

# The State of Farming in Exmoor 2015



**Final report, 21 May 2015**

Prepared by

**Janet Dwyer, Jane Mills, John Powell, Nick Lewis, Pete Gaskell and  
Jonathan Felton; CCRI, University of Gloucestershire**

## Summary of Project

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Project Manager

Janet Dwyer, Professor of Rural Policy, Director of CCRI

Research Team (all CCRI):

Janet Dwyer

Peter Gaskell

Jane Mills

John Powell

Nick Lewis

Jonathan Felton

Date of Report: 8 May 2015

University of Gloucestershire

Oxstalls Lane

Gloucester

Gloucestershire

GL2 9HW

[www.ccri.ac.uk](http://www.ccri.ac.uk)

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## Acknowledgements and disclaimers

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The views expressed in this report are those of the authors and are not necessarily shared by the University of Gloucestershire, the Exmoor Hill Farming Network, North Devon Plus or the Exmoor National Park Authority.

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Winsford Hill – courtesy Exmoor National Park Authority

Cover picture – courtesy Ian Condliffe

## List of abbreviations

- **AES** Agri-environment Scheme
- **BPS** Basic Payment Scheme (replaces SPS from 1 January 2015)
- **bTB** Bovine Tuberculosis
- **CCRI** Countryside and Community Research Institute, University of Gloucestershire
- **CS** Countryside Stewardship (new scheme to be introduced in 2015, replacing ES)
- **CSS** Countryside Stewardship Scheme (1992-2004)
- **DA** Disadvantaged Area (the less marginal LFA land)
- **Defra** Department for Environment, Food and Rural Affairs
- **EHFN** Exmoor Hill Farming Network
- **ENPA** Exmoor National Park Authority
- **ELS** Entry-Level Environmental Stewardship scheme (2005-2014)
- **ES** Environmental Stewardship scheme (2005-2014)
- **ESA** Environmentally-Sensitive Area scheme (Exmoor had a dedicated ESA, 1992-2004)
- **LFA** Less Favoured Area as designated under EU legislation
- **HFA** Hill Farm Allowance scheme (2001-2010)
- **HLS** Higher-Level Environmental Stewardship scheme (2005-2014)
- **RDPE** Rural Development Programme for England
- **SDA** Severely Disadvantaged Area (the most marginal LFA land)
- **SPS** Single farm Payment Scheme (introduced in 2005, replaced headage and area payments)
- **UELS** Upland Entry-Level Environmental Stewardship scheme (2010-2014; introduced to replace the HFA scheme but more targeted towards tangible environmental benefits)

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## Executive Summary

1. The Countryside and Community Research Institute at the University of Gloucestershire was contracted by North Devon Plus in Autumn 2014 to undertake an update to the 2004 'State of Farming' on Exmoor report. The study was to identify the state of farming in Exmoor - an upland National Park and distinctive, protected landscape - and consider prospects for the future, as well as making recommendations for policy. The study team was guided by a steering group drawn from Exmoor Hill Farming Network (EHFN), Exmoor National Park Authority (ENPA) and North Devon Plus. Study funding came from ENPA and the Rural Development Programme for England (Defra).

2. Following a review of secondary data sources, including Defra surveys and academic and policy literature, the study team facilitated a workshop in Exmoor attended by a range of EHFN members, to identify key issues for inclusion in the 2015 survey. A postal and online survey was designed and circulated to approx. 380 farm businesses in Exmoor, in January 2015. By mid-February 117 useable responses were received and analysed. 25 respondents were then interviewed by telephone, to provide more explanatory depth to support the analysis. A seminar was held with the steering group to present and discuss the study's emerging findings in late March 2015.

### Findings – secondary data analysis

3. The Defra June Survey suggests that Exmoor farming is dominated by mainly sheep and beef systems. Compared to other English uplands, historically, Exmoor had more cattle and pony grazing, with fewer farms producing sheep; and a landscape dominated by hedgerows on high banks, with more enclosed moorland (fewer commons). Today, the farming pattern is more typical of the English uplands as a whole, where sheep production dominates. Partly in response to income pressures, Defra data suggests Exmoor farms have increased income from outside farming: c.50% of farmers have off-farm diversification, and 30% on-farm diversification. Permanent pasture is the main land use, although cropped areas and rough grazings are also significant. Beef herd numbers have declined consistently since 2005, while sheep numbers initially declined but saw modest growth since 2010.

4. The June survey data indicates that an average Exmoor commercial farm is managed by 1.5 people and the farm labour force is dominated by self-employed farmers and family members with fewer than 20% working as employees. From the Defra Farm Practices Survey it seems that almost 40% of farms have significant off-farm income; whilst just over 40% are mainly dependent upon the farm business for household income, suggesting two divergent strategies of business development.

5. Defra's Farm Business Survey (2014) indicates that farm incomes for Exmoor are heavily influenced by CAP funding. On average, agricultural production brings in less farm income than the various support schemes and in 2013 its contribution to net income was negative. South west upland farms have experienced lower incomes than most farms, but similar to hill farms nationally, since 2005, with a slight upward trend from 2008-11 and a significant fall in 2012/13 linked to poor weather. A degree of income volatility is evident, also affected by currency fluctuations, but it is possible that this has occurred irrespective of the decoupling of support in 2005.

6. Several recent policy and academic reports judge that the current situation on English upland farms raises concerns for farmers' quality of life and living standards, as well as environmental conditions and sector competitiveness. Issues may compound one another – stretched businesses, families under stress, farming too hard for the land capability, and so on. Though these issues appear widely recognised, government is not unambiguously supportive in response. Defra withdrew targeted hill farm support in 2010 but is equalising Basic Payment Scheme rates between Less-Favoured Area (LFA) and non-LFA land which will increase rates on enclosed hill land. The Environmental Stewardship (ES) scheme is closing and the new Countryside Stewardship starts in 2015, signalling a more targeted approach without any entry-level element available to all farms. The new Rural Development Programme for England also seems to offer less broad business support than the 2007-13 Programme, but Local Enterprise Partnerships (LEPs) and LEADER

Action Groups have funding which could potentially assist some farms. At a strategic level, there is no explicit policy commitment to maintain English hill and upland farming, even within protected landscapes.

### Findings – farm survey

7. The survey captured data for over one-third of all commercial farm holdings in Exmoor, managing around 36% of its total farmland area. The sample presented similar characteristics – in respect of farm sizes, stock types and numbers, diversification levels and tenure – to those estimated in Defra's June Survey 2013. However, coverage of non-commercial and cropping farms was lower than would be proportionate to their estimated shares by farm holding for Exmoor: this could be a product of the difference in a holding versus whole-farm picture. Broadly, the survey is strongly indicated as representative of commercial Exmoor farms.

8. Survey data show that younger farmers tend to have larger farms; average size is around 170 hectares but there is considerable variation, ranging from 3 ha to more than 1,400 ha. Most farms (100 respondents; 85% of the total) either plan to continue farming for the next 5 years or to pass the farm on to a successor, in that period. Two-thirds of farms keep both beef and sheep, but sheep are far more significant (in number and economic value) and there are 33 farmers with sheep only. Dairying is residual across the Park, but those few survey respondents who are milking cows plan future growth. Around half of surveyed farms have not changed their farm enterprises much in a decade, but some have intensified, while others have extensified. There are signs of a re-focusing upon what makes more sense economically now decoupling is complete, which has led some farms to cease finishing stock in upland terrain. The most frequent structural change since 2005 was new buildings for over-wintering stock. Farm enlargement was mostly achieved by renting more land.

9. Diversification has been significant since 2005 on around 50% farms, and respondents suggest it will increase in importance by 2020, currently contributing just over 16% of income, on average. Key types of diversification are tourist accommodation, contracting, off-farm work, and particularly in recent years, renewable energy. Farmers have few ideas for improving returns from their livestock: most sell a mix of liveweight (often store stock) and deadweight (for slaughter). A minor proportion of survey respondents uses more direct marketing channels which appear to be financially beneficial for them, as does adding-value. Perhaps unsurprisingly, younger farmers appear more open to both business growth and diversification than farmers who are near or past retirement age.

10. In respect of policy and schemes, there is a clear distinction between losers and gainers from decoupling, linked to land capability and enterprise type. Those on poorer, SDA land have gained from decoupling and will gain from the equalisation of CAP pillar 1 (BPS) rates between lowland and SDA. Those with better land who were more heavily stocked (including dairy) before 2005 have lost support through decoupling, and will lose further with BPS. The latter group appears to have invested most in increasing the intensity of land management and their business turnover since 2004. General dependency on CAP aids has declined slightly as farm prices increased (2008 - 2011). Farmers' expected change in the importance of CAP payments to their incomes after 2015 was: 50% expect no change, 25% modest growth, and 25% a modest to significant decline.

11. 89% of survey respondents are in agri-environment schemes; most of these were in the Exmoor ESA scheme and are now in Stewardship; about 40% of all sample farms are now in HLS. Those farmers in ELS/UELS are worried about future income and management, as these schemes come to an end. Farmers' overwhelming preference among the schemes of which they had direct experience was the Exmoor ESA – particularly for its good boundary management and capital works funding, and the knock-on benefits of supporting local jobs and the landscape.

12. Most farmers in the survey say they are keen to collaborate for both business and environmental purposes. Most who attend groups (e.g. EHFN, NFU) value the social element; and also exchange knowledge and ideas with other farmers which can indirectly affect their own business plans. Survey respondents' main concerns for the future at farm level are low prices/returns, persistent bTB, a loss of local farming knowledge, and ill-informed outsiders and



institutions. For future land management, farmers mention concerns about the costs of boundary management, insufficient swaling, soil degradation, and under-managed scrub and moorland, as key issues. For Exmoor as a whole, their key concerns include farm succession and a lack of smaller farms to allow new business start-ups; planning policies not supporting farm needs; reduced grants, low incomes, and incomers outbidding locals for land and property.

13. Twenty-five of the 41 farmers who volunteered for follow-up interviews were interviewed by telephone in March 2015. These interviews probed the reasons behind changes in practice as revealed in the survey and asked new questions, including attitudes towards the future and their views on policy. The telephone sample was selected to include the widest possible range of farm / enterprise type, size, farmer age and gender.

14. The phone survey respondents explained how either or both of bovine TB and agri-environment schemes had led them to reduce stock numbers and in some cases keep more animals indoors rather than out on the moor. Many said that market factors were their main driver for farm decision-making, and low returns meant little scope for radical change. Considering what could be done about low returns, one tactic was shifting to a larger auction mart while another was to seek direct contracts for lamb or beef sales, though the latter has clearly not affected the majority of producers. Some had increased their diversified income while some were adding value or selling direct to increase their returns from production. Despite income concerns and uncertainties in respect of future policy, most of the 25 said that overall, they felt fairly optimistic about farming in Exmoor. Nevertheless, their main concerns are low returns, the continuing challenge of managing with bTB, and a perceived lack of ability to influence change for the better.

## Conclusions and recommendations

15. We conclude that Exmoor farms show a good degree of resilience at present, despite major challenges in respect of low incomes from farming, bBT and price volatility. The age structure among farmers appears healthy and there is a cohort of younger farmers with larger holdings and a more innovative and market-focused outlook than the average for all the respondents. Nevertheless, farmers express concerns in respect of weak market position/returns and a lack of time and resources for investment in sustaining the landscape, improving the general condition of their holdings and stock, and adding value. Diversification on and off-farm is now a key part of the household income mix for half of the farms; and this proportion will grow in future. There is a positive response to ideas of farmer collaboration within Exmoor, for environmental or business needs, and some very positive feedback about the work of the EHFN in promoting discussion and bringing people together. Some farms have suffered significantly from CAP support reductions since 2005, particularly on lower-lying, better land in Exmoor, and a sizeable minority will lose further from the ending of UELS and ELS, exacerbating income concerns. A small group of older respondents is very concerned about a lack of viability of businesses and its limiting effect upon succession.

16. We recommend that Defra, and/or appropriate local interests, should invest in a thorough analysis of the functioning of SW beef and sheep supply chains, to identify how to return better prices to producers; and that it reviews the current level of support to these farms to analyse the implications for multiple deprivation, social exclusion and mental ill-health. Continuing and intensified efforts to contain and then reduce bTB would make a significant (positive) difference to farming fortunes in Exmoor. Effort should also be devoted by government and the National Park to ensuring adequate agri-environment support to maintain the Exmoor landscape, and to encouraging more facilitated, consistent (over time) and locally-sensitive delivery with a dedicated local team. We further suggest that the EHFN and other local stakeholders seek new funding to enable the Network to continue its valuable and valued work, using a combination of CS co-operation funding, LEP and LEADER sources, as well as membership fees insofar as these appear feasible. New areas of EHFN action could usefully include joint marketing work, training for farmers and farm family members in ICT literacy; coping with disease management; and adding-value strategies (for both agricultural and diversified enterprises), as well as exchanges with upland farms in other parts of Europe, to gather new ideas for business improvement.

## 1. Introduction

The Countryside and Community Research Institute (CCRI) at the University of Gloucestershire was contracted by North Devon Plus in Autumn 2014 to undertake an update to the 2004 'State of farming' on Exmoor study which was carried out by a team at Exeter University (Lobley et al, 2004) on behalf of the Exmoor National Park Authority. The new study was to identify the state of farming, examine change since 2004 and consider prospects for the future, as well as making recommendations for policy.

The study team of six researchers from the CCRI led by Professor Janet Dwyer was guided by a steering group drawn from the Exmoor Hill Farming Network (EHFN), the Exmoor National Park Authority and North Devon Plus. Funding for the study came from the National Park Authority and the Rural Development Programme for England (Defra). A December workshop with EHFN and steering group members helped to refine the scope of the survey, and the draft report and conclusions and recommendations were presented and discussed with the Steering Group in late March 2015, prior to finalising the report.

This document makes an up to date analysis of the current state of Exmoor farming and the wider policy context. It is based upon three distinct elements.

1. A **review of literature** and an **analysis of secondary data** from three main sources: Defra's June Survey of farm holdings; its Farm Practices Survey (FPS); and its Farm Business (FADN) Survey (FBS); each of which is undertaken annually for England as a whole. For each survey, CCRI was given access by Defra to survey respondent data pertaining just to *those farms in Exmoor who were included within the survey*, in each year. The wider **literature review** captured information and views from a range of recent policy and research reports concerning upland farming in England and relevant policy developments.
2. A **postal and online survey**, eight pages long and containing 40 questions, which was circulated to 380 active farm businesses in Exmoor in January 2015 and generated 117 completed responses.
3. A **telephone survey** of a subset (25) of the main postal survey sample, self-selecting to some degree but designed to cover a wide range of farm types, sizes, farmer ages, gender, and experience with different government schemes.

This report is structured as follows. Chapter 1 includes a brief introduction to the study and an outline of the report. Chapters 2-4 concern the analyses of secondary survey and review materials, followed by analysis of the main farmer survey. Chapter 5 offers some conclusions and recommendations, and full references and annexes with the survey details are provided at the end.

The work was undertaken between November 2014 and April 2015.

## 2. Results of secondary data analysis

Notwithstanding some caveats with the data related to small sample sizes and changes in survey format (see Annex 1 for more details), the combination of findings from Defra surveys and from the literature provide an interesting picture of current farming, recent trends, and their relationship to policy, in Exmoor. In examining this data it is important to bear in mind the wider context, where farms exist in the context of a protected landscape of high value.

### 2.1 Exmoor farming characteristics and trends

Farming in Exmoor is dominated by hill and upland farms, reflecting the specific natural and socio-economic characteristics of the National Park. This means that most farms operate grazing-based livestock production systems, with a high proportion of permanent pasture and semi-natural habitat and a relatively small area of land which is cropped. Sheep and beef systems predominate; by comparison to other English upland areas there was historically a greater occurrence of cattle and pony grazing on Exmoor, with fewer farms producing sheep, but today the pattern is more typical of the English uplands as a whole, with sheep as the most common enterprise. Exmoor is characterised by challenging agronomic conditions and its landscape quality derives from a long history of livestock farming which has produced a patchwork of fields enclosed by traditional field boundaries (hedgerows and high Devon hedge banks), surrounding the higher moor land which is distinguished by larger enclosures and some common rough grazings. By contrast, other English upland areas tend to have stone walls and larger areas of common land.

#### Land use

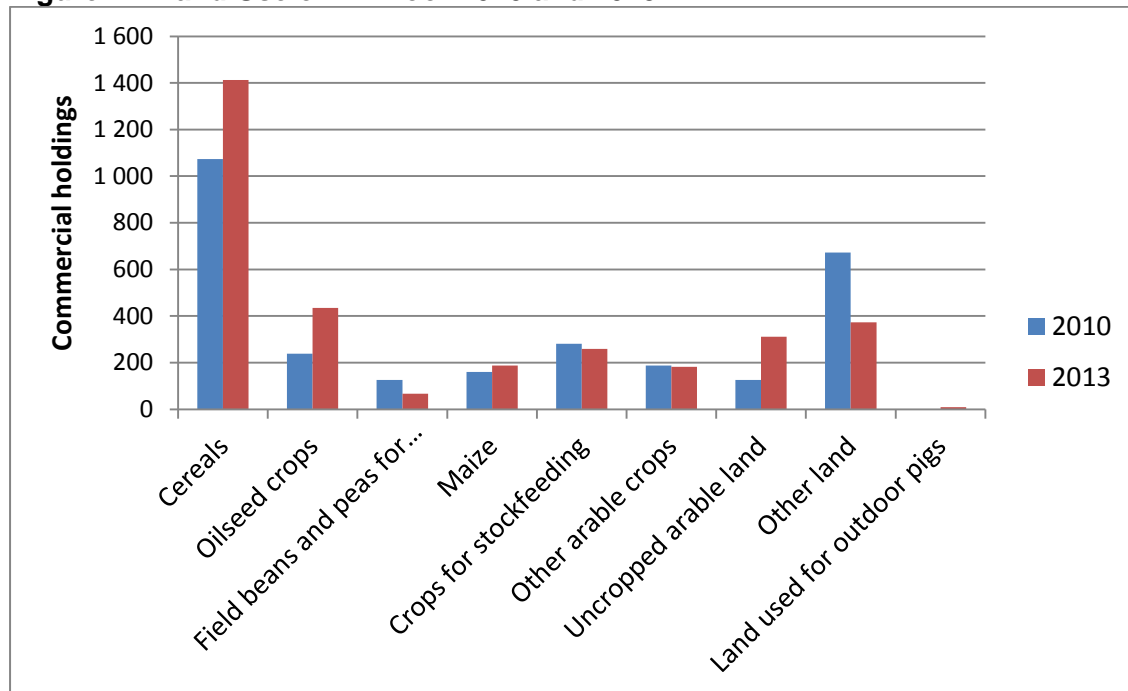
Land use on Exmoor is dominated by permanent pasture representing around 65% of the agricultural area, followed by rough grazing (17%). Because Defra's recording approach changed in 2010, trends over the period since 2002 have to be reported in two separate periods. Figures in both periods show a significant increase in the area of crop and fallow land (by about 1,000 ha and 650 ha respectively), while the area of rough grazing has fallen by 2,745 ha (23%) since 2010. Most of the recorded increase in arable between 2010 and 2013 was in cereals, oilseed crops and uncropped arable area.

**Table 2.1 Changes in land use on Exmoor between 2002-2009 and 2010-2013 (ha)**

|                 | 2002  | 2009  | % change | 2010   | 2013   | % change |
|-----------------|-------|-------|----------|--------|--------|----------|
| Crops & Fallow  | 1912  | 2884  | 51       | 2 207  | 2 872  | 30       |
| Temporary grass | 3705  | 3744  | 1        | 3 188  | 3 512  | 10       |
| Permanent grass | 32207 | 35201 | 9        | 34 042 | 35 748 | 5        |
| Rough grazing   | 10457 | 10556 | 1        | 11 991 | 9 246  | -23      |
| Woodland        | 1735  | 2952  | 70       | 3 456  | 2 985  | -14      |
| Other land      | 611   | 314   | -49      | 672    | 373    | -44      |

It is likely that some of the apparent change in land use in both periods can be explained by changes in recording, triggered by changes in policy. After decoupling in 2005, farmers had an incentive to maximise the share of their land qualifying for the area-based payment, so the registered agricultural area grew. Land with some tree cover could be classified as either woodland or grazing land: only the latter qualified for the Single Farm Payment, encouraging farmers to change how they classified such land. Also, land which was recorded as rough grazing became subject to a more restrictive process in respect of Environmental Impact Assessment requirements, after 2010 – this would have given farmers an incentive to reclassify rough grazing as permanent pasture, wherever possible.

**Figure 2.1 Land Use on Exmoor 2010 and 2013**

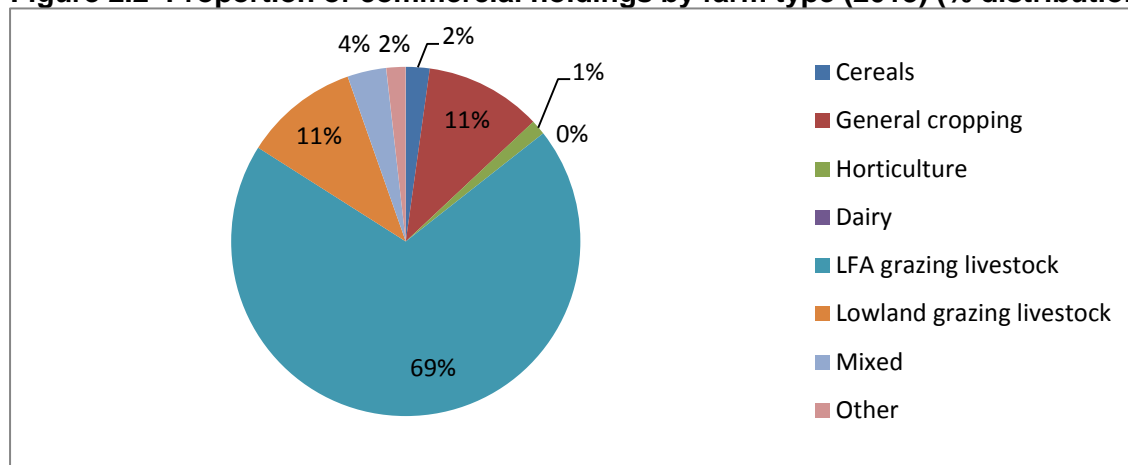


Source: Defra June Survey

### Farm structural characteristics

In 2009, the Defra June survey recorded 1,003 farm holdings on Exmoor: an increase of 212 holdings since 2002. From 2010, the survey ceased to cover ‘non-commercial’ holdings. Thus in 2013 the survey recorded 510 commercial holdings on Exmoor (=any holding with more than 5 hectares of agricultural land, 1 ha orchards, 0.5 ha vegetables or 0.1 ha of protected crops; more than 10 cows, 50 pigs, 20 sheep, 20 goats or 1,000 poultry). We may therefore anticipate that Exmoor also has around 500 ‘non-commercial’ small holdings (which may nonetheless be viable, mixed or micro-businesses).

**Figure 2.2 Proportion of commercial holdings by farm type (2013) (% distribution)**



Source: Defra June Survey

Among the commercial farms, the predominance of grazing in Exmoor is reflected in farm types. In 2013 the dominant farm type in Exmoor was LFA grazing livestock (69% of all farm types), followed by 11% each of lowland grazing livestock and general cropping types.

The 2002 and 2009 period witnessed a decline in the number of livestock farm types (Table 2.2) and an increase in the “other” farm type category, which includes smallholdings and those with no single dominant enterprise type. Between 2010 and 2013 there were few changes in farm types, with the exception of a 2% increase in general cropping and balancing decline in lowland grazing livestock and other farm types (Table 2.3), which may suggest that more farms on better land switched their business emphasis from livestock to crops, a trend which would be consistent with the 2002-9 pattern and reflects more favourable crop prices in recent years.

**Table 2.2 Farm types on Exmoor 2002-2009 (% distribution) – includes small holdings**

|                           | 2002 | 2009 | % change |
|---------------------------|------|------|----------|
| Cereals                   | 2    | 3    | 1        |
| Pigs & Poultry            | 2    | 3    | 1        |
| Horticulture              | 2    | 2    | 0        |
| LFA grazing livestock     | 41   | 34   | -7       |
| Lowland grazing livestock | 9    | 5    | -4       |
| Dairy                     | 2    | 1    | -1       |
| Mixed                     | 2    | 3    | 1        |
| Other                     | 40   | 50   | 10       |

Source: Defra June Survey

**Table 2.3 Farm types on Exmoor 2010-2013 (% distribution) – commercial holdings**

|                           | 2010 | 2013 | % dist. change |
|---------------------------|------|------|----------------|
| Cereals                   | 2    | 2    | 0              |
| General cropping          | 9    | 11   | 2              |
| Horticulture              | 1    | 1    | 0              |
| Dairy                     | 1    | 1    | 0              |
| LFA grazing livestock     | 68   | 68   | 0              |
| Lowland grazing livestock | 12   | 10   | -2             |
| Mixed                     | 3    | 4    | 1              |
| Other                     | 3    | 2    | -1             |

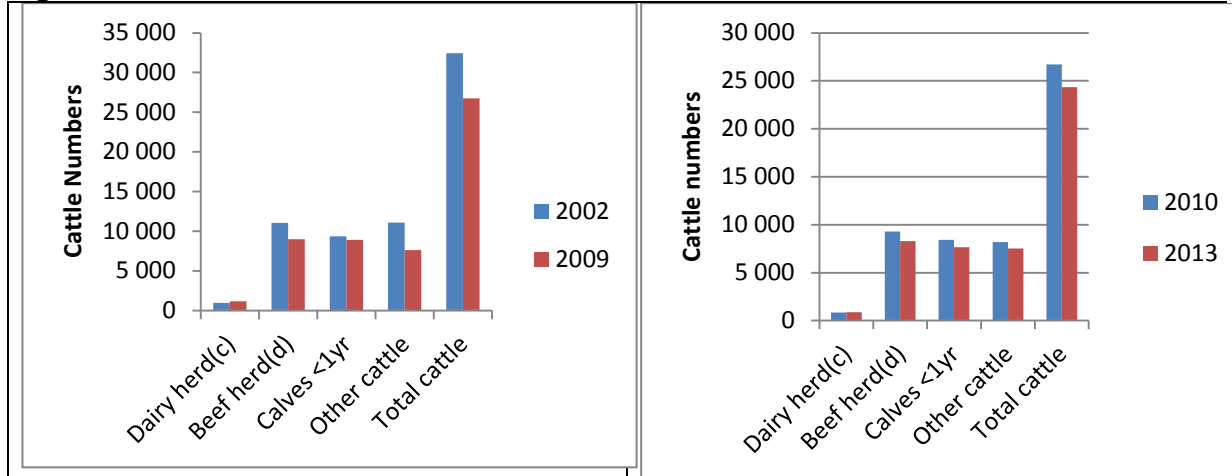
Source: Defra June Survey

### Livestock numbers

Sheep are the most numerous livestock on Exmoor, with a total of 263,444 head in 2013, compared to a total of 24,337 cattle and 621 pigs. In 2002-2009, overall livestock numbers fell: 18% in the total number of cattle and 14% in the total number of sheep (which represents a sharper fall in comparable ‘Livestock Units’ for cattle, compared to sheep<sup>1</sup>). This decline may in part be due to the end of headage payments in 2005 with the introduction of the single area-based payment. Between 2010 and 2013 there was a further 9% fall in cattle numbers but a 5% increase in sheep. These trends are in line with market expectations in that without specific additional support, LFA cattle production was less profitable than LFA sheep, over the period.

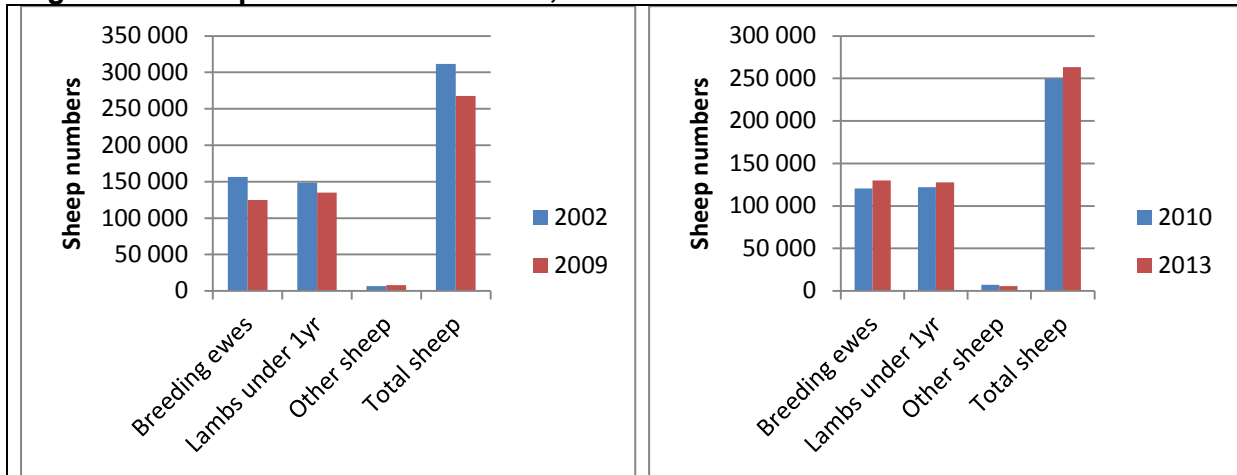
<sup>1</sup> Livestock Units: 1 adult cow represents 1LU; 6 breeding ewes represent 1 LU.

**Figure 2.3 Cattle numbers on Exmoor 2002-2009, and 2010-2013**



Source: Defra June Survey

**Figure 2.4 Sheep numbers on Exmoor, 2002-2009 and 2010-2013**

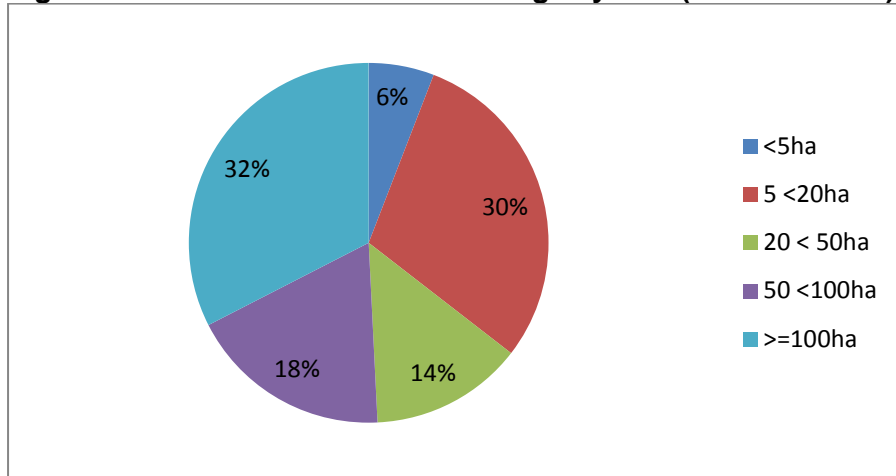


Source: Defra June Survey

**Holding size**

As shown in Figure 2.5, the most common size for commercial holdings on Exmoor in 2013 was the over 100 ha category (32%), followed closely by those in the 5 – 20 ha band (30%).

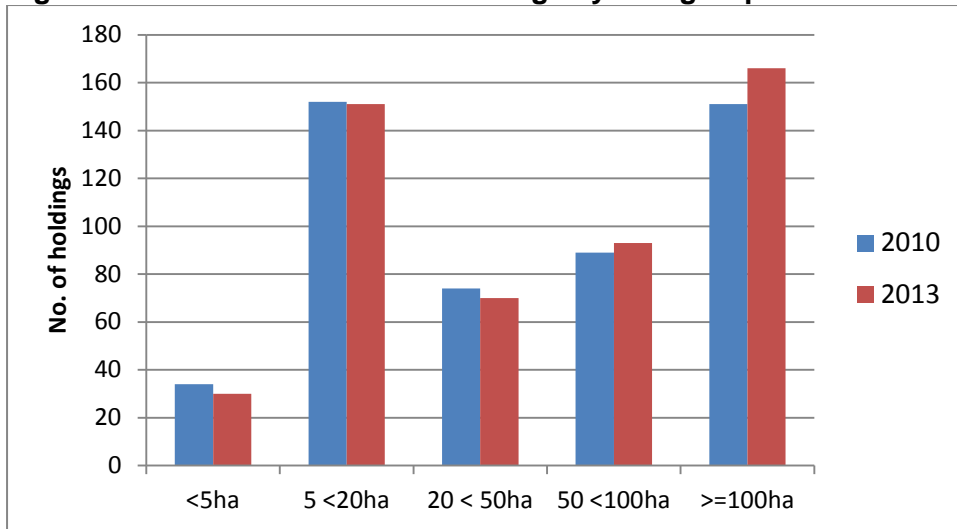
**Figure 2.5 Exmoor commercial holdings by size (% distribution)**



Source: Defra June Survey

Between 2010 and 2013 a trend to larger commercial holdings has continued, with numbers in all smaller size bands declining (Figure 2.6), and a 10% growth in those over 100ha.

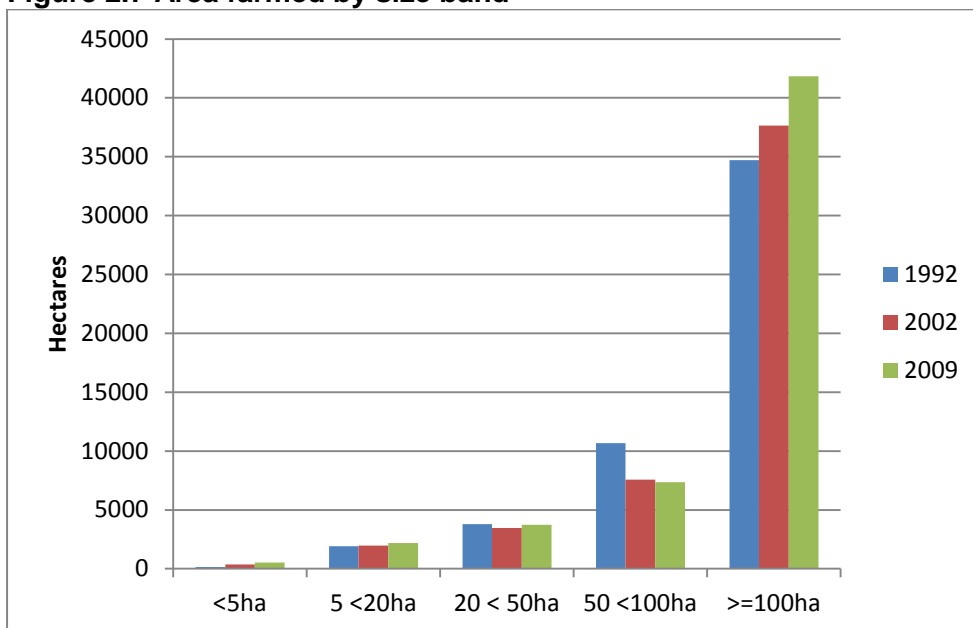
**Figure 2.6 Exmoor commercial holdings by size group in 2010 and 2013**



Source: Defra June Survey

A similar trend was apparent in the 2002-2009 period, for all holdings, although there was also modest growth in area farmed by the smallest holdings, indicating a significant increase in their number during this period.

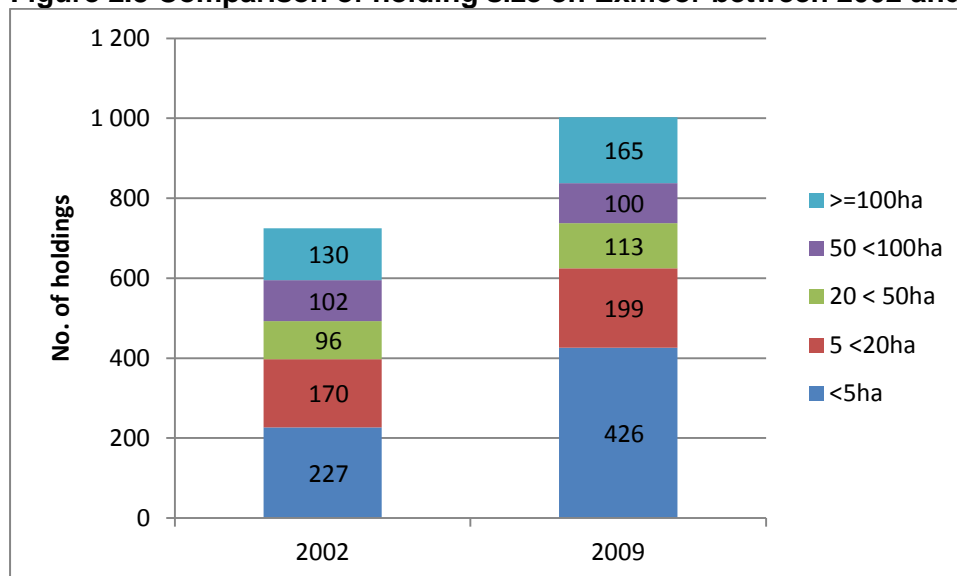
**Figure 2.7 Area farmed by size band**



Source: Defra June Survey

Whilst there has been a national increase in smallholdings and hobby/lifestyle farms since 2000, the pattern may also reflect very small holdings that newly-registered in 2005, in order to receive the Single Farm Payment (SPS). With the move to exclude farms under five hectares from the new Basic Payment scheme from 2015, we may expect a decline in registered very small holdings on Exmoor, but this change will no longer be picked up in the June survey as it no longer surveys such farms.

**Figure 2.8 Comparison of holding size on Exmoor between 2002 and 2009**

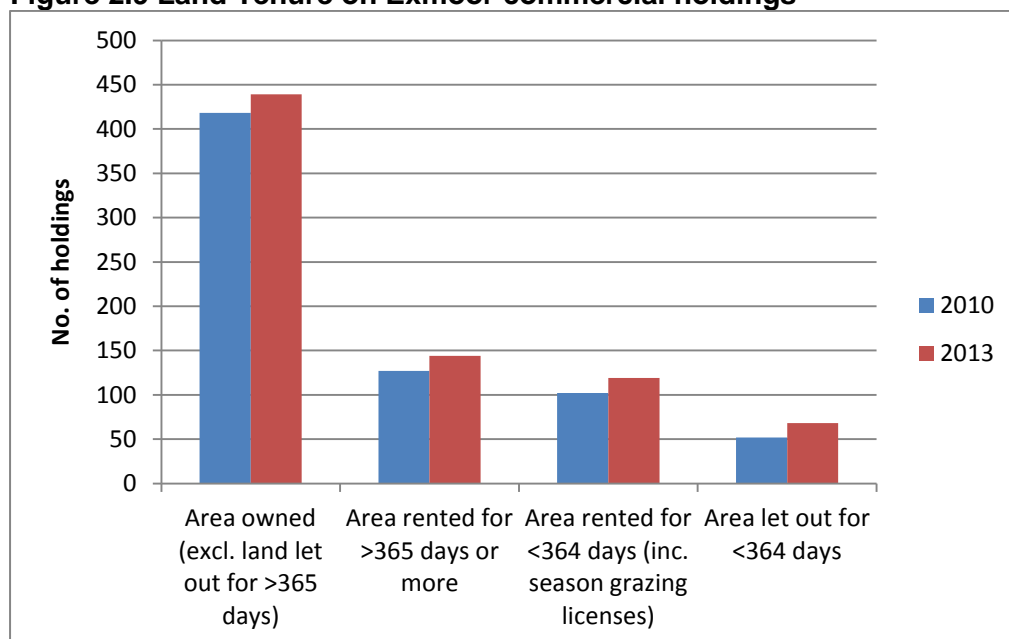


Source: Defra June Survey

### Farm tenure

In 2013, the majority of commercial farm holdings (86%) on Exmoor farmed land that they owned (439 holdings), with a much smaller proportion renting all their land. There appears to have been an increase in the number of holdings rented, between 2010 and 2013. This may be a result of holdings being sold to non-farmers or lifestyle farmers, who retain the farmhouse and some land, and rent out the rest to their commercial farming neighbours. Alternatively it may simply reflect more renting of land between neighbouring farmers.

**Figure 2.9 Land Tenure on Exmoor commercial holdings**



Source: Defra June Survey

## 2.2. Farm business characteristics and practices

The majority of upland farms on Exmoor (52%  $\pm$ 6%)<sup>2</sup> included within the Defra Farm Practices Survey are full-time commercial enterprises, with 19% ( $\pm$ 6%) run on a semi- (or

<sup>2</sup> Due to the small, shifting sample of farms in Exmoor, data is shown with a Standard Error variance indicator



part-time) commercial basis. The remainder classified themselves as hobby or lifestyle-choice (15%  $\pm$ 4%), or let out all their land on a short-term basis (15%  $\pm$ 5%). Table 2.4 suggests more farms on Exmoor where the farm is a hobby or lifestyle choice or land is let on short term agreements, and fewer full-time commercial farms, than the national average for upland farms. However, sample variance means these differences may not be significant.

**Table 2.4 Exmoor and England upland farm characteristics (2013)**

|                                      | Exmoor upland farms |          | England upland farms |          |
|--------------------------------------|---------------------|----------|----------------------|----------|
| Full-time commercial                 | 52%                 | $\pm$ 6% | 60%                  | $\pm$ 3% |
| Part-time commercial                 | 19%                 | $\pm$ 6% | 22%                  | $\pm$ 3% |
| Hobby/lifestyle choice               | 15%                 | $\pm$ 4% | 9%                   | $\pm$ 2% |
| All land let out on short agreements | 15%                 | $\pm$ 5% | 8%                   | $\pm$ 2% |
| Other                                | 0                   | $\pm$ 1% | 0                    | $\pm$ 1% |

Source: Defra Farm Practices Survey

### Labour

June survey figures suggest a total labour force on commercial holdings in Exmoor of 1,204 people (Table 2.6). In 2013, just over half (53%) of commercial farmers were classified as working on a part-time basis. Trends from 2002 to 2009 show a decline in all farms run by a full-time farmer and employing full-time labour, matched by an increase in those with part-time labour and management. 2010-2013 data suggest increased labour across all categories among commercial farms, but as total holding numbers also increased from 500 to 510 over the same period (probably due to sampling) this may partly explain it.

**Table 2.5 Changes in labour on Exmoor between 2002 and 2009, all holdings**

|                     | 2002        | 2009         | % change |
|---------------------|-------------|--------------|----------|
| Farmer full time    | 575         | 423          | -26      |
| Farmer part-time    | 447         | 622          | 39       |
| Manager             | 20          | 29           | 45       |
| Employees full time | 90          | 80           | -11      |
| Employees part time | 102         | 133          | 30       |
| <b>Total</b>        | <b>1415</b> | <b>1 454</b> | <b>3</b> |

**Table 2.6 Changes in labour on Exmoor between 2010 and 2013, commercial holdings**

|                             | 2010        | 2013        | % change |
|-----------------------------|-------------|-------------|----------|
| Farmers full time           | 361         | 404         | 12       |
| Farmers part time           | 461         | 468         | 2        |
| Salaried managers full time | 15          | #           |          |
| Salaried managers part time | 10          | #           |          |
| Employees full time         | 79          | 100         | 27       |
| Employees part time         | 98          | 107         | 9        |
| Casual workers              | 98          | 102         | 4        |
| <b>Total labour</b>         | <b>1121</b> | <b>1204</b> | <b>7</b> |

(Table Sources: Defra June Survey) # means numbers too small to disclose

The figures suggest that today, among the 500 commercial holdings now surveyed, most Exmoor farms will have one full and one part-time farmer.

### Farm business income

As indicated by Table 2.7, for more than a third of farms on Exmoor (39%  $\pm$ 6%) the farm business provides less than a quarter of the farm family's household income<sup>3</sup>, while for just under a fifth of farms (17%  $\pm$ 5%) it provides all the household income. Non-farm incomes on Exmoor appear more significant, compared to all upland farms in England.

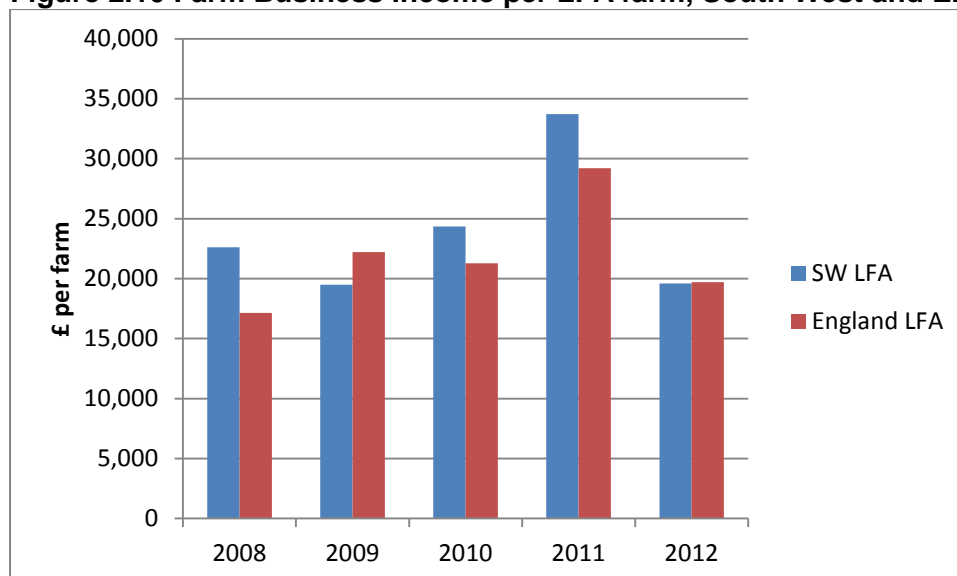
**Table 2.7 The farm business provides...**

|                            | Exmoor upland farms |          | England upland farms |          |
|----------------------------|---------------------|----------|----------------------|----------|
| All household income       | 17%                 | $\pm$ 5% | 26%                  | $\pm$ 2% |
| Most household income      | 26%                 | $\pm$ 6% | 26%                  | $\pm$ 3% |
| Between a quarter and half | 18%                 | $\pm$ 6% | 19%                  | $\pm$ 3% |
| Less than quarter          | 39%                 | $\pm$ 6% | 29%                  | $\pm$ 3% |

Source: Defra Farm Practices Survey

Figure 2.10 shows the per farm figures for the South West and England LFA farms. For 2012/13 the South West had a Farm Business Income similar to the national average. Between 2011 and 2012 the Farm Business Income per farm fell by £14,116 per farm in the South West, which is a 10% change.

**Figure 2.10 Farm Business Income per LFA farm, South West and England, 2008-2012**



Source: Defra Farm Business Survey

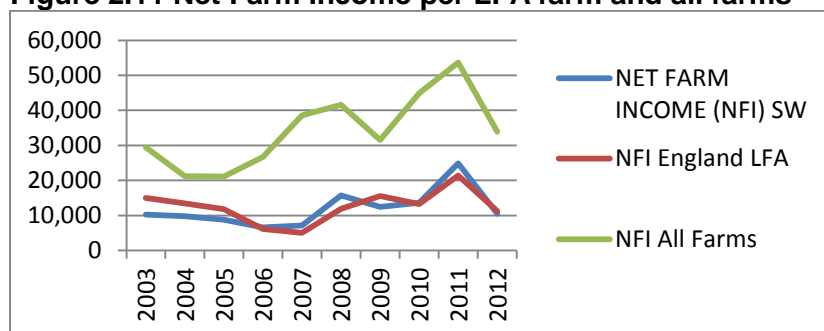
### Net Farm Income

Figure 2.11 shows Net Farm Income per farm figures for England and the South West: the trends are broadly similar, highlighting the lower returns for LFA farms compared to the average for all farms. Comparing the average figures for the 13 FBS farms on Exmoor with SW and national LFA figures, Table 2.8 suggests that the income from Exmoor LFA is higher than the SW and national average figures, but this difference may result from small sample bias.

<sup>3</sup> Principal farmer's household income has the following components:

1. the share of farm business income (FBI) (including income from farm diversification) attributable to the principal farmer and their spouse; 2. principal farmer's and spouse's off farm income from employment and self-employment, 3. investment income, pensions and social payments; and 4. income of other household members.

**Figure 2.11 Net Farm Income per LFA farm and all farms**



Source: Defra Farm Business Survey

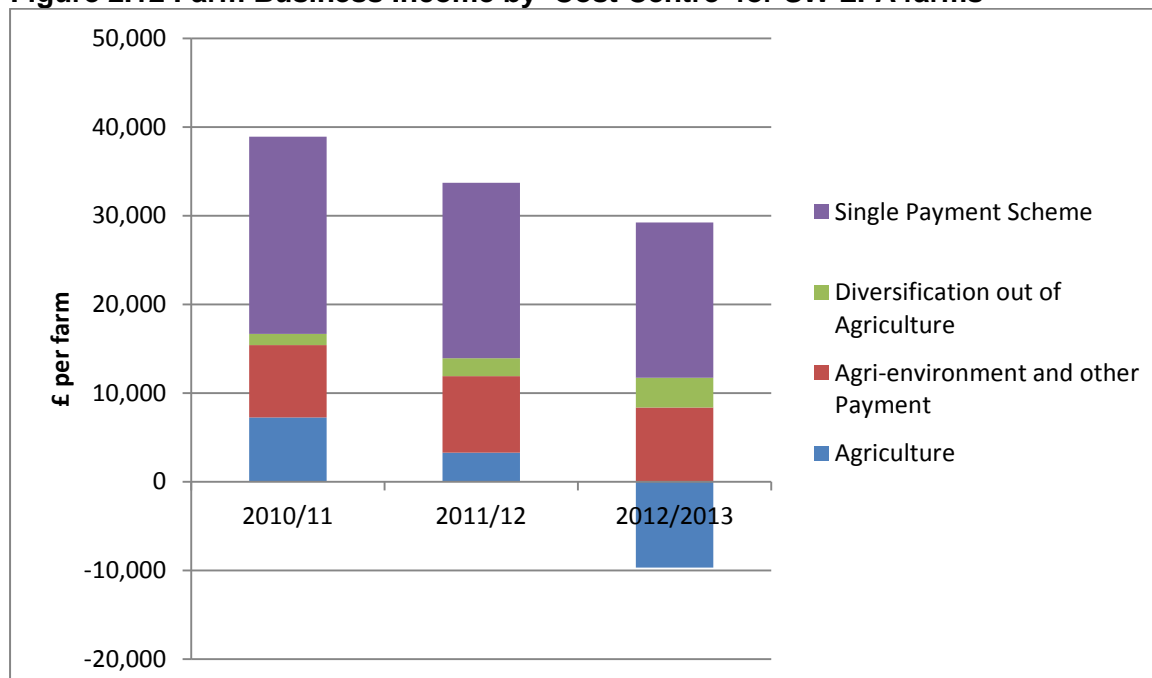
**Table 2.8 Farm Incomes for LFA farms, Exmoor, SW and England (2012)**

|             | Net Farm Income <sup>4</sup> | Family Farm Income | Management Investment Income <sup>5</sup> |
|-------------|------------------------------|--------------------|---|
| Exmoor LFA  | 25,625                       | 29,789             | - 5,325                                   |
| SW LFA      | 10,501                       | 22,735             | -13,028                                   |
| England LFA | 11,202                       | 21,760             |   |
| All Farms   | 33,906                       | 49,791             |   |

Source: Defra Farm Business Survey

Most LFA 'farm business income' is derived from the SPS (around 60%), with additional income from diversification activities (12%) and agri-environment scheme payments (29%); whilst the net income from agricultural production is negligible or negative (i.e. farming costs are higher than market returns). This mirrors the national picture, in recent years.

**Figure 2.12 Farm Business Income by 'Cost Centre' for SW LFA farms**



Source: Defra Farm Business Survey

<sup>4</sup> Net Farm income is *Farm Business Income* after adding back *Interest* (net of any interest received) and *Ownership Charges*, minus *Unpaid Manual Labour Costs* and the emoluments of the principal director(s) and *Rental Value and income from separable diversified activities*

<sup>5</sup> Management Investment Income is *Net Farm Income* minus unpaid manual labour of the *farmer and spouse* plus *Cost of paid managerial input (whether from the manager or not)*.

## Debt

Results of the FPS survey for Exmoor (Table 2.9) suggest that a slightly lower proportion of upland farms surveyed in Exmoor are debt free than the national average (though the difference is not significant), but a higher proportion of farms on Exmoor have a 'manageable' level of debt and are less worried about the costs of debt (these differences are significant).

**Table 2.9: Cash flow is an issue for small businesses, my farm: % of farms (2012)**

|  | Exmoor upland farms |    | England upland farms |     |
|--|---------------------|----|----------------------|-----|
|  |                     |    |                      |     |
| Is debt free                                 | 46                  | ±7 | 55                   | ± 3 |
| Incurs debt on short term basis only         | 15                  | ±5 | 14                   | ± 2 |
| Has a manageable level of debt               | 36                  | ±7 | 24                   | ± 3 |
| Increasingly worried about the costs of debt | 2                   | ±2 | 7                    | ± 2 |

Source: Defra Farm Practices Survey

## Diversification

Partly in response to income pressures, farms on Exmoor have sought to increase their household income from sources outside conventional farming production, diversifying their business activities. For SW LFA farms, Farm Business Survey data for 2012/13 show that diversification activities generated, on average, 12% of the total income of farm businesses (but note that this is not the same as total household income, which may be much more influenced by other income sources). Upland farms on Exmoor appear close to the national upland average, in terms of their diversification activity. Almost half of Exmoor farms (49% ±7%, compared to 45%±3% of upland farms in England) had some form of off-farm diversification or other income (eg a second job or contracting work) in 2012, with a high proportion of this activity (61%) contributing significantly to household income (Table 2.10).

**Table 2.10 Off-farm diversification, Exmoor and England Upland farms 2012 (% distribution)**

|   | Exmoor upland farms |     | England upland farms |    |
|---|---------------------|-----|----------------------|----|
|   | %                   | SE  | %                    | SE |
| Do not have off-farm diversification          | 51                  | ±7± | 55                   | ±3 |
| Is not financially important                  | 6                   | ±4± | 6                    | ±1 |
| Contributes moderately to household income    | 13                  | ±5  | 16                   | ±2 |
| Contributes significantly to household income | 30                  | ±7  | 24                   | ±3 |

Source: Defra Farm Practices Survey

Around a third of Exmoor farms (30% ±7%), had on-farm diversified enterprises, such as a farm shop or Bed & Breakfast.

**Table 2.11 On-farm diversification Exmoor and England Uplands 2012 (% distribution)**

|                                     | Exmoor upland farms |    | England upland farms |     |
|-------------------------------------|---------------------|----|----------------------|-----|
|                                     | %                   | SE | %                    | SE  |
| No on-farm diversification          | 70                  | ±7 | 73                   | ± 3 |
| Is not financially important        | 6                   | ±3 | 6                    | ± 1 |
| Contributes moderately to income    | 18                  | ±6 | 12                   | ± 2 |
| Contributes significantly to income | 6                   | ±4 | 10                   | ± 2 |

Source: Defra Farm Practices Survey

Around a quarter of FPS respondents on Exmoor (24%  $\pm$ 6%) were thinking about new on-farm diversification activity in 2012. However, a high proportion felt that the potential for further off-farm diversification activity was limited, with 69% saying there was no scope or they had no plans to develop off-farm (Table 2.12). Of those with no current off-farm diversification or income, 3% ( $\pm$ 2%) were actively developing a new activity and 14% ( $\pm$ 5%) thinking about a new activity. It would appear that farms on Exmoor are more likely to have considered off-farm diversification than upland farms nationally, but that opportunities for more of it were perceived as very limited by 2012. Again, the apparent differences with national averages should be treated with caution, due to small sample size.

**Table 2.12 On-farm diversification**

|                                    | Exmoor upland farms |         | England upland farms |         |
|------------------------------------|---------------------|---------|----------------------|---------|
|                                    | %                   | SE      | %                    | SE      |
| Actively developing a new activity | 4                   | $\pm$ 3 | 10                   | $\pm$ 2 |
| Thinking about a new activity      | 24                  | $\pm$ 6 | 16                   | $\pm$ 3 |
| Never thought about it             | 18                  | $\pm$ 6 | 24                   | $\pm$ 3 |
| The farm is not suited             | 33                  | $\pm$ 7 | 32                   | $\pm$ 3 |
| There is no scope                  | 21                  | $\pm$ 6 | 18                   | $\pm$ 3 |

Source: Defra Farm Practices Survey

**Table 2.13 Off-farm diversification**

|                                    | Exmoor upland farms |         | England upland farms |         |
|------------------------------------|---------------------|---------|----------------------|---------|
|                                    | %                   | SE      | %                    | SE      |
| Actively developing a new activity | 3                   | $\pm$ 2 | 15                   | $\pm$ 4 |
| Thinking about a new activity      | 14                  | $\pm$ 5 | 16                   | $\pm$ 4 |
| Never thought about it             | 15                  | $\pm$ 5 | 8                    | $\pm$ 3 |
| No scope/no plans                  | 69                  | $\pm$ 7 | 61                   | $\pm$ 4 |

Source: Defra Farm Practices Survey

### 2.3.Overview

The Defra surveys indicate that farming in Exmoor is in many ways similar to upland farming in England as a whole, now dominated by sheep farming and owner-occupied farms; but with many also renting some land and around half the businesses running some kind of diversification enterprise.

Farms in this area are perhaps more resilient than those in other upland areas in that they have more diversity of income sources and lower debts than the average for LFA farms as a whole, and they appear to have ceased shedding labour in recent years (though the change in sampling approach for the June survey may partly explain this pattern). Nevertheless, incomes are significantly lower than the average for all farms in England, and much more dependent upon CAP support – including the basic farm payment and various agri-environment scheme payments.

The figures suggest that all farmers had slightly better economic performance in the few years following the global financial crisis, but that this followed abruptly by a bad year in 2012-13. The FBS data for 2013-14 will be published in May 2015, after this report is completed, but we anticipate it will not show a complete return to the pre-2012 situation. The indications are that many farms in Exmoor are making low returns from their enterprises.

### **3. Literature review: Trends in and characteristics of hill and upland farming in England**

#### **3.1. Current state of hill farming**

Defra's Agricultural Change and Environment Observatory produced a report on upland farming in 2010 analysing results from the Farm Practices Survey and trends from the June Survey. This gives some interesting information on farm business make-up and strategies, among England's upland farms.

The farm business forms less than half of household income on 49% ( $\pm 3\%$ ) of upland farms. The larger the farm, the greater the contribution of the farm business to the household income. 56% ( $\pm 3\%$ ) of upland farms have a diversified activity or other income contributing to household income. Almost half (48%  $\pm 3\%$ ) have some form of off-farm diversification or other income (e.g. a second job or contract work). 25% ( $\pm 3\%$ ) of upland farms have an on-farm diversified enterprise such as a farm shop or Bed & Breakfast. Approximately half of upland farmers are debt-free. However, of those that do borrow, farms that rent in all of their land and part-time commercial farms were most likely to report that obtaining external finance was becoming much more difficult.

60% considered their farms to be full-time commercial businesses, 22% to be part-time commercial businesses and 10% hobby/lifestyle choice. 64% were long-established family farms, 25% first generation family farms, 1% part of a farming company, and 10% some other business model. Of the area farmed by LFA farms, at June 2009: 52% of land was owner-occupied, 43% tenanted (agreements of at least 1 year), and only 5% farmed on short-term tenancies (less than 1 year).

21% did not expect their business to continue beyond the next 5 years. These were more likely to have farmers aged over 55 and to have less than 100 hectares of LFA land; but less likely to have succession arrangements in place (Defra FPS uplands report, 2010).

Defra's statistical digest on upland farms (2011) noted that average incomes on farms in Less Favoured Areas have been consistently well below the average income on farms elsewhere due to the predominance of grazing livestock (i.e. beef and sheep) farms found in LFAs. Whilst average incomes of grazing livestock farms in LFAs and elsewhere are very similar, incomes on LFA dairy farms are lower than those elsewhere. It also stated that high incomes cannot be an overriding motivation for hill farmers to choose to work in this sector and other factors (e.g. lifestyle, scenic location, continuing the family tradition, and being a custodian of the environment) are likely to play an important role.

Thompson (2009), in a keynote lecture to the International Sheep Veterinary congress on hill flocks in England, notes 'under current economic conditions there is a severe lack of profitability in these units with consequent reduction in sheep and shepherd numbers on the hills. Factors involved... include persistently poor lamb prices and increased disease risk.'

An analysis of upland farming systems and their environmental impacts was made by Cumulus consultants for the RSPB in 2012. It gave some valuable information on how farm structures appeared to be changing, in more functional detail than could be deduced from Defra survey data alone. The report notes that alongside changes in livestock numbers, there have been a number of other changes in grazing regimes in the LFA in recent years, including: less cattle and mixed grazing; greater numbers of continental/improved breeds of cattle and sheep; summer grazing on the hill starting later; less out-wintering and feeding on the hill; less hefting and marshalling, less common grazing, less burning, more housing of cattle and indoor lambing, more intensive use of in-bye land, a shift from hay to silage and more finishing of stock. In addition, the report notes fewer holdings and farmers with stock,

fewer active commoners, and more part-time farmers in the LFA, than would have been the case a decade ago. Other changes, specific to certain areas, include a decrease in pony grazing.

Considering the biodiversity implications of these changes in livestock numbers and grazing regimes, Cumulus contends there has been a polarisation between semi-natural areas, which have experienced a reduction in grazing pressure and a recovery of habitats, and improved areas which have been more intensively used and managed. In particular, a move from traditional breeds to continental or improved breeds of cattle and sheep has changed the grazing pressure on different parts of farms. The higher nutritional requirement of these breeds has led to an intensification of use and management of inbye and marginal land, leading to a loss of semi-natural grassland habitats. However, the same change has also contributed to under-grazing on the hill.

In turn the report notes that upland habitats such as dry heath, wet heath and blanket bog have recovered (and continue to recover) as a result of reduced grazing by sheep, contributing to improving condition on many sites. However undergrazing and loss of vegetation structure is occurring in some areas. Less cattle and mixed grazing is contributing to the spread of ranker grasses, rush, scrub and bracken and hampering restoration efforts. A decline in hefting and shepherding is leading to overgrazing and undergrazing on different parts of the same site. Less burning is leading to older stands of heather and loss of vegetation structure. Less grazing is contributing to native woodland regeneration but also conifer regeneration.

Cumulus identifies a 'proven need for the use of cattle with hardy traits. However, not all traditional herds have these traits as they have been bred out of them in favour of intensive production values, illustrating the importance of careful stock selection'. More intensive use and agricultural improvement of in-by-land has resulted in a loss of floral diversity and structure for nesting birds, as well as nutrient enrichment.

A significant phenomenon with considerable influence in Exmoor in recent years has been Bovine Tuberculosis. The impacts of bTB on farming in the South-west of England were investigated by a study commissioned by Defra from the Centre for Rural Policy Research (2010). This report showed that current compensation payments tend not to fully compensate farmers for their direct and indirect economic losses, also revealing considerable variation across a range of different types of costs associated with bTB. Consequently average figures, either for costs or calculating compensation, were judged to obscure much of the detail at an individual farm level. The research also highlighted a range of 'hidden' and longer term costs that fall beyond the scope of the compensation scheme. Finally, in addition to economic losses, the authors concluded that bTB is imposing considerable costs on the personal well-being of many farm households and 'raises profound livestock welfare issues'.

A more recent analysis by Naylor and Courtney (2014) concluded: 'This study has shown that major disparities exist between the current disease control strategy, which emphasises disease avoidance, shared responsibility and cooperation, and the lack of action currently being taken by farmers to respond to the disease. While some farmers have been shown to be better able to cope with the impacts of bTB, in general, few appear to be taking any clear action to reduce the risks associated with the disease or prevent their herds contracting it all together. While coping is an important response, it does not have a positive impact on the eradication of the disease at a national level. Based on the findings presented in this paper, there appear to be a number of barriers which prevent some farmers from coping with the impacts of the disease and others from taking transformative action to reduce their disease risk. Specifically, this study explored the role of social networks and found that farmers who are most vulnerable are those who are internally focussed and rely on contacts within their

own immediate family or farming networks. This appears to encourage the development of fatalistic norms and feelings of disempowerment.'

In a detailed survey of farmers in the Shropshire Hills ESA area, Tate and Park (2010) noted a significant decline in cattle enterprises among both participating and non-participating farms in the ESA. This was ascribed to 'the availability of government schemes, a lack of economies of scale, poor buildings, poor or uncertain profitability in recent times and a need to improve handling facilities. Reduced fertiliser inputs were also claimed and a greater reliance on natural manures in the future due to large increase in inorganic fertiliser prices. On the issue of stocking rates, these had drifted downwards for both participants and non-participants, however it was clear that those who had given up cattle based enterprises had compensated, at least in part, with an increase in the number of sheep kept. These are quite small farms, the majority being less than 50 ha with older individuals in charge who do not feel happy to continue with cattle. The past 11 years have shown this to be an unpredictable enterprise entailing hard work, lacking economies of scale and modern equipment and with government schemes to provide some compensation for leaving the enterprise, admittedly on the grounds of animal health. The 2001 outbreak of FMD alone meant the slaughter of 581,802 cattle in the UK (Defra 2004). Overall stocking rates have drifted downwards slightly... but of more concern is the lack of migration of holdings into HLS, a lack of development of pluri-activity and engagement with schemes encouraging this and generally of confidence in the future'.

In respect of the economics of hill farming, Franks (2009) made an interesting study of size and non-size effects upon farm profitability in England's LFA areas, using Farm Business Survey data. He found that although farm business income increases with size, some small farms are highly profitable and large farms loss-making, showing that size is 'not an insurmountable barrier to or guarantee of business profitability'. Small farms varied more in performance, showing they have better non-scale opportunities for improving performance than larger farms; notably with diversification. He concluded that 'where diversified income streams cannot be developed, the future of small upland hill farms appears bleak.'

Defra's Agricultural Change and Environment Observatory produced a detailed report on upland farming in England in 2012, based upon Farm Practices Survey data and June survey data. In the future, the report suggested the following.

- Almost one third of upland farm businesses are expected to continue for at least 20 years. These farms are more likely to have a farmer aged under 55 years, or to have more than 100 ha of LFA land, or to be run on a full time commercial basis, or to be classified as "mainly moorland", or to have dairy cows, or to be long established family farms or to have succession secured (within the family).
- 21% of upland farm businesses are not expected to continue beyond the next five years. These farms are more likely to have a farmer aged 55 years and over, to farm less than 100ha of LFA land, to be mainly rough grazing or other grassland or to have no succession arrangements with the latter appearing to be a key factor for the future of the farm business. Although these farms were also less likely to borrow than those expected to continue beyond the next 10 years they were no more likely to report problems obtaining external finance.
- 37% of upland farmers have succession secured. Succession remains uncertain for 36%, whilst for 27% there is no succession. The level of uncertainty declines with the age of the farmer but, for 21% of those aged 65 and over, succession still remains uncertain. Around a quarter of those aged 55 and over with no succession had no family to inherit the farm.
- Almost all upland farmers (95%) feel that maintaining the traditional upland way of life is either very important (60%) or important (35%).



- 82% of upland farmers agree that maintaining the environment is “vital to the future of upland farming” and/or “part of the process of upland farming”. Those least likely to agree with either of these statements, tended to be aged at least 65 years or for whom the farm is a hobby/lifestyle choice.

- The most important challenges for upland farmers were market prices (76% of upland farmers), changes to Single Payment Scheme payments (65%), the impact of new regulations (65% ), input costs (59%) and the level of environmental payments (47% ). Farms classed as “mainly moorland” were much more likely to see the level of environmental payments and the impact of new regulations as challenges than those with better quality grassland.

- Despite these challenges, 41% of upland farmers indicated that they “will do all that they can to remain in farming” and 38% “will try to remain in farming”. 19% plan to retire and just 2% are “thinking of leaving farming for another career”. Of those aged 65 or over, less than one third plan to retire, whilst 37% plan to do all that they can to remain in farming and 31% will try to remain in farming.

Perhaps the most penetrating analysis of the current predicament and future prospects for upland farming in England in recent years has been the study by Gwyn Jones on behalf of the northern uplands partnership (2014). In this report, the author makes a damning assessment of the ways in which farmers have responded to their difficult economic conditions, and their increasing vulnerability as a result. Attempting to shorten supply chains by fattening their own stock causes farmers to buy in more feed and fertiliser, spend more on buildings and heating, and prioritise management of their in-bye land where these stock will be finished, to the detriment of their out-bye or common grazings. He notes ironically how these changes are often encouraged by agri-environment schemes which target the latter areas for extensification and require the hardy stock to be removed (often housed or sent off the holding) overwinter. Fattening encourages farms to increase the component of lowland or more productive breeds in their flock, which again discourages their use on moorland grazings. Finally, the largest and most successful farms who change in this way may actually buy lowland grazings to increase this part of their business, further reducing their interest and thus their involvement, in grazing their hills and common land.

In Jones’ view, these more ‘commercial’ farms are left much more vulnerable economically as a result of the ways in which they have changed their systems. But the same also applies to those who extensify significantly, reducing labour and ‘ranching’ their stock on the higher land. In both instances, he argues that the businesses reduce their ability to adapt to changing conditions and yet the increases in revenue from either approach rarely raise average earnings up to even the minimum wage, for the principal farmer and their spouse.

### **3.2. Policy- History and context**

It has long been recognised that upland farming faces significant economic challenges, linked to the relatively low productivity, difficult climate and remoteness which affect many hill and upland areas in England. For over 50 years (from the 1940s) this recognition formed the justification for specific UK government and subsequently EU payments to such farms, to help compensate them for these ‘natural disadvantages’.

The original UK ‘hill payments’ were paid per head of stock, on cattle and sheep; a pattern repeated with the HLCA (Hill Livestock Compensatory Allowance) subsidies under CAP, offered from 1976. Any farmer with land falling within a designated ‘Less Favoured Area’ was eligible for such support. From 2000 these aids switched from a headage to an area basis (as part of wider decoupling, and in order to avoid incentivising environmentally-damaging over-stocking). LFA aid – the Hill Farm Allowance - was then differentiated by value according to the degree of natural handicap and the average stocking levels on different upland areas; which were divided into 4 zones – Disadvantaged (DA), Severely

Disadvantaged (SDA), and Moorland and Common land within the SDA. CJC consulting reported that HFA accounted for 40% of hill and upland farm incomes, on average, in 2003 (CJC, 2004).

From 2007, support in the DA was discontinued. From 2010, the remaining LFA aids ceased and were replaced with a bespoke agri-environment scheme for SDA and Moorland farms and commons; the Upland Entry Level Scheme (UELS). The change was made by Defra on the grounds that special aid for upland areas – which by then was contributing less than 10% of hill and upland farm incomes, on average (Harvey and Scott, 2013) - should be linked more directly to the provision of environmental public goods from farm management.

Defra's statistical digest on uplands 2011 comments on recent patterns in farming fortunes, in the uplands. Farms in LFAs have gone through periods of low profitability, particularly between 1998/99 and 2001/02. Usually this reflected changes in market prices for sheep and cattle, although in 2001/02 and 2007/08 there were also impacts from Foot and Mouth Disease (FMD) outbreaks via disruption to normal marketing and movement restrictions. For grazing livestock farms in both the LFAs and elsewhere, incomes fell by around 15% and 26% respectively in 2010/11. Although average prices for sheep and finished lambs were firmer in 2010/11 than in the previous year, average prices for finished and store cattle across the 12 months were lower. These, combined with higher input costs more than offset the higher sheep prices, resulting in an overall fall in farm incomes.

The 2014 Efra Parliamentary Committee inquiry into upland farming concluded that: 'The Uplands are often seen as areas of disadvantage because of their relatively harsh agricultural and physical conditions and their distances from the facilities and markets of urban population centres and with limited amenities of their own. But these hilly environments and seclusion from urban population centres also make the uplands areas of prized (sic) natural assets and a favourite tourism destination... Livestock production on its own is unlikely ever to be enough to make upland farms profitable, though for many upland farmers it is the driving force. Capitalising on these natural assets presents a business opportunity for hill farmers looking to their wider role as land-managers and stewards of the environmental and landscape benefits they can provide.'

### 3.3. Current policy

It is clear that a significant proportion of the cash coming into upland farming each year comes from public subsidies and that, in general, money from SPS forms the largest source of this, followed by money from agri-environment schemes.

FBS data underlines the importance to hill and upland farm incomes of their support under the Common Agricultural Policy (CAP). Pillar 1 aid – until the end of 2014, the Single Farm Payment Scheme (SPS) – is the most important contributor. The most recent FBS survey for LFA farming in England as a whole calculated an average contribution of the SPS to gross farm income of 20%, or around half of net farm income, once farm costs are set against agricultural receipts (Harvey and Scott, 2014). This finding is consistent with the SW LFA farm business situation presented above, for 2010/11-2012/13.

Current UK government policy is that CAP pillar 1 aid should be phased out. The Efra Committee's 2013 inquiry into the government's response to the future CAP raised concerns about the government's longstanding position on CAP direct support under Pillar 1. The Committee wrote: 'We believe that direct payments have a place within the CAP, for as long as business conditions in agriculture fail to deliver a thriving and profitable industry. While we share Defra's ambition to reduce reliance on subsidies, we are not convinced that simply reducing direct payments is the way to achieve this. If Defra is to retain credibility, it must set out exactly how UK farmers will become self-supporting, against a backdrop of rising input prices and greater competition from third countries. In this context, we encourage Defra to

clarify its own food security strategy, taking into account the recommendations of the Foresight report and its own position on the CAP.’

In its policy statement on upland farming in England and Wales (2013), the NFU Hill and Upland Farming Group takes a similar view of the critical importance of CAP pillar 1 and 2 aid for the current viability of the sector. However, the document also places emphasis upon a desire to help farmers to derive more of their income from markets – whether those be for food, fuel or ‘ecosystem services’ paid for by private companies such as water suppliers. The reasoning for this position includes a wish to reduce businesses’ vulnerability to public funding cuts, and CAP policy changes. There is also a telling comment about relationships which may also have coloured this view:

‘Farming plays such a critical role in shaping the management, appearance, accessibility and economy of the hills of England and Wales that it seems perverse that farmers’ views on the future of these fragile areas have not always been sought by politicians, policy makers and conservationists. However, for much of the last two decades this is how hill farmers felt – ignored, or worse still, that they were seen as part of the problem.’

At present, a majority of England’s upland farmland (by area) is managed under some kind of agri-environment scheme. Until 2012, the dominant scheme remained Environmentally Sensitive Areas (ESAs), which covered most of the main upland massifs and upland Protected Areas in England, but since then it has probably been the entry-level upland stewardship scheme UELS. Nevertheless, a significant proportion of upland farms is also in the higher-level Stewardship scheme (HLS), including many farms which transferred from ESA within the past 3-4 years. In Exmoor, there was a dedicated ESA launched in 1993 so with ten-year agreements, a large cohort of farms joined the ESA in 1993-4; renewed for a second decade in 2003-4 and then is anticipated to have transferred into either UELS alone, or UELS plus HLS, within the last 2-3 years.

Mills et al (2013) evaluated the new upland entry-level scheme (UELS) for Defra. In summary, their findings were as follows.

- There was a high level of awareness of UELS amongst upland farmers. Only 9% of non-agreement holders surveyed had never heard of UELS.
- Around 77% of all agreement holders thought that the scheme was easy to implement and 66% said it did not interfere with the smooth running of the holding. The majority were able to meet their points target easily without many changes to existing farm practices.
- Payments for the scheme were mostly judged generous or sufficient (66%), although 24% felt that payments did not cover costs of boundary maintenance (which are significant, given Exmoor’s high hedgebanks and characteristic hedgerow matrix).
- UELS was viewed as a way of supporting the continuation of existing farming systems that were already producing environmentally beneficial outcomes and which were threatened by economic pressures. However, of those interviewed, nearly half of respondents felt UELS was ineffective in providing environmental improvement.
- Around 50% of landowners were taking a proportion of the UELS payment and a third of these had no involvement in implementing the agreement, which caused resentment.
- Half of those outside UELS are smallholders, often with principally non-farm incomes.
- Most applicants (84%) took advice on applying, often from private consultants, which targeted minimal change for maximum money. 20% did not fully understand what they were committed to doing.
- Non-joiners were discouraged by the lack of personal support from NE.

The authors of the report concluded: “The challenge now is for UELS to go beyond simply maintaining current farming systems and to encourage agreement holders to take up options that may require some changes to their management practices in order to enhance

environmental outcomes. To achieve this aim, advice to farmers needs to focus more on maximising the environmental potential of the farm”.

Agri-environment schemes were also investigated in the Defra FPS study of upland farms (2010). This found that 71% of upland farmers had land within environmental schemes. 39% had Entry Level Stewardship (ELS) agreements (or its organic equivalent), 37% had either existing Environmentally Sensitive Area or Countryside Stewardship agreements, 9% had Higher Level Stewardship (HLS) agreements and 5% had other environmental agreements (e.g. Wildlife Enhancement Scheme). At that time, a relatively high proportion of upland farms expressed interest in joining ELS, HLS (around 40% each) and especially UELS (nearer 70%).

The same study also collated information on moorland and other grazing. In the last 4 years up to 2009, 36% of upland farmers had reduced or stopped grazing on moorland. The most common reasons given for change were environmental schemes (64%  $\pm$ 9%) and economics of hill stock (37%  $\pm$ 9%). There was little evidence that those that reduced or stopped grazing moorland had increased their grazing on better quality grassland. 86% of upland farmers did not intend to make any changes to moorland grazing levels in the next 2 years, 7% intended to decrease or stop and 6% to increase.

In its response to the CRC report on upland communities, the Defra Committee (2011) made a strong plea for help to farms to diversify their income sources, including from public payments for public goods.

‘The Government must enable hill farmers to make a financial return from the provision of public goods such as carbon storage and water management. Hill farmers will require access to improved knowledge transfer and extension services to make the most of those opportunities, as well as improving agricultural productivity and sustainability. Upland farmers also need the tools and support to enable them to diversify to supplement their farming activity’.

These comments were linked also to wider community and economic issues:

‘Upland communities should be given the opportunity to develop. Access to the internet through superfast broadband is one element of that development. The Government should support upland communities by assisting local planning authorities to provide affordable housing. Upland communities and hill farmers should not be disadvantaged in respect of accessing grants, particularly the Rural Development Programme for England.’

‘The Government must decide whether it wishes agriculture in the uplands to continue. The maintenance of the uplands’ unique and precious landscapes depends on supporting hill farming and ensuring they have a future.’

The NFU document also places much emphasis upon the importance of helping upland farm businesses to be more successful via enhanced broadband connectivity and service levels, support for innovation and competitiveness, and encouragement for appropriate forms of diversification.

The Defra observatory made an FBS data analysis to investigate the use of investment aids under RDPE, by farm types and locations. The highest rates of grant receipt were for upland grazing livestock farms, with the other extensive livestock types also having high rates. The pattern varied between grant types, with machinery grants most common on horticultural and dairy farms. However, it noted that ‘the low value of many of the grants is striking. 60% of the grants were equivalent to less than 5% of the farms annual costs. Hence it would be no surprise if these yielded benefits that were small compared to the high level of annual variation always found in farm accountancy data.’

### 3.4. Prospects and concerns for the future

Reed et al (2013) reported on some upland stakeholder workshops identifying likely future scenarios for farming in these areas. Farmers and others in three different upland areas were tasked with identifying which of a range of potential future scenarios, covering different policy and practical developments, they felt was most likely for their area. Their choices were ranked according to how likely each was felt to be. In the Peak District, the short-list was: i) a blanket bog burning ban; ii) farmers as ecosystem providers; iii) hill farming collapse; and iv) arable uplands. In Nidderdale AONB, the short-list was: i) hill farming collapse; ii) farmers as ecosystem providers; iii) bird disease/ a shooting ban; iv) arable uplands. In Galloway, the short-list was: i) an expansion of tourism; ii) energy production; iii) rural retirement; iv) a conservation future; and v) upland farming collapse.

The findings suggest that these upland farmers have significant fears for the future of farming in their local areas which may be indicative of concerns more widely, across the uplands. However, the notion that farmers can play a role in the provision of ecosystem services also appears to have gained some traction, in future perspectives.

Looking ahead, Cumulus's report for the RSPB (2012) concluded it likely that there will be continuing reductions in livestock numbers and associated management in the uplands, given the poor profitability of livestock enterprises, the amalgamation of farm units and a decrease in the amount of labour available.

Farmer attitudes towards the future prospects for upland farms were examined in more depth in the CRC's inquiry into the future of upland communities in England (CRC, 2010). In the report's conclusions, the future for upland farming was described thus:

'Even with a better targeted CAP , and developing markets, most upland farmers and land managers will depend on opportunities for off-farm employment and non-farming enterprise that are offered by a diversified wider economy (i.e. pluriactivity). Farmers and land managers both contribute to and need a vibrant wider upland society (e.g. for schools, healthcare and public services).

There is a positive future for hill farming, and there is a need for better coordinated research and development to highlight where scientific developments and local knowledge can combine to provide innovative and inspirational solutions. More generally there is a need to recognise and promote hill farming's essential role in delivering valuable goods and services.

These conclusions led the Commission to make a number of key recommendations for the future:

1. Current funding mechanisms will not unlock the potential of the uplands. Defra and its agencies (and the EU) should develop a new approach to rewarding farmers for managing national assets in harmony with developing businesses and market enterprises.
2. Defra should broaden its concept of 'income foregone' to include the full costs of the farmer staying in business, in line with some other EU countries.
3. To reflect the contribution of upland communities to public benefits, Defra should ensure that the menu of measures under axes 3 and 4 should be broadened to enhance investment in and support for social sustainability of communities in upland areas. Delivery bodies with Less Favoured Areas within their jurisdiction should review the extent to which RDPE funding is sufficiently accessible to upland farms and rural businesses (especially those relating to enterprise investment and rural business support).

4. Farming lead bodies, including NFU, TFA and CLA should work with Government to develop proposals, and facilitate good practice in ensuring the succession of upland farms.
5. UELS should urgently be reviewed to ensure that it is adequate to meet its goals.
6. In order to address the R & D deficit relating to sustainability of the uplands, Research Councils UK and other relevant stakeholders should target key themes and then build capacity through partnerships, pool scarce resources and facilitate greater knowledge transfer across relevant research projects.
7. At least one land-based college should use its hill farming resources to improve and promote apprenticeships, training, and livestock improvement and land management programmes.
8. RDPE funding should be used to develop a series of commercial demonstration farms to promote good practice across a range of disciplines including implementation of agri-environment schemes, soil and livestock management, alternative forage crops, stocking rates and grazing management regimes.

Defra's agricultural change and environment observatory uplands report (2011) made the following comment concerning future prospects. 'Farming in the LFA is heavily dependent on Single Payment Scheme and Agri-Environment Scheme payments. Significant uptake of Uplands ELS will help to maintain environmental benefits with the minimum requirements helping to maintain adequate grazing levels on moorland. Upland farming is facing a range of challenges, although recent surveys emphasise their resilience. At present widespread abandonment appears unlikely, although it may occur at a local scale. The evidence from this report suggests more extensive/naturalistic grazing regimes are the more probable outcome in the short/medium term.'

Jones' (2014) answer to the bleak predicament discussed in his northern uplands report is to call for more supportive, collaborative and partnership-based policy support to uplands, focused upon improving the basic profitability of a more traditional upland farming model which retains greater resilience and adaptability.

Echoing this call, Natural England and Defra have recently produced a framework for upland action (2013) promoting the adoption of an ecosystems approach to upland management in future, which has 3 core principles:

- Managing the wider landscape and natural ecosystems as dynamic systems – managing the whole not just the sum of the parts
- Recognising the value for people of the local environment, and how the services it can provide (including food production) are essential for their lives and prosperity
- The importance of putting people at the centre of decisions.

Whilst the Framework is set out in a national context it is intended to be used at a local level to deliver local outcomes 'that are consistent with local interests and needs, and taking account of the local landscape and local partnerships'. Land managers are seen as critical to delivery and in most partnerships, a key component. Implicit in this approach is that land managers need to understand and have ownership of the outcomes and are able to deliver both their own contributions and accommodate others' interests.

### **3.5. Interim conclusions**

This brief survey and condensing of recent and relevant literature on the English uplands gives an indication of the ways in which the challenges faced by upland farms are recognised and responded to, and some of the implications of these tactics for the wider upland environment and its communities.

The current situation appears to be of some concern in respect of quality of life/standards of living, as well as environmental conditions and sector competitiveness. However, whilst these problems and challenges appear widely recognised, the public sector response to them is not unambiguously supportive.

The Efra Committee and CRC challenged government to recognise and endorse their calls for greater support for upland farming and for its development into the future. Whilst the most recent Defra and agency reports and statements affirm the importance of upland landscape, biodiversity and ecosystem services, it has (at least until very recently, in the NE framework) been less ready to affirm the value of continued farming in these areas. CCRI's own evaluative studies for south-west upland farms participating in the various initiatives spawned with RDPE funding suggest that there is much cynicism about public intervention modes at present, but at the same time, the knowledge among most farmers that some form of public intervention will continue to be necessary, if upland farming is to survive intact.

It is with these points in mind that we turn to the analysis of returns from the Exmoor farm survey 2015, to compare the actual state and trends in Exmoor farming as compared to what is suggested from the literature, Defra's June survey and the relatively small samples of Exmoor farms in the FPS and FBS. The survey should also give us insights into Exmoor farmers' experiences of diversification, subsidy and agri-environment schemes, as well as their principal plans, concerns and aspirations for the future.

## 4. Exmoor Farm Survey 2015

### 4.1 Overview of the survey process

The aims of the farm survey were to capture an up-to-date picture of the structures, practices and concerns of all businesses farming in Exmoor National Park. The scope of the survey was to be determined by an early review of the 2004 study, its methods and findings, augmented by a farmer workshop to help identify key issues to be covered. The farmer workshop was hosted by the EHFN, held at the Rest and be Thankful Inn at Wheddon Cross and attracted 12 farmers / farming couples. It identified a range of issues of concern which participants felt was particularly needed, for Exmoor. Key points of consensus from the workshop included the following.

- Farmers have been forced to specialise; they are less likely to ‘do a bit of everything’ like they used to traditionally. Cattle have declined in Exmoor.
- People communicating with each other has encouraged the farming community to be more pro-active – searching for new avenues for investment.
- Diversifying is sensible, but it is skills-dependent and therefore does not present an alternative for a proportion of farmers. Locals resent incomers who are diversifying and have more money/ attract more investment. Financial reserves of newcomers cannot be matched by locals.
- Farmers perceive that they are the custodians of the environment; and the social fabric upon which other trade is built. Yet Natural England does not appear to endorse this view and farmers cannot trust them.
- Farmers need to have more autonomy in their role – a licence to experiment (e.g. with agri-environmental management).
- Uncertainty is a persistent challenge – particularly with respect to market prices.

The CCRI team designed a postal questionnaire focusing upon the key issues and interests raised by the project steering group and themes suggested from the farmer workshop, in order to investigate the current state of farming in Exmoor, 2015. The survey collected factual information and some farmer attitudes and opinions, arranged around the themes of farm structure, farm business, marketing and diversification, CAP reform impacts, Agri-environment schemes, collaboration, and concerns, seeking information on changes in the past 10 years, the current situation, and plans and ideas for the coming 5 years. The eight-page questionnaire was designed in both hard copy and online formats – a copy is provided in annex 1 to this report – and circulated in early January 2015 to the entire (380+) mailing list of the Exmoor Hill Farming Network, as well as being promoted via online networks including the local NFU and Exmoor National Park, and in face-to-face meetings at the livestock auction mart. We estimate that this will have achieved a near-census (probably reaching over 80%) of the active, commercial farms in Exmoor. It should be noted that we sought responses from the person with main responsibility for the farm, in the survey.

By mid-February 2015, a total of 117 responses (103 postal, 14 online) were received and subjected to analysis. These survey responses captured data on at least 166 farm holdings, comprising 117 farm businesses, collectively managing almost 20,000 hectares (ha) of farmland on Exmoor (36% of the total Utilised Agricultural Area). As no respondents farmed sole holdings which would have been so small as to be excluded from the Defra June Survey sampling frame, we can state with confidence that we have gathered information concerning around one-third of Defra’s estimated total commercial farm holdings, and just over one-third of the farm land, within the National Park boundary.<sup>6</sup>

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<sup>6</sup> By comparison with the Defra June survey estimates for the total area and number of commercial holdings (510) in Exmoor National Park, in 2013.



Responses came from different postcode areas, from respondents of all age groups and a wide range of farm sizes, suggesting that our findings should be broadly representative of Exmoor farming as a whole. It should be noted, however, that the survey sought information on farm businesses and not on individual holdings, in order to give a true representation of how these businesses are structured and managed. This eliminated the possibility of undertaking a formal statistical calculation of representativeness for the CCRI survey results, against Defra June survey data, as June survey responses are gathered for individual holding numbers only. This means that we cannot ‘upscale’ our findings to estimate figures for the whole Park area with complete confidence. Nevertheless, we make comparisons between the two data sources as far as is legitimate (see section 3) in order to examine the extent to which the CCRI survey can be judged likely to be representative of Exmoor farms as a whole. On this basis, the findings of our study appear very likely to represent the state of farming in Exmoor in 2015 with a good degree of accuracy.

## 4.2 Characteristics of the survey sample

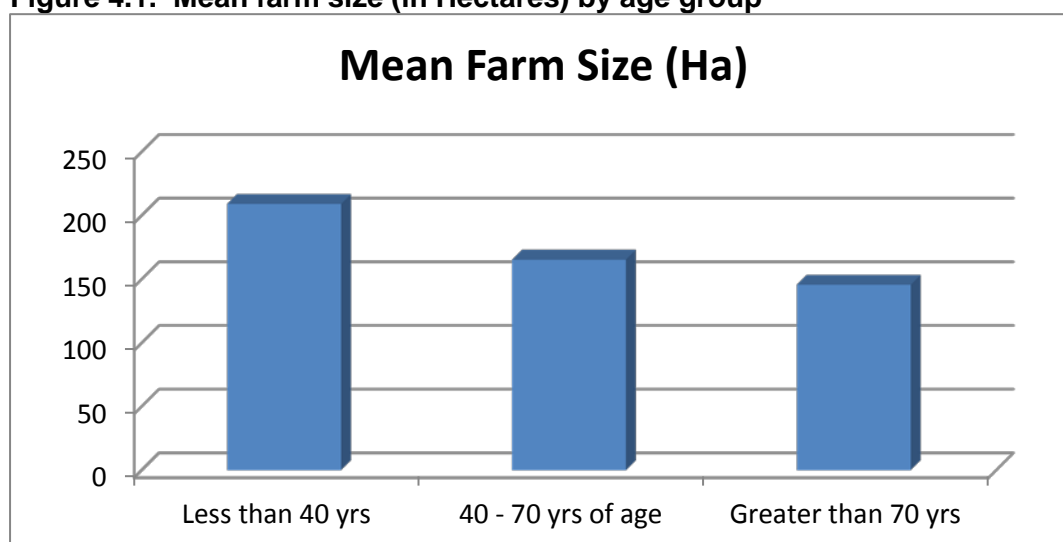
Average farm size varied from a minimum of 2.29 ha to the largest at 1,450 ha, with a mean size of 170.5 ha (but with Standard Deviation of 209.42 – i.e. sizes were quite diverse around the average). Respondents farmed a range of small (under 20ha, 12%), medium (20-100ha, 34%) and larger (over 100ha, 54%) farms by area (See Figure 2).

Table 4.1 (and Figure 4.1) reveal that younger farmers tended to have larger farms, and that farm size decreased with increasing farmer age. Farmers under 40 had a mean farm size of 209 ha, whereas a mean of 145.6 ha applied to the group of farmers aged over 70 years.

**Table 4.1. Farm Area (in Hectares) by age group**

| Age Group (years) | Number of farms | Median Farm Size | Mean Farm Size | Standard Deviation | Minimum (Ha) | Maximum (Ha) |
|-------------------|-----------------|------------------|----------------|--------------------|--------------|--------------|
| < 40              | 15              | 145.68           | 209.02         | 164.84             | 12.14        | 526.09       |
| 40 – 70           | 89              | 121.4            | 165.3          | 206.58             | 2.29         | 1,650        |
| >70               | 12              | 37.63            | 145.6          | 182.68             | 7.7          | 470.65       |

**Figure 4.1. Mean farm size (in Hectares) by age group**



This pattern would be consistent with a dynamic whereby younger farmers take on, or accumulate, larger holdings with potentially greater profitability than those farmed by people of retirement age who may even decrease their farm size as they prepare to cease to farm.

particularly if they lack a successor. However, most farmers (100 respondents) either plan to continue farming for the next 5 years or to pass the farm on to a successor, in that period.

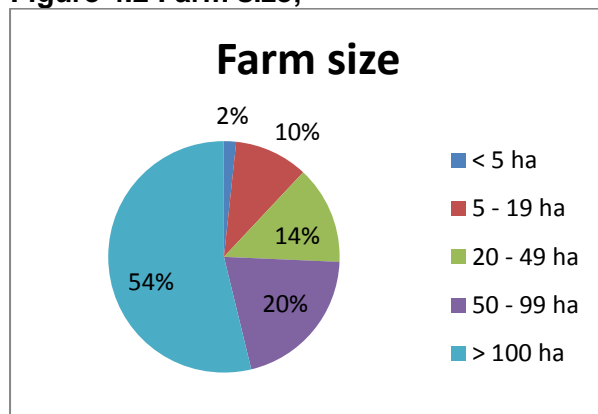
Almost half (48%) of the farms in the sample were wholly-owned, with a further 41% partly-owned, and 11% wholly tenanted (Figure 4.3). Those farmers renting land were mainly in tenancies of longer than one year (63% of the total sample, although 24% of all respondents held some land on short-term leases of less than one year), and there was only one example of share, or contract-farming, identified.

Just over two-thirds of the sample had only one holding number, while a total of 35 respondents (32% of the sample) had more than one holding number, of which: 57% had 2 holding numbers, 23% had 3 holding numbers, and 20% had more than three. These figures illustrate the legacy of a long-term process of farm enlargement in which holdings are combined to increase the scale of the business.

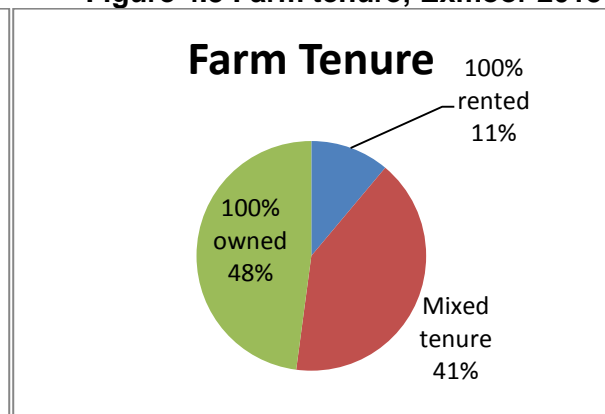
A total of 26 farms (22% of the sample) had common grazing rights but not all of these were exercised. 11 respondents (9% of the sample) indicated their farms were either wholly or partly organic.

The vast majority of sample respondents (93%) can be classified as principal farmers, most of whom (83%) were male. Figure 4.4 illustrates that the majority of respondents were in their middle-age years (76% were between 41 and 70 years of age, 13% were under 40).

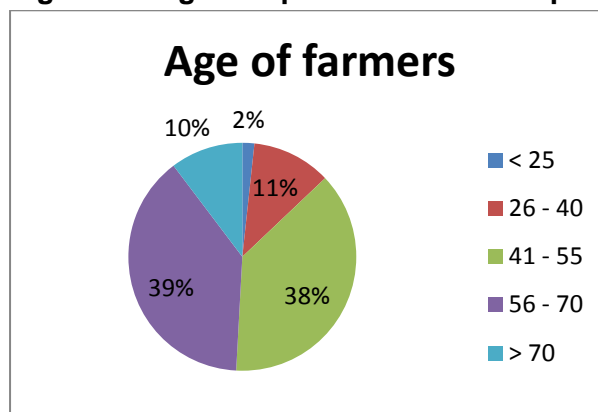
**Figure 4.2 Farm size;**



**Figure 4.3 Farm tenure; Exmoor 2015**



**Figure 4.4 Age composition of the sample**



Enterprises in the sample were predominantly a mix of sheep and beef farming, but most farms had a much larger proportion of sheep than cattle, as expressed in standard Livestock

Units<sup>7</sup>. A total of five farms reported to have, or have had, some element of dairy enterprise (although only 3 currently had a milking herd), and 33 had only sheep, while 4 had only beef cattle; ponies were recorded on only 3 farms. Whilst a significant minority of the sample reported some cropped land, many who commented on this said that the crops were exclusively for home consumption by their own livestock. The crops grown included temporary grass, triticale, kale, swede, winter wheat, and spring barley.

Table 4.2 illustrates the number of farms and average livestock numbers by category for all respondents, indicating that the majority of farms had both cattle and sheep and that almost all farms with a beef enterprise had suckler cows. Mean livestock numbers (LU) for the sheep categories were much higher than for cattle, indicating the importance of sheep enterprises among the farms responding to the survey. High standard deviation shows that there was a high degree of variability in scale of enterprise, across the sample.

**Table 4.2. Livestock 2015, with indicated direction of change since 2005**

| Category of livestock                            | Number of farms (N = 117) | Mean number of livestock per farm | Standard Deviation | Change since 2005<br>mean score / category:<br>1 = Decrease<br>2 = No change<br>3 = Increase |
|--|---------------------------|-----------------------------------|--------------------|--|
| Suckler cows                                     | 77                        | 49.61                             | 57.69              | 1.71   |
| Home bred replacement cows                       | 48                        | 14.58                             | 18.11              | 2.00   |
| Home bred cattle sold as stores                  | 65                        | 42.66                             | 58.74              | 1.75   |
| Bought in store cattle fattened & finished (f&f) | 27                        | 26.37                             | 70.09              | 2.09   |
| Home bred cattle f&f                             | 23                        | 26.39                             | 37.80              | 1.56   |
| Breeding ewes                                    | 107                       | 469.11                            | 380.98             | 1.94   |
| Lambs sold as stores                             | 72                        | 317.02                            | 331.23             | 1.90   |
| Lambs f&f  | 78                        | 408.07                            | 405.11             | 1.81   |
| Ewe lambs bred & reared                          | 90                        | 130.25                            | 107.37             | 2.12   |
| Dairy cattle                                     | 5                         | 77.4                              | 86.72              | 1.85   |

As highlighted in Table 4.2, there is a prevalence and reliance upon sheep enterprises among those farmers who responded to the survey. We therefore used the Defra Livestock Units conversion for hill livestock numbers, to assign values for LU by livestock types, for each farm, and then calculate the proportion of the total LU associated with either dairy, cattle or sheep enterprises. Ordinarily, farm type classification is based on financial output – an area that was not covered in the Exmoor farm survey. We therefore used this LU calculation to classify farms by enterprise ‘types’, as follows:

- Dairy: more than 50% of total LU in Dairy cattle
- Mainly cattle: more than 75% LU in beef Cattle
- Mixed cattle and sheep: more than 25% but less than 75% LU in beef Cattle
- Mixed, mainly sheep: more than 10% but less than 25% total LU in beef Cattle
- Mainly sheep: 90% or more of total LU in Sheep
- Small farms <5Ha of land
- Other (unable to be classified)

Numbers and proportions of farms based on these parameters can be seen in table 4.3. Note that 4 respondents did not give information on livestock numbers, so the total is 113.

<sup>7</sup> To calculate LU per farm / enterprise, figures for different stock types – as given in table 4.2 – were multiplied by the ratios for hill farm stock as used by Defra in the June survey. This may slightly underestimate LU given the fact that not all farms will be hill farms, but the figures should fairly represent relative proportions of each stock type.

**Table 4.3. Farm ‘type’ – number and proportions of respondents**

| Category of Farm       | Number<br>(N = 113) | % of respondents |
|------------------------|---------------------|------------------|
| Dairy                  | 3                   | 2.7              |
| Mainly cattle          | 4                   | 3.5              |
| Mixed cattle and sheep | 29                  | 25.7             |
| Mixed mainly sheep     | 32                  | 28.3             |
| Mainly sheep           | 42                  | 37.2             |
| Small                  | 2                   | 1.8              |
| Other                  | 1                   | 0.9              |

### 4.3 Comparison to Defra Survey data and findings

Where possible the survey data has been compared to the estimates for all of Exmoor from Defra June survey data and Farm Practices Survey data, to assess its representativeness.

In respect of holding size, the Defra June survey indicated that 32% of holdings were over 100 ha, 14% were 20 – 50 ha in size and 18% were 50 – 100 ha, which would be consistent with the breakdown of farm sizes from the CCRI survey, once allowing for the effect of multiple holdings on total farm size. The Defra data showed 30% of *holdings* in the 5 – 20 ha category, while the current survey found only 10% of *farms* in this size category. This indicates either that relatively few farmers with holdings under 20 ha responded to our survey, and/or that this is another effect of holding amalgamation, in our data. Given the promotional approach of the survey, we may have captured fewer very small holdings and farms than would be representative of Exmoor as a whole – meaning that our survey is probably biased towards larger and thus more ‘commercial’ farms (as defined by Defra).

In terms of tenure, the Defra survey indicated for commercial farm holdings in Exmoor, 86% farmed land that they owned, with only a small population renting land, although it noted an increase in the level of renting over the period 2010-13. The CCRI 2015 survey found 48% respondents owned all the land that they farmed, with only 11% renting all their land, but another 41% farmed a mix of owned and rented land, meaning that 89% of farmers in the survey farmed at least some land of their own. It is not possible directly to compare these two sets of data because it is highly likely that tenure arrangements operate differently at holding level on farms with multiple holdings, given the number of farms with multiple tenure arrangements. Nevertheless there appears a good level of consistency in the overall pattern.

The CCRI survey found an increase in the area of land farmed by 31% of farmers over the ten-year period since 2005. This is similar to the trend of increasing holding size suggested by the Defra survey (which estimated a 10% increase in holdings over 100ha, since 2010).

The Defra June survey data indicated a very low proportion – less than 1% - of dairy holdings in Exmoor, which was matched by the finding from the CCRI survey. Both surveys also highlighted the dominance of sheep in total livestock numbers. The Defra June survey noted a reduction in livestock numbers (and cattle in particular) over the period 2002 -13, a trend also supported by the CCRI survey in which respondents indicate a net decline in overall livestock numbers, but larger reductions for cattle than for sheep, over the 2005-15 period. However our survey did not pick up any horticultural or cropping enterprises (Defra estimated these at around 13% of total holdings, in 2013).

In terms of diversification activities, Defra’s Farm Practices Survey suggested that these contributed an average of only 12% to farm business income in Exmoor in 2012-13, with 49% of farms indicating some form of diversification or off-farm income. These estimates compare well with the CCRI survey, which found that 54% of the sample currently operated

on-farm or off-farm diversification, and the mean share of reported annual business turnover from diversification activities increased from 12% in 2005 to slightly over 16 % in 2014.

In sum, the results of the CCRI survey, in respect of farm structures and trends, including diversification, suggest that it captured a representative sample of the commercial farms in Exmoor, but with possibly lower than average coverage of small and crop-based enterprises (as gauged by reference to Defra survey data, insofar as this was feasible).

#### 4.4 Trends 2005 - 2015

Over the past decade, whilst many farms reported no major change in their businesses, there is evidence of both some downsizing and some growth in production and scale.

The final column in Table 4.2 above provides some indication of the direction of change for each livestock category since 2005. Only two categories, 'Bought in store cattle' and 'ewe lambs bred and reared' showed a slight net increase in numbers since 2005. The data suggest no change in 'Home bred replacement cow' numbers, while all other categories of livestock declined over the period with the largest reductions for the various categories of cattle, and smaller decreases for the categories of sheep. The largest decrease was indicated for 'Home bred cattle' with the largest increase for 'Ewe lambs bred and reared' suggesting a likely net move from cattle to sheep, overall, over the period 2005-15.

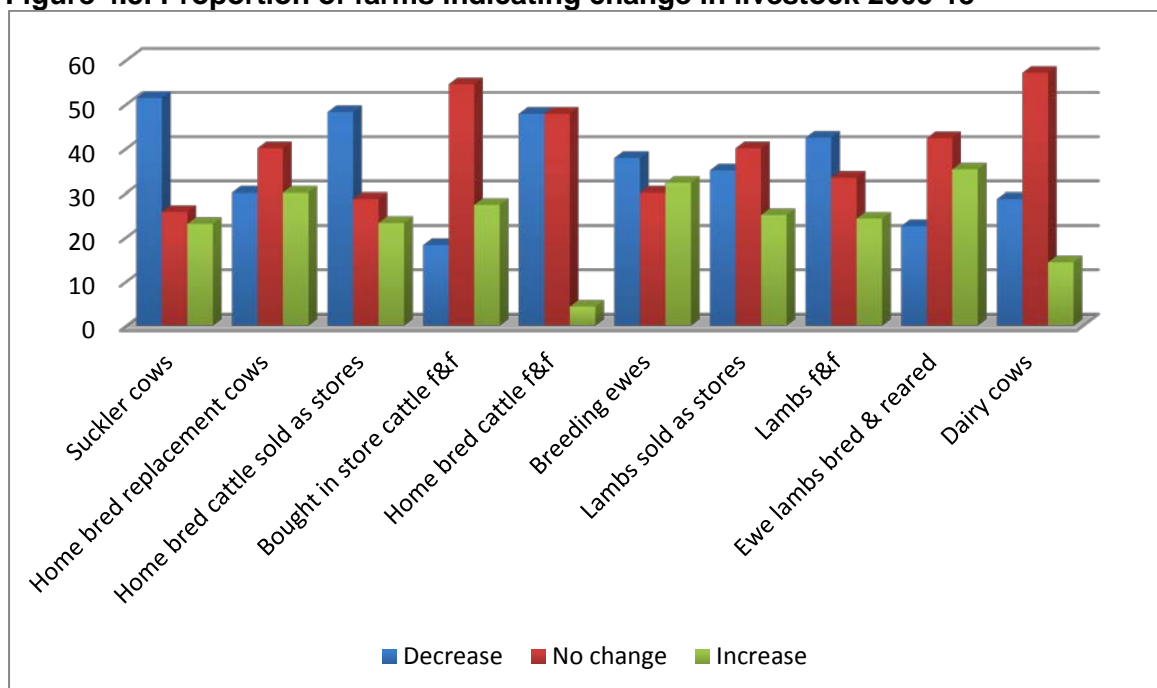
The proportion of farms in the sample making changes over the period 2005-15 for each livestock category is illustrated in Figure 4.5 below. The chart indicates the percentage of farmers making change, supporting the view that the changes taking place have involved both increases and decreases for many livestock categories. This chart should be viewed with Table 4.4, which identifies the number of farms responding to the question for each livestock category.

**Table 4.4. Proportional change in farms keeping livestock 2005-15**

| Livestock category              | Number of respondents in each category | Percentage (%) of respondents changing |           |          |
|---------------------------------|--|--|-----------|----------|
|                                 |  | Decrease                               | No change | Increase |
| Suckler cows                    | 74                                     | 51.4                                   | 25.7      | 23       |
| Home bred replacement cows      | 40                                     | 30                                     | 40        | 30       |
| Home bred cattle sold as stores | 56                                     | 48.2                                   | 28.6      | 23.2     |
| Bought in store cattle f&f      | 22                                     | 18.2                                   | 54.5      | 27.3     |
| Home bred cattle f&f            | 23                                     | 47.8                                   | 47.8      | 4.3      |
| Breeding ewes                   | 90                                     | 37.8                                   | 30        | 32.2     |
| Lambs sold as stores            | 60                                     | 35                                     | 40        | 25       |
| Lambs f&f                       | 66                                     | 42.4                                   | 33.3      | 24.2     |
| Ewe lambs bred & reared         | 71                                     | 22.5                                   | 42.3      | 35.2     |
| Dairy cows                      | 7                                      | 28.6                                   | 57.1      | 14.3     |

The biggest influences on farm changes over the period, as noted by respondents, are bovine tuberculosis (bTB), agri-environment schemes (AES), and farm business health, in that order of frequency. One respondent noted, for example, that their cattle numbers had declined due to bTB, diversification had reduced due to old age, and agri-environment schemes had resulted in, among other things, changes in the way common grazing was being used. Others indicated an increase or a change in types of diversification in order to 'make ends meet' (one respondent noted they had given up Bed & Breakfast and invested in wind energy and solar PV because it was much less extra work).

**Figure 4.5. Proportion of farms indicating change in livestock 2005-15**



Other issues identified as causes of farm change include old age, ill health, profitability, and low prices for products (particularly lambs). A small number of respondents indicated an increase in the land area of the farm to maintain profitability, and some noted wetter winters as a trigger for change. Three respondents explained they were new farm businesses, so could not comment on farm change since 2005, while a few others referred to building up the business over the period. CAP reform impacts and a desire to simplify systems also occurred as reasons for change in just over 10% of the responses.

#### Changes in a range of farming activities

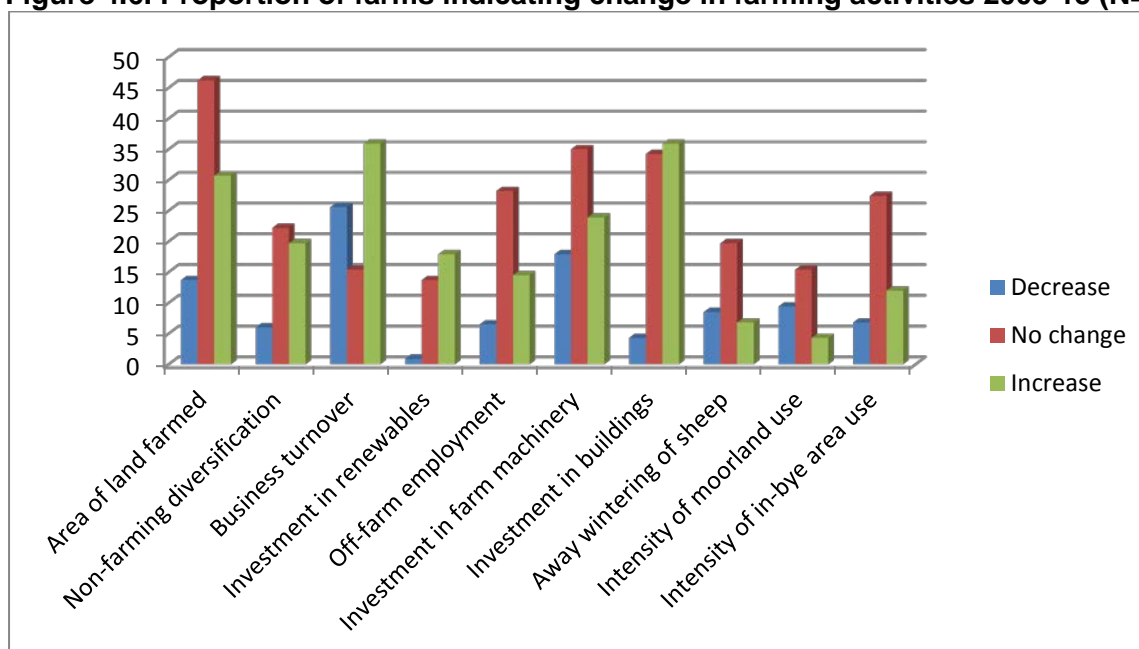
Changes in a range of farming activities over the 2005-15 period were explored in the survey, with the data summarized and illustrated in Table 4.5 and Figure 4.6 below (note the variability in numbers of respondents in each category). It is interesting to note that while 13.7% of respondents who completed this question indicated a reduction in area farmed, more than twice as many (30.7%) indicated an increase in area; at the same time a small proportion of the sample (9.4%) indicated a reduction in the intensity of moorland use while 12% indicated an increase in the intensity of in-bye use, and 8.5% stated they had reduced away-wintering of sheep over the period. Overall this suggests relatively minor net change in farm structures, but intensification of use of the better quality land on some farms, with more significant increases in farm size. Investment in farm buildings for overwintering stock by over one third (35.9%) of respondents suggests activity to increase biosecurity and/or reduce winter grazing of sensitive land, probably related to bTB and/or AES.

The data also indicate that business turnover increased over the period for just over one third of the respondents (36%), while 20% indicated an increase in non-farming diversification activities and a similar proportion (18%) reported an increase in renewable energy investment. Overall the data indicate change over the period arising from farms becoming larger, with a potentially significant business contribution coming from diversification activities (including off-farm employment, with 14.5% indicating an increase, and notable investment in renewable energy), and more stock being housed.

**Table 4.5. Proportion of farms indicating change in farming activities 2005-15 (N=117)**

| Type of activity               | Proportion of sample responding (%) | % of total sample (N=117) |           |          |
|--------------------------------|-------------------------------------|---------------------------|-----------|----------|
|                                |                                     | Decrease                  | No change | Increase |
| Area of land farmed            | 86.3                                | 13.7                      | 46.2      | 30.7     |
| Non-farming diversification    | 47.9                                | 6.0                       | 22.2      | 19.7     |
| Business turnover              | 76.9                                | 25.6                      | 15.4      | 35.9     |
| Investment in renewable energy | 32.5                                | 0.9                       | 13.7      | 17.9     |
| Off-farm employment            | 49.6                                | 6.5                       | 28.2      | 14.5     |
| Investment in farm machinery   | 76.9                                | 17.9                      | 35.0      | 23.9     |
| Investment in buildings        | 74.4                                | 4.3                       | 34.2      | 35.9     |
| Away wintering of sheep        | 35.0                                | 8.5                       | 19.7      | 6.8      |
| Intensity of moorland use      | 29.1                                | 9.4                       | 15.4      | 4.3      |
| Intensity of in-bye area use   | 46.2                                | 6.8                       | 27.4      | 12.0     |

**Figure 4.6. Proportion of farms indicating change in farming activities 2005-15 (N=117)**



Marketing of produce was briefly explored in the questionnaire. The responses indicate that the majority of livestock farms sold their stock liveweight at market, while just under a half sold deadweight to abattoirs and many respondents used both these options. Only 10% of the sample was selling stock privately and just 8% indicated some other form of marketing, which included self-supplied meat boxes, some pedigree sales, lamb stores sold by negotiation, and cattle sold liveweight to a breed society finishing scheme.

**Table 4.6 Marketing of produce**

| Sale of livestock      | % responses | Sale of crops             | % responses |
|------------------------|-------------|---------------------------|-------------|
| Live weight at market  | 79.5        | Sell to a processor       | 3.4         |
| Deadweight to abattoir | 46.2        | Sell to a trader/merchant | 0.9         |
| Sell stock privately   | 10.3        | Sell privately            | 2.6         |
| Other                  | 7.7         | Other                     | 17.1        |

In terms of crop sales almost half (9 out of 20 respondents) of producers indicated that their crops were not actually sold but used on the farm, while a small number sold by a variety of approaches including by contract, and direct to buyers.

Limited information on any reasons for changing marketing practices since 2005 was obtained from the survey. These included the following:

- Better understanding of the market
- Close weight gain monitoring (especially for sales to supermarkets)
- Diversified into on-farm processing and sales through a farm shop
- More private sales of lambs, and more direct sales to increase margins
- Making use of internet marketing
- A preference for selling lambs and cattle as stores rather than finishing

The responses suggest that a small number of farmers has been making changes and exploring a variety of options in order to increase margins, while the majority has continued with traditional marketing approaches (auction marts and some deadweight sales, particularly from herds affected by bTB).

#### 4.5 Impacts arising from changes to the CAP

Farmers in the sample were asked for the potential impacts of the new CAP greening conditions on their farm business. Very few felt their business would be either positively affected (less than 3% for each greening condition) or negatively affected; the largest proportion in each case indicated that their business would not be affected or they did not know what the impacts might be. This is in line with our expectations for the typical kinds of grazing livestock farm in Exmoor, which would mainly be exempt, or would already easily comply with, provisions (Table 4.7).

**Table 4.7. Potential impacts of the new CAP 'Greening conditions' (%)**

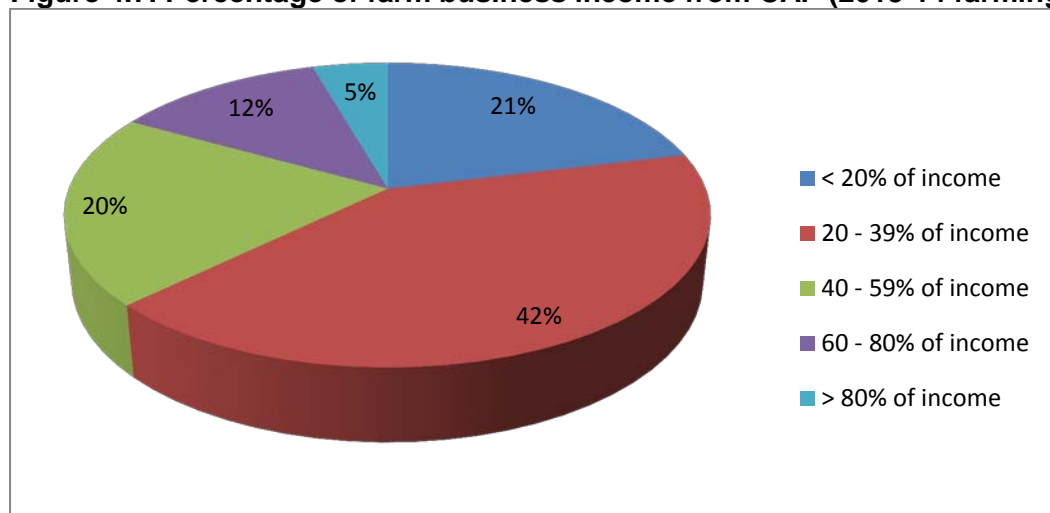
| <b>Greening condition</b>     | <b>Negatively affected</b> | <b>Not affected</b> | <b>Positively affected</b> | <b>Don't know</b> | <b>Number of respondents</b> |
|-------------------------------|----------------------------|---------------------|----------------------------|-------------------|------------------------------|
| Permanent pasture requirement | 8.5                        | 48.5                | 2.6                        | 33.3              | 109                          |
| Crop diversification          | 3.4                        | 42.7                | 0.9                        | 20.5              | 79                           |
| Ecological focus areas        | 2.6                        | 31.6                | 2.6                        | 35                | 84                           |

Concerns about the move to the new BPS online claims system were expressed by a majority of respondents. Most of the concern was about the perceived potential for errors, or system overload/issues in an online approach, while increasing costs - because farmers feel their returns will have to be made by agents in future, since agents are more IT-confident - also figures significantly. However, a significant minority of respondents foresaw no problems with the change.

Figure 4.7 illustrates the proportion of farm business income (assumed as gross turnover) estimated as coming from CAP payments. The majority of the sample (42%) indicated that between 20 and 39% of their income came from CAP payments while 15% received over 60% of their income from these sources. While the majority of the sample (41%) indicated this proportion of income from the CAP had not altered significantly in the previous five years, 21% said it had increased, and 31% said it had decreased.



**Figure 4.7. Percentage of farm business income from CAP (2013-14 farming year)**



These estimates seem plausible – in our estimation, farms on better land, partly or wholly outside the SDA which were more heavily stocked prior to decoupling (including dairy farms) will have tended to see a steady decrease in CAP payments after 2005 and up to 2012; while those farming the poorest and highest land should have seen the opposite trend, and intermediate farms noted little change. These changes need to be set in the context of wider farming profitability, which will have influenced the balance between CAP and market-based income, over the period. As noted in chapter 2, estimated business income for LFA farms in SW England rose slightly from 2008-2011 but fell back in 2012-13, so one might expect a small net decline in the proportion of income from CAP, over the full period, *ceteris paribus*.

Respondents appeared to have a clear idea of the effects of the new CAP on their farm income. Figure 4.9 below illustrates that although 28% of the sample indicated no change in income was expected, over one quarter (27%) suggested their income would increase, and one third felt their income would decrease (12% indicated a potentially large decrease). Only 1.7% of the sample noted 'don't know', and 10 respondents did not provide any data. Our expectation is that farms with mostly enclosed SDA land should see an increase in CAP income following the reforms, while those with a larger proportion of moorland, or of land outside the SDA, would see negligible change. However, as the pound is strong and/or rises in value against the Euro in currency markets, this deflates the value of CAP receipts to UK farmers. Furthermore, the high proportion of Exmoor farms in agri-environment schemes, which are also changing with CAP reform, probably influenced responses.

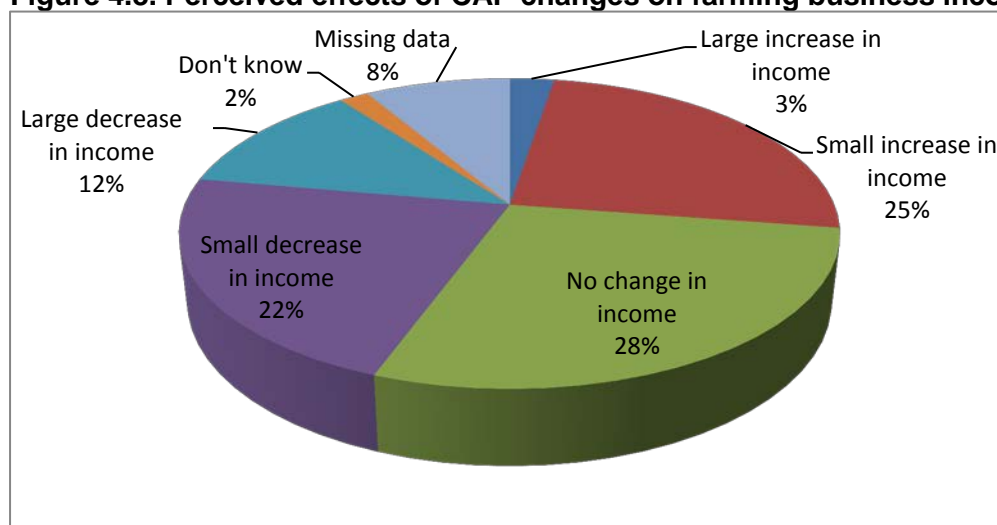
Overall, the data suggest that around one quarter to a third of all farmers in the sample have experienced reductions in CAP payments since 2005 and expect to see further reductions. A slightly smaller proportion (20 – 28%) of farms has experienced an increase, and expects to see further increase in the share of farm business income coming from CAP payments.

A range of reasons for changes to the proportion of farm turnover coming from CAP payments was provided by respondents. Those most commonly cited include the following:

- Poor weather (significant for a number of respondents resulting in livestock losses and reduced income from the business)
- Bovine TB resulting in lower stock numbers
- Decreases in lamb prices
- HLS payments increasing income
- Other changes in AES (e.g. moving from ESA to UELS, and loss of ESA 'capital payments') resulting in reduction in income.

Other reasons included: divorce, new to farming, currency fluctuations, and sale of the farm.

**Figure 4.8. Perceived effects of CAP changes on farming business income**



## 4.6 Diversification

There is a consistent past trend and future expectation of more diverse business-mixes and more diverse family income sources, among Exmoor farms. A total of 64 respondents (54% of the sample) indicated that they operated on-farm or off-farm diversification in 2014 and 67 said they did so in 2005, the most popular options being tourist accommodation (33 cases), contracting and other farm services (26 cases), rents other than tourism (26 cases), and renewable energy generation (27 cases). Their reported mean share of annual business turnover from diversification activities, whilst low, suggests a slight increase of around 4% over the period 2005-14. In 2014, the mean share of business turnover for respondents reporting diversification activities was 16.4% (Std. Deviation = 24.26), based on 64 respondents (54% of the sample), up from a mean of 12.0% in 2005. The sample variability is high, however – the proportion of income from diversification per business ranged from zero to 85% of total business turnover in 2014, suggesting highly divergent strategies.

It is worth noting that diversification options also include a wide variety – thus for most of the diversification activities there are relatively few examples recorded (see Table 4.8 below); numbers range from 12 farms involved in rural crafts to 33 involved in the provision of tourism accommodation. Over the period 2005-14, a larger proportion of respondents indicated an increase in their diversification enterprises than a reduction, except in two categories of activity: ‘wood processing’, and ‘other leisure business’.

In non-farming diversification activity, slightly less than half of all farms (46.4%) indicated a change over the 2005-15 period although more farms had experienced an increase than a decrease in diversification activities (41% compared to 12.5% overall). An analysis of mean income from the small proportion of respondents that indicated a proportion of business income came from diversification activities suggests a small increase over the period. The average reported proportion of income from diversification over the 2005-2015 period increases from 28.8% (N=28) to 32.6% (N=30), suggesting diversification income has grown as a proportion of business turnover.

The diversification activity showing the most significant increase is renewable energy generation, where 15.4% of the sample (27 respondents) indicated that they have started or increased this type of operation since 2005, although for the majority reporting on this, the activity remains at a low level of financial importance for their business. Other operations revealing above average growth are ‘tourism accommodation’ and ‘other forms of rental

income'; in both cases 9.4% of the sample indicated they had either started or increased these activities. In terms of current level of importance it is these two categories, along with 'agricultural services such as contracting', that respondents indicate as having most importance to their business activities, financially.

**Table 4.8. Diversification activities of farm businesses in the sample**

| Diversification activity                 | Current importance (%) |        |      | Change since 2005 (%) |           |                   | Number of respondents |
|--|------------------------|--------|------|-----------------------|-----------|-------------------|-----------------------|
|  | Low                    | Medium | High | Started or increased  | No change | Stop or decreased |                       |
| Processing and retailing farm produce*   | 0                      | 0      | 0    | 6.0                   | 9.4       | 2.6               | 21                    |
| Tourist accommodation                    | 8.5                    | 8.5    | 11.1 | 9.4                   | 11.1      | 7.7               | 33                    |
| Rents other than tourism                 | 3.4                    | 8.5    | 10.3 | 9.4                   | 12.0      | 0.9               | 26                    |
| Shooting                                 | 6.8                    | 4.3    | 5.1  | 7.7                   | 10.3      | 2.6               | 24                    |
| Other leisure business, e.g. fishing     | 2.6                    | 1.7    | 2.6  | 3.4                   | 10.3      | 13.7              | 16                    |
| Rural crafts                             | 0.9                    | 0.0    | 1.7  | 0.9                   | 9.4       | 0.0               | 12                    |
| Agricultural services (e.g. contracting) | 9.4                    | 6.0    | 10.3 | 6.8                   | 11.1      | 4.3               | 26                    |
| Equine services                          | 2.6                    | 1.7    | 1.7  | 1.7                   | 9.4       | 2.6               | 16                    |
| Forestry (growing and harvesting wood)   | 7.7                    | 0.0    | 3.4  | 4.3                   | 12.0      | 0.9               | 20                    |
| Wood processing                          | 4.3                    | 0.9    | 4.3  | 6.0                   | 9.4       | 15.4              | 18                    |
| Renewable energy generation              | 9.4                    | 4.3    | 4.3  | 15.4                  | 7.7       | 0.0               | 27                    |

\* Respondents did not always fill in the 'importance' question even when reporting change in these forms of diversification since 2005

#### 4.7 Experience with agri-environment schemes

The overwhelming majority of survey respondents (82.9%) indicated they were either in, or had recently been in, an agri-environment scheme of some kind. Figure 4.10 below reveals that among those who gave details of the schemes, a total of 51 respondents said they had been in the ESA, for which all agreements ended by 2014. A total of 31 respondents indicated they had been in the ESA and were currently in either ELS, HLS or OELS (signifying a conscious choice to join a new voluntary scheme, after the ESA).

Additional analysis of the questionnaires shows that since leaving the ESA scheme, 5 had not joined a new scheme and a further 15 had only joined UELS (the replacement for HFA); while 21 had joined HLS and 10 had joined UELS and ELS/OELS.

In the sample as a whole, 42 farms (36%) have current HLS agreements, 10 (8.5%) are in the England Woodland Grant Scheme, and 5 (4.3% of the sample) are in the ENPA scheme.

**Figure 4.9. Farms participating in agri-environment schemes 2005-15 (%; N=117)**

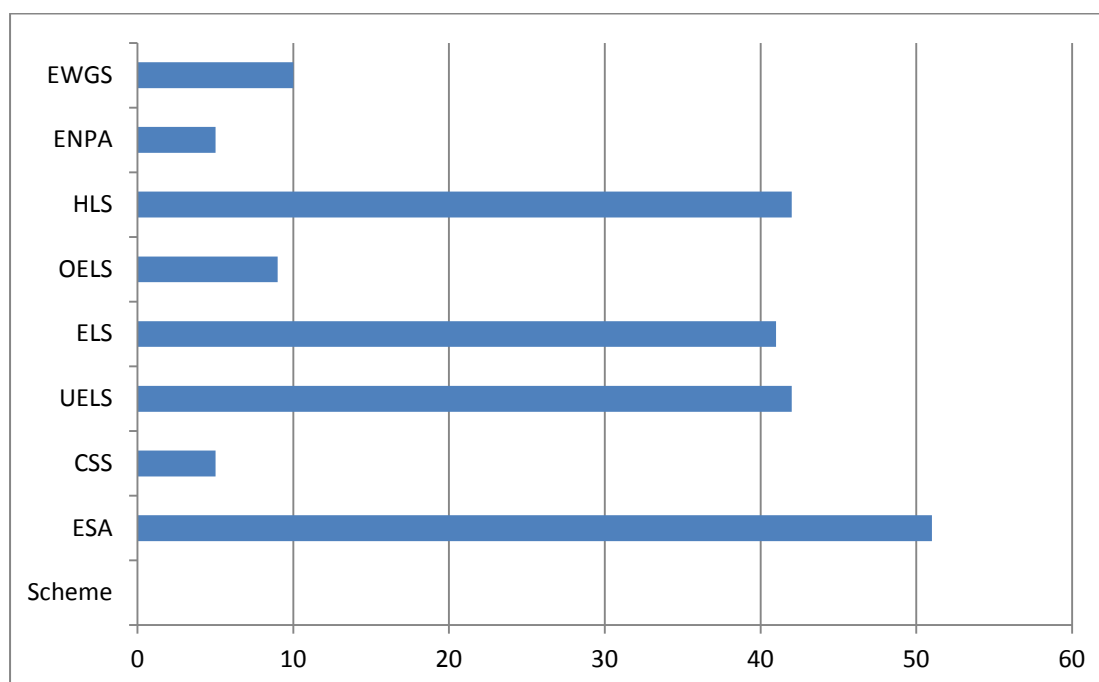


Table 4.9 below refers to respondent's perceptions of experiences with their most recent agri-environment scheme and suggests that overall most respondents were aware of the effects of entering a scheme, although a small number appeared to have been unprepared in terms of work required and income received. The responses suggest that 40.4% felt that more work was required than expected while only 18.3% felt the benefits were greater than expected, and almost one third of the sample (32.3%) disagreed with the statement that the 'overall benefits were greater than expected', suggesting perhaps that for a significant proportion of the sample the benefits of AES were either as expected or possibly less than expected. Around two-thirds of the sample respondents (67.7%) indicated they were fully aware of the business implications of joining an AES while a much smaller proportion (23.2%) suggested financial costs were more than expected, and a similar proportion (28.7%) felt the income was less than expected.

**Table 4.9. Respondent perceptions of most recent AES (% of the sample; N=117)**

| Perception  | Strongly agree | Agree | Neither agree nor disagree | Disagree | Strongly disagree |
|---|----------------|-------|----------------------------|----------|-------------------|
| There was more work required than I had expected                        | 6.4            | 34    | 40.4                       | 17       | 2.1               |
| I was fully aware of the potential business effects of the scheme       | 5.1            | 62.6  | 27.3                       | 5.1      | 0                 |
| I was not given enough information about the impacts on the environment | 1.1            | 9.7   | 51.6                       | 32.3     | 5.4               |
| Financial costs were more than expected                                 | 5.3            | 17.9  | 47.4                       | 27.4     | 2.1               |
| The income was less than expected                                       | 7.4            | 21.3  | 40.4                       | 27.7     | 3.2               |
| The overall benefits were greater than expected                         | 1.1            | 17.2  | 49.5                       | 25.8     | 6.5               |

A total of 35 respondents (30%) of the sample indicated they were in an AES that would finish in the next 12 months or had finished in the previous two years. When this cohort (of 35 farmers) was asked about future management of the land that had been in the scheme, the majority (21) indicated they either had, or intended to, join another AES. A further 7 respondents indicated they would continue to manage the land as it had been managed under the scheme, while only 7 (20% of the farmers responding to this question) indicated they would manage the land differently.

When asked which AES they liked best, an overwhelming majority of those respondents who answered this question said ESA. The reasons given were often linked to the availability of capital grants for field boundary work, especially hedging, but comments were also made about its relative simplicity and suitability (tailoring) for Exmoor, as well as what was felt to be good payment rates. There was some notable support for HLS among farmers who have joined this scheme, with comments including better payment rates and a wider range of environmental management options. However, a small minority of respondents were unhappy that they had suffered from the cut in capital grant funding under HLS in recent years, which they felt reduced both the financial and environmental value of agreements.

#### 4.8 Collaborative working

Table 4.10 below reveals that more than half of respondents are members of farm related organisations, the most common being the Exmoor Hill Farming Network (53% are members, 17% indicated they were very active) and the National Farmers Union (NFU: 61% are members, but 4% indicated they were very active). Some belong to the Country Land and business Association (23%), while only a small proportion (4%) are members of a Young Farmers' organization. 15% of the sample indicated they are members of some form of discussion group and 15% stated they were part of a buying group.

In terms of attitude, the majority of respondents indicated their willingness to collaborate to achieve improvements in their farm business and the environment (see Table 4.11 below). More than half of respondents (54%), for example, agreed with a statement suggesting they 'would like to collaborate with other farmers to improve my farm business' while only 11% disagreed, and almost two-thirds of respondents (64%) 'would be happy to share information about the way I manage my land with other farmers', while only 3% disagreed.

The scoring of the statements in Table 4.11 also suggests that the majority of farmers are keen to work with others to achieve environmental goals, and 68% indicated they agreed that 'it is easier to improve environmental quality in an area when farmers and landowners work together', while only 7% disagreed.

**Table 4.10 Membership of organisations (% of the sample; N=117)**

| Organisation or group      | Member - very active | Member - don't do much | Not a member |
|----------------------------|----------------------|------------------------|--------------|
| Exmoor Hill Farm Network   | 17.1                 | 35.0                   | 32.5         |
| NFU                        | 4.3                  | 56.4                   | 30.8         |
| CLA                        | 1.7                  | 21.4                   | 49.6         |
| Discussion group           | 8.5                  | 6.8                    | 54.7         |
| Buying group               | 2.6                  | 12                     | 54.7         |
| Selling or marketing group | 0.9                  | 7.7                    | 59           |
| Machinery share group      | 0.9                  | 0                      | 66.7         |
| A group sharing labour     | 1.7                  | 0                      | 65.8         |
| Young farmers organization | 1.7                  | 2.6                    | 65.8         |

**Table 4.11. Attitudes towards collaborative working (% of the sample; N=117)**

| Statement  | Strongly Agree | Agree | Neither agree nor disagree | Disagree | Strongly Disagree |
|--|----------------|-------|----------------------------|----------|-------------------|
| When farmers and landowners work together it is easier to improve environmental quality in an area | 13.5           | 54.8  | 25                         | 3.8      | 2.9               |
| I would like to collaborate with other farmers to improve my farm business                         | 8              | 46    | 35                         | 10       | 1                 |
| I am keen to work with others to protect the environment   | 3              | 60.4  | 30.7                       | 5        | 1                 |
| I would be happy to share information about the way I manage my land with other farmers            | 4.9            | 59.2  | 33                         | 1        | 1.9               |
| Working together with other farmers makes it harder to look after the environment                  | 2.9            | 8.7   | 33                         | 51.5     | 3.9               |

What the information from the questionnaire does not tell us, is how farmers might prefer to work together, and what kinds of organisation or collaborative engagement might work best. The data suggest that local arrangements, such as a group sharing labour or machinery, are not evident currently in the area, and that in most cases where respondents are members of an organisation, they are not very involved. The nature of working arrangements is thus a potential area for deeper exploration, in order to identify more effective collaborative options.

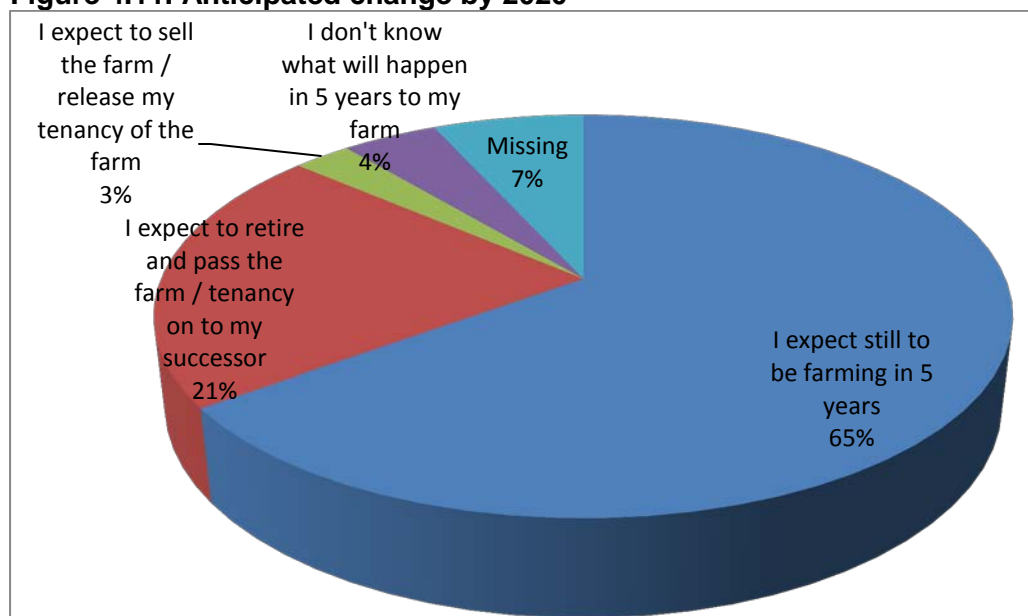
#### 4.9 The future

Figure 4.11 illustrates anticipated changes for the next five years from farmers in the sample. The majority (65%) expect to be still farming while 21% intend to retire and only 4% indicated they do not know what will happen. Concerns about the future varied quite a bit between respondents. Market prices, family/transfer and policy issues all occur frequently in the responses about personal concerns. Some of the most common issues mentioned include the following:

- Low incomes, profitability, and input costs
- Variability of prices for finished livestock – more consistency is required to enable planning
- Bovine TB
- Record keeping, and the level of paperwork is a burden – particularly for tracking sheep movements
- The high price of rented land, farmland and large areas being bought up by businessmen
- Lack of opportunity for young farmers to get started
- Lack of hedging grants.

In the future, more respondents intend to grow in scale than to downsize. Among sheep and beef producers, there is no notable trend to do more fattening, indeed the reverse is evident in some cases. The main exception to this is for farms with little SDA land who lost what they reported as significant CAP support in the process of decoupling and the move to an area-based payment (2005-2012) who noted a need therefore to intensify production and/or enlarge their farmed area, to compensate. Some of this has already occurred whilst more is anticipated up to 2020.

**Figure 4.11. Anticipated change by 2020**



The majority of farmers with livestock (30 – 40% in each category) indicate no change over the next 5 years, however, for each livestock category investigated (see Table 4.12 and Figure 4.12) a significant proportion expects to change, either decreasing or increasing their stock. The extent of change appears to be greater for sheep than for cattle.

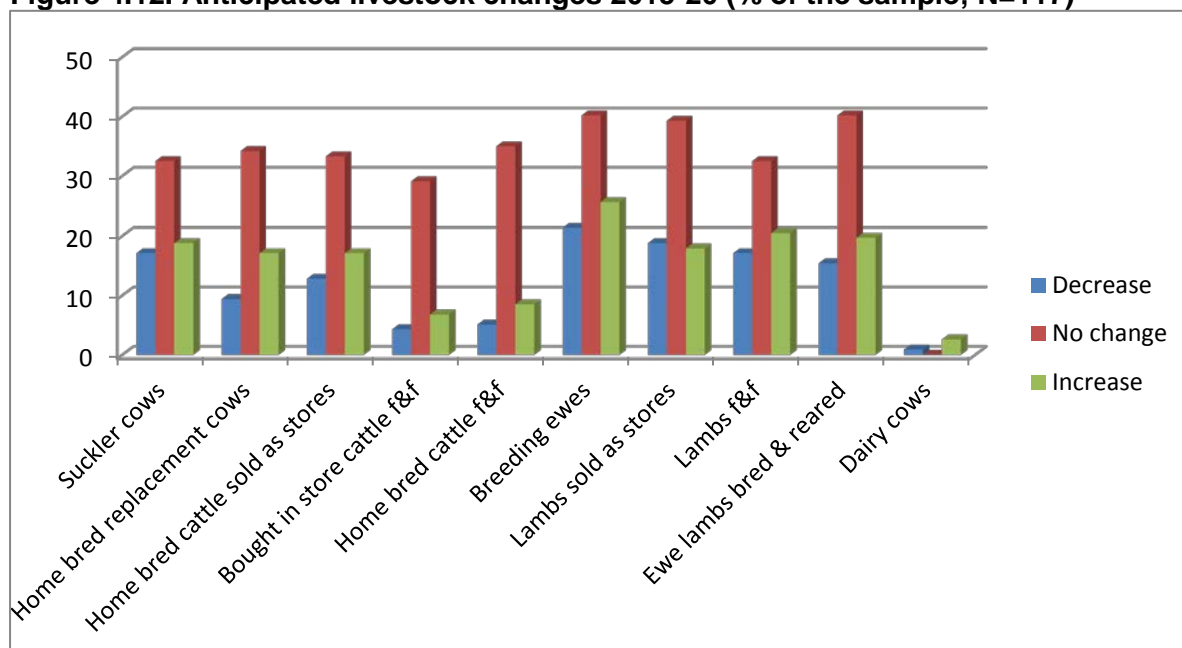
More farmers (17%) indicated they will increase home bred replacements and home bred cattle sold as stores than those who indicated a decrease (9% and 13% respectively), while relatively lower levels of change (all categories are under 10%) are expected for bought in stores and home bred cattle fattened and finished, although even here there are slightly more farmers anticipating an increase than a decrease. Larger changes are indicated for sheep with 26% of farmers expecting to increase breeding ewes, compared to 21% who will decrease, and slightly more farmers will increase lambs fattened and finished and ewe lambs bred and reared, than will decrease. The number of farmers breeding lambs to be sold as stores will stay approximately the same. No change in the number of dairy farms is expected but all these respondents expect to increase production.

**Table 4.12. Anticipated livestock changes 2015-2020 (% of the sample; N=117)**

| Livestock category              | % plan to decrease | % plan no change | % plan to increase | Number of farms responding |
|---------------------------------|--------------------|------------------|--------------------|----------------------------|
| Suckler cows                    | 17.1               | 32.5             | 18.8               | 80                         |
| Home bred replacement cows      | 9.4                | 34.2             | 17.1               | 71                         |
| Home bred cattle sold as stores | 12.8               | 33.3             | 17.1               | 74                         |
| Bought in store cattle f&f*     | 4.3                | 29.1             | 6.8                | 47                         |
| Home bred cattle f&f            | 5.1                | 35               | 8.5                | 57                         |
| Breeding ewes                   | 21.4               | 40.2             | 25.6               | 102                        |
| Lambs sold as stores            | 18.8               | 39.3             | 17.9               | 89                         |
| Lambs f&f                       | 17.1               | 32.5             | 20.5               | 82                         |
| Ewe lambs bred & reared         | 15.4               | 40.2             | 19.7               | 88                         |
| Dairy cows                      | 0                  | 0                | 3.5                | 4                          |

\*fattened and finished

**Figure 4.12. Anticipated livestock changes 2015-20 (% of the sample; N=117)**



Expected changes in farm business over the next five years are summarized in Table 4.13 and illustrated in Figure 4.13 below; demonstrating that the majority of respondents (59%) do not expect the area of land farmed to change, while more than a third (38%) expect an increase in turnover, and 20% expect a decrease. The data suggest that one potential area for increasing turnover is from diversification with around one-fifth of the sample (20%) indicating an expected increase while no-one indicated any decrease in diversification activity, and more than one quarter of the sample (27%) suggested an increase in renewable energy generation while only 3% suggested their investment in this area might decrease. Off-farm employment is also expected to increase for 17% of the sample, while it is only expected to decrease for a smaller proportion (8%).

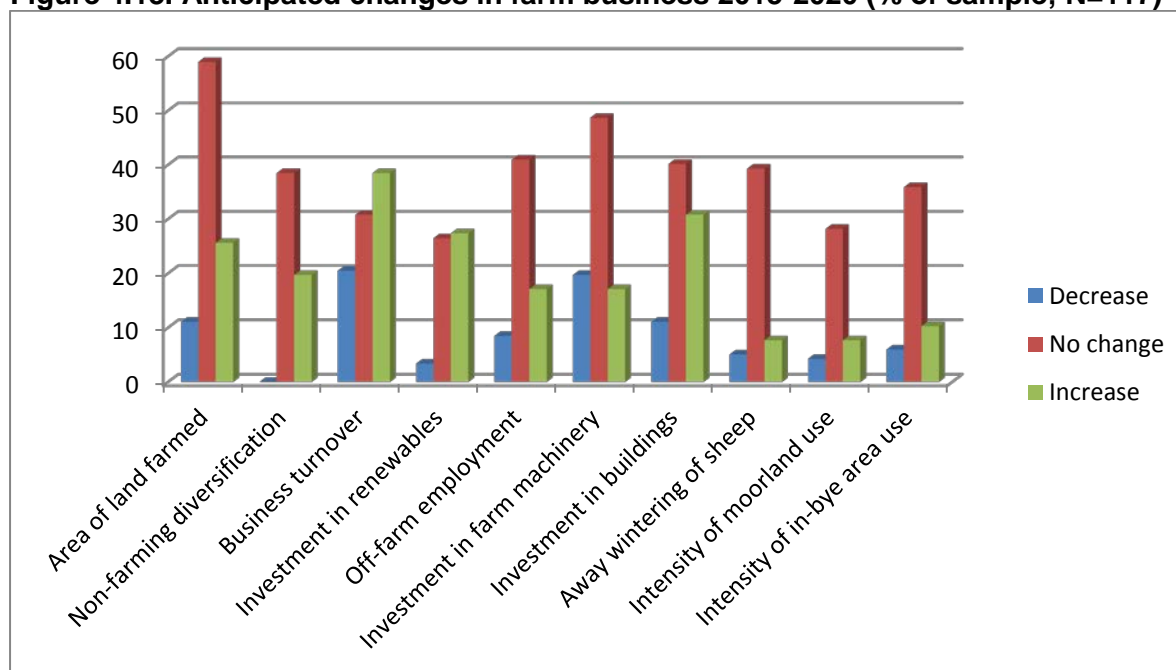
A significant proportion of the sample (31%) indicated that they will increase investment in buildings for overwintering livestock, while a much smaller proportion (8%) will increase away wintering of sheep, supporting the evidence in Table 4.12 above regarding the expected increase in home bred stores and replacement livestock.

**Table 4.13. Anticipated changes in farm business 2015-2020 (% of sample; N=117)**

| Type of activity                                | Decrease | No change | Increase | Proportion responding |
|---|----------|-----------|----------|-----------------------|
| Area of land farmed                             | 11.1     | 59.0      | 25.6     | 95.7                  |
| Non-farming diversification                     | 0        | 38.5      | 19.7     | 58.1                  |
| Business turnover                               | 20.5     | 30.8      | 38.5     | 89.7                  |
| Investment in renewables                        | 3.4      | 26.5      | 27.4     | 57.3                  |
| Off-farm employment                             | 8.5      | 41.0      | 17.1     | 66.7                  |
| Investment in farm machinery                    | 19.7     | 48.7      | 17.1     | 85.5                  |
| Investment in buildings for overwintering stock | 11.1     | 40.2      | 30.8     | 82.1                  |
| Away wintering of sheep                         | 5.1      | 39.3      | 7.7      | 52.1                  |
| Intensity of moorland use                       | 4.3      | 28.2      | 7.7      | 40.2                  |
| Intensity of in-bye area use                    | 6.0      | 35.9      | 10.3     | 52.1                  |



**Figure 4.13. Anticipated changes in farm business 2015-2020 (% of sample; N=117)**



#### 4.10 Major concerns

When asked about Exmoor farming generally, respondents indicated concerns about lack of local knowledge among new purchasers/residents/other non-farmers, bTB, and bad policy experiences, although poor market prices and/or prospects were also a significant feature. Other issues identified include the following:

- Ageing farm population and lack of a younger generation coming into farming
- Problems with ENPA 'living in the past', poor planning, and not supporting commercial farming
- Estates and the National Trust maximizing rental income through a range of tactics including fragmentation of farms
- Some 'farming by numbers' with no respect for local context
- ESA 'messed up common grazing'
- Income and profitability
- Managing sensitive areas with reduced grants.

Regarding land management on Exmoor, respondents noted many more detailed practical issues, including common views that the land is not well cared-for, farmers are constrained by rules and policies, and 'experts' (including Natural England and the NPA) don't understand what is appropriate for the area. Several comments about lack of understanding of the importance of swaling were made and some respondents mentioned concerns about soil pH and soil condition; under-managed scrub, moorland, and hedgerows. Farmer succession also comes up as an issue, along with climate change, conservation payments, lack of knowledge on stock management and too many restrictions on land management.

#### 4.11 The telephone survey – overview of responses

Of the total of 117 farmer responses to the postal/online survey, 41 had ticked the box to indicate a willingness to take part in a follow-up telephone survey, supplying contact details. The survey team extracted a sub-sample of 25 farmers from this group, adopting a strategy of capturing maximum variation in key variables (farm size, enterprise types, tenure, age of farmer and gender). Calls were made over a period of 8 days and conversations annotated fully with the aid of an on-line data entry system which enabled responses to be collated and compared easily. The notes were then written up into a series of 'mini-case studies', one for each farm. One anonymised note is provided by way of example in annex 3 to this report.

When asked to explain the reasons why the farm had made changes to enterprises, practices or diversified activities since 2005, farmers provided a variety of fairly robust narrative explanations. The phone survey respondents explained how either or both of bovine TB and agri-environment schemes had led them to reduce stock numbers and in some cases keep more animals indoors rather than out on the moor. Many said that market factors were their main driver for farm decision-making, and low returns meant little scope for radical change. Considering what could be done about low returns, one tactic was shifting to a different, larger auction mart while another was to seek direct contracts for lamb or beef sales, though the latter has clearly not affected the majority of producers.

Despite income concerns and uncertainties in respect of future policy, most of the 25 said that overall, they felt fairly optimistic about farming in Exmoor. Nevertheless, concerns around low returns, difficulty coping with bTB, and a lack of ability to influence change for the better are also evident.

#### 4.12 Further combined analysis of patterns in farm business change

Questions 10 and 33 of the questionnaire explored changes in farm business over the period 2005 – 20, in particular changes that had occurred between 2005 and 2015; and anticipated changes that would be made over the next five years (2015-2020). The questions specifically asked whether changes had been made in the following areas of activity.

- *Business characteristics:* Area of land farmed; number of stock; non-farming diversification; business turnover; off-farm employment
- *Investments:* in renewable energy; in farm machinery; in buildings
- *Livestock management and land use:* away-wintering of sheep; intensity of moorland use; Intensity of in-bye area use.

This section explores each of these areas in turn, in particular looking for differences that could be attributed to farm characteristics and categories, examining the responses given to the above questions by farm size; tenure type and/or age of respondent (so, whether older/younger farmers, larger/smaller or more rented/owned farms gave significantly different responses to these questions). The responses from the qualitative questions and the telephone interviews are integrated, in this analysis.

##### Business characteristics

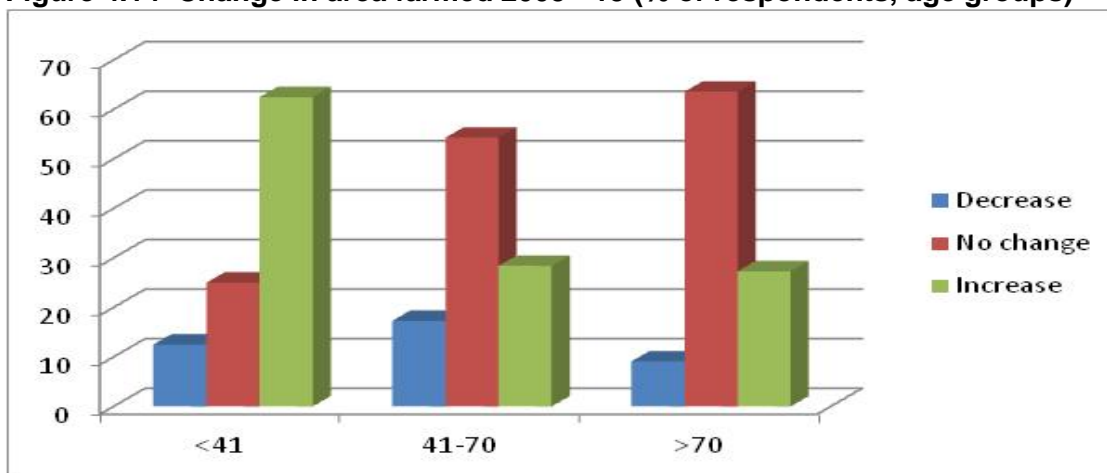
Enlargement 2005-2015 was more common among already larger farms, but they now expect not to grow further up to 2020: In terms of the area of land farmed, around one third of both medium sized (33%) and large farms (31%) indicated an increase in area farmed over the period 2005-15, while fewer small farms (20%) had moved in that direction. In terms of anticipated change over the period up to 2020 a slightly larger proportion of farms in each category suggested there would be no change (62% overall) with slight reductions in

both anticipated decreases (12% overall) and increases (27% overall) in area farmed. Reasons for change vary significantly, for example one respondent in the telephone questionnaire indicated changes were because the land that he was renting was being sold.

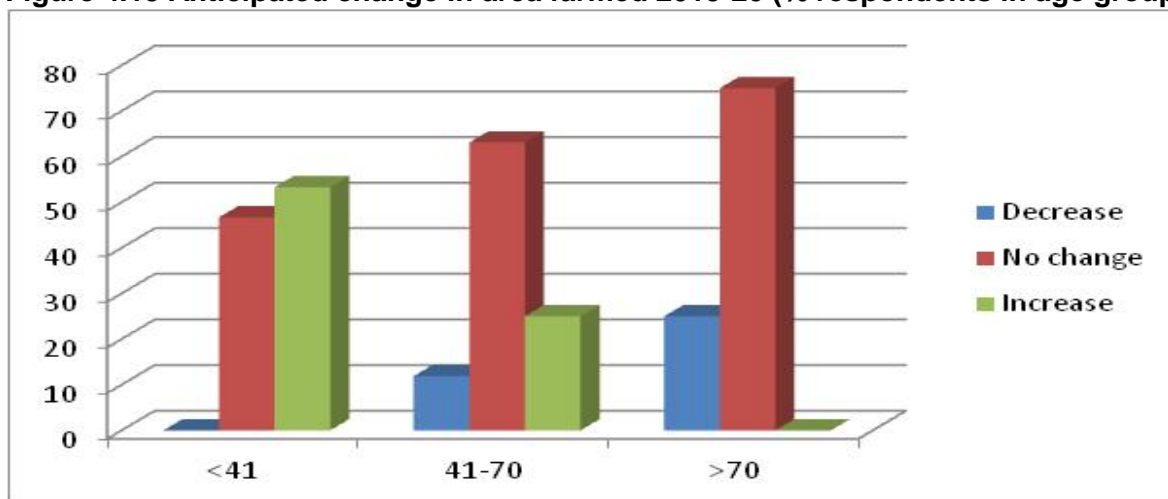
The majority of respondents either own 100% of the land farmed or have a mix of owned and rented (only a small number of respondents indicated they rented all of their farmland). Between 2005-15 more of those with mixed tenure indicated an increase in the area farmed compared to those with 100% ownership (39%, compared to 24%). Mixed farmers also revealed that change in area farmed is largely achieved through increasing or decreasing their rented land. In general, those with 100% ownership were more likely to indicate 'no change' over the next five years than the other two categories (74% for owners compared to 54% and 50% for fully rented and mixed).

The data reveal (illustrated in Figures 4.14 and 4.15) that as the age category increases (from under 41 yrs to over 70 yrs) respondents were more likely to indicate a decrease in area farmed while the <41 yrs age group also indicated a tendency to increase area of land farmed (care must be taken in interpreting the data due to small sample sizes, for example N=8 for the <41 yrs group). It is also interesting to note that looking to the future, proportionally fewer respondents indicate an increase in area farmed as the age of the respondent increases, and proportionally more indicate either no change or a decrease in area farmed with increasing age: so older farmers are less likely to be growing their farms.

**Figure 4.14 Change in area farmed 2005 - 15 (% of respondents, age groups)**



**Figure 4.15 Anticipated change in area farmed 2015-20 (% respondents in age groups)**



Diversification is more popular where farms are owned by the farmer, and among younger farmers: when analysed by tenure type the data suggest that a larger proportion of respondents with 100% ownership increased their diversification activities (50%) compared to mixed ownership (29% increased diversification) between 2005 and 2015. Looking to the future however there was little difference in outlook between the tenure categories. The breakdown by age suggests that the older age groups are less likely to engage in diversification activities: the proportion of those anticipating an increase in diversification activities over the 2015-20 period declines from 50% of the <41 yr group to 0% for the >70 group, with a corresponding increase in those indicating no change. However, the rationale for changes in diversification activity are varied, including for example, not being 'in the right place' for diversification, or 'not finding anything I want to do'.

Among medium and large farms, no decreases in diversification activities are anticipated over the 2015-20 period while anticipated increases decline (from 33% down to 19% in the case of medium sized farms; and, from 42% down to 34% for large farms) suggesting a slowing down of the growth in diversification, but no overall reduction in the level of diversification activities. Care must be taken here since the number of respondents in some of the categories is small (as low as 6 for small farms in the period 2005-15), though it is worth noting that the total number of farmers responding to this question increased from 56 indicating activity over 2005-15, to 68 doing so over the period 2015-20, a 21% increase.

Table 4.14 below illustrates the extent of change in some of the diversification activities undertaken. Only one activity type, equine, shows some indication of reduction in the level of activity (a score of 2.06, slightly above the no change level suggests a very slight reduction in activity). Activities with the largest increase (either through starting or increasing the level of activity) are renewables (1.30), wood processing and rents (both 1.58). The data suggests the most important changes in activity come from investment in renewables. It is also interesting to note that 'tourist accommodation' has a mean score of 1.97, just below the 'no change' level for the 10 year period, thus revealing only very small increase in the level of activity. This suggests perhaps that the market for tourism accommodation is saturated, or that there is no additional capacity for expansion.

**Table 4.14 Mean scores for changes in diversification activities 2005-14**

| <b>Diversification Activity</b> | <b>Mean Score*</b> | <b>St. Deviation</b> | <b>Number of responses</b> |
|---------------------------------|--------------------|----------------------|----------------------------|
| Process/sell farm produce       | 1.80               | .69585               | 20                         |
| Tourist accommodation           | 1.97               | .79515               | 31                         |
| Rents                           | 1.58               | .58359               | 24                         |
| Shooting                        | 1.73               | .68870               | 23                         |
| Other leisure                   | 1.73               | .45774               | 15                         |
| Rural crafts                    | 1.91               | .30151               | 11                         |
| Agri services                   | 1.88               | .72572               | 25                         |
| Equine                          | 2.06               | .59362               | 15                         |
| Forestry                        | 1.78               | .53530               | 19                         |
| Wood processing                 | 1.58               | .50730               | 17                         |
| Renewables                      | 1.30               | .47068               | 26                         |

\*2 = No change; <2 = Start or increase; >2 = Stop or decrease

Overall the data thus suggest that both smaller farms, and farms managed by those in younger age categories are more likely to increase diversification activities over the next five years; and medium sized farms (20 – 100 ha) managed by older farmers are least likely to engage in more diversification. Care must be taken in interpreting the data as generalising from small sample sizes always carries risks. One respondent in the telephone questionnaire, for example, stated that "diversification doesn't interest me, money interests me", while another, who wanted to diversify, stated they were 'not in the right place'.

Analysis of the sample data also suggests that small farms are more likely to be managed by older farmers. Both means and median estimates (see Table 4.15) from the sample suggest that younger farmers are managing larger farms, while older farmers are managing much smaller farms possibly due to older farmers being 'hobby' farmers, or downsizing as they approach retirement. Median values might be more representative but still reflect considerable difference in the average farm size between different age groups.

**Table 4.15 Analysis of area farmed (in hectares) by age group**

| Age Group    | Mean area       | N          | Std. Deviation   | Median          | Range          | Grouped Median  |
|--------------|-----------------|------------|------------------|-----------------|----------------|-----------------|
| <41          | 209.0293        | 15         | 164.84108        | 145.6870        | 513.95         | 145.6870        |
| 41 – 70      | 167.5944        | 89         | 221.27975        | 121.4058        | 1647.71        | 118.7079        |
| >70          | 145.6089        | 12         | 182.68442        | 37.6358         | 462.95         | 37.6358         |
| <b>Total</b> | <b>170.6780</b> | <b>116</b> | <b>210.31802</b> | <b>117.3589</b> | <b>1647.71</b> | <b>115.3355</b> |

The telephone questionnaire provided some additional insights for engagement in diversification, over the previous ten year period, as follows.

- 'We have no buildings to convert'
- 'I'm getting older and opportunities are difficult to identify. It's a job to know what to do, where should we diversify? Opportunities must be profitable'
- Contracting work has doubled (2005-15) to pay for investments on farm
- We invested in renewables as margins getting tighter every year, costs are up, sale prices down - wouldn't be able to afford to run farm without...
- Holiday accommodation – new buildings to replace old buildings allowed this to happen – provides extra income stream.
- A shoot rents land from us – a five figure sum each year – we would miss the income if they left due to change in shooting laws.
- No diversification – they are sheep farmers who also have cattle and 'a generous HLS agreement'.
- No diversification but has well-paid job off-farm.
- On-farm B&B for last 8 years – been growing financially – easy for wife to do now as they have got older and working on farm has become harder.
- Changes from B&B to holiday let (results in less work – as they are 70 yrs old).

Considering anticipated changes in diversification, rationales for planned changes 2015-20 included these points.

- Have not got any ideas what else to do – can't force people to come – self-catering house would attract more visitors but cannot afford to do it.
- Doing more contracting but not interested in diversifying further - no other options
- 'If you are serious about farming there is limited opportunity to diversify'
- 'If you are successful in your business you can indulge in new forms of diversification.'
- Don't know how to diversify because there is lack of opportunity due to topography of farm with no economically advantageous features, nowhere for customers to park.'
- There's lots of possible diversification activities but to do them properly they are expensive and time consuming, options must be realistic and achievable.'
- 'Could diversify more, convert new buildings for tourism but difficult to afford, particularly as tourism in the area is falling: it has actually become a drain on resources,

- Not actively seeking to diversify in new ways – we are a profitable farm
- Not planning any diversification – ‘as tenants, the landlord would also want a proportion’. Also lack of time to do other activities. Would like to do farm B&B but facilities not sufficient quality – there are financial implications.
- ‘No diversification – it’s not what we want’. Only 100 acres and 68 years old – farming is what he wants to be doing.
- They are sheep farmers – do not want to diversify – HLS agreement helps.
- Run a touring caravan site – cannot increase activity due to land restrictions.
- Approaching retirement age – might consider various adding-value strategies once retired but set-up costs are high. Need confidence of good prices to make an adequate return on investment. Limited in what they can do by TB restrictions.
- Catering business combined with B&B contributes as much money as the farm – but catering income more reliable – this might encourage further diversification.
- Currently building a farm shop –see the potential for a shop to service a nearby large town and tourists.
- Expects change in their type of diversification to reduce hassle and labour, ‘...as you get older you don’t want any problems’.

Off-farm employment trends reveal a somewhat similar pattern. The largest changes are indicated for small farms, where quite a lot of respondents increased off-farm work during 2005-15 but 63.6% predict no change for the 2015-20 period. In addition age appears to be a significant determinant of off-farm working, in both periods of interest. Over the period 2005-15, 83% of the <41 age group indicated an increase in off-farm employment, compared to 24% of the 41-70 age group and 17% of the >70 age group. This pattern was repeated over the 2015-2020 period with 64% of the <41 age group anticipating an increase in off-farm employment, compared to 20% and 0% of the 41-70 and >70 age groups respectively. Again care must be taken in generalising from this, as sample sizes are small for some categories of farms (e.g. N=8 for 2005-15 responses by farm size, and N=11 for 2015-20).

What is interesting to note is that *overall business turnover shows relatively little change between the two periods of interest*. There is an increase in the number of respondents indicating ‘no change’, which is largest for medium-sized farms (increasing from 16% over the 2005-15 period to 38% for 2015-20), with only a slight reduction in anticipated increase in turnover for the sample overall (declining from 47% to 43%).

The telephone survey revealed a wide range of explanations for changes in business turnover across the 2005-14 period. Characteristic examples are listed here.

- Reductions in profitability of sheep ‘sheep pay the bills, the cattle pay that bit extra’
- A need to increase stock numbers to keep up with rising rents & mortgage payments
- The non-farming enterprises being more profitable than the farming activities
- Fertiliser prices have doubled in four years, so have to sell sheep as cannot afford to keep them through the spring
- Profitable business – expanding slightly.
- No change over last ten years – restrictions on land – can’t expand any further. We could take additional land but it’s viable as it is.
- Dairy enterprise – unable to expand due to insufficient land and lack of affordable land they could purchase.
- Hill farming does not make money. Property rentals provide more reliable income.

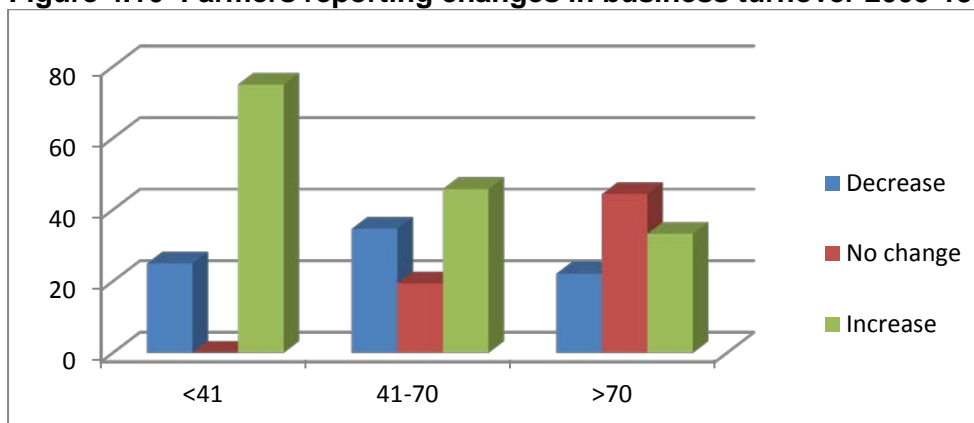
In terms of the future (the next five years), respondents to the telephone survey indicated a range of considerations that influence their thinking.

- Might switch to rearing calves over next five years instead of buying in – ‘lot more work but more money’

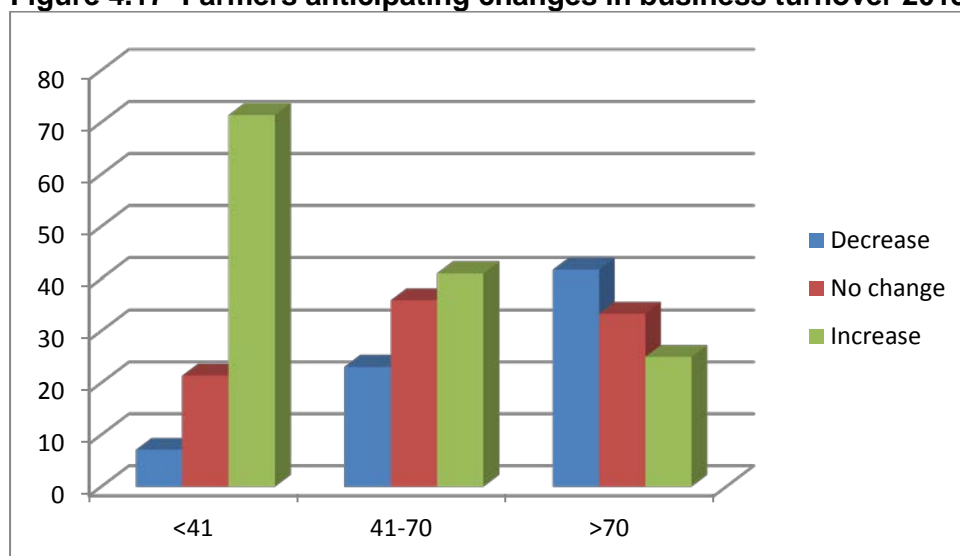
- 'TB affects income tremendously making farming quite uncertain'
- Land being bought up by 'outside money' so it is difficult to expand – 'land is bought up by agricultural investors- they buy it away from us - then we can't afford to rent'
- '...cancellation is a big problem because buyers promise they will buy a number of sheep, but then cancel for a number of weeks meaning we have to keep feeding the stock at great expense...' Respondent lacks the ability to plan ahead and prepare suitable stock for buyers.
- '...it's tough going, rental paid quarterly – if we paid £150 per acre we'd be out of business'
- 'Our farm is not big enough – going to struggle. Daughter wants to farm but can't afford to pay her.'
- Son returning from agricultural university: more capacity, might invest in solar power.
- No real changes anticipated – since we established some tourism activities we are running it as we want it – farming is not the primary source of income - hobby farmer
- Intending to get a herd of specialist sheep and also Devon Ruby cows – which will offer premium prices.
- Starting to reduce stock for retirement.
- Did B&B long time ago – have already done it so stopped and now want to do something different – wife employed off-farm.
- 'Milk prices affecting our turnover – it is really squeezing us.'
- B&B and catering business contributes as much income as farm – would need a lot more stock to make farm viable – but getting older – and diversification activity income is more reliable.
- Tenant farmers – would have to spend to increase returns and landlord recently changed his mind on their 20-year Farm Business Tenancy.
- Aim to increase returns by selling own stock through farm shop. Expect turnover to increase due to investment in farm shop and make cheese and ice cream, run a small café and perhaps an educational facility; currently run holiday cottages.

Overall respondents seem optimistic for the future with a 31% reduction in those expecting a decrease in turnover over the next five years, compared to those that experienced a reduction over 2005-15. When broken down by age group the pattern of higher proportions of younger farmers indicating increases in turnover over both periods of time is apparent. Figures 4.16 and 4.17 below illustrate both the differences between age groups and the change from reported changes to anticipated change. Three-quarters of farmers in the <41 year age group experienced increases in business turnover during 2005-15, compared to 45% and 33% of the 41-70 and >70 year age groups. The pattern is repeated in terms of outlook for 2015-20 with 71% of those in the <41 year age group expecting an increase in turnover compared to 41% and 25% of the 41-70 and >70 year age groups respectively.

**Figure 4.16 Farmers reporting changes in business turnover 2005-15 by age group**



**Figure 4.17 Farmers anticipating changes in business turnover 2015-20 by age group**



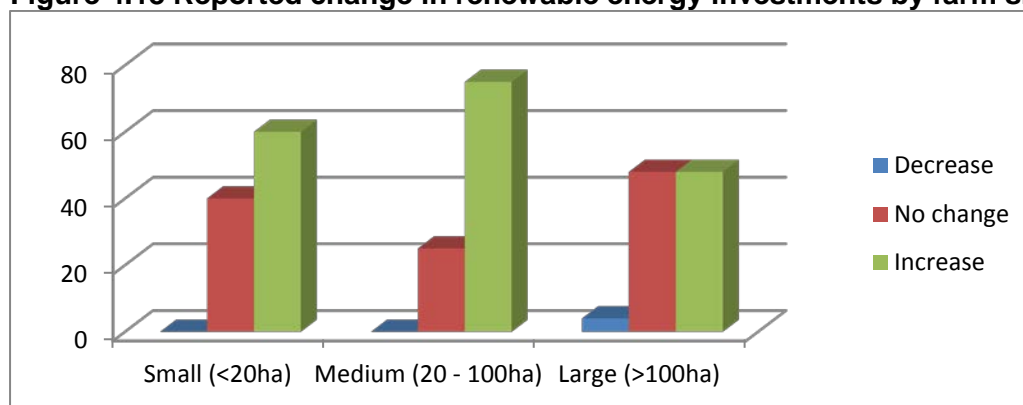
### Investments

55% of those responding to the question (N=38) indicated they had increased investment in renewable energy generation, and only 2.6% indicated a decrease, since 2005. Looking ahead, almost half of the respondents (48%, N=67) suggest an increase in investment and only 6% suggest there might be a decrease, from 2015-2020. Also, the number of farmers responding to these questions increased from 38 answering the question about reported changes 2005-15, to 67 responding to the question on anticipated changes 2015-20, suggesting a significant increase in farmers interested in this form of investment. Tenure type does not appear to affect decisions on this form of investment. A larger proportion of younger farms are expressing anticipated increases in investment over 2015-20. Table 4.16 below illustrates the decline, from younger farmers to older, in the proportion of farmers in each age group expecting to increase investment in renewables.

**Table 4.16 Anticipated changes in investment in renewables 2015-20 by age group**

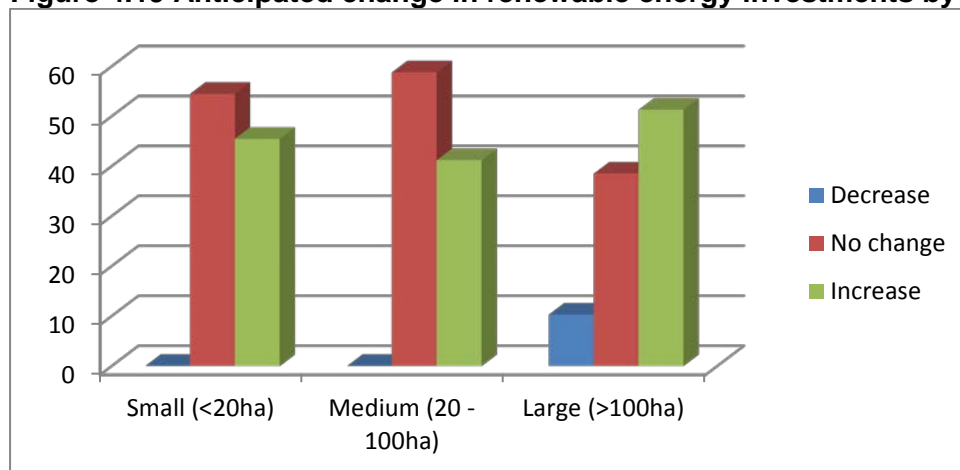
| Age Group    | Decrease   | No change | Increase  | Number    |
|--------------|------------|-----------|-----------|-----------|
| <41          | 0          | 33.3      | 66.7      | 9         |
| 41-70        | 8.3        | 46.9      | 44.9      | 49        |
| >70          | 0          | 62.5      | 37.5      | 8         |
| <b>Total</b> | <b>6.1</b> | <b>47</b> | <b>47</b> | <b>66</b> |

**Figure 4.18 Reported change in renewable energy investments by farm size 2005-15**





**Figure 4.19 Anticipated change in renewable energy investments by farm size 2015-20**



Investments in farm machinery reveal a reduction in anticipated change for the next five years when compared with the 2005-15 period. In both 2005-15 and 2015-20 the highest proportion of respondents indicating an increase in investment are those in the small farm category (44% up to 2015 and 33% up to 2020). In each period, larger farms will invest and have invested less than smaller ones. Tenure and age do not appear to affect change in investment in machinery.

Investment in buildings for overwintering stock illustrates a more distinctive pattern based on farm size. Whereas in the 2005-15 period 40-50% of respondents in each farm size category indicated they had increased investment in buildings, a higher proportion of respondents in each category indicate a decrease in investment (a change from 6% of total sample respondents to 14%) and a much lower proportion of respondents indicate potential for increasing investment, looking ahead 5 years. The change is most noticeable for small farms where only 20% of respondents suggest their investments will increase 2015-20 (compared to 43% during 2005-15). Older farmers indicate less expectation of increasing their investments in buildings and a large potential decrease in investment. Table 4.17 illustrates the proportion of respondents in each age group indicating changes in anticipated investment over the next five years. In terms of respondents anticipating a decrease in investment the proportion varies from 14% of farmers in the <41 years group to 40% of those in the >70 years group, suggesting age might have a significant influence on this form of investment.

**Table 4.17 Anticipated investment in buildings 2015-20 by age group**

| Age Group    | Decrease    | No change   | Increase    | Number    |
|--------------|-------------|-------------|-------------|-----------|
| <41          | 14.3        | 42.9        | 42.9        | 14        |
| 41-70        | 9.9         | 52.1        | 38          | 71        |
| >70          | 40          | 40          | 20          | 10        |
| <b>Total</b> | <b>13.7</b> | <b>49.5</b> | <b>36.8</b> | <b>95</b> |

### Livestock management and land use

Questions 10 and 33 in the survey also explored some aspects of land use and livestock management. In terms of 'away wintering of sheep' farm size does not seem to affect potential strategies. Overall, just under 20% of respondents experienced an increase in away wintering of sheep 2005-15, and this proportion reduced to 15% for those anticipating an increase over the next five years. What is interesting is that 75% of the sample of respondents indicated no change in this aspect of management over the coming five years (compared to 56% of respondents who indicated they had experienced no change over

2005-15). At the same time it is worth noting the total number of farmers responding to the question increased from 41 (for the 2005-15 period) to 61 (for the 2015-20 period). The majority of the increase in numbers responding seems to be those farms that are 100% owned. Otherwise tenure or age category do not seem to affect these strategies.

A wide variety of causal explanations for changes in livestock over the 2005-15 period was provided by respondents to the telephone questionnaire, including the following.

- Sheep numbers had increased over the 10 year period as he had started selling ewe lambs for breeding rather than slaughter, which offer a better rate of return
- Livestock numbers increased as mortgage has increased and rents getting dearer
- Reduced sheep numbers over the period as they were less profitable than cattle
- Preferred managing cattle therefore had reduced sheep numbers slightly
- Farm visits increased their knowledge to use in calf-rearing and soil and fertiliser management
- A reduction in stock over the 2005-15 period resulted in an increase in business turnover as he switched to rearing calves which had a higher rate of return
- Decreased livestock numbers because 'Gone organic – can't grow as much feed'
- 'Cattle numbers were not supposed to decrease but every time the numbers go up the herd tests positive for TB...'
- Replaced cattle with sheep due to TB reactors – distressed and depressed by that - likes mixed stock farming and the farm is suited to mixed enterprise.
- Increased the land, needed to increase stock to improve the margin and income
- 'Most stock sold as stores – we'd have to keep less to fatten them – wouldn't make economic sense. Don't have the quality of grass to fatten enough sheep...not enough shed room for more cows.'
- Stock numbers increased for financial reasons, son returned from university and built sheds for buying in cows
- Small herd and flock – increased in size over the period. Majority of suckler herd lost in 2009 to TB – since then, been slowly building up.
- Beef cattle and breeding ewes declined since 2005 – mainly because less grass keep available – caused fall in stock numbers. Also TB has been a problem.
- Reduced stock numbers and sold main farm as wanted to retire from full-time farming – but unable to pass the farm on to son as he could not afford to buy it/run it.
- Increased beef and sheep since 2005: Son took over from 83 year old father 5 years ago and increased stock up to '...a sensible level that ensures a critical mass of stock for viability and also ensures land is grazed sufficiently'.
- Small farm (8 ha). Had sheep on unsuitable land so sold them, started calf rearing.
- Reduced beef and sheep on large hill farm: reduced stocking on moorland due to agri-environment scheme. Currently under TB restrictions, which has also reduced stock numbers. A hill farm so cannot finish stock off.
- Reduced suckler herd, maintained sheep: due to age (70 years old) and wanted to spend more time with grandchildren and go on holiday.

The rationales provided by respondents for anticipated changes over the next five years (2015-20) were equally varied, but display similar kinds of drivers and concerns.

- Decreased livestock numbers because he is now 70 years old
- Son is returning to the farm so he will be able to increase sheep numbers
- Costs of keeping cows was too high so over the next five years would be likely to reduce numbers - but would like to keep 'half a dozen cows to occupy time in winter'
- Older therefore less inclined to work with cattle - although beef prices more reliable ('rosier future for beef') than sheep prices, which fluctuate tremendously.
- Looking at the possibility of ley farming and calf-rearing for new forms of income

- Coping with numbers – older and no enthusiasm for large numbers of sheep, wants to be able to manage comfortably – ‘...at some point you have to cut back a little’.
- Father will stay at same level but son hoping to get 500 ewes and increase cows
- Nothing – no change anticipated – right balance of livestock for the land (hobby farmer)
- Need to increase suckler herd and sheep to make farm viable – ELS/HLS enabled fencing of previously unusable land for livestock
- Lack of grass keep, and overheads will keep stock numbers low
- Starting to reduce stock for retirement.
- No changes anticipated – already built a shed for the stock and needs to keep stock relatively close due to TB testing issues if you go more than 6 miles away for fattening.
- ‘Building up the calf-rearing as that is most appropriate for the land we have.’ Sold sheep that were unsuited to land – will now re-stock with Exmoor Horned Sheep.
- Although approaching retirement age been looking for additional land for 7 years to allow expansion – very frustrating not to find any.
- Stock numbers will reduce over next five years: Three daughters not interested in the farm – which is not viewed as financially viable.
- Historically a dairy farm but limited scope to expand due to land issues –easier and more potential to increase sheep due to grazing rights
- Further reductions in suckler herd driven by age and desire to spend more time with grandchildren and have holidays. Discussing share farming with young neighbour to enable both to have better lifestyle and time off.
- Further reduction in stock due to age and health issues. Uncertainty about succession –wants to pass it on to son so hanging on in hope son will take it over.

The intensity of moorland use is also likely to change, although numbers responding to the questions are small (N=34 in 2005-15; N=47 for 2015-20). There is a general increase in the number of respondents indicating ‘no change’ over the period 2015-20 when compared to experience over 2005-15. A total of 70% of respondents indicates ‘no change’ in practices for the next 5 years, with a larger proportion of small farms expecting ‘no change’. Tenure and age categories do not seem to affect strategies over moorland use.

At the same time intensity of in-bye use is expected to alter for some respondents. Almost 20% of sample respondents (N=61) indicated an anticipated increase in the intensity of in-bye use over the next five years, with a larger proportion of respondents from large farms expecting to increase intensity than small farms (24% for large farms; 14% for medium farms; 0% for small farms). The majority of farmers indicated they did not expect to change their current management practices in relation to in-bye use over the next five years. A larger proportion of farmers (67%) in the <41 age group indicated they would increase their in-bye use over the next five years, compared to those in the 41-70 (9%) and >70 year groups (14%). The majority (82%) of those in the largest age group (41-70 years; N=44) indicated they would not be changing these practices over the next five years.

### Summary

The analysis of questionnaire responses suggests some differences in response to questions on business characteristics in terms of farm size and age of farmer, and less variability based on differences in tenure type (although it is difficult to determine differences given small sample size and the wide variability in the mix of owned and rented land in the ‘mixed’ category). Analysis of telephone interviews and qualitative responses suggests that changes in farm size, particularly growth, can be challenging as costs of acquiring land are high and there is competition from non-farming interests buying up land. In terms of diversification there is considerable variability in engagement, some farms that indicate they want to engage but cannot (e.g. due to limited land area or lack of buildings) and some

farmers who just do not want to engage at all in non-farming activities. Views on business turnover show some optimism for the next five years, but a slight overall reduction in the proportion of farmers anticipating an increase in turnover by 2020, compared to patterns since 2005. The telephone interview data indicate that income from farming is increasingly 'hard fought' and greater 'effort' is required in order to maintain current income levels. Part of the problem is ascribed to erratic prices and the need to travel further afield to obtain good prices for produce, and part of the problem is rising input costs. However, age is clearly a factor influencing future expectations; as age increases, a smaller proportion of farmers in each cohort anticipates increases in turnover in 2015-20.

There are also some potentially significant differences between farm size and age groups for investments in buildings and renewable energy generation, but no real differences in investments in farm machinery. In particular the data suggest that a larger proportion of older farmers will reduce their investments, or not make any changes in the next five years; fewer will engage in diversification and a larger proportion of older farmers expect business turnover to reduce or not change, when compared to younger farmers. The telephone interview data suggest a wide level of general interest in renewables and investment in buildings, but concerns over planning issues are possibly reducing activity in both options.

Fewer differences are found when exploring livestock management and land use changes and no overarching patterns of change can be discerned. The telephone interview indicated concerns including the need to reduce stock numbers under some agri-environment agreements, and some farmers not being able to finish stock due to poor land quality, which has implications for costs and turnover. Some respondents indicated concerns over land not being grazed (due to purchase by non-farming interests) and therefore not being managed. A key issue regarding livestock management, however, was age: several respondents indicated changes in type of livestock and/or reduced numbers, due to getting older.

### **The continuing challenge of bTB**

Bovine TB appears as a significant problem for farm businesses in Exmoor. One respondent to the telephone questionnaire stated: 'TB is the main problem, I have been 12 months free for the first time in 21 years'. The responses to the telephone questionnaire suggest TB has caused, and continues to cause, difficulties through restrictions; it has been a significant factor in reduced stock levels over the last 10 years, and has caused changes in types of livestock kept, and how they are finished and sold.

The qualitative responses to the main survey also indicated TB as a major determinant of change in farm and business management. TB was mentioned by 26 out of 117 responses (i.e. 22%) as a main cause of change on the farm over the period 2005-14. However, agri-environment / SPS payments were also cited by 14 respondents (11.9% of the sample) as main causes of change, and by 19% of the sample (N=22) as a reason for significant change in farm business income. For some, agri-environment payments have been viewed as highly beneficial while for others the converse is true.

Farm business income has also been deeply affected by other factors including poor weather (cited by 11 respondents or 9.4% of the total sample); and TB (cited by 9 respondents or 7.6% of the total sample). Poor prices were also blamed by a smaller number of respondents for reductions in business income.

When asked about the most pressing farming issues facing Exmoor 14.5% of the sample (17 respondents) stated TB was the main issue, while a total of 25.6% (30 respondents) indicated a lack of young farmers / succession as the main problem. On a more individual business level, respondents indicated that poor and/or erratic livestock prices, TB, succession issues, the increasing amount of effort required to engage in farming and make a living, and high land prices, were the most pressing concerns.

It would therefore seem that whilst market-related issues and government schemes are central influences upon business health and development, disease management has been an equally significant feature over the past decade, in Exmoor, and it is anticipated to continue to exercise significant influence in future. Some responses suggest this influence has been underestimated, in wider policy debate.

#### **4.13. Sum-up**

The surveys present a picture of an active local economy and of a farming sector which faces many challenges but which is nonetheless seen as offering a positive future for a cohort of existing farmers in Exmoor. Key priorities going forward are likely to be capitalising on the remaining incentives for renewable energy, seeking to improve stock management (including more buildings but also reduced disease levels) and working to ensure that a younger generation can inherit farms in a good condition or at least with good business potential, from their parents.

The biggest challenge remains the fact that net farm incomes are low and may decline further, for a proportion of farms. This relates specifically to low-value sales and a lack of opportunity to improve efficiency of input use or marketing margins, because many farms are marginal, require significant labour input from families, and/or are unused to formal co-operation which might offer some economies of scale or scope, including increased bargaining power in the supply chain. A further concern relates to farmers' strongly-expressed wish to undertake more landscape management, with public funding to enable this; whereas it is not yet certain that such funding will be widely available in Exmoor.

Structural barriers to generational renewal clearly concern survey respondents but relatively few actually face an immediate situation without a successor – a smaller proportion than reported by Defra in their 2012 FPS analysis. The issue of concern is perhaps more about a net reduction in farm numbers as farms have enlarged, leading to fewer opportunities for new entrants and a larger 'threshold level' of land and/or capital required for anyone seeking to buy into a viable farm on Exmoor. The lack of medium-scale farms with commercial potential may have been negatively affected by farm splitting and the purchase of smaller blocks of land with properties used mainly for leisure. At the same time, some farms which returned a reasonable living a decade ago prior to decoupling can no longer do so as a result of changes in support, persistent low returns and rising costs, which renders their succession more vulnerable. These are some of the challenges that policy and local stakeholders should be seeking to address, in future.

## 5. Conclusions and recommendations

### 5.1 Conclusions

The study has revealed a variety of information concerning the current and likely future state of farming in Exmoor. On the whole, Exmoor's farmers appear resilient with a good age structure and range of farming strategies, there are some signs of recovery in incomes and/or fortunes since 2005 for hill farms, but lowland livestock marginal farms are still pushed hard to maintain returns as their level of policy support has been declining, in some cases significantly, since decoupling and with the ending of broad and shallow agri-environment schemes.

For many farms, low incomes from farming remain a widespread problem; principally related to low market returns compared to the costs of production. However, there are apparently better incomes and prospects for those who are successfully adding value, those hill farms in large HLS agreements, and / or the few farms in Exmoor which are in dairying. For another fairly sizeable group of farms, diversification incomes from renewable energy, contracting, renting and tourism in particular help to ensure the continuation of farming. Diversified incomes seem likely to become more important, in future. Whilst opportunities for more tourist business appear limited, upgrading the offer, or investing in renewable energy and woodfuel may offer better prospects.

Most farms in Exmoor were in the ESA scheme, and most of these farms then moved into Environmental Stewardship once the ESA agreements ended in 2012-2013. Those who succeeded into HLS (particularly in the period when Natural England was able to provide funding for capital works) report that this is significantly helping their income position, but those who transferred into ELS have lost money from that change, and they will now lose ELS payments altogether. Although the rate of BPS in the SDA will increase significantly compared to SPS rate, the UELS scheme (in which the vast majority of SDA farms will have participated) has ended. The NFU estimates that these changes amount to a significant net loss of support from upland farms, overall.

Pricing-out of these farms by land purchases from wealthier non-farming and non-local buyers appears a risk. Also, it is evident that there remains some 'bad blood' among some farm families with the behaviour and attitudes of Natural England, Planning Authorities and some prominent NGOs, in response to future management and development opportunities. Finally, it seems that the general direction of farm structural change towards larger commercial holdings and very small non-conventional ones has been closing down the previous traditional or classic opportunities for new start-ups in farming; leading to the appearance of some unusual types of new farming strategy in micro-businesses and/or unconventional forms of tenure and partnership.

The survey reveals an appetite among farmers for working together, but the existing groups – particularly EHFN and the NFU - are judged to have mainly social / general knowledge benefits for most of their active members. This could nonetheless represent a good basis upon which to build, in future. The survey has also revealed a wide range of topics and issues around product development, improvement and better marketing, as well as coping with biosecurity, planning for succession, and improving ICT-literacy and access, which merit increased attention for training and support, in future. On the environmental side, farmers' clear concerns about ensuring what they regard as good management of the Exmoor landscape represents a valuable entry point for considering more effective joined-up (landscape-scale) and collective action, in future.

## 5.2 Recommendations

These conclusions give rise to a number of specific recommendations for key actors and stakeholders in future, designed to improve the sustainability and resilience of the farmed landscape of Exmoor and the people with whom it is most closely interdependent.

*For Defra, working in partnership with sector bodies (e.g. Eblex) or local interests (e.g. ENPA, EHFN and others)*

We suggest that this study provides clear evidence of poor returns to hill farming and livestock production in Exmoor, which arise through insufficient ability to influence the prices received so as to ensure that costs are covered. From a range of previous research, we know that there are many reasons why farmers continue to trade despite unfavourable returns and why they maintain a commitment to traditional marketing channels and approaches in the face of low prices and considerable uncertainty in trading conditions. Nevertheless, this situation is clearly not beneficial for the long-term health of the sector, which also has implications for the cost-effectiveness of policies seeking to ensure sustainable land management, into the future.

We suggest that there is a need to make a detailed and thorough analysis of the reasons for low market returns in hill livestock farming in England, in a fashion similar to that which was used to examine the dairy sector in response to concerns about low returns to milk producers, in recent years. Such an analysis should examine the balance of power in the supply chain, the levels of margin returned to each link in the chain, and the prices charged to consumers. It should enable the formulation of new tactics to raise the returns to primary producers in the hills, in the sheep and beef sectors, whilst maintaining sustainable land management practices and methods. Consideration should be given to strategies for valorising all types of product (lamb, mutton, wool, beef, veal and dairy products; artisan and processed meat products); as well as for branding and/or quality assurance approaches to enable higher-value marketing. This would link closely to Defra's commitment to encourage sustainable intensification in farming and would be entirely consistent with its 2015-2020 Rural Development Programme for England (RDPE), in respect of RDPE goals for productivity and sustainability.

In addition, some further policy work by Defra and others is recommended. We recognise the net decline in basic CAP support (from pillar 1 and entry-level pillar 2) that has taken place in the past 20 years for many of the lower-lying farms in Exmoor, and the negative social and environmental consequences of that trend, as reported in our survey, echoing concerns raised in earlier reports, notably that from the Commission for Rural Communities. We suggest there would be merit in reconsidering the rationale and reassessing the need for targeted additional support to hill and upland farms or their communities / households, in future, in line with the work ongoing at EU level to re-define these marginal areas as 'Areas of Natural Constraint'. Such work would need to be closely linked to the findings of the analysis of market conditions, proposed above, so as to ensure maximum cost-effectiveness of the outcomes of both exercises.

Notwithstanding these wider policy issues and challenges, it is clear from the survey that there is scope for very valuable support and business innovation activity at the local level, within Exmoor itself. In this context, the work of the EHFN is widely endorsed by respondents across Exmoor and we have identified a range of topics on which such a continuing, or even expanded, network would be well-placed to offer further support to farmers, farm families and their businesses. The value of local groups like EHFN, which can help farmers to understand and take action to address their immediate business needs, as well as coping effectively with the short-term and critical demands of policy changes,

paperwork and managing bTB and its impacts, should not be underestimated. We strongly recommend that support for such groups and their diverse range of services to farm families and farm businesses, should be a priority in the new EU / Defra funding frameworks for agriculture and rural development.

Agri-environment schemes, and agri-environmental management more generally, will remain central to many farms on Exmoor, in future. However, in view of the ending of broad and shallow approaches and the widespread enthusiasm for landscape management expressed by survey respondents, we suggest that Defra and Natural England should regard the Exmoor area as a priority for capital grant funding, under the new Countryside Stewardship approach, as well as continuing to grow the availability of higher-level targeted funding across the Park area, in the coming 5 years. More broadly, we recommend that those managing these schemes must be enabled to commit to funding more secure, long-term reward systems (with budgets known and fixed for at least 3-5 years) for nature and ecosystem services, to give farmers the confidence to fully adapt their business strategies to accommodate these goals. We also believe there is a strong call from farmers, for valid reasons, to enable more adaptation of management prescriptions and agreement 'packages' to build more local environmental and social conditions into these schemes. This requires scheme design and delivery to be more closely linked to local knowledge through longer-term relationships between national funding bodies and local actors, including the National Park Authority, NGOs and farmer networks.

*For the National Park Authority, and local NGOs and network organisations*

There is an opportunity for Exmoor National Park, with a range of local partners, to consider engaging in more local, facilitated action at a landscape scale to protect and maintain the critical landscape infrastructure of buildings, small woods and traditional field boundaries in Exmoor. While NPA funds for this type of action will be limited, there could be opportunities to bid for Countryside Stewardship facilitation funding in May 2015 which could offer some support with the running and co-ordination costs for such a service. Alternatively and thinking at a larger scale, bidding for Heritage lottery landscape partnership funding could be an option. In either case, such activities could be used to complement a plan to support farmers to access the proposed new capital grant fund element within the new Stewardship scheme, by helping to ensure that work was planned and co-ordinated across the Park, to maximum public benefit.

These local bodies could also seek to work with Local Enterprise Partnerships, Local Nature Partnerships and LEADER local action groups covering the Exmoor area, to ensure their UK & EU funding helps farm families and local communities as well as the natural environment and the wider economy. It would be possible to work with local farmer networks to identify a range of projects and themes of local community value, including healthcare, providing for more rest and holiday time among farm families, supporting business start-ups and associated training and planning; and providing delegated/small-scale grants for farm-focused enterprise initiatives.

Picking up on the evident interest among Exmoor farmers to be more actively engaged in sustainable environmental management decisions and collective management locally, key stakeholder bodies including ENPA, Natural England, Environment Agency, water companies and environmental NGOs could come together to initiate a local review, with farmers and experts in research and practice, of optimal land management actions / prescriptions for biodiversity, water and landscape in Exmoor. Such work could examine issues such as optimal swaling, appropriate stock management for moorland conservation grazing, water protection and enhancement and options for more biodiverse but also more productive in-bye management. The review should be designed to enable farmers to share their views and knowledge and to learn from the expertise and insights of others with contrasting knowledge, fostering a learning community with mutual respect for all its members. As the community refined and developed its knowledge, policy advice and



recommendations could be generated for Defra and the national agencies, to improve the application and performance of environmental and agri-environmental schemes and initiatives in Exmoor.

The findings from our survey add support to the case for the Exmoor Hill Farming Network to secure further funding to continue its work beyond 2015, from a combination of public funds and membership subscriptions where appropriate. In particular, we identify a number of areas and topics on which we think EHFN could usefully offer support and training to Exmoor farmers and their families. Courses and events on ICT literacy; on succession planning - tricks and tactics to ensure smooth transitions; on marketing through stronger supply-chain links; and on a range of adding-value options for upland livestock enterprises; would all appear valuable. We also recommend, on the basis of much relevant experience in other farming contexts, that EHFN should seek to arrange and offer exchange visits and external business mentoring for groups of like-minded farmers who are seeking to develop new business ideas. For example, some work to consider more strategic development of renewable energy generation, storage and redistribution around Exmoor could be of interest; as well as action to encourage more management, processing and marketing of farm woodland outputs on a collective basis, among those farmers with an interest in this topic.

We firmly believe that the ideas and energy are already there among the population that is farming in Exmoor, but that they would greatly value more help to enable them to have the time, the planning and strategic skills, and the confidence to develop these ideas into sound new business ventures, for the future.

Like the younger farmers themselves, we have some confidence in the future for farming in Exmoor, based upon the initiative, the spirit and the commitment of farmers and their families that can be identified from our survey. However, many national and local-level obstacles and challenges remain. We suggest that with more concerted and deliberate effort on the part of government, the National Park Authority and a range of local organisations and actors, there is a real prospect that this confidence can be sustained, to ensure that viable and robust farming in harmony with the natural and cultural environment of Exmoor, is secured into the future.

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ALSO:

**Defra June Survey (2002-2009; 2010-2013)**

**Defra Farm Business (FADN) Survey**

**Defra Farm Practices Survey**

## **Annex 1: notes on the data sources**

Three key sources of data were used for the analysis of Exmoor farm characteristics.

### **June Survey 2012/13**

Defra's annual June Survey (previously a census) which records aggregate data on land use, farm structural characteristics and livestock numbers for Exmoor. The State of Farming on Exmoor report 2004 (Exeter University 2004) presented data from the 2002 Defra June census. From 2001 to 2009, the survey covered all holdings (large and small). From 2010 onwards the survey population covers only the larger, more active farms. This change in Defra data collection has meant it is not possible to directly compare current Defra June survey data with the data presented in the 2004 report. Therefore, in order to assess changes, comparisons have been made between 2002 and 2009 data and 2010 and 2013 data only. It is also worth noting that the June survey data may include land outside of the Exmoor boundary where it belongs to holdings whose centre point is recorded as being within Exmoor.

### **Farm Practices Survey for the Uplands 2012**

Defra's Farm Practices Survey unit has produced two surveys of upland farms by region, one in 2009 and the latest in 2012. These data provide a useful background to the more detailed business data provided by the FBS. The sample of farms covered on Exmoor numbers only 60, however, so the data has quite significant standard errors (figures may vary 5 or 6 per cent in either direction).

### **Farm Business Survey 2012/13**

The Farm Business Survey (FBS) provides information on the financial, physical and environmental performance of farm businesses in England. The data is derived from a detailed survey of individual farms that are surveyed on an annual basis. The surveyed farms are unidentifiable to protect the confidentiality of data relating to individual farm businesses. On Exmoor in the 2012/13 dataset there were only 13 farms that were in grid squares that included at least a third of the National Park. As there are such a small number of farms within the Exmoor sample it is difficult to discern any significant differences from surrounding or other upland/national park areas, or to say that these 13 farms are likely to be representative of farms on Exmoor, more generally. FBS sampling tends to favour larger than average farm businesses.

**Annex 2 – postal questionnaire:** please see separate pdf document.

## Annex 3 Schedule for telephone interviews

### EXMOOR FARM SURVEY: Telephone questionnaire

NAME OF INTERVIEWEE(S)..... POSTAL/ONLINE QUESTIONNAIRE NUMBER .....

- The interviewer will need to have a copy of the person's questionnaire survey in front of them, when they make the phone call – and to have read through it before making the call.
- Interviewers will take notes during the call – as a back-up for recording.
- We need to ensure we speak to the same person who completed the postal/on-line survey.
- Where there is no response on the questionnaire, interviewers may need to ask a few more questions

#### Introduction

- This study was commissioned by the Exmoor Hill Farm Network, and is to investigate the state of farming on Exmoor, to help identify the best ways to support and sustain it, in future.
- Thank you for taking part in the original postal/online survey and agreeing to this follow-up interview. It is much appreciated.
- We want to start by assuring you that none of your responses will be identified with you; we will only use them anonymously to help provide more understanding for our study.
- The reason for this telephone call is to explore in more detail **the reasons** for changes in your farming activities over the last 10 years, and to aim to understand your experiences and your concerns more fully.
- It shouldn't take more than 15-20 minutes to complete. There are 4 parts – your main farm business, diversification and markets, policy and schemes, and future concerns.

#### 1. The main farm business

See Q8, Q11 and summarise here before telephoning: Main enterprises/stock numbers, Changes since 2005, Reasons

.....  
.....

Q1. You said that since 2005 your farm enterprise in the past 10 years (read out what you put above). Can you tell me why you made the changes / have stayed farming the same way, over that period?

| Change | Explanation/rationale |
|--------|-----------------------|
| .....  | .....                 |
| .....  | .....                 |
| .....  | .....                 |
| .....  | .....                 |
| .....  | .....                 |
| .....  | .....                 |

See Q31, Q33 and summarise here before telephoning: Main enterprises/stock numbers, Changes in next 5 years

.....

.....

Q2. Over the next five years you said that you would probably increase/decrease (read out what you summarized, above). on the farm. Again, can you say what your main reasons would be, for these changes?

| Reason for change | Explanation/rationale |
|-------------------|-----------------------|
| .....             | .....                 |
| .....             | .....                 |
| .....             | .....                 |
| .....             | .....                 |

**2. Diversification**

Summarise key aspects of Q21 before telephoning:

| <u>Type of div. activity</u> | <u>importance, and change since 2005</u> |
|------------------------------|--|
| .....                        | .....                                    |
| .....                        | .....                                    |
| .....                        | .....                                    |

Q3. Since the Single farm payment was introduced, you said that you have (read out what you have summarized above).

Which would you feel have been the most significant changes? What were the reasons for these?

**Reason for change** \_\_\_\_\_ **Explanation/rationale** \_\_\_\_\_

.....  
.....  
.....  
.....

**Future diversification plans**

See response to question 33 **on the issue of diversification**: increase / no change / decrease (circle as appropriate)

Q4. In the questionnaire you said you expected your diversification to (read what you circled above) in the next 5 years. Can you explain why?

**Div. activity** \_\_\_\_\_ **Explanation/rationale** \_\_\_\_\_

.....  
.....  
.....  
.....  
.....

Q5. Are you happy with the balance of farming and non-farming enterprises that you run at the moment? Can you explain why?

.....  
.....

Q6. In an ideal world, what would you change or prefer to do?

.....  
.....

Q7 Do you feel that you have enough information, time and know-how to develop all the activities of your business successfully? **Y / N** - What else might help? (training, meeting and talking with other farmers, advice, other.....)

**Type of support** \_\_\_\_\_ **How this would help the business develop** \_\_\_\_\_

.....  
.....  
.....  
.....

**Markets and economics**

Summarise Q12 : do they sell liveweight, deadweight or a mixture? Has this changed since 2005?

Y/ N Reasons: .....

Q8. Are you happy with your approach to selling your products? Please explain why / why not.

.....  
.....  
.....

Q9. Are there any ways you think you could increase your returns?

.....  
.....

**3. Policy and schemes**

Q10. Ideally, what things would you want the government to do, for hill farming on Exmoor?

.....  
.....

Q11. What things do you think the Common Agricultural Policy 'C.A.P.' should reward or pay for?

.....  
.....

Q12. How could agri-environment schemes – 'Stewardship' - be made better, for farms like yours, and for Exmoor? What things would you change in the schemes? E.g. the money; the range of management options; the staff advice and/or the attitudes / approach taken to how it is put together, agreed, monitored etcetera;

.....  
.....  
.....  
.....

Summarise key aspects of Q29 before telephoning:

Active on any groups ..... Sleeping member of any groups ..... No groups ticked



Q13. You told us you belong to ..... and .....; OR You told us you don't belong to any farmer groups: is that right? **Y / N**

Can you explain what you like or don't like about these groups?

.....  
.....

Q14. Probe:

- How has the Exmoor Hill Farming Network affected what you do on the farm?
- What more could it do to help you, and other farmers like you, in future?
- Has any other group helped support your farming in any way? Which one(s), and How?

.....  
.....  
.....  
.....  
.....

**4. The future**

Summarise key aspects of Q34, 35 and 36 before telephoning: main concerns.....

.....

Q15. You told us in the questionnaire about your main concerns for the future [read from box above].

To what extent do these things worry you (e.g. a lot, a little), or do you feel fairly optimistic about the future for farming on Exmoor? Please explain why.

.....  
.....  
.....  
.....

**THANK YOU FOR LETTING US TALK TO YOU – your answers are very valuable.**

The report will be completed by the end of April, and we hope that the Exmoor Hill Farm Network will make it widely available, in May or June. If you would like them to send you a copy, please tell us.

YES –want a copy      (circle if applies)

## Annex 4 – example of completed survey

### EXMOOR HILL FARM NETWORK: TELEPHONE SURVEY

- NAME OF INTERVIEWEE(S) –
- POSTAL/ONLINE QUESTIONNAIRE NUMBER -

#### 1. The main farm business

See Q8, Q11 and summarise here before telephoning.

**Main enterprises/stock numbers, Changes since 2005, reasons:**

Predom sheep enterprise, but some calf rearing – all increased. Need to generate more income

Q1. You said that since 2005 your farm enterprise in the past 10 years (read out what you put above). Can you tell me why you made the changes / have stayed farming the same way, over that period?

#### Change & Explanation/rationale

A small farm (8ha) and they had trouble finding their niche. Via the EHFN we have now honed what we do and begun to invest in that (calf rearing). We did have some issues with sheep – the land wasn't suitable, and resulted in diseased stock, so we have sold what we had previously, and will be restocking with Exmoor Horned sheep.

See Q31, Q33 and summarise before telephoning.

**Main enterprises/stock numbers, changes in next 5 years:**

No change in stock – but increase in calf rearing. Increase in turnover and investment in buildings.

Q2. Over the next five years you said that you would probably increase/decrease (read out what you summarized, above) on the farm. Again, can you say what your main reasons would be, for these changes?

#### Reason for change - Explanation/rationale

We are building on the calf rearing as that is what is most appropriate for the land we have. As mentioned they have since sold the sheep they had previously and will re-stock with a pedigree flock of Exmoor horned sheep (about 20-25) which they intend to sell in one of three places – where they achieve the best prices. (Cutcombe, and two markets at Blackmoor). Will be investing in buildings for the calves.

#### 2. Diversification – Current and Future

See Q21 and summarise key aspects before telephoning.

**Type of diversification activity - importance, and change since 2005:**

Tourist Accommodation – high importance since 2005.

Q3. Since the Single farm payment was introduced, you said that you have (read out what you have summarized above).

Which would you feel have been the most significant changes? What were the reasons for these?

**Reason for change – Explanation/rationale**

Have been doing this for 4 years, and each year it has grown. [This explains the 0% figure for 2005] – they operate a touring caravan site, and feel that they have reached a point where they are as big as they would want to be.

See response to Q33 **on the issue of diversification**: increase / ~~no change~~ / decrease (*circle as appropriate*)

Q4. In the questionnaire you said you expected your diversification to (read what you circled above) in the next 5 years. Can you explain why?

**Diversification activity - Explanation/rationale**

Do feel as though they are as big as they would want to be, can't really become bigger with land.

Q5. Are you happy with the balance of farming and non-farming enterprises that you run at the moment?

**Can you explain why?**

We couldn't do much more, and we don't want to rely on just one thing. Interviewee also works part time, and her husband also does some occasional work on caravans.

Q6. In an ideal world, what would you **change or prefer** to do?

Nothing really – feel as though have balance right

Q7 Do you feel that you have enough information, time and know-how to develop all the activities of your business successfully? **Y / N** -

**What else might help? (training, meeting and talking with other farmers, advice, other)**

***Type of support – and how this would help the business develop***

Have enough information – EHFN have helped with this. The 'looking over the fence at other farmers' has been beneficial, and also they [EHFN] have helped us to understand our ground.

**Markets and Economics**

See Q12. Do they sell **liveweight, deadweight, private** or a mixture? (Details may be present)

Has this changed since 2005? Y/ N

**Increasing amount of direct sales.**

Q8. Are you happy with your approach to selling your products? Please explain why / why not.

Yes – before calf rearing we had dexters, and these were always direct sales. Lambs we have always sold liveweight.

Selling direct resulted in some involvement on social media – and led us to getting a better price, which is better for us, and also the animals as they do not have as much stress.

Q9. Are there any ways you think you could increase your returns?  
Have already done this, - with the increase of direct sales.

### 3. Policy and schemes

Q10. Ideally, what things would you want the **government** to do, for **hill farming on Exmoor**?

Don't know – just supporting it in general really.

Q11. What things do you think the Common Agricultural Policy 'CAP.' should reward or pay for?

Not particularly sure. They only benefit in a small way, and consider that getting support for looking after things as a bit of a bonus, which isn't the viewpoint many people have.

Q12. How could agri-environment schemes – 'Stewardship' - be made better, for farms like yours, and for Exmoor? What things would you change in the schemes? E.g. the money; the range of management options; the staff advice and/or the attitudes / approach taken to how it is put together, agreed, monitored etcetera;

[Interviewee not in any scheme] Responded with – that they will be looking into these but they are new to farming.

Summarise key aspects of Q29 before telephoning:

**Active on any groups: EHFN**

**Sleeping member of any groups:**

**No groups ticked:**

Q13. You told us you belong to <see above>

**OR** You told us you don't belong to any farmer groups:  
is that right? **Y / N**

Can you explain what you like or don't like about these groups?

"The EHFN are great and I have nothing but praise for them".

Felt that they had a good balance of groups – and particularly positive about the micro-farming group. They are viewed as a 'hobbyist' – a term that the interviewee hates. It implies that they do not take things seriously, or are doing it for fun.

The network has broken down some barriers between small farmers and the much larger ones.

Q14. Probe:

- How has the Exmoor Hill Farming Network affected what you do on the farm?
- What more could it do to help you, and other farmers like you, in future?
- Has any other group helped support your farming in any way? Which one(s), and How?

The network has been a massive help – and directly affected what they do [see earlier comments about identifying unsuitable ground for sheep].

They have met others, and this has resulted in informal labour and resource sharing.

#### 4. The future

Summarise key aspects of Q34, 35 and 36 before telephoning. **Main concerns for the future:**

Stock values; feed and bedding costs; production costs.

Q15. You told us in the questionnaire about your main concerns for the future [read from box above].

To what extent do these things worry you (e.g. a lot, a little), or do you feel fairly optimistic about the future for farming on Exmoor? Please explain why.

Feel fairly optimistic – although it is a lottery regarding stock prices. Support via the network has been valuable – and I did feel much less optimistic a couple of years ago.

**THANK YOU FOR LETTING US TALK TO YOU – your answers are very valuable.**

The report will be completed by the end of April, and we hope that the Exmoor Hill Farm Network will make it widely available, in May or June. If you would like them to send you a copy, please tell us.

**YES –want a copy** (circle if applies)