

# **Farm Diversification Plan**

Proposed Farm Cafe on land at Hilton House Farm, Hilton

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## Introduction

The need for farms to diversify is more necessary now than ever before, with the impact of reduced Basic Payment Scheme (BPS) payments, Brexit, war and global warming contributing to volatility in the industry. The Government (DEFRA) continues to promote farm diversification, with 68% of farms in England reporting some diversified activity in 2021/22. Diversification is widely thought to offer considerable scope for improving the economic viability of farm businesses. It also provides benefits for the wider rural economy and community, including provision of job opportunities that would otherwise not exist. Diversification is a key element for many farming businesses to grow and thrive. It is essential this is understood by decision makers in the planning system, for it to make a positive contribution to the rural community. Equally, diversification will help bring back nature and tackle climate change while producing food sustainably.

Hilton House Farm of Mr Alan Marsay is located on the western edge of Hilton, with the main farmstead forming the edge of the built up area of the village.

The farm has successfully diversified in the past, with Hilton Fishing Lakes opening in 2010, which took advantage of a depression in the land that naturally flooded. At the time grain prices were beginning to fall, prompting the need and opportunity to diversify. Since opening, the lakes have complemented the primary farming operation and introduced an attractive environment to the village that is well used by many of the villagers for walking as well as fishing. The fishing lakes include a large area of car parking accessed off Yarm Road, with a steel storage container and porta-loos located at the northern edge by the internal entrance to the lakes. The facility is served by a 3-phase electrical supply and drainage facilities.

Since opening, the fishing lakes has become an established facility, hosting regional standard fishing competitions on a regular basis. The proposal to build a cafe at the site would serve to provide a much needed permanent toilet and storage facility for the fishing lakes. This would greatly improve the look of the site and provide greater comfort for customers and visitors. The container and porta-loos will no longer be needed and will be removed. The field surrounding the fishing lakes is prone to waterlogging to the east which means that traditional arable crops do not thrive, and the land is currently fallow. The cafe is expected to result in financial and environmental benefits to the fishing lakes and also the primary farming business through improved use of this fallow land that can be adapted to grow fruit and vegetables on a medium scale which could be used in the cafe. The cafe plans have been widely reviewed and endorsed by members of the village who are enthusiastic about it being made a reality. Alongside this, the business would provide Mr Marsay with an additional

income stream that it not directly dependent on the agricultural market, which is an increasingly important requirement for farmers.

## **Objectives**

1. The fishing lakes have reached a stage where further investment is required for it to maintain and improve its status. As it continues to attract customers and host fishing competitions, improved facilities are a constant request of users of the facility. This includes improved toilet facilities, storage and the availability of refreshments/shelter from the elements. Customers often reference other local facilities where these are already available. Further investment is therefore required.
2. Alongside this, plans are in place for Mr Marsay's daughter to join the farming business having moved back to the village a few years ago. She has a background in project management, personal health and local community participation. This new generation coming into the farm business is supported (and strongly encouraged) by the Government and planning policy. As part of growing the family business, the plan is to build and operate a cafe. The vision is to develop an ethical and sustainable community facility that builds upon the existing farm and fishing lake, thereby supporting and strengthening the rural economy, whilst expanding a facility that has been warmly welcomed and used by the local community and surrounding area. The cafe menu and will largely come from local food producers, whilst promoting balanced diets and providing affordable, low/unprocessed food. The menu will adapt with the seasons.
3. The land surrounding the fishing lakes is prone to waterlogging and as such is not used to produce arable crops. However, this land can be improved to grow fruit, vegetables and other crops (e.g. herbs) on a medium scale for direct use in the kitchen of the cafe. This would bring about greater provision of food availability but also improve the environment for pollinators.

## **Benefits**

1. The fact that there is an established farm and fishing lake in operation, with all the associated infrastructure (electricity, drainage, car park), farm equipment and land, provides a solid foundation for setting up the farm cafe which is already well known to the fishing community and dog walkers alike. The fishing lakes and Hilton village provides a solid customer base with existing car parking, with the two uses of the site sharing the same security, resources and staff time.

2. The associated farmland provides the opportunity to grow diverse produce to serve in the cafe enhancing the natural environment by increasing biodiversity and reducing air/HGV miles, which is needed for a sustainable business.
3. The benefits to our family business are plain to see, but we also anticipate benefits to a number of local producers that can serve the facility as well as providing a place of interest to attract more visitors who may use the shepherd huts and camping site at the other side of the village. The cafe will provide an important outlet for local ethical and high welfare businesses.
4. The cafe will provide direct opportunities for employment as well as the potential for further job opportunities associated with fruit and vegetables production and harvesting. This is practically non-existent in the village currently. Apart from the Falcon pub.
5. People in the village want this facility and have expressed frustration that it has not been approved. It will be a massive benefit to the residents who can walk their dog and go get breakfast/lunch locally without needing their car. There are many cyclists and people who already pass through the village who will be able to call in on their route. Many of them commented on the need for such a facility during previous consultations. There is a beautiful circular walk that runs through the village and the Leven valley – we expect the cafe to be a big hit with walkers.

## **Market Research**

Detailed consultation has taken place over the last 8 years. This has included:

Ongoing surveys and discussions with users of the fishing lakes to understand their requirements and expectations of the fishing lake facility.

Ongoing discussions with the local community. This included an in-person public consultation event was held in April 2022 at Hilton Village Hall. The event was advertised over a week in advance with site notice posted throughout the village and details added to the local Facebook group. Plans of the proposed development were displayed at the event, with the opportunity to discuss the scheme, explain the proposals in full detail and answer any questions raised. The event was heavily attended. Indeed it overran its scheduled two hours due to its popularity. The comments received were overwhelming in support, without a single negative comment. Comments included:

- It should be bigger to meet the anticipated demand.
- Consideration should be given to cyclists and the ability to park their cycles.
- Several of the attendees noted that it was the only village of this size in the area, which did not have such a facility.

- Would be a great facility to meet up with other villagers
- With working from home more, it would provide a place to go for lunch
- Excellent place to be able to walk dogs and enjoy food and drinks

The local demand for the proposed facility is clear with 1 objection to the original application from the whole village and the support of the Parish council (absence of objection, which would have certainly occurred if the facility was opposed).

Indeed, the support for rural communities and importance of local facilities has continued to develop since the adoption of the Local Plan, with a growing trend for local produce, sense of community and reducing unnecessary travel costs for those living rurally.

There are a number of similar farm shop/cafes in the region and they are all thriving indicating the need and desire for this type of establishment. The increase in the amount of housing within 5 miles of Hilton (Stainton, Yarm, Ingleby Barwick) over the last decade has resulted in a very large customer base for the fishing lakes and proposed cafe on our doorstep. Whilst the local planning system has allowed housing to grow at a significant rates (often at appeal), there has been a much reduced focus on delivering the associated services and amenities. We can help fill this ever-growing gap.

There is a clear need for sustainable, local produce and a space for the local community. As part of this combination of surveys and analysis the following types of customers are expected during an average day.

- **Older People** – seeking a comfortable space to meet and enjoy throughout the daytime, attracted by local community feel and friendly environment.
- **Parents and young children** – Convenient location on existing school run, and open plan environment with space of children to enjoy and space for conversation and healthy principles.
- **Fisher men/women** – Comfortable environment with quality food and opportunity for conversation.
- **Professional freelance workers** – Comfortable space with ability to meet, read, and break from work.
- **Home workers** – Opportunity to break out from home working and have healthy lunch, and meet clients/colleagues.
- **Cyclists** – Very popular route for cyclists seeking an opportunity for quality refreshment and place to safely park bikes.
- **Young Professionals** – Seeking quality coffee, convenient breakfasts/lunches and efficient and personalised service.

- **Walkers** – Encourage walking in the local area and providing an opportunity for rest and refreshment.

## **Opening Hours**

The envisaged opening hours will be:

Monday to Sunday: 08:00 – 16:00

## **Other Facilities in village**

There are no other comparable facilities available in the village or within walking distance. The public house (The Falcon) is only open from lunchtime onwards and serves traditional pub food and primarily alcoholic drinks, it is closed on Tuesdays and only open Monday evenings for a pub quiz. The village hall is available for organised events only, food/drinks are not available.

## **Proposed Diversification**

The proposed diversification is to use the existing car park that is underused for the fishing lakes to site a modest cafe. The cafe building will also provide much needed toilet and storage facilities for the fishing lakes. These will be accessed externally so that they do not impact on the cafe, which will have its own separate toilets accessed internally. The site is already open to the public, is not used for farming and the cafe build will not be funded by or loaned against the primary farming business. Therefore, there will be no negative impact on the primary farming business.

On the contrary, the use will provide a separate source of income that is detached from the volatile agricultural markets. Alongside this, it will also enhance and diversify the fishing lakes.

## **Physical Impact**

There will be no physical impact on the farm business as the site is already operating as a car park. As such, there will not be any 'stripping of assets' or negative impact on the 'on-going viability of the holding'. On the contrary, the cafe will provide an additional opportunity/outlet for produce that can

be grown on the surrounding farmland, which is not the most productive for more commercial scale arable crops (see previous justification for fishing lakes).

## **Financial Impact/Effect**

The cafe build is not reliant of securing a loan against the primary farm business. The risk to the primary farm business is therefore limited. However, it will be able to share staff, skills and resources in a similar (and successful) manner to the fishing lakes. This is a significant operational and financial benefit in terms of stability and ability to share/balance resources.

## **Human Resource Impact**

It is expected that the cafe will employ approximately 3 full time waiting staff to cover 7 days a week, 1 x manager and 3 x kitchen staff. It is expected that the cafe would double the number of job opportunities in the village based on the pub offering the other half.

## **Financial Viability**

The initial financial outlay for the build will come from savings/investments from A Marsay. Once built, the business will be subject to the standard financial outgoings of supplies, equipment maintenance, wages/pensions, insurance, security, waste management, electricity/heating. But significantly, the building will be owned outright without a mortgage or rent to pay. The success of similar establishments in the area (Five Houses, Roots, G&T, Fletchers Farm) proves there is a strong demand for independent and unique cafes. Our proposed cafe is situated just over the road from the houses on Manor Drive and Yarm Road. The site can be accessed by all villagers by tarmacked pavements avoiding walking on roads, which is something that is lacking in the aforementioned cafes that are situated away from their nearest village. This, coupled with the ever increasing housing stock in the close vicinity of Hilton Village, the existing commuter traffic that already passes throughout the village, the heavily used cycle routes that passes through and near to the village, and the unique surrounding of the fishing lakes ensures the cafe will be a desirable location that people will want to walk their dog and get breakfast/lunch/coffee as well as providing comfort and sustenance for those spending the day there fishing.

## **Sales**

The business plan for the cafe is to serve hot and cold food and drinks operating at standard industry markup rates (28-35% cost of goods for price sold) (70-75% gross profit margin). Our research and forecasts assume an average sale of £6.50. The business will mainly operate as a cafe but a small selection of basic essentials such as milk, bread, eggs, fruit and veg may be available to buy as part of a small shop area if there is sufficient demand. This would effectively be an extension of the 'larder' for the cafe, with surplus produce sold. Beneficial to both the farm and cafe.

## **Premises Size and Store Layout**

We are seeking a cafe with a floorspace of approximately 135 sq m, which will accommodate seating for up to 50 people. The aim will be to provide an accessible space for all users, rather than cramming people in. This will be a significant benefit, particularly when compared to other cafes that occupy converted buildings, which provide inconvenient access for prams, wheelchairs users, etc. In taking this approach, it is noted that convenient access for all is a requirement of planning policy and building regulations, which requires developments to meet the need for all development to be designed inclusively to ensure that buildings and spaces are accessible for all, including people with disabilities.

## **Marketing**

The cafe will instill robust principles that will allow a strong and unique identity that will grow quickly. This is based on the ongoing market research that has confirmed a very high level of support for the facility from the local community and users of the fishing lake, which will continue to grow via word of mouth, building on this strong footing. This existing relationship is an important foundation, that benefits from the existing relationship that has been built up by the farming operation, fishing lake and ongoing engagement with the local community, which is unique in the locality.

Social media will also be used to connect with customers and provide regular updates and information to maintain positive engagement. This will be done in a way that recognises the community nature of the business, which will be at the heart of the village, and have ability to promote greater inclusivity and community spirit.