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The State of Farming on Exmoor 2004

**Matt Lobley, Dawn Wakefield, Allan Butler and
Martin Turner**

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A Report to Exmoor National Park Authority

Matt Lobley, Dawn Wakefield, Allan Butler and Martin Turner

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The views expressed in this report are those of the authors and are not necessarily shared by other members of the University or by the University as a whole.

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ABBREVIATIONS USED IN THIS REPORT

AAPS	Arable Area Payments Scheme
BSE	Bovine Spongiform Encephalopathy
BSP	Beef Special Premium
CAP	Common Agricultural Policy
CLA	Country Land and Business Association
CRR	Centre for Rural Research
CSS	Countryside Stewardship Scheme
DA	Disadvantaged Area
DEFRA	Department for Environment, Food and Rural Affairs
EC	European Commission
ELS	Entry Level Scheme
ERDP	English Rural Development Programme
ESA	Environmentally Sensitive Area
ESU	European Size Units
EU	European Union
FBS	Farm Business Survey
FMD	Foot and Mouth Disease
FWPS	Farm Woodland Premium Scheme
HFA	Hill Farm Allowance
HLCA	Hill Livestock Compensatory Allowances
HLS	Higher Level Scheme
ICT	Information and Communications Technology
LFA	Less Favoured Area
MAFF	Ministry of Agriculture, Fisheries and Food
NFI	Net Farm Income
NFU	National Farmers' Union
NPA	National Park Authority
RDS	Rural Development Service
SAP	Sheep Annual Premium
SCP	Suckler Cow Premium
SDA	Severely Disadvantaged Area
SFP	Single farm payment
SSSI	Site of Special Scientific Interest
TB	Bovine Tuberculosis

Executive summary

Introduction

E1. Farming dominates land use on Exmoor, underpins the landscape and biodiversity and continues to play an important role in the local economy. However, farming on Exmoor has faced significant challenges in recent years; BSE, FMD, bovine TB and fluctuations in the exchange rate with the Euro have all had an impact both on morale and farm incomes. It has long been recognized by policy makers that the maintenance of a viable farming population in upland areas requires specific support to compensate for the ‘natural handicaps’ faced by upland farming.

E2. Despite sixty years of support, in various forms, medium sized farms on Exmoor are in decline, agricultural employment continues to fall and dairy farming is becoming increasingly marginalised. Although farm incomes are now rising, this is from a very low base and farm income remains both relatively low and highly dependant on CAP support payments, including agri-environmental schemes. These trends have important implications beyond the immediate impact on farmers and their families. In addition to the commercial commodities produced by Exmoor farmers, hill farms play a vital role in managing the environment, providing recreational opportunities and supporting the social environment of the moor. Acknowledgement of the multifunctional role played by farming on Exmoor coupled with recognition of powerful drivers of change, means that it is timely in the 50th anniversary year of Exmoor National Park to take stock of the current state of farming on Exmoor and to consider its future.

Aims and objectives

E3. Against this background, the main aim of the project was to provide a sound evidence base in order to describe and evaluate the current state of farming on Exmoor and outline likely future trends. On the eve of the implementation of the most radical reforms to the CAP to date, the data collected for the project provides an important reference point from which to measure future change. In pursuing these aims, the research focused on a number of specific objectives:

- Identify key trends affecting farming on Exmoor in the recent past
- Evaluate the current state of farm businesses on Exmoor
- Identify key aspects of farm household demographics – age structure, succession plans, etc
- Establish the type, extent and significance of farm and income diversification
- Identify key trends in land management practices
- Examine likely responses to CAP reform and identify farmers’ future intentions.

E5. In pursuing these objectives the project paid particular attention to the relationship between farming activity and national park purposes, including the significance of agri-environment schemes and the particular circumstances of those who farm moorland areas.

Methodology

E6. The research comprised three components:

- Desk review of recent studies relating to hill farming, policy developments and drivers of change
- Analysis of FBS (Farm Business Survey) data and DEFRA census data
- Postal survey of 407 Exmoor farmers

The policy context

E7. The hills and uplands of England have long been subject to policy intervention in recognition of the challenges to the viability of hill farms, their contribution to the upland environment and the role of hill farmers in rural communities. Although the language of policy discourse may have changed, the essential concerns remain the same. Using largely traditional practises, landscapes and habitats of regional, national and international importance are supported through the production of hill livestock. Early policy intervention was relatively crude, however, and LFA supplements alongside other headage payments

stimulated an increase in livestock and changes in the ratio of sheep to cattle. This, combined with a range of land improvement grants available until the mid 1980s and a decline in traditional management, stimulated considerable environmental change in the uplands. The current rationale for upland support is more explicitly focused on social and environmental objectives and a range of initiatives have been introduced to encourage more widespread environmentally friendly farming systems. The recent CAP reforms however, will pose a significant challenge to hill farm incomes and, on the basis of economic modelling, it seems likely that the future will see a reduction in livestock numbers and further changes in the ratio of sheep to cattle.

Trends and characteristics

E8. Table E1 summarises some of the key characteristics of farming on Exmoor. Although Exmoor remains dominated by LFA livestock farms, recent years have seen significant changes in farming structures with an increasing number of small, 'residential' holdings. The extent to which this is a real trend or a statistical artefact is unclear although anecdotal evidence supports the notion of an increasing number of 'retirement' and 'residential' farms. Many of the recent farming trends on Exmoor reflect national trends although there is some evidence that incomes are lower than those in northern LFAs. Long-term trends, such as labour shedding, are likely to be strengthened as a result of the new CAP regime. Importantly, FBS data confirms earlier research (e.g. Drew Associates & University of Exeter, 1997), indicating that LFA farms are heavily dependant on subsidies. The value of Exmoor's agricultural output is estimated have been in excess of £20.6 million in 2002/03, although Exmoor's farming economy would be in deficit if all farm family labour were to receive appropriate levels of earnings. Changes in the delivery of subsidies and changes in the amount of subsidy received by individual farms on Exmoor could pose significant challenges to on-going financial viability.

Table E1: Farming on Exmoor – summary statistics

	Number of holdings	% of holdings	Ha	% of Ha
Land Use				
Grassland, set-aside & other types of land	655	82.8	48,399	96.4
Woodland, including grazed & ungrazed coppice	180	22.8	1,711	3.4
Rough grazing with sole rights	171	21.6	10,230	20.4
Total farmed area	791	100.0	50,205	100.0
Number and Size of Holdings				
Number of LFA holdings	340	43.0	39044	77.8
Number of Lowland cattle and sheep holdings	72	9.1	4,172	8.3
Number of Cereal holdings	15	1.9	1,476	2.9
Number of Dairy holdings	12	1.5	1023	2.0
Number of Other types of holdings	292	36.9	4490	8.9
Total Number of holdings	791	100.0		
Number of holdings including some LFA land	585	74.0		
Number of holdings less than 25 ha	455	57.5	2545	5.1
Number of holdings between 25 and 50 ha	82	10.4	2921	5.8
Number of holdings between 50 and 100 ha	98	12.4	7288	14.5
Number of holdings over 100 ha	156	19.7	37451	74.6
Animal Numbers			Number of livestock	% of livestock
Total number of sheep	416	53.4	311,519	90.5
Total number of cattle	304	39.0	32,442	9.4
Total number of other livestock	59	7.6	315	0.1
All livestock	779	100	344,276	100
Farming labour on Exmoor				
Number of full-time farmers	440	31.2		
Number of part-time farmers	541	38.3		
Number of full-time employees	122	8.6		
Number of part-time employees (incl. casual)	309	21.9		
Total Labour	1412	100.0		
Age of Farmers		Age	% in each age range	
Average age of farmers		55.15		
Farmers aged under 35 years old			3.8	
Farmers aged between 35 and 44 years old			13.4	
Farmers aged between 45 and 54 years old			29.2	
Farmers aged between 55 and 64 years old			28.2	
Farmers aged over 65 years old			25.4	
Farming Economy		£m		
Total Gross Margin from Exmoor farms		11.93		
Total subsidy payments to Exmoor farms		5.98		
Total wage of employed labour		5.03		
Total wages imputed for family labour		11.45		
Total output including subsidies from Exmoor farms		20.61		

Source: DEFRA Census data, University of Exeter FBS data, Farm survey

Postal survey methodology

E9. A postal survey of 407 farmers with Exmoor National Park was conducted in April, 2004. The aggregate response rate was 65%. However, responses from executors of deceased farmers; those returned by the Royal Mail marked as ‘gone away’ and replies indicating that the recipient was no longer farming were excluded from the sample. Therefore, the final effective population was 385 from which a 55% response rate was achieved. Overall, comparing the postal survey responses directly with DEFRA June 2002 census data suggests that the sample of respondents is reasonably robust and representative of the whole farming population of Exmoor National Park.

Farms, farmers and farm households

E10. The farm structure of Exmoor is varied, covering a range of farm sizes, types and tenure arrangements. There are many small and very small farms, often with a low dependency on farming as an income source, although a relatively few operators of large farms (over 300 ha) are responsible for the management of much of the agricultural land on Exmoor. These farms are typically in the hands of established family farmers (members of at least the 2nd generation of the family to be farming the same farm or in the immediate vicinity) and many can trace their family’s farming history on Exmoor much further back in time. This lengthy connection to the land typically brings with it a deep knowledge of the farm, land management history, traditional land management practices and represents an important part of the cultural legacy of hill farming on Exmoor. However, farming on Exmoor is not a ‘closed community’ and many respondents (43%) were the first generation of their family to be farming within the National Park. Of these a third were recent new entrants, largely confined to smaller farms. Despite the relatively high number of new entrants it is the established family farms that account for the majority of land covered by the survey (67%) and, consequently, it is their decisions about land management that will have implications for the future of Exmoor’s farmed environment.

E11. Not only can many farmers trace their family's roots back many years but they themselves have often been in charge of their business for over 25 years. Consequently, the farm population appears somewhat aged, although it is not dissimilar to that of Dartmoor and other parts of the country. Forty per cent of the sample have currently identified a successor, which is comparable with other parts of the country, although 46% of farmers over 65 have not identified a successor suggesting that their land will become available to existing Exmoor farmers and/or new entrants.

E12. Many farmers have actively reduced their dependency on farm income (47% gain less than 25% of household income from farming) through diversification, particularly through tourism and other rental income sources. In the case of tourism-related diversification, National Park status was frequently seen as a bonus, stimulating tourist demand. However, there was also a perception that planning constraints could act as a barrier to tourist related diversification. While on-farm diversification is important, off-farm working is more important for those with lower dependency on farm income. Although we do not know where off farm jobs are located (i.e. they could be outside the National Park), this nevertheless suggests that the role of the Exmoor NPA and partners in stimulating local economic development can play an important part in sustaining farm households.

Agri-environmental schemes, training and advice

E13. The survey revealed a high uptake of HFA and ESA payments (65% and 76% respectively) and a slightly lower incidence of extensification payments. However, the uptake of other ERDP schemes appears particularly low (less than 5%). The barriers to uptake can seem formidable given detailed application procedures and the need to part fund any plans. However, potential income from ERDP schemes (including agri-environmental schemes) could become more important in the future, particularly where farmers face a reduction in other support payments. Therefore, the NPA should adopt a proactive approach to encouraging greater uptake of ERDP rural development schemes.

E14. Given the existing high uptake of ESA payments (largely confined to Tier 1) and the imminent introduction of Environmental Stewardship, it *could* be assumed that a large proportion of Exmoor farmers will gradually transfer to the new scheme. The greater emphasis on enhancement under Higher Level Stewardship offers the potential for environmental improvement and Exmoor NPA staff should play a role in encouraging applications to the new scheme that will be environmentally enhancing. Evidence from the survey certainly suggests that large numbers of respondents plan/hope to increase their receipts of agri-environmental payments, although as yet, it is unclear to what extent they are willing to make significant changes to their farming system (although see comments below on the impact of CAP reform).

E15. The survey revealed a reasonably high demand for training and advice in the use of new technology and agri-environmental management. There is clearly a role for Exmoor NPA in facilitating or delivering the latter, although the survey shows little support for the idea of a one-stop, or first-stop shop. Instead, respondents emphasised the need for advice provision to be independent and unbiased, delivered by advisors with a good professional reputation and to point recipients towards sources of grant aid. Further work should be undertaken to establish the demand for specific types of ICT and agri-environmental training and, importantly, how it should be delivered. Given the continued importance of livestock markets for many Exmoor farmers, consideration of how to improve links between the livestock markets serving Exmoor and training and advice services is required.

Trends in land management and the impact of CAP reform

E16. Farm survey results indicate a recent trend of falling livestock numbers (although the postal survey did not collect information of the magnitude of the change) as well as pointing to changing patterns of livestock management, with a decline in away wintering and an increase in sheep finishing. In the absence of further detailed information, it is difficult to interpret the environmental implications of these trends. However, if reductions in away wintering are not accompanied by reductions in livestock numbers moorland will clearly carry more stock in the winter, increasing the need for supplementary feeding.

E17. CAP reform will have an impact on farm management and the plans of a majority (67%) of farmers on Exmoor. The future is likely to see some of the trends of the recent past deepen as farmers plan to react to the anticipated impacts of CAP reform. However, the pattern of response and its timing is complex, with some respondents indicating a ‘wait and see’ approach. Some will adopt a down-sizing and cost cutting strategy, while others will focus on higher quality outputs. Again, at this stage, the implications are ambiguous but further selective destocking seems inevitable with many respondents stating their intention to reduce cattle numbers or even cease cattle production entirely. Ironically, the future *could* see a problem of insufficient grazing pressure and/or an environmentally unfavourable ratio of sheep to cattle unless suitable incentives are built into future agri-environmental schemes.

E18. Clearly, the spatial pattern of such a response will be important in terms of the implications for the future quality of Exmoor’s moorland. We have not carried out such an analysis for reasons of confidentiality¹ but these results should be considered in conjunction with the more spatially explicit moorland condition project commissioned by the Exmoor Society. In addition, Exmoor NPA should take steps to ensure that, as far as possible, HLS is tailored to the needs of Exmoor’s environment in the light of likely farming change. Adapting to CAP reform will clearly be a challenge for many farmers but the incentives it provides to extensify and focus more on quality production, present an opportunity to enhance the environment of the National Park.

E19. Farmers’ reaction to CAP reform will also have implications beyond the farm business and farmed environment. Planned reductions in the scale of some enterprises will see further labour reductions and also some reductions in use of contractors. Survey results indicate that there is currently limited labour and machinery sharing between Exmoor farmers although the former could become more important in future and is something to be explored further, particularly to see if the Authority has role to play.

¹ Given the knowledge Authority staff have of the farming community, mapping the pattern of response across the National Park would disclose the intentions of some individuals which were supplied under terms of strict confidentiality.

E20. CAP reform will also stimulate further attempts at diversification which *could*, to an extent, help counteract job losses; but whether opportunities created by diversification will provide employment for former agricultural workers is unclear. The increase in plans for diversification reinforces the comments made earlier concerning improving the uptake of ERDP rural development funds but it also reinforces the need for effective dialogue between farmers and NPA planners. The survey revealed a clear and widely held perception that Exmoor NPA frequently impedes planning applications from farmers. While some saw this in a positive light, others saw it as an example of the Authority's unfavourable attitude towards farm development. Planning is always a contentious issue when discussing diversification with farmers in any part of the country, but given the likely increase in diversification Exmoor NPA should consider means of improving communication between planners and farmers, explaining decisions and requirements and means of improving the suitability of planning applications. Overall, respondents were roughly equally split in terms of their opinion of the impact of National Park designation on their farming practice and farm business. Those with favourable views frequently cited the support given to environmentally friendly farming and the demand from tourists.

The role of moorland farms

E21. Moorland farms and their operators make a distinctive contribution to Exmoor. Despite being a numerical minority in the sample (37%), they are nevertheless responsible for over half the land area covered by the survey, a result of their larger average farm size. The distinctiveness of moorland farms however, extends beyond their agricultural characteristics. In comparison to other farmers, moorland farm families have particularly long farming connections on Exmoor, and, possibly linked to this, they are more involved in a range of industry and community activities. Interestingly, although they are more dependent on farm income and more likely to be affected by CAP reform, moorland farmers have a significantly higher anticipated succession rate.

E22. Due to the age structure of moorland farmers, many of the current generation (64%) do not expect that they personally will be farming in five years time, although most who expect to leave farming over the next five years with the intention to either retire or semi-

retire anticipate that they will pass their farm on to a successor. Those who plan to leave and sell their farm only manage a very small area of land located on moorland farms (8%), suggesting that the majority of moorland will remain in the hands of the families that have managed Exmoor's moorland for many decades. To the extent that Exmoor NPA staff already have good working relationships with many moorland farmers, this can be viewed in positive terms, although CAP reform will stimulate changes in moorland management. Compared to non-moorland farms, moorland farmers are more likely to plan to reduce livestock numbers (particularly cattle), reduce away wintering and there is some evidence of an anticipated withdrawal from grazing commons.

Recommendations

E23. The original objectives of National Parks were revised under the 1995 Environment Act and are:

- To conserve and enhance the natural beauty, wildlife and cultural heritage of the Parks.
- To promote opportunities for the understanding and enjoyment of the special qualities of the Parks by the public.

E24. In addition, the 1995 Act requires that National Park Authorities, "in pursuing...[these] purposes, shall seek to foster the economic and social well-being of local communities within the National Park, but without incurring significant expenditure in doing so, and shall...co-operate with local authorities and public bodies whose functions including the promotion of economic or social development within the area of the National Park." While wider socio-economic role of National Park Authorities is presently quite tightly constrained the NPA clearly has a role, along with other stakeholders, in supporting the social and economic well-being of Exmoor. Moreover, there is a strong link between National Park priorities and the role played by farming. Farming is a major contributor to achieving National Park objectives on Exmoor although there are a number of steps that could be taken to improve its role. Some of the following recommendations would require action to be led or initiated by Exmoor NPA while others involve other stakeholders and partner organisations (we have suggested lead organisations after each recommendation) :

1. In partnership with DEFRA and other stakeholders, Exmoor NPA should ensure, as far as possible, that Higher Level Stewardship is tailored to the needs of Exmoor's environment in the light of likely changes in cattle farming following CAP reform. In addition, Exmoor NPA staff should play a role in encouraging applications to Higher Level Stewardship that will enhance the moorland of Exmoor. *(NPA, DEFRA)*
2. Although it is not part of the current remit of the Authority, it would help meet National Park purposes if the Exmoor NPA adopted a proactive approach to encouraging greater uptake of England Rural Development Plan rural development schemes. *(NPA, DEFRA)*
3. The impact of CAP reform, changing markets and consumer preferences should be regularly monitored to identify the implications for farm management and meeting National Park Objectives. The survey undertaken for this project has provided a sound evidence base on which future, periodic, surveys could build with the sample of farms acting as a 'barometer' of farming change on Exmoor. *(NPA)*
4. CAP reform will have significant implications for Exmoor. In the context of CAP-stimulated labour cuts, further work should be undertaken to explore the potential and demand for labour sharing as well as for alternative employment prospects for former agricultural workers. *(NFU, NPA)*
5. Given possible changes resulting from CAP reform, the NPA and other stakeholders should facilitate a debate about the desirability and feasibility of maintaining current levels of agricultural management within the National Park. The outputs of the debate should be used to inform future strategic visions for Exmoor National Park. *(NPA and all interested stakeholders)*
6. The survey has identified a demand for certain types of training and advice (e.g. use of new technology, environmental management, business management). The adequacy of existing provision should be reviewed and in particular, work should be undertaken to establish the nature of the demand for training and advice on new technologies and agri-environmental management. *(DEFRA/RDS, NFU, NPA)*
7. The farm survey found little support for the concept of a one-stop-shop. The NPA should consider this finding carefully before acting on national policy recommendations for this type of service provision.

8. Linked to the previous recommendation, given the importance of livestock markets, consideration should be given to improving links between markets and training and advisory services. (*Auctioneers, training providers, NPA and other industry bodies*)
9. Moorland farmers, in particular, have a long association with farming on Exmoor and are the holders of important land management skills and knowledge. At the same time, recognising the numerical significance of new entrant farmers, consideration should be given to how existing members of the farming community can provide help with land management skills and knowledge and how to utilise the skills and knowledge of new entrant residential farmers to help support the farming community. (*All stakeholders*)
10. It is vital that the National Park Authority is fully informed about the contribution farming makes to National Park objectives. Information currently held by DEFRA on the total value of direct payments made to farmers should be made available to the NPA. Hopefully this will become easier to deliver once the SFP is in place. (*DEFRA, NPA*)
11. Steps should be taken to improve communication between planners and farmers, explaining decisions and requirements and means of improving the suitability of planning applications. There is clearly a role here for Exmoor NPA but farming organisations should also be more proactive, for example, inviting guest speakers to address local meetings, etc. (*NFU, NPA*)

Chapter One

Introduction

Background

1.1 Farming dominates land use on Exmoor, underpins the landscape and biodiversity and continues to play an important role in the local economy. However, farming on Exmoor also faces a number of challenges. It has long been recognized by policy makers that the maintenance of a viable farming population in upland areas requires specific policy support to compensate for the ‘natural handicaps’ faced by upland farming. Despite sixty years of support, in various forms, medium sized farms on Exmoor are in decline, agricultural employment continues to fall and dairy farming is becoming increasingly marginalised. These trends have important implications beyond the immediate impact on farmers themselves and their families. In addition to the commercial commodities produced by Exmoor farmers (principally store and finished livestock), hill farms play a vital role in managing the environment, providing recreational opportunities and supporting the social environment of the moor. Although farm incomes have improved recently, this is from a historically low base and the newly agreed Common Agricultural Policy (CAP) reforms will pose further challenges to the profitability and survivability of farming on Exmoor. Acknowledgement of the multifunctional role played by farming on Exmoor, coupled with recognition of powerful drivers of change, means that it is timely, as the National Park enters its 50th anniversary year, to take stock of the current state of farming on Exmoor and to consider its future.

Aims and objectives

1.2 Against this background, the main aim of the project was to provide a sound evidence base in order to describe and evaluate the current state of farming on Exmoor and outline likely future trends. On the eve of the implementation of the most radical reforms to the CAP to date, the data collected for the project will provide an important reference point from which to measure future change. In pursuing these aims, the research focused on a number of specific objectives:

- Identify key trends affecting farming on Exmoor in the recent past

- Evaluate the current state of farm businesses on Exmoor
- Identify key aspects of farm household demographics – age structure, succession plans, etc
- Establish the type, extent and significance of farm and income diversification
- Identify key trends in land management practices
- Examine likely responses to CAP reform and identify farmers’ future intentions.

1.3 In pursuing these objectives the project paid particular attention to the relationship between farming activity and National Park purposes, including the significance of agri-environment schemes and the particular circumstances of those who farm moorland areas.

Methodology

1.4 The research comprised three components:

- Desk review of recent studies relating to hill farming, policy developments and drivers of change
- Analysis of FBS (Farm Business Survey) data and DEFRA census data
- Postal survey of 407 Exmoor National Park farmers

The postal survey

1.5 The questionnaire for use in the postal survey was designed to be fairly simple and straightforward to complete but sufficiently detailed to collect information on the structure of the farm and land use; the age range of farmers and expectations regarding succession; the significance of diversification activities; advice and training needs; recent and possible future changes in land use, management and business structure; industry and community participation; and attitudes towards the National Park Authority. (See Appendix 1 for a copy of the questionnaire, covering letter and reminder letter.)

Structure of the report

1.6 Following this chapter, Chapter 2 considers the policy context for hill farming and forces of change. Chapter 3 draws on DEFRA census data and FBS data to identify the structure of farming on Exmoor and recent trends in farm incomes, livestock numbers and labour. Together, these chapters provide the background for the farm survey, the results of which are presented in detail in Chapter 4 and Chapter 5, which explores a comparison of moorland and non-moorland farms within the National Park. The final chapter provides detailed summary and presents recommendations for future research and policy actions.

Chapter Two

The policy context

Introduction

2.1 The natural handicaps characteristic of upland farming, a predominantly harsh climate and poor soil fertility, lead to low productivity which, in turn, has resulted in low or declining rural populations dependent on agriculture in the uplands (The Wildlife Trust, 1996). Exmoor has been described as a “soft upland” with greater fertility and productive potential than other National Parks (Thomas 1989). Agricultural policy has provided special subsidies for hill farming, above lowland farm support, since the 1940s (Venus & Cain, 1997) with subsidy granted to every hill ewe and cow by 1943. The 1946 Hill Farming Act introduced grants for the improvement of hill land while later Acts expanded hill farming payments and encouraged structural improvements in the hills and uplands (Drew Associates & University of Exeter, 1997).

2.2 The UK’s accession to the then EC in 1973 was followed in 1975 by the designation of Less Favoured Areas (LFAs) in order “to ensure the continuation of farming, thereby maintaining a minimum population level or conserving the countryside” (Directive 75/268). Following this seminal Directive which, at least in principle, recognised the economic, social and environmental significance of upland farming, the Hill Livestock Compensatory Allowance (HLCA) was introduced in 1976 in the form of headage payments for breeding ewes and cattle on farms within LFAs. Although other subsidies have been accessible to hill farmers, the only payment specific to LFAs between 1976 and 2000 was the HLCA. As part of the Agenda 2000 reforms, the LFA support system was significantly changed and the 2003 CAP reform agreement will also provide a significant driver for future change. This chapter reviews the evolution of agricultural policy affecting farming on Exmoor, considers the role of agri-environmental policy and examines the potential impact of CAP reform.

Recent key policy changes

2.3 England is covered by 2.2 million hectares of hill regions, 1.8 million hectares of this area is agricultural land in Less Favoured Areas (Task Force for the Hills, 2001). The LFA system was refined in 1984 by distinguishing between Severely Disadvantaged Areas (SDAs) and Disadvantaged Areas (DAs). The 1980s and 1990s brought other headage subsidies for which hill farmers had eligibility (Drew Associates & University of Exeter, 1997), the Sheep Annual Premium (SAP) and Suckler Cow Premium (SCP). Although these subsidies are not exclusive to LFAs, the SAP (Amendment) Regulation 1992 provides for specific aid for LFA sheep and goat farmers. Council Regulation 1323/90 instituted the application of LFA Supplement, a headage payment on breeding ewes for farmers with 50% of their land in a defined LFA.

2.4 HLCAs were the principal means of LFA support until 2000 (although other support measures were more significant in terms of their financial impact). The original purpose of the HLCA was of a social nature, with objectives for the maintenance of rural populations and the physical fabric of the countryside. During the development period of the scheme, marginal upland areas were recognised as becoming less viable in economic and social terms (Whitby, 1996). Land abandonment in these areas has both social and environmental implications. Loss of human populations from specific places also has wider socio-economic implications (for example, the erosion of an important cultural identity in upland communities and loss of traditional agricultural and land management skills), while the cessation of land management influences habitat change (Drew Associates & University of Exeter, 1997). Therefore, in principle, HLCAs were originally aimed at maintaining agricultural management in the hills in order to maintain rural populations at desirable levels and meet basic environmental objectives. However, in pursuing these multiple objectives through a single production orientated policy tool (along with other production subsidies), LFA policy fuelled a vigorous debate about conservation in the uplands. Countryside conservation goals were not addressed specifically or effectively under the HLCA system (Midmore *et al.*, 2001). Therefore, the scheme did not provide the structure to maintain LFAs as high natural value landscapes through low intensity farming.

2.5 The effects of coupling farm support to production have long been debated throughout the agricultural sector and hill farming is no exception. For some time, conservationists and policy analysts had pointed to higher grazing levels stimulated by a range of headage payments to upland farmers. In the absence of other controls, headage payments (such as HLCA, SCP and SAP) encouraged overstocking, which in turn altered land management practices (The Wildlife Trust, 1996). Change in grazing pressure, both overgrazing from increased stocking levels and undergrazing through change in management regimes (mainly different husbandry techniques) is a cause for concern for upland habitats, especially heather moorland (Brouwer & Lowe, 1998).

2.6 Traditionally, moorlands were stocked in the summer months and flocks were shepherded to prevent overgrazing. More recent grazing systems utilise the moors all year round and a decline in shepherding has resulted in localised damage. Livestock densities that are too high for the vegetation to support leads to the necessity for supplementary feeding, which also damages moorland habitat. For example, it is estimated that between 1949 and 1981 rough grassland in the LFAs of England and Wales declined in area by 31%, intensive sheep grazing accounting for approximately 67% of the change in moorland land cover¹ (Thompson *et al.* 1995, Midmore *et al.*, 2001). In addition to stimulating livestock numbers, the support system induced a shift from cattle to increased sheep production, as it offered a higher premium for the latter. This had a considerable impact on upland vegetation in terms of different dietary preference and trampling effects of younger larger ewes (Winter *et al.*, 1998).

2.7 By the time of the 1992 McSharry CAP reforms, it was recognised that the support mechanism in place for the uplands was not meeting all of the original objectives and indeed having negative impacts on the environment (Venus & Cain, 1997). The 1992 CAP reforms introduced measures aimed at reducing stocking numbers and meeting the environmental objectives of the LFA scheme (Bullock, 1995). Quotas, introduced in 1993, were designed to regulate both production and expenditure under the SCP and SAP schemes (DEFRA, 2002a). It is agreed that the quotas did stabilise sheep numbers, but at a

¹In the case of Exmoor, however, moorland reclamation is likely to have been of greater significance than intensification (Lloyd, 2004).

historically high and arguably unsustainable level (Drew Associates & University of Exeter, 1997). Reform in the uplands also included a Code of Good Upland Management (CGUM), which was implemented to aid cross-compliance within the schemes. In the years leading up to 1997 limits were placed on stocking densities and rates of payment for ewes in DAs and SDAs were reduced. A higher ratio of sheep to cattle farmed in the hills, encouraged by financial incentives, led to undesirable habitat changes. Increases in HCLA for cattle in 1997 along with the previous lower rates for ewe subsidy aimed to redress the balance in densities of sheep and cows grazing the upland (Brouwer & Lowe, 1998). On Exmoor, a joint initiative by Exmoor NPA/MAFF with support from the NFU and CLA addressed issues of winter feeding and overgrazing by using the ‘stick’ of the CGUM and the ‘carrot’ of ESA moorland payments to stop winter feeding and most overgrazing (Lloyd, 2004).

2.8 Negative impacts on landscape, associated with the changes in hill livestock farming, can be caused by intensification of the system or the opposite, complete abandonment. Traditional characteristics of upland livestock systems, including low stocking densities, herdsmanhip and limited use of concentrated feed (Midmore *et al.*, 1998), contribute to a positive impact on pastoral habitats. Voluntary agri–environmental schemes and other statutory conservation designations in LFAs, for example, the Environmentally Sensitive Area Scheme (ESA) and Sites of Special Scientific Interest (SSSI), were employed in an attempt to restore some balance between farming and conservation interests. Moreover, in the latter part of the 1990s, there was increasing acknowledgement of the developing concept of making the shift from a support policy that acted to encourage further increases in production in LFAs to one which emphasises alternative rural products (Butler, 2000).

2.9 Recent management change in the uplands nationally continues to be linked to stocking densities and management change (The Wildlife Trust, 1996). The quotas introduced in the 1992 reforms stabilised sheep numbers, although they remained unsustainably high and only approximately 13% of upland farmers are reported to have changed management practice after the 1992 stocking density regulations (Winter *et al.*, 1998). Indeed, the stocking rate limits applied only to ‘eligible livestock’, on which

subsidy was claimed, making the regulations more of a paper exercise than a practical attempt to reduce stocking pressure. Following a tried and tested approach to maintaining farm profitability, the typical response to the quotas often was to purchase more grazing land or buy extra quota, not generally to lower overall numbers of livestock per unit area; in the context of the signals sent by a headage payment approach to providing support, this was an economically rational response.

2.10 Concerns for hill farm habitats arose as a decline in semi-natural vegetation was linked to the change in appropriate upland management. Considerable loss of heather resulted from (Winter *et al.*, 1998):

- Pronounced numbers of sheep - over grazing and change in seasonality of grazing.
- Decline of traditional management – less well managed burning and lack of shepherding.
- Reduced numbers of cattle – increase in vegetation low in conservation value (*Molinia caerulea*) due to decline of cattle grazing such species and increase of invasive species such as bracken from reduced trampling.

2.11 The essential rationale for continued support for upland farming rests on the established principles under which successive schemes have delivered such support to the upland and hill farming areas of the country. The twin facts which have shaped policy over the post-war period are, first, that hill farming is economically disadvantaged by comparison with lowland systems; and, secondly, that livestock farming plays an essential role in the maintenance of the economic, social and environmental fabric of hill areas. Hence, the wording of Directive 268 of the European Community (1975) which authorised member states to introduce special aids in so-called Less Favoured Areas, with the stated aim being “to ensure the continuation of farming, thereby maintaining a minimum population level or conserving the countryside in certain less-favoured areas”. In the UK the three guiding objectives of hill farming support have been:

- To enable the continuation of traditional livestock farming systems;
- To maintain a viable farming population in hill areas; and

- To conserve the countryside environment of hill areas.

2.12 An extensive review of the rationale for, and operation of, the old Hill Farming Compensatory Allowances Scheme (Drew Associates and University of Exeter, 1997) found that the attitudes of both farmers and others who use the hills are changing. There is a clear shift in opinion away from the previous consensus view, which might be crudely summarised as “give hill farmers the money they need to survive”. Instead a new consensus is emerging, along the lines of “hill farmers are important guardians of the countryside; they should be supported in ways which underline that role”. While the primary justification for specific support for hill farming, then, remains unchanged the acceptable policy instruments through which such support is channelled have evolved. As will be seen later in this summary of the policy context, these changes in perception of the main purpose of hill farming support have been one of the principal influences on the new policies recently announced.

2.13 The benefits to society arising from the support of hill farming are termed ‘public goods’ in that countryside conservation and the other intended social benefits (such as the continuation of human and farm animal populations) are achieved at a higher level than would be the case otherwise. The value to society of these public goods may be considered as arising through either their having a ‘use value’ or an ‘existence value’. The increased availability of public goods such as landscape features and environmental diversity, where this arises as a result of support for hill farming, may be generating outputs that have a use value which results in the increased consumption (that is, use) of these goods. Alternatively, to the extent that the scheme helps with the conservation of the countryside environment in the hill areas it may provide what is recognised as an existence value for the public at large. This is a value placed on the continued existence of an asset - which may not have a marketed output - for the benefit of present or future generations. In the context of hill farming the ‘assets’ might include particular types of vegetation, physical features such as stone walls and hedges, the local visual attractions of particular areas or even a particular rural society. This concept of the provision of public goods underpins the rationale for hill farming support schemes.

Reform in the uplands: the switch from headage to area payments

2.14 Environmental concerns, combined with increasing pressure for the decoupling of farm subsidies from production, encouraged change from headage payments to area payments. The broadening basis of LFA support is evident in that following the Agenda 2000 reforms it was incorporated under the umbrella of the England Rural Development Programme (ERDP). In addition, the rationale of the new, area based, Hill Farm Allowance (HFA) was made more explicitly social and environmental in orientation. This marked the first major redirection of policy since the inception of support for hill farming in the 1940s and, not surprisingly, provoked considerable uncertainty among hill farmers. According to DEFRA, HFA support:

- contributes to the maintenance of the social fabric in upland communities through support for continued agricultural land use; and
- helps to preserve the farmed upland environment by ensuring that land in LFAs is managed in a sustainable manner.

2.15 The new HFA scheme divides the allocated budget, which is being reduced in increments between 2000 and 2005, between upland livestock producers on an area basis. However, limitations are set on the number of eligible hectares and stocking densities and the Code of Good Farming Practice must also be adhered to. Under a ‘carrot and stick’ approach, meeting cross-compliance measures is a prerequisite for receipt of HFA payments (other conditions also apply) and additional rewards are part of the policy’s ‘environmental enhancements’ for farmers that meet one or more of six criteria (see Table 2.1). Payments of 10% for meeting one of the criteria and 20% for meeting two or more are available under the scheme. The enhancement criteria are designed to stimulate greater diversity in terms of land cover and livestock type as well as incentivising extensification.

Table 2.1: Environmental enhancement criteria under the HFA Scheme

Enhancement Criteria
Maintaining at least 1 ha or 5% (whichever is the smaller) of their LFA land on the holding under arable cover. This is providing the land in question does not receive other CAP support, e.g. AAPS.
Maintaining at least 1 ha or 5% (whichever is the smaller) of their LFA land on the holding under woodland cover. This is providing the land in question does not receive other CAP support, e.g. FWPS.
The farm is registered as organic with a body registered by the Secretary of State, in relation to land not subject to agreement under the Organic Aid Scheme or Organic Farming Scheme.
On farms where there are SAPS and SCPS animals and at least 15% of the combined livestock units are cattle.
Farms maintaining a stocking rate below 1.2 LU/ha.
Farms maintaining a stocking rate below 1.0 LU/ha. If a producer meets this criterion then he/she will be entitled to 20% enhancement by virtue of meeting the 1.2 LU/ha stocking rate as well.

Source: DEFRA, 2002b

2.16 Inevitably, farming bodies, including the NFU, predicted a financial loss to hill farmers from the assumed transfer of funds from small intensive family farms to the larger extensive units (Clarke, 2000) and farmers spoke of an exodus from the hills. However, a ‘safety net’ was built into the scheme to guarantee LFA producers 90% of their 2000 HLCA in the new HFA for 2001, 80% of 2000 HLCA in HFA for 2002 and around 40 – 50% of 2000 HLCA in 2003 (Task Force for the Hills, 2001). Table 2.2 illustrates the budget for LFA support for ten years spanning from 1997 to 2006, when full redistribution between the two schemes will have taken place. As these figures show, the level of subsidy will have fallen by 38.6% from HLCA 2000 to HFA 2006.

Table 2.2: LFA budget 1997-2006

Year	Scheme	Amount (£)
1997	HLCA	27 million
1998	HLCA	27 million
1999	HLCA	42.5 million
2000	HLCA	42.5 million
2001	HFA	44 million (inc 90% safety net)
2002	HFA	41 million (inc 80% safety net)
2003	HFA	37 million (inc 50% safety net)
2004	HFA	35 million
2005	HFA	27 million
2006	HFA	27 million

Source: DEFRA 2001

2.17 The 2002 DEFRA report, *Redistribution of Hill Subsidies in England*, suggests that diverting 22% of the 2001 HFA budget into the safety net increased the number of producers that lost out in the new scheme but that the average loss per farm was reduced from £1,900 to £750. Overall, the effect of the safety net was to reduce the redistribution between LFA farms by 4.12 million, 10% of the total payment. The number of farms that claimed HLCA, but were not eligible for HFA was estimated to be 2,550, although these farms only received 2% of the HLCA budget. However, while less, 950 farms received HFA but were not previously eligible for HLCA. The moorland line was drawn up as another mechanism to reduce the redistribution of payments: under this arrangement, moorland and common land are paid at a lower rate under the HFA. Table 2.3 illustrates that ‘moorland only’ producers, on average, lost £100 of the HLCA under the new HFA. That said, without the differentiation between DA/SDA and Common land/Moorland, the concentration of subsidy into fewer farms would have been far greater (DEFRA, 2002b).

Table 2.3: Hill payments by types of land

Type of land	No of farms	Average HLCA receipts	Average HFA receipts
DA land only	2,457	1,057	1,207
SDA land only	2,755	3,004	3,120
Moorland only	40	3,189	3,087
DA & SDA land	2,280	3,476	3,463
DA & Moorland	183	1,913	2,072
SDA & Moorland	1,939	6,465	6,458
DA, SDA & Moorland	1,176	8,081	7,650
Other (common land only)	22	1,048	1,157
TOTAL	10,780	3,817	3,832

Source: DEFRA, 2002b

2.18 The impact of the shift to an area based system of LFA support perhaps had a more marked impact on Exmoor, particularly for large moorland farmers who were doubly penalised through the combination of low payments for moorland and common land, the reduction in payment rates above 350 ha and the payment ceiling of 750 ha (Lloyd, 2004).

2.19 Although environmental enhancements have been built into the HFA, ESA participants are excluded from eligibility for the 10% or 20% increments. Given the widespread uptake of the Exmoor ESA, it is likely that the HFA environmental enhancements will have had little impact. The switch from headage payments under the HLCA to area payments in the form of the HFA reduces the policy incentive to overstock and may provide a financial encouragement for extensification under existing agri-environment schemes such as the ESA scheme (DEFRA, 2001). Nevertheless, a recent evaluation (Evans, 2003) suggests that, in practice, few reductions have been seen in the transition from the HLCA to the HFA, as the payment from either scheme has been a less significant source of support than the (headage-based) SAP & SCP schemes. This situation looks set to change with the introduction of the Single Farm Payment (SFP) in 2005, following reform of the CAP. With no direct linkage between the level of support and stock numbers, at least some of the pressure on farmers to intensify will be removed.

Only time will tell how significant this redirection of policy will ultimately be in reversing the established trend towards higher stock numbers.

Agri-environmental policy

2.10 Since the late 1980s, agri-environmental policy has played an increasingly significant role in influencing land management. The designation of Exmoor ESA in 1993 represents an important stage in the evolution of conservation policy within the National Park. It seems likely that Exmoor farmers previous experience of the Management Agreement system pioneered by the NPA and the later Farm Conservation Scheme, helped simulate a rapid uptake of ESA agreements (Lobley *et al.* 2004) and by 2003 80% of the eligible area of the ESA was under agreement, although not all of this is within the National Park. Nationally, only 60% of the eligible area of all ESAs was under agreement in 2002 (Lobley *et al.*, 2003). In common with other ESAs, only a small area of land has been entered into the higher tiers² and monitoring data suggests that there has been relatively little positive change as a result of the ESA but that it is playing an important role in maintaining the landscape, wildlife and historic resources of Exmoor (ADAS, 1997). From 2005 DEFRA intends to progressively transfer both ESA and CSS agreement holders in to the new Higher Level Stewardship (HLS) scheme. Full details have yet to be announced but HLS will be tailored to local circumstances and will aim at enhancement as well as maintenance.

CAP reform

2.21 The agreement reached on the 26th of June 2003 to reform the CAP has been variously described as ‘historic’, ‘fundamental’ and ‘a real shift in agricultural policy’. Indeed, the agreement has fundamentally altered the architecture of the CAP and represents a marked break with the past policy framework. The centrepiece of the reform is the Single Farm Payment (SFP) which will be decoupled from production and will be introduced in 2005.

² The higher tiers of the ESA are tightly targeted and their limited availability combined with perceived low levels of payment have combined to limit higher tier participation (Lloyd, 2004).

2.22 The CAP reform agreement and its means of implementation represent a radical change to the system of farm support in England. In choosing to deliver the new single farm payment on an area basis, DEFRA have adopted a deliberately redistributive approach. The decision to implement the reform agreement through a ‘hybrid’ system (combining an element of payment based on historic support receipts and an area based payment) will have a significant impact due to the switch from the historic subsidy system to a flat rate area based payment. Furthermore, modulation will reduce the value of the SFP that farmers receive to varying degrees depending on farm type, farm size and enterprise ratios, while cross-compliance will impose an additional cost on farmers.

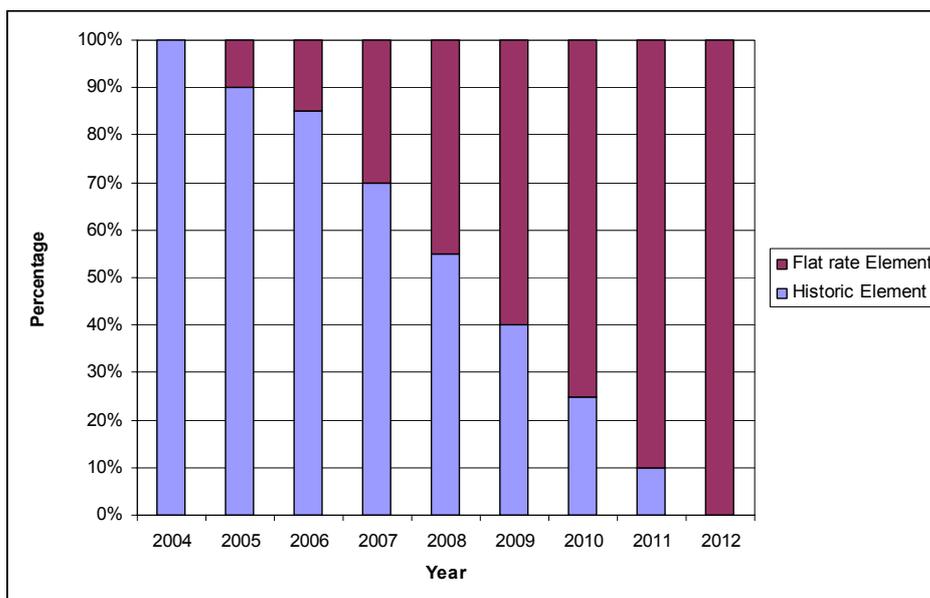
Implementing the new CAP regime

2.23 From 2005, a ‘dynamic hybrid’ system for the SFP will be implemented as the historic claims element is progressively replaced by a flat rate payment. Following the announcement by DEFRA on April 22, 2004 payment rates will now be differentiated by three land categories instead of the original two region proposal. The actual payment rates will not be known for some time but DEFRA estimates that they will be in the following ranges:

- £210-230 outside Severely Disadvantaged Areas (SDAs)
- £110-£130 within SDAs but excluding land above the moorland line
- £20-£40 for SDA land above the moorland line

2.24 The levels of flat rate payments given above are gross payments as *modulation* is excluded as well as the deductions necessary to create the *National Reserve*. In addition, further deductions can be triggered by the *Financial Discipline* mechanism designed to control the CAP budget at the EU level. Finally, the timescale of the transition from the historic element of the SFP to that of the area based flat rate is illustrated in Figure 2.1.

Figure 2.1: Historic and flat rate elements of the SFP scheme in England



Source: DEFRA, 2004a

2.25 Modulation will impact on the overall SFP three ways: UK modulation, EU modulation and through the Financial Discipline. UK modulation rates are likely to be higher than that envisaged in the Curry Report since UK government co-financing is likely to be less than previously envisaged and because of the need to fund the new Entry Level Stewardship (ELS) Scheme (Jones, 2004). In addition, further cuts are likely via the Financial Discipline in order to control overall CAP spending, fund subsidies in the Accession States and to fund further CAP reform. Taking EU and UK modulation together, farmers can expect a 15% reduction in their single farm payments. However, this reduction may be even greater if the financial discipline element of modulation is accounted for. The financial discipline is likely to be required from 2008, if not earlier. Jones (2004) makes a number of assumptions about the need for the Financial Discipline and suggests that it will start to operate from 2008, rising to over 4.5% by 2013. Therefore, the total modulation rate by 2013 could be nearly 20% (see Table 2.4).

Table 2.4: Modulation rates from 2004 to 2013

Year	UK Modulation	EU Modulation	Financial Discipline	Total Modulation
2004	3.5%	3.5%
2005	4.5%	3.0%	...	7.5%
2006	6.0%	4.0%	...	10.0%
2007	8.0%	5.0%	...	13.0%
2008	10.0%	5.0%	1.7%	16.7%
2009	10.0%	5.0%	2.5%	17.5%
2010	10.0%	5.0%	3.5%	18.5%
2011	10.0%	5.0%	3.9%	18.9%
2012	10.0%	5.0%	4.2%	19.2%
2013	10.0%	5.0%	4.5%	19.5%

Source: DEFRA, 2004a

2.26 Research undertaken by the Centre for Rural Research (CRR) on behalf of Devon County Council (Lobley and Butler, 2004) suggests that following the implementation of the new CAP regime, Disadvantaged Area farms in *Devon* will experience an increase in NFI (Net Farm Income) from £5,519 to £7,071 in 2013. SDA farms on the other hand are likely to see their NFI fall significantly to £12,802 in 2013 compared to £20,190 in 2004. The bulk of this reduction is accounted for by falls in the support to cattle enterprises, which raises concerns about likely future cattle numbers on Exmoor. However, this finding from our desk research should be treated with caution. Rather than being a prediction of the precise future NFI, they are broadly indicative of likely future levels of NFI for the typical DA and SDA farm. In addition, the figures above do not take into account income from participation in agri-environmental schemes or other rural development initiatives, neither do they include other sources of farm household income from diversification and off-farm employment. Finally, the results are specific to the context of a range of assumptions necessary to run the economic model (see Lobley and Butler, 2004 for full details).

2.27 In response to concerns regarding the impact of the SFP on farm incomes, Exmoor NPA undertook a questionnaire survey in March 2004 (Exmoor NPA, 2004). The analysis of survey results (based on 124 responses) identified a potential 25% loss in direct support under the three region scenario for SFP payments outlined above. Significantly, the NPA

argued that “the Single Farm Payment scheme on its own does not adequately recognise the environmental and social contribution of hill farming to the National Park and the National Park Authority would urge that additional resources be targeted to moorland and moorland fringe farms through Pillar 2 schemes such as the new Environmental Stewardship Higher Level Scheme” (Exmoor NPA, 2004).

Summary

2.28 The hills and uplands of England have long been subject to policy intervention in recognition of the challenges to the viability of hill farms, their contribution to the upland environment and the role of hill farmers in rural communities. The language of policy discourse may have changed, with an increasing emphasis on multifunctionality, but the essential concerns remain the same. Using largely traditional practises, landscapes and habitats of regional, national and international importance are supported through the production of hill livestock. Early policy intervention was relatively crude, however, and LFA supplements alongside other headage payments stimulated an increase in livestock and changes in the ratio of sheep to cattle. This, combined with a range of land improvement grants available until the mid 1980s and a decline in traditional management, stimulated considerable environmental change in the uplands. The current rationale for upland support is more explicitly focused on social and environmental objectives and a range of initiatives have been introduced to encourage more widespread environmentally friendly farming systems. The recent CAP reforms however, will pose a significant challenge to hill farm incomes in the south west and, on the basis of economic modelling, it seems likely that the future will see a reduction in livestock numbers and further changes in the ratio of sheep to cattle.

Chapter Three

Farming on Exmoor

Introduction

3.1 This chapter examines some of the key ‘indicators’ of farming on Exmoor, such as farm size and type, income trends and livestock numbers. Before examining the structure of farming on Exmoor in more detail some words of caution and explanation are necessary. The June census of agricultural and horticultural holdings is the main source of trend data on holding size, land use, labour inputs, etc. Although commentators frequently refer to changes in the number of farms of different types and sizes, it should be noted that agricultural census data is collected at the holding level and that a farm and a holding are not necessarily synonymous (i.e. a farm business may consist of several holdings). Although attempts have been made to correct census data to reflect multiple holding farms, it is widely recognised that agricultural census data fails to capture the true, and increasingly complex, nature of land holding as many businesses hold land under a variety of tenure systems and expansion is increasingly achieved by various contract farming agreements.

3.2 In addition, the trends of lotting farmland (with small plots being disposed of with traditional farmhouses) and older farmers occupying ‘retirement holdings’ have seen a significantly increased number of holdings being classified as ‘other’. Finally, changes to the methodology of the census have led to the inclusion of a large number of very small holdings, the majority of which are also classified as ‘other’. Further problems with this data source arise from changes in definitions over time and from changes to both how the data is collected and how it is released. For example, in 1998 the labour categories for farmers, spouses and managers were changed; from 2000 published data included ‘minor’ holdings having a small effect on cropping and stocking but significantly effecting the distribution of farm types and the total labour force (mostly part-time farmers). From 2001 holdings on the ‘Temporary Register’ were included – the stocking and cropping data were not significantly affected but the total labour force was increased by 5%. Despite these reservations, the June census still provides a useful indication of some of the key characteristics of agriculture within Exmoor National Park.

Farm structure

3.3 The number of registered farm holdings recorded on Exmoor in 2002 amounted to 791, an increase of 171³ since 1990 (DEFRA, 2003c). Table 3.1 depicts the structure of farming on Exmoor in terms of farm type and clearly shows the dominance of LFA livestock farms, alongside small numbers of lowland livestock and other types of farms. The dairy sector accounts for only for 3% of farms on Exmoor, which reflects the increasing marginalisation of small milk producers (Winter *et al.*, 1998). Table 3.1 also presents data on the farm type structure of Exmoor including farms classified as ‘other’. The inclusion of the ‘Other’ category obviously reduces the apparent significance of all other farm types and could be argued to be a distortion. Indeed, the majority of ‘other’ farms are very small and have an insignificant impact on production levels on Exmoor. However, their contribution to the environment, economy and communities of Exmoor is much less clear cut and numerically they represent an important proportion of the land holding population of the moor. The distribution of farm types changed only marginally between 1990 and 2002. As Figure 3.1 illustrates, the dairy sector has experienced the largest percentage change.

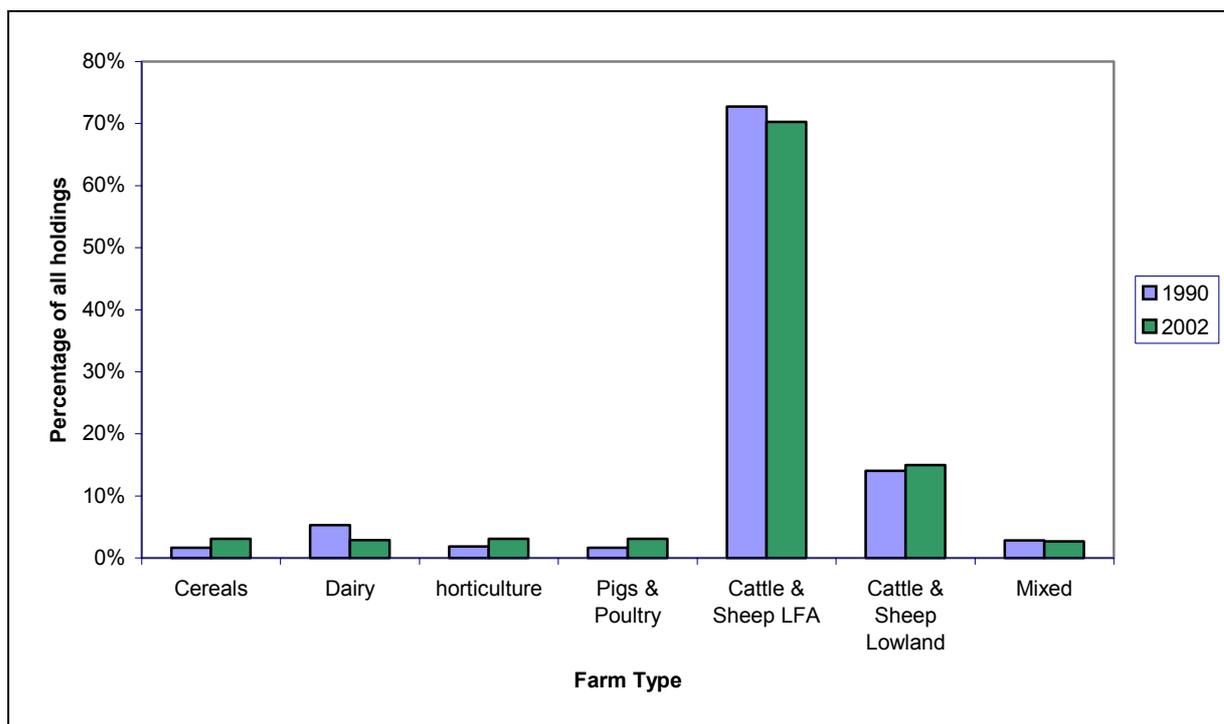
Table 3.1: Exmoor farm type distribution, 2002

Farm Type	Percentage	Percentage
	Excluding ‘Others’	Including ‘Others’
Cereals	3	2
Pigs & Poultry	3	2
Horticulture	3	2
Cattle & Sheep LFA	70	41
Cattle & Sheep Lowland	15	9
Dairy	3	2
Mixed	3	2
‘Other’	--	40
Total	100%	100%

Source: DEFRA, 2003c

³ Unfortunately, different DEFRA sources give different numbers of holdings for the same year. Thus, depending on the source used, the change in holding numbers is either 101 or 171, although as the introduction to this chapter made clear, it is uncertain to what extent this is a ‘real’ change or simply a result of changes in the way the data is presented. In this research, data provide by DEFRA based on the June 2002 Agricultural Census is used.

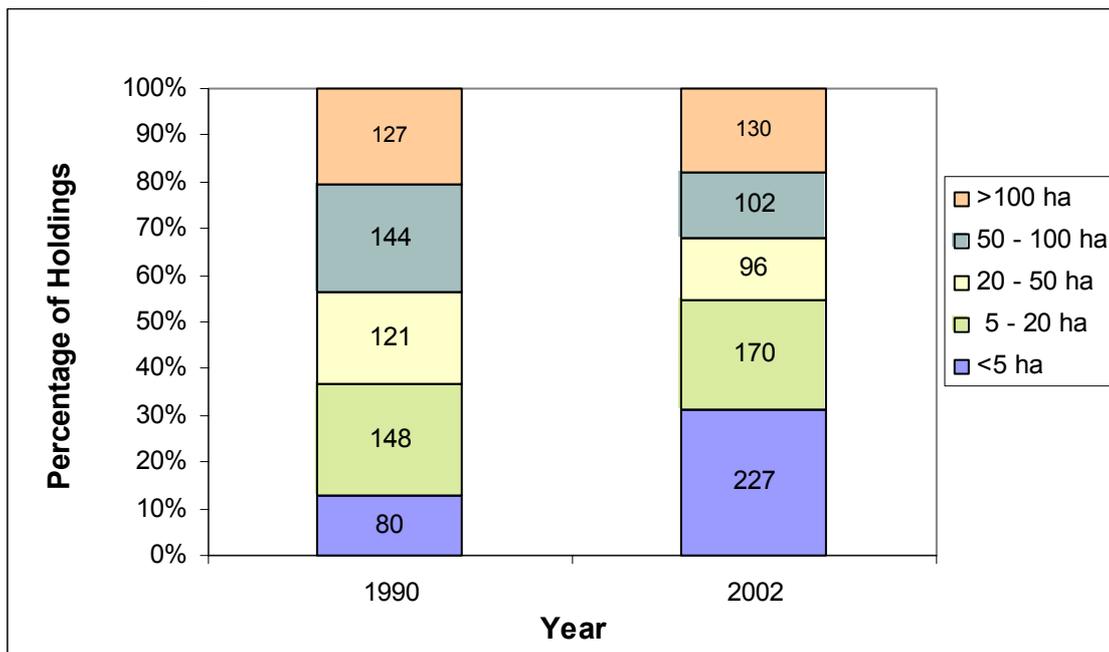
Figure 3.1: Farm type structure on Exmoor, 1990 & 2002



Source: DEFRA, 2003c

3.4 Farm size structure, on the other hand, appears to have changed considerably between 1990 and 2002. Figure 3.2 shows a dramatic increase in both number and proportion of farms of less 5 hectares, while there has been sharp decline in medium sized holdings (between 50–100 hectares). The number of large farms, over 100 hectares, has stayed virtually the same through the time period. These figures need to be treated with some caution, however. The increase in smallholdings *may* signal an increase of ‘lifestyle farmers’ and is a reflection of the large proportion of ‘other’ farm types. However, the magnitude of the change is probably overstated in Figure 3.2 as in 2000 the presentation of DEFRA census data was changed to include ‘minor holdings’. Therefore, the apparent rapid increase in the number and proportion of very small farms may be at least partially a reflection of changes in the published data rather than a true account of an actual increase in small holdings *per se*. Further analysis of census data indicates that the total area farmed on Exmoor has remained relatively constant since 1992 (falling by 0.5%). However, the area covered by the smallest farms has increased by some 163% while the area occupied by small and medium sized farms has fallen (see table 3.2).

Figure 3.2: Comparison of farm size on Exmoor between 1990 & 2002



Source: DEFRA, 2003c

Table 3.2: Farm size change, 1992-2002

Size Band	Area Farmed (ha)		% Change
	1992	2002	
0:<5	139.1	366.2	+163.26
5:<20	1911.4	1964.5	+2.77
20:<50	3792.4	3460.8	- 8.74
50:<100	10659.8	7570.0	-28.98
100+	34718.8	37650.8	+8.44

Source: DEFRA, 2004 (Special request)

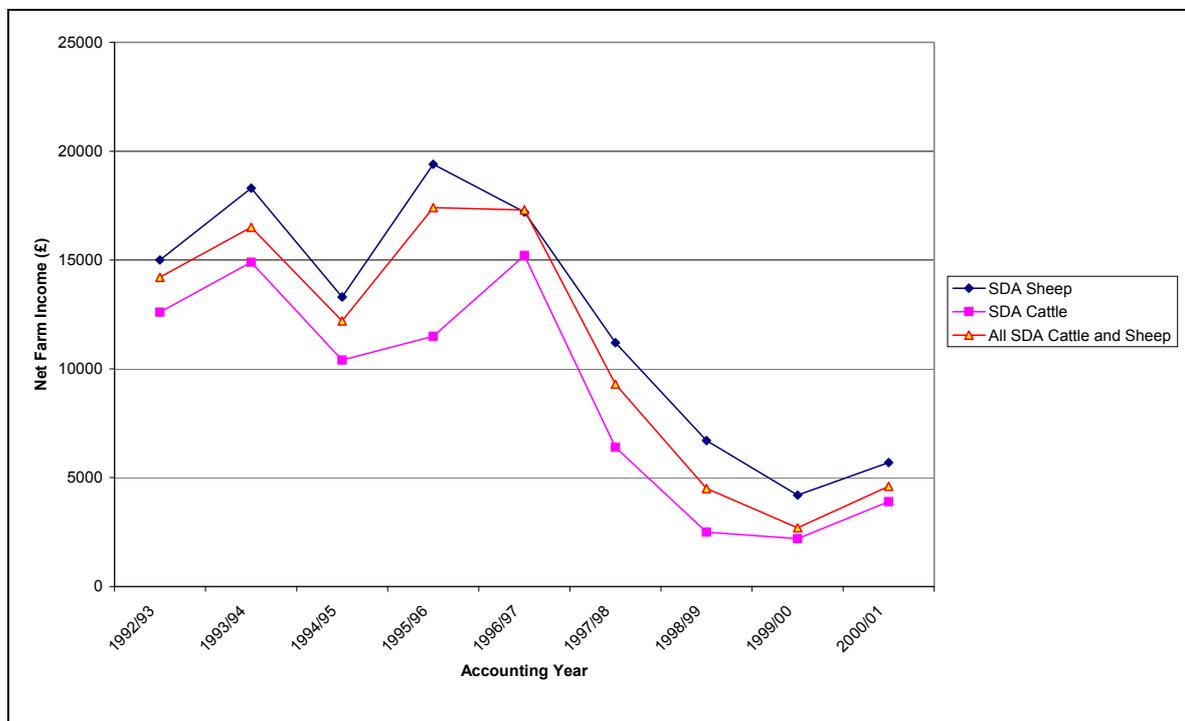
Farm business characteristics

3.5 The upland farming economy is predominantly centred on hill sheep and cattle (both stores and finished). Physiographic characteristics of the uplands provide natural handicaps to hill farmers and the harsh environmental conditions associated with upland areas promote low productivity (Brouwer & Lowe, 1998). Even in the ‘soft upland’ of Exmoor, productivity is limited as are opportunities for alternative agricultural enterprises. Consequently, farm incomes in such areas are particularly low and over the last few decades follow a pattern correlating with trends in government policy to financially

support upland agriculture. The viability of hill farms is heavily dependent on support payments (DEFRA, 2001; Drew Associates & University of Exeter, 1997) such as the HFA (and previously HLCAs), SAP, SCP, Beef Special Premium and payments from agri-environment schemes.

3.6 Figure 3.3 illustrates trends in NFI throughout the UK's SDA over a ten year period. Income from sheep stock is consistently, and often considerably, higher than that derived from cattle livestock within the time scale of the data, which accords with higher headage payments in that period from the SAP, compared to SCP. Increases in subsidies for cattle around 1997 brought incomes slightly more in line with revenue from sheep enterprises, although by then there had been a collapse in the returns for hill stock farming. Incomes on livestock farms in LFA areas had reached the lowest point since 1977 by the end of the 1990s (DEFRA, 2001) and farm businesses have suffered severe disadvantages from BSE and Foot and Mouth Disease (FMD).

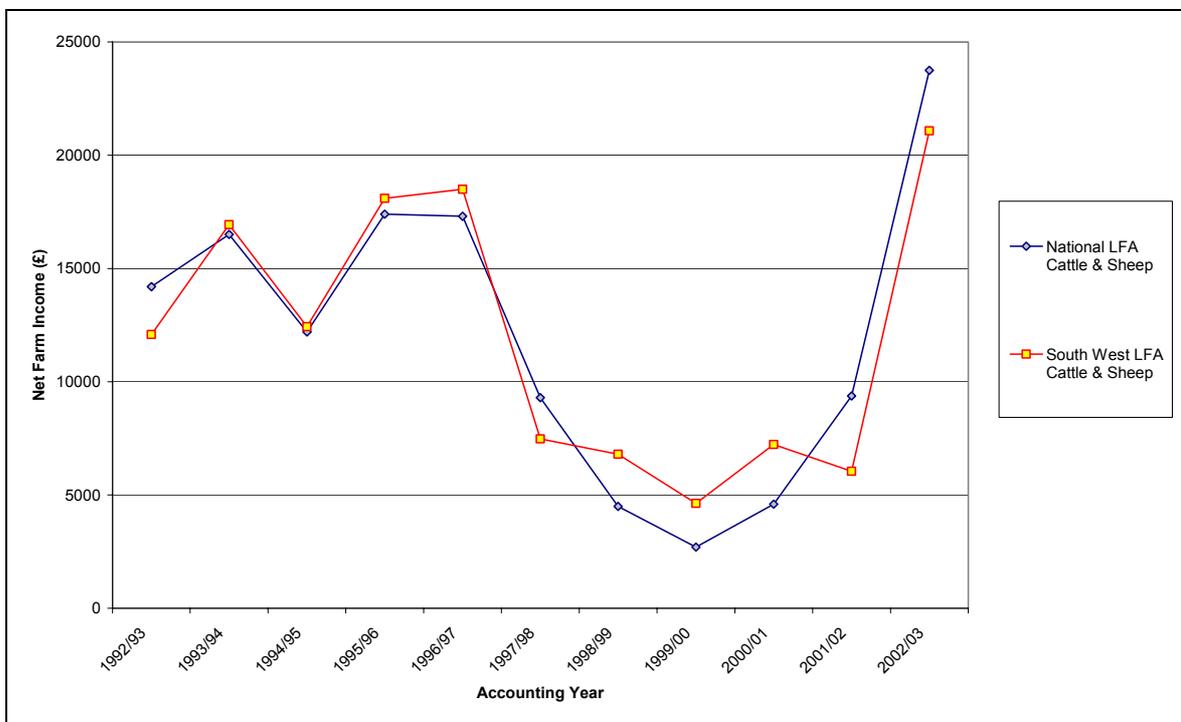
Figure 3.3: Net Farm Income in LFAs in the UK for Cattle & Sheep



Source: DEFRA, 2002a

3.7 Using data derived from the South West FBS sample (University of Exeter, 2004), Figure 3.4 illustrates changing farm incomes in the South West LFA⁴ alongside national statistics for LFA farms. Farm income trends in SW LFAs follow the national trend of peaks and troughs, although NFI on Exmoor is generally higher than the national average. The slightly different farming practices that are evident on Exmoor, in comparison to other UK upland systems, finishing of livestock for example, may account for more favourable income figures (University of Exeter, 2004).

Figure 3.4: Comparison between Net Farm Income in LFA Cattle & Sheep sector for the UK as a whole and for Southwest England



Source: DEFRA 2002, University of Exeter, 2004

3.8 The shortage of livestock after the FMD outbreak initiated a rise in prices from 2002. This factor, combined with an increase in headage payments (DEFRA, 2004b), provided conditions for a rapid upturn of LFA farm income nationally. However, farm income statistics reveal that the west of the UK faced extremely low NFI in 2001/02 (see Table 3.3) and that while there has been a significant increase in proportional terms, this was from an exceptionally low base and farm incomes in the West are still considerably

⁴ The Exmoor sub-sample of the SW FBS is too small to be used alone but analysis has shown that farm incomes on Exmoor are broadly in line with those for SW LFAs.

lower than in the North. The principle cause of this difference is a considerable disparity in farm size. However, this is accentuated by the inclusion of a much greater proportion of DA land in the west LFA compared to the north and, to a lesser extent, by regional differences in farming system.

3.9 The heavy dependence of hill farming on direct support is well documented (see, for example, Drew Associates & University of Exeter, 1997). One illustration of this can be seen in Table 3.4 which shows that in 2002/03 the value of direct subsidies was just under £6 million. The actual values of direct subsidies received by farmers within the Exmoor National Park in 2002/03 have been *estimated* using information on cropping and stocking drawn from Defra's Agricultural Census combined with financial information derived from the University of Exeter's Farm Business Survey. As Table 3.4 shows, in 2002/03 more than a quarter of the total value of farm output on Exmoor was derived from direct subsidies (for further details on schemes and payments, see University of Exeter (2004)). Clearly the main outputs from Exmoor are beef cattle and sheep, and the data highlight the proportionally greater support given to beef cattle in that year, at about 40 per cent of output compared to some 24 per cent for sheep.

3.10 It is important to remember that the financial year 2002/03 closely followed the FMD epidemic of 2001. In the autumn of 2001, Turner and Sheppard (2001) found that most farm businesses on Exmoor had been 'severely' or 'very severely' affected by the direct and indirect impacts of the epidemic, with many farmers having expectations of further losses running on at least into 2002. The loss of agricultural turnover within the ENP from the FMD epidemic was estimated at 'in excess of £2 million' during 2001/02.

3.11 The importance of direct subsidies to farming on Exmoor emphasises the crucial importance of achieving a level of support under the single farm payment from 2005 which will adequately maintain the viability of hill farming. It is evident that low farm incomes in LFAs continue to threaten the viability of upland agriculture. Any decline in the returns from production, together with reduced rates of payment from the new Hill Farm Allowance, both nationally and on Exmoor specifically, will lead to agriculture becoming

more financially reliant on agri-environment schemes (ENP, 2002). In 1996 payments from the ESA scheme on Exmoor amounted to £1,865,000; by 2000 this figure had risen to £2,100,000 and by 2004 annual payments (excluding conservation plan payments) had risen to £5,165,164 providing an average income of £8,608 per farm involved in the scheme.

Table 3.3: Comparison of North to West net farm incomes between 2001 - 2003

	2001/02	2002/03	% change
North	£11, 114	£27, 105	144%
West	£6, 115	£18, 207	198%

Source: DEFRA, 2004

Table 3.4: Estimated value of direct subsidies and outputs for the main farm enterprises in Exmoor National Park by principal enterprise, 2002/03 values

Farm enterprise	Value of direct subsidies	Value of total farm output
Beef cattle	£3,464,437	£8,757,302
Breeding ewes	£2,236,483	£9,407,760
Cereals	£249,455	£893,479
Dairy	-	£1,035,497
Other enterprises	£28,608	£512,015
Total	£5,978,983	£20,606,053

Source: Calculated from data in the University of Exeter's Farm Business Survey and DEFRA (2003c)

The farm population

3.12 The farming population of the uplands has been the subject of much debate and policy concern. National figures depict a reduction of 8.6% in the number of agricultural employees in LFAs for the period 1990-2000 (DEFRA, 2002a). Exmoor appears to follow this trend, with the proportion of people employed in a farming capacity declining by 8% during the 1990s. Table 3.5 indicates that whilst the number of farmers, partners and directors increased marginally between 1990 and 2000, possibly because of the increase in small lifestyle type holdings, the total agricultural labour force fell by 8.4%. Full time employment has dramatically decreased by 50%, a pattern found elsewhere in England although often accompanied by an increase in part-time employees (Lobley *et al.*, 2002).

Table 3.5: Farm labour changes between 1990 & 2000 on Exmoor

	1990	2000	% Change
Farmers, Partners & Directors	877	903	+3.0
Full time employees	190	95	-50.0
Part time employees	124	96	-22.6
Total Labour Force (inc Manager & Seasonal workers)	1423	1304	-8.4

Source: DEFRA, 2003c

3.13 The latest DEFRA June Census figures for agricultural employment on Exmoor, highlighted in Table 3.6, show that in 2002 the total labour force was higher than in 1990. However, the change in categorisation of farm labour statistics does not allow for direct comparisons between the two sets of data. Dartmoor farm employment figures are analogous to Exmoor, although there has been a slightly lower rate of decline, 6% between 1990 and 2000 (Turner *et al.*, 2002).

Table 3.6: Farm labour on Exmoor, 2002

		Labour in 2002
Farmers	Part-time	575
	Full-time	447
Managers	Total	20
Employees	Part-time	90
	Full-time	102
Total Labour		1451

Source: DEFRA, 2003c

3.14 Despite the declining numerical significance of farm labour on Exmoor, it remains the single largest input in the Exmoor farming economy (Table 3.7). It is estimated that the total value of the labour input for farming purposes on Exmoor in 2002/03 amounted to about £16.5 million (using information on earnings drawn from Defra's annual enquiry into the earnings of agricultural workers). While this estimate must be treated with some

caution, because of the possibility of statistical errors associated with small sample sizes, its significance in the context of the earlier estimate of the value of total farm output (Table 3.4) is evident.

Table 3.7: The labour input in the Exmoor farming economy: numbers, estimated FTEs and total value, by farm type, 2002/03 values

Farm type	Total labour (numbers)	Labour as 'full-time equivalents' (FTEs)	Value of labour input
Mixed cattle & sheep (SDA)	443	308	£5,122,530
Specialist sheep (SDA)	299	184	£3,420,061
Non-classifiable holdings:			
Fallow	201	116	£2,463,891
Lowland cattle & sheep	139	92	£1,729,650
Specialist beef (SDA)	96	67	£1,241,478
Specialist poultry	48	29	£448,624
Cattle & sheep (DA)	32	19	£355,022
Dairy LFA	20	19	£265,418
Specialist fruit	22	12	£250,810
Specialist poultry	19	10	£242,538
Cropping, cattle & sheep	31	11	£185,980
Other farm types	62	42	£748,713
Total	1412	908	£16,474,716

Source: Calculated from data in DEFRA (2004d) using FTE coefficients estimated by Errington and Gasson (1996)

3.15 The analysis implies that about 80 per cent of the total value of farm output is retained as the earnings of the farmers, farm families and employed staff involved in farming Exmoor. This is a very high proportion to go to just one of the factors of production, and is a reflection both of the labour-intensity of hill farming and the low returns land owners on Exmoor are prepared to accept. It should be noted that the value of the labour input by the farm family (farmer, spouse, and other family members working on the farm) is estimated at £11.4 million, some 69 per cent of the total labour input.

3.16 According to national agricultural statistics, for at least the last twenty years the average age of a farmer has been 55. Although, analysis of DEFRA data shows that between 1975 and 1995 the proportion of farmers aged 55 and over has increased from 29% to 37% (DEFRA, 2004c). These figures must however, be treated with some caution as they refer to the age of the registered holder of the farm holding, who may well be retired and the day to day management of the farm in the hands of a relatively younger successor. Nevertheless, the ageing trend is apparent on Exmoor where Exmoor NPA (2003) report that a substantial amount of farmers continue to work well after retirement age. The Farm Business Survey (University of Exeter, 2004c) substantiates this analysis indicating that 39% of Exmoor farmers included in the 2003 Exmoor farm data set are over 55, the national average farmer age. Interestingly, the average age of Exmoor farmers in the FBS study in 2003 was 51, four years below the national average figure.

3.17 The ageing agricultural population in upland areas may be a product of the combination of low incomes and the cost of entry into hill farming. It is estimated that a holding of 60 hectares could cost in excess of £350,000 (DEFRA, 2003a Farm Business Survey). Young farmers can be blocked from the sector by these financial restraints, and DEFRA (2004) state that 35% of hill farmers have no successor. However, the report also states that hill farmers have a higher assured succession rate than lowland farmers as remote upland areas offer less availability of off-farm employment, considering issues of accessibility, transport and job or training opportunities. Supporting a successor on low incomes is extremely difficult and many family members are forced to migrate out of agriculture, sometimes leaving the farmer to work into the later years of his life.

‘Exmoor farming plc’

3.18 Table 3.8 presents further aggregate farm business characteristics for ‘Exmoor farming plc’. Total farm gross margin measures the margin after variable inputs (feedstuffs, veterinary, other livestock costs, crop costs, etc.), and before labour machinery and general overhead costs have been met; on Exmoor in 2002/03 some 58 per cent of output was available for this purpose. It has not been possible to complete detailed estimates of all remaining costs, but the penultimate row shows total inputs excluding

labour to have been about £11.9 million. It follows that in economic terms the Exmoor farming economy does not break even: if all family labour were to receive the appropriate level of earnings, there would have been a net deficit of some £7.8 million (calculated as output less total inputs including labour). This is broadly in line with the national situation, in fact: much of UK agriculture failed to provide a positive economic return in 2002/03, at the height of the farming recession. Exmoor farming survives because of a number of factors of which the two most important have been (a) the acceptance of nil, or very low, returns (excluding changes in capital value) by land owners, and (b) the willingness of some farm families at least to survive on drawings lower than they could have earned as employed farm workers.

Table 3.8: Estimated values of total output, direct subsidies, total gross margin and inputs, Exmoor National Park, 2002/03

	Value for Exmoor National Park
Total farm output	£20,606,053
<i>Of which:</i> Total direct subsidies	£5,978,983
Total gross margin	£11,929,979
Total inputs (excluding labour)	£11,929,979
Total labour input	£16,474,716

Source: Calculated from data in the University of Exeter's Farm Business Survey, DEFRA (2000) and Errington and Gasson (1996)

Land use

3.19 The majority (83%) of the land area of Exmoor National Park is under agricultural use (ENP, 2002). As would be expected of an upland area, other than minor areas of crops, the majority of the agricultural area (63%) is under permanent grass with rough grazing accounting for a further 20%. Since 1990 there has been a marginal reduction in the area of crops and temporary grass, while permanent grass has increased by 3% (see Table 3.9).

Table 3.9: Agricultural land use on Exmoor in 1990 & 2002

	1990 Hectares	1990 %	2002 Hectares	2002 %	% Change 1990/2002
Crops & Fallow	2,502.8	4.8	1,911.9	3.7	-1.1
Temporary Grass	5,255.2	10.2	3,705.3	7.2	-3.0
Permanent Grass	30,986.8	60.2	32,207.1	63.1	+3.1
Rough Grazing	11,058.4	21.5	10,456.6	20.4	-1.1
Woodland	1,220.7	2.4	1,735.0	3.4	+1.0
Set-aside	88.0	0.2	385.5	0.7	+0.5
Other Land	385.9	0.7	610.9	1.2	+0.5
Total	51,497.8	100.0	51,012.3	100.0	-1.0

Source: DEFRA, 2003

3.20 As Table 3.10 indicates, there have been some quite rapid changes in livestock on Exmoor in recent years. Overall livestock numbers have fallen by just under 14% between 1990 and 2002 although this net figure masks some significantly larger changes. During the years 2000 to 2002 sheep numbers continued to decline with losses of breeding ewes and lambs. Prices were low during this period and the decline also reflects the impact of FMD (DEFRA, 2002c). Changes in the cattle sector are more complex. The dairy sector, which is clearly in decline, experienced a small upturn in dairy cow numbers, whilst, contrary to the previous ten years the beef herd declined. The SCP regulations changed around this time allowing claims to be made on heifers over eight months old, which may account for the reduction in old beef stock and the increase in breeding herd replacements (DEFRA, 2003b). Cattle and calves under one year declined by 19% between 2000 and 2002, a contributing factor for this change is the possible interruption in the breeding cycle caused by FMD.

Table 3.10: Changes in livestock numbers on Exmoor

		Number in 1990	Number in 2000	% change 1990- 2000	Number in 2002	% Change 2000- 2002
Cattle	Dairy herd	1,584	938	-40.8	962	+2.6
	Beef herd	11,934	12,349	+3.5	11,041	-10.6
	Breeding herd replacements	3,254	3,552	+9.1	4,302	+22.0
	Other cattle over 1 year	5,545	6,479	+16.8	6,793	+4.9
	Cattle & calves under 1 year	12,398	11,589	-6.5	9,344	-19.4
	Total Cattle & calves	34,715	34,907	+0.6	32,480	-7.0
Sheep	Breeding ewes	188,937	179,843	-4.8	156,418	-13.0
	Lambs under 1 year	201,638	173,083	-14.2	148,507	-14.0
	Other sheep	13,221	6,891	-47.9	6,954	-4.0
	Total sheep & lambs	403,696	359,817	-10.9	311,519	-13.0
Total livestock	438,411	394,724	-10.0	343,999	-13.0	

Source: DEFRA, June Census, 2003

3.21 Most of the agricultural land on Exmoor is entered into the Exmoor ESA. The ESA (designated in 1993) extends to some 80,615 ha, of which 85% (68,637 ha) is in Exmoor National Park (ADAS, 1997). A total of 65,854 ha have been enrolled in the scheme (see table 3.11), almost exclusively in Tier 1. Tier 1 of the ESA requires maintenance of hedgerows, banks and walls and there are rules for some extensive management, stocking rates, use of chemicals and drainage (DEFRA, 2003d). As with the entry tier of all ESAs, these measures are designed to prevent further deterioration of upland habitats rather than improvement. Currently, 68% of Exmoor ESA is under an agreement. This compares favourably with all SW ESAs (60%) and, for example, Dartmoor which currently has 55% of the designated area under agreement.

Table 3.11: Uptake of Exmoor ESA agreements, 2004

Tier	Tier Description	Area under agreement (ha)
Tier 1, part 1	All land	16,582
Tier 1, part 2	Improved permanent grassland (existing AHs only)	8,545
Tier 1, part 2a	Improved permanent grassland	8,299
Tier 1, part 2b	Low input permanent grass	7,533
Tier 1, part 3	Enclosed unimproved permanent grassland	8,640
Tier 1, part 4	Moorland	4,613
Tier 1, part 5	Heather moorland and coastal heath	10,236
Total tier 1		64,448
Tier 2, part 1	Enhanced heather moorland and coastal heath	1,288
Tier 2, part 2	Reversion of land to heather moorland & coastal heath	50
Total tier 2		1,338
OOW	Woodland tier	368
Total Land	Total area under agreement	65,854

Source: DEFRA, 2004 (Personal Communication)

Summary

3.22 Although Exmoor remains dominated by LFA livestock farms, recent years have seen significant changes in farming structures with an increasing number of small, ‘residential’ holdings. The extent to which this is a real trend or a statistical artefact is unclear although anecdotal evidence supports the notion of an increasing number of ‘retirement’ and ‘residential’ farms. Many of the recent farming trends on Exmoor reflect national trends although there is some evidence that incomes are lower than those in northern LFAs. Long-term trends, such as labour shedding, are expected to be strengthened as a result of the new CAP regime. Importantly, FBS data confirms earlier research (e.g. Drew Associates & University of Exeter, 1997), indicating that LFA farms are heavily dependant on subsidies. Changes in the delivery of subsidies and changes in the amount of subsidy received by individual farms on Exmoor could pose significant challenges to on-going financial viability.

Chapter Four

The state of farming on Exmoor: results of the postal survey

Introduction

4.1 This chapter presents the baseline results from the postal survey, providing a sound evidence base in order to describe and evaluate the current state of farming on Exmoor and outline likely future trends. The farm survey captured a good cross section of farming situations on Exmoor, ranging from small farms where the farm business makes only a minor contribution to household income (so-called residential or lifestyle farms), diversified business involved in a range of activities both on and off the farm, through to large scale agricultural businesses. This chapter examines the characteristics of the sample in terms of land holdings and land use, farm household and farm business characteristics. It then goes on to explore advice and training needs, likely reaction to CAP reform and, finally, attitudes to farming within Exmoor National Park. While the emphasis of the chapter is on Exmoor farms, where possible, comparisons are made with Dartmoor and or the whole of England.

Postal survey methodology

4.2 A postal survey of 407 Exmoor farmers, stratified by farm size (ESU – European Size Units) to ensure an adequate representation of both full and part-time farmers on the moor, was conducted in April, 2004. The questionnaire consisted of a straightforward design to elicit information regarding the nature of farm business changes over recent years; the current and possible future extent of farm business diversification; the level of farmers' involvement in a range of group activities; the age range of farmers and aspects of anticipated succession; the structure of the farm sector and farming systems; expected responses to the single farm payment; and the constraints and benefits of farming within Exmoor National Park.

4.3 The aggregate response rate was 65%. However, responses included those from executors of deceased farmers; those returned by the Royal Mail marked as 'gone away';

and replies indicating that the recipient was no longer farming. These were excluded from the sample. Therefore, the final effective population was 385 from which a 55% response rate was achieved. Of this sample, 66% were classified as full-time farms and 34% part-time (see Tables 4.1 and 4.2).

Description of the sample

4.4 The postal sample was drawn from DEFRA's Census 2002 database which provided details of 791 holdings located partially or wholly within Exmoor National Park. Information on names and addresses, the standard classification of holdings by size, land types and labour were provided. Using the ESU measure of farm size, the sample was stratified into part-time and full-time holdings in order to optimise its overall size. Table 4.1 compares the National Park population as given by the DEFRA June 2002 census database to the structure of the sample used for the postal survey.

Table 4.1: Relationship of the postal survey with the overall number of holdings in the Exmoor National Park

	DEFRA 2002 census data	Postal survey
Full-time		
<i>Very Large⁵ & Large</i>	21	19
<i>Medium</i>	91	88
<i>Small</i>	169	160
<i>Total</i>	281	267
Part-time		
<i>Very Small</i>	510	140
All Holdings	791	407

Source: DEFRA 2003 & Farm Survey

4.5 From the population of farms supplied by DEFRA, most full-time holdings were included in the postal survey. For part-time holdings, it was assumed that these farms were less representative of farming within Exmoor National Park and, as such, a 27% sample was drawn from the DEFRA 2002 June census data. This formed 34% of the postal

⁵ Very large farms have been aggregated with large farms to suppress total numbers.

survey. As such, Table 4.2 indicates that the sampling criterion was biased towards full-time farming.

Table 4.2: The percentage of each farm size sampled compared to the DEFRA 2002 June census data

	DEFRA 2002 census data as a percentage of all holdings	Postal survey as a percentage of all holdings	Responses as a percentage of all holdings
Full-time			
<i>Very Large & Large</i>	3%	5%	7%
<i>Medium</i>	12%	22%	21%
<i>Small</i>	21%	39%	38%
Total	36%	66%	66%
Part-time			
<i>Very Small</i>	64%	34%	34%
All Holdings	100%	100%	100%

Source: DEFRA 2003 & Farm Survey

Validation of the response data in terms of farm type, size and land use

4.6 Farm types in Exmoor National Park, in consultation with National Park officials, were divided into four main categories: specialist sheep; specialist beef; mixed cattle and sheep; and other farm types, including dairy farms, cereal farms and specialist goat farms. Table 4.3 compares DEFRA 2002 June census data with that of the initial sample and final responses. By focusing the postal survey towards full-time farms, a greater proportion of the main farming types are produced. Therefore, 73% of the postal survey captured specialist sheep, specialist beef or mixed cattle and sheep farms as compared to 52% of the DEFRA census data. In the large ‘other’ category of the DEFRA statistics, farm types such as specialist grass (13%), specialist horses (12%) and Non-classified other holdings (14%) are predominant. These are under represented in the postal survey each achieving respectively 7%, 7% and 1%. Furthermore, the response rates of each other category were either marginally lower or the same when represented as response rate data percentages.

4.7 Examining the response data in terms of farm type and land area, the postal survey covered 80% of the land area reported by DEFRA's June 2002 census while the sample response covered 56%. In terms of the farm types, Table 4.4 illustrates that specialist sheep farms are under represented in the sample data with only 11% responding compared to 19% of the DEFRA June 2002 statistics. One possible reason for this is that, due to circumstances beyond our control, the questionnaire was dispatched towards the end of the lambing period.

Table 4.3: The percentage of each farm type sampled compared to the DEFRA 2002 June census data

	DEFRA 2002 census data as a percentage of all farm types	Postal survey as a percentage of all farm types	Responses as a percentage of all farm types
Specialist Sheep	16%	21%	15%
Specialist Beef	5%	8%	8%
Mixed Cattle & Sheep	31%	45%	51%
Other farm types	48%	27%	26%

Source: DEFRA 2003 & Farm Survey

Table 4.4: A comparison of land use by farm types

	DEFRA census data (ha)	DEFRA census data (%)	Survey recipients (ha)	Survey recipients (%)	Survey respondents (ha)	Survey respondents (%)
Specialist sheep	10086	19%	8729	20%	3324	11%
Mixed cattle & sheep	28327	53%	26189	61%	19760	66%
Specialist beef	3236	6%	2912	7%	2179	7%
Other	12121	23%	5392	12%	4765	16%
Total	53770	100%	43222	100%	30029	100%

Source: DEFRA 2003 & Farm Survey

4.8 Mapping directly the response data with that held on the DEFRA June 2002 census database (Table 4.5) illustrates that the respondents' data regarding their own description of farm type is a reasonable reflection of DEFRA's classification categories. The greatest difference is that of mixed cattle and sheep, with 59% of respondents describing their farm in this way, compared to 48% on the DEFRA database. In terms of land use, the total area

recorded by respondents (Table 4.6) is 3% greater than that on the DEFRA database. Woodlands, however, are particularly over represented by respondents being 38% higher (or underrepresented in the DEFRA database). The area of rough grazing suggested by respondents is 6% less at 6208 ha compared to 6588 ha. Table 4.7 compares the ownership of land on Exmoor for which DEFRA recorded 12% of holdings being wholly rented. The response from the postal survey reports this at 11%. Owner occupancy accounts for 69% in the DEFRA sample as compared to 71% from the survey sample.

Table 4.5: Comparison of farm type: postal survey and DEFRA census database

	DEFRA June 2002 census data		Sample response data	
	Total number in sample	As % of total	Total number in sample	As % of total
Specialist sheep	32	15%	28	13%
Mixed cattle & sheep	102	48%	125	59%
Specialist beef	17	8%	8	4%
Other (please specify)	60	28%	50	24%
Total	211	100%	211	100%

Source: DEFRA 2003 & Farm Survey

Table 4.6: Comparison of land use: postal survey and DEFRA database

	DEFRA June 2002 census data (ha)	Sample response data (ha)	Sample response data as a % of DEFRA data
Total Area Farmed	29,097	30,029	103%
Rough Grazing: sole rights	6588	6208	94%
Woodland	815	1121	138%

Source: DEFRA 2003 & Farm Survey

Table 4.7: Comparison of land tenure: postal survey and DEFRA database

	DEFRA June 2002 census data		Sample response data	
Owner occupied	148	69%	150	72%
Mixed tenure ¹	38	19%	35	17%
Wholly rented	24	12%	23	11%
Total	210	100%	208	100%

Source: DEFRA 2003 & Farm Survey

¹Mixed tenure is assumed to be owned land plus land rented in for 365 days or more as this is used to calculate the total area of the holding in the DEFRA census statistics. However, if mixed tenure takes a business approach rather than holding approach thereby including land let in for 364 days or less, then mixed tenure farms in the DEFRA census account for 43%, wholly rented increases to 15% as farms that rent exclusively on short lets become included, and strictly owner occupancy is reduced to 42% of farms on Exmoor.

4.9 Overall, comparing the postal survey responses directly with the available DEFRA June 2002 census data suggests that the information collected from sample respondents is reasonably robust and therefore representative of the whole farming population of Exmoor. Furthermore, the focus of the postal survey on full-time farms means that a large proportion of the Exmoor National Park is represented.

Farm structures

4.10 Respondents to the farm survey are responsible for managing a total of 30,029 ha (excluding common land) of which 27,705 ha was entirely within the boundaries of Exmoor National Park. Mean farm size is 144 ha, although the operator of the largest farm was responsible for 2,415 hectares. As Table 4.8 indicates, the survey has captured a wide range of farm sizes. Although smaller farms of less than 100 ha are numerically dominant, it is the relatively few farms in excess of 500 ha that are responsible for most farm land. In other words, the decisions and management practices of relatively few farmers have a significant impact on the environment of Exmoor.

Table 4.8: Postal survey distribution of farm size

Farm Size category	Number of farms in each size category	Percentage of farms in each size category	Total area in each farm size category (ha)	Percentage of area in each farm size category
0-99 (ha)	121	58%	5024	17%
100-199 (ha)	45	22%	6287	21%
200-299 (ha)	18	9%	4363	15%
300-399 (ha)	12	6%	4225	14%
400-499 (ha)	3	1%	1322	4%
500 (ha) or over	10	5%	8808	29%
Total	209	100%	30029	100%

Source: Farm Survey

4.11 In terms of farm type, mixed livestock farms account for the majority of respondents, as would be expected (see Table 4.9). The ‘other’ category includes a diverse range of farming situations including a few specialist dairy farms, equine establishments, those with a large arable focus and farms with no agricultural activity (some of which let all their ground as grass keep). The land use profile of the respondents closely reflects the land use characteristics of Exmoor National Park as a whole, and the farm type profile of the sample. The result is that (excluding common grazing) 56% of the total farmed area was accounted for by permanent grass with a further 23% under sole right rough grazing (see Table 4.10).

Table 4.9: Postal survey distribution of farm types

Farm Type	Number of respondents	Percentage of total	% of farmed area
Specialist Sheep	28	14%	6%
Mixed Cattle and Sheep	125	60%	75%
Specialist Cattle	8	4%	3%
Other	46	22%	16%
Total	205	100%	100%

Source: Farm Survey

Table 4.10: Land use characteristics of the postal survey respondents

Land Use Characteristics	Area (ha)	Percentage coverage
Rough grazing - sole rights	6,208	23%
Permanent grass	14,973	56%
Temporary grass	2,475	9%
Arable	1,225	5%
Set-aside	259	1%
Woodland	1,121	4%
Other	318	1%
Total (excluding common grazing)	26,579	100%
Rough grazing - common rights	4,575	

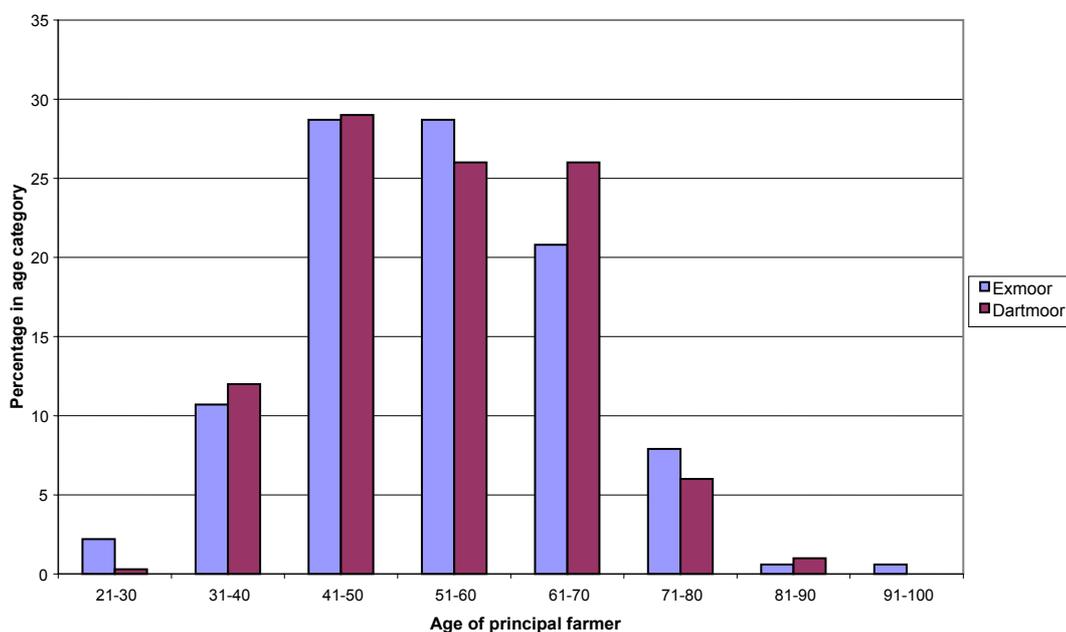
Source: Farm Survey

4.12 The majority (72%) of surveyed farms were entirely owner-occupied with 11% wholly rented and 17% under mixed tenure. Further analysis reveals that 67.1% of owner-occupier farms and 60.1% of wholly rented farms are less than 100 ha whereas over 50% of mixed tenure farms are larger than 200 ha. Only 3.4% (7 in total) of respondents were registered as organic producers. These farms were generally wholly rented (43%) or consisted of mixed tenure (29%) and 71% were less than 100 ha. Furthermore, two-thirds were mixed cattle and sheep farms with another producing deer as well as sheep.

The farm household

4.13 Turning to the respondents themselves, Figure 4.1 shows that they cover a range of age groups. Mean age was 55 years but a significant proportion (28%) were aged between 40 and 50, although 25% were also aged 65 or over. As Figure 4.1 also illustrates, the age of farmers compares favourably with Dartmoor with fewer farmers aged over 60 on Exmoor. Survey respondents appear well educated with 52% reporting undertaking post compulsory education or training, and a total of 28% have a higher education qualification. These results compare favourably with those from a national study which found that 58% of respondents had received post school education or training and that 29% held a higher education qualification (see Lobley *et al.*, 2002).

Figure 4.1: Comparison of the age structure between Exmoor and Dartmoor



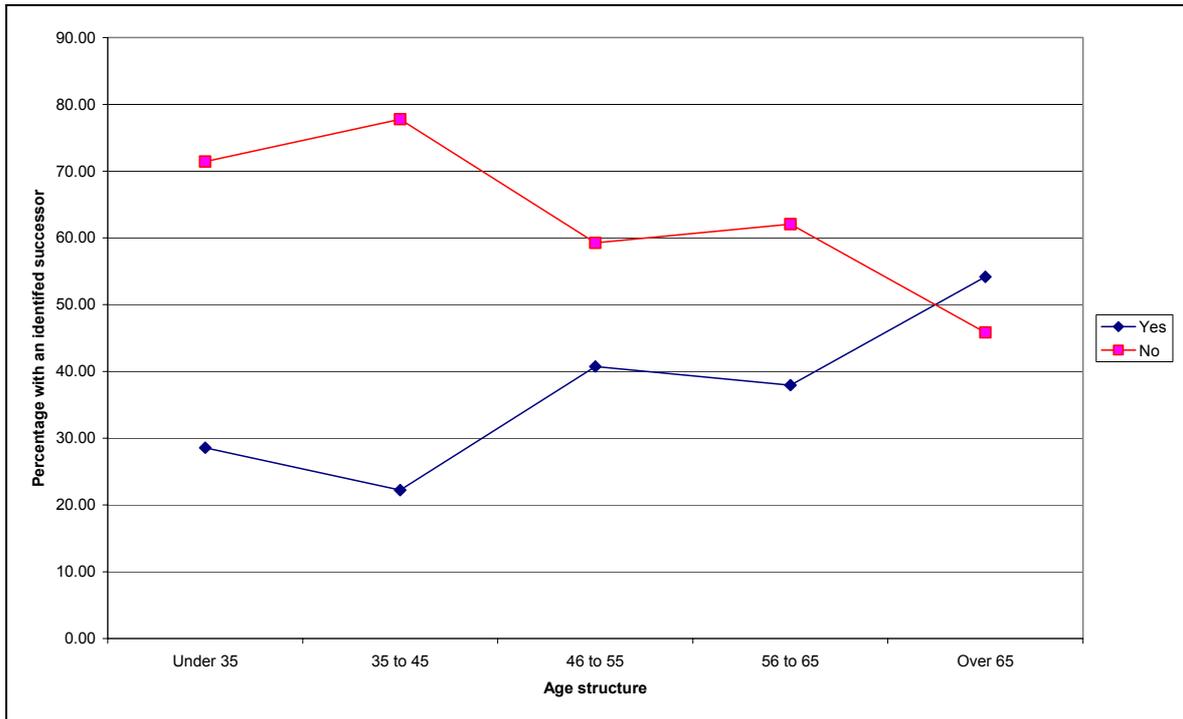
Source: Farm Survey; Turner *et al* 2002

4.14 Family farming on Exmoor is frequently a long-term commitment with 37% of respondents tracing their family's occupancy back to the early 20th century and 24% to pre-20th century. Interestingly though, 43% of respondents reported that they were the first generation of their family to be farming on Exmoor, although roughly half of these had previously farmed elsewhere. A total of 23% were 'new entrants' (not to be confused with recent entrants) in the sense that they were the first generation of their family to farm on Exmoor and that they had not previously farmed elsewhere. The average size of a farm operated by new entrants was 66 ha, with 79% operating farms of under 100 ha, suggesting that the majority of new entrants are 'lifestyle' or 'residential' farmers. A significant proportion of respondents are also recent entrants with 35% reporting that they had been responsible for the management of their farm for less than ten years. Established family farmers (i.e. those who are at least the 2nd generation of their family to be farming on Exmoor), on the other hand, are more likely to operate larger farms and are responsible for managing 20,130 ha or 67% of the area covered by the survey.

4.15 Intergenerational succession in the uplands is a topic of frequent debate, with DEFRA suggesting that 35% of upland farmers do not have a successor (DEFRA 2004c) and anecdotal evidence often suggesting even lower rates of succession. Where succession ‘fails’, the injection of ‘new blood’ though a new entrant to farming can bring with it new attitudes and ideas. However, as we have seen above, many farming families have a long-term connection to farming on Exmoor and the intangible skills and knowledge transferred to a successor, such as a detailed knowledge of the micro-climate of the farm, its idiosyncrasies and land management history, represent an important aspect of the upland farming culture. A total of 40% of the respondents reported that they have currently identified a successor who will eventually take over the management of the business. However, the identification of a successor is, in part, a function of the age of the principal farmer - while young farmers may have produced offspring they are unlikely to be of an age where they can indicate a commitment to succeeding to the farm. Figure 4.2 indicates the relationship between identification of a successor and age of the current principal farmer and shows that 54% of farmers aged over 65 have identified a successor. Comparable data from Lobley *et al.*'s survey of farmers in six areas of England (including the Peak District and Cumbria) found that 33% of the sample reported having identified a successor and that this rose to 60% for those aged 65 and over (Lobley *et al.*, 2002). These results indicate that whilst there are a significant proportion of older farmers on Exmoor without a successor, the situation is similar to that found in other parts of the country.

4.16 Further analysis reveals that older farmers (56 and above) without a successor represent 20% of the farming area covered by the survey. The majority of these are farms less than 100 ha (75%) producing cattle and sheep (54.4%). It can be assumed that a majority of farmers aged 56 and over that have not yet identified a successor will be unlikely to secure a family successor to their business. Therefore, based on farm survey data, it seems that a significant minority of the agricultural land of Exmoor will change hands in coming years.

Figure 4.2: The relationship between identification of a successor and respondent age



Source: Farm Survey

Community and industry participation

4.17 The farm survey also collected information on involvement in a range of industry and community groups (see Table 4.11). In the absence of comparative data from non-farming residents of Exmoor, it is not possible to draw any conclusions about the relative community activity rates of farmers and non-farmers although the high level of involvement in the local hunt is noteworthy, as are rates of active involvement in parish/district/county councils and community or village hall committees.

Table 4.11: Participation in community or industrial groups

Industry or community group	Active involvement %	Occasional involvement %	Not involved %
NFU	14.1	46.7	39.1
CLA	5.5	19.8	74.7
Discussion group	8.9	15.9	75.2
Buying group	5.8	9.0	85.3
Selling or marketing group	11.4	7.0	81.6
Sharing machinery	5.1	11.3	83.6
Sharing labour	7.6	15.2	77.2
School governors	8.2	3.1	88.8
Parish/town/district/county council	18.0	6.2	75.8
Community/village hall committee	17.8	7.4	74.8
Parochial Church Council	14.6	5.5	79.9
Young farmers	8.2	10.9	80.9
Local Hunt	35.8	25.0	39.2
Sports club	11.1	5.9	83.0
Campaigning Group	3.8	8.3	87.9
Political Party	7.5	15.6	76.9
Environmental group	8.2	12.5	79.4
Other	18.8	5.0	76.3

Source: Farm Survey

The farm business

4.18 The diversity in farm and farm household characteristics discussed above is reflected in differences in current dependency on farm income. As Table 4.12 illustrates, for 24% and 20% of the sample respectively the provision of tourist accommodation and rents from non-tourist enterprises are either ‘very important’ or ‘crucial’ to their overall business. Moreover, 50% of the sample described off-farm income as either very important or crucial. There are many ways of approaching the issue of dependency on farm income. For the purposes of this research a simple typology has been developed based on the proportion of total household income derived from on-farm farming activities. As Table 4.13 indicates, close to half of respondents (47%) currently gain less than 25% of their household income from farming activities on their farm while 37% are heavily dependant on the farm for their income.

Table 4.12: Importance of non-farming activities

Activity important to business	No activity (%)	Not very important (%)	Very important (%)	Crucially important (%)
Processing and retailing of farm produce	82.5	8.4	3.6	5.4
Tourist accommodation	65.7	9.9	17.7	6.6
Rents other than tourism	70.8	8.9	12.5	7.7
Shooting	75.1	11.2	4.7	8.9
Other recreation, e.g. fishing, nature trails	92.0	5.6	1.9	0.6
Rural crafts	93.9	4.3	1.8	0.0
Agricultural services (e.g. contracting, etc)	73.1	14.4	7.8	4.8
Equine services	77.9	11.0	6.4	4.7
Forestry	82.5	11.3	5.6	0.6
Off farm income	43.6	6.7	20.9	28.8

Source: Farm Survey

Table 4.13: Household income sources

Source of income	% of household income derived different sources			
	Less than 25%	25% - 75%	Over 75%	Total
Farming activities on this farm	47.2	16.1	36.7	72.2
Non-farming activities on this farm	86.9	7.1	6.1	32.3
Off-farm businesses	87.8	6.1	6.1	19.6
Employment off the farm	89.3	5.6	5.1	18.1
Private pensions or investments	88.8	4.1	7.1	20
Social security payments (including state pensions)	93.4	2.6	4.1	19.6
Other	96.4	1.5	2.1	5.4

Source: Farm Survey

4.19 Those least dependant on farm income are also the most likely to operate small farms; 77% operate farms of less than 100 ha compared to 33% of those who gain 75% or more of their income from the farm. They are also more than twice as likely to be aged over 65, providing further confirmation that a proportion of those farmers who are already significantly decoupled from farming as an income source are operating ‘retirement holdings’.

4.20 A source of income that has become increasingly important in recent years is the wide range of agri-environmental and rural development schemes available to Exmoor farmers. Table 4.14 indicates high rates of uptake of HFA and ESA payments as well as extensification payments but much lower rates of uptake of other payments. In some cases this may be because ESA participation means that farmers are usually ineligible for other payments (e.g. CSS) or, in the case of ENPA management agreements because most of the agreements have come to an end and the land has since been entered into the ESA. Those farms not claiming HFA payments are mostly ineligible on the basis of farm size.

Table 4.14: Take-up of agri-environmental and rural development payments

Scheme	% of all survey farms
Hill Farm Allowance (HFA)	65.3
Extensification Payment Scheme (EPS)	56.3
Exmoor ESA	76.4
Countryside Stewardship Scheme	5.6
English Nature Management Agreement	0.5
NPA Management Agreement/grant	6.5
Other Schemes	4.5
Any Scheme	84.8
Any scheme other than HFA or EPS	75.4

Source: Farm Survey

4.21 The size and composition of the working population associated with this sample of Exmoor farms can be seen in Table 4.15, from which several key facts emerge. Given the size of the sample and the good response rate, these findings may be regarded as broadly indicative for Exmoor as a whole:

- Principal farmers and their spouses provide nearly three quarters of the *full-time* farming workforce on Exmoor, with regular paid workers and managers contributing only 20%.
- When other family workers and part-time workers are taken into account, and assuming an average contribution of 0.2 full-time equivalents from the part-time categories, it is estimated that *three quarters* of the farm work on Exmoor is carried out by the farm family.

Table 4.15: Farming, non-farming and off-farm employment: numbers of people work on Exmoor farms

	Farming		Non-farming		Off-farm		All work types	As % of total
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time		
Principal farmer(s) and spouse(s)	179	107	16	31	12	32	377	43%
Other farmers, partners and directors	12	30	1	1	4	2	50	6%
Regular paid workers and managers	49	34	46	121	n/a	n/a	250	28%
Regular unpaid workers (inc. family)	8	42	2	7	n/a	n/a	59	7%
Casual workers	n/a	127	n/a	15	n/a	n/a	142	16%
All worker groups	248	340	65	175	16	34	878	100%
As % of total	28%	39%	7%	20%	2%	4%	100%	

Source: Farm Survey

- About one in eight of all farmers, partners and directors, and their spouses, have remunerative work off the farm, while one in nine are involved in non-farming work (that is, some form of farm or income diversification) on the farm. Note that these two figures are not necessarily additive, since some people may have both on-farm and off-farm employment.
- Some 27% of the total workforce (including family members, regular and casual workers) are involved in diversified activities on the farm, albeit many in only a part-time capacity.
- Of the total ‘farm’ workforce (that is, the economically active population associated with Exmoor farms) only 28% work full-time in agriculture while nine per cent are full-time in other sectors (either on or off-farm); some one in three work at least in sectors other than agriculture (including farm diversification).

4.22 These figures not only highlight the importance of the farm family in the daily operation of the farms in Exmoor National Park but also emphasise the importance, in employment terms, of supplementary economic activities both on and off-farm. These findings provide a specific illustration of the growing role of both farm and income diversification in the English farm sector identified in a recent national study (Turner *et al*, 2003).

4.23 There are some interesting contrasts with a study carried out on Dartmoor in 2002, which point to a significantly greater reliance on alternative employment on Exmoor (Turner *et al*, 2002). While the composition of the farm workforce is broadly similar, Dartmoor farmers (including partners, directors and their respective spouses) are rather less likely than their Exmoor counterparts to have off-farm employment (one in ten) and rather more likely to have non-farming work on-farm (one in five). Moreover, the overall importance of diversification was rather lower on Dartmoor than is seen to be the case on Exmoor: 46% of the 'farm' workforce were full-time in agriculture and 5% full-time in other sectors (on or off-farm); and only 14% worked in sectors other than agriculture.

4.24 The farm survey has revealed that farmers on Exmoor employ a wide range of marketing channels. It is not unexpected that livestock markets provide the main marketing channel for a majority of farmers (64.6%), reinforcing the importance of retaining this facility, but sales via contracts and other direct channels are also important (Table 4.16). Indeed, as Table 4.17 indicates, direct sales are particularly important for those with a low dependency on farm income (over 47% indicated this was their main marketing channel), whereas contracts and livestock markets are more important for those dependent on their farm for most household income.

Table 4.16: The main marketing channels employed on Exmoor

	% using each marketing channel
Sales via contract	20.5
Sales via direct marketing	20.0
Sales via livestock market	64.6
Sales via other channels	20.1

Source: Farm Survey

Table 4.17: Dependency between farm income and main marketing channels

	% of household income derived from farm		
	Less than 25%	25% - 75%	Over 75%
Sales via contract	25.0	20.0	55.0
Sales via direct marketing	47.4	15.8	36.8
Sales via livestock market	32.2	19.8	47.9
Sales via other channels	56.1	14.6	29.3

Source: Farm Survey

Perspectives on the farm business

4.25 The events of recent years have inevitably had an impact on morale in the farming sector and have influenced farmers' perceptions of their own business. Overall, 28% of respondents felt that the current state of their own business was 'good' with the majority (57%) stating that it was 'fair', while 15% thought that the current state of their business was 'poor'. The operators of medium and large farms (over 200 ha) were the most positive in their assessment of their business with 42% of those operating farms of 300-399 ha describing their business as 'good'. Somewhat surprisingly, younger farmers (under 45) emerge as the most pessimistic in their assessment of the current state of their business with over 70% describing it as fair compared to about 50% of those aged over 55. One explanation for this may be that the younger farmers have only taken over the business relatively recently and are still in the establishment phase.

Training and advice

4.26 Access to suitable training and advice can be an important aspect in running any business and farming is no exception. Respondents to the survey were presented with a list

of topic areas for training and further information and asked to indicate the importance they attached to training/information in each area. The highest demand was for use of new technologies with 41% saying that training or information in this area was a moderate or essential need for their business. This high level of demand reflects the needs of managing large, complex and often diverse businesses (see Turner *et al.*, 2002). Close to a third of respondents also expressed a need for training and information in marketing, diversification, business management and, significantly, environmental management (see Table 4.18). The relatively high demand for training and advice in environmental management points to a possible future role for Exmoor NPA.

Table 4.18: Advice and training needs (ranked in order of importance)

	% of respondents indicating a moderate or essential need for advice and training
Use of new technologies	41
Environmental management	37
Business management	30
On farm diversification	29
Marketing skills	27
Record keeping	25
Off farm diversification	16
On farm processing	12
Other	9

Source: Farm Survey

4.27 Generally, those who expressed a strong demand for training and information operated medium sized farms (100-199 ha) and were in the middle of their farming career (aged 46-55), although younger farmers also expressed a high demand for ICT and business management training. This indicates a need for training and information packages tailored to those who may have been away from the education system for some time and who will have specific needs in terms of fitting training in around their business and family commitments. Poorly designed training courses and advice and information campaigns are likely to be equally poorly received.

4.28 The issue of training provision should be explored in future work but the survey did collect some information on farmers' preferences when seeking advice. The most important factor identified was that advice includes information on sources of grant aid, is clear, independent and unbiased and is provided by an individual with a good professional reputation (see Table 4.19). Perhaps surprisingly, the least important factor was a 'first-stop-shop' with only 28% stating that this was very important and 46% stating that it was not important at all. Those not interested in a first-stop-shop are not atypical of the rest of the sample although they are more likely to be aged over 56, to operate part-time farms and to be classified as 'other' in terms of farm type. More generally, the 'profile' of those identifying the most popular factors as important were, again, in the middle of their farming careers and operating medium sized farms (100-199 ha).

Table 4.19: Important factors when seeking/receiving advice (ranked in order of importance)

	% of respondents indicating an importance of factors in seeking or receiving advice
Information on sources of grant aid	74
Clarity of advice	69
Independent, unbiased advice	66
Professional reputation of advisor	61
Tailored to needs of the farm	59
Consistency of advice from different sources	59
Specialist advisor	54
Information on other sources of advice	53
On-farm discussion	50
A single point of first contact (such as a 'first-stop-shop')	28
Other	21

Source: Farm Survey

The changing face of farming on Exmoor

4.29 The farm survey collected a wide range of data that can be used to describe recent and future farming change within Exmoor National Park. This data has been slightly consolidated for ease of analysis and understanding. As Table 4.20 indicates, apart from cases where there is no overall apparent trend and instances of 'no change' (of which there are many), the trend has been to expand or increase existing activities rather than start or stop an activity. Thus, significant minorities have increased the away wintering of

livestock, undertaken significant capital investment and increased their involvement in environmental management. In line with national trends (see Lobley *et al.* 2002), 25% have reduced labour on their farms but 35% report an increase in the use of contractors.

Table 4.20: Significant* business changes since 1998

	Level of activity					
	Mixed trend [†]	No change	Started	Increased	Decreased	Stopped
Area farmed including commons	10.2	58.7	3.0	21.0	7.2	-
Aggregate livestock changes	36.5	35.0	1.5	19.7	4.4	2.9
(Cattle & wintering away)	15.6	46.9	3.1	17.7	5.2	11.5
(Sheep & wintering away)	19.1	39.7	2.3	26.7	9.9	2.3
Environmental payments	n/a	48.8	5.0	36.4	8.3	1.7
Level of labour used	n/a	60.5	-	10.9	25.2	3.4
Use made of contractors	n/a	52.4	1.6	34.9	9.5	1.6
Machinery sharing	n/a	80.0	-	20.0	-	-
Diversification, Non-farming activities & converting buildings for sale/rent	22.9	46.6	5.9	24.6	-	-
Woodland management	n/a	61.2	12.2	24.5	2.0	-
Significant agricultural capital investment	n/a	44.6	1.1	23.1	8.2	2.7
Other incl. group, box & organic	10.8	67.7	10.8	9.2	-	1.5

Source: Farm Survey

*Respondents were only asked to record *significant* change so the data in the table will under-represent the total change on sample farms.

[†]Mixed trend describes respondents that indicated different directional changes within a category. For example, increasing cattle numbers but reducing wintering away.

4.30 Turning to the future, it is not possible to consider planned changes to farm businesses and land management without considering the likely impact of the CAP reforms and, in particular, the Single Farm Payment (SFP). In contrast to the 28% of the respondents who felt that the current state of their business was ‘good’ and the 15% who assessed it ‘fair’, only 18% consider their prospects in the near future (next 5 years) as fair

and over 30% see them as poor. This marked downturn in optimism⁶ is likely to be linked to expectations surrounding CAP reform. Indeed, just under 67% of respondents expect that the CAP reform agreement and implementation of the SFP will have an impact on the way they farm and their plans for the business. As the area based SFP will be phased in over a number of years, it will take time for farmers to adapt to the new system and reassess their enterprises. For some, full adjustment may only occur in several years when faced with major re-investment decisions. While the SFP will affect how farm businesses are run, there is likely to be a time lag in adjustments:

“...at the suggested rate of £20-£30 for moorland, we may not keep our pure bred Scotch Blackface sheep on the common ground. We may cut overall numbers slightly in the longer term but not initially” (Exmoor mixed livestock farmer. Emphasis in original text).

4.31 Others point to the difficulty in making firm plans for the future when much of the vital detail of the new system remains unknown:

“When we know the rules of cross-compliance, rates of SFP, and anything else DEFRA want to hamper us with decisions can be made but not until then” (Exmoor mixed livestock farmer).

Despite this comment, many respondents were able to indicate their plans for the next five years based on their expectations and current knowledge and comparing Table 4.20 with 4.21 reveals some considerable changes in the near future. In contrast to the last five years, plans for the near future indicate a marked decline in away wintering (for example 19% plan to reduce the number of cattle and the away wintering of cattle, while 5% to stop them completely), more widespread labour shedding and, for a significant minority, a reduction in the use of contractors.

⁶ It should be noted that although the proportions assessing their prospects as good decline and those whose outlook is poor increase, the overall proportion who see their current and future situation as ‘fair’ remains relatively unaltered. For many, future expectations are closely conditioned by their assessment of the current position of their business. For example, 53.8% of those that described their current situation as good think that future prospects will also be good; 89.7% of those that described their current situation poor think that future prospects will also be poor. Finally, 25.9% of those that described their current situation fair think that future prospects will be poor.

Table 4.21: Anticipated significant* business changes over the next five years

	Level of activity					
	Mixed trend [†]	No change	Start	Increase	Decrease	Stop
Area farmed including commons	6.8	72.7	-	12.4	7.5	0.6
Aggregate livestock changes	41.1	37.9	-	7.3	12.1	1.6
(Cattle & wintering away)	23.5	44.9	1.0	6.1	19.4	5.1
(Sheep & wintering away)	24.5	45.5	-	12.7	15.5	1.8
Environmental payments	n/a	47.8	2.6	37.4	10.4	1.7
Level of labour used	n/a	63.8	-	3.4	31.0	1.7
Use made of contractors	n/a	61.6	2.7	15.2	19.6	0.9
Machinery sharing	n/a	84.8	4.3	8.7	-	2.2
Diversification, Non-farming activities & converting buildings for sale/rent	24.8	41.0	4.3	29.1	-	0.9
Woodland management	n/a	64.8	5.6	27.8	-	1.9
Significant agricultural capital investment	n/a	42.7	2.2	20.2	24.7	10.1
Other incl. group, box & organic	17.6	67.6	6.8	5.4	-	2.7

Source: Farm Survey

*Respondents were only asked to record *significant* change so the data in the table will under-represent the total change on sample farms.

[†]Mixed trend describes respondents that indicated different directional changes within a category. For example, increasing cattle numbers but reducing wintering away.

4.32 In some instances, these individual indicators of change result from a decision to systematically restructure and realign the business as the following quote illustrates:

“Suckler cows/cattle cut back drastically, maybe to zero over the period 2005-2008. Livestock units replaced by sheep. This will cut labour requirement, machinery and fodder needs. Sheepmeat looks a better bet regarding world supplies/demand [and is] therefore likely to be more profitable” (Mixed livestock farmer).

4.33 Others identified a similar strategy of restructuring the business and cost cutting:

“it will possibly be unviable to farm as it stands. We will probably sell all of the cattle as MTR and TB will make cattle especially unviable. Sheep will probably be farmed on a more extensive basis with late lambing to try to reduce costs” (Mixed livestock farmer).

“The suckler herd is in great danger of being sold as I cannot see suckler calves making enough money without suckler subsidies and steer payments. [I’m] seriously thinking of cutting back on grass keep and dog and stick sheep as only way forward on farming SDA” (Diversified farmer).

4.34 Some respondents, however, had a more positive interpretation of the implications which was very much aligned with the rationale for decoupling:

“We will be keeping less stock and not be so driven to keep numbers all the time. Constant pressure to keep more because of the threat of losing quota if not used. Hopefully keeping less will mean better quality. We are also diversifying into free range egg production” (Mixed livestock farmer).

Another apparent supporter of the reforms commented that:

“Linking of support payment to land kept in good environmental and agricultural condition will help” (Diversified farmer).

4.35 Other trends from the recent past will continue although there will be a slight increase in those planning (hoping) to increase the amount of environmental payments they receive, alongside 29% planning to increase their diversification and non-farming activities. On the other hand, 25% report that they will reduce their level of capital investment over the next five years.

4.36 Given the already high rate of uptake of ESA payments, it is unclear why so many respondents expect to gain more from agri-environmental schemes, unless they assume that the Higher Level Stewardship scheme will have higher rates of payment. However, one farmer saw an opportunity to increase his agri-environmental contracting work:

“I shall keep less cattle and do more environmental work such as hedging” (Mixed livestock farmer).

4.37 Others however, felt that the new system would lead to a reduction in their involvement in environmental management:

“Ours is all SDA land below the moorland line. We will be less able to compete with smaller but non-SDA farms getting higher rates of support in less demanding farming conditions. Our involvement in environmental schemes will be limited to those which pay for themselves” (Mixed livestock farmer).

4.38 Another response is to down-size the farm business and to seek diversification opportunities but for some, this was clearly not how they would have chosen to run their business:

“There will be a significant drop in farm income. I will try to increase my diversification activities but it is likely that I will have to reduce my expenses by letting a member of staff go. Stock levels would have to be reduced in proportion” (Mixed livestock farmer).

“The SFP would be completely insufficient to sustain the business in its present form i.e. traditional stocking to approx 1.2 LSU’s/ha, selling cattle/lambs to livestock market as ‘stores’. Our only option if payments are too low/ha is to seek off farm income and or diversify which is not the reason we have worked so hard to work in harmony with the nature, etc trying to farm in a sympathetic way whilst still trying to scratch a living” (Mixed livestock farmer).

4.39 At this stage the environmental, economic and social impacts of these responses are difficult to assess in the absence of information on the magnitude of likely change. However, it does seem likely that there will be fewer opportunities for farm workers and a decline in livestock, particularly cattle, with implications for husbandry and environmental management, as well as the individual economic and social well-being of any employees made redundant.

4.40 CAP reform will undoubtedly stimulate a complex range of reactions and it is not possible to simply ‘read off’ a reaction from our earlier analysis of impacts on farm incomes (see chapter 2). CAP reform will impact farm businesses and households on Exmoor (as elsewhere) at different stages in the business cycle, different stages in the life cycle and with different abilities to adapt. In some cases, the reform will bring forward retirement decisions, in others it may thwart existing business plans and yet in others it will reinforce existing trends. It is this latter impact that is most apparent from our analysis of the farm survey data. For a wide range of decisions and actions, the analysis reveals that a greater proportion of those who think the SFP will affect the way they farm are more likely to put particular plans into action. For example:

- 33.3% that say that the SFP will change the way they farm in the future will reduce labour (compared to 25.9% of all farms).

- 22.8% that say that the SFP will change the way they farm in the future will reduce contracting (compared to 16.9% of all farms). 16.8% will increase use of contractors compared to 15.5% of all farms.
- 53% that say that the SFP will change the way they farm in the future will increase non farming activities (compared to 42.1% of all farms).
- 47.5% that say that the SFP will change the way they farm in the future will increase diversification (compared to 39.3% of all farms).
- 40.9% that say that the SFP will change the way they farm in the future will increase building conversion for sale/rent (compared to 34.4% of all farms).
- 28.9% that say that the SFP will change the way they farm in the future will reduce the number of sheep sold finished (compared to 25.2% of all farms).
- 38.5% that say that the SFP will change the way they farm in the future will try to increase environmental payments (compared to 32.9% of all farms) although 16.3% will decrease environmental payments (compared to 12.3% of all farms).
- 31.4% that say that the SFP will change the way they farm in the future will increase woodland management (compared to 25.7% of all farms).

4.41 While the differences between those who say they will be affected by the SFP and all farms is not always large, the picture is consistent: the SFP will stimulate further change but will largely act as a catalyst to reinforce and speed up existing trends.

Plans for the future: retirement and succession

4.42 Taking all of the above analysis into account, we can now consider farmers plans for the future: whether they plan to retire, take up a career elsewhere, or continue farming, albeit with adjustments. Respondents were asked to indicate what they expect to be doing in five years time. Clearly, attitudes and plans may alter as the reality of the new CAP regime becomes apparent, however, as Table 4.22 indicates, the next five years will not see a mass exodus of farmers from Exmoor. Close to half (46%) indicated that they will continue as before, while 36% will have retired/semi-retired in favour of a successor, of

which, 67% have already identified a successor. Given the age structure of the sample, the events of recent years and the radical policy changes soon to be implemented, this does not seem an overly large figure. Those who plan to sell their farm and either retire/semi-retire or take up an alternative career currently manage only 8% of the farmed area covered by the survey suggesting that the majority of Exmoor’s farmland will continue to be managed by the same families for some time to come.

Table 4.22: Future expectations for next five years

Statement of future expectations	% of respondents
Will be retired/semi-retired in favour of a successor	36
Will be retired/semi-retired and will have sold the farm	11
Will have sold the farm and taken up a career elsewhere	2
Will have handed over the management of the farm to someone else (e.g. contract farmer, farm management company)	4
Continue as before, e.g. still farming, the same, etc.	46

Source: Farm Survey

Perspectives on farming within Exmoor National Park

4.43 For those living and farming within a National Park, the National Park Authority can be an easy target for criticism. When asked if being located within Exmoor National Park affected the way they managed their land, 48% of respondents reported that it did. In some cases, this was in a negative sense and in others positive, with some issues predictably provoking both positive and negative responses:

“Many walkers pass through the farm so all is kept in good order” (Mixed livestock farmer).

“Footpaths can be troublesome causing expense of insurance, lack of privacy, gates left open, dogs running amok, people being noisy” (Specialist sheep farmer).

4.44 Of those who stated that being located within the National Park had an impact on the way they managed their land, 33% gave a clearly negative response, most frequently mentioning planning restrictions and a perception of a generally higher level of control and bureaucracy:

“Some traditional farm buildings could have made a retirement home for my wife and myself but could only be converted as holiday homes with 10 month occupancy. No attempt is made to keep people in their lifelong localities, and no affordable local accommodation” (Mixed livestock farmer)

“Can’t do anything without their permission. Building, hedge laying, etc. Footpaths, Right to Roam, living in a national park “Jo Public” can do what he wants in your back garden but you try doing it in his! ... Because I am 66, I wanted to build a workers dwelling to house a farm worker to help my son. [The] National Park have made it as difficult as possible. They have slapped a tie on the whole farm & land (can’t sell one acre). By taking one worker I have de-valued my farm a lot. I am trying to keep my business successful and expanding, but ENP would sooner I got out of it. No help whatsoever” (Mixed livestock farmer. Quote used with permission).

4.45 On the other hand, 38% of those who said farming within the National Park had an impact on land management gave a positive response. This frequently included acknowledgement of the Exmoor NPA’s support of environmentally friendly farming and assistance with grant aid. A few respondents were also appreciative of a more restrictive planning regime, while others simply responded that:

“We regard it as a privilege to have a property in the Exmoor National Park” (Specialist sheep farmer).

“I regard being within the ENP as a general bonus” (Mixed livestock farmer).

4.46 Interestingly, 21 respondents mentioned the ESA as a influence rather than ENP *per se*.

“ESA payments currently support my wish to farm in a wildlife friendly way” (Mixed farmer).

“We manage and plan according to ESA agreement and desire to keep land tidy to benefit the locality” (Mixed livestock farm).

4.47 Asked if farming within the National Park had any other impact on the farm business, 89 respondents felt that it did. Of these 71 mentioned planning, almost exclusively in a negative context:

“The potential for developing tourist activities is enhanced. The potential for attracting funding is enhanced. Planning restraints severely limit opportunities and tend to make development more expensive. The lack of infrastructure is also a big problem” (Mixed livestock farmer).

4.48 However, at least two respondents were pleased and supportive of stricter planning within the National Park:

“one of the major reasons for living in a national park is the very fact of greater planning constraints. Less building means less people and therefore more freedom and less pressure” (Mixed livestock farmer).

4.49 Of the fifteen clearly positive comments received, most mentioned the role of the National Park in attracting tourists thus providing opportunities for diversification:

“Opportunities for tourism are better because Exmoor is a National Park” (Mixed livestock farmer).

“I believe it helps our self-catering holiday business” (Mixed livestock farmer).

Summary

4.50 The postal survey achieved a good representation of farming on Exmoor and has revealed a diverse range of circumstances. The majority of respondents operate livestock farms that are a range of sizes although a minority of large farms (300 ha or greater) account for close to half of the farmed area covered by the survey.

4.51 The subject of farming within the National Park provoked a range of responses from farmers with almost half indicating that it has an impact on the way they manage their business, with roughly equal proportions indicating a positive or negative affect. The latter largely relate to planning issues while the former include the boost given to diversification via tourist numbers, support for environmentally friendly farming practices and also, a sense of “privilege” to be farming within Exmoor National Park. Some farm households can trace their farming roots on Exmoor back for many, many years and despite pessimism about the impact of CAP reform, most are committed to farming and expected rates of succession are comparable with other parts of the country.

4.52 Recent years have seen a number of changes including increasing livestock numbers, declining farm employment and an increase in the use of contractors. CAP reform is likely to stimulate further change with most respondents (67%) indicating that it

will affect the way they run their business and their plans for the future. Typically, this will involve various actions to ‘down-size’ and cut costs through reductions in livestock numbers and further reductions in labour. In addition, some will attempt to increase diversification and agri-environmental management/payments. On this latter point, it is interesting to note that a large proportion indicated a need for training and/or advice in environmental management, although there was little support for a first-stop or one-stop shop service.

4.53 Despite the anticipated gloomy outlook evinced by many respondents, the actions planned for the coming years reflect the strong desire to continue to occupy agricultural land on Exmoor, even though the nature of farming activities may change. These issues will be considered further in the final chapter.

Chapter Five

Comparison of moorland and non-moorland farms

Introduction

5.1 Exmoor's moorland and moorland farms are literally a defining characteristic of the National Park. The purpose of this chapter is to compare some of the distinguishing characteristics of moorland and non-moorland farms and to identify significant distinctions in how they plan to run their businesses in the next five years. For the purposes of this analysis moorland farms are defined as those with either sole right or common rights to rough grazing. Clearly, it is possible to adopt a more sophisticated definition but (in consultation with Exmoor NPA staff) this was felt to be sufficient given the limitations of a postal survey. As would be expected, the analysis for this chapter has revealed significant differences between moorland and non-moorland farms in terms of agricultural characteristics but, intriguingly, it has also highlighted some marked distinctions between the two groups of respondents in terms of family history, industry and community participation.

Farm characteristics

5.2 Using the definition above there are 77 (36.5%) moorland farms in the sample. The average size of a moorland farm is 218 ha compared to 105 ha for non-moorland farms and the moorland farms account for 54% of the total land area covered by the survey. Moorland farms are found across a wide range of farm sizes but only 43% are less than 100 ha compared to 66% of non-moorland farms. At the other end of the size range, 9% of moorland farms are in excess of 500 ha compared to just 2% of non-moorland farms. By definition, the land use characteristics of the two types of farm are quite distinct. For example, moorland farms account for only 40% of the total area of temporary grass in the survey and 21% of arable land. On the other hand, they are responsible for 66% of the area of woodland covered by the survey. Not surprisingly, moorland farms are more likely to be mixed cattle and sheep farms than compared to non-moorland farms (73% and 53% respectively). They are also much less likely to be in the 'other' category (11% compared

to 30% of non-moorland farms), suggesting that the majority of moorland farmers in the sample are still actively engaged in some form of conventional agriculture.

Farm households

5.3 Moorland farms are more likely to have been in the hands of the current operator for a long period of time, are more likely to be operated by a farmer over 65 and are considerably more likely to have been in the same family since before the 20th century. For example, 45% of moorland farms have been operated by the current farmer for 25 years or longer compared to 27% of non-moorland farms; 33% of moorland farmers are aged 65 or over, whereas 16% of non-moorland farm operators and 36% of moorland farmers can trace their family’s occupancy of the farm back to before the 20th century compared to 17% of non-moorland farmers (see Tables 5.1-5.2 and Figure 5.1). The extended length of both current management and family occupancy of moorland farms suggests that present moorland farmers hold a significant store of land management knowledge and skills and that they and their family’s attachment to the land is an important facet of Exmoor’s upland farming cultural history. Continued family occupancy and management of moorland farms is also reflected in current expectations regarding succession. Forty-seven percent of all moorland farms have identified a successor compared to 37% for non-moorland farms and, as Figure 5.2 illustrates, the difference is much more pronounced for older farmers.

Table 5.1: Comparison of farming history on moorland and non-moorland farms

	Post war period (%)	Early 20th century (%)	Before 20th century (%)
Farms with moorland	31.0	33.3	35.7
Farms without moorland	43.7	39.4	16.9
All farms	38.9	37.2	23.9

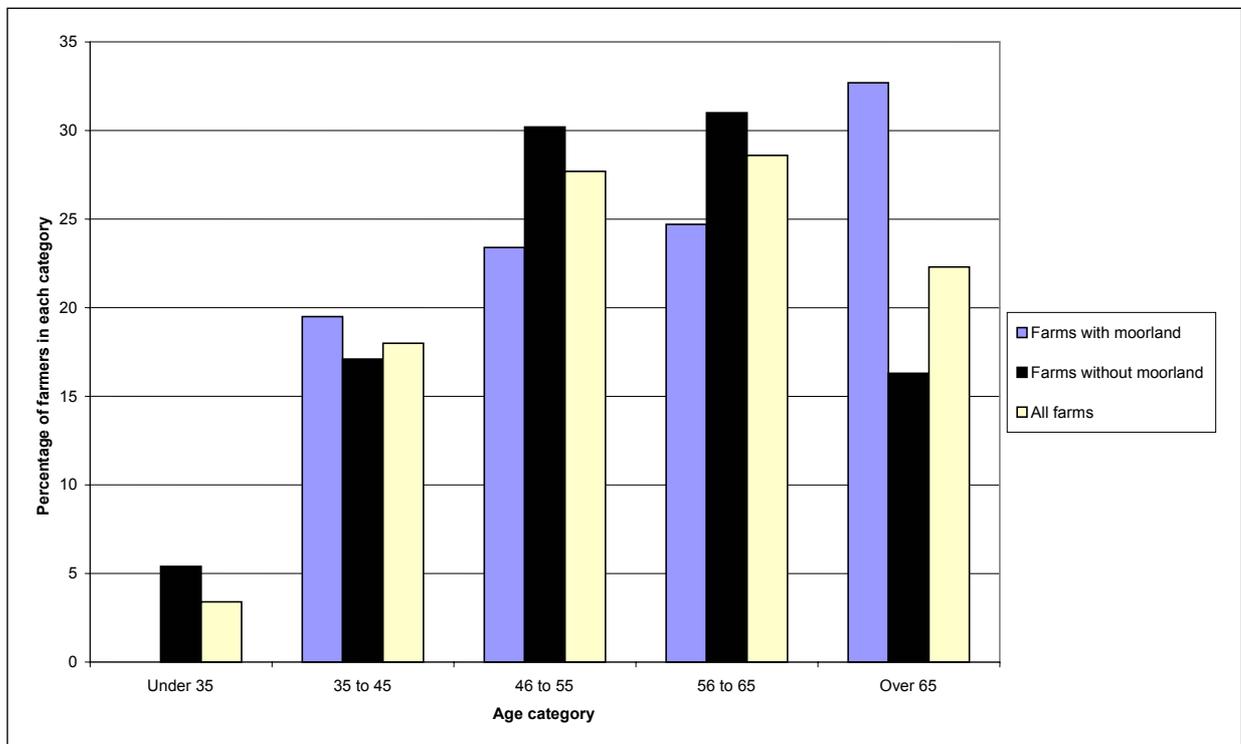
Source: Farm Survey

Table 5.2: Comparison of length of responsibility for farm management on moorland and non-moorland farms

	Less than 10 years (%)	Between 10 and 24 years (%)	25 years and over (%)
Farms with moorland	18.4	36.8	44.7
Farms without moorland	24.6	48.4	27.0
All farms	22.3	44.1	33.7

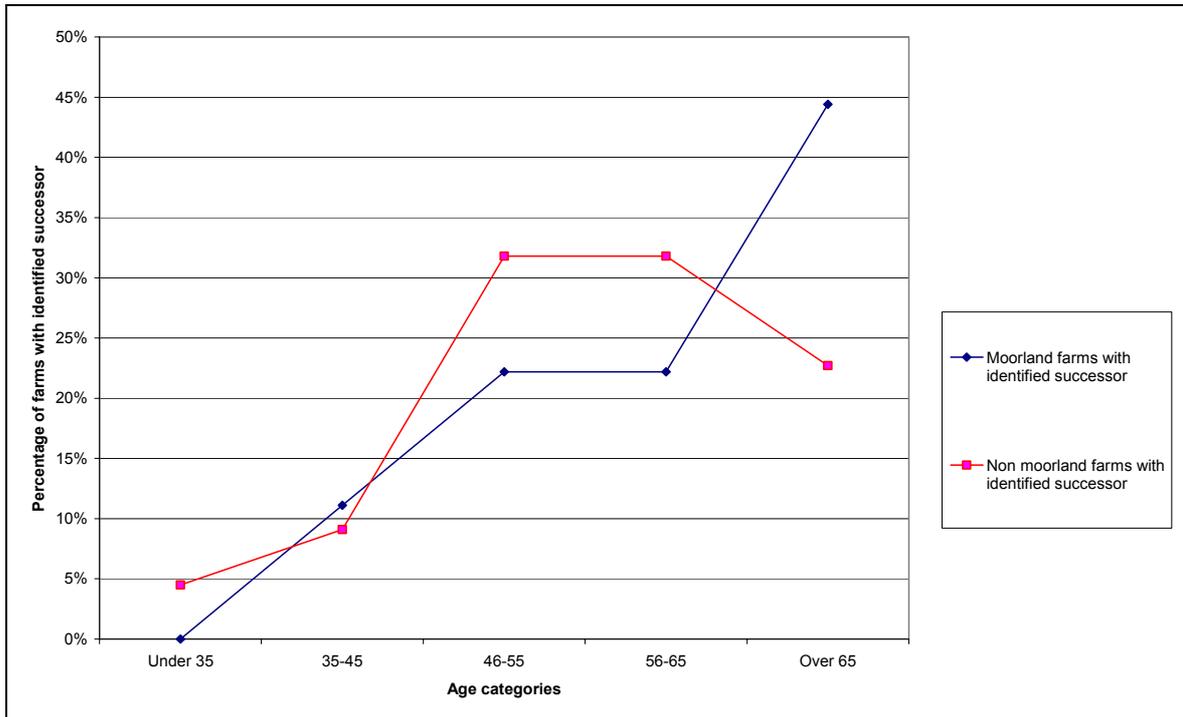
Source: Farm Survey

Figure 5.1: Comparison of the age structure of moorland and non-moorland farmers



Source: Farm Survey

Fig 5.2: Comparison of succession by age group of moorland and non-moorland farms



Source: Farm Survey

5.4 In terms of dependency on farm income and the significance of diversified activities and income sources, moorland farms are more closely coupled to agricultural income sources. Over half (53%) of non-moorland farms gain 25% or less of their income from farming compared to 37% of moorland farms and, while 43% of moorland farmers depend on their farm for 75% or more of their income; the equivalent figure for non-moorland farms is 33%. Despite their greater dependence on farm incomes, moorland farmers are more positive in their assessment of the current state of their business with 32% describing it as ‘good’ compared to 26% of non-moorland farmers. Moorland farmers are also more optimistic about the future outlook for their business with 21% describing their economic prospects as good compared to 17% of non-moorland farmers.

5.5 Another distinguishing characteristic of moorland farmers is that they are more likely than non-moorland farmers, and the sample as a whole, to be in receipt of at least one of the three main agri-environmental payments (ESA, Extensification scheme, HFA). For example, 86% of moorland farmers participate in the ESA compared to 71% of non-moorland farmers (see Table 5.3). In addition, 92% of moorland farmers participate in at

least one agri-environmental/rural development scheme compared to 80% of non-moorland farms.

Table 5.3: Participation in agri-environmental and rural development schemes: moorland and non-moorland farms compared

	HFA % of respondents	EPS % of respondents	ESA % of respondents
Moorland farms	74	68	86
Non-moorland farms	60	49	71
All farms	65	56	77

Source: Farm Survey

Industry and community participation

5.6 Table 5.4 presents data on industry and community participation for moorland and non-moorland farmers. With one or two exceptions (such as machinery and labour sharing) moorland farmers are more active in a range of farming and community activities than their non-moorland counterparts. For example, 23.2% of moorland farmers are active or have occasionally involvement in a buying group compared to 10.2% of non-moorland farmers; 21.1% of moorland farmers are active as parish/town/district councillors compared to 5.9% of non-moorland farmers; while 28.8% of moorland farmers are active in community/village hall committees compared to 11.8% of non-moorland farmers. We cannot, at this point, offer any firm explanations for the largely consistent picture of greater community and industry involvement by moorland farmers other than to suggest that it may be connected to other factors such as age, length of residency and family history in the area.

Table 5.4: Moorland and non-moorland respondents' involvement in community and group activities

	Active		Occasional Activity		No involvement	
	Moorland	Non-moorland	Moorland	Non-moorland	Moorland	Non-moorland
NFU	14.1	13.6	50.0	44.9	35.9	41.5
CLA	8.8	3.9	17.5	20.4	73.7	75.7
Discussion Group	15.8	5.1	17.5	15.3	66.7	79.6
Buying Group	10.7	3.1	12.5	7.1	76.8	89.8
Marketing Group	10.9	11.9	7.3	5.9	81.8	82.2
Machinery Sharing	3.6	5.9	3.6	15.7	92.7	78.4
Labour Sharing	7.4	6.9	5.6	20.6	87.0	72.5
School Governors	12.5	5.9	3.6	2.9	83.9	91.2
Parish/town/county council	21.1	15.7	7.0	5.9	71.9	78.4
Community/village hall	28.8	11.8	5.1	8.8	66.1	79.4
Parochial Church Council	18.6	12.6	6.8	4.9	74.6	82.5
Young farmers	10.9	7.0	16.4	8.0	72.7	85.0
Local Hunt	36.5	34.2	30.2	22.5	33.3	43.3
Sports club	7.4	13.4	7.4	5.2	85.2	81.4
Campaigning group	5.4	3.0	8.9	8.1	85.7	88.9
Political party	7.1	7.8	16.1	15.7	76.8	76.5
Environmental group	7.0	8.9	15.8	10.9	77.2	80.2
Other activity	37.5	10.7	-	7.1	62.5	82.2

Source: Farm Survey

Recent and future farming change and the impact of CAP reform

5.7 Analysis of recent changes to farm businesses indicates few differences between moorland and non-moorland farms (Table 5.5). The operators of moorland farms are less likely to have increased their farmed area in the last five years (13% compared to 26% of non-moorland farms) but are slightly more likely to have increased the number of beef and cattle sold finished. Conversely, moorland farmers are much less likely to have reduced the number of sheep sold as finished in comparison with non-moorland farms (6.7% and 16.7% respectively). Very similar proportions of both groups of farms have either increased or reduced their labour usage but moorland farmers are far more likely to have increased the use made of contractors (45% compared with 29% of non-moorland farms).

5.8 Turning to the future (Table 5.6), moorland farmers are more likely to be affected by CAP reform with 73% reporting that the SFP will affect the way they farm and their plans for the business compared to 62% of non-moorland farmers. Compared to non-moorland farmers, moorland farmers are less likely to plan to increase livestock numbers and are more likely to reduce stock numbers. Thirty-eight percent of moorland farmers say they plan to reduce the number of cattle they sell finished compared to 28% of non-moorland farms. Twenty percent of moorland farmers also expect to reduce the use made of common rough grazing. They are also more than twice as likely to attempt to implement cost savings by cutting back on the use of contractors and are much less likely than non-moorland farmers to plan significant capital investment. For both groups of farms, the future will see a small increase in attempts to diversify and both groups hope to increase the amount of funding they receive from agri-environmental schemes.

Table 5.5: Significant* business changes since 1998

	Mixed Trends [†]		No change		Started		Increased		Decreased		Stopped	
	Moor	No moor	Moor	No moor	Moor	No moor	Moor	No moor	Moor	No moor	Moor	No moor
Land use (Area farmed incl. commons)	16.4	6.7	62.8	55.8	3.3	2.9	13.1	26.0	4.9	8.7	-	-
Aggregate livestock changes	34.0	39.0	34.0	35.4	1.9	1.2	24.5	15.9	3.8	4.9	1.9	3.7
Environmental payments	n/a	n/a	50.0	53.1	4.8	6.3	35.5	30.2	8.1	9.4	1.6	1.0
Level of labour used	n/a	n/a	62.5	61.5	1.8	-	14.3	12.1	21.4	22.0	-	4.4
Use made of contractors	n/a	n/a	48.3	55.0	1.7	4.0	45.0	29.0	5.0	10.0	-	2.0
Machinery Sharing	n/a	n/a	90.0	75.7	-	-	10.0	21.6	-	2.7	-	-
Diversification	13.5	26.3	56.8	42.5	5.4	6.3	24.3	25.0	-	-	-	-
Woodland management	n/a	n/a	62.5	60.0	12.5	13.3	20.8	24.4	4.2	2.2	-	-
Significant agricultural capital investment	n/a	n/a	42.9	50.0	8.6	1.3	40.0	30.8	5.7	14.1	2.9	3.8
Other	9.5	11.4	57.1	72.7	19.0	6.8	14.3	6.8	-	-	-	-

Source: Farm survey

*Respondents were only asked to record *significant* change so the data in the table will under-represent the total change on sample farms.

[†]Mixed trend describes respondents that indicated different directional changes within a category. For example, increasing cattle numbers but reducing wintering away.

Table: 5.6: Anticipated significant* business changes over the next five years

	Mixed Trends [†]		No change		Start		Increase		Decrease		Stop	
	Moor	No moor	Moor	No moor	Moor	No moor	Moor	No moor	Moor	No moor	Moor	No moor
Land use (Area farmed incl. commons)	11.9	4.0	72.9	73.0	-	-	6.8	15.0	6.8	8.0	1.7	-
Aggregate livestock changes	34.7	45.2	42.9	35.6	-	-	4.1	8.2	16.3	9.6	2.0	1.4
Environmental payments	n/a	n/a	48.2	49.5	3.6	4.2	35.7	32.6	10.7	12.6	1.8	1.1
Level of labour used	n/a	n/a	65.5	69.2	-	1.1	3.4	6.6	29.3	22.0	1.7	1.1
Use made of contractors	n/a	n/a	64.8	61.1	3.7	5.3	7.4	21.1	24.1	11.6	-	1.1
Machinery Sharing	n/a	n/a	94.1	78.7	-	4.3	5.9	14.9	-	-	-	2.1
Diversification	27.2	38.3	48.6	38.3	-	6.2	28.6	28.4	-	-	2.9	-
Woodland management	n/a	n/a	77.8	64.0	7.4	4.0	14.8	30.0	-	-	-	2.0
Significant agricultural capital investment	n/a	n/a	55.6	44.6	5.6	1.2	11.1	26.5	22.5	19.3	5.6	8.4
Other	22.4	65.3	72.0	65.3	12.0	4.1	4.0	6.1	-	-	4.0	2.0

Source: Farm survey

*Respondents were only asked to record *significant* change so the data in the table will under-represent the total change on sample farms.

[†]Mixed trend describes respondents that indicated different directional changes within a category. For example, increasing cattle numbers but reducing wintering away.

5.9 Finally, the existing generation of moorland farmers are much less likely than non-moorland farmers to still be farming in five years time. Only 36% of moorland farmers say that they will continue farming over the next five years compared to 52% of non-moorland farms. However, relatively few plan to sell up and retire or work elsewhere and 45% expect to have entered full or semi-retirement in favour of a successor compared to 31% of non-moorland farmers. This marked difference in plans reflects the older age of moorland farmers who are on average 58 compared to 55 for non-moorland farmers and the higher incidence of expected succession on moorland farms. Those moorland farmers who plan to sell their farm in the next five years currently manage only 8% of the total area of land on moorland farms and 4% of the total surveyed area, suggesting that on the basis of the plans revealed in the survey little moorland will change hands in this way in the near future.

Table 5.7: Expectations for next five years: moorland and non-moorland farmers compared

Future expectations	% of moorland respondents	% of non-moorland respondents
Will be retired/semi-retired in favour of a successor	45	31
Will be retired/semi-retired and will have sold the farm	12	11
Will have sold the farm and taken up a career elsewhere	2	3
Will have handed over the management of the farm to someone else (e.g. contract farmer, farm management company)	6	3
Will continue as before, e.g. still farming.	36	52

Source: Farm survey

Summary

5.10 Moorland farms and their operators make a distinctive contribution to Exmoor. Despite being a numerical minority in the sample, they are nevertheless responsible for over half the land area covered by the survey; a result of their larger average farm size. The distinctiveness of moorland farms however, extends beyond their agricultural characteristics. Moorland farm families have particularly long farming connections on Exmoor (compared to non-moorland farms) and, possibly linked to this, they are more involved in a range of industry and community activities. Interestingly, although they are

more dependent on farm income and more likely to be affected by CAP reform, moorland farmers have a significantly higher anticipated succession rate.

5.11 As is the case for many Exmoor farmers, CAP reform will stimulate a range of changes on moorland farms. However, compared to non-moorland farms, moorland operators are more likely to plan to reduce livestock numbers (particularly cattle), reduce away wintering and there is some evidence of an anticipated withdrawal from grazing commons.

5.12 Many of the current generation of moorland farmers do not expect that they personally will be farming in five years time. This, however, should not necessarily be a cause for alarm given the age structure of moorland farms and such a 'turnover' is not unexpected. Moreover, most who expect to leave farming over the next five years to either retire or semi-retire anticipate that they will pass their farm on to a successor. Those who plan to sell their farm only manage a very small area of land located on moorland farms (8%), suggesting that the majority of moorland will remain in the hands of the families that have managed Exmoor's moorland for many decades.

Chapter Six

Summary and recommendations

Introduction

6.1 Farming on Exmoor has faced significant challenges in recent years: BSE, FMD, bovine TB, and changes in exchange rates with the euro have all had an impact on morale and farm incomes. Although incomes are now rising, this is from a very low base and farm income remains both relatively low and highly dependant on CAP support payments, including agri-environmental schemes. The value of Exmoor's agricultural output is estimated have been in excess of £20.6 million in 2002/03, although Exmoor's farming economy would be in deficit if all farm family labour were to receive appropriate levels of earnings. In the next few years, farmers on Exmoor will have to adapt to the challenge of the new CAP support system, which is likely to be associated with falls in farm incomes. Despite this, Exmoor farmers largely remain committed to farming within the National Park, although changes to farming systems seem inevitable. Any survey such as the one carried out for this research simply records a snap-shot in time. The intentions revealed about future plans will no doubt be modified as more information regarding the new support regime becomes available and as farmers gradually adapt to it. That said, the survey results do provide a good indication of the characteristic features of farming on Exmoor (most of which are not available from other sources) and the direction of likely future change. The results presented in this report provide a useful baseline from which future change can be monitored and where necessary, reacted to.

Farms, farmers and farm households

6.2 The farm structure of Exmoor is varied, covering a range of farm sizes, types and tenure arrangements. There are many small and very small farms, often with a low dependency on farming as an income source, although a relatively few operators of large farms are responsible for managing much of the agricultural land on Exmoor. These farms are typically in the hands of established family farmers (members of at least the 2nd generation of the family to be farming the same farm or in the immediate vicinity) and many can trace their family's farming history on Exmoor much further back in time. This

lengthy connection to the land typically brings with it a deep knowledge of the farm, land management history and suitable land management practices and represents an important part of the cultural legacy of hill farming on Exmoor. However, farming on Exmoor is not a ‘closed community’ and many respondents (43%) were the first generation of their family to be farming within the National Park. Of these a third were recent new entrants, largely confined to smaller farms. One issue not explored in this research but worthy of further attention is the relationship between the ‘indigenous’ farming population and new entrant residential farmers. Across the country there is often hostility to residential farmers but they often bring with them business and technological skills (e.g. ICT) which could prove useful to other farmers. Conversely, they often have a strong environmental motivation for holding land back, lack basic land management skills and knowledge and this can provide an opportunity for neighbouring farmers. Nevertheless, it is the established family farms that account for the majority of land covered by the survey (67%) and consequently, it is their decisions about land management that will have implications for the future of Exmoor’s farmed environment.

6.3 Not only can many farmers trace their family’s roots back many years but they themselves have often been in charge of their business for over 25 years. Consequently, the farm population appears somewhat aged although it is not dissimilar to that of Dartmoor and other parts of the country. More importantly, the expectation of succession is also comparable with other parts of country, although 46% of farmers over 65 have not identified a successor suggesting that their land will become available to existing Exmoor farmers and/or new entrants⁷.

6.4 Many farmers have actively reduced their dependency on farm income through diversification, particularly through tourism and other rental income sources. In the case of tourism-related diversification, National Park status was frequently seen as a bonus, stimulating tourist demand. However, there was also a perception that planning constraints could act as a barrier to tourist related diversification. While on-farm diversification is

⁷ The data on likely succession reported here must be treated with some caution, however, as the questionnaire was addressed to the principal farmer and we did not canvass the opinions of younger farmers and farm family members about their desire/intention to succeed to the farm.

important, off-farm working is more important for those with lower dependency on farm income. Although we do not know where off farm jobs are located (i.e. they could be outside the National Park), this nevertheless suggests that the role of Exmoor NPA and partners in stimulating local economic development can play an important role in sustaining farm households.

Agri-environmental schemes, training and advice

6.5 The survey revealed a high uptake of HFA and ESA payments and a slightly lower incidence of extensification payments. However, the uptake of other ERDP schemes appears particularly low. The barriers to uptake can seem formidable given detailed application procedures and the need to part fund any plans. However, potential income from ERDP schemes (including agri-environmental schemes) could become more important in the future, particularly where farmers face a reduction in other support payments. Although the Exmoor NPA may face a potentially fine balance between taking steps to facilitate the greater uptake of rural development funding among the farming population while meeting its other environmental objectives, this should not inhibit a proactive approach to encouraging greater uptake of ERDP rural development schemes.

6.6 Given the existing high uptake of ESA payments, albeit largely confined to Tier 1, and the imminent introduction of Environmental Stewardship, it could be assumed that a large proportion of Exmoor farmers will gradually transfer to the new scheme. However, the greater emphasis on enhancement under Higher Level Stewardship offers the potential for environmental improvement and Exmoor NPA staff should play a role in encouraging applications to the new scheme that will be environmentally enhancing. Evidence from the survey certainly suggests that large numbers of respondents plan/hope to increase their receipts of agri-environmental payments, although as yet it is unclear to what extent they are willing to make significant changes to their farming system (although see comments below on the impact of CAP reform).

6.7 The survey revealed a reasonable demand for training and advice in certain areas, particularly the use of new technology and agri-environmental management. There is clearly a role for Exmoor NPA in facilitating or delivering the latter, although the survey shows little support for the idea of a one-stop, or first-stop shop. Instead, respondents emphasised the need for advice provision to be independent and unbiased, delivered by advisors with a good professional reputation and to point recipients towards sources of grant aid. While Exmoor NPA clearly has advisors with good standing within the farming community, farmers preferences suggest that the Authority should consider developing its advisory services in partnership with other organisations in order to be seen to offer independent and unbiased advice. In addition, further work should be undertaken to establish the demand for specific types of ICT and agri-environmental training and, importantly, how it should be delivered. Given the continued importance of livestock markets for many Exmoor farmers, consideration of how to improve links between the livestock markets serving Exmoor and training and advice services is required.

Trends in land management and the impact of CAP reform

6.8 Farm survey results reflect DEFRA census data in indicating a recent trend of falling livestock numbers (although the postal survey did not collect information of the magnitude of the change) as well as pointing to changing patterns of livestock management with a decline in away wintering and an increase in sheep finishing. In the absence of further detailed information, it is difficult to interpret the environmental implications of these trends. However, if reductions in away wintering are not accompanied by reductions in livestock numbers the moors will clearly carry more stock in the winter, increasing the need for supplementary feeding.

6.9 CAP reform will have an impact on farm management and the plans of a majority of farmers on Exmoor. The future is likely to see some of the trends of the recent past deepen as farmers plan to react to the anticipated impacts of CAP reform with evidence that some moorland farmers will also withdraw from grazing commons (although survey results suggest that this will be confined to a minority of farmers). The pattern of response and its timing is complex, however, with some respondents indicating a ‘wait and see’

approach. Some will adopt a down-sizing and cost cutting strategy, while others will focus on higher quality outputs. Again, at this stage, the implications are ambiguous but further selective destocking seems inevitable with many respondents stating their intention to reduce cattle numbers or even cease cattle production. Ironically, the future could see a problem of insufficient grazing pressure and/or an environmentally unfavourable ratio of sheep to cattle.

6.10 Clearly, the spatial pattern of such a response will be important in terms of the implications for the future quality of Exmoor's moorland. We have not carried out such an analysis for reasons of confidentiality⁸ but these results should be considered in conjunction with the more spatially explicit moorland condition project commissioned by the Exmoor Society in order to identify moorland blocks at risk of undergrazing. In addition, Exmoor NPA should take steps to ensure that as far as possible HLS is tailored to the needs of Exmoor's environment in the light of likely farming change. Adapting to CAP reform will clearly be a challenge for many farmers but the incentives it provides to extensify and focus more on quality production, present an opportunity to enhance the environment of Exmoor National Park.

6.11 The implications of farmers' reaction to CAP reform will also have implications beyond the farm business and farmed environment. Planned reductions in the scale of some enterprises will see further labour reductions and also some reductions in use of contractors. Survey results indicate limited labour and machinery sharing between Exmoor farmers although this could become more important in future and is something to be explored further, particularly to see if Exmoor NPA has role to play.

6.12 CAP reform will also stimulate further attempts at diversification which *could*, to an extent, help counteract job losses; but whether opportunities created by diversification will provide employment for former agricultural workers is unclear. The increase in plans

⁸ Given the knowledge Exmoor NPA staff have of the farming community, mapping the pattern of response across the park would disclose the intentions of some individuals which were supplied under terms of strict confidentiality.

for diversification reinforces the comments made earlier that concerned improving the uptake of ERDP rural development funds but it also has the potential to increase conflict between farmers and Exmoor NPA planners. The survey revealed a clear and widely held perception that Exmoor NPA frequently impedes planning applications from farmers. While some supported this, others saw it as the NPA blocking diversification plans. Planning is always a contentious issue when discussing diversification with farmers but given the likely increase in diversification the NPA should consider means of improving communication between planners and farmers, explaining decisions and requirements and means of improving the suitability of planning applications.

The role of moorland farms

6.13 Moorland farms and their operators make a distinctive contribution to Exmoor. Despite being a numerical minority in the sample, they are nevertheless responsible for over half the land area covered by the survey, a result of their larger average farm size. The distinctiveness of moorland farms however, extend beyond their agricultural characteristics. In comparison to other farmers, moorland farm families have particularly long farming connections on Exmoor, and, possibly linked to this, they are more involved in a range of industry and community activities. Interestingly, although they are more dependent on farm income and more likely to be affected by CAP reform, moorland farmers have a significantly higher anticipated succession rate. Due to the age structure of moorland farmers, many of the current generation do not expect that they personally will be farming in five years time, although most who expect to leave farming over the next five years with the intention to either retire or semi-retire anticipate that they will pass their farm on to a successor. Those who plan to leave and sell their farm only manage a very small area of land located on moorland farms (8%), suggesting that the majority of moorland will remain in the hands of the families that have managed Exmoor's moorland for many decades. To the extent that Exmoor NPA staff already have good working relationships with many moorland farmers, this can be viewed in positive terms although CAP reform will stimulate changes in moorland management. Compared to non-moorland farms, moorland farmers are more likely to plan to reduce livestock numbers (particularly

cattle), reduce away wintering and there is some evidence of an anticipated withdrawal from grazing commons.

Recommendations

6.14 The original objectives of National Parks were revised under the 1995 Environment Act and are:

- To conserve and enhance the natural beauty, wildlife and cultural heritage of the Parks.
- To promote opportunities for the understanding and enjoyment of the special qualities of the Parks by the public.

6.15 In addition, the 1995 Act requires that National Park Authorities, “in pursuing...[these] purposes, shall seek to foster the economic and social well-being of local communities within the National Park, but without incurring significant expenditure in doing so, and shall...co-operate with local authorities and public bodies whose functions including the promotion of economic or social development within the area of the National Park.” While wider socio-economic role of National Park Authorities is presently quite tightly constrained the NPA clearly has a role, along with other stakeholders, in supporting the social and economic well-being of Exmoor. Moreover, there is a strong link between National Park priorities and the role played by farming. Farming is a major contributor to achieving National Park objectives on Exmoor although there are a number of steps that could be taken to improve its role. Some of the following recommendations would require action to be led or initiated by Exmoor NPA while others involve other stakeholders and partner organisations (we have suggested lead organisations after each recommendation) :

1. In partnership with DEFRA and other stakeholders, Exmoor NPA should ensure, as far as possible, that Higher Level Stewardship is tailored to the needs of Exmoor’s environment in the light of likely changes in cattle farming following CAP reform. In addition, Exmoor NPA staff should play a role in encouraging applications to

- Higher Level Stewardship that will enhance the moorland of Exmoor. (*NPA, DEFRA*)
2. Although it is not part of the current remit of the Authority, it would help meet National Park purposes if the Exmoor NPA adopted a proactive approach to encouraging greater uptake of England Rural Development Plan rural development schemes. (*NPA, DEFRA*)
 3. The impact of CAP reform, changing markets and consumer preferences should be regularly monitored to identify the implications for farm management and meeting National Park Objectives. The survey undertaken for this project has provided a sound evidence base on which future, periodic, surveys could build with the sample of farms acting as a ‘barometer’ of farming change on Exmoor. (*NPA*)
 4. CAP reform will have significant implications for Exmoor. In the context of CAP-stimulated labour cuts, further work should be undertaken to explore the potential and demand for labour sharing as well as for alternative employment prospects for former agricultural workers. (*NFU, NPA*)
 5. Given possible changes resulting from CAP reform, the NPA and other stakeholders should facilitate a debate about the desirability and feasibility of maintaining current levels of agricultural management within the National Park. The outputs of the debate should be used to inform future strategic visions for Exmoor National Park. (*NPA and all interested stakeholders*)
 6. The survey has identified a demand for certain types of training and advice (e.g. use of new technology, environmental management, business management). The adequacy of existing provision should be reviewed and in particular, work should be undertaken to establish the nature of the demand for training and advice on new technologies and agri-environmental management. (*DEFRA/RDS, NFU, NPA*)
 7. The farm survey found little support for the concept of a one-stop-shop. The NPA should consider this finding carefully before acting on national policy recommendations for this type of service provision.

8. Linked to the previous recommendation, given the importance of livestock markets, consideration should be given to improving links between markets and training and advisory services. (*Auctioneers, training providers, NPA and other industry bodies*)
9. Moorland farmers, in particular, have a long association with farming on Exmoor and are the holders of important land management skills and knowledge. At the same time, recognising the numerical significance of new entrant farmers, consideration should be given to how existing members of the farming community can provide help with land management skills and knowledge and how to utilise the skills and knowledge of new entrant residential farmers to help support the farming community. (*All stakeholders*)
10. It is vital that the National Park Authority is fully informed about the contribution farming makes to National Park objectives. Information currently held by DEFRA on the total value of direct payments made to farmers should be made available to the NPA. Hopefully this will become easier to deliver once the SFP is in place. (*DEFRA, NPA*)
11. Steps should be taken to improve communication between planners and farmers, explaining decisions and requirements and means of improving the suitability of planning applications. There is clearly a role here for Exmoor NPA but farming organisations should also be more proactive, for example, inviting guest speakers to address local meetings, etc. (*NFU, NPA*)

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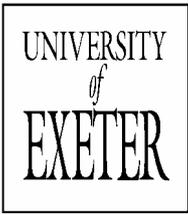
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Appendix One

Postal questionnaire, covering letter and reminder letter



5. **Is your farm**

- owner occupied
- wholly rented
- mixed tenure

6. **Are you a registered organic producer?**

- Yes, whole farm (including in conversion)
- Yes, part farm (including in conversion)
- No

CONFIDENTIAL

The person completing this form should be the farmer, owner or manager.

1. **Are you the**

- Farmer
- Farm manager
- Other (please give details)

.....

The Farm

2a. **What is the total area of this farm, excluding common land?**

.....hectares oracres

2b. **Of this, how much is entirely within the boundaries of Exmoor National Park?**

.....hectares oracres

3. **Please indicate the areas of the following on your farm**

	acres	hectares
Rough grazing (sole rights)
Rough grazing (common rights)
Permanent grass
Temporary grass
Arable
Set-aside
Woodland
Other (please specify)

4. **Which one of the following best describes your farm?**

- Specialist sheep
- Mixed cattle & sheep
- Specialist beef
- Other (please specify)

.....

You & your family

7. **Are you the first generation in your family to be farming in this part of the country?**

- Yes

8. **If no, in roughly what year did your family start farming here?**

.....

9. **If yes, did you previously farm somewhere else?**

- Yes

10. **How long have you been responsible for the running of this farm?**

..... years

11. **How old are you?**

..... years old.

12. **Have you identified a potential successor who will eventually take over the management of the business?**

- Yes
- No

13. **Which of the following best describes the highest level of formal education have you received:**

- Full Secondary Education (up to 16 years old)
- Further Education (e.g. City and Guilds, HNC)
- Higher Education (e.g. HND, Degree, Masters)

Your Business

14. **How important are non-farming business activities to your business? Tick one box per line**

	No activity	Importance		
		Not very	Very	Crucial
Processing and retailing of farm produce	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tourist accommodation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rents other than tourism	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Shooting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other recreation, e.g. fishing, nature trails	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rural crafts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Agricultural services (e.g. contracting, consultancy)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Equine services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Forestry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (<i>please specify</i>)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Off farm income	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

15. **How many people work in your 'farm' business?**

	Number					
	Farming		Non-farming on farm		Off farm	
	Full-time	Part-time	Full-time	Part-time	Full-Time	Part-time
Principal farmer(s) and spouse(s)						
Other farmers, partners & directors						
Regular paid workers and managers						
Regular unpaid workers (inc. unpaid family)						
Casual workers						

16. **Please indicate roughly what proportion of your household income is generated by the following sources**

Tick one box per line & check that total adds to 100%

	% of income				
	0	25	50	75	100
Farming activities on this farm	<input type="checkbox"/>				
Non-farming activities on this farm	<input type="checkbox"/>				
Off-farm businesses	<input type="checkbox"/>				
Employment off the farm	<input type="checkbox"/>				
Private pensions or investments	<input type="checkbox"/>				
Social security payments including state pensions)	<input type="checkbox"/>				
Other (<i>please specify</i>)	<input type="checkbox"/>				
	Total			100%	

17. How would you describe the current situation of your business?

- Excellent
- Good
- Fair
- Poor
- Bad

18. How would you describe the economic prospects of your (own) business over the next five years?

- Excellent
- Good
- Fair
- Poor
- Bad

19. What are your *main* marketing channels?

- Supermarket contract
- Organic wholesale or pack house
- Contract with processor
- Marketing co-operative
- Farmers market
- Livestock market
- Farm shop
- Box scheme
- Local shops & businesses
- Other (please specify)

.....

20. Do you receive any of the following environmental management and rural development payments? (please tick all appropriate boxes)

- Hill Farm Allowance
- Extensification Payment Scheme
- Exmoor ESA
- Countryside Stewardship Scheme
- English Nature Management Agreement
- Exmoor National Park Management Agreement/grant
- Organic Aid Scheme
- Energy Crops Scheme
- Processing and Marketing Grant
- Rural Enterprise Scheme
- Vocational Training Scheme
- Other

21. Please look at the following list. Which of the following types of information and training do you require? (tick all that apply)

	Not needed	Low need	Moderate need	Essential
Marketing skills	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
On farm diversification	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Off farm diversification	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Business management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Record keeping	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Use of new technologies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
On farm processing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Environmental management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (please specify)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

22. Please look at the following list and indicate how important each factor is when seeking advice for your farm

	Very important			Not important	
On-farm discussion	<input type="checkbox"/>				
Clarity of advice	<input type="checkbox"/>				
Professional reputation of advisor	<input type="checkbox"/>				
Independent, unbiased advice	<input type="checkbox"/>				
Specialist advisor	<input type="checkbox"/>				
Consistency of advice from different sources	<input type="checkbox"/>				
A single point of first contact (such as a 'first-stop-shop')	<input type="checkbox"/>				
Tailored to needs of the farm	<input type="checkbox"/>				
Information on sources of grant aid	<input type="checkbox"/>				
Information on other sources of advice	<input type="checkbox"/>				
Other (please specify)	<input type="checkbox"/>				

Recent and Future Change

In this section we need to follow the development of your business in the recent past and the near future

23. **Have there been any significant changes to your business since 1998? Tick one box per line**

	Level of activity					
	Not applicable	No change	Started	Increased	Decreased	Stopped
Area farmed	<input type="checkbox"/>					
Use made of commons grazing	<input type="checkbox"/>					
Away wintering of breeding stock	<input type="checkbox"/>					
Number of cattle sold finished	<input type="checkbox"/>					
Number of sheep sold finished	<input type="checkbox"/>					
Environmental payments	<input type="checkbox"/>					
Level of labour used	<input type="checkbox"/>					
Use made of contractors	<input type="checkbox"/>					
Machinery sharing	<input type="checkbox"/>					
Non-farming activities	<input type="checkbox"/>					
Involvement in group activities	<input type="checkbox"/>					
Woodland management	<input type="checkbox"/>					
Significant agricultural capital investment	<input type="checkbox"/>					
Diversification	<input type="checkbox"/>					
Converted buildings for sale/rent	<input type="checkbox"/>					
Whole/part organic conversion	<input type="checkbox"/>					
Box scheme or other direct sales initiative	<input type="checkbox"/>					
Other (please specify)	<input type="checkbox"/>					
.....						
.....						

The 2003 CAP reform agreement represents a fundamental change in agricultural policy. From 2005 the support payment you receive will no longer be tied to production levels. Although the final payment rates are yet to be decided they are likely to be in the range £65-£85 in SDAs (Severely Disadvantaged Areas) and £210-230 for non SDA land.

24a. **Is this likely to affect the way you farm and your plans for the business?**

- Yes
- No

24b. **If yes, in what way/how?**

.....

.....

.....

.....

.....

.....

25. **Do you anticipate any *significant* change to your business in the next five years?**
Tick one box per line

	Not applicable	Level of activity				
		No change	Started	Increased	Decreased	Stopped
Area farmed	<input type="checkbox"/>					
Use made of commons grazing	<input type="checkbox"/>					
Away wintering of breeding stock	<input type="checkbox"/>					
Number of cattle sold finished	<input type="checkbox"/>					
Number of sheep sold finished	<input type="checkbox"/>					
Environmental payments	<input type="checkbox"/>					
Level of labour used	<input type="checkbox"/>					
Use made of contractors	<input type="checkbox"/>					
Machinery sharing	<input type="checkbox"/>					
Non-farming activities	<input type="checkbox"/>					
Involvement in group activities	<input type="checkbox"/>					
Woodland management	<input type="checkbox"/>					
Significant capital investment	<input type="checkbox"/>					
Diversification	<input type="checkbox"/>					
Converted buildings for sale/rent	<input type="checkbox"/>					
Whole/part organic conversion	<input type="checkbox"/>					
Box scheme or other direct sales initiative	<input type="checkbox"/>					
Other (please specify)	<input type="checkbox"/>					
.....						
.....						

26. **In managing your business how would you describe your attitude:**

- I like to stick to practices that have worked well in the past.
- I will follow new practices as long as they have been well tested.
- I like to be one of the first to try out new practices.

27. **Which of the following statements best describes what you expect to be doing in five years time?**

- I will be retired/semi-retired in favour of a successor
- I will be retired/semi-retired and will have sold the farm
- I will have sold the farm and taken up a career elsewhere
- I will have handed over the management of the farm to someone else (e.g. contract farmer, farm management company)

Industry and community participation

This section is designed to collect information about your role in the community. We are interested in learning more about your activities and contacts both professional and social.

28. Are you currently a member of any of the following organisations/groups?

Please tick one box on each line

	Very active	Active	Occasional involvement	Not involved
NFU	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CLA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Discussion group	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Buying group	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Selling or marketing group	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sharing machinery	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sharing labour	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
School governors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Parish/town/district/county council	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Community/village hall committee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Parochial Church Council	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Young farmers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Local Hunt	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sports club	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Campaigning Group	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Political Party	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Environmental group	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (<i>Please specify</i>)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

.....

The National Park

This year Exmoor National Park will be celebrating it's 50th anniversary. The final questions are concerned with your own perception of how the designation of the national park may have affected your farm.

29a. Does being located within the National Park affect the way you manage your land?

Yes

No

29b. If YES, in what way?

.....

.....

.....

.....

30. Does being located within the National Park have any other impacts on your business (e.g. opportunities for diversification, planning constraints)?

.....

.....

.....

.....

Thank you for your co-operation in completing this questionnaire. If you have any questions about the project please feel free to get in contact with the research team, whose details are on the front page of this booklet. The final results of this project will be published in the summer/autumn of 2004.

Would you like to receive a summary of the survey findings?

Would you be willing to take part in a future survey?

Yes *No*

Thank you once again.

Please use this space to make any additional comments

Please return this form to the University of Exeter in the **FREEPOST** envelope provided.
(NO STAMP REQUIRED)



CENTRE FOR RURAL RESEARCH

Date
«Contact_Name»
«Address_1»
«Address_2»
«Address_3»
«Postcode»

Dear «Contact_Name»

The State of Farming on Exmoor, 2004

With recent changes in farming, agricultural policy and the rural economy, the current state of farming and likely change in the near future are topics of considerable discussion. This is all the more important within a National Park where the actions of farmers help shape the landscape and environmental value of the area, and play an important role in the local economy.

That is why I am writing to you. This year is the 50th anniversary of Exmoor National Park and the University of Exeter has been commissioned (by the Park Authority) to collect information to produce an accurate picture of the current state of farming and how it may change in the near future.

Your name has been selected as part of a large random sample of farms within Exmoor National Park. Whilst co-operation in the survey is voluntary, I would be very grateful if you are able to take part. It should not take more than 20 minutes of your time.

The enclosed simple questionnaire should be completed by someone involved in managing the business. It asks for information about your farm business, any other businesses you might be running and also about your life in the community. All of this information helps us build a picture of the current state of agriculture and the role that farming and farmers play within the National Park.

All of the information you provide will be handled in the strictest confidence, your details will not be passed to the National Park and no individual farm or persons will be identifiable in any of the survey results. The information collected by this study will be important in the future development of policy. I do hope you will help us build an accurate picture of the state of farming on Exmoor by completing the questionnaire and returning it in the FREEPOST envelope provided.

With many thanks for your time,

Yours sincerely,

Matt Lobley
Assistant Director

School of Geography, Archaeology
and Earth Resources
Lafrowda House
St German's Road
Exeter EX4 6TL

Director and Head of School
Professor M Winter
<http://www.ex.ac.uk/crr>

Direct Line (+44) 01392 264539
Fax (+44) 01392 263852
Email M.Lobley@exeter.ac.uk
General enquiries 01392 263836



CENTRE FOR RURAL RESEARCH

Date

«Name»

«Address_1»

«Address_2»

«Address_3»

«Address_4»

«County»

«Postcode»

Dear «Salutation»

The State of Farming on Exmoor, 2004

In the last week a questionnaire asking you for information about you and your farm business was sent to you.

If you have completed and returned the questionnaire already please accept my sincere thanks. If not, could you return it today? Because we sent it to a small sample it is most important that your information is included in the study if we are to accurately report on the state of farming on Exmoor. We are aiming to have collected all the questionnaires back by **14th May**.

Along with the questionnaire we have included a FREEPOST envelope for your convenience and we will be sending a summary of the research to all those who take part, as soon as the project is completed in the autumn.

If you have any queries please call my colleague Dawn Wakefield (01392 262438).

Thank you once again for your assistance.

Yours sincerely,

A handwritten signature in black ink that reads 'Matt Lobley'.

Matt Lobley
Assistant Director

School of Geography, Archaeology
and Earth Resources
Lafrowda House
St German's Road
Exeter EX4 6TL

Director and Head of School
Professor M Winter

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Appendix Two
Respondent's comments

Impact of CAP reform

“We will no longer be subsidy collectors for animal numbers therefore it will not pay us to keep the current numbers if either the cattle or sheep do not prove profitable in their own right. It would be better to ‘top’ the grass and work away from the farm more!” (Mixed cattle & sheep farmer)

“Land now let may not be required by other farmers, as there will be less stock kept. Land needs to be grazed to be retained or will revert to waste land. Small yearly payment (for SDA) will not help business or countryside.” (Mixed cattle & sheep Farmer)

“Payment for SDA should be received. Higher payments should be paid to SDA and lower payments to non-SDA. Good land produces good crops and grazing, where SDA produces a very poor crop result and poor grazing, i.e. low income for the farmers who will go out of farming, making the land go derelict.” (Livestock farmer)

“We could not stand to lose £14, 000 per year and may find it impossible to carry on farming unless livestock prices improve a lot.” (Mixed cattle & sheep)

“Possible reduction in breeding stock. Possible increase in the amount of cattle sold finished. More non-farm income sought.” (Mixed cattle & sheep)

“We don’t yet know if we will be better or worse off – depends on environment obligations, but one thing is certain; the economics of upland livestock farming is extremely borderline as is the management by grazing of rough heathland pastures. Unless value is added to the purposes of low intensity livestock farming in the hills, the sector will shrivel.” (Sheep farmer)

“It will definitely affect the business but until it is put into effect and finalised – Who Knows! The new system seems unfair to SDA stock farmers as non SDA have greater payments per hectare. Surely it should be the same for all.” (Specialist sheep farmer)

Farming in the National Park

“The need to be aware of public rights etc, and to avoid the “Big Brother” type of activities of the authorities, over and above the normal constraints which apply to farming in general.” (Mixed cattle & sheep farmer)

“We are concerned that the upkeep of our pasture and hedgerows are in harmony with the National Park. We consider ourselves fortunate to live in such a beautiful area.” (Specialist sheep farmer)

“Increases perception of environmental importance of the land.” (Specialist sheep farmer)

“When National Parks began they were good at maintaining footpaths etc, but they have now become more office orientated and the maintenance of the countryside has been neglected in some places. Also at the inception of National Parks there appeared to be no intention of interfering with farming but it would seem that this idea has changed.” (Mixed cattle & sheep farmer)

“Our land management is strongly influenced by ESA agreement and our tourism enterprises” (Mixed cattle & sheep)

Opportunities and constraints associated with farming in the national park

“Some traditional farm buildings could have made a retirement home for my wife and myself, but can only be converted as holiday housing with ten months occupancy. No attempt made to keep people in their lifelong localities, and no affordable local accommodation.” (Mixed cattle & sheep farmer)

“Community social and economic purposes should be equal to prime purposes.” (Mixed cattle & sheep farmer)

“On balance the Park and planning officers have been helpful in planning applications we have made for both farming and diversification.” (Specialist sheep farmer)

“Planning constraints are a serious impediment along with environmental designation/regulation in which the NPA plays a significant role (Section 3 – Wildlife & Countryside amendment Act). The Park is not run for the benefit of local people nor with a direct demographic base, but for some form of National ideal which, is not rooted in the management, culture or history of Exmoor or its people. Land managers are tolerated but not cherished or valued in this context leading to disillusionment and apathy.” (Sheep farmer)

“The farm business has a slight advantage in the National Park but to diversify is more of a problem, especially with my old stone farm buildings.” (Specialist sheep farmer)

“Ideal area for tourism, but need to build for family to keep son in area to manage farm and was totally turned down. National Parks need to accept the need for new homes to be built in parks to keep youngsters in area.” (Mixed cattle & sheep farmer)

“The National Park has an increased social awareness than the local District Council. We were allowed to build extra accommodation for retired parents as extension of our home” (Mixed cattle & sheep)

Additional comments

“I feel most farmers are very angry and if you want a civil war against the country than this government is going the right way to get one. There’s only so far we can be pushed. If you want the supermarkets full of meat from Zimbabwe and Brazil then carry on. Also we’re fed up with training and consultants popping up from nowhere obtaining funding from Gov that’s not helping farmers in real need. It is like telling Granny to such eggs and we’re getting fed up with it. Government grant aid should go to real farmers not for training, in something you already know, not for business plans where the consultants get paid regardless, at silly rates of pay. We need real help on Exmoor.” (Specialist dairy farmer)

“Clearly, those living in the countryside feel under threat from ever encroaching urban biased legislation. Exmoor National Park has a crucial role to play in showing strength when dealing with these matters. It must remain a focal point in maintaining that unique quality of life and environment that struggles to exist” (Specialist sheep farmer)

“Very difficult to speculate about your business in such uncertain times. We have invested heavily in land, buildings, quota and also machinery. But it may be a case of sit on your backside and see what happens. They say ‘Put your S.F.P in one account and farm your farm on it’s own account’ it’s never been viable without subsidies in the past and there will have to be big changes in the system to make it viable in the future. Lets hope our years of hard work and investments have not been for nothing.” (Mixed cattle & sheep)

“I think that sustainable development should be the aim and that economic sustainability is part of that, I would like to see the National Park promoting the economic growth of the area in ways that are considered desirable in order to counteract the decline of farming and reduce dependence on subsidy. I think that this consistent with their overall aims and will help to stop them being seen as people who are there to stop you from doing this.” (Mixed cattle & sheep farmer)

“We have to ensure farming on Exmoor is profitable. I worry about modulation being too high. I am also concerned about younger people who seem to be leaving the industry. We have to demonstrate that there is a future to farm Exmoor and learn the skills of livestock and environment.” (Mixed cattle & sheep farmer)

“I am 30 years old and along with my brother will be given the opportunity of taking over the family’s farm in 4 years time when my father retires. My grandparents started their farming career here over 60 years ago and along with my parents they started with nothing and due to both hard work and a lot of sacrifices have got us where we are today.

We farm both dairy and sheep on the edge of Exmoor, North Devon. The height of our ground ranges 800 – 1100 feet and yet none of which is moorland. Here we produce a lot of top quality food, yet remaining very environmentally friendly. I left school in 1990 with an abundance of enthusiasm for farming which has gradually

been broken. First by the BSE outbreak resulting in a high percentage of our 'home grown' dairy herd being slaughtered. Returns have continued to fall due to milk price cuts, falling close to the price of production. Lamb prices have varied and until recently have been poor. We've had an increase in red tape and paperwork thrown our way! We were under restrictions from foot and mouth which, affected us badly, and recently we have suffered losses in our dairy herd due to the ever more common TB outbreak.

Throughout all this I have remained encouraged by the new CAP reform payments, thinking things would improve enough for us to be able to enjoy profitable farming and invest in the future. BIG MISTAKE. At first I thought I had read the article in the Farmers Guardian wrong when it predicted that we farmers in the SDA would receive less than a third of what non SDA farmers would receive, but it looks like it is true and it is a disaster. I now have a wife and a son and up until now have remained enthusiastic about his future in farming but now I am not so sure.

Do the government not realise that a high percentage of farmers are over retirement age and if they do not encourage a fair and profitable future for the farmers of the future, who will be here on the hills taking pride in the countryside. Finally how can we compete in a disadvantaged area with a disadvantaged payment. Yours Hopefully" (Livestock and dairy farmer)

"We would like to make use of environmental payments but the levels for the Exmoor ESA are low, when compared even with Dartmoor. The payment levels should be the same in all ESAs as a matter of principal. This may well be rectified as the ESA is phase out, but as yet the new 'Higher Level Scheme' is still to be decided.

Land within a National Park should qualify for the 'Higher Level Scheme' but as yet it is by no means certain. There are no grants hedge restoration or renovation of traditional farm buildings under the 'Entry Level Scheme'. Area Payments under the new 'Higher Level Scheme' should be significantly higher than the current level of Exmoor ESA payments to compensate for the lower level of the SFP in SDAs, when compared to the lowland. "Land Management" expenses are equally high, it could be argued that in SDAs expenses are even higher than the lowland, because small beef and sheep enclosures are very expensive to maintain." (Mixed cattle & sheep farmer)

"I think there is a great danger that the single farm payments and ban on hunting will mean that many farmers will turn to commercial shooting as the most profitable land use. We have been approached by local shoot and offered £200 per acre per year and ESA payments lost. Other farmers have been offered more. We have refused at the moment because shooting would not fit in with our tourism/equestrian enterprises, a shoot would ruin the landscape and tranquillity of our valley. However, if shooting in the future will be the only way the farm can remain economically viable, we could re-consider. Widespread commercial shooting on Exmoor will ruin the ecology, landscape and "Eco-tourism" image of Exmoor. Food for thought!" (Mixed farmer)

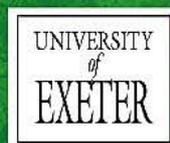
"I am a small holder but have a lot of involvement with the local farms. We have an abattoir attached to our 10 acres and pride ourselves on support to locally produced

meats. Unfortunately it is more and more difficult to get quality animals.” (Specialist beef farmer)

“The farming areas of the SDAs should receive the same amount of payment as the non-SDA land. The hill farms are constrained to farming sheep and cattle – they should not be further constrained by bureaucracy.” (Cattle farmer).

“All SDA farmers are obviously incensed by the suggested rate of £85 per ha for SDA land and £220 per ha for all other land; this has got to be grossly unfair as it stands. We have no idea how it will affect Exmoor National Park, but it cannot be helpful.” (Mixed cattle & sheep farmer)

“I feel the NFU has let us down over the CAP reform. They should have insisted on historical payments. However, when this failed they should have demanded that SDA grassland had the highest payment as we are restricted on what we can grow through poorer growing conditions. We cannot grow early crops or produce early fat lambs to take advantage of high prices. I am of the opinion that Exmoor National Park has done more for Exmoor farmers than any other organisation in this most difficult time.” (Mixed cattle & sheep farmer)



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