



# Farmer Intentions Survey: Regional Dimensions to Change

## Authors

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## Summary

The UK's proposed withdrawal from the European Union presents uncertainties regarding future agricultural support. This briefing note outlines the results of a survey of 2,494 farmers, crofters and smallholders, run during the summer of 2018, on differences between three geographical regions of Scotland: Southern Scotland; Eastern Scotland and the Highlands and Islands.

Findings reveal that household income from agriculture is substantially lower in the Highlands & Islands than in Eastern Scotland and Southern Scotland, whilst farmers and crofters in the Highlands & Islands are more likely to view Brexit as a challenge than an opportunity compared with those in Eastern Scotland and Southern Scotland.

The majority of farmers and crofters in each region stated that they had no plans to make changes to the size of their business or holding in the period 2018-23. Of those planning a decrease in size of their business or holding, Brexit was a regularly cited factor.

Over 80 % of respondents in each region planned to make no changes to their output mix in the 2018-23 period. That said - the most popular changes regarding Brexit related to planned changes to farming systems, whilst the greatest variation proposed future actions between the regions was in relation to fixing prices with sellers and/or buyers.

## 2018 Farmers' Intention Survey: Briefing Note 3

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## 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. There are differences in land capabilities and consequently farming systems across Scottish regions, whilst the Scottish Government describes rurality as a factor in increasing the vulnerability of a location to Brexit in its 'Brexit Vulnerability Index' - with high rates of local employment in fishing and agriculture and comparatively high levels of European funding in rural areas (Scottish Government, 2019)<sup>1</sup>. In general, rural Scotland is shown to be vulnerable to varying degrees to the impacts of Brexit. Regional differences across the agricultural sector in Scotland highlight variation within Scottish agriculture to consider with regards to future agricultural policy options.

For the purpose of Farmer Intention Survey analysis, the NUTS2 statistical regions of Scotland were combined to create three categories: Highlands & Islands; Eastern Scotland (comprising the Eastern and North Eastern NUTS2 regions); and Southern Scotland (comprising the Southern Scotland and West Central Scotland NUTS2 regions). There were slightly more survey participants from the Highlands & Islands region, approximately 36% of interviewees, compared to approximately 32% of respondents from each of the Eastern Scotland and Southern Scotland regions.

## 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. The JAC sampling framework was the most appropriate as it gave national coverage and detailed information on agricultural activity, and it meant that background information requirements from farmers and crofters were minimised. As the JAC is conducted at an agricultural holding level the data was aggregated (where appropriate) to business level<sup>1</sup> 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

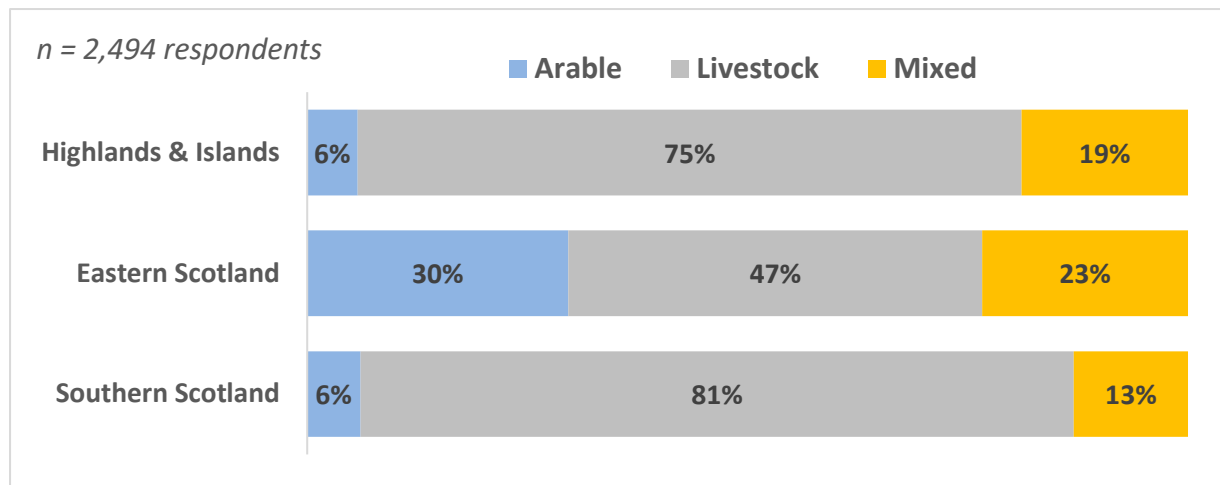
### 3.1 Variations in type of farming and household income from agriculture

Relating to agricultural land capability, Figure 1 reveals the differences in agricultural systems between the survey participants from the three regions, highlighting the high presence of arable farming in Eastern Scotland - where a large proportion of Scotland's approximately 15% of non-Less Favoured Areas (LFA) land is located - and a higher prevalence of livestock farming in Southern Scotland and the Highlands & Islands.

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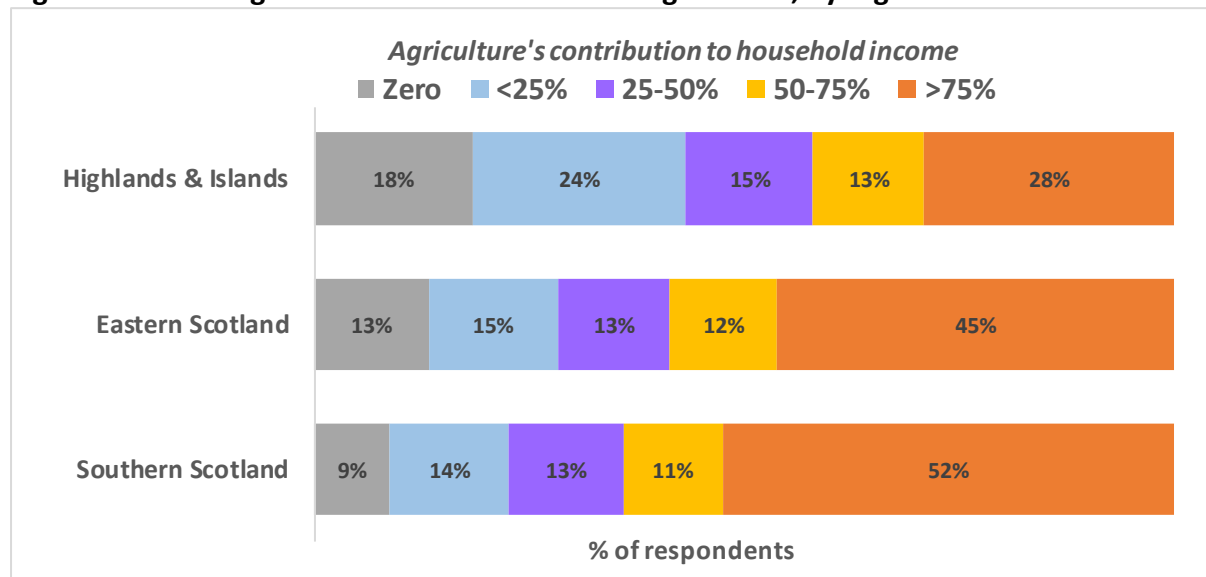
<sup>1</sup> A farm or croft business may be made up of multiple agricultural holdings

**Figure 1: Farming System by Region**



Respondents provided estimates of the proportion of their household income generated from agriculture. The results revealed that over half of respondents in Southern Scotland generated more than 75% of their household income from agriculture, whilst 23% derived less than 25% of household income from farming. This contrasts with the Highlands & Islands where 42% of the respondents derived less than 25% of household income from agriculture (with 18% having no agricultural income) with only 28% being more than 75% reliant on agriculture for their household income. In Eastern Scotland, 45% of respondents were more than 75% reliant on agriculture for household income whilst 28% of respondents were only reliant on agriculture for less than 25% of their total household income.

**Figure 2: Percentage of household income from agriculture, by region**



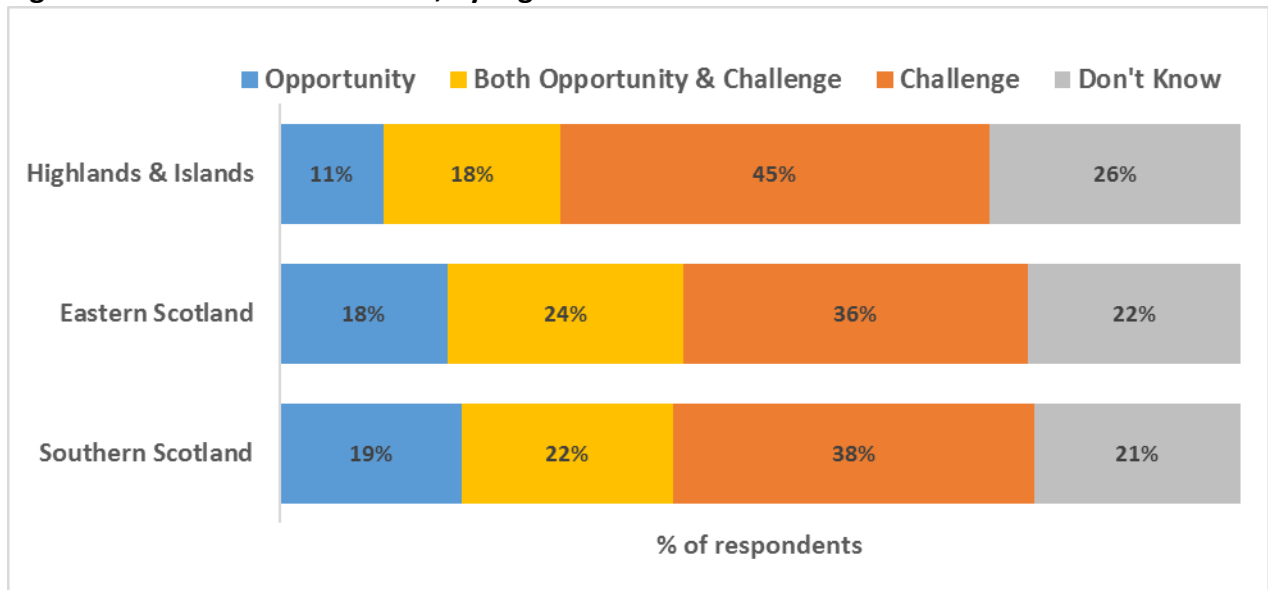
The greater reliance on other household income sources for many respondents in the Highlands & Islands is linked to the low productivity of land region – estimated profits of £12/ha compared to £281/ha in the North Eastern Scotland NUTS2 region and £249/ha in the Eastern Scotland NUTS2 region (Scottish Government, 2019).<sup>2</sup> These significant regional differences in per-hectare profitability demonstrates a need for larger farmland area to

generate sufficient earnings from agriculture, or a need to earn supplementary income off-farm and off-crofts in many parts of the Highlands & Islands.

### 3.2 Overall Views on Brexit

Figure 3 presents the respondents' perceptions towards Brexit. There were similar patterns in the responses from interviewees in Eastern Scotland and Southern Scotland. However, respondents located in the Highlands & Islands were slightly more likely to view Brexit as more of a challenge than an opportunity and there was also a slightly higher level of uncertainty (perhaps relating to the high incidence of sheep farming in the area, and the known risks to that sector regarding a no-deal Brexit<sup>3</sup>).

**Figure 3: Overall views on Brexit, by region**



### 3.3 Intentions to make changes to size of business/holding

Interviewees were asked their plans for changing the size of their business or holding over the period 2018-23. Figure 2 shows that the majority of farmers planned to make no changes – over 60% in each region planned no changes and only 7% in each region thought they may decrease scale. Of those signalling their intentions to make changes, respondents in Eastern Scotland and Southern Scotland were slightly more likely to state that they had plans to increase the size of their operation than those located in the Highlands & Islands. Overall, over 20% of respondents had intentions to increase the scale of their business by 2023. Respondents in the Highlands & Islands were the least likely to state an intention to sell up.

**Figure 3: Intentions to Change Size of Business or Holding by Region: 2018-23**

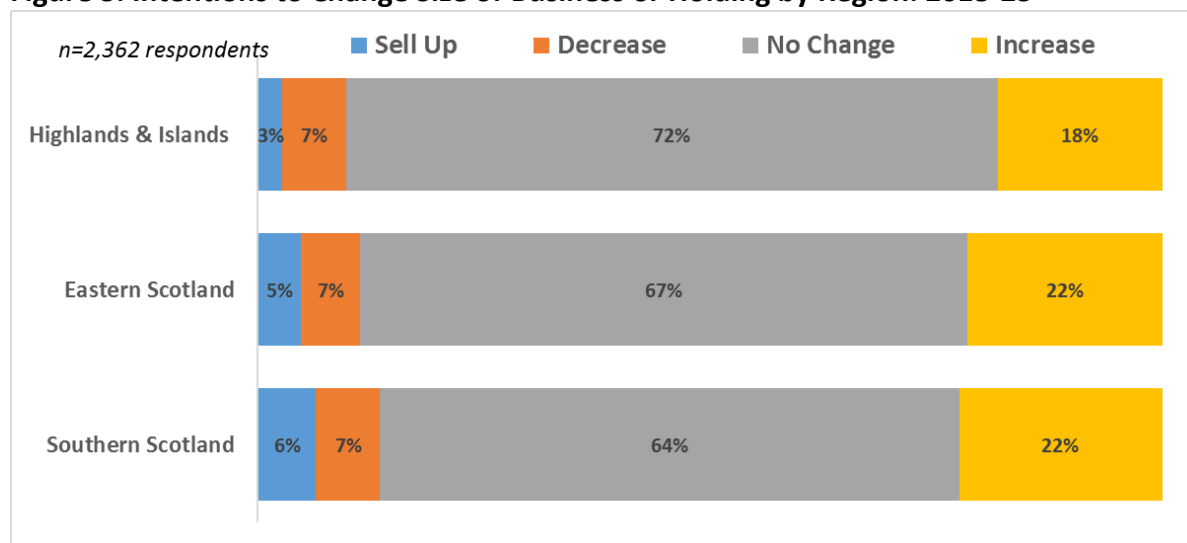


Table 1 illustrates that of the 163 farmers and crofters planning to decrease the size of their business or holding 44% claimed that plan was as a result of Brexit. Only 18% of the 487 businesses planning to increase scale said their plan was a result of Brexit whilst 35% of the 108 respondents planning to sell up by 2023 said it was a result of Brexit. Those planning to decrease scale in Eastern Scotland were more likely to be doing so as a result of Brexit than in Southern Scotland and those in the Highlands and Islands were more likely to have stated their intentions to sell-up were as a result of Brexit than in other regions.

**Table 1: Change in Size of Holding based on Brexit (no change percentages not included)**

Region	Decrease due to Brexit	Increase due to Brexit	Selling Up due to Brexit
Eastern Scotland	50%	17%	33%
Highlands & Islands	44%	20%	48%
Southern Scotland	39%	18%	31%
<b>Total</b>	<b>44%</b>	<b>18%</b>	<b>35%</b>

### 3.3 Intentions to change commodities produced

Respondents were questioned whether they intended to change the commodities that they produce during 2018-23. The results (shown in Table 2) were broadly the same for each region – farmers in Eastern Scotland signalled their intentions to make a change the highest, at 18%, compared to 16% of those in the Highlands Islands and 15% of those in Southern Scotland.

**Table 2: Intentions to change production mix 2018-23**

Region	Yes	No
Eastern Scotland	18%	82%
Highlands & Islands	16%	84%
Southern Scotland	15%	85%

For the 16% (394 businesses) planning making changes to the mix of agricultural outputs by 2023 a wide variety of plans were being made, including for: forestry; deer farming; reducing sheep numbers; increasing/decreasing cattle numbers; diversifying into tourism; and more cropping and vegetables.

Table 3 shows the influence of Brexit on the decisions of 16% respondents planning changes to their production mix. 54% of respondents overall stated that their plans to change their production mix was because of Brexit, ranging from 40% in the Highlands and Islands to 54% in Eastern Scotland.

**Table 3: Influence of Brexit on intentions to change production mix 2018-23**

Region	Change <u>due</u> to Brexit	Change <u>not due</u> to Brexit
Eastern Scotland	54%	46%
Highlands & Islands	40%	60%
Southern Scotland	44%	56%
<b>Total</b>	<b>54%</b>	<b>46%</b>

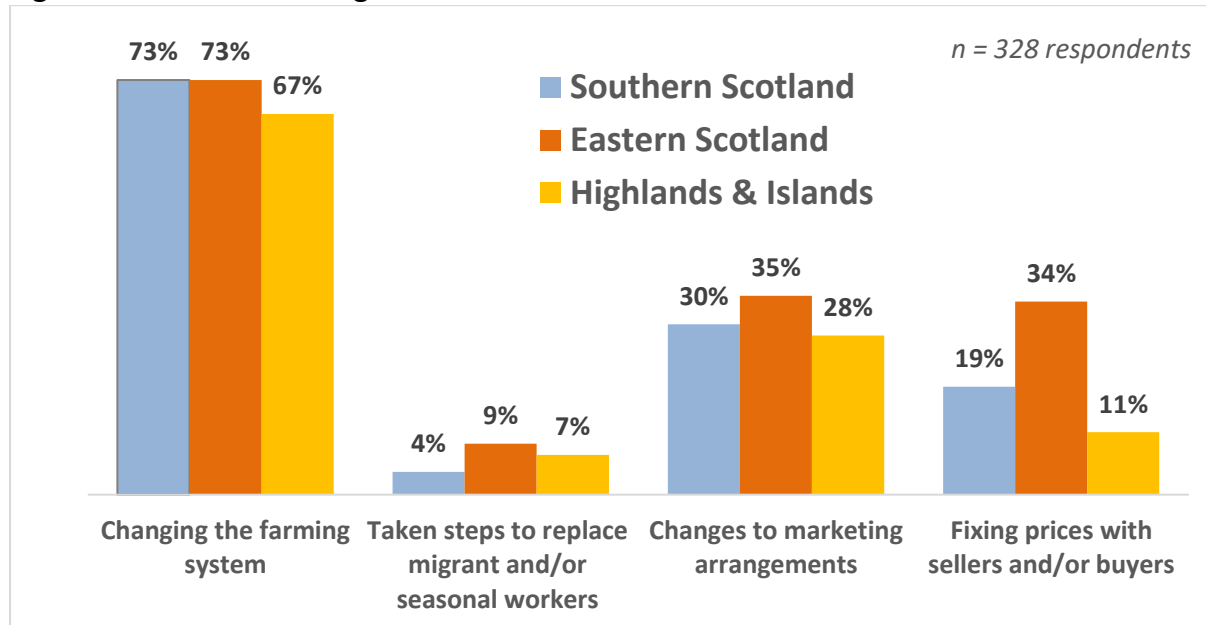
### 3.4 Business change based on Brexit

Respondents were asked their plans regarding changes to their business, if they had applied or started to make any changes to their business or holding, as a result of Brexit. Only 328 (13%) of those interviewed stated that they already had made changes as a result of Brexit: 11% of those based in the Highlands and Islands; 14% of respondents in Eastern Scotland, and; 15% of those based in Southern Scotland.

Figure 4 presents the types of actions that businesses had started making changes due to Brexit. Of those that had started to make changes, 34% of those located in Eastern Scotland had begun to starting to fix prices with buyers and/or sellers in contrast to only 11% of those in the Highlands & Islands. Farmers in Eastern Scotland were also more likely to have begun to make changes to marketing arrangements than those in Southern Scotland and the Highlands & Islands.

Less than 10% of respondents in each region who had started to make Brexit-related business changes had begun to take steps to replace migrant and/or seasonal workers; whilst more than two thirds had started the process of changing their farming system.

Figure 4: Business Planning based on Brexit



## 5.0. References

- Scottish Government (2019)<sup>1</sup> 'Local level Brexit vulnerabilities in Scotland: Brexit Vulnerabilities Index (BVI)' available at: <https://www.gov.scot/publications/local-level-brexit-vulnerabilities-scotland-brexit-vulnerabilities-index-bvi/>
- Scottish Government (2019)<sup>2</sup> 'Total Income from Farming Estimates for Scotland, 2016-18' available at: <https://www.gov.scot/publications/total-income-farming-estimates-scotland-2016-18/>
- Bevan, K., Moxey, A., Reveredo-Giha, & Thomson, S. (2019)<sup>3</sup> An Assessment of the Opportunities to Retain and Increase Sheep and Lamb Processing in Scotland. Available at: <https://www.gov.scot/publications/assessment-opportunities-retain-increase-sheep-lamb-processing-scotland/pages/3/>

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