Succession & Retirement on English Family Farms

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Outline

- The importance of succession & retirement
- Impacts of succession
- Patterns of retirement & succession: Latest results from South West England
Why is succession important?

- Survey of farmers in six areas of England found 84% operated ‘established family farms’ & were responsible for 86% of area surveyed.
- 31% of established family farmers could trace family’s occupancy of farm to 1900 or earlier
- Few (8%) new entrants in strictest sense that they were first generation of family to farm

Repeated transfer of farms down generations of same families in a locality results in farming families deeply socially embedded in their communities.
Impacts of succession: ‘Succession effect’

“… once married and with children of my own, my ambitions became stronger to provide a good standard of living and improve the value of the farm. Once both sons definitely wanted to come home then expansion and improvement plans came to fruition”.

“Because I’m in partnership with two sons we’re in full swing, we are going forward. If I was on my own things would be very different. I wouldn’t have bought the new farm for a start”.

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Impacts of succession: ‘Successor effect’

- Impact of successor themselves. Can stimulate significant capital investment/expansion. Source of new ideas.
Impacts of succession: ‘Retirement effect’

- Disengaging from farming; ‘capital consumers’
Latest results from South West England
Overview

- 1,855 respondents to postal survey
- 2003 CAP reforms
- Mean Age **56** (median 56)
- Mean age of beginning farming in ‘own right’ **31** (median 30)
- 75% live within 10 miles of where grew up; 58% within 10 miles of most of their close family
Farmers in SW England: Plans for next 5 years

<table>
<thead>
<tr>
<th>Plan</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continue farming with changes</td>
<td>33.9</td>
</tr>
<tr>
<td>Continue farming with no changes</td>
<td>28.5</td>
</tr>
<tr>
<td>Increase off farm work</td>
<td>8.4</td>
</tr>
<tr>
<td>Semi-retire</td>
<td>22.6</td>
</tr>
<tr>
<td>Fully retire</td>
<td>6.6</td>
</tr>
</tbody>
</table>
Rates of succession in SW England

- No successor
- Successor identified
- Too early
- Mean age of successor

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Rates of succession

- 90% of those responding “too early” hope to have a successor
- Successors mostly male (87%)
- 30% have multiple successors
- In cases of multiple succession probability of female successors increases significantly
- Average age of successor is 36
Factors influencing retirement plans

- 37% stated future plans “not at all” influenced by CAP reform, 36% “slightly” influenced & 20% “largely” influenced.
- Only 11% admitted that Single Farm Payment was influencing factor
- Age (59%), desire to reduce physical work (45%) & stress (34%) & have more time for leisure (41%) – all more important than policy changes
- 26% retiring, in part, to make way for next generation.
So what?

- When succession ‘fails’ concerns re. implications for sustainability of family farming, rural communities & farmed environment.
- Not much evidence that radical policy change is driving increased rates of succession/retirement or complete exit.
- High rates of succession testament to tenacity & persistence of farm families.
- As well as business assets, successors receive transfer of detailed local agricultural and environmental knowledge.
- Resistance of older generation to leaving farm is challenge to policymakers and stakeholder community.
- Evidence that retirement decisions influenced by consideration of self rather than the business.
- Evidence of increasing average of successors.
Any questions ..... ?