

The Farm Management Handbook



Farm
Advisory
Service

Crofts and Small Farms



The UK reference
for farm business
management



Part of Scotland's
Rural College (SRUC)

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Introduction

This section gives an overview of crofting and small farms.

Information on crofting and land tenure and legislation is included as well as information on support schemes specifically directed to crofts and small farms.

For new entrants to farming, this section should be read in conjunction with the Next Generation section.

Crofting

Crofting is a form of land tenure which is unique to Scotland. Generally, a croft is a relatively small agricultural land holding which is normally held in tenancy and which may or may not have buildings or a house associated with it. Crofts are only found within the crofting counties of Scotland, in the Highlands and Islands.

Crofts range in size from less than 0.5ha to more than 100ha. An average croft is nearer 5ha.

A crofter is the tenant or owner-occupier of a croft. Usually, the crofter holds the croft on the "statutory conditions", which apply to every croft tenancy, and will not have a written lease.

There are three legislative duties which must be adhered to. Residence on the croft is required or the crofter must reside within 32km; there is a duty not to neglect the croft; and to cultivate and maintain the croft for agriculture or to put it to another purposeful use (e.g. any use which does not have an adverse effect on the croft, the public interest, the interests of the landlord or the use of adjacent land).

Common Grazings

There are approximately 1,000 common grazings in the crofting counties. A common grazing is an area of land shared by a number of crofter shareholders. The use of a common grazing is governed by a grazing committee, elected by the shareholders in the Common. Individual shareholders have a 'souming' which governs the number and type of stock they are allowed to graze. Details of shares and 'soumings' are contained in the Regulations for the Common Grazing.

The Crofting Commission

The Crofting Commission is a Non-Departmental Public Body (NDPB) responsible for regulating crofting. The Commission comprises of six Crofting Commissioners elected from geographic areas in the crofting counties, and three Commissioners appointed by the Scottish Government.

The Crofting Commission assess and decide on regulatory applications, such as those listed below. Their staff work on ensuring crofts are utilised by resident crofters, support Common Grazing committees, and develop resources and training.

Obtaining a croft

There are several ways to obtain a croft. The following table gives details of these, and the requirements involved.

Type of change	Description	Notification to Crofting Commission	Crofting Register Required?
Assignment	Transfer of a croft tenancy from tenant crofter to proposed new tenant	Assignment Application Croft Tenancy form	Yes
Sub - Let	Transfer of a croft tenancy from tenant crofter to proposed new tenant for a fixed period of time	Subletting Application Croft Tenancy form	No*
Change of ownership – tenant purchasing croft	Purchase of Croft	Notification of change of ownership form	No*
Change of ownership – change of owner-occupier	Purchase of Croft	Notification of change of ownership form	Yes
Letting	Croft is let by landlord or owner-occupier to a tenant	Application to Let Croft (Whole or Part)	Yes
Short Term Letting	Owner Occupier letting a croft to a tenant for less than 10 years	Short Term Let Application Owner-Occupier Crofter	No*

*** Refers to First Time Registration. Please note that if the croft concerned is already on the new Crofting Register, then a Form B and a £90 fee will be required to update the register.**

Crofting terms

Decrofting is the term used for the process of removing land from crofting tenure. This is typically used to secure a house site suitable for commercial lending.

Resumption, similar to decrofting, is the removal of land from croft tenure; in this case it is carried out by the landlord, following permission from the Scottish Land Court.

Apportionment is the term used when someone who shares in a common grazing wants to take part of the common grazing for their own exclusive use.

Deemed croft is the name for a grazing share which has been separated from the croftland.

Crofting register

The crofting register is map based and provides a definitive record of the extent of, and interest in, land within crofting tenure in Scotland. The register shows the boundaries of land and the name and address of the crofter. The register is maintained by the Keeper of the Registers of Scotland.

Applications to register a croft should be submitted to the Crofting Commission. As well as completing Form A which can be found at <https://www.ros.gov.uk/services/forms/guidance-and-forms> a clear and legible map showing the boundaries of the croft must be supplied. Maps that meet the desired standard can be acquired from local authorities, architects and surveyors and distributors of Ordnance Survey maps.

Small Farms

In contrast to crofts, small farms are not specifically mentioned in legislation; instead they are governed under the same agricultural tenancy legislation as detailed within the Land and Buildings section (Land Tenure), unless they are small landholdings, of which there are only seventy four (74). Small landholders have rights of security of tenure, but they do not share the same benefits or legal rights as crofters or tenant farmers with secure 1991 Act agricultural tenancies.

To be eligible for small farm specific grants and services, the Scottish Government deems a small farm to be a holding between 3ha and 30ha in size.

Rural Aid Schemes for Crofts and Small Farms

Agriculturally active crofts and small farms are entitled to the same direct subsidies that are available to the rest of the farming industry, as detailed in the Rural Aid Schemes section. There are also grant schemes specifically designed to benefit crofters and small farmers.

Crofting Agricultural Grant Scheme (CAGS)

This scheme provides grants for crofters to make improvements to their crofts and help to sustain their businesses. Funds of up to £25,000 for individual crofters and £125,000 for groups of crofters can be used for capital projects, such as the construction or improvement of agricultural buildings and for the establishment of Common Grazings Committees.

CAGS grant rates are shown in the following table:

	Individuals		Groups ¹	
	Young Crofters ²	Other Crofters	Young Crofters ²	Other Crofters
LFA	80%	60%	90%	80%
NLFA	60%	40%	80%	60%

¹ e.g. Grazing committees.

² under 41 years old, with adequate occupational skills and competence, and in business for less than 5 years.

Funding for eligible capital projects can cover all aspects of the project, including the cost of materials, transportation of materials, costs of contractors and own labour. Items eligible for grant aid include:

1. Erection or improvement of agricultural buildings, and shelters for the temporary housing and sheltering of out-wintered livestock.
2. Works associated with agricultural building, including yards, hard-standings, dungsteads, and silos (excluding grain silos).
3. Investment in land management, including the initial grassland improvement works for the restoration of degraded land and the control of bracken.
4. Slurry stores.
5. Arterial drainage and field drainage.
6. All other forms of general drainage including under drainage, hill drainage and ditching.
7. Provision or improvement of facilities for the organised feeding of out-wintered livestock, including permanently fixed troughs and feed barriers, and associated concrete bases.
8. Provision or improvement of equipment for the handling and treatment of livestock.
9. Planting of shelter belts and the provision of fences, hedges, walls, gates or stock grids.
10. Provision or improvement of amenities, including water supplies, mains electricity connections, electricity generators or gas supplies.
11. Provision of electrical equipment.
12. Provision or improvement of access tracks to land improvement areas, roads, bridges, culverts, or boat slips.
13. Assistance of up to £500 towards the establishment of a properly constituted Common Grazings Committee.

Cattle Improvement Scheme

The 'bull hire scheme' enables crofters to benefit from access to high quality, healthy bulls, chosen using Estimated Breeding Values (EBV), and therefore supply high quality calves to the beef industry throughout Scotland and beyond.

The scheme supplies bulls to areas where no practical alternative means of service are readily available. The cost of hire is subsidised by up to

60%. In addition, scheme staff are available to offer advice and guidance on all matters relating to the husbandry and welfare of the bulls. Approximately 3,500 calves are sired annually by Scottish Government bulls, from which home-bred replacement heifers are retained and the surplus sold on.

Small Farms Grant Scheme

This scheme closed in 2022 and is currently under review.

Croft House Grant (CHG)

This scheme provides grants for crofters to improve and maintain the standards of crofter housing, with the aim of attracting and retaining people within the crofting areas of Scotland. Grants are available for a) new builds, b) major repairs, internal improvements and rebuilding work, and c) energy efficiency measures.

a) New house builds

There are limits applied to the size of a new build house which relate to the number of bedrooms:

House type	Two bed single storey	Two bed two storey	Three bed single storey	Three bed two storey	Four bed single storey	Four bed two storey	Five bed single storey	Five bed two storey
Maximum eligible floor area (m2)	112	120	138	146	164	172	191	199

These limits also apply to house improvement grants where the proposal is to increase the size of the dwelling house.

Funding rates

Funding of £38,000 is available for new builds in high priority areas and £28,000 in standard priority areas.

b) House improvements

The grant can be used to facilitate minor and major improvements to existing croft houses. Croft houses which have been decrofted for mortgage purposes are still eligible provided the applicant meets the remaining scheme requirements.

Example of Minor improvements include:

- First time provision of modern fitted kitchens (not replacement).
- Rewiring where the existing wiring has become unsafe or un-serviceable.

Examples of Major improvements include:

- Replacement of roof covering.
- Replacement of gutters and down pipes.
- Provision of, or modification and repairs to chimneys and flues.
- Repairs to cracks in walls.

Intervention rates

Funding of 60% of the costs up to a maximum of £38,000 in high priority areas and up to £28,000 in standard priority areas. Projects below £8,000 in value are ineligible for grant aid under CHG.

c) *Energy Efficiency*

This grant can be used to bring a property up to a minimum Band C Energy Efficiency Rating, based on the recommendations of an Energy Performance Certificate (EPC) for the property.

Examples of Energy Efficiency works include:

- Under floor insulation
- Loft insulation
- Wall insulation (Cavity, Internal or External)
- Heating Upgrades and improvements
- Window and Door Upgrade

Intervention rates

Funding of 80% of the costs up to a maximum of £38,000 in high priority areas and up to £28,000 in standard priority areas. Projects below £8,000 in value are ineligible for grant aid under CHG.

Quotes

No quotes are required for new build houses; improvement works require a minimum of two competitive quotes for the proposed works. If the crofter is a builder and wishes to carry out the work this is acceptable; however, they must submit a quotation. In these circumstances the crofter would need to submit the two other competitive quotes in addition to his/her own. The quotations must be submitted along with the application.

Eligibility & Application Windows

Eligibility is partly based on the production of a 5-year business plan for the croft. Applications are accepted all year round, but decisions are typically made four times a year with the following closing dates: 1st March, 1st June, 1st September and 1st December.

Scoring

Applications are assessed on a points system to help prioritise funding. Scoring takes into account: current accommodation, assignment re-let details, other property which is/was owned and could/has been sold, and also current and proposed croft activity.

Agri-Environment Climate Scheme (AECS)

Full details of AECS can be found within the Rural Aid Schemes section. There are a number of options which are particularly relevant for crofters and small farms. These include:

Management Option	Payment Rate
Conservation Management of Small Units (up to 30ha)	£77.78/ha
Cattle Management on Small Units (up to a max of 20ha @ 2 ha/cow)	Retention - £107.38/ha Introduction - £162.63/ha
Cropped machair	£239.76/ha

Croft and Small Farm Gross Margins

The gross margins on the following pages give an insight into livestock enterprises on a smaller scale. The gross margins are an illustration and must be adjusted for specific circumstances. The variable costs take account of added costs for smaller volumes being purchased and/or for being based in remote and island areas. All concentrate feeding and straw (for feeding and bedding) are assumed to be bought-in.

Beef

The suckler cow margins are based on crofts and small farms with a mixture of inbye ground and rough grazing/common grazing. The margins provide an illustration of a herd with 2 native type suckler cows on in-wintered (native cross cattle) and out-wintered (pure native) systems calving mainly in February - April.

Output is based on a calving percentage of 90% and selling weaned calves in October. Income from the SSBSS (see Rural Aid Schemes section for more detail) is based on the Island rate. This should be reduced by £40/cow (90% calving percentage) if budgeting for a mainland system. Adding value to output would come from direct marketing beef.

Replacement costs are based on purchasing all breeding stock. If hiring a bull, this cost should be adapted.

For more information on keeping cows see sections on Livestock, Dairying, Beef Cattle and Rural Aid Schemes.

Sheep

For crofts and small farms, sheep provide a basis in getting started in commercial livestock farming. Compared to cattle, sheep require a lower capital investment to establish a flock and income can be generated within a 12 month period due to their short gestation period.

The sheep gross margins illustrate technical and financial performance for a range of croft and small farm situations. The margins are based on Blackface and Cheviot hill breeds and Mule and Texel-cross type lowland breeds. Where other breeds are used, prices should be adjusted accordingly. Income comes from selling lambs either as store or finished animals and cast sheep at the auction market. Adding value to output would come from direct marketing lamb or fleece.

Replacement costs are based on retaining homebred ewe lambs or buying in gimmers for lowland situations. Rams are assumed to be hired. Where buying rams, costs should be adjusted. The margins do not account for keeping flock replacements.

For more information on keeping sheep see sections on Livestock, Sheep, and Rural Aid Schemes.

Free range chicken egg production

Free range egg production is an ideal enterprise for a croft or small farm business. There is a smaller land requirement compared to other livestock, low flock set-up costs and quick and regular cashflow. Any significant capital expense will be mainly dictated by requirement for bird housing. In recent years there have been housing orders for poultry. Given this background, it would be advisable to design your system and housing around this, for example considering if there is good ventilation in buildings and considering if an outdoor area can be netted off.

From 1st September 2024 all bird keepers will need to register on the Scottish Kept Bird Register. If the intention is to sell eggs beyond the farm gate, e.g. to farm shops or local shops, then the business should be registered with the Scottish Government Eggs and Poultry Unit. For details and guidance see:

<https://www.ruralpayments.org/publicsite/futures/topics/inspections/all-inspections/egg-and-poultry-inspections/>.

For alerts from APHA about poultry diseases see:

<https://www.gov.uk/guidance/apha-alert-subscription-service>

http://animalhealth.system-message.co.uk/AH_subscribe_index.php

The enterprise illustrated assumes chicken egg production using hybrid birds. Egg production using native chicken breeds or other species, such as ducks or geese could also be considered. The gross margin assumes buying point of lay pullets, purchase of feeding in 25kg bags (purchasing at least 1t at a time) and marketing eggs at the farm gate using labelled (with laying date and best before) half dozen boxes. When selling the eggs at the farm gate, a premium price is available as customers appreciate the eggs freshness, provenance and taste.

Other croft and small farm enterprise options

See the Diversification section for more information on other livestock and farm diversification ideas.

Suckler Herd - Croft and Small Farm

PHYSICAL DATA

Breed: Cross bred native and purebred native cows bred to native bull.

	Upland suckler in-wintered	Hill suckler out-wintered
Calving period		Feb-Apr
Calves weaned	90%	90%
Month of weaning	October	October
Days to weaning	220	220
Month of sale	October	October
Lwt of calves: at weaning (kg)	255	235
Lwt of calves: at sale/transfer (kg)	255	235
Herd life of cows (years)	10	9
Herd life of bulls (years)	4	4
Cow mortality (%)	1	2
Calf mortality (%)	4	4
Cow:bull ratio (:1)	10	10
Feeding/cow and calf (winter days):	180	180
silage (t)	5.4	6
straw (t)	0.6	0
calf concentrates (kg)	100	0
cow concentrates (kg)	180	225
Grazing fertiliser (kg N/ha)	40	30
Silage & aftermath fertiliser (kgN/ha)	125	125
Silage:		
yield (t/ha from 1-cut)	20	20
DM quality (g/kg)	280	280
ME quality (MJ/kg DM)	10.5	10.5
Overall forage area (ha):		
silage and aftermath grazing	0.27	0.30
Improved grazing	0.30	0.20
Unimproved / Hill Grazing	2.00	4.00
	<hr style="width: 50%; margin: 0 auto;"/> 2.57	<hr style="width: 50%; margin: 0 auto;"/> 4.50
Housing system: access to shed		
Straw for general use incl. calving pens	0.25	0.10

Suckler Herd - Croft and Small Farm

GROSS MARGIN DATA

	Upland suckler in-wintered	Hill suckler out-wintered
	£/cow	
OUTPUT		
Calf sales (lwt)	90%	90%
Steers		
270 kg @ 230 p	528	-
250 kg @ 230 p	-	486
Heifers		
240 kg @ 230 p		
220 kg @ 230 p		
Scottish Suckler Beef Support Scheme	131	131
	<hr/>	<hr/>
	659	617
Less: Replacement - cow	71	73
bull	63	63
	<hr/>	<hr/>
	525	481
VARIABLE COSTS		
Cow concentrates @ £492/t	89	111
Calf concentrates @ £424/t	42	0
Vet & medicines	79	87
Straw feeding and bedding @ £141/t	120	14
Commission, haulage, tags & levies	67	66
	<hr/>	<hr/>
	396	277
Gross Margin before forage	<hr/>	<hr/>
	128	203
Forage variable costs:		
silage @ £597/ha	161	179
grazing @ £124/ha	37	25
	<hr/>	<hr/>
	198	204
Total Variable Costs	<hr/>	<hr/>
	594	481
GROSS MARGIN £/cow	<hr/>	<hr/>
	-70	-1
GROSS MARGIN £/ha	<hr/>	<hr/>
	-27	0

Sensitivity-Change ±

10 p/kg in lwt sale price	
Sale weight ± 10kg	
Herd life ± 1 year	

Change in Gross Margin/head (£)

23	22
21	21
14	9

Replacement cost prices:

Native cross cull cow	£930	Native cross i/c heifer (purch.)	£1,550
Pure native cull cow	£720	Pure native i/c heifer (purch.)	£1,250
Cull bull	£999	Replacement bull (purch.)	£3,500

Sheep Flock – Croft and Small Farm

PHYSICAL DATA

Breeds:

	Hill - Lowland		
Breed of Sire	Hill	Low	Low
Breed of Dam	Hill	Hill/Low	Low
Lambing period	Early April		

Lambs reared (%)

	80%	120%	160%
Lamb crops per ewe (avg)	4.5	4.5	4.5

/10 ewes tupped

Rams Hired	1	1	1
Lamb numbers:			
marked	8	12	16
sold/retained	8	12	16
sold: finished lambs	0	0	9
store lambs	5	9	7
retained for breeding	3	3	0
Ewe numbers:			
culls	2	2	2
mortalities	1	1	1
gimmers purchased	0	0	3
Wool sales - ewes, rams & hogs (kg)	16	25	27
Ewe concentrate (kg)	180	260	420
Forage: improved grazing (ha)	0	0.7	1
silage/hay (ha)	0.1	0.2	0.3
Total forage (ha)	<u>0</u>	<u>0.9</u>	<u>1.3</u>
Bedding straw (kg/day/hd)	0	0.8	0.8

Sheep Flock - Croft and Small Farm

GROSS MARGIN DATA

OUTPUT

			Lambs reared (%)		
			80%	120%	160%
			/10 ewes tupped		
Finished lambs:	0 @	£0	-	-	-
	0 @	£0	-	-	-
	9 @	£105	-	-	945
Store lambs:	5 @	£54	270	-	-
	9 @	£66	-	594	-
	7 @	£73	-	-	511
Cast ewes:	2 @	£65	130	-	-
	2 @	£70	-	140	-
	2 @	£80	-	-	160
Wool sales:	16 @	£0.18	3	-	-
	25 @	£0.18	-	5	-
	27 @	£0.30	-	-	8
			<hr/>	<hr/>	<hr/>
			403	739	1,624
Less: gimmers purchased @ £190/hd			-	-	570
ram hire @ £5/ewe			50	-	-
ram hire @ £6/ewe			-	60	60
			<hr/>	<hr/>	<hr/>
			353	679	994
VARIABLE COSTS					
Ewe concentrates @ £445/t			80	116	187
Vet, medicines & dips			162	164	171
Bedding straw @ £141/t			-	47	47
Commission, levies, haulage, shearing, scanning & tags			69	99	164
			<hr/>	<hr/>	<hr/>
			311	426	569
Gross margin before forage			<hr/>	<hr/>	<hr/>
			42	253	425
Forage variable costs:					
silage @ £597/ha			60	119	149
grazing @ £124/ha			-	87	124
			<hr/>	<hr/>	<hr/>
Total Variable Costs			371	632	843
			<hr/>	<hr/>	<hr/>
GROSS MARGIN			- 18	47	152

Sensitivity-Change ±

Change in Gross Margin/100 ewes (£)

10 p/kg lwt in finished lamb price	-	-	33
£5/hd in all lamb sales	25	45	80
£5/hd in cast ewe price	10	10	10
£5/hd in gimmer price	-	-	15

Free Range Laying Hens - Croft and Small Farm

PHYSICAL DATA

System:	Hybrid
Body weight at 17 weeks (kg)	1.44
Body weight at 70 weeks (kg)	1.97
Age at 50% production (age, weeks)	20
Peak production (%)	80
Pullets housed (weeks)	16
Pullets point of lay (weeks)	18
Weeks in lay per annum adjusted for downtime	49.1
Bird laying cycle (week 18 to 85)	270
Adjusted egg production (eggs/bird/annum) *	184
Livability during lay (%) - refer to breed management guides	92%
Feed use (16 to 18 weeks) (kg/hd)	1.23
Feed use (19 to 72 weeks) (kg/hd)	49.14

* Adjusted for 365d, mortality, downtime (pullet to lay, washing)

Free Range Laying Hens - Croft and Small Farm

GROSS MARGIN DATA

OUTPUT	£/100 bird/annum	£/doz
Eggs sales @ £5.2/doz	7,969	5.20
Old hen value less catching cost	0	0.00
Less:		
Pullet purchase @ £14.50 per bird	1,450	0.95
	<u>6,519</u>	<u>4.25</u>
VARIABLE COSTS		
Feed @ £457/t	1,686	1.10
Other bird expenses	484	0.10
Packaging - trays & cases	693	0.45
Total Variable Costs	<u>2,863</u>	<u>1.66</u>
GROSS MARGIN	<u>3,656</u>	<u>2.59</u>

Sensitivity ±	Change in Gross Margin/100 birds/annum (£)
£0.10/doz eggs sold	153
£10/t feed	37
1% increase in mortality at point of lay (£/100 birds)	-4

Note: Costs are typically much higher in a smaller flock, however, this can be mitigated through higher value egg sales direct to customers.