

New entrants: their potential contribution to farming in Scotland by 2023

Farmer Intentions Survey briefing note, March 2020

Jonathan Hopkins¹, Lee-Ann Sutherland¹, Adam Calo¹, Carla Barlagne¹, Douglas Wardell-Johnson², Andrew Barnes³, Steven Thomson³, Jenny McMillan³, Michael Spencer³

¹ *Social, Economic and Geographical Sciences Group, James Hutton Institute, Aberdeen, UK*

² *Information and Computational Sciences Group, James Hutton Institute, Aberdeen, UK*

³ *Department of Rural Economy, Environment and Society, Scotland's Rural College, Edinburgh, UK*

Summary

Due to the aging of farmers, and uncertainty in the agricultural sector more broadly, encouraging new entrants to agriculture is important. This note summarises selected insights from a 2018 survey of 2,494 farm managers, detailing how new entrants' characteristics, outlook and farm intentions are distinct from those of successors and long-term established farmers.

This analysis has found that new entrants are not necessarily young, but they are more likely to be women and have high formal qualifications than other cohorts. New entrants are less likely than others to identify as farmers, or make a profit: however, their income is typically drawn from off-farm and on-farm diversification sources. These different goals and greater reliance on non-farming income suggest that new entrants may not necessarily contribute in a major way to increased agricultural production, or at least do not intend to. This implies a need to consider differences in goals, identities and financial aspirations when designing support. However, new entrants show evidence of higher rates of economic optimism and international engagement. Compared with established farmers, new entrants appear more dynamic as a relatively high proportion intend to make positive changes to businesses and holdings. Finally, the lower uptake of subsidies and support for 'true' new entrants (compared with recent entrants who have inherited farms) suggest that policy interventions and support schemes should be designed carefully, to encourage greater interest in agriculture from people outside farming families.

1.0 Introduction

The Scottish Government recognises that “Attracting new entrants to Scottish farming is crucial to the ongoing vitality, resilience and competitiveness of the sector”¹. This is partly due to the ‘young farmer problem’ affecting Europe: only 10.6% of farmers across the EU were under 40 years old in 2016 (Eurostat, 2018: 183), and a third of Scotland’s working occupiers were over 64 (data: 2018) (Agricultural Census Branch, The Scottish Government Rural and Environment Science and Analysis Division, 2019: Table 8c). More broadly, the farming sector in Scotland is facing uncertainty. As leaving the EU is likely to require major farm adaptation, and cause financial difficulties for farmers (Hubbard, 2019), it is crucial to learn more about the intentions of farmers, and the characteristics and outlook of land managers.

2.0 Method

The annual June Agricultural Census (JAC) in Scotland records the ages of occupiers, but not the length of time that they have been involved in farming. For this reason, it cannot be used to identify new entrants, meaning that additional data sources are required. This report uses data from a timely and in-depth survey of Scottish farmers and land managers, collected in summer 2018. The Farmer Intentions Survey, designed by researchers at The James Hutton Institute and Scotland’s Rural College, used a spatially representative, stratified sample of 11,000 businesses, with this sample drawn from the nationwide JAC². This explicitly asked respondents “Approximately how many years have you been involved in the management of the business/holding?” with separate questions for those answering 5 years or less. The survey received 2,494 responses: for the purposes of this analysis, we divide farm managers into three cohorts:

- **92 new entrants:** involved in farm management for 5 years or less, who had not inherited the farm from a previous generation
- **108 successors:** involved in farm management for 5 years or less, who had inherited the farm
- **2,293 established farmers (EF):** involved in farm management more than 5 years

The results section (3.0) highlights indicators and criteria for which meaningful³ differences, controlling for age group (40 and under, 41-64, and 65 and over), were found across new entrants, successors and established farmers. A separate set of cohort comparisons, which controlled for farm area (three groups) instead of age group, are not shown but gave very similar results⁴.

¹ Cited from <https://www.gov.scot/policies/agriculture-careers/new-entrants-to-farming/> (Accessed 24th June 2019)

² Further information on the survey approach is available in the briefing notes available at the SRUC Rural Brexit Hub (<https://www.ruralbrexit.scot/farmer-responses-to-brexite-briefing-notes/>, accessed 14th February 2020)

³ Statistically significant ($p < 0.05$)

⁴ For all variables in Tables 1 and 2 and Figures 1 and 2 (except age and farm area) the nature of cohort differences (significant vs not significant) matched for all except four variables.

3.0 Results

3.1 Farmer and farm characteristics, income sources, and support for new farmers

Table 1 shows differences between established farmers, new entrants and successors for a range of farmer and farm characteristics. New entrants were far more likely than established farmers to be relatively young (31.9% were aged 40 or younger), but the majority were between 41 and 64 years old. Recent new entrants are clearly contributing to increasing diversity on farms, and are bringing new skills: over a third of new entrants were women, and more than half had a university level education.

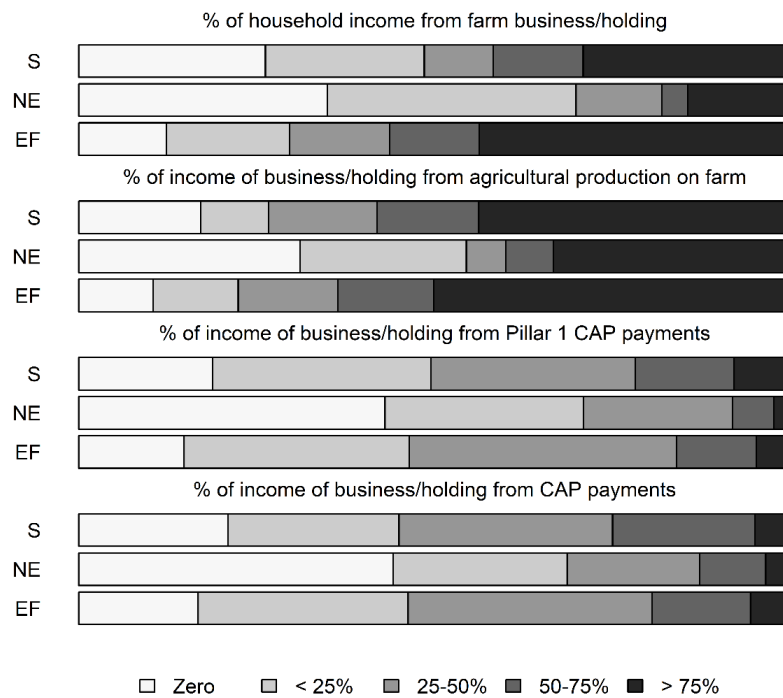
New entrants also have a wide range of identities – less than four out of ten considered themselves to be a farmer, compared with around 70% of established farmers and over half of successors. Compared with established farmers, new entrants were more likely to identify with both non-commercial (hobbyist, smallholder) and business-oriented (business person) labels. The diversity of new entrants is also suggested by the fact that they were the least likely cohort to intend to both make a profit, and actually achieve a profit; but at the same time, more than eight out of ten new entrants owned all of the land on their farms: the highest percentage of any cohort. While new entrants' farms were frequently small (below ten hectares in almost two-thirds of cases), approximately one in five were starting farm management on relatively large holdings (at least 100ha), although this was a much lower figure than those for successors or new entrants.

The relatively high rate of land ownership noted among new entrants (Table 1) may imply access to significant financial resources. However, the sources of income are very different compared with successors and established farmers (Figure 1): off-farm income and on-farm diversification are more important for new entrants than for other cohorts. For around seven out of ten new entrants, less than a quarter of household income was supplied by the farm business or holding. This was the case for around three out of ten established farmers, and five out of ten successors. In 2018, new entrants had far lower access to farm subsidies than others: c. 44% stated that they had no subsidy income.

Table 1: Differences in farm and farmer characteristics between established farmers, new entrants and successors. Green shading shows indicators where meaningful and consistent differences were found across established farmers, new entrants and successors.

	Characteristic	Established farmers	New entrants	Successors
Age (2,481 farmers)	40 and under	6.6	31.9	47.7
	41-64	58.6	62.6	48.6
	65 and over	34.8	5.5	3.7
Gender (2,472)	Female	23.9	35.9	33.6
	Male	76.1	64.1	66.4
Gender balance (decision makers) (2,469)	All female	4.7	10.1	8.4
	All male	43.6	25.8	37.4
	Mixed	51.7	64.0	54.2
Education level (2,429)	School	35.3	14.3	16.8
	College	37.5	28.6	40.2
	University or higher	27.2	57.1	43.0
Has agricultural qualification (2,492)	No	60.6	65.2	58.3
	Yes	39.4	34.8	41.7
Considers self a farmer (2,478)	No	30.2	60.9	42.6
	Yes	69.8	39.1	57.4
Considers self a crofter (2,478)	No	87.5	90.2	78.7
	Yes	12.5	9.8	21.3
Considers self a hobbyist (2,478)	No	92.9	84.8	97.2
	Yes	7.1	15.2	2.8
Considers self a smallholder (2,478)	No	92.8	80.4	94.4
	Yes	7.2	19.6	5.6
Considers self a business person (2,478)	No	82.8	66.3	75.9
	Yes	17.2	33.7	24.1
Considers self a contractor (2,478)	No	94.6	97.8	93.5
	Yes	5.4	2.2	6.5
Others involved in decisions (2,490)	No	31.6	25.0	24.1
	Yes	68.4	75.0	75.9
Collaborates with other farmers to manage risk (2,465)	Disagree	36.8	34.8	26.4
	Unsure	14.0	9.8	11.3
	Agree	49.2	55.4	62.3
Profit aim (2,470)	Expect loss	6.0	15.6	6.5
	Break even	16.3	25.6	14.0
	Yes	77.7	58.9	79.4
Usually makes profit (2,405)	Makes loss	9.4	41.4	11.7
	Breaks even	18.4	16.1	21.4
	Yes	72.2	42.5	67.0
Diversification enterprises (2,482)	No	70.5	73.9	71.0
	Yes	29.5	26.1	29.0
Produce renewable energy (2,482)	No	83.6	93.5	85.0
	Yes	16.4	6.5	15.0
Operates agri-tourism (2,480)	No	91.7	91.3	90.7
	Yes	8.3	8.7	9.3
Farm tenure (2,492)	Owner (all land owned)	63.6	82.6	55.6
	Tenant (all rented)	18.2	12.0	20.4
	Mix owned/rented	18.2	5.4	24.1
Agricultural region (2,493)	Eastern Scotland	19.3	22.8	16.7
	Highlands & Islands	34.7	41.3	50.0
	North East Scotland	13.0	8.7	6.5
	Southern Scotland	29.9	22.8	25.0
	West Central Scotland	3.1	4.3	1.9
LFA status (2,493)	LFA	70.6	80.4	75.0
	non-LFA	29.4	19.6	25.0
Farm area (2,492)	less than 10ha	47.2	63.0	55.6
	10-100ha	19.5	18.5	16.7
	100ha or more	33.4	18.5	27.8

Figure 1: Differences in income sources between established farmers (EF), new entrants (NE) and successors (S). For all income measures shown, differences across the three farmer cohorts were meaningful and consistent.



Based on data from 2,439, 2,455, 2,350 and 2,369 farmers.

When starting out in farm management, new farmers are able to access advice and support from various sources, including the Scottish Government and targeted subsidy schemes. Among all new farmers (the new entrants and successors defined above), just over half (56.1%, n = 180) had received support⁵. However, the rate of uptake was higher among successors (61.5% out of 96 had used any support scheme) compared with new entrants (50.0% of 84). On average, successors also thought that the ‘official’ Farm Advisory Service and Scottish Government were more helpful as sources of advice when they were starting up, than new entrants did. Successors gave these two sources a median rating of five out of ten (n = 88, 94), while new entrants gave them three and two out of ten (n = 77, 81), respectively.

3.2 International engagement and future outlook

New entrants are also more likely than other farmers to be exchanging knowledge internationally: over a quarter had been involved in training or education outside the UK (Table 2). The survey

⁵ Support schemes mentioned in the survey: Farm Advisory Service, Young farmer uplifts (within CAP Pillar 1 and SRDP), Young Farmer Start-up Grant, New Entrant Start-up Grant, Capital Grant, New Entrant Loan (2007-14), Farming Opportunities for New Entrants programme (Starter Farms)

assessed a number of different forms of international engagement with people and organisations: new entrants appear most likely to make these connections, although only a minority of farmers overall do so. Additionally, new entrants were somewhat more likely than other cohorts of farmers to be positive about the next five years, although perceptions of the current economic situation were comparable to those of established farmers and successors. New entrants also appeared slightly more positive about opportunities related to Brexit compared with other cohorts, although these opinions summarised in Table 2 were not significantly different and a high level of uncertainty is evident.

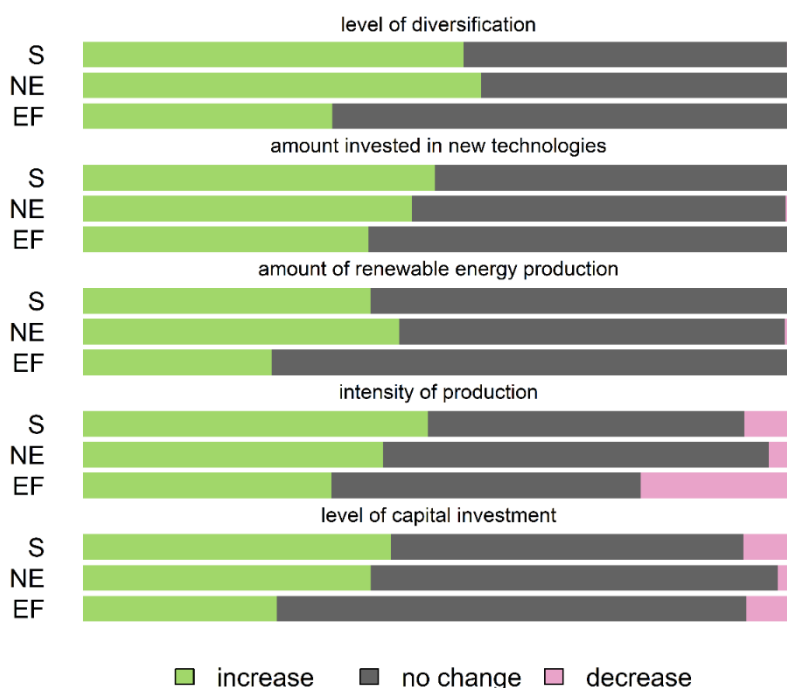
Table 2: Differences in international engagement and perceived economic prospects between established farmers, new entrants and successors. *Green shading shows indicators where meaningful and consistent differences were found across established farmers, new entrants and successors.*

	Characteristic	Established farmers	New entrants	Successors
Decision maker has participated in training event or educational visit outside UK (2,490 farmers)	No	84.9	71.7	84.1
	Yes	15.1	28.3	15.9
The business/holding provides training or volunteering opportunities for people from outside the UK (2,492)	No	93.9	85.9	93.5
	Yes	6.1	14.1	6.5
Current economic status of household (2,458)	Bad	3.1	2.2	1.9
	Poor	7.3	7.8	7.5
	Fair	49.2	45.6	54.2
	Good	35.0	34.4	32.7
	Excellent	5.5	10.0	3.7
Economic prospects for household in next five years (2,270)	Bad	5.0	2.3	3.8
	Poor	13.3	9.3	9.6
	Fair	48.6	40.7	51.9
	Good	29.1	36.0	28.8
	Excellent	3.9	11.6	5.8
Brexit: a challenge or an opportunity for your business/holding? (2,475)	Challenge	39.8	28.3	42.6
	Both opportunity & challenge	20.7	29.3	32.4
	Opportunity	15.6	20.7	11.1
	<i>I don't know</i>	23.8	21.7	13.9
Brexit: will provide a number of opportunities for growing the business/holding? (2,469)	Disagree	36.9	26.7	29.9
	Unsure	37.0	40.0	40.2
	Agree	26.1	33.3	29.9

3.3 Farm activities – intended changes in the next five years

Survey respondents were asked how they intended to change fifteen types of farm activity in the near future. Most intended changes were positive (i.e. increasing activity), and the five activities which new entrants were most likely to increase are shown on Figure 2. These show a consistent pattern of new entrants intending to be more active than established farmers in the next few years (notably so for diversification and renewable energy), although differences in intentions are smaller between new entrants and successors. The much greater intention of new entrant farmers to increase diversification and renewable production may lead to new entrants ‘catching up’ to other cohorts, as the level of uptake of these activities was higher among successors and established farmers in 2018 (Table 1).

Figure 2: The five farm activities that new entrants were most likely to increase in the next five years: comparison of intended changes of established farmers (EF), new entrants (NE) and successors (S). For all activities except the amount invested in new technologies, differences across the three farmer cohorts were meaningful and consistent.



Based on data from 2,088, 2,150, 1,865, 548 and 2,253 farmers.

4.0 References

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For further information, please contact:

Lee-Ann Sutherland (lee-ann.sutherland@hutton.ac.uk)

Jonathan Hopkins (jonathan.hopkins@hutton.ac.uk)