

Farmer Responses to Brexit: Intentions to deliver more “public goods for public money”

Authors

Jenny McMillan, Andrew Barnes¹, Steven Thomson¹, Michael Spencer¹, Jon Hopkins², Lee-Ann Sutherland², Douglas Wardell-Johnson³

Summary

The UK's proposed withdrawal from the European Union presents uncertainties and opportunities regarding future agricultural support and increased emphasis on “public money for public goods”. This briefing note outlines the results of a 2018 survey of 2,494 farmers, crofters and smallholders on their intentions to engage in agri-environmental provision.

Findings reveal that over 50 per cent of farmers plan no changes to the levels of agri-environmental provision on their holding in the succeeding five years, whilst between approximately 14 and 27 per cent of farmers plan to increase provide greater “public goods for public money” through increased areas of agri-environmental, forestry, small-scale woodland and renewable energy production.

Of those who did signal intentions to increase these activities, identification of a successor; status as a new entrant; tenure; gender and land type were the most significant characteristics of those intending to increase public good based activities. Lower productivity of land appears to be a factor which positively influences the decision of farmers to increase the level of forestry and small-scale woodland on their farm or holding

The impact of Brexit was found to be low on the stated intentions of farmers to change their level of the activity type on farms, with the exception of agri-environmental activities, where 12% of farmers indicated they intended to increase this activity, compared to 3% or 4% for the other activities.

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¹ Department of Rural Economy, Environment and Society, SRUC, West Mains Road, Edinburgh, UK

² Social, Economic and Geographical Sciences, James Hutton Institute, Aberdeen, UK

³ Information and Computational Sciences, James Hutton Institute, Aberdeen, UK

1.0 Introduction

Agricultural policy is evolving, both within the existing EU Common Agricultural Policy and across the UK administrations as they prepare for policy beyond Brexit. Within the EU, Scotland and the rest of UK the rationale for future agricultural policy support is evolving, with arguments for greater support for public good outputs – so called “public goods for public money” gaining traction. Whilst it is still uncertain what the final agreement will emerge from the negotiations from UK withdrawal from the EU (including the potential for a no deal Brexit), farmers are likely to face increasing calls to generate greater ‘public value’¹ or ‘public goods’ from their land and as such will become more important in the design of future agricultural policy.

Whilst the Scottish Government (2018b) announced a period of *Stability and Simplicity* for agricultural support until 2024 the policy context has already evolved rapidly. With the First Minister declaring a Climate Emergency in 2019 and acknowledging that “*the challenges facing biodiversity are as important as the challenges of climate change, and I want Scotland to be leading the way in our response*”² it suggests that public good delivery from rural land uses will face increased scrutiny.

Public goods in a rural land use context are often provided by non-market arising from land-use ecosystems, and include elements such as: habitat and species enhancement, carbon sequestration, flood prevention, water, air and soil quality, landscape, etc. (Baldock et al 2011; Harvey, 2019). Recently RSPB Scotland and Scottish Wildlife Trust (2019) estimated that the costs of meeting environmental land management priorities in Scotland amount to £729 million per annum – significantly more than the total existing agriculture and rural development spend.



Current policy impacting on the delivery of ‘public goods’ from rural land in Scotland includes the cross compliance requirements for those receiving Direct CAP Support³ (both Pillar I and Pillar II) and enhancing provision is also incentivised through Scottish Rural Development Programme (SRDP) 2014-2020 funding (Pillar II). Through SRDP funding the Agri-Environment Climate Scheme provides geographically targeted funding of specific options to support: actions to protect natural heritage; improve flood resilience; decrease pollution risks; preserving the historic environment; improving public access, and; adapting to and reducing the impacts of climate change. The SRDP also supports the establishment new woodlands and forests (including native woodlands) the sustainable management of existing woodlands / forests and maintaining tree health (Scottish Government, 2019).

¹ Scotland’s Agriculture Champions stressed the difference between public value and public goods, with the former including outcomes that are valued by society but not technically defined as public goods – public value includes food production (Scottish Government 2017, 2018a)

² <https://www.fightforscotlandsnature.scot/wp/wp-content/uploads/2019/08/FM-response-July-2019.pdf>

³ <https://www.ruralpayments.org/publicsite/futures/topics/inspections/all-inspections/cross-compliance/>

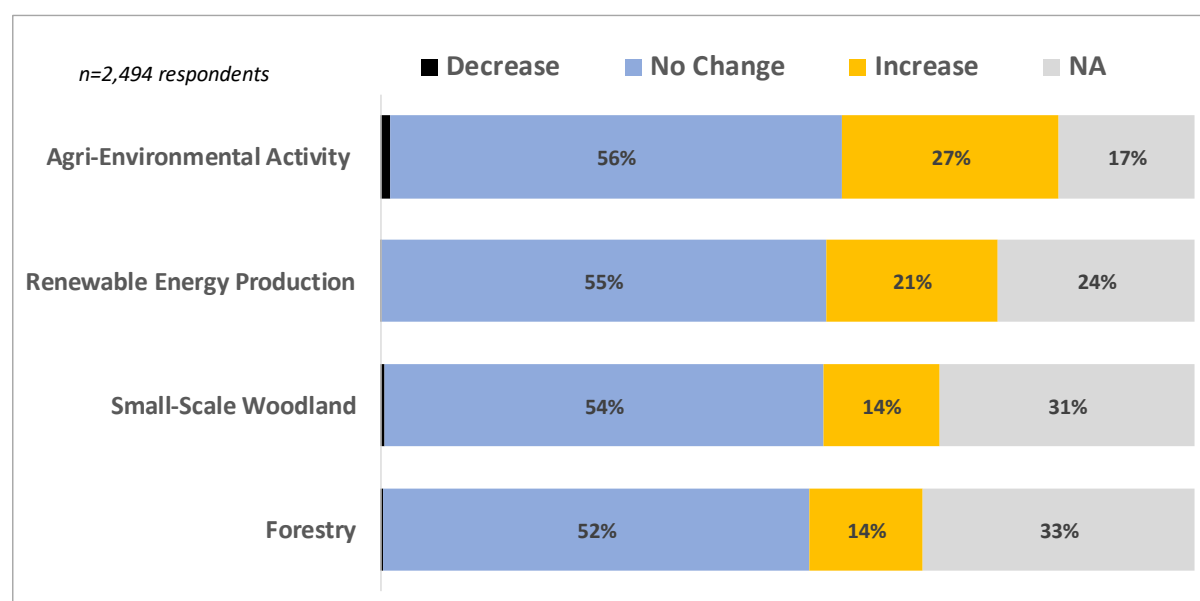
2.0 Method

A telephone-based survey of Scottish farmers, crofters and smallholders was conducted over the summer of 2018. A spatially representative sample of 11,000 businesses was selected using information from the Scottish Government's June Agricultural Census (JAC) stratified by region, business size and farm type. For a large-scale survey such as this, the JAC sampling framework is the most appropriate as it gives national level coverage and detailed information on agricultural activity, and it means that background information requirements are minimised. As the JAC reports at an agricultural holding level the data was aggregated (where appropriate) to business level⁴ in order to ensure the sampling framework was as representative of Scottish agriculture as possible. A total of 2,494 farmers, crofters and smallholders engaged with the survey.

3.0 Results

Figure 1 shows the overall intentions of the farmers, crofters and smallholders surveyed to change the level of activities on their farm or holding that may provide enhanced 'public good' provision in the next five years (2018-2023). Whilst respondents were not asked about how such activities would be financed, it is likely that there is an industry expectation that existing schemes to support such activities through Government funds would continue (particularly in light of current policy discourse). Over 50 per cent of respondents planned no changes to the level of each of the activities and for many the question was non-applicable as they currently don't engage in that activity. The type of public good provision that most respondents planned to increase is agri-environmental activity, at approximately 27%. This was followed by renewable energy at approximately 21%; area of small-scale woodland, at 14%; and area of forestry, at 14%.

Figure 1. Intentions to change level of 'public good-type' activities by 2023



⁴ A farm or croft business may be made up of multiple agricultural holdings

3.1 Characteristics of intentions to increase activities by type

Table 1 shows how respondents with different characteristics intend to increase their 'public good-type' activity in the next 5 years. For example 10% of arable farmers intend to increase forest cover and 27% of them intend to increase their agri-environmental activities. Summarising the data, we find that:

Those farmers who intend to increase **renewable energy** were:

- More likely to have a college or university education;
- Had identified a successor;
- Were a new entrant (less than 5 years in farming), compared to a current farmers; and
- Were less likely to be a tenanted farmer.

Those farmers who intended to increase the area of **forestry** were:

- More likely to have a university education;
- More male farmers were conducive to adoption;
- A new entrant (less than 5 years in farming), compared to a current farmers; and
- Designated Less Favoured Area.

Those farmers who intended to increase the area of **small-scale woodland** were:

- Designated Less Favoured Area; and
- More likely to state this increase in activity would be due to Brexit.

Those farmers who intended to increase the amount of **agri-environmental activity** were:

- More likely to have a college or university education;
- More male farmers were conducive to adoption;
- Farm a combination of owned and tenanted land; and
- Likely to have fewer years of experience.

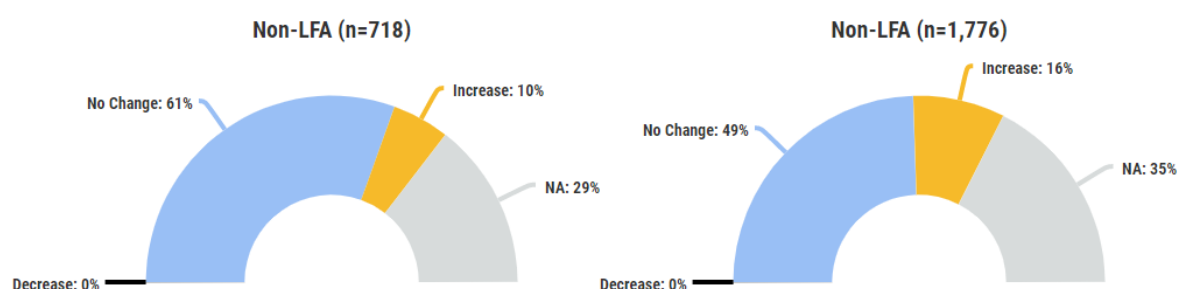


Table 1: Proportion of respondents intending to increase public good activity by general characteristics

Characteristics		Proportion intending to increase activity in next 5 years			
		Renewable Energy	Forestry	Small-scale Woodland	Agri-environment Activity
System	Arable (n= 336)	23%	10%	13%	27%
	Livestock (n= 1,699)	20%	15%	14%	26%
	Mixed (n= 459)	21%	14%	15%	25%
Region	Southern Scotland (n= 809)	21%	16%	15%	25%
	Eastern Scotland (n=796)	22%	12%	13%	16%
	Highlands & Islands (n= 889)	20%	14%	14%	27%
Size	Very small (n= 735)	20%	11%	13%	17%
	Small (n= 388)	17%	11%	10%	24%
	Medium (n= 245)	17%	10%	10%	32%
	Large (n= 466)	22%	15%	15%	30%
	Very Large (n= 660)	25%	19%	18%	31%
LFA status	Non-LFA (n= 718)	22%	9%	11%	26%
	LFA (n= 1,776)	20%	16%	15%	26%
Gender	Female (n= 613)	19%	10%	13%	23%
	Male (n= 1,860)	21%	15%	14%	27%
	Not Declared (n=21)	24%	14%	14%	19%
Age	<45 (n= 336)	28%	19%	16%	36%
	45-64 (n= 1,342)	22%	13%	14%	28%
	>65 (n= 816)	16%	13%	13%	19%
Tenure	Mixed (n=433)	23%	16%	15%	31%
	Owned (n= 1,595)	22%	14%	15%	25%
	Tenant (n=466)	14%	11%	11%	26%
Croft	Croft (n=323)	16%	14%	14%	24%
	Non Croft (n= 2,171)	22%	14%	14%	26%
CAP support	No Direct Payments (n=424)	23%	12%	15%	16%
	Direct Payments (n= 2,042)	20%	14%	14%	28%
New entrants	Established (n= 2,294)	20%	13%	14%	25%
	New Entrant (n= 200)	34%	20%	16%	32%
Education	Not Declared (n= 64)	14%	8%	11%	11%
	School (n= 819)	15%	10%	11%	19%
	College (n= 907)	21%	14%	14%	28%
	University (n= 704)	28%	19%	18%	33%
Successor	Not Declared (n=206)	33%	19%	16%	32%
	No (n=697)	14%	11%	11%	21%
	Too early (n=454)	21%	15%	17%	30%
	Yes (n=1,137)	23%	14%	15%	27%

Upland farmers, crofter and smallholders (represented by Less Favoured Area status) had a slightly higher intention to increase the area of forestry and small scale woodland by 2023 compared to their lowland counterparts. Figure 3 shows that those in the uplands were 6% more likely to expand their forest areas and this corroborates previous research findings (Hopkins et al, 2017; Brown et al, 2014), perhaps with this option being seen as an investment opportunity on land with lower agricultural value.

Figure 3: Intentions to change area of forestry by LFA status



3.2 Intentions to increase activities in context of Brexit

The respondents were asked whether their intentions to increase the amount of ‘public good-type’ activity was a consequence of Brexit (i.e. Brexit acting as a catalyst to change). Of those planning to increase agri-environmental activity by 2023 45% suggested that that planned action was influenced by Brexit. This compared to 19% of those planning to increase the amount of renewable energy produced, 26% of those planning to increase forest cover and 22% of those intending to increase small woodland cover. This perhaps suggests that the rhetoric about increased support for agri-environmental schemes post-Brexit have already influenced at least one-in-ten Scottish farmers, crofters and small holders.

Table 2: Intentions to change level of different types of agri-environmental activities, choice based on Brexit

Increase in Activity Type	Increase due to Brexit?
Renewable energy (n=452)	19%
Area of forestry (n=305)	26%
Area of small-scale woodland (321)	22%
Agri-environmental activity (583)	45%



5.0. References

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For further details please contact:

Andrew Barnes 

☎: +44(0)131 535 4042

✉: andrew.barnes@sruc.ac.uk

Jenny McMillan 

☎: +44(0)131 535 4189

✉: jenny.mcmillan@sruc.ac.uk