to 1998, total income from farming fell to historically low levels. A fall of 58% occurred over the two years, although from a historically high level in 1995. Between 1996 to 1997, the fall in TIFF resulted from a fall in the value of outputs, which was partly offset by a fall in input costs. Although, a similar pattern was in evidence between 1997 to 1998, 1997 also saw a strengthening exchange rate.

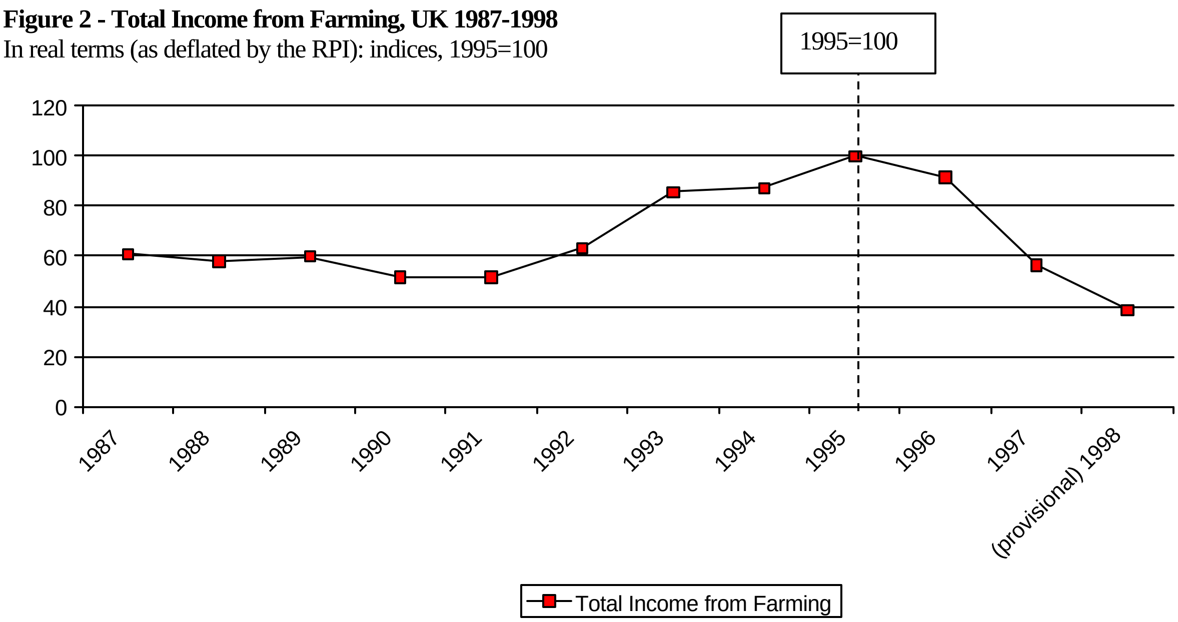
Figure 1 - Price Effects and Exchange Rate Impact



Source: Agricultural Price Index

Latest figures for 1998 of the income from agriculture to farmers, partners, directors, spouses and family workers, is provisionally estimated to have fallen by **32%** in real terms (29% at current prices), in comparison to 1997. This substantial fall in incomes is again due mainly to lower prices for most major commodities.

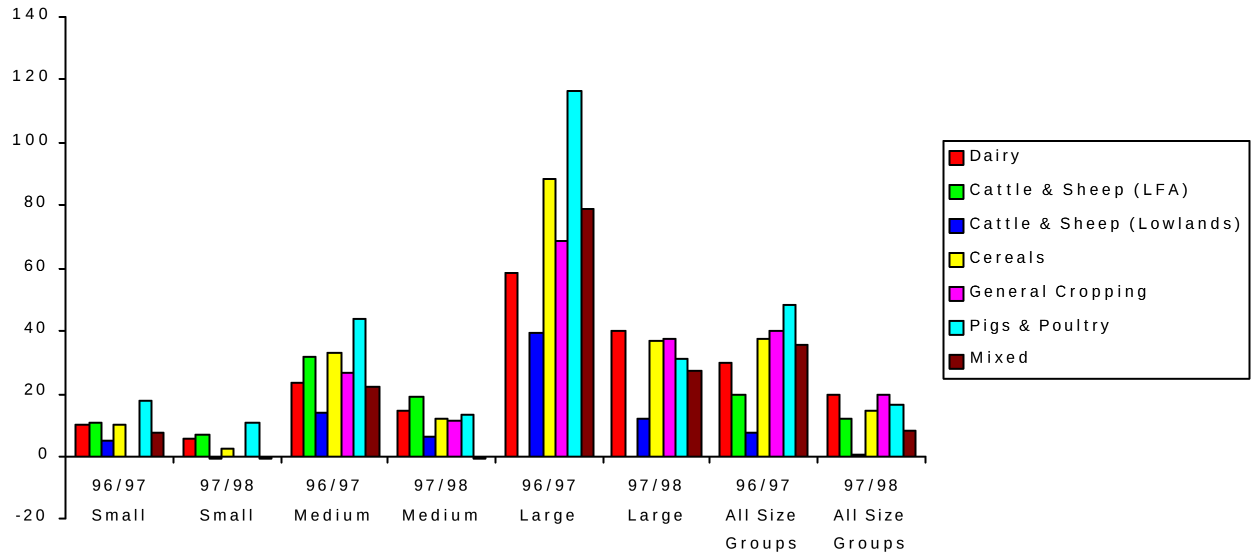
Figure 2 - Total Income from Farming, UK 1987-1998
In real terms (as deflated by the RPI): indices, 1995=100



The fall in incomes has affected most types of farms, although over time, income volatility has been greater for some types of farms. Those types of farms more affected are pigs and poultry, general cropping and cereal farms.

Figure 3 - Net Farm Income by Type & Size - England 96/97 & 97/98

(£000's per farm)

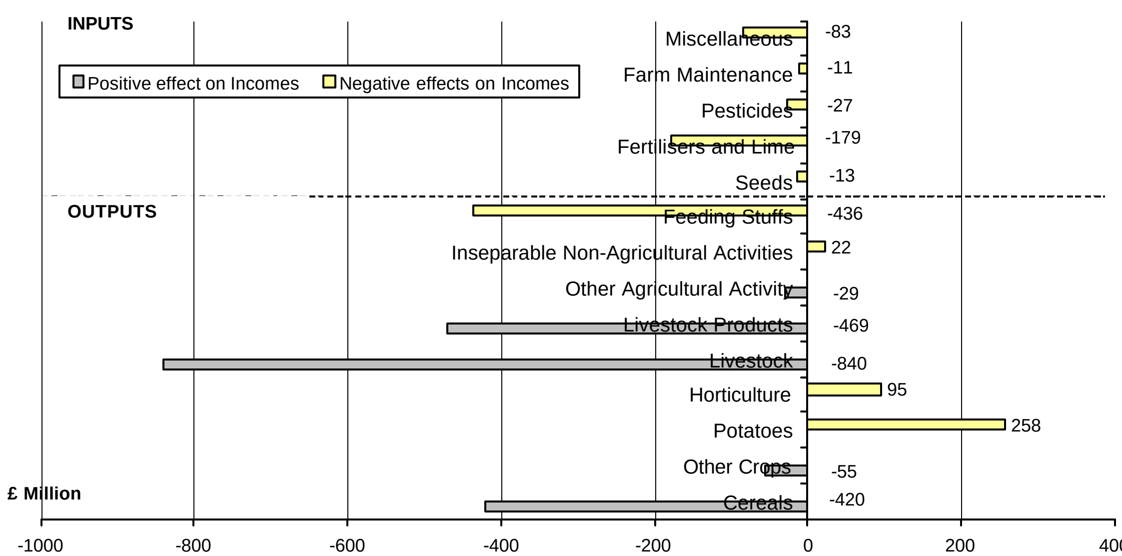


Source: Farm Business Survey

Input Costs - Farmers generally benefited from lower input costs and, in particular, from lower fertiliser and feed prices. The cost of the industry's intermediate consumption was 8% or £0.75 billion lower. The industry's interest payments were 16% higher and the cost of hired labour rose by 2% despite a slight decrease in the overall amount of time worked.

Output Value - The value of all commodities fell by £1.68 billion or 9%, this was due largely to lower prices received by farmers for all main commodities. The main reasons for the fall in prices in 1998 have been the oversupply of commodity markets, economic difficulties in Russia and Asia and the strength of sterling. The strength of sterling also impacted on the value of EU subsidies paid, these fell by £322 million or 10% in 1997.

Figure 4 - Changes in Outputs and Inputs, UK 1987-1998
Changes in value of outputs and inputs between 1997 and 1998 (provisional)



Source: MAFF

Gross Product - was 11 percent lower due to the reduction in the value of outputs far outweighing the reduction in the cost of inputs.

Fixed capital stock - Figures on the gross stock of fixed capital (excluding land) available to the agricultural industry give a broad indication of the industry's productive capacity. At the end of 1997, the fixed capital stock (valued at 1995 prices) was estimated at £34,100 million, virtually unchanged on the previous year. However, the 1997 capital stock was around 2% below the 1976-89 average level. This was the result of a virtually unchanged stock of buildings and works and a reduction in the stock of plant and machinery partly offset by a small increase in vehicles.

Agrimoney - The strength of Sterling continued in the early part of the year. This, alongside a weakening of the Deutchsmark and other EU currencies, led to four revaluations of the Sterling green rate, amounting to a change of -14.1% during 1997. The Agriculture Council agreed measures to offset the potential income effects resulting from these changes. In the UK these measures maybe worth £400 million to farmers between 1997 to 1998. Under other EU rules the UK was authorised to pay £980 million over three years, in respect of sterling green rate revaluation's during 1997.

During 1998 the Commission put forward proposals for a radical revision of the agrimonetary system. Since the single currency was launched, CAP payments have been made in euros. This means the 'green-rate' system has been abandoned, now daily market rates are used to convert CAP payments into national currencies in the four countries not in the single currency i.e. UK, Denmark, Sweden and Greece.

Future Economic Developments - The combination of circumstances that has brought about the present economic situation are likely to unwind, at least in part, over the medium term.

- *Exchange rate movements* will influence domestic prices, since autumn 1996 sterling appreciated rapidly. However, future exchange rate prospects are difficult to predict currently given the recent introduction of the single currency (EURO) in January 1999. Despite the uncertainty, most published forecasts suggest some unwinding of the recent appreciations, and a decline in sterling is expected in the next few years.
- *World market prices for agricultural commodities* have been far less buoyant in 1998 than during the mid-90s, when prices were unusually high. The Far East slow-down has been an important contributory factor in keeping prices depressed. Predictions for future prices also remain uncertain. However, main forecasting organisations continue to suggest some growth in prices over the medium term.
- *Consumer preferences* will also shape individual sectors; for example, the decline in red meat consumption, and the rise in demand for free range and organic produce.
- *Impact of Agenda 2000 reforms*, these will reduce the level of market price support in the cereals, beef and dairy sectors, but will simultaneously increasing direct payments to farmers.

Therefore, although forecasts predict some lessening of the unfavourable trading conditions now faced by the agricultural sector, the favourable conditions seen in the mid-90s (low sterling, and high world commodity prices) are unlikely to return.

Marketing & Competitiveness - It is well understood that to maintain and boost competitiveness the agri-food industry requires; a well-trained workforce, effective marketing practices, and wider identification and adoption of best practices. To this end MAFF and NFU have collaborated on a major new initiative to stimulate interest in collaborative marketing. MAFF is also involved in a number of other initiatives, for the example; it supports 'Food for Britain' regional speciality food scheme. Also the Institute of Grocery Distribution Food Project, this brings together the executives of over 100 companies & industry groups to distill knowledge and expertise to help enhance the UK competitiveness.

KEY POINTS : Agricultural Economy - National

- UK farming has undergone, and is still undergoing major re-structuring.
- Agriculture is a diverse and efficient industry, but it is going through a period of economic crisis, resulting in major income loss and job loss.
- Falling output prices, fluctuating input costs, exchange rate movements and the impact of Agenda 2000 CAP reforms have resulted in a 58% fall in total income from farming between 1996-98.
- Farm types more affected by income volatility are pigs and poultry, general cropping and cereal farms.
- The forecasts predict some lessening of unfavourable trading conditions, but no return to the boom time in the mid 90s when farm incomes were at an historical high due to high world commodity prices and low sterling.
- To maintain and boost competitiveness the agri-food industry requires a well-trained workforce, effective marketing practices, and wider identification and adoption of best practices.

Agricultural Economy - Leicestershire

• Introduction

The following analysis of Leicestershire's agricultural sector is based on the MAFF Census statistics. Figures are currently available for the County up to the 1997 Census, the 1998 figures will be released in the first half of 1999. The trend analysis therefore covers the period 1994-1997.

• Summary Table - Leicestershire's Agricultural Structure at a Glance, June 1997

Table 3 - Agricultural Statistics for Leicestershire County (Incl. Rutland), June 1997

LAND USE	***Holdings***	***Hectares***	***Area as a % of England***
Total Agricultural Area	**2,800**	**192,438**	**2.1%**
Total Cereals	**1,295**	**77,103**	**2.6%**
Wheat	1,092	53,874	2.8%
Barley	862	20,173	2.1%
Other Cereals	279	3,056	3.5%
Crops Mainly for Stockfeed			
Peas for Harvesting Dry	77	1,466	1.5%
Field Beans	232	4,397	4.5%
Other Crops for Stockfeed	254	2389	1.7%
Other Arable Crops			
Potatoes	116	1,036	0.8%
Sugar Beet	43	887	0.5%
Oilseed Rape	518	15,484	4.1%
Other Arable Crops	102	1,876	1.9%
Horticultural Crops			
Vegetables	29	47	0.0%
Orchards & Small Fruit	36	122	0.3%
HNS, Bulbs & Flowers	47	236	1.8%
Glasshouse Area	53	16	0.7%
Grassland & All Other Land			
Grass Under 5 Years Old	922	15,586	2.1%
All Other Grassland	2,447	58,609	1.7%
All Other Land	1,627	13,186	1.8%
LIVESTOCK	***Holdings***	***Number***	***Number as a % of England***
Total Cattle & Calves	**1,527**	**145,603**	**2.3%**
Dairy Herd	435	33,938	2.0%
Beef Herd	682	14,611	1.8%
Total Pigs	**145**	**68,237**	**1.0%**
Breeding Herd	94	4,383	0.7%
Total Sheep & Lambs	**943**	**411,401**	**2.1%**
Breeding Flock	894	177,423	2.0%
Total Fowls	**n/a**	**n/a**	**n/a**
Laying Flock	n/a	n/a	n/a
Table Fowls	n/a	n/a	n/a
LABOUR	***Holdings***	***Number***	***Number as a % of England***
Total Labour Force	**2,361**	**6,836**	**1.7%**
Farmers, Partners & Directors	2,282	3,119	1.9%
Regular Full-time Workers	639	1,366	1.7%
Regular Part-time Workers	387	814	2.0%
Seasonal or Casual Workers	353	714	1.2%
ANALYSIS BY TOTAL AREA	***Holdings***	***Total Area (Hectares)***	***Area as % of Total***
Under 20 ha	1,065	9.046	4.7%
20 to <100 ha	1,152	57,392	29.8%
100 to <300 ha	493	81,333	42.3%
300 ha and over	90	44,566	23.3%
Total	**2,800**	**192,438**	**100.0%**

Source: MAFF, June 1997 Census of Agriculture

Analysis by Farm Type	Holdings	Total Area (Hectares)	Area as % of Total
Dairying	296	20,947	10.9%
Cattle & Sheep	789	27,603	14.3%
Cropping	720	100,191	52.1%
Pigs & Poultry	72	918	0.5%
Horticulture	71	756	0.4%
Mixed & Other Types	852	42,024	21.8%
TOTAL	**2,800**	**192,438**	**100.0**

Source: MAFF, June 1997 Census of Agriculture

• Leicestershire's Farm Tenure

Table 4 - Land Tenure, by Hectares & Percentage of Agricultural Land, 1994-1997

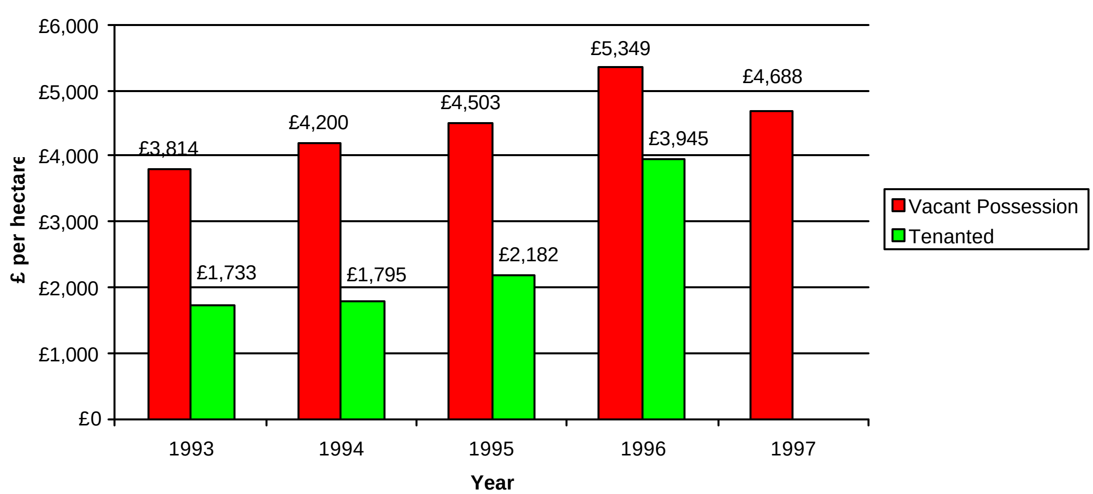
Tenure	1994	%	1995	%	1996	%	1997	%
• *Land Rented*	75,352 ha	38%	72,035 ha	37%	69,087 ha	36%	70,240 ha	37%
• *Land Owned*	122,890 ha	62%	122,080 ha	63%	124,092 ha	64%	122,198 ha	63%
Total Area on Holdings	**198,242 ha**	**100%**	**194,115 ha**	**100%**	**193,179 ha**	**100%**	**192,438 ha**	**100%**

Source: MAFF, June 1997 Census of Agriculture

Owner-Occupied Land - Over the period 1994-97 the total area on Leicestershire's agricultural holdings, in terms of hectares, fell by 5,804 ha, representing a 3% decrease. The proportion of agricultural land owner-occupied has remained consistent, in 1997 it accounted for 63% (122,198 ha) of agricultural land within the county. This is slightly below the proportion seen nationally at 65% (469,311 ha), but above the regional proportion of 62% (3,218,287 ha), as of June 1997.

National Agricultural Land Prices[2] - Only a small proportion of total area of farmland is sold in the UK in any year. Therefore, average land prices need to be treated with caution due to the small sample base, possibly resulting in wide fluctuations in prices year to year. With that caveat in mind, the average price of land sold with vacant possession decreased by 12% in England between 1996-97. The average land price for the tenanted sector is not available for 1997.

Figure 5 - Average Agricultural Land Prices in England, 1993-1997



Source: Inland Revenue

[2] England is the lowest geography that information on average land prices & rents is available.

Rented Land - Of the remaining 37% or 70,240 hectares of rented agricultural land within Leicestershire during 1997 approximately 15%[3] (10,497 ha) was land rented to another person for seasonal purposes such as cropping, hay making or grazing. The Agricultural Tenancies Act 1995 was introduced to provide a simplified legal framework for farm business tenancies, the aim being to encourage more letting of agricultural land. Clearly, if there is a substantial area of agricultural land seasonally rented on a short-term basis, this will have implications for long-term planning by tenants and landowners. It will also have implications for policy makers responsible for ensuring Leicestershire has a cohesive and sustainable land management strategy. Currently, land rented for seasonal purposes represents approximately 5% of total agricultural land within the county.

Farm Rents - Average rent prices only relate to those tenancies of a year or more duration. Provisional results for 1998 indicate average rent (per hectare) increased by 7.8% in England, in line with the national picture (GB), at 8.4%.

• Leicestershire Farm Holdings by Size

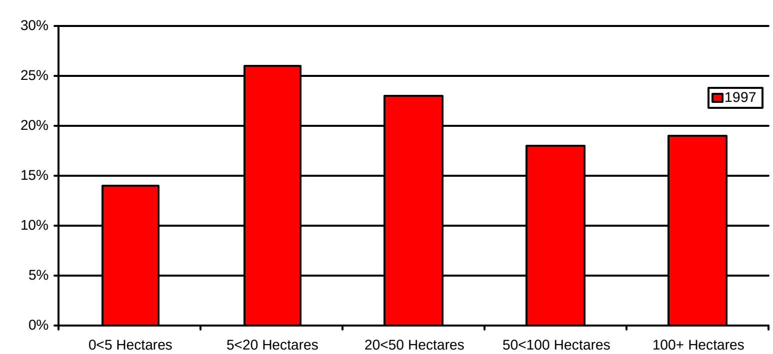
The continued shift towards larger holdings can be seen in table 5, only the sizeband 100 plus hectares showing an increase of 7% between 1994-97. The 100+ sizeband represented 19% of all holdings in 1997, an increase of 3% from 1994. In contrast, smallholdings (0-5 hectares) have fallen by 24%, in 1997 represented 14% of total holdings, down from 17% in 1994. Increases in enterprise size have helped exploit economies of scale. Although the extent to which holdings has increased, vary between sectors, in part reflecting differences in the economic structure of production.

Table 5 - Size of Farm Holding by Hectares, Change between 1994-1997

Farm Holdings by Size	1994	1995	1996	1997	1997 Percentage	Change 1994-97 (Numbers)	% Change 1994-97
	Farm Holdings - Numbers						
0<5 Hectares	520	385	415	395	14%	-125	-24%
5<20 Hectares	735	760	730	720	26%	-15	-2%
20<50 Hectares	745	705	690	650	23%	-95	-13%
50<100 Hectares	545	535	495	490	18%	-55	-10%
100+ Hectares	505	505	530	540	19%	+35	+7%
Total Holdings	**3,050**	**2,890**	**2,860**	**2,795**	**100%**	**-255**	**-8%**

Data Rounded to the Nearest 5 Holdings
Source: MAFF, June 1997 Census of Agriculture

Figure 6 - Percentage of Holdings by Farm Size, 1997



[3] The figure for land rented on a seasonal basis should be treated with caution. MAFF have not reconciled the areas returned by farmers as let seasonally with the area returned by other farmers as 'rented seasonally'.

National Picture, Size of holdings & Enterprises - Nationally, the trend towards larger holdings continues. The percentage of total area on holdings with 100 hectares or more has increased from 66% in 1992 to 67.4% in 1997. The pig sector saw the percentage of enterprises with herds of a 100 or more rise from 79% in 1993 to 84% in 1998.

• Agricultural Land Use in Leicestershire

Table 6 - Type of Agricultural Land Use by Hectares, Change between 1994-1997

Land Use	**1994**	**1995**	**1996**	**1997**	**Change 1994-97 (Hectares)**	**% Change 1994-97**
	Hectares					
Total crops & fallow (tillage)	94,012	94,380	98,308	105,264	+11,252	+12%
Recent & temporary grassland (<5 yrs)	15,397	15,761	15,845	15,586	+189	+1%
Permanent grassland (>5 yrs)	63,767	60,701	59,692	56,850	-6,917	-11%
Rough grazing (sole rights)	2,340	2,442	1,840	1,759	-581	-25%
Farm Woodland	2,691	2,886	2,921	2,954	+263	+10%
Set-Aside	16,857	14,534	11,075	6,456	-10,401	-62%
All other land	3,179	3,410	3,498	3,569	+390	+12%
Total	**198,243**	**194,114**	**193,179**	**192,438**	**-5,805**	**-3%**

Source: MAFF, June 1997 Census of Agriculture

75% of the total area of Leicestershire is agricultural land. Table 8 shows there has been considerable shifts in type of land usage. In particular, the substantial drop in set-aside land between 1994 to 1997, a fall of 62%. The European Agriculture Council in June 1998 decided to increase the level of obligatory set-aside to 10% for the 1999 harvest. The Council also decided that penalty set-aside should again be waived in 1999. Additionally, rules on the production of industrial crops was simplified, producers no longer have to have a signed contract before sowing. However, Member States are required each year to set a representative yield for all intervention crops, rapeseed and sunflower seed.

Agri-Environmental Developments - The UK government has announced an additional £40 million to be made available over the next three years for improvements and enhancements to the major agri-environment schemes in England. From 1999 it is proposed:

- To enhance the payment rates under the Organic Aid Scheme;
- To introduce new upland options into Country Stewardship;
- Subject to the approval of the European Commission, to fund improvements to the six Environmentally Sensitive Areas (ESA) schemes.

Environmentally Sensitive Areas - The purpose of the environmentally Sensitive Area schemes is to protect and enhance the rural environment by encouraging environmentally beneficial farming practices where the landscape, wildlife and historic interest is of importance. At the end of 1998 over 18,000 farmers had signed ESA agreements in the UK, covering an area of 1.1 million hectares.

Countryside Stewardship Scheme - The scheme aims to sustain landscape beauty and diversity in England, to protect wildlife habitats, conserve archaeological sites and historic features, restore neglected land or features, and improve opportunities for people to enjoy the countryside. By the end of 1997 there were 7,390 agreements covering approximately 127,753 hectares. Payments covering these agreements is expected to total about £21.5 million in 1998/99.

Organic Aid Scheme (OAS) - Under the OAS some 71,520 hectares in England were placed into organic conversion by the end of the year. Total expenditure in the UK is expected to be £1.5 million for 1998/99.

Habitat Scheme - 1,337 farmers in the UK had entered this scheme by the end of 1998, covering 14,273 hectares of land. Payments are expected to total about £2.8 million in 1998/99. Proposals to integrate successful elements of the Habitat scheme with the Countryside Stewardship will be considered following the 1998 review of the scheme.

Farm Woodland Premium Scheme (FWPS) - This offers annual payments for 10-15 years to farmers planting new woodlands. Between April 1992 - September 1998, nearly 8,000 applications were approved, converting 51,000 hectares. This comprises 33% of arable land, 34% of improved grassland and 32% of unimproved grassland. Part of the National Forest is located within Leicestershire covering some North West areas of the county.

Nitrate Sensitive Areas (NSA) - NSA's in July 1998 were closed to new entries due to the Government's Comprehensive Spending Review, in order to release funds for other priority areas. Existing agreements will continue until they expire at the end of their five-year term.

Nitrate Vulnerable Zones (NVZs) - Measures to protect NVZs came into force on 19 December 1998. They include requirements for farmers to restrict the quantity and timing of applications of nitrogen fertilisers and livestock manures, and to keep records of such applications.

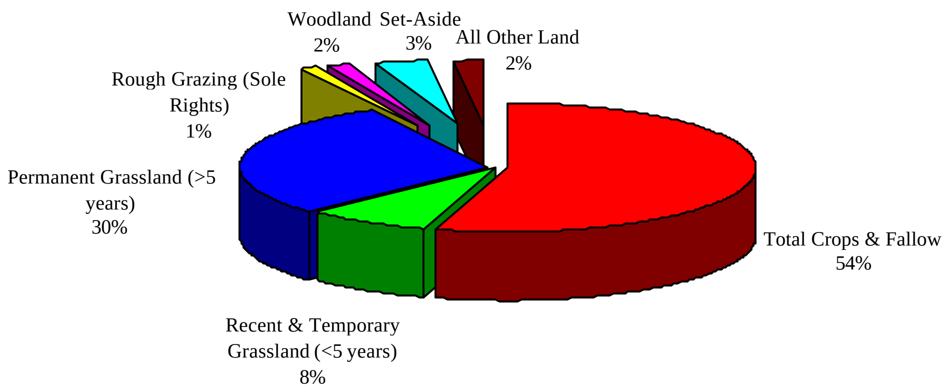
Organic Farming - Public concern has risen over the increasing use of intensive farming methods, chemical fertilisers, and pesticides. Although providing cost-effective food production, it is also believed to damage the natural environment and disturb the finely balanced eco-systems, leading to a reduction in bio-diversity. These concerns have led to an increasing demand for organically produced foods. Data gathered by MAFF on the number of organic producers in the East Midlands on the UK Register of Organic Food Standards shows a total of 98 registered organic farms in the region, of which **21** are in **Leicestershire**.

UK producers have over recent years been unable to meet demand, it is estimated that around 75% of organic produce sold in the UK is now imported. The size of the organic market within the EU had an estimated worth of £5 billion in 1997, with the UK share being only £260 million. A Mintel survey, published in 1997 indicated that retail sales of organic meat had grown by 189% and dairy by 250% between 1992 and 1996. Forecasts suggest that organic production could represent 10% of production by 2005.

Conservation Issues/Bio-diversity Losses In Leicestershire - Farmland is the most widespread land use in Leicestershire & Rutland. Due to rapid production changes, losses in bio-diversity both nationally and locally have occurred. For example, since 1970, around three-quarter of wetlands and marshes have been destroyed in Leicestershire, and eighteen species of farmland birds that used to breed in the area no longer do so. Additionally, old grasslands have become rare, according to the Leicestershire & Rutland Wildlife Trust (LRWT) only nine sites are now left in Rutland. The current threats to wildlife include, chemical fertilisers, destruction of hedgerows, destruction of old buildings/natural habitats, and the development of the land for commercial/residential use.

In response to these threats a Leicestershire 'Bio-Diversity Action Plan' (BAP) has recently been produced which has designated many specific habitats, flora and fauna as a priority.

Figure 7- Agricultural Land Use in Leicestershire, 1997



Source: MAFF, June 1997 Census of Agriculture

• Cropping in Leicestershire

Overall, the period 1994-97 saw an increase of 11,255 hectares employed in cropping production, representing a 12% increase in area.

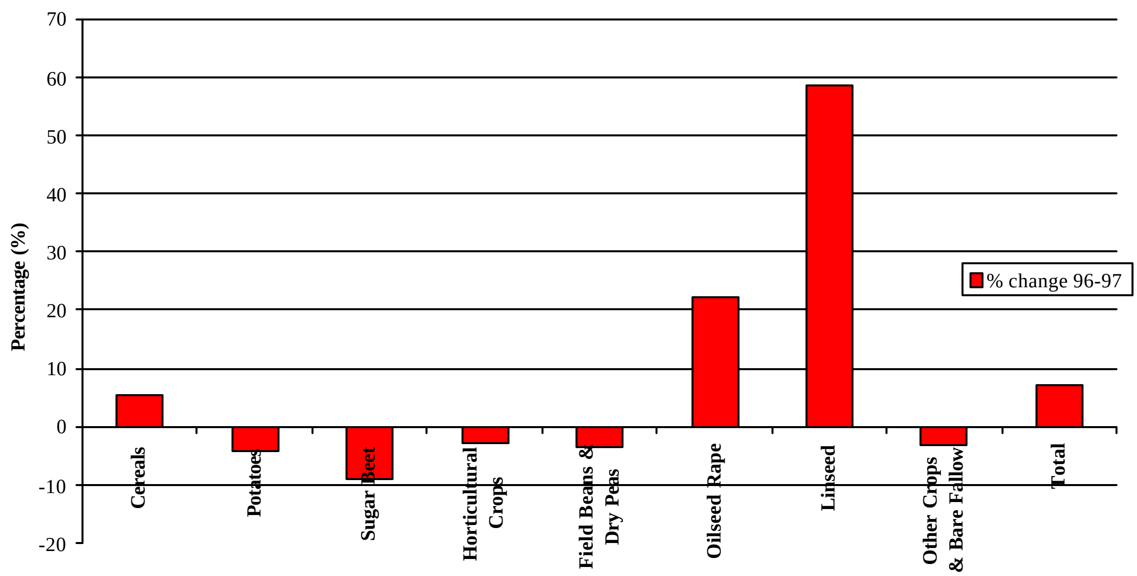
In 1997 40% of Leicestershire's agricultural area was under cultivation growing Cereals, with 11,514 more hectares employed in cereal cultivation in 1997 than in 1994. Wheat accounts for 70% of the hectares employed in growing cereal crops. Other crops to display an expansion of land devoted to their cultivation are, oilseed rape (+1,782 ha), and linseed (+183 ha). The remaining crops saw a reduction in hectares used for their cultivation. In particular, field beans and dry peas area reduced by 2,061 hectares between 1994-97, representing a 26% reduction in the area used for their cultivation. Other non-cereal crops such as potatoes, sugar beet, horticultural crops are relatively insignificant within the county.

Table 7 - Type of Cropping by Hectares, Change between 1994-1997

Cropping	1994	1995	1996	1997	1997 Percentage	Change 1994-97 (Hectares)	% Change 1994-97
	Hectares						
Cereals	65,589	69,332	73,036	77,103	73.2%	+11,514	+18%
Potatoes	1,084	977	1,080	1,036	1.0%	-48	-4%
Sugar Beet	920	971	975	887	0.8%	-33	-4%
Horticultural Crops	519	436	434	421	0.4%	-98	-19%
Field Beans & Dry Peas	7,924	6,053	6,075	5,863	5.5%	-2,061	-26%
Oilseed Rape	13,702	12,467	12,678	15,484	14.7%	+1,782	+13%
Linseed	1,276	1,009	919	1,459	1.4%	+183	+14%
Other Crops & Bare Fallow	2,997	3,135	3,113	3,013	2.9%	+16	+0.5%
Total	**94,011**	**94,380**	**98,310**	**105,266**	**100%**	**+11,255**	**+12%**

Source: MAFF, June 1997 Census of Agriculture

Figure 8 - Change in Crop Areas, Percentage Change Between 1996-1997



Source: MAFF, June 1997 Census of Agriculture

National Picture - Nationally, the 1998 Census showed a small decrease of crops in the UK. Cereals fell by 2%, the largest shift being from barley to non-set aside oilseed rape and linseed, these having increased by 104% and 42% respectively. The output value of cereals along with all almost other commodities fell by £420 million, representing a 14% drop on the previous year. Potatoes output value increased by £258 million (67%), the high prices more than compensated for the poor harvest. Horticultural products saw a 5% rise in output value, or an increase of £95 million.

Alternative Crops/Environmentally Sensitively Farming - The Government has been actively promoting the development of alternative crops, and is committed to encouraging environmentally sensitive farming, through working with conservation and farming organisations to improve the efficiency and targeting of agri-environment schemes. Energy crops have the potential to make a significant contribution to UK greenhouse gas reduction. The Alternative Crops Unit (ACU) alongside the DETR, DTI and other departments is developing a UK policy on the response to climate change issues and renewable energy targets.

Genetically Modified (GM) Crops - In response to public concern about the possible impact of GM crops, Ministers announced in October 1998 that agreement had been reached with the plant breeding industry. Planting of GM crops to be strictly limited and subsequently evaluated for ecological effects alongside comparable plantings of conventional crops.

• Livestock in Leicestershire

Table 8 - Type of Livestock, Change between 1994-1997

Livestock	1994	1995	1996	1997	Change 1994-97 (Numbers)	% Change 1994-97
	Numbers					
Cattle:						
Dairy Herd	38,044	35,330	35,449	33,938	-4,106	-11%
Beef Herd	13,720	14,557	14,452	14,611	+891	+6%
Beef Herd Replacements	19,768	18,630	21,763	21,018	+1,250	+6%
Other Cattle over 1 Year	44,572	44,515	43,764	38,737	-5,835	-13%
Cattle & Calves Under 1 Year	40,861	42,309	41,601	37,299	-3,562	-9%
Total Cattle & Calves	**156,965**	**155,341**	**157,029**	**145,603**	**-11,362**	**-7%**
Pigs:						
Breeding Sows & Gilts in Pig	5,482	4,501	4,320	4,383	-1,099	-20%
All Other Pigs	75,774	70,085	72,266	63,854	-11,920	-16%
Total Pigs	**81,256**	**74,586**	**76,586**	**68,237**	**-13,019**	**-16%**
Sheep:						
Breeding Ewes	185,496	172,842	177,056	177,423	-8,073	-4%
Lambs Under 1 Year	245,291	230,197	214,178	223,107	-22,184	-9%
Other Sheep	11,854	19,241	12,677	10,871	-983	-8%
Total Sheep	**442,641**	**422,280**	**403,911**	**411,401**	**-31,240**	**-7%**
Goats:						
Total Goats	**476**	**415**	**387**	**391**	**-85**	**-18%**
Total Livestock	**681,338**	**652,622**	**637,913**	**625,632**	**-55,706**	**-8%**

Source: MAFF, June 1997 Census of Agriculture

Overall, the total number of livestock[4] in Leicestershire fell by 55,706, representing an 8% decrease during the period 1994-97. Over half of this fall (56%) can be accounted for by a 31,240 decrease in the number of sheep within Leicestershire.

Cattle & Calves - Cattle and calves accounted for almost a quarter (23%) of Leicestershire's livestock in 1997. Overall, the number of cattle and calves in Leicestershire fell by 11,362 over the period 1994-97. The entire fall occurred between 1996-97, before that year numbers had remained static. The largest fall was in 'other cattle over one year', with a decrease of 5,835 between 1994-9. The substantial fall in this category can probably be attributed to the problem of BSE. The next largest fall was a 4,106 decrease in the number in the dairy herd, and a 3,562 fall in cattle and calves under one year.

Pigs - Leicestershire's pig population fell by 13,019 from 81,256 in 1994 to 68,237 in 1997, this represented a 16% decrease. In 1997, pigs accounted for 11% of Leicestershire's livestock.

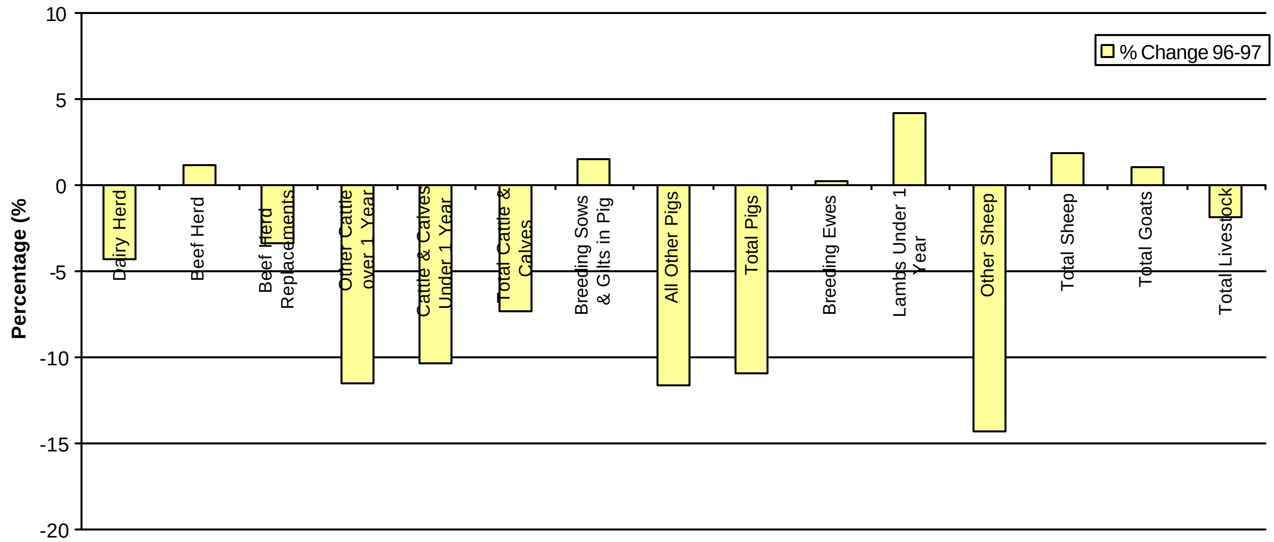
Sheep - Sheep and lambs account two thirds of Leicestershire's livestock. Sheep and lambs fell by 7% between 1994-97, with a decrease of 31,240; lambs under one year accounted for 22,184 of the overall fall.

Goats - Goats only account for 0.1% of Leicestershire's livestock, but saw an 18% decrease in numbers during 1994-97.

Poultry - In 1995 there were 911,172 fowls in Leicestershire. Numbers are not available after 1995. MAFF suppressed numbers due to problems of accuracy.

[4] Livestock numbers and percentages exclude poultry due to the suppression of figures after 1995 due to measurement problems identified by MAFF.

Figure 9 - Change in Livestock, Percentage Change Between 1996-1997



Source: MAFF, June 1997 Census of Agriculture

National Livestock numbers - Between 1997 to 1998 the total cattle population fell by 1%, however, an increase of 5% was recorded for the beef-breeding herd. Although, the dairy breed fell by 2% continuing the downward trend of recent years, which is a product of increasing milk yield. The sheep breeding flock increased by 3% and the number of pigs increased by 2% between 1997-98.

National Output Prices of Livestock:

- *Beef* - The value of beef production was 14% (£326 million lower) when compared to 1997. This was due to lower market prices and lower subsidies, in particular a lower rate for the Over Thirty Month Scheme.
- *Sheep & Lambs* - £57 million lower (-5%), despite the increase in sheep subsidy payments of £134 million. This was as a result of lower prices caused in part by the wet summer and by the collapse of the market in Russia including that for sheepskins.
- *Pig* - Production costs were 1% higher, however, prices fell by 28% because of oversupply.
- *Milk* - Production decreased by 14% (-£431 million) due mainly to reductions in the prices farmers received.

Beef Intervention - Ministers gave an undertaking to make best use of intervention mechanisms to best support the beef market, following its collapse during 1996. Consequently, in 1997 about half of the UK's saleable beef was covered by intervention during 1997. During 1998, intervention buying reduced dramatically compared to the high levels of purchasing in 1997 and 1996.

Animal Welfare/Transportation of Livestock - The 'Treaty of Amsterdam' included protocol on animal welfare, recognising animals as sentient beings. In February 1998, agreement was reached on new Community wide standards for vehicles travelling over eight hours by road, sea or air; these will have to be implemented by 1 July 1999. A consultation paper was issued detailing proposals for new arrangements for animals being exported for slaughter or fattening on the continent. The aim of the proposals is to ensure transparency and independent checking arrangements to ensure animals are healthy and fit to travel.
The Agriculture Council also reached agreement on a directive on the protection of farm animals. This lays down minimum welfare standards, consultations on draft regulations are taking place, and these will be in place by the end of the year.

BSE - The announcement in March 1996 that there might be a link between BSE and CJD in humans led to a significant loss of consumer confidence. However, since then there has been a steady recovery in household consumption of beef throughout 1997, but levelled out in 1998 to around 50% penetration of households from a low of 40% in 1996. By March 1998, the UK had met all the preconditions of the 'Florence Agreement', for lifting the ban on bovine exports from the UK. Additional assistance was given to the beef sector to help with the costs of compliance and to compensate for the animals selected for slaughter. An additional £49 million was made to suckler cow producers and £29 million to beef finishers in 1997. Legislation for the compulsory slaughter of offspring of BSE affected cattle came into force on 4 January 1999. Below is the current status of the programmes and systems put in place to meet the 'Florence Agreement':

- *Selective Slaughter Programme* - This is near completion, the aim being to reduce the number of future cases of BSE through identification and slaughter. The scheme targets those categories considered to be most at risk of infection.
- *Cattle Tracing System* - The Florence Agreement required the UK to set up an effective animal identification and movement recording system. The cattle tracing system introduced in September 1998 is computer-based, holding information on cattle from birth to death, the British Cattle Movement Service (BCMS) runs it, an organisation within MAFF.
- *Over Thirty Months Slaughter Scheme* - This allows the Government to buy cattle over 30 months that can not be marketed due to the ban. The Government then undertakes slaughter and disposal of the animal. During 1998, 890,000 cattle were slaughtered under this scheme, bringing it to a total of 2.9 million since May 1996. Payments to producers were close to £291 million during 1998.
- *Specified Bovine Material (SBM)* - National controls on slaughterhouses for the removal of SBM have been strengthened and extended to include sheep and goats. There is no EU wide agreement on SBM controls, therefore in the UK they are governed by the Specified Risk Material Regulations 1997.
- *Specified Risk Material (SRM)* - The Meat Hygiene Service (MHS) rigorously enforces SRM controls. Monitoring of enforcement has shown that there is almost 100% compliance of SRM controls in slaughterhouses.
- *Export Certified Herds Scheme (ECHS)* - The resumption of beef exports under ECHS has been a top priority for the Government. The Commission inspected the practical arrangements and were satisfied, they gave 1 June 1998 as the date from which exports could resume.
- *Decline in BSE Cases* - The decline in the number of BSE cases is still in evidence, reflecting the impact of measures taken. Now approximately 70 suspect cases are reported per week, compared to 1,000 at its peak in 1993.

Bovine Tuberculosis - Tuberculosis in recent years is an increasing problem. August 1998 saw the announcement of a five-point strategy for controlling bovine tuberculosis:

1. Improved liaison with the Department of Health to monitor the incidence of bovine tuberculosis in humans.
2. Regular testing of cattle herds to detect infection and prevent the spread of tuberculosis by slaughter.
3. A research programme of vaccine development.
4. Other research programme to improve knowledge of the disease and its transmission between cattle and other species.
5. Badgers were identified in the Krebs report as a significant source of infection in cattle, a trial is to take place into the effectiveness of various badger culling policies.

• Farm Holdings by EC Type in Leicestershire

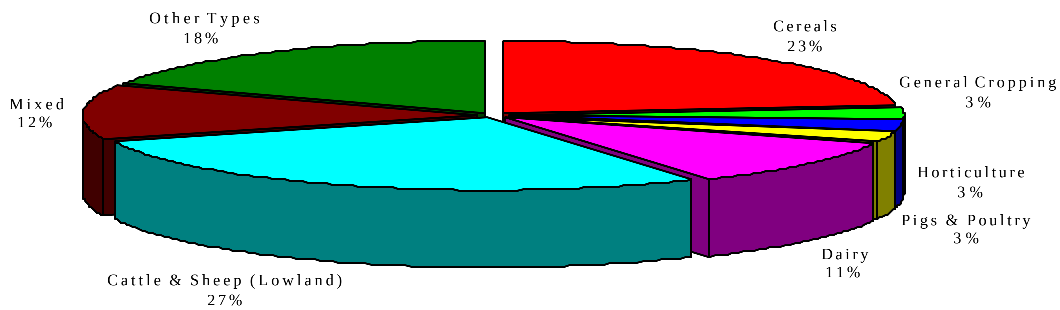
Overall, the number of farm holdings fell by 8% during the period 1994-97, in 1997 there were 2,800 holdings, down from 3,055 in 1994. All farm types, with the exception of cereals, saw a fall in holding numbers between 1994-97. Cattle & sheep holdings are the single largest holding type with 790 holdings in 1997, accounting for 27% of all farm holdings in 1997. However, this holding type saw an 11% decrease over the period in question.

Table 9- Holdings by EC Farm Type, Change between 1994-1997

Holdings Type	1994	1995	1996	1997	Change 1994-97 (Numbers)	% Change 1994-97
	Farm Holdings - Numbers					
Cereals	615	615	625	645	+30	+5%
General Cropping	95	80	80	75	-20	-21%
Horticulture	75	75	70	70	-5	-7%
Pigs & Poultry	80	65	65	70	-10	-13%
Dairy	345	320	315	295	-50	-14%
Cattle & Sheep (Lowland)	885	845	815	790	-95	-11%
Mixed	380	360	340	335	-45	-12%
Other Types	575	530	550	515	-60	-10%
Total Holdings	**3,055**	**2,890**	**2,860**	**2,800**	**-255**	**-8%**

Data Rounded to the Nearest 5 Holdings
Source: MAFF, June 1997 Census of Agriculture

Figure 10 - Percentage of Farm Holdings by Type, 1997



Source: MAFF, June 1997 Census of Agriculture

- ## Agricultural Employment in Leicestershire

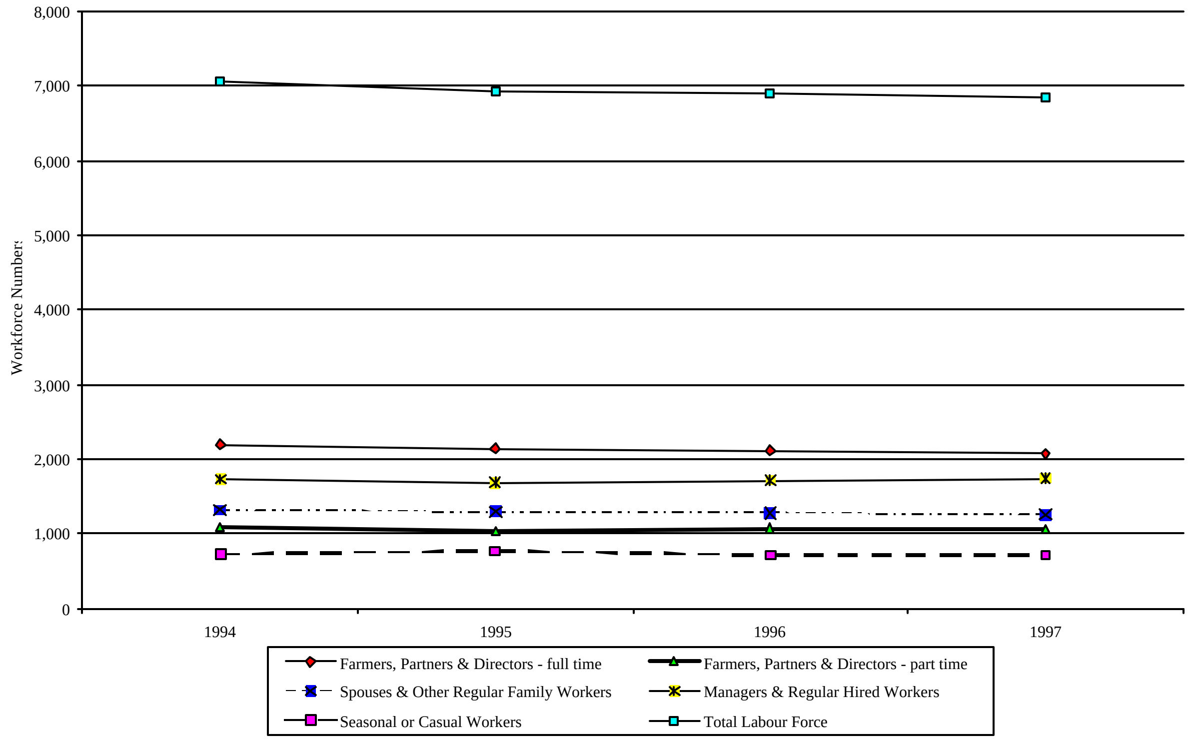
Table 10 - Labour Force, Change between 1994-1997

Labour Force	1994	1995	1996	1997	Change 1994-97 (Numbers)	% Change 1994-97
	Numbers					
Farmers, Partners & Directors - full time	2,197	2,137	2,108	2,070	-127	-6%
Farmers, Partners & Directors - part time	1,085	1,040	1,073	1,049	-36	-3%
Spouses & Other Regular Family Workers	1,318	1,293	1,279	1,262	-56	4%
Managers & Regular Hired Workers	1,732	1,680	1,716	1,741	+9	+0.5%
Seasonal or Casual Workers	726	769	711	714	-12	-2%
Total Labour Force	**7,058**	**6,919**	**6,887**	**6,836**	**-222**	**-3%**

Source: MAFF, June 1997 Census of Agriculture

Overall, there has been a slight reduction in the agricultural workforce within Leicestershire, a fall of 222 between 1994-97, representing a 3% decrease in the agricultural workforce. Over half (127) of this reduction was a decline in the number of full-time farmers. Only managers and regular hired workers showed an increase, but only by nine people over the period.

Figure 11 - Change in Agricultural Workforce, Numbers Employed by Type 1994-1997



Source: MAFF, June 1997 Census of Agriculture

National Trends - There has been a steady decline in the total agricultural labour force and a shift from full-time to part-time working among farmers, partners and directors. The annual decrease in the labour force averaged 1% between 1978 to 1997. Over the same period, the percentage of farmers, partners and directors working part-time has increased from 29% to 42%. Latest official figures put the total labour force within the agricultural sector at 615,000[5], representing approximately 2.3% of the total workforce in employment.

Lantra's 'Land-based Sector, Labour Market Summary' - puts the total figure for regular full/part-time and employed/self-employed at around 1,100,000, or 4% of the UK working population. They also add to this figure around 800,000 lift truck operators, plus approximately 450,000 occasional/volunteer workers whose jobs overlap into the land-based sector. Lantra estimate the East Midlands to have approximately 45,200 persons employed in agricultural and horticultural production. This employment accounts for 7.8% of the UK agricultural/horticultural workforce.

Age & Gender Profiles - vary quite significantly between different industries, but overall the industry is male dominated. However, examples of female dominated sub-sectors are floristry at approximately 80%, animal and equine industries are at about 70%. Conversely agriculture has about 90% of its business principals' male, and nearly 75% of its employed workers are male. Age profile information is very limited or unavailable. However based on the available information, it would appear that contracting and service sector work shows a younger than average profile. Whilst animal and equine industries, landscape and agricultural engineering all have significantly younger workforces than the national average. Agriculture shows an older age profile, but this is split by a higher profile for owner-managers, and lower than average age profile for employed workers.

[5] Caution - The 1998 Agricultural Census introduced changed labour questions. This may have led to the recording of previously unrecorded labour, and may also have led to a re-distribution of labour between categories.

Workforce Turnover & Recruitment - has traditionally been low in land-based industries due to the high proportion of owner-managers and older workers, who particularly stay with the same employer. Recent trends towards contracting and a rise in younger workers are producing a change, as workers become more mobile. Lantra puts current labour turnover between 11% in agriculture to 19% in floristry.

According to Lantra, the greatest recruitment difficulties are for ''reliable, dedicated and intelligent recruits' at entry level, and 'multi-skilled, self-motivated individuals' for craft, technical and managerial jobs.

Workforce Qualifications - Lantra makes a cautious estimate of 360,000 persons or a third of the core workforce qualified to at least NVQ level 3 or equivalent. Overall, Lantra estimates that 70% of the sector is qualified to NVQ level 2 or equivalent. However, there are differences between sectors with some putting little emphasis on qualifications when recruiting, sectors highlighted by Lantra include; fencing, many areas of agriculture, animal care, and much of the landscape industry.

***KEY POINTS* : Agricultural Economy - Leicestershire**

- The majority of Leicestershire's agricultural land is owner-occupied, at 63%. This proportion has remained constant over the period 1994-1997.
- Three quarters of Leicestershire's total land is agricultural.
- A 3% decrease in agricultural land between 1994-1997.
- Overall, the total number of farm holdings fell by 8% between 1994-1997. All farm types, with the exception of cereals, saw a fall in holding numbers.
- Leicestershire's smaller farm holdings (0<5 hectares) are in decline, having fallen by 24% over the period 1994-1997. In contrast, larger holdings (100+ hectares) have seen a rise of 3%, and now account for 19% of all holdings in Leicestershire.
- Over half (55%) of Leicestershire's agricultural land is employed in cultivating crops or is fallow.
- The number of hectares in Leicestershire devoted to crop production saw a 12% rise between 1994-1997.
- Cereals are the major crops in Leicestershire accounting for 73% of all crops, and 40% of agricultural land. Wheat accounts for 70% of the hectares employed in growing cereals.
- The numbers of livestock fell by 8% (55,706) during the period 1994-1997. Over half of the fall resulted from a decrease in numbers of sheep, whose numbers fell by 31,240 over the period.
- Sheep account for two thirds of Leicestershire's livestock. Cattle and calves account for a further 23% of livestock.
- Cattle & sheep holdings are the single largest farm type, accounting for 790 holdings or 27% of all farm types in 1997.
- Overall, agricultural employment has decreased only slightly between 1994-1997 with a fall of 222 persons, to stand at 6,836 persons employed in 1997.
- Over half of the decline was a drop in the numbers of full-time farmers with a fall of 127 persons.

European Union - Agenda 2000 Reforms

- ***AGENDA 2000***

Agenda 2000 is a comprehensive package of measures that cover agriculture, structural funds and the Community's financial framework. Agenda 2000 was published in July 1997 and is the European Commission's detailed strategy for strengthening and widening the Union going into the 21st Century. The proposals aim to strengthen growth, competitiveness and employment within the Union, and to ensure the Union is prepared for its future enlargement with new applicant countries from East & Central Europe.

1. REFORM OF THE COMMON AGRICULTURAL POLICY (CAP)

- ***Introduction***

In March 1998, the European Commission published proposals for a major reform of the Common Agricultural Policy (CAP). The Commission's proposals build on the reforms of 1992 that successfully cut product surpluses without a major impact on farmers' incomes.

- ***Why Reform the CAP***

1. The purpose of the reforms is to make EU farming more competitive and to ensure that CAP benefits the wider rural environment. The reforms will reduce EU farming's dependence on market price support, and open the industry up to greater competitiveness.

2. The reforms also seek to assist in preparing the European Union for enlargement (new applicant countries in East & Central Europe), and to help with forthcoming negotiations in the World Trade Organisation, to pave the way for greater liberalisation of agricultural trade.

3. The EU is bound under Treaty agreement to integrate environmental concerns into policies, including agriculture.

4. The rural economy has changed, with increasing employment and economic activity generated from non-farming sources. Further re-structuring is inevitable and therefore needs to be integrated into rural development policies.

- ***Proposed Reforms***

CAP reforms can be characterised as being:
- Significantly lower support price levels for arable, beef and milk;
- Increased direct compensation to farmers for those price cuts, though at less than 100%;
- Creating the basis for a shift of resources for agri-environmental and rural development measures;
- A greater degree of discretion for member states both within the main market regimes, as part of the rural development options, and in relation to horizontal measures;
- Simplified legislation.

Arable Sector
- The intervention price reduced in one step, in 2000, by **20%** to a safety net level of 95.35 Euros per tonne.
- A new single area payment established for all arable crops.
- The abolition of extraordinary set-aside, although voluntary set-aside will continue. Set aside areas to receive area payments.

Beef Sector

- To reduce market support by **30%** in three steps over the period 2000-2002, final support level to be 1,950 Euros per tonnne.
- Intervention to be replaced by private storage and direct income payments to be gradually increased.
- Introduction of increased flexibility by enabling Member States to grant extra payments within defined limits and criteria. Money for additional payments to be distributed in the form of Community financed national envelopes.

Dairy Sector

- Dairy support prices to be reduced by an average of 15% over the period 2000 to 2006.
- An increase of 2% in total milk quota, to be targeted on farmers in mountain areas and young farmers.
- Continuation of milk quotas after 2006 has been left open, although the Commission has made it clear that such a regime cannot go on forever.

Other Sectors

- In parallel to the reforms in the major market regimes, other sectors are also to be reformed. Discussions are ongoing about the reform of the wine regime, and agreement on reforms of the olive oil and tobacco regimes was reached in June last year.

Other Non-Sector Specific Reforms

- *Limits on Support Per Farm* - The treaty obligation is to 'ensure a fair standard of living for the agricultural community'. The commission's proposals mean a shifting away from price support to direct income payment; these direct payments will be capped. Limits per farm will be introduced by fixed percentages starting at a yearly level of 100,000 Euro's (approx. £70,000).
- *Cross-Compliance* - Direct payments may also be conditional on farmers meeting environmental criteria. Member States may also vary direct payments per farm within certain limits, according to the impact on employment.
- *Simplification of Legislation* - For all sectors work is being undertaken to simplify legislation and bureaucracy. The aim is to make CAP more understandable, reduce the administrative burden, and to cut down on the scope for fraud.
- *Rural Development* - Alongside the market reforms is the recognition that the rural development policy needs to be strengthened and simplified. The proposal is to bring all the relevant legislation into a single legal framework. Rural development measures will focus on; structural adjustment, farming in less favoured areas, agri-environmental measures, processing and marketing, and for forestry and for measures promoting adaptation of rural areas related to farming activities and their conversion. The commission also wants to maintain incentives for farmers to undertake environmental protection, to this end money will be earmarked to target agri-environmental measures.

• *Benefits of CAP Reform*

Competitiveness - Changes away from price support to direct income payments will result in lower prices. These will improve competitiveness by stimulating the home market and will help the EU to compete in global markets. Such price cuts will benefit the consumer, processing industries, and many farmers. Farmers will benefit through increased markets following price cuts. The UK Government has estimated the savings to consumers in the UK alone at £1 billion a year.

Rural Development & the Environment - The reforms are also about making rural development and the environment at the core of the CAP. The objective is to create a unified strategy embracing agricultural support, rural community assistance and country stewardship.

Decentralisation - The CAP will be more flexible as Member States will be given a new autonomy to influence the application of the CAP in their borders. They will be able to set conditions to the payment of direct aid, for example environmental requirements, limits on intensive farming or employment levels. Additionally, Member States will have a role in deciding where direct support in the beef and dairy industry should go.

Fairness - This links to decentralisation in that it is recognised that diversity of farms requires diversity of support. Small farms are often more in need of support than large well-positioned farms. Farms facing naturally difficult conditions are to be supported in accordance will their difficulties.

Simplification - The reforms are also designed to simplify and bring together a wide range of support schemes, with their attendant rules and procedures. The aim is to make this easier for both farmers and administrators alike.

Value for Money - The aim of the reforms is to give better value for farmers, rural communities, consumers' etc, from the money invested into the CAP.

• *EUROPEAN COUNCIL, BERLIN MEETING - CAP REFORM AGREEMENT*

The European Council met in Berlin on 24 and 25 March 1999. The Council reached an overall agreement on Agenda 2000 proposals. The Council of Agriculture Ministers met in Brussels on March 11 where agreement was reached on reform of the CAP. The European Council at the Berlin meeting endorsed the agreement previously reached as 'an equitable and worthwhile reform of the Common Agriculture Policy'. The reforms comprise compulsory changes that require implementation, and some discretionary options for Member States to decide on.

The essential elements of the agreement are summarised below. Also presented is the National Union of Farmers[6] (NFU) analysis of the likely implications and impact on gross margins these reforms are likely to have on the various sectors affected, in addition MAFF's analysis of likely economic impact is also included.

• *Summary of the Common Agriculture Policy Reforms*

European Union spending on the CAP will be stabilised at an average of 40.5bn euro (£26.9bn) a year during 2000-2006.

Cereals

Compulsory

1. The intervention price for cereals shall be reduced by 15% by two equal steps of 7.5%, in the marketing years 2000/2001 and 2001/2002.
2. Area payments to be increased in two equal steps from 54 to 63 euros per tonne.
3. The area payment from 2002/2003 onwards shall apply also to oil seeds.
4. The base rate of compulsory set aside is fixed at 10% for all the period 2000-2006.

Discretion

- Retention of the option of having separate base areas for maize.
- Management rules for set-aside will need revision, as the European Commission has given an undertaking to make them more flexible to help benefit the environment.

LEICESTERSHIRE

- ♦ Cereal cultivation is the single largest agricultural activity in Leicestershire.
- ♦ 40% of Leicestershire's agricultural area in 1997 was under cultivation growing cereals, accounting for a total of 77,103 hectares.
- ♦ 645 of Leicestershire's farm holdings were involved in cereal cultivation (only), accounting for 23% of all holdings within Leicestershire.

[6] The National Union of Farmers analysis of the potential impact of CAP reforms was written based on available information at the end of the Agriculture Ministers meeting of the 11 March 1999.

- ♦ Cereals accounted for 73% of all Leicestershire crops, additionally Oilseed Rape and Linseed, together accounted for 16% of crops.

NFU Analysis

- After 2000 wheat and barley gross margins will fall from their average level in the last three years. After 2002 NFU expect the gross margins to increase due to productivity growth.
- Barley gross margins are expected to fall more than wheat gross margins in 2001 and 2002 due to a larger cut in the intervention price. By 2006 wheat gross margins reach their 96/98 level.
- Profitability NFU believe will depend crucially on the ability to control fixed costs.
- The cereal reforms should reduce feed costs in the white meat sector. NFU calculate that the drop in cereal prices will, on average, lead to a reduction of 4%-5% in feed costs in the pig sector and 3%-4% in the poultry and egg sectors.

Beef

Compulsory

1. Intervention price cut by 20% between 2000 and 2002, first price cut to take place July 2000.
2. Safety net intervention maintained at lower rate of 1560 euro/tonne (25% below current level).
3. Price reductions compensated by:
    - Beef Special Premium - Bulls 210 euro/head & steers 150 euro/head
    - Suckler Cow Premium - 200 euro/head
    - Adult Cattle (>8 months) Slaughter Premium - 80 euro/head
4. EU-wide slaughter premium of 80 euros for adults, 50 euros for calves, subject to payment ceiling and age criteria.

Discretion

- Optional top-up for suckler cow premium 50 euro/head, EU funding for this in Objective 1 areas remains fixed at 24.15 euro/head.
- Members are allowed to raise the 90 head limit on claims under the beef special premium scheme.
- The limit of 120,000 kg milk quota that currently limits eligibility of dairy producers for suckler cow premium is made optional
- Member States are empowered to make additional payments to producers as headage payments on male cattle, suckler cows, dairy cows and heifers.

The European Council has asked the Commission to follow closely the developments in the European beef market, and to any required relevant measures, these may include ad hoc intervention buying-in.

LEICESTERSHIRE

- ♦ The total beef herd (including breeding herd) in Leicestershire in 1997 was 35,629.
- ♦ The number of other cattle & calves (under & over 1 year) totalled 76,036.
- ♦ 790 farm holdings were classified as cattle and sheep only in 1997.

NFU Analysis

- NFU expect little effect on basic gross margins.
- Carcass weight improvements, lower calf costs and close control of variable costs are expected to be vital as is the control of fixed costs in the maintenance of profitability.

Dairy

Compulsory

1. The dairy reforms will not come into force until 2003 and current milk regime will extend until at least 2006.

2. 15% reduction in support prices, starting on 1 July 2005, to be phased in over 3 years in equal instalments of 5%.
3. Community funded compensation for reductions in support prices expressed in euro per tonne of milk quota, phased in over 3 years beginning 2005.
4. 1.5% increases in milk quotas for all Member States, phased allocation beginning April 2005.
5. Intervention prices to be paid per tonne of quota at 5.75 euro per tonne in 2003, 11.49 euro per tonne in 2004 and 17.25 euro per tonne in 2005.

Discretion

- Additional flexibility introduced in the quota management arrangements from 2000/2001.

LEICESTERSHIRE

- ♦ The dairy herd in Leicestershire totalled 33,938 in 1997, covering 295 (11%) of farm holdings.
- ♦ Leicestershire's dairy herd declined by 11% over the period 1994-1997.

NFU Analysis

- NFU expect dairy cow gross margins (per litre) will improve slightly from 2000/01 due to lower feed costs (cut in cereal price) but then reduce between 2003-2006 as the partially compensated price cuts take place.

Environment & Rural Development

1. Common Market Organisation (CMO) - all the common market regimes are linked explicitly with environmental protection measures. Member States are required to establish appropriate 'environmental protection measures' to be followed by those in receipt of direct payments.

   However, the Commission provides no guidance on the nature or the content of these protection measures, despite the requirement of Member States to implement these measures in a manner that ensures equal treatment of farmers, and common levels of environmental protection.

2. Rural Development Regulation - This consolidates existing measures, Member States will now be required to submit rural development plans following consultation with key stakeholders by June 2000. Member States will have discretion over the content of these plans, although they will be required to implement agri-environment measures. The Regulation provides for measures on forestry, less favoured areas, early retirement, aid for young farmers, training, investments in agricultural holdings, the marketing and processing of agricultural products and the adaptation of rural areas.

   Individual Elements of the Rural Development Regulation

   - *Agri-environment* - these measures are the only compulsory element. So far, the articles are only outline; the majority of the detail of the measures will await the Commission's implementing the rules. A number of key features remain; five year agreements, payments based on income forgone, costs of undertaking and an incentive, and the provision for co-financed capital works.
   - *Less Favoured Areas* - Regulation distinguishes between LFA's suffering from natural handicaps and those where farming is restricted because of environmental legislation. Assistance will be available to both types of areas. The support available more expressly focuses on the environmental and social aspects of farming in LFAs.
   - *Early Retirement* - Measures have been put in place to improve flexibility and attractiveness of early retirement. Retirees should be 55 years or older, the scheme would be available to participating farmers for a maximum of 15 years, or 10 years for farm workers.

   - *Promotion and Adaptation of Rural Areas* - A single article covering a wide range of actions focused on farming activities and their conversion and to other rural activities not covered by other sections of the Regulation.

• *MAFF Economic Impact Analysis - Agenda 2000, CAP Reforms*

MAFF have produced a paper summarising the likely impact of the reforms of the commodity regimes in the Agenda 2000 agriculture agreement, but this does not cover the impact of the rural development measures. *(There is some overlap with the NFU's impact assessment).*

Impact on Consumers

- The phased reduction in CAP support prices will lead to lower market prices for cereals, beef and dairy products. It will also reduce feed costs, and prices, whilst also reducing the prices of competing products, such as lambmeat.
- The overall economic benefit to consumers of price reductions will be worth £1 billion a year in the UK, once reforms are fully implemented.
- Approximately 40% of these savings are expected to come from cuts in dairy support prices, 35% from lowering of beef support prices, with the remainder attributable, either directly or indirectly, to the cereals reform.

Impact on Taxpayers

- The impact is measured by comparing the predicted expenditures under Agenda 2000 against the levels of expenditure which would have arisen had the CAP not been reformed. On this basis MAFF estimate:
  - The CAP reforms will add 2.5 billion euros to CAP expenditure in 2008 because direct payments to producers will be higher than budgetary savings from price support reductions.
  - By sector - the arable sector looks likely to save taxpayers money, whilst the higher direct payments in beef and dairy sectors will more than offset budgetary savings on market support.

Impact on Producers

- Reduced commodity prices will put pressures on some farmers incomes, although increases in direct payments will help to offset this. The impact will depend on individual farm ability to adjust.
- Forecasts (without taking account of rural development measures) suggest losses to UK producers of around £150 million a year. This sum represents 5% of Total Income from Farming in 1997.
- By sector - losses to arable producers are estimated at £250 million a year in the UK. Losses to the UK dairy sector are estimated at approximately £80 million. A fall in the profitability of milk production can be expected to reduce milk quota prices, which will disadvantage producers leasing out quota but will reduce costs for those seeking to acquire quota.
- Beef producers seem well protected with levels of direct payments likely to more than compensate producers for the reduction in prices.
- The pig, egg and poultry sectors will all benefit from lower feed costs as a result of lower cereal prices.
- The impact of Agenda 2000 reforms, by farm type, forecasts a relatively positive impact on cattle and sheep farms, in the lowlands as well as the hills, mainly due to favourable impact of reforms on beef producers. Specialist dairy farms and specialist cereal farms are likely to face losses.

Overall Economic Impact

- Overall, the consumer benefits will exceed the combined losses to taxpayers and producers both in the UK and across the EU.
- The reforms when complete should benefit the UK by an estimated £0.5 billion a year.
- In the longer term the benefits from reform will be significantly greater for two reasons:
  - Without reform taxpayers expenditure on disposal of surpluses would probably have continued to grow.
  - The restructuring that will take place in response to the reforms will reduce producer's losses and improve the competitiveness of UK (and European) agriculture. This restructuring should also help sustain levels of income per head, UK agriculture more than doubled productivity since 1973, but this has flattened out over recent years.
  - Further restructuring should result in further declines in the agricultural labour force.

2. REFORM OF THE STRUCTURAL FUNDS

• *Introduction*

The Structural Funds are the main financial instrument by which the European Union distributes assistance across member states to the more disadvantaged regions and people. As part of the Agenda 2000 package of reforms, the European Commission in March 1998 published proposals that will significantly affect the European Union's regional and structural policies. The aims of the changes are:

- to prepare the EU for enlargement,
- to continue with budgetary control necessary for EMU,
- and to bring the gap closer between Europe's richest and poorest regions.

• *Structural Funds*

March 1999 the European Council, at the Berlin Summit, set the overall level of allocations for Structural Funds at 195 billion euros, for the period 2000-2006.

To simplify the funds, the Structural Funds' priority objectives will be reduced from seven to three. All regions within the EU will be re-evaluated to determine under which of the new objectives they may qualify for assistance. The new Objectives are:

1. ***Objective One***

Aim - 'To promote the development and structural adjustment of regions whose development is lagging behind.'

Eligibility - Current NUTS level II[7] regions whose *per capita* GDP is less than 75% of the Community average. (*In the UK, Mersyside is likely to keep Objective 1 status, and South Yorkshire may become eligible).*

Fund Allocation - 69.7% of the Structural Funds will be allocated to Objective 1, including 4.3% for transitional support (i.e. a total of 135.9 billion euros).

Transitional Support - Current Objective 1 regions that no longer qualify under the 75% criterion will have assistance phased out, over a six year period, and seven years for regions also qualifying for Objective 2.

2. ***Objective Two***

Aim - 'To support the economic and social conversion of areas facing structural difficulties.

Eligibility - To cover areas undergoing economic and social change in the industrial and service sectors, **declining rural areas**, urban areas in difficulty and depressed areas dependent on fisheries.

- A maximum of 18% of the Union's population to be covered by the new Objective 2. Industrial areas accounting for 10%, **rural areas 5%**, urban areas 2% and fishery dependent areas 1%.

Funding Allocation - 11.5% of the Structural Funds will be allocated to Objective 2, including 1.4% for transitional support (i.e. a total of 22.5 billion euros).

Transitional Support - The current Objective 2 and **5b (rural)** regions that lose eligibility under the new Objective 2 will see their assistance phased out over a four year period.

[7] NUTS stands for Nomenclature of Territorial Units for Statistical Purposes. NUTS II - UK Counties (some grouped)

3. ***Objective Three***

Aim - 'To lend support to the adaptation and modernisation of policies and systems of education, training and employment.'

Eligibility - It will apply outside Objective 1 regions. European Social Fund activities are to be re-grouped under the new Objective 3. Each Member State will receive a percentage of total resources under Objective 3 based on its share of target populations based on objective criterias, these are: eligible population, regional prosperity, national prosperity, and the severity of structural problems, especially the level of unemployment.

Funding Allocation - 12.3% of the Structural Funds will be allocated to Objective 3 (i.e. a total of 24.05 billion euros).

• *Implications for Rural Areas in the East Midlands*

Overall, the East Midlands has benefited from a significant amount of European Union (EU) Regional Aid. Between 1994-1999 the region will have received in excess of £365 million from European Programmes.

Structural Fund changes that are of particular importance to rural areas within the East Midlands are:

- Overall, the changes will mean a reduction of the EU's population eligible for support under Structural Funds from 51% of the EU's population to 35-40%. Most of this reduction will occur in Objective 2 coverage (includes rural areas). However, no Member State will lose more than a third of its existing Objective 2, population coverage.
- Existing Objective 5b (rural) areas losing eligibility under the new Objective 2 will receive transitional funding for four years from introduction.
    - ➢ A Rural Area would need to satisfy the following eligibility criteria under the new the Objective 2:
    1. Either a population density of less than 100 people per km2, or a % share of agricultural employment in total employment which is equal to or higher than twice the EC average in any reference year from 1985;
    2. Either, an average unemployment rate over the last three years above the EC average, or a decline in population since 1985.
    3. Assistance may also be eligible to areas whose population or area is significant, and are facing or threatened by a high level of unemployment arising from an ongoing or planned restructuring of an activity of key importance for the **agriculture**, industrial or service sector.

- There are to be three Community initiatives in support of rural development; cross-border co-operation in EC spatial planning; and transitional actions for combating discrimination and inequalities in access to the labour market.

KEY POINTS : European Union – Agenda 2000 Reforms

- σ Agenda 2000 reforms are wide reaching and will affect Leicestershire's agricultural sector and its wider rural communities.
- σ The European Council reached an overall agreement on the CAP and Structural fund reforms at the Berlin conference in March 1999.
- σ The main Agenda 2000 proposals for reform were endorsed, although some amendments were made to the original proposals.
- σ MAFF impact analysis shows the CAP reforms will have positive effect for consumers by lowering prices. The forecast impact on producers is estimated at losses of £150 million per year, representing 5% of TIFF in 1997.
- σ CAP reform impact by Sector - MAFF analysis suggests that beef producers will be protected to some extent by direct payments, however, the arable and specialist dairy farmers are forecast to suffer significant losses.
- σ Leicestershire's rural areas were not eligible for structural funds under 5b and are unlikely to get structural funds under the new objective 2.

Rural Economy

• *INTRODUCTION*

In general, the interest displayed in rural and countryside issues is at a high. Concerns about employment, social deprivation & exclusion, transport, service provision, the current fortunes of the agricultural sector and the environment have all meant that rural issues are high on the political agenda nationally, regionally and locally.

This new found interest in rural issues has been warmly welcomed. Urban areas have received much attention, whilst the changes occurring in rural areas affecting the physical, social and economic framework of the rural environment have long been overlooked.

• *RURAL DEMOGRAPHY- Leicestershire's Rural Districts*

Table 11 - District Age Structure (%), Mid 1997 Population Estimates

Age Structure	*Total Population Estimate*	*15-24 yrs*	*25-39 yrs*	*40-54 yrs*	*55-64 yrs*	*65 plus yrs*
Blaby	86,100	10%	24%	22%	11%	14%
Charnwood	155,900	15%	21%	21%	10%	15%
Harborough	74,500	11%	22%	23%	10%	15%
Hinckley & Bosworth	98,200	11%	23%	22%	10%	16%
Melton	46,800	10%	23%	22%	10%	15%
NW Leic'shire	84,800	12%	23%	22%	10%	15%
Rutland	35,600	13%	22%	21%	10%	15%
Leicester	293,600	17%	23%	16%	8%	14%

Source: ONS/Leicestershire County Council

The population of the Leicestershire County (excludes Leicester City & Rutland) was estimated at 599,900 persons in 1997. Rutland's population estimate in 1997 was 35,600, whilst the city's was estimated at 293,600.

Table 13 above shows the age structure by district. It can be seen that the age structure of more rural areas shows a higher percentage in the older categories, whilst Leicester City has a higher proportion of persons in the younger age categories. This is in line with national figures.

• *RURAL EMPLOYMENT - Rural Areas within Leicestershire's Districts*

The tables below show the employment estimates by industry areas for the rural areas within Leicestershire. The data is taken from the 'Annual Employment Survey, 1996', some industries have been suppressed due to issues of confidentiality where employment numbers are low.

Table 12 – Employment by Industry Covering the Rural Areas within Leicestershire Districts, 1996

	Employees - All Persons					
Industry (SIC92)	**Rural BLABY**	**%**	**Rural CHARNWOOD**	**%**	**Rural HARBOROUGH**	**%**
Manufacturing	4,300	32.1	5,900	30.6	2,800	19.7
Construction	700	5.2	500	2.6	600	4.2
Wholesale/retail trade; repair, etc	3,600	26.9	2,500	12.9	2,800	19.7
Hotels & Restaurants	600	4.5	1,200	6.2	1,100	7.7
Transport, storage and communication	700	5.2	600	3.1	2,500	17.6
Real estate, renting, business activities	900	6.7	1,300	6.7	1,500	10.6
Education	800	6.0	4,400	22.8	1,000	7.0
Health & Social Work	800	6.0	1,400	7.2	1,000	7.0
Other community, social/personal services	400	3.0	900	4.7	400	2.8
Total	13,400		19,300		14,200	

Source: Annual Employment Survey, 1996 Rounded to nearest 100

Table 13 – Employment by Industry Covering the Rural Areas within Leicestershire Districts, 1996

	Employees - All Persons					
Industry (SIC92)	**Rural HINCKLEY & BOSWORTH**	**%**	**Rural MELTON**	**%**	**Rural NORTH WEST LEIC'SHIRE**	**%**
Manufacturing	5,500	35.5	1,700	29.8	11,300	43.1
Construction	500	3.2	200	3.5	1,300	5.0
Wholesale/retail trade; repair, etc	1,800	11.6	600	19.3	3,100	11.8
Hotels & Restaurants	1,100	7.1	500	8.8	1,500	5.7
Transport, storage and communication	400	2.6	100	1.7	4,100	15.6
Real estate, renting, business activities	800	5.2	700	12.3	1,800	6.9
Education	1,100	7.1	700	12.3	1,100	4.2
Health & Social Work	600	3.9	300	5.3	500	1.9
Other community, social/personal services	1,100	7.1	500	8.8	700	2.7
Total	15,500		5,700		26,200	

Source: Annual Employment Survey, 1996 Rounded to nearest 100

Table 14 – Employment by Industry Covering the Rural Areas within Leicestershire Districts, 1996

	Employees - All Persons	
Industry (SIC92)	**Rural RUTLAND**	***%***
Manufacturing	2,400	23.1
Construction	400	3.8
Wholesale/retail trade; repair, etc	1,500	14.4
Hotels & Restaurants	1,000	9.6
Transport, storage and communication	500	4.8
Real estate, renting, business activities	900	8.6
Education	1,400	13.4
Health & Social Work	900	8.6
Other community, social/personal services	400	3.8
Total	10,400	

Source: Annual Employment Survey, 1996 Rounded to nearest 100

- ***Employment Profile & Growth***

The above tables show the diversity of employment within Leicestershire's rural areas. Trends over the last two decades have made rural areas much less dependent on 'traditional industries' e.g. agriculture, manufacturing, and energy (coal). Locally and nationally, there has been a convergence of the employment profile and industrial structure of rural areas with those in urban areas. Service sector employment has increased, and part-time employment has grown. The essential differences are that rural areas, obviously, have more agricultural and related employment and less employment in financial services, which accounts for 10% of County employment, compared to 13% within Leicester City. Although **agriculture** only accounts for approximately 6,800 direct jobs, it remains important to the rural economy, particularly in remoter areas. It should be remembered that a large number of indirect jobs are dependent on agriculture (machinery manufacturing, agricultural merchants, dairies, abattoirs, food processing, packaging, and distribution etc). A study for the Agricultural Training Board in 1991 estimated that for each direct agricultural job lost between 1990 and 1995, a further 2.5 jobs would be lost in related industries, with at least half of these job losses to be rural areas. Employment forecasts for Leicestershire County show a decline of 800 jobs within Agriculture, Forestry & Fishing over the next ten-year period to 2007.

Tourism is also a major contributor to the economy of rural areas. However, it is difficult to be precise as to its actual employment contribution due to it not being a standard sector as such. Instead it is made up of sectors involved in tourism, for example the hotels & restaurants, and retail sectors. Clearly though, not all employment and activity in these sectors are tourism related. Tourism and leisure is set to be of increasing importance, many of those involved in traditional agricultural work have, over recent years, looked to diversify their activities. Examples of diversification include; farm based food processing, farm retailing, and farm accommodation or attractions. Latest estimates of the value of tourism to Leicestershire relate to 1994. Tourism was estimated to provide about 19,300 employment, and contributing about £233 million annually to the economy. (*Source: ETB, 1994)*.

• *RURAL BUSINESSES - Leicestershire County (Incl. Rutland)*

The national economy is dominated by small businesses, as is the Leicestershire economy (including Leicester City & Rutland) with 99.4% of all businesses employing between 1-199 persons. These businesses account for 70% of employment, with the smaller businesses employing between 1-10 persons accounting for 20% of employees. Rural areas are also characterised by a predominance of small firms, and higher levels of self-employment. A prospering and well-developed small business sector is necessary for economic vitality in rural as well as urban areas. To assist the small business sector within an area, it is vital to have a good understanding of the type of SMEs, recent trends, and the factors identified with business growth or failure.

- ***Recent Research***

National Research
The Rural Development Commission recently published two studies, one study looked at, both, the 'growth & survival of small manufacturing firms' and 'new technology in small rural firms', whilst the other study looked at 'larger businesses and the rural economy'.

Main Findings

Growth & Survival of Small Rural Manufacturing Firms

- Rural manufacturing SMEs[8] achieving the **most employment growth** tended to be, **set up after 1970, in agricultural machinery, electronics or food processing sectors.**
- SMEs in the **10-19-employee** sizeband found it hardest to achieve growth and had the **highest failure rate**. These firms were most likely to cite **management skills** as a **development constraint**.

[8] SME's - Small & Medium Enterprises

- **Factors** identified as closely **associated with** rural manufacturing **SME growth** include, **innovation, use of external assistance and training, the firm actively seeking to achieve productivity gains and break into non-local markets.**

Innovation & New Technology

- **44%** of the SMEs studied **had innovative products or services**. Innovation was generally greater in manufacturing than services, and newly established SMEs.
- **Highly innovative** manufacturing firms **generated** on average an **additional eight jobs per firm** (1991-1996), compared with no increase in the least innovative.
- The main **constraint on innovation** identified by SME managers was **lack of finance.** A third of those identifying barriers to introducing new products or services considered the rural location a factor. Issues included difficulties finding skilled staff, making sectoral contacts and developing markets that are more distant.

Larger Firms (100 or more employees) & the Rural Economy

- Nationally **larger firms** are **less common** in rural than in urban areas, and also account for a **smaller share of employment** at 31% in rural areas compared to 44% of employment nationally.
- Rural larger firms cut across a **diverse number of industrial sectors**, although diversity varies by area.
- The **ownership** of larger rural firms is **diverse.**
- Many rural large firms are **not dependent on their local area** for **suppliers** or **customers**. Although some have nurtured a local supplier/customer base.
- They are **important local employers**; most of their workforces live locally. The type of jobs tends to be dominated by plant and machine operatives. Many firms cited recruitment difficulties, but few appeared to be actively taking measures to overcome this.

Local Research

Survey of Information Technology (IT) Used by SMEs in Rural Leicestershire[9]

The research was conducted in October 1998; its purpose was to investigate the role of IT in the development of the Leicestershire Rural Economy.

- 93% of companies surveyed are using computers, in those employing less than 10 people it drops to 88%. Level of use also falls for businesses in the Hotels and Restaurant sector, falling to 75%.
- Main reasons for not using computers were; 'do not understand computers' (25%), and 'too expensive' (40%).
- Although most businesses have computers, there were indications that some were not using them to their full potential.
- Computers are used mainly for basic administrative and clerical functions, rather than a business tool.
- 60% of businesses do not use the Internet, and many do not feel their staff are sufficiently IT literate.
- Those who do use the Internet use it mainly for sending e-mails, very few used it for Marketing & Promotion.
- Most companies are aware of the millennium bug, but 78% (the majority employing less than 25 people), thought that it would not affect their systems.

• *RURAL DISADVANTAGE - ECONOMIC & SOCIAL*

Many of the statistical indicators used to indicate comparative disadvantage convey the impression that rural areas are relatively more affluent than many urban areas. There has been greater employment growth, lower average rates of unemployment and lower than average incidence of long-term unemployment, higher average income levels, home and car ownership. There is, however, disadvantage and social exclusion within rural areas that can often be disguised by these favourable statistics. Many rural areas are also characterised by; seasonal/casual employment, low wages, limited employment opportunities, transport and access problems. These factors are combined with a high cost of housing and lack of housing, poor services/childcare provision, and a relatively small number suffering from disadvantage. The

[9] A summary of the report findings are available by contacting - Harry Mistry Tel. (0116) 2657259

consequence of this maybe a higher degree of deprivation and social isolation for those in rural areas when compared to similar groups in urban areas.

Rural areas vary in type and remoteness from the more accessible fringes around the south and east of Leicester, to the more remote and inaccessible areas, characterised by less developed transport and communication links. Remote areas tend to display higher levels of car ownership as a response to the lack of public transport. Therefore, the particular area a person resides in may exacerbate or ameliorate the impact on persons socially and/or economically excluded.

• *Rural Deprivation in Leicestershire*

Community profiles have been prepared in partnership with the district councils of Leicestershire. The profiles bring together a wide range of statistical information to describe the social and economic conditions in each district. The profiles use official data sources, e.g. Census of Population 1991, and County/District information kept on free school meals, housing benefits etc. Data is presented at its lowest geographical level, often this is at enumeration district, and is therefore useful in identifying pockets of need.

The profiles also include an analysis of a survey of Parish Councils conducted in 1997, which identifies the range of community facilities & services available within each Parish.

Two types of rural areas are evident within Leicestershire from an analysis of these profiles.T the more remote rural areas where transport and the availability of public services are particularly poor, and the former rural coalfield area of North West Leicestershire.

• *Remote Rural Areas*

Using profile information on indicators of deprivation coupled with a lack of services and transport and remoteness (7 miles from an urban centre), a number of rural regeneration priority areas can be identified.

Blaby - No areas were identified as a priority area.

Charnwood - **Swithland** was identified as having a poor level of services and relative remoteness from an urban area, although it does have a bus service and does not significantly score on the indicators of deprivation.

Harborough - Has extensive rural areas that can be considered relatively remote, particularly in the northern Parishes. The settlements of **Lowesby, Owston, Newbold and Rolleston** have few services, no public transport and are more than seven miles from an urban area. **Billesdon** has some local facilities, but contains some pockets of relative deprivation with a higher than average number of household in receipt of Housing Benefit or Council Tax Benefits, and low car ownership. **Lubbenham** is the only rural ward scoring significantly on the DETR Index of Local deprivation, and contains a Enumeration District with over 30% of households identified as 'the poor' in an independent study.

Hinckley & Bosworth - See Coalfield Regeneration Priority Areas.

Melton - **Wymondham** ward is identified as a priority area due to indicators showing evidence of relative deprivation. The Enumeration District of **Garthorpe & Coston** within Wymondham contain over 30% of households identified as 'the poor', and a significantly higher than expected number of low income households live in **Sewstern & Buckminster.**

North West Leicestershire - **Chilcote** is the only settlement within the District that is remote from an urban centre, lacking a local bus link and with less than 10 services. **Stretton-en-le Field** is linked to a bus service but it is remote and has less than 10 services.

Identified Rural Regeneration Areas - areas of extensive rural deprivation linked to remoteness are concentrated in the eastern parishes of the Shire County. Two potential Rural Regeneration Areas are identified as, east of Melton Mowbray around the village of **Wymondham** and one covering the northern parishes of Harborough including the villages of **Billesdon** and **Tilton-on-the-Hill.**

Identified Coalfield Regeneration Areas - two potential areas are, one in North West Leicestershire District to include the wards of **Oakthorpe & Donisthorpe, Ibstock & Heather, Moira & Measham** and one covering the northern parishes of Hinckley and Bosworth including the villages of **Bagworth, Barlestone, Nailstone, Newbold Verdon and Osbaston.**

- ***Unemployment & The Labour Market***

There is much research evidence that shows that the rural workforce is more likely to be faced with; a limited range of employment opportunities, low pay, job insecurity, limited career progression, and a need to travel some distance to the workplace. On the other hand, rural areas tend to enjoy lower levels of claimant unemployment than the national average. Therefore, to use unemployment rates in isolation can give a misleading view of the economic health of an area. Additional factors such as the labour supply, economic participation rates, unemployment concentrations, seasonality and employment opportunities need to be taken into account.

Claimant Unemployment - Using the Claimant count shows that none of Leicestershire's districts have an unemployment rate above that for the Leicestershire TEC area (old County), at 3.6% in March 1999. See table below for current claimant unemployment rates.

Table 15 - Unemployment Rates by Leicestershire Districts, April 1999

	Blaby	Charnwood	Harborough	Hinckley & Bosworth	Melton	North West Leicestershire	Rutland
Unemployment Rate [10]	2.0%	3.3%	1.4%	2.2%	2.0%	3.1%	1.0%
Total Unemployed	880	2,379	467	1,122	439	1,194	162

Rural Ward Claimant Unemployment Rates - The table below shows the highest and lowest claimant unemployment rates for rural wards within the districts.

Table 16 - The Highest & Lowest Unemployment Rates by Rural Wards within Leicestershire's Districts, April 1999

Rural Wards	***Total Unemployment - April 1999***	***Total Unemployment Rate - April 1999***
Blaby		
Whetstone	62	2.7%
Narborough	51	1.2%
Charnwood		
Sileby	105	2.9%
East Goscote	14	0.8%
Harborough		
Lutterworth St Mary's	13	1.9%
Dunton	3	0.3%

[10] Rates are calculated by expressing the number of residents claiming unemployment related benefit as a proportion of the economically active resident population of working age at 1991, derived from the 1991 Census of Population.

Hinckley & Bosworth		
Bagworth	38	5.0%
Cadbey, Carlton & Market Bosworth	12	1.1%
Melton		
Asfordby	32	2.0%
Waltham-on-the-Wolds	3	0.4%
North West Leicestershire		
Oakthorpe & Donisthorpe	56	6.2%
Appleby	12	1.4%

Hidden Unemployment - There are however, additional numbers of people that are jobless and who are not included in the claimant count for various reasons. Of these, some will be actively seeking work. Sheffield Hallam University has conducted research into unemployment levels of Rural Development Areas (RDA), taking into account the 'hidden unemployed'. The results showed that when these persons were included the gap between unemployment rates of RDAs and England almost disappears. In particular female unemployment increases, highlighting a reserve of female labour in rural areas.

KEY POINTS : Leicestershire's Rural Economy

- Rural issues are high on the political agenda nationally, regionally, and locally.
- The recent economic fortunes of the agricultural sector, future CAP and structural fund reforms have all brought about an increasing concern about the economic and social fabric of rural communities, its lack of infrastructure and services, and additonally increased awareness of environmental issues.
- The agriculture sector accounts for approximately 2.4% of employment in the Leicestershire County (incl. Rutland), but agriculture remains important to rural areas with many jobs indirectly dependent on this sector.
- The rural economy is now more diverse in employment sectors and has a similar employment profile to urban areas. The main difference being a slightly lower proportion of employment in service sector jobs.
- Rural areas are dominated by small businesses, as are urban areas.
- Official indicators of disadvantage such as unemployment rates and average household income give a picture of affluence in rural areas. The small numbers suffering from social/economic deprivation are hidden by the use of such indicators.
- Rural areas are also often characterised by seasonal employment, low wages, limited housing, restricted employment opportunities, and a lack of services and transport problems.
- Community profiles showing the social and economic characteristics of Leicestershire's rural areas, linked with their level of services and remoteness, highlighted several of Leicestershire's rural communities as suffering from particular disadvantage.

Table 17 Key Statistics, District Economic & Social Profile

Key Statistics	*Blaby*	*Charnwood*	*Harborough*	*Hinckley & Bosworth*	*Melton*	*North West Leicestershire*	*Oadby & Wigston*	*Rutland*
Area & Population								
Area (hectares)	13,047	27,906	59,270	29,735	48,138	27,933	2,352	39,375
Persons per hectare 1997	6.6	5.6	1.3	3.3	1.0	3.0	22.8	0.9
Population 1997 estimate	86,100	155,900	74,500	98,200	46,800	84,800	53,600	35,600
Source: Leicestershire County Council/ONS								
Workforce								
Population (16+) in employment:	47,000	84,000	45,000	53,000	27,000	46,000	24,000	15,000
% of total population	65.5%	66.7%	80.1%	69.0%	68.1%	62.0%	57.0%	56.5%
Economic activity rate 16+ persons	68.2%	69.5%	81.7%	71.8%	69.8%	63.9%	60.2%	56.5%
Percentage of 16+ in employment working part time	22.6%	27.6%	33.9%	24.1%	NA	24.0%	NA	NA
Source: Labour Force Survey, Nov 1998								
Claimant Unemployment Rate - March 1999	2.1%	3.2%	1.5%	2.3%	2.0%	3.1%	2.8%	1.0%
Percentage of Employees by Sector								
Agriculture	1.2%	1.4%	8.6%	3.0%	6.8%	2.3%	0.5%	6.4%
Source: MAFF 1997 Census								
Energy & water	0.6%	2.0%	1.1%	3.6%	3.6%	2.4%	0.3%	0%
Manufacturing	15.0%	30.3%	20.3%	39.6%	21.0%	31.3%	34.5%	19.2%
Construction	4.1%	4.8%	4.1%	3.6%	3.9%	4.7%	2.5%	2.5%
Distribution, hotels & restaurants	25.1%	20.5%	24.0%	20.0%	21.9%	17.9%	28.3%	20.2%
Transport & communications	2.7%	3.2%	7.3%	2.6%	4.3%	12.6%	3.4%	3.5%
Banking, finance and insurance, etc	12.3%	13.1%	10.1%	7.3%	9.1%	10.0%	11.8%	8.1%
Public administration, education & health	34.1%	21.6%	21.7%	16.5%	26.2%	16.4%	15.7%	35.9%
Other services	4.8%	2.9%	2.8%	3.4%	3.0%	2.1%	3.1%	4.0%
Source: Annual Employment Survey, 1996								
Average Income	£21,800	£19,800	£23,200	£20,400	£20,700	£19,000	£20,400	£22,900
Source: CACI - Paycheck								
Average House Price	£57,205	£58,682	£69,872	£54,641	£71,583	£57,820	£61,614	£82,528
Source: Land Registry								
1998 Index of Local of Deprivation - Index Score Rating (GB) (1= most deprived)	308 (310)	310= (310)	310= (310)	292 (310)	185 (310)	161 (310)	235 (310)	310= (310)
Source: DETR								

NA= Not Available

Rural Policy

• *NATIONAL POLICY*

The Government will be producing a Rural White Paper for England. The DETR and MAFF are to produce the White Paper, and have recently produced a discussion document to facilitate involvement of those with an interest in Rural England.

Included in the Government's Manifesto were specific pledges on the countryside: to recognise the special needs of rural areas, not to allow rural transport and other public services to deteriorate, to give greater protection to wildlife, and to give greater freedom for people to explore the open countryside.

These pledges are encapsulated in the Government's vision for the countryside, the five strands are:

1. **Living countryside**, with thriving rural communities for all residents, and access to services.

2. **Working countryside**, contributing to national prosperity as part of a competitive economy, with balance mix of businesses, jobs and homes, reducing the need to commute long distances.

3. The recognition of the **Interdependence of town and country.**

4. Where the **Environment** is properly protected and its qualities enhanced.

5. A **Countryside for all**, where there is plentiful access.

To carry forward this vision the Government recognises rural areas are changing, and must respond to these changes. The Government recognises that to build strong and inclusive rural communities will require working in partnership with all to help rural areas meet these challenges. The Government believes that policy and practice should take account of these principles.

• *REGIONAL POLICY*

• *Regional Development Agencies*

The 1st April 1999 saw the creation of Regional Development Agencies (RDAs). RDAs have a wide interest in all aspects of the economic and social development in their areas, rural as well as urban areas. The statutory guidance on RDA strategies states they should take particular account of the particular features of the region's rural areas including; the effects of sparsity of population, small settlements and a narrow economic base, relative inaccessability, remoteness and peripherality, and the role of land-based industries (such as agriculture and forestry) and countryside conservation priorities.

The RDAs will need to take account of the Government's vision for the countryside. RDAs will also need to act consistently with the commitment towards an integrated rural policy, and with reference to the reform of the Common Agricultural Policy (CAP), and Structural Fund reforms. RDAs will need to work in partnership, both regionally and locally, with partners that have an interest in rural issues, to ensure strategies are integrated and holistic in approach. Key rural partners should include; regional chambers (once set up), local government (including parish & town councils, the private sector (including TECs, NTOs, Chambers of Commerce, Business Links) and the voluntary sector. Additionally, many RDAs will need to integrate the work of many central Government departments and agencies whose remit covers rural areas, for example; MAFF, the Countryside Agency (newly created merger of the Countryside Commission and the Rural Development Commission[11] (RDC), the Forestry Commission, Environment Agency, and English Heritage. Regional Tourist Boards will also be an important partner.

- ***East Midlands Rural Action Group***

The East Midlands Rural Forum was established in 1996. A sub-group of this is the East Midlands Action Group. This group will be of importance to the RDA as its membership comprises; Countryside Agency, GOEM, TECs, MAFF, NFU, Rural Community Council, Regional Planning Forum, Local Government representatives, English Nature, Peak District National Park Authority and Country Landowner's Association. The group has no statutory status; it is a collaborative effort for creating a common understanding on priorities for rural action.

The EM Rural Action Group in May 1998 published a consultation document, 'A Framework for Rural Action'. This document makes the case for a regional rural strategy, highlights the key rural issues facing the East Midlands, and sets out a number of strategic objectives and programmes to achieve them. It also examines the funds that can be accessed to achieve a rural action programme, both presently and the impact of proposed changes to these funding avenues. The EM Rural Action Group presents seven strategic objectives:

1. *To ensure that the East Midlands Rural Action Group provides a focus for rural issues in the East Midlands through the Rural Framework for Action.*
2. *To ensure that an East Midlands Rural Focus is incorporated into the philosophy, organisational structure and future funding programmes of the Regional Development Agency and other policy and strategy formulation within the East Midlands.*
3. *To work towards creating a transparent 'Rural Budget' for the East Midlands to meet objectives and key actions of the Action Plan through the maximum use of UK and European Union government funding.*
4. *To secure a sustainable living countryside which is rich in wildlife and natural features, attractive, healthy and accessible, and which contributes to the quality of life and economic regeneration of the East Midlands.*
5. *To tackle Rural Deprivation and Social Disadvantage through an East Midlands Social Inclusion Programme.*
6. *To provide a coherent Regional Business Competitiveness Programme to support Rural SMEs and Agricultural diversification initiatives.*
7. *To support the preparation of a comprehensive Transport Strategy for the Rural East Midlands.*

• *LOCAL POLICY*

- ***Rural Strategy for Leicestershire***

In 1996 a collaboration involving a wide range of agencies with an interest in rural issues affecting Leicestershire resulted in the publication of a 'Rural Strategy for Leicestershire'. The strategy is an informal framework intended to bring a shared vision for all those involved in rural issues. The objective being to stimulate positive action rather than set out policies covering those agencies and individuals who signed up to the strategy. The strategy covers all areas of the County covered by a Parish.

Aims of Strategy

The strategy aims are to; agree a shared vision for the future of rural areas, effectively target existing resources, to promote the flexibility for communities and agencies to define their needs, promote partnership, and draw together existing policies and information, and to identify gaps in knowledge and provision of services in order to fill them.

[11] The rural regeneration work of the former Rural Development Commission has transferred to the new Regional Development Agency.

Strategy Vision

A vision statement was produced which sets out the basic principles that should underlie policy on the rural areas. The vision statement is presented below:

For people in rural areas to have reasonable access to; employment, housing, advice & information services, education & training, shops & other facilities, transport, social, community and recreation facilities.

For rural areas to continue to; accommodate appropriate economic activity, provide resources in a sustainable manner, and be valued for the quality of their environment.

For rural areas to be recognised as; places where people live, work & play, meeting different needs, and a resource not only for the people who live there, but also for everyone.

To achieve the vision a proposed action programme was drawn together covering, in total, fifty-one objectives, under which hang a number of proposed actions and programmes. An audit of Leicestershire's Strategy and Action Programme is due to be published in June 1999. This document will provide a summary of statistics on the state of Leicestershire's rural areas. It will also provide a detailed summary of work that has been undertaken under the following action programmes:

- Economy and Tourism
- Community Facilities and Activities
- Community Safety
- Community Care
- Education and Training
- Environment and Conservation
- Information and Advice

***KEY POINTS* : Rural Policy**

- The Government committed itself to specific pledges on the countryside in its election manifesto.
- The Government will be producing a Rural White Paper, and currently has a countryside vision with five strands; a living & working countryside, interdependence of town & countryside, the environment, countryside for all.
- Regional Development Agency strategies for social and economic development will need to take specific account of rural areas particular features.
- RDAs will need to work in partnership both locally and regionally.
- The East Midlands Rural Action Group has published seven strategic objectives, this group is comprised of key rural partners that the RDA will need to work with.
- Leicestershire has its own rural strategy; its objective is to bring a shared vision to organisations with an interest in Leicestershire's rural areas.

Key Issues

The following review of available literature and data relating to the national, regional and local agricultural sector and rural economy highlights a number of key issues:

* ***Agriculture*** - This sector is currently going through an economic crisis, with farm incomes having halved over the last 2 years. Farm businesses are also subject to a series of major challenges, for example, Agenda 2000 - CAP Reform, reduced profit margins, changing consumer preferences, new market opportunities, the fall out from the BSE crisis, modernisation and technological advances, environmental pressures, and falling employment. All these factors require farmers to adapt, however the drop in farm incomes are severely constraining farmers' ability to adapt and respond to these changes. Yet, the vibrancy of this sector and its related industries are necessary for sustaining the landscape and the prosperity of local rural areas.

Leicestershire

- Three quarters of Leicestershire's land is agricultural. 40% of Leicestershire's agricultural area was under cultivation growing cereals, the main crop being wheat, accounting for 70% of all cereal land use. The number of hectares in Leicestershire devoted to crop production saw a 12% rise between 1994-1997.
- Cereal and dairy farmers are likely to suffer significant losses over the coming years as a consequence of CAP reform, according to a MAFF impact analysis. Cereal cultivation is more concentrated in the east of Leicestershire, mainly in Rutland and Melton.

* ***Environment*** - Losses in the natural environment are continuing, despite increased awareness, and funding regimes (CAP reform, UK financial incentives) being tied to environmentally sensitive farming practices. The support system for farmers will, therefore, need to reflect the pressures on the agricultural sector to be efficient/competitive whilst utilising non-damaging farming methods. Use of intensive (prairie) farming methods, chemical fertilisers and pesticides are believed to disturb the natural environment. There is increasing demand for organically produced goods, however currently this demand is met by importing organic produce, because the UK supply is insufficient. It is estimated that 75% of organic produce sold in the UK is imported.

Leicestershire

- 21 Leicestershire farms are registered as organic farms. Leicestershire in 1997 had, 720 cropping, 71 horticulture, and 852 mixed and other farm types. Leicestershire is currently under-represented in organic farming.
- The number of larger farms (100+ hectares) has risen. In contrast, the number of smaller farms (0<5 hectares) fell by 24% over the period 1994-97. The trend towards larger farms will have an impact on the type of farming undertaken, and consequently on the environment.
- Large farm holdings (mainly cereal) are more concentrated in the east of the county, particularly Rutland and part of Harborough.
- The food sector is important to the Leicestershire economy, it accounted for an estimated 10,700 employees in 1997, most of this employment being located outside Leicester City.

* ***Rural Economy*** - It is important to recognise that the rural economy is diverse. As with urban areas, it is small businesses and the service sector that are dominant. Agriculture is, however, of importance to the rural economy, and although the sector only directly accounts for a small percentage of overall jobs, many additional rural jobs are indirectly dependent on this sector, through tourism-related activities, agriculture equipment suppliers, and the food sector etc. Consequently, there is scope to enhance the broader, non-agricultural rural economy, through sustainable development, whilst recognising the continued importance of agricultural activities to the rural economy.

Leicestershire

- The tourism sector is significant within Leicestershire, and is reliant, in some part, on Leicestershire's landscape being maintained by farming activities.
- Leicestershire has within its boundaries part of the 'National Forest' and its visitor centre is located within the county. The National Forest is a growing tourist attraction.

* ***Workforce Skills*** – The qualification and skills needs of the agricultural sector are changing in response to the changing pressures affecting the sector. The increasing focus on agri-environment farming practices, through CAP reforms and UK financial incentives, requires workforce skills to match. Skill requirements are also being driven by the current economic crisis, trends in the diversification of farming activities, consumer preferences, and technological changes. It is essential therefore, to have comprehensive, up-to-date information on local skills, to be able to identify skill gaps and their impact, and ensure training provision is suitable and readily available.

Leicestershire

- There is a research need to meet the skills requirement information need within Leicestershire.

* ***Rural Deprivation*** - Much of the economic deprivation and social exclusion in rural areas are 'hidden' by the use of official, standard indicators such as average household income and unemployment. Quantification of rural disadvantage needs to be more innovative. A range of indicators, including level of services, isolation, lack of transport, lack of affordable housing, employment opportunities, level of part-time/seasonal employment, car ownership, and travel to work distance should be included to more properly gauge rural disadvantage.

Leicestershire

- Some work has already been undertaken on rural disadvantage within Leicestershire. A number of deprivation indicators were linked to the level of services, access to public transport and isolation from an urban area.
- Areas of extensive deprivation linked to remoteness were identified as being concentrated in the eastern parishes of the Shire County.

* ***Cohesive Strategy*** – The policy pressure at the national and regional level is towards a holistic approach to rural issues, to ensure the needs of the agricultural sectors, the environment and rural communities are comprehensively met and are sustainable. Increasing importance is being placed on fostering effective partnerships at a local and regional level based on a shared vision of rural issues, and that these partnerships are funded in accordance with identified priorities. Additionally, CAP reforms will exert a similar pressure. Under current proposals Member States will be required to submit rural development plans, following consultations with key stakeholders, by June 2000. There will also be a need to work in partnership to build the best case for assistance under the new structural funding regimes and national CAP envelopes

Leicestershire

- Leicestershire has its own rural strategy, which involves the collaboration of a wide range of organisations. The objective of the strategy is to bring a shared vision to organisations with an interest in Leicestershire's rural areas.

APPENDICES

AGRICULTURAL DISTRCT DATA

MAFF produces Census of Agriculture data at small area levels; the lowest are individual Parish Groups within Agricultural Districts.

These Agricultural Districts are not coterminous with Local Authority Districts. However, the data can be mapped at parish group level and LAD boundaries overlaid to show the agricultural profile of Leicestershire by LAD's. A number of maps are available that show various census statistics.

Owner-Managed Land

- The majority of the Melton District displays lower levels of land owned as a proportion, with the exception of the agricultural parish group bordering Charnwood.
- Pockets of higher levels of owner-managed land are highlighted in:
  - Charnwood - 1 parish group
  - Hinckley & Bosworth – 2 parish groups
  - Harborough - 3 parish groups

Size of Holdings

- Higher proportions of small farm holdings (0 < 5 hectares) can be seen in the west of the county, covering NorthWest Leicestershire, Charnwood and part of Hinckley & Bosworth.
- Large farm holdings (100+ hectares) are more concentrated in the east of the County, particularly in Rutland and part of Harborough.

Land Use

- Agricultural land to the east of the county displays a higher proportion employed in crop cultivation or lying fallow, this is particularly in evidence in Rutland.
- Set-aside land is concentrated in Rutland and three parish groups covering Hinckley & Bosworth and Charnwood.
- The areas with a higher proportion of woodland are Charnwood and part of Harborough.

Cropping

- Cereal cultivation is more concentrated in the east of the county, mainly in Rutland and part of Melton.
- The west fringe of NorthWest Leicestershire also shows a higher concentration of cereal cultivation.
- Other crops are again more concentrated towards the east of the county but also cover areas of Harborough, Blaby, and Charnwood.

Livestock

- Cattle are more pre-dominant towards the south and west of the County, areas of Harborough, Hinckley & Bosworth, NorthWest Leicestershire, and Charnwood all display higher ratios of cattle per hectare.
- Pigs are most prevalent in the north west of the county and in particular two parish groups covering NorthWest Leicestershire and Charnwood show the highest ratio of pigs per hectare.
- Sheep are more located towards the south east of the County. Highest ratios are found in area of Harborough.

Agricultural Employment

- Pockets of higher concentrations of agricultural labour force can be seen at the NorthWest fringe of the County, around Blaby and Harborough, and towards the northwest in Melton and across half of Rutland.

Summary

Larger Cereal Farms are more concentrated in the east of the county, mainly in Rutland and Melton. Smaller, diary/livestock farms are more concentrate towards the south and east of the county,

particularly NorthWest Leicestershire, Charnwood, and Harborough. Higher concentrations of agricultural employment can be seen towards the south west of the county.

Appendix One

Table 18- Agricultural Statistics for Leicestershire's Agricultural Districts, June 1997

Agricultural District (MAFF)	**1**			**2**			**3**		
LAND USE	***Holdings***	***Hectares***	***Area as a % of Leicestershire***	***Holdings***	***Hectares***	***Area as a % of Leicestershire***	***Holdings***	***Hectares***	***Area as a % of Leicestershire***
Total Agricultural Area	**550**	**29,338**	**15.2%**	**508**	**40,492**	**21.0%**	**308**	**17,715**	**9.2%**
Total Cereals	**214**	**10,613**	**13.8%**	**230**	**17,171**	**22.3%**	**168**	**7,756**	**10.1%**
Wheat	178	7,396	13.7%	207	12,670	23.5%	131	4,940	9.2%
Barley	150	2,574	12.8%	157	4,075	20.2%	144	2,404	11.9%
Other Cereals	66	633	20.7%	29	426	13.9%	44	412	13.5%
Peas for Harvesting Dry	8	202	13.8%	19	390	26.6%	8	112	7.6%
Field Beans	38	587	13.3%	40	852	13.4%	19	260	5.9%
Potatoes	29	222	21.4%	13	125	12.1%	27	217	20.9%
Sugar Beet	6	134	15.1%	**	82	9.2%	**	49	5.5%
Oilseed Rape	78	1,967	12.7%	113	4,079	26.3%	48	1,097	7.1%
Other Arable Crops	85	784	26.0%	41	405	13.4%	40	299	9.9%
Horticultural Crops									
Vegetables	12	24	51.0%	**	1	2.1%	6	6	12.7%
Fruit	11	40	35.1%	**	15	13.1%	**	19	16.6%
HNS, Bulbs & Flowers	16	29	12.3%	**	12	5.1%	6	12	5.1%
Grassland & All Other Land									
Grass Under 5 Years Old	174	2,655	17.0%	159	3,096	19.9%	119	1,743	11.2%
All Other Grassland	494	9,740	16.6%	438	10,931	18.7%	268	4,950	8.4%
Woodland	92	511	17.3%	83	490	16.6%	51	267	9.0%
Set-Aside	128	870	13.5%	154	1,403	21.7%	102	586	9.1%
All Other Land	258	688	19.3%	218	632	17.7%	158	320	9.0%
LIVESTOCK	***Holdings***	***Number***	***Number as a % of Leicestershire***	***Holdings***	***Number***	***Number as a % of Leicestershire***	***Holdings***	***Number***	***Number as a % of Leicestershire***
Total Cattle & Calves	**287**	**26,330**	**18.1%**	**302**	**30,196**	**20.7%**	**168**	**16,036**	**11.0%**
Dairy Herd	87	6,294	18.5%	83	7,081	20.9%	59	3,978	11.7%
Beef Herd	139	2,368	16.2%	118	3,185	21.8%	76	1,555	10.6%

** Data suppressed due to confidentiality issues

Appendix One - continued

Table 19 - Agricultural Statistics for Leicestershire's Agricultural Districts, June 1997

	1			2			3		
Total Pigs	**37**	**22,416**	**32.8%**	**23**	**12,928**	**2.8%**	**14**	**10,599**	**15.5%**
Breeding Herd	25	1,481	33.8%	163	547	12.5%	8	975	22.2%
Total Sheep & Lambs	**123**	**40,642**	**9.9%**	**177**	**77,532**	**18.8%**	**60**	**15,049**	**3.6%**
Breeding Flock	120	18,017	10.2%	163	31,633	17.8%	57	6,917	3.9%
LABOUR	***Holdings***	***Number***	***Number as a % of Leicestershire***	***Holdings***	***Number***	***Number as a % of Leicestershire***	***Holdings***	***Number***	***Number as a % of Leicestershire***
Total Labour Force	**456**	**1,270**	**18.6%**	**426**	**1,121**	**16.4%**	**258**	**763**	**11.2%**
Farmers, Partners & Directors -ft	300	390	18.8%	299	393	18.9%	184	247	11.9%
Regular Full-time Workers	120	242	17.7%	121	230	16.8%	74	137	10.0%
Regular Part-time Workers	72	108	13.3%	67	93	11.4%	39	133	16.3%
Seasonal or Casual Workers	79	174	24.4%	53	81	11.3%	28	46	6.4%
ANALYSIS BY TOTAL AREA (Data rounded to the nearest 5 holdings)	***Holdings***		***As % of Total***	***Holdings***		***As % of Total***	***Holdings***		***As % of Total***
0 < 5 ha	105		26.5%	60		15.2%	60		15.2%
5 < 20 ha	155		21.5%	125		17.4%	80		11.1%
20 < 50 ha	130		20.0%	120		18.5%	60		9.2%
50 < 100 ha	75		15.3%	90		18.3%	55		11.2%
100 ha and over	80		14.8%	110		20.3%	55		10.2%
Total	**545**			**505**			**310**		
Analysis by Farm Type (Data rounded to the nearest 5 holdings)	***Holdings***		***As % of Total***	***Holdings***		***As % of Total***	***Holdings***		***As % of Total***
Dairy	60		20.3%	60		20.3%	35		11.9%
Cattle & Sheep	150		19.0%	155		19.6%	55		19.6%
Pigs & Poultry	25		35.7%	10		14.3%	5		7.1%
Cereals & Cropping	105		14.6%	135		18.8%	95		13.2%
Horticulture	30		42.8%	5		7.1%	10		14.3%
Mixed & Other Types	180		21.2%	150		17.6%	105		12.4%
TOTAL	**550**		**19.7%**	**515**		**18.4%**	**305**		**10.9%**

Appendix One - continued

Table 20 - Agricultural Statistics for Leicestershire's Agricultural Districts, June 1997

Agricultural District (MAFF)	4			5			6		
LAND USE	*Holdings*	*Hectares*	*Area as a % of Leicestershire*	*Holdings*	*Hectares*	*Area as a % of Leicestershire*	*Holdings*	*Hectares*	*Area as a % of Leicestershire*
Total Agricultural Area	**406**	**23,019**	**12.0%**	**466**	**36,088**	**18.8%**	**316**	**16,146**	**8.4%**
Total Cereals	**190**	**9,773**	**12.7%**	**191**	**11,546**	**15.0%**	**155**	**5,126**	**6.6%**
Wheat	157	6,924	12.8%	172	8,606	16.0%	117	3,228	6.0%
Barley	154	2,582	12.8%	107	2,318	11.5%	114	1,551	7.7%
Other Cereals	36	268	8.8%	46	622	20.3%	36	347	11.4%
Peas for Harvesting Dry	**	57	3.9%	10	153	10.4%	**	86	5.9%
Field Beans	16	295	6.7%	58	1,228	27.9%	16	187	4.3%
Potatoes	25	244	23.5%	6	35	3.4%	10	126	12.1%
Sugar Beet	5	208	35.4%	0	0	0.0%	0	0	0.0%
Oilseed Rape	60	1,669	10.8%	89	2,902	18.7%	55	1,120	7.2%
Other Arable Crops	60	559	18.6%	41	520	17.2%	41	256	8.5%
Horticultural Crops									
Vegetables	5	10	21.3%	**	3	6.4%	**	3	6.4%
Fruit	6	12	10.5%	5	16	14.0%	**	15	13.2%
HNS, Bulbs & Flowers	**	1	0.4%	**	1	0.4%	**	12	5.1%
Grassland & All Other Land									
Grass Under 5 Years Old	335	6,087	39.1%	111	2,369	15.2%	132	1,992	12.8%
All Other Grassland	356	6,230	10.6%	435	14,588	24.9%	279	6,251	10.7%
Woodland	63	248	8.4%	116	674	22.8%	43	183	6.2%
Set-Aside	725	116	1.8%	142	1,111	17.2%	67	397	6.1%
All Other Land	209	377	10.6%	211	589	16.5%	148	351	9.8%
LIVESTOCK	*Holdings*	*Number*	*Number as a % of Leicestershire*	*Holdings*	*Number*	*Number as a % of Leicestershire*	*Holdings*	*Number*	*Number as a % of Leicestershire*
Total Cattle & Calves	**237**	**22,969**	**15.8%**	**242**	**25,235**	**17.3%**	**195**	**17,810**	**12.2%**
Dairy Herd	77	6,452	19.0%	47	4,787	14.1%	67	4,540	13.4%
Beef Herd	116	1,882	12.9%	120	3,038	20.8%	75	1,591	10.9%

** Data suppressed due to confidentiality issues

Appendix One - continued

Table 21 - Agricultural Statistics for Leicestershire's Agricultural Districts, June 1997

	4			5			6		
Total Pigs	**20**	**5,584**	**8.2%**	**13**	**3,622**	**5.3%**	**27**	**6,592**	**9.7%**
Breeding Herd	15	599	13.7%	7	52	1.2%	17	499	11.4%
Total Sheep & Lambs	**98**	**26,597**	**6.5%**	**242**	**137,610**	**33.4%**	**121**	**43,243**	**10.5%**
Breeding Flock	89	11,991	6.7%	236	57,877	32.6%	110	18,859	10.6%
LABOUR	***Holdings***	***Number***	***Number as a % of Leicestershire***	***Holdings***	***Number***	***Number as a % of Leicestershire***	***Holdings***	***Number***	***Number as a % of Leicestershire***
Total Labour Force	**348**	**1.041**	**15.2%**	**377**	**1,311**	**19.2%**	**279**	**698**	**10.2%**
Farmers, Partners & Directors -ft	230	306	14.8%	238	295	14.3%	197	243	11.7%
Regular Full-time Workers	88	177	12.9%	106	326	23.9%	57	107	7.8%
Regular Part-time Workers	50	83	10.2%	70	270	33.2%	48	74	9.1%
Seasonal or Casual Workers	54	177	24.8%	66	113	15.8%	34	54	7.6%
ANALYSIS BY TOTAL AREA (Data rounded to the nearest 5 holdings)	***Holdings***		***As % of Total***	***Holdings***		***As % of Total***	***Holdings***		***As % of Total***
0 < 5 ha	55		13.9%	55		13.9%	40		10.1%
5 < 20 ha	125		17.4%	100		13.9%	75		10.4%
20 < 50 ha	85		13.1%	105		16.2%	105		16.2%
50 < 100 ha	80		16.3%	100		20.4%	60		12.2%
100 ha and over	65		12.0%	100		18.5%	40		7.4%
Total	**410**		**14.7%**	**460**		**7.9%**	**320**		**11.4%**
Analysis by Farm Type (Data rounded to the nearest 5 holdings)	***Holdings***		***As % of Total***	***Holdings***		***As % of Total***	***Holdings***		***As % of Total***
Dairy	50		16.9%	30		10.2%	50		16.9%
Cattle & Sheep	95		12.0%	180		22.8%	90		11.4%
Pigs & Poultry	10		14.3%	5		7.1%	10		7.1%
Cereals & Cropping	100		13.9%	110		15.3%	65		9.0%
Horticulture	5		7.1%	10		14.3%	5		7.1%
Mixed & Other Types	145		17.1%	130		15.3%	90		10.6%
TOTAL	**405**		**14.5%**	**465**		**16.6%**	**310**		**11.1%**

Appendix One - continued

Table 22 - Agricultural Statistics for Leicestershire's Agricultural Districts, June 1997

Agricultural District (MAFF)	**7**		
LAND USE	***Holdings***	***Hectares***	***Area as a % of Leicestershire***
Total Agricultural Area	**246**	**29,641**	**15.4%**
Total Cereals	**147**	**15,119**	**19.6%**
Wheat	130	10,111	18.8%
Barley	132	474	2.3%
Other Cereals	22	348	11.4%
Peas for Harvesting Dry	22	465	31.7%
Field Beans	45	988	22.5%
Potatoes	6	68	6.6%
Sugar Beet	24	414	70.5%
Oilseed Rape	75	2,649	17.1%
Other Arable Crops	39	190	6.3%
Horticultural Crops			0
Vegetables	0	0	5.3%
Fruit	**	6	5.1%
HNS, Bulbs & Flowers	**	12	7.6%
Grassland & All Other Land			
Grass Under 5 Years Old	66	1,190	9.2%
All Other Grassland	218	5,407	19.7%
Woodland	70	582	21.1%
Set-Aside	123	1,364	17.1%
All Other Land	135	611	

	7		
LIVESTOCK	***Holdings***	***Number***	***Number as a % of Leicestershire***
Total Cattle & Calves	**96**	**7,027**	**4.8%**
Dairy Herd	15	806	2.4%
Beef Herd	38	992	6.8%
Total Pigs	**11**	**6,496**	**9.5%**
Breeding Herd	5	230	5.2%
Total Sheep & Lambs	**122**	**70,728**	**17.2%**
Breeding Flock	119	32,129	18.1%
LABOUR	***Holdings***	***Number***	***Number as a % of Leicestershire***
Total Labour Force	**217**	**632**	**9.2%**
Farmers, Partners & Directors -ft	152	196	9.5%
Regular Full-time Workers	73	147	10.8%
Regular Part-time Workers	41	53	6.5%
Seasonal or Casual Workers	39	69	9.7%
ANALYSIS BY TOTAL AREA (Data rounded to the nearest 5 holdings)	***Holdings***		***As % of Total***
0 < 5 ha	20		5.1%
5 < 20 ha	60		8.3%
20 < 50 ha	45		6.9%
50 < 100 ha	35		7.1%
100 ha and over	90		16.7%
Total	**250**		**8.9%**
Analysis by Farm Type (Data rounded to the nearest 5 holdings)	***Holdings***		***As % of Total***
Dairy	10		3.4%
Cattle & Sheep	55		7.0%
Pigs & Poultry	5		7.1%
Cereals & Cropping	120		16.7%
Horticulture	5		7.1%
Mixed & Other Types	55		6.5%
TOTAL	**250**		**8.9%**

** Data suppressed due to confidentiality issues

Appendix Two

Table 23 - Net Farm Income by Farm Type, and Size - England

Accounting years ending on average in February

England	***Farm Business Survey Data*[12]**											***Census Data*[13]**		
Farm Type	Net Farm Income (£'000 per farm)								Average farm Area Including Rough Grazing (hectares per farm) 1997/98			Number of holdings at June 1997		
	Small		**Medium**		**Large**		**All Size Groups**							
	96/97	97/98	96/97	97/98	96/97	97/98	96/97	97/98	**Small**	**Medium**	**Large**	**Small**	**Medium**	**Large**
Dairy	9.9	5.9	23.4	14.8	58.3	39.7	30.1	19.8	32	65	133	3,915	9,392	4,485
Cattle & Sheep (LFA)	11.0	7.3	31.8	18.8	-	-	19.4	12.0	87	320	-	4,064	1,635	266
Cattle & Sheep (Lowlands)	4.9	-0.6	13.9	6.3	39.4	11.7	7.5	0.9	62	115	293	9,924	1,881	502
Cereals	10.4	2.5	33.3	12.2	88.0	36.9	37.6	14.4	51	131	341	7,568	6,152	4,011
General Cropping	-	-	26.6	11.3	68.9	37.2	40.1	19.5	-	94	314	3,276	3,555	4,066
Pigs & Poultry	17.5	11.0	43.9	13.1	116.3	31.2	48.6	16.3	7	12	52	1,544	1,031	862
Mixed	7.6	-0.7	22.4	-0.9	78.7	27.1	35.8	8.1	61	118	296	4,041	2,828	2,466

[12] Figures are not shown separately where the sample contains fewer than 20 farms.
[13] Census data exclude holdings of under 8 ESU.

Appendix Three

Table 24 - Occupier's Net Income by Farm Type, and Tenure - England

Accounting years ending on average in February

England	*Farm Business Survey Data*[14]											*Census Data*[15]		
Farm Type	Occupier's Net Income (£'000 per farm)								Average farm Area Including Rough Grazing (hectares per farm) 1997/98			Number of holdings at June 1997		
	Owner-Occupied		**Tenanted**		**Mixed Tenure**		**All Types of Tenure**							
	96/97	97/98	96/97	97/98	96/97	97/98	96/97	97/98	Owner-Occupied	Tenanted	Mixed Tenure	Owner-Occupied	Tenanted	Mixed Tenure
Dairy	33.0	19.9	18.1	15.5	32.8	20.3	29.7	19.0	73	65	91	8,623	3,840	5,329
Cattle & Sheep (LFA)	16.7	10.9	22.7	15.8	29.7	18.6	21.0	13.7	114	251	249	2,965	1,300	1,700
Cattle & Sheep (Lowlands)	8.0	2.2	6.9	-3.2	17.4	11.5	10.1	3.7	75	66	92	7,424	1,915	2,968
Cereals	39.4	21.0	34.5	14.7	57.1	24.6	43.8	20.8	128	147	190	8,438	3,735	5,558
General Cropping	46.7	24.0	45.2	24.3	44.9	24.5	45.6	24.3	162	163	188	4,336	2,196	4,365
Pigs & Poultry	42.5	14.7	-	-	-	-	46.1	14.0	16	-	-	2,790	289	358
Mixed	35.9	11.0	31.7	-1.9	50.8	20.6	40.3	12.0	126	169	194	4,484	1,860	2,991

[14] Figures are not shown separately where the sample contains fewer than 20 farms.
[15] Census data exclude holdings of under 8 ESU.

Contents – Tables

Graphs

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