



# Succession Planning in Northern Ireland

A SURVEY OF FARMERS' PLANS & INTENTIONS



AUGUST 2016



# Contents

1. Foreword	2
2. Executive Summary	4
3. Introduction	7
4. Research Objectives and Methodology	8
5. General Characteristics of the Survey Sample	10
6. Succession Planned: Characteristics among farm businesses in NI	22
7. Succession Unplanned: Issues and concerns among farm businesses in NI	30
8. Conclusions	48
Appendix 1. Land Mobility and Transfer in NI Survey Questionnaire	52
Appendix 2. Geographic Spread of UFU Farmers Surveyed	60

# 1 Foreword

Generational and structural change within the Northern Ireland farming industry is essential for its long-term survival. However, over recent years there has been stagnation within the industry primarily due to reducing and, in many cases, lack of profitability. The proportion of farmers in Northern Ireland over 55 years old has increased from 52% in 1993 to 59% in 2013, while over the same period, the percentage of Northern Ireland's farmers under the age of 44 has fallen from 26% to 17%. However, after several years of decline, the very fact that all of the Agricultural Colleges in Northern Ireland are filled to capacity is in itself a very real indicator that younger people see a real future in forging a career in farming.

There are large numbers of farms in Northern Ireland where there are no succession arrangements in place. There is a growing consensus that access to land, and its productive use, is becoming more of an issue than ownership.

Together, the Young Farmers Clubs' of Ulster (YFCU) and the Ulster Farmers' Union (UFU) identified the issue of 'Land Mobility' as a key factor to increase investment in and better utilisation of agricultural land and also to improve agricultural output. In doing so, we can also help our young farmers get established and get their foot on the ladder and at the same time improve circumstances of older farmers and landowners by creating a broader range of succession options that would not otherwise be available to them.

We were aware that a pilot scheme for a similar initiative which was already in place in the Republic of Ireland (ROI) has proven to be effective, and we used this as a basis for the establishment of an equivalent scheme in Northern Ireland.

From the outset it was essential to identify the size of this problem in Northern Ireland so the UFU funded a survey of over 440 UFU members from all sectors of the farming industry and across all parts of Northern Ireland.

The primary aim of this research was to determine the future plans (short and long term) relating to farming and land ownership for those who did not have an identified farming successor. This information about the scale of the problem was vital if Northern Ireland is to make progress with a land mobility scheme.

This research clearly shows that of the farmers surveyed, 48% have not identified a successor. Of those with no successor, 77.5% identified that they either will or may need to continue to earn an income from farming. Of those with no successor identified, 42.5% would not like to totally retire from 'active farming' and instead rely on short-term measures to cope as their level of activity reduces in their later years.

Of course this research is only one of the first steps in this entire project but we are committed to develop this whole initiative further and quickly. To this end, both organisations have already started working on the operational detail of this land mobility scheme and how it will be funded. We are also creating a database of interested older and younger farmers to help link appropriate opportunities.

We have previously raised the need for this scheme with our local Government and are now planning to follow this up by meeting with other industry stakeholders and our new NI Agriculture Minister to seek their support to help facilitate the early introduction and successful operation of this scheme.

Working together collaboratively, we can roll-out this initiative which can deliver genuine and meaningful betterment for the farming industry in Northern Ireland.



Roberta Simmons  
YFCU President



Barclay Bell  
UFU President



## 2 Executive Summary

The UFU funded Countryside Service Ltd (CSL) to undertake a telephone survey of a random sample of just over 440 farmers who were UFU members across the Union's 25 regional groups in Northern Ireland. This survey largely targeted those farmers aged over 50 years old and was carried out in November/December 2015. The survey used an adapted questionnaire developed by Broadmore Research in conjunction with Macra na Feirme, the Irish Farmers' Association, the Agricultural Trust, and the Department of Agriculture, Food and the Marine for an equivalent initiative completed in the Republic of Ireland in 2015. The survey was made up of both quantitative and qualitative data. In total 228 surveys were completed with farmers who already had identified a successor and 214 more detailed surveys were completed with farmers who had not yet a successor identified.

### General Characteristics of the Survey Sample

The respondents were primarily male (96%) and the overwhelming majority (85%) were 50 years of age or more.

Additionally almost 85% of farmers surveyed had children. The average area owned by respondents was 129 acres with the average area farmed being 166 acres and all of the main farm enterprises were represented. Just under half of those surveyed (49.6%) relied solely on farm income to run their households and 77% of respondents were responsible for the majority of labour tasks on the farm. 45% of respondents were not aware of the changes to the state retirement age and 72% of those surveyed had made a will although there were clear differences between those who had identified a successor and those who had not.

### Succession Planned

Just over half (52%) of those surveyed had identified a successor with more mature respondents more likely to have a successor identified.

The majority of successors already identified were male (93%), a son of the primary business manager/owner (90%), had an average age of 29 years, already held a formal qualification (51%), and were expected to either continue to work the farm full – time (41%) or part – time (40%) with considerable variation depending on the main farm enterprise.

For planned succession, a formal partnership followed by full succession was the preferred method of transfer irrespective of age of the respondent.

### Succession Unplanned

48% of those surveyed did not have a succession plan for a variety of reasons – the main one (23%) was that the children were not interested in farming. However, the overwhelming majority (62% - 70% depending on scenario) confirmed the importance of the connection between family and the farm for future generations with little variation across the main farm enterprises.

Whilst 36.5% of respondents indicated their desire to fully retire from 'active farming', 42.5% did not with the main reason given (34%) was 'to keep fit and active'. Of those wanting to fully retire a variety of barriers to retirement were identified with only 37% of respondents stating that they have 'actively encouraged' their children to take over the farm. 68% of those surveyed responded that they had no concerns about the succession/inheritance of their farm but just over a quarter (26.3%) had actually sought formal succession/inheritance advice. However, over half (53.5%) would either be interested in or possibly interested in a succession /inheritance planning advisory service.

In terms of income sources during retirement, over three quarters of respondents (77.5%) will still either need or possibly need to continue to earn an income from the farm although the main source of income for almost half of respondents would be the state pension.

Most of those surveyed (55%) stated that they are likely to rely on family members/neighbours to help out on the farm when they are no longer physically able to continue to farm at their current level with a low prevalence of longer term strategic options. When considering options to transfer land: short term rent; long term lease; and sale; were the main options selected by respondents with only 18.4% considering a partnership or share farming.

4.3% of those surveyed had or would consider entering into a partnership or share farming agreement with another farmer, with a further 13.7% possibly considering doing so. The provision of information/advice was the main suggestion (10.1%) forwarded by respondents as a means of encouraging /promoting succession and inheritance, and whilst 74.6% did not know how to promote greater land mobility/consolidation considering this to be a difficult and complex issue, several ideas were put forward that merit consideration.

### 3 Introduction

Succession planning is a highly emotive and personal issue for the majority of farmers, and Northern Ireland's farmers are no different in this respect. Access to land is a growing concern among Northern Ireland's farming population, particularly land which is in proximity to, and therefore easily accessible to, existing established farm businesses. To complicate the issue further new entrants to the sector are finding it difficult to access land for agricultural activity.

Land mobility is a complex issue and one which is now more pronounced following the recent revision of the eligibility definition of an 'active farmer' for EU CAP Direct Support. As farmers seek to secure and draw down their Basic Payment (BPS) 'entitlement' to land, and secure income for their farm family, this poses considerable competition for those who have no BPS entitlements and wish to newly establish themselves within the industry or seek to grow a young or relatively immature business.

As evident from the Farm Family Options Mentoring Programme delivered as part of the Northern Ireland Rural Development Programme (NIRDP 2007-2013), succession planning and associated legal / financial issues is an area of concern for many of today's farmers, and regarding which further support and guidance are needed. Of approximately 2,200 farm businesses mentored as part of the NIRDP, it was of concern that approximately 50% of businesses had not made provision for a basic will.



# 4 Research Objectives and Methodology

## Research Aims and Objectives

The aim of the research was to determine the future plans (both short and long term) relating to farming and land ownership for those who do not have an obvious or identified successor. The research therefore focused on landowners without an obvious or identified successor, the main target group being those of 50 years of age or more.

The specific objectives of the research included:

- To gain an insight into the extent of farmers without successors;
- To determine the views of farmers on their future plans and intentions in farming;
- To determine the fears and concerns about succession and the future;
- To determine their desires and needs for the future;
- To explore ideas which may appeal to older farmers to reduce the level of input and options to transfer land (temporarily or permanently); and
- To explore the supports required to encourage changes in land usage.

The research was commissioned by the Young Farmers' Clubs of Ulster (YFCU) in association with the Ulster Farmers' Union (UFU) in response to growing concerns as to the:

- Lack of farming successors identified in tandem with an ageing farm population
- Opportunities for young people to enter/develop/expand their farm business
- Needs of the farming population in relation to targeted incentives or initiatives to facilitate land movement
- Need to gain a greater understanding of the challenges for farm businesses as to what to do with the farm when there is no farming successor.

## Research Methodology

The research was undertaken by Countryside Services Ltd (CSL)<sup>1</sup> in November/December 2015 through the completion of a telephone survey with a random sample of just over 440 farmers who were members of the Ulster Farmers' Union. The survey largely targeted those farmers aged over 50 years.

The questionnaire used was that which was developed by Broadmore Research in conjunction with project partners Macra na Feirme, the Irish Farmers' Association, The Agricultural Trust and the Department of Agriculture, Food and the Marine which was completed in the Republic of Ireland in 2015.<sup>2</sup> A few of the questions were adapted to the Northern Ireland context but in the main the survey which was carried out mirrored that of the ROI questionnaire.

The survey was conducted by staff with a detailed knowledge of the farming industry and who were experienced in conducting interviews. The survey lasted approximately 10-15 minutes and was completed anonymously by Ulster Farmers' Union members. The survey was made up of both quantitative and qualitative data. Two samples emerged from the survey, i.e. those with a successor identified and those with no one identified to replace the active farmer. For the former sample, brief details of the successor were recorded in terms of gender, age, relationship etc. Furthermore, the format in which succession was anticipated to take place was also discussed.

For the latter group, i.e. those with no successor identified, detailed questions on their desires and concerns about succession were discussed, as well as their intentions for retirement, and their thoughts on support mechanisms to encourage land mobility.

The survey respondents consisted of a representative sample across the 25 Ulster Farmers' Union regional membership groups in Northern Ireland. In total 228 surveys were completed with farmers who already had identified a successor and 214 more detailed surveys were completed with farmers who had not yet a successor identified.

<sup>1</sup> Countryside Services Ltd (CSL) is a wholly owned commercially independent subsidiary of the Ulster Farmers' Union. Since 1998 CSL has developed a deep understanding of farming issues and established a trusted relationship with the farming community, providing real support and sustainable solutions for the future of farm families and businesses. CSL is certified to ISO 9001:2008 Quality Management Systems and ISO 27001:2013 Information Security standards.

<sup>2</sup> Bogue, Pat (2015). Land Mobility and Succession in Ireland. Broadmore Research. Accessed at: <http://broadmore.ie/portfolio/page/3/>

# 5 General Characteristics of the Survey Sample

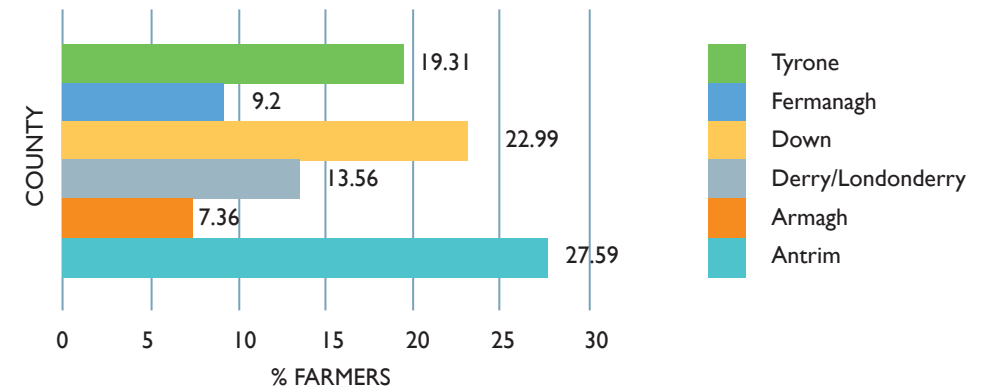
The findings of the survey will be discussed in detail in the following sections. To set the findings in context however, a discussion of the general characteristics of the farmers surveyed, their household characteristics and main farm enterprise is discussed briefly below.

A total of 442 farmers responded to the telephone survey which was conducted between mid- November and mid-December 2015 by staff of Countryside Services Ltd. The survey participants were current members of the Ulster Farmers' Union at the time the survey was completed. See Appendix 1 for a copy of the questionnaire.

## Geographic Distribution of Respondent Farmers

Surveys were completed with a sample of farmers across each of the 25 regional membership groups of the UFU. Figure 1 opposite presents the geographic distribution of respondents per county as follows: Antrim 27.6%, Armagh 7.3%, Down 23%, Fermanagh 9.2%, Tyrone 19.3% and Londonderry 13.5%. See Appendix 2 for a detailed geographic breakdown of the sample group across Northern Ireland.

FIGURE 1. GEOGRAPHIC DISTRIBUTION OF FARMER RESPONDENTS BY COUNTY

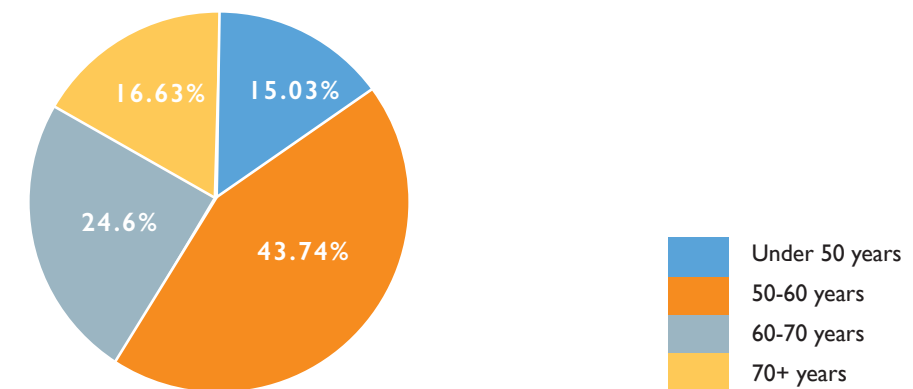


## Profile of Respondent Farmers

Of the respondents, 96% were male and 4% female (n=439). A targeted approach was taken to include those UFU members of the upper age groups. The overwhelming majority of respondents therefore (i.e. 85%) were 50 years of age or more. Figure 2 presents the sample broken down by age group, indicating that 16.6% respondents were over 70 years, 24.6% between 60 and 70 years of age, and 43.7% between 50 and 60 years of age. Of the sample as a whole therefore, 15% of the respondents were under 50 years of age.

FIGURE 2. AGE GROUP OF FARMER RESPONDENTS

% FARMERS BY AGE GROUP



The majority of farmers surveyed, 84%, stated they were married; with 9% being single, and 4% widowed (n=442). A further 2% determined their status as other than that aforementioned. Additionally the majority (84.6%) of farmers surveyed had children; this was broken down into 59.3% with adult children and 25.3% with children under 18 years of age (n=435). As expected

the 'stage in life cycle' of households varied by the age group of the respondent (Figure 3). For example, the prevalence of under 18 year olds in the under 50 years age group was almost double the prevalence within the 50-60 years age group, (62.1% and 34.4% respectively). Furthermore, a higher share of households in the under 50 years age group had no children. This is more likely due to the fact they have not yet reached the relevant 'stage in life cycle' rather than it being a determinant characteristic of the group (See Figure 3 below).

**FIGURE 3. PREVALENCE OF CHILDREN UNDER 18 YEARS OLD BY AGE GROUP OF RESPONDENT**

Age Group of Respondent	None	Adult	Under 18 years
< 50 years	25.8%	12.1%	62.1%
50-60 years	18.0%	47.6%	34.4%
60-70 years	9.4%	86.8%	3.8%
70 + years	8.2%	91.8%	0.0%

**Farm Enterprise Characteristics**

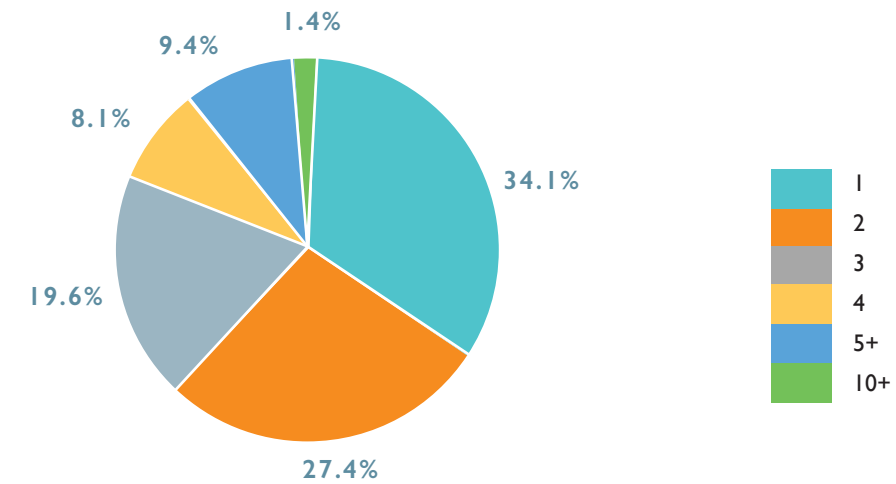
The average area owned was 129 acres (n=435), with the average area farmed being 166 acres (n=425). More than half the sample of farmers surveyed (54.3%) owned less than 100 acres of land. However, 40.5% farmed 100 acres or less. Just 13.1% of the sample owned 201 acres or more, but 28.3% of respondents farmed 201 acres or more. The data suggests farmers are accessing additional land to farm (Figure 4 below).

**FIGURE 4. LAND OWNERSHIP & LAND AREA FARMED**

LAND AREA	Owned (% Farmers)	Farmed (% Farmers)
<50 acres	22.1	17.4
51-100 acres	32.2	23.1
101-150 acres	19.1	15.8
151-200 acres	13.6	15.5
201-300 acres	8.5	18.4
>301 acres	4.6	9.9

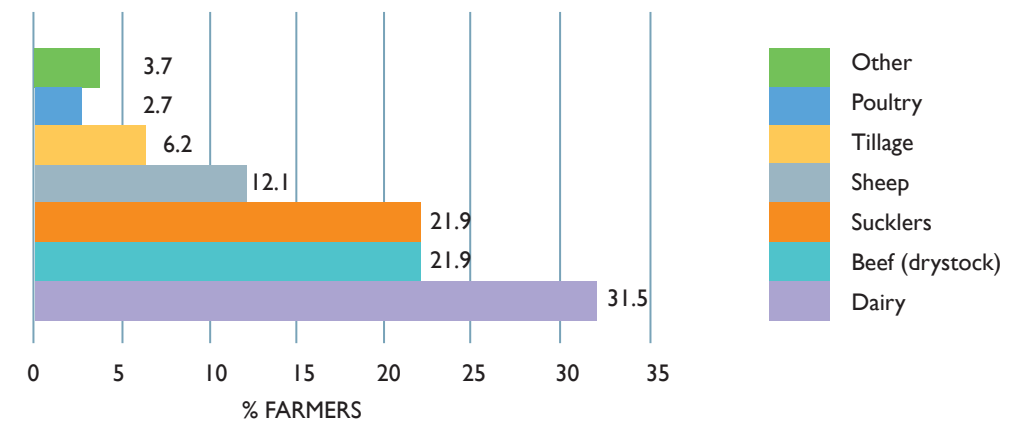
On average the farmers surveyed farmed 2.6 parcels of land per farm business (n=434). As Figure 5 presents, just over on third of farm businesses surveyed (34.1%) were made up of a single parcel of land, in terms of actual land farmed (n=434). A further 27.4% consisted of two parcels of farming land. More than 10% of the sample farmed five or more parcels of land.

**FIGURE 5. PARCELS OF LAND PER FARM BUSINESS**



As Figure 6 below indicates, the main farm enterprise recorded among the respondents was dairy (31.5%), followed by beef (drystock) and suckler herds representing the main farm enterprise for 21.9% of farmers respectively. Sheep farmers represented 12% of the sample, with tillage at 6.2%, poultry at 2.7% and other enterprises at 3.7%.

**FIGURE 6. MAIN FARM ENTERPRISE OF RESPONDENT FARMERS**



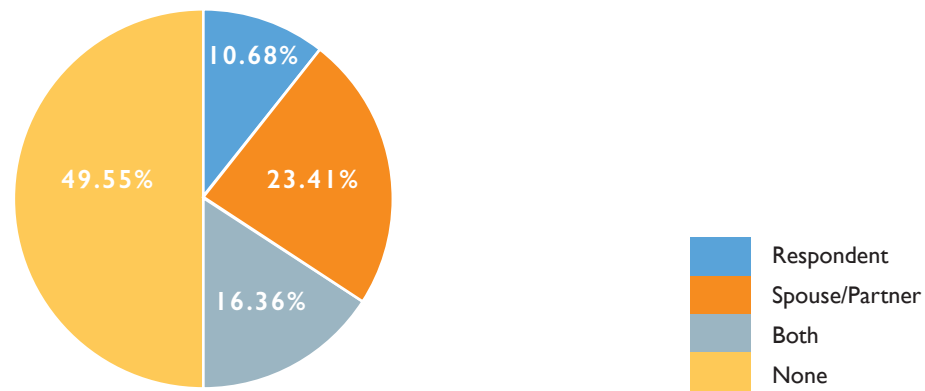


### Farm Household Incomes

The data suggests (Figure 7) that just under half of the farm families surveyed (49.6%) relied solely on that income generated from the farm business to run their households (n=442). The other 50% of farm households supplemented their farm incomes with an off-farm income source. In 27.1% of households, the respondent had an off-farm job or ran another enterprise.

This can be broken down into 10.7% of households where the respondent alone had an off-farm income source, and a further 16.4% of households where both the respondent and their spouse/partner had an off-farm job/enterprise to supplement the farm business income. In just under a quarter of all households (23.4%) the spouse/partner was the sole person to have an off-farm job or income from another enterprise.

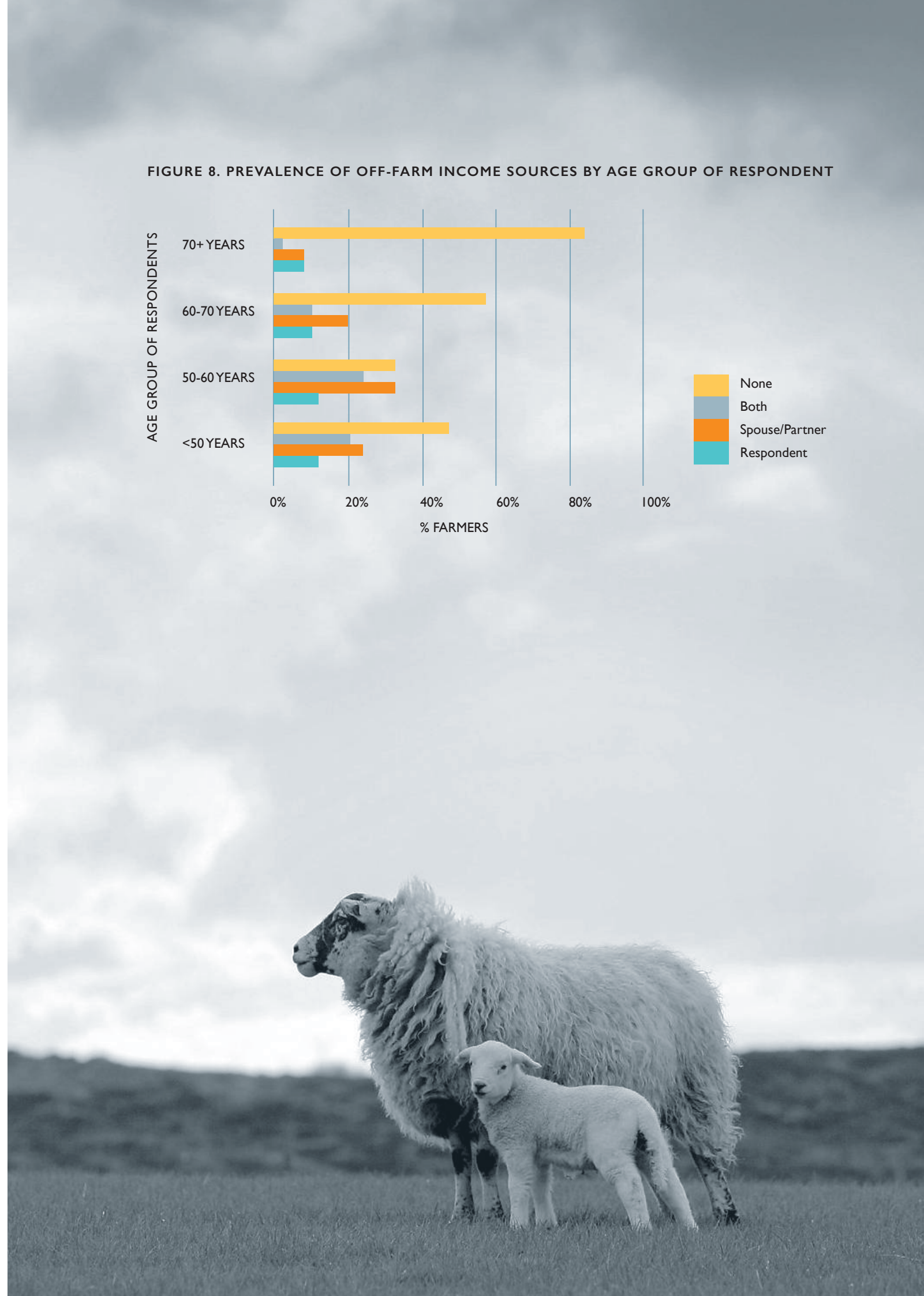
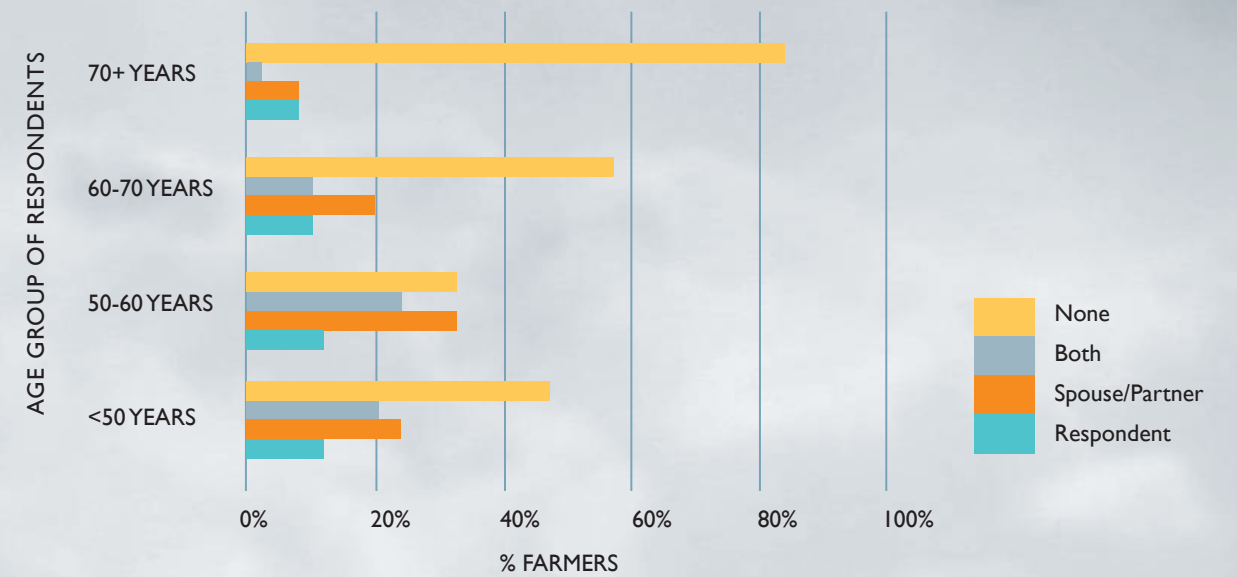
FIGURE 7. PREVALENCE OF OFF-FARM INCOME SOURCES



The availability of off-farm income (off-farm employment/other enterprise) among farming households varied across the sample however, and was influenced by a number of factors including the age group of the respondent, and/or the main enterprise type for example. In households where the age category of the respondent was 60-70 years, 58% of households had no off-farm income source. Perhaps not surprisingly this rose to 85% of households with no off-farm income source in the 70 years plus group of farmers (See Figure 8 opposite).

Interestingly, in comparison to the farming households of respondents in the under 50 year's age group, the prevalence of off-farm incomes was higher in the 50-60 years age group; 54.5% and 67.2% of respondent households had an off-farm income respectively. This was true whether it was just the respondent who worked off-farm/ran another enterprise, their spouse/partner did so, or indeed whether both had an off-farm income source. The higher prevalence of children under 18 years of age in the under 50 year's age group of respondents (as indicated in Figure 3), would seemingly hinder the availability of off-farm income generation opportunities among this group.

FIGURE 8. PREVALENCE OF OFF-FARM INCOME SOURCES BY AGE GROUP OF RESPONDENT

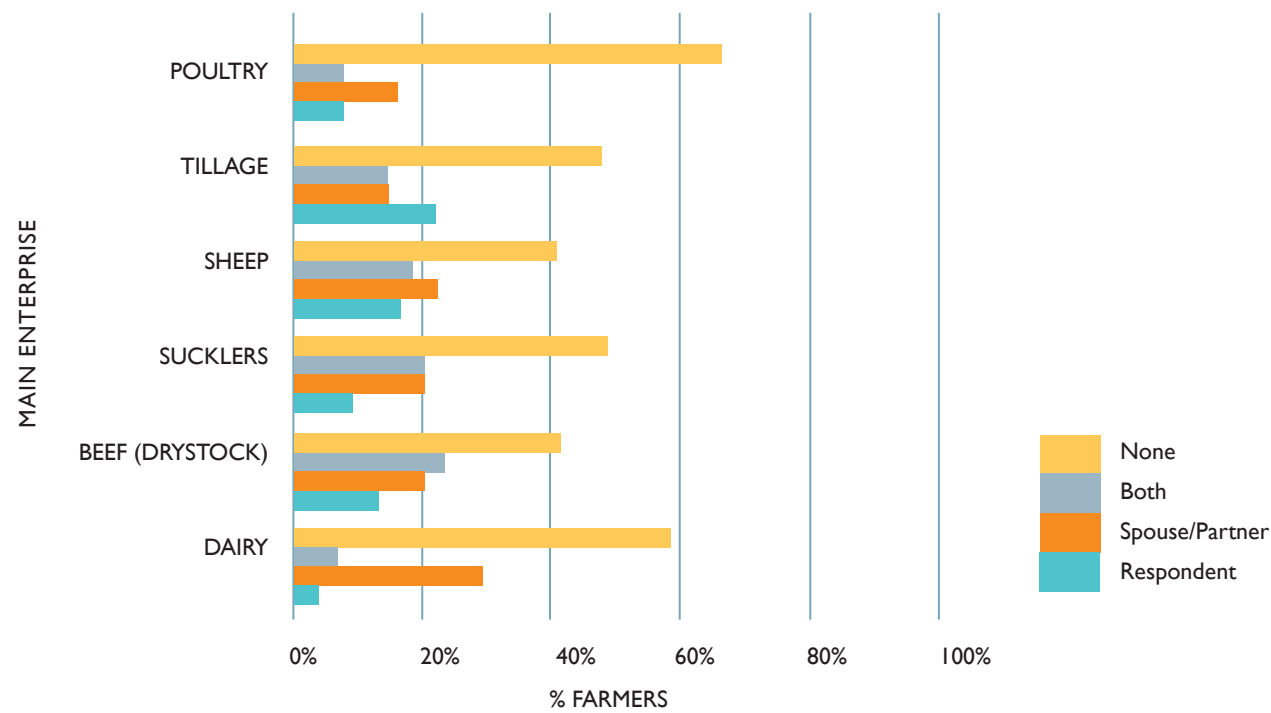




Additionally the presence of off-farm income generation varied across main enterprise type. For example, 67% of poultry and 59% of dairy businesses did not pursue off-farm employment or run another enterprise (See Figure 9). The labour demands of such enterprises coupled with potentially more frequent income receipts may mean that such businesses are less likely to pursue off-farm income sources than other enterprise types.

Off-farm income sources are more predominant among those households whose main farm enterprise is sheep or beef (drystock); 58.5% and 58.3% of such farm enterprises had at least one off-farm income source respectively. The seasonality of labour requirements on such enterprises is likely to be a factor.

FIGURE 9. PREVALENCE OF OFF-FARM INCOME SOURCES BY MAIN ENTERPRISE TYPE



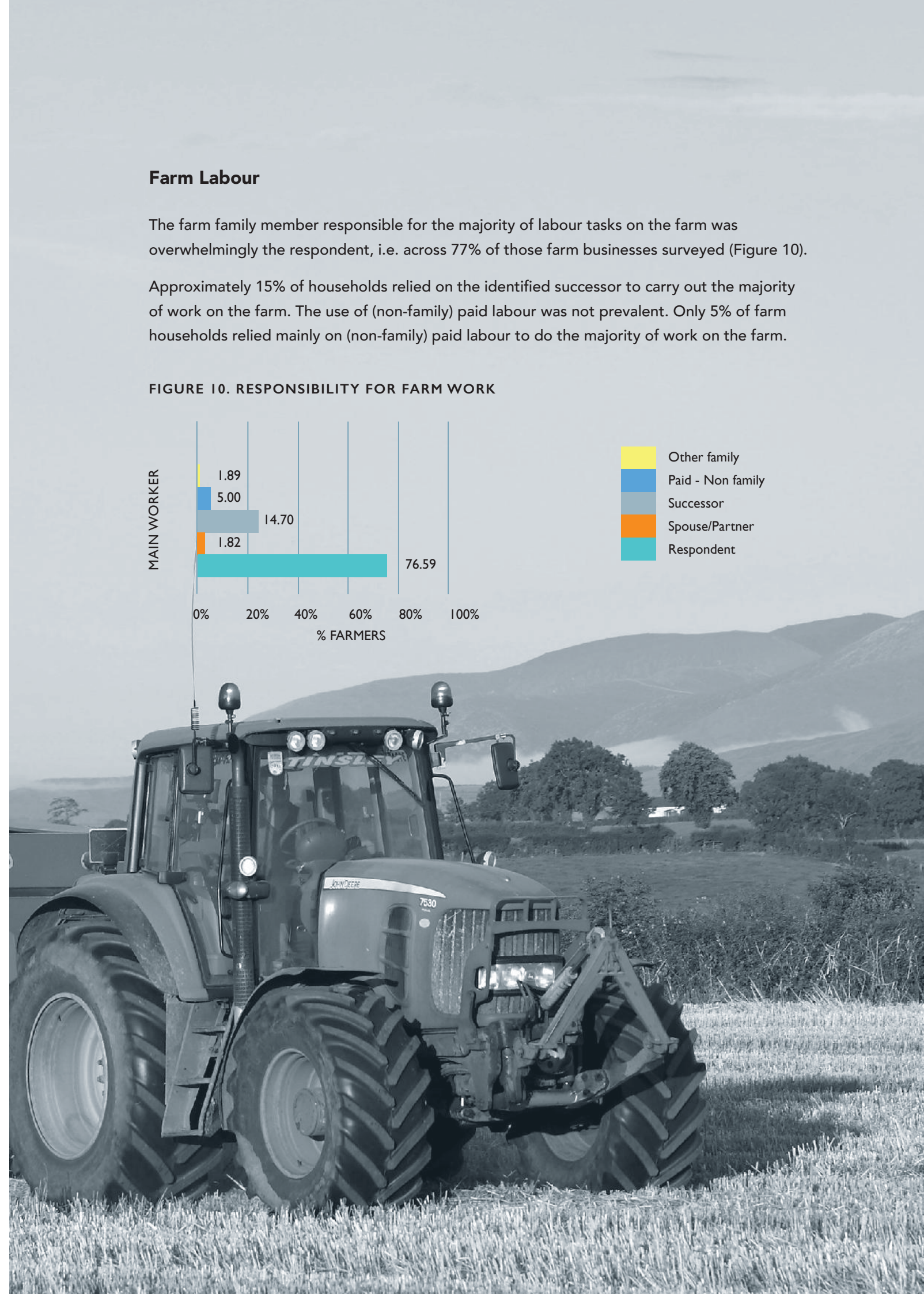
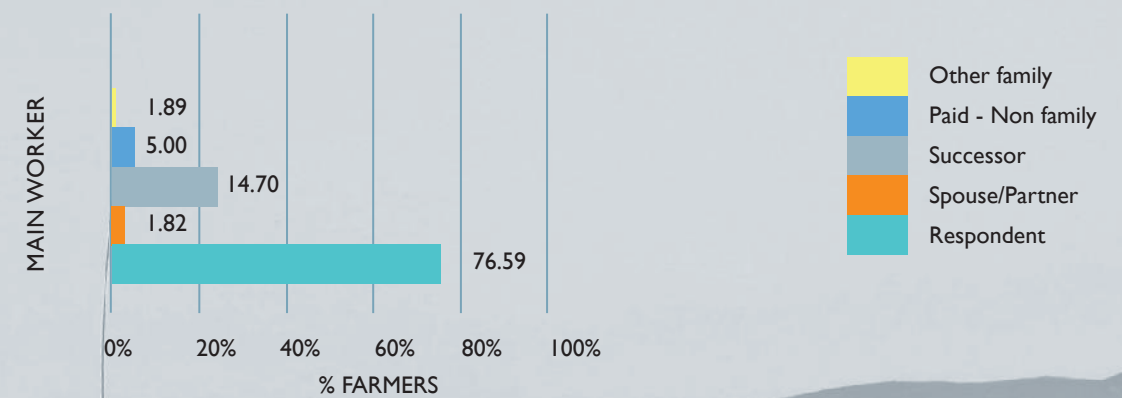
Of the respondent farmers, those running tillage enterprises were the most likely to have an off-farm job/enterprise (22%). The spouses/partners of dairy farmers were the most likely to pursue an off-farm income/enterprise than their counterparts in other sectors, i.e. 29.7% versus 22.6% of sheep enterprises, and 20.8% in both suckler and beef (drystock) enterprises. Both the respondent and (mainly his) partner/spouse were most likely to have an off-farm income source if the main enterprise type was beef (drystock) or suckler, 24% and 20.8% of enterprises respectively.

### Farm Labour

The farm family member responsible for the majority of labour tasks on the farm was overwhelmingly the respondent, i.e. across 77% of those farm businesses surveyed (Figure 10).

Approximately 15% of households relied on the identified successor to carry out the majority of work on the farm. The use of (non-family) paid labour was not prevalent. Only 5% of farm households relied mainly on (non-family) paid labour to do the majority of work on the farm.

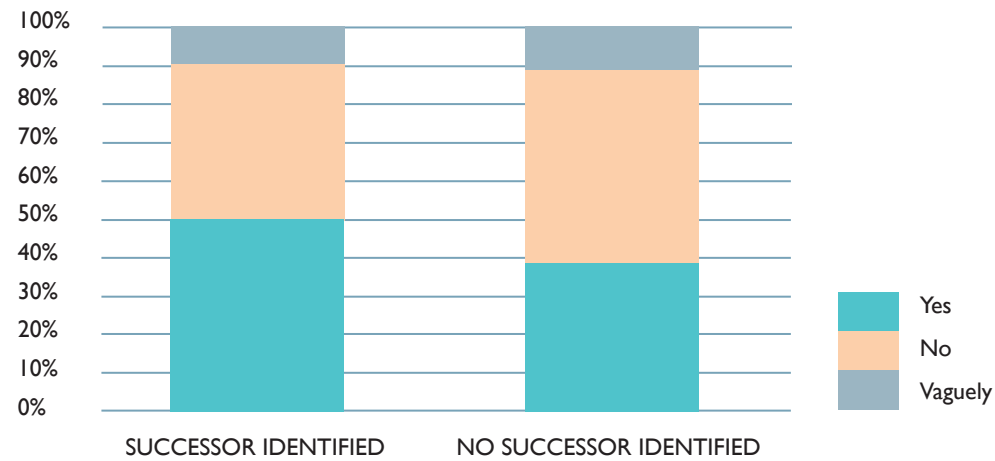
FIGURE 10. RESPONSIBILITY FOR FARM WORK



### Awareness of Pension Legislation Changes

A total of 45% of farmers stated that they were not aware of the changes to the state retirement age, with a further 10% stating that they were only vaguely aware of the changes to state pension age eligibility.<sup>3</sup> Those farm enterprises which had a successor already identified were more likely to be more aware of the forthcoming changes (50.7%) compared to those with no successor identified (40%).

FIGURE 11. AWARENESS OF CHANGES IN PENSION LEGISLATION



Awareness of changes to state pension age eligibility did vary to a degree across main farm enterprise. Poultry and dairy enterprises in particular were more likely not to be aware of the impending changes to state pension age. The lower prevalence of off-farm income sources among such enterprises (See Figure 9) may be a factor in that this reduces their access to such information for example.

<sup>3</sup> State pension age is currently 65 for men. Between April 2016 and December 2018 the state pension age will rise to 65 for women. After this, between December 2018 and October 2020, the retirement age for both men and women will rise to 66. From 2026 to 2028 the state pension age for both men and women will start rising to 67.

FIGURE 12. AWARENESS OF CHANGES IN PENSION LEGISLATION BY MAIN FARM ENTERPRISE

MAIN FARM ENTERPRISE	YES	NO	VAGUELY
Dairy	34.8%	55.1%	10.1%
Beef (Dry stock)	51.0%	33.4%	15.6%
Suckler	50.0%	41.7%	8.3%
Sheep	47.2%	49.6%	3.8%
Tillage	40.7%	44.4%	14.8%
Poultry	41.7%	58.3%	0.0%

Households where both the respondent and partner/spouse generated an off-farm income source, were more aware of imminent changes to state pension age than those where neither individual had an off-farm income source (Figure 13).

FIGURE 13. AWARENESS OF CHANGES IN PENSION LEGISLATION BY OFF-FARM INCOME SOURCE

OFF-FARM JOB/ OTHER ENTERPRISE	YES	NO	VAGUELY
Both	63.9%	27.7%	8.3%
You	51.1%	40.4%	8.5%
Spouse / Partner	43.7%	51.5%	4.8%
None	38.1%	48.6%	13.3%



### Presence of a Will

A total of 72% of the farm businesses surveyed had made a will (n=442). Farm businesses which had identified a successor for their business were more likely to have a will in place; 79.3% of such businesses had made a will (n=228), compared to only 63.9% of farm enterprises where no successor had been identified (n=214). See Figure 14 below.

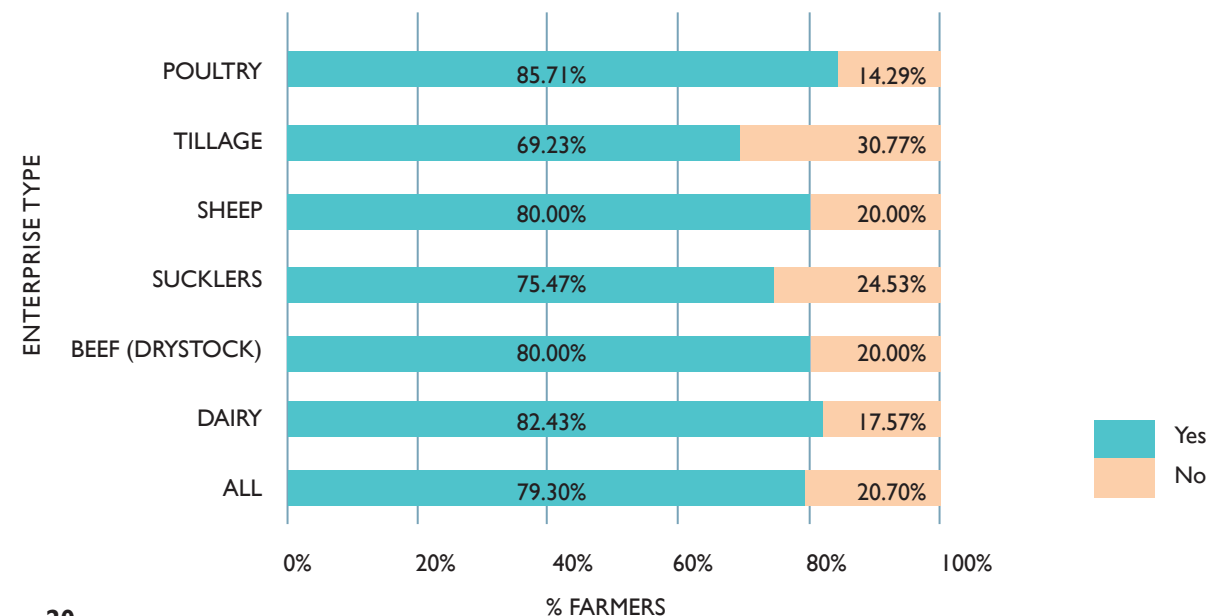
Not surprisingly the presence of a will also varied by the age group of the respondent. For example, among the group of farmers who had planned succession, 89% of those in the 70 plus age group and 91% of the 60-70 years group had made a will. This compared to 71% of the 50-60 years age group. A similar pattern was prevalent among those farm households where succession was unplanned, in that the more mature farmer respondents were more likely to have a will in place.

FIGURE 14. PRESENCE OF A WILL BY AGE GROUP, SUCCESSION PLANNED & UNPLANNED

AGE GROUP	SUCCESSION PLANNED (n=228)	SUCCESSION UNPLANNED (n=214)
<50 years	52.6%	48.9%
50-60 years	71.0%	59.6%
60-70 years	91.3%	79.0%
70+ years	89.1%	82.1%
Total	79.3%	63.9%

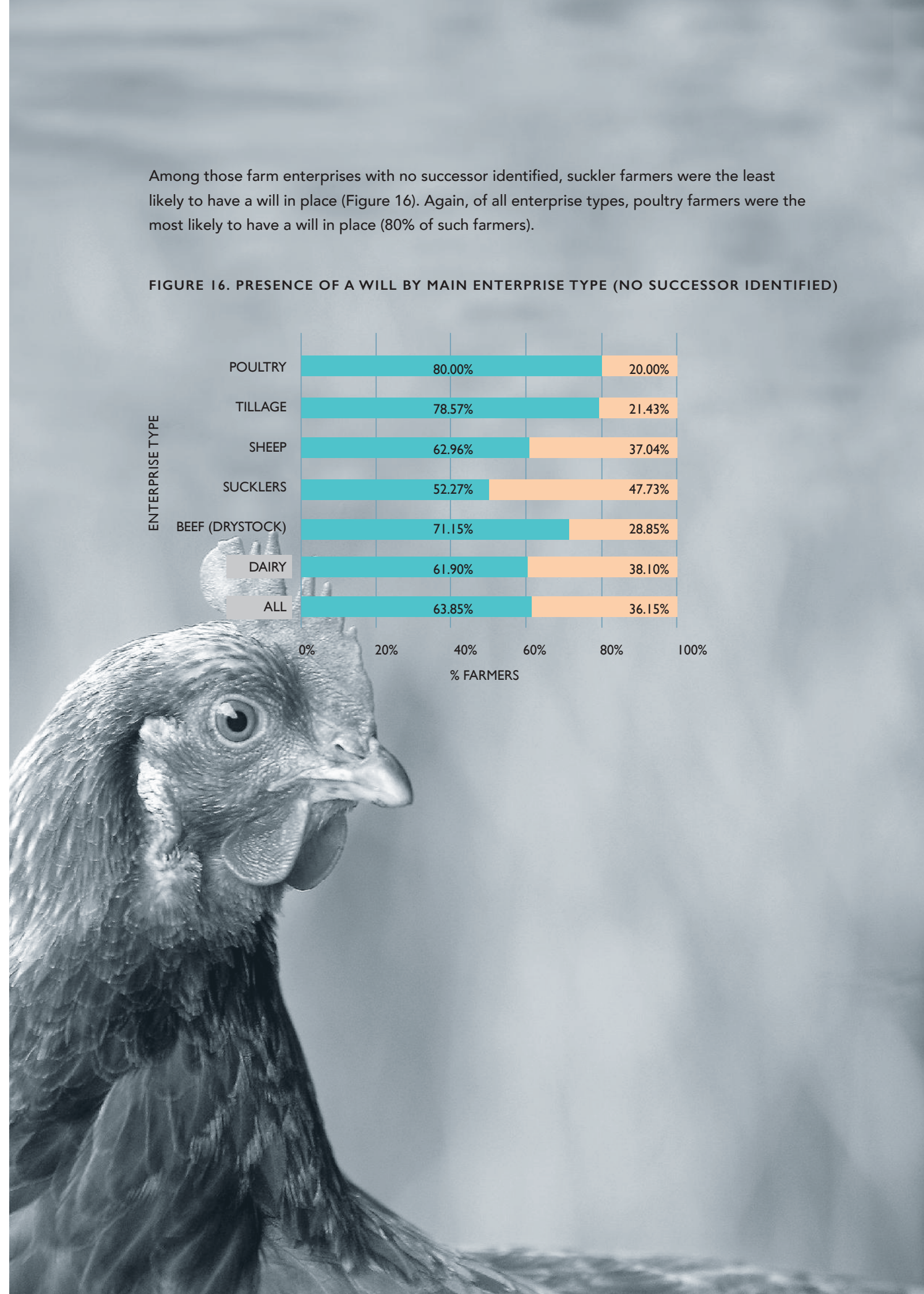
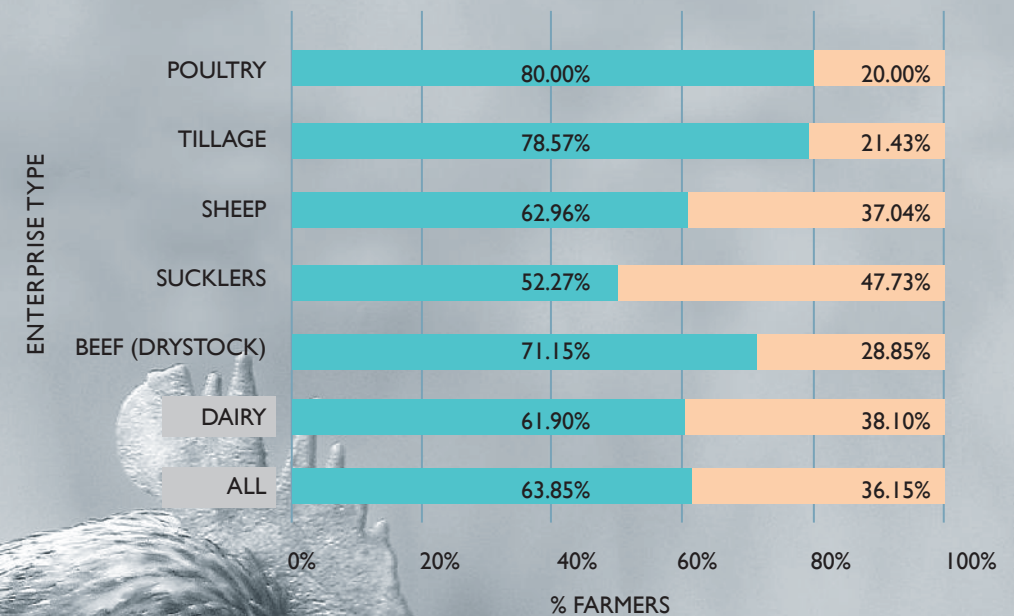
Of those farm businesses with a successor identified, poultry and dairy farmers were more likely to have a will in place (Figure 15). Tillage farmers were the least likely, just 69.2% of such farmers had made a will.

FIGURE 15. PRESENCE OF A WILL BY MAIN ENTERPRISE TYPE (SUCCESSOR IDENTIFIED)



Among those farm enterprises with no successor identified, suckler farmers were the least likely to have a will in place (Figure 16). Again, of all enterprise types, poultry farmers were the most likely to have a will in place (80% of such farmers).

FIGURE 16. PRESENCE OF A WILL BY MAIN ENTERPRISE TYPE (NO SUCCESSOR IDENTIFIED)



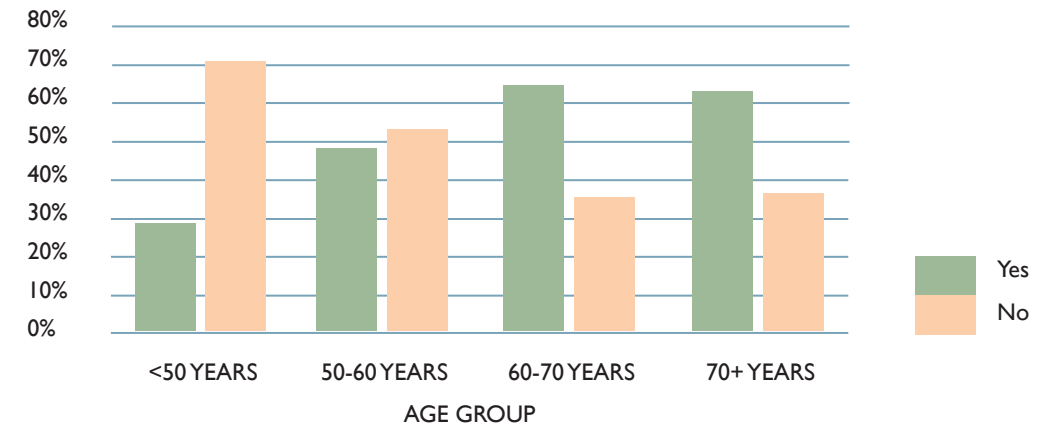
# 6 Succession Planned: Characteristics among Farm Businesses in Northern Ireland

## Characteristics of Households with Succession Planned

Just over half (i.e. 52%) of the farm businesses surveyed, had identified a successor for their farm business (n=442). Not surprisingly however, the age of the primary farm manager/owner had a lot to do with whether succession had been planned or not (See Figure 17 opposite).

The more mature farmers tended to have a successor identified compared to those farmers of lower age groups. For example, 63% of farmers in both the over 70 years (63.0%) and 60-70 year (63.9%) age groups had identified a farm successor. This compared to just 48% of farmers in the 50-60 years age group, and 29% in the under 50 years group.

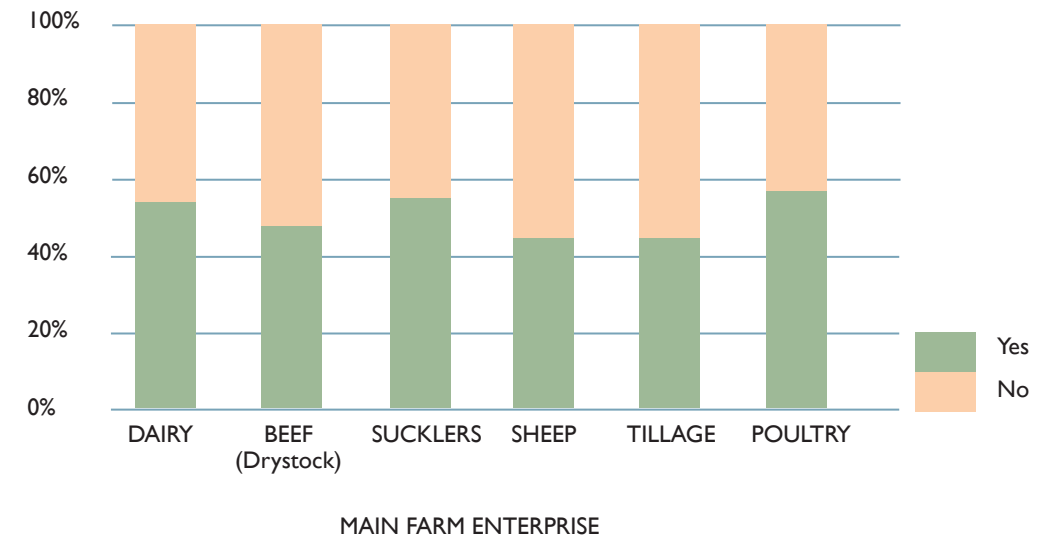
FIGURE 17. SUCCESSION PLANNED FOR BY AGE GROUP OF RESPONDENT FARMER



There was not significant variation among farm enterprise types as to whether or not a farm successor had been identified. As Figure 18 below shows, poultry farmers were more likely to have identified a successor than other enterprise types, i.e. 58% farmers compared to 47% of beef (drystock) and sheep farmers, 48% of tillage farmers, 53% of dairy farmers, and 55% of suckler farmers.

Of those farmers who had succession plans in place (n=228), 78% had informed the successor of their intention to pass the farm to them. A further 9.7% of farmers indicated that the successor was possibly aware of their intentions.

FIGURE 18. SUCCESSION PLANNED FOR BY MAIN FARM ENTERPRISE



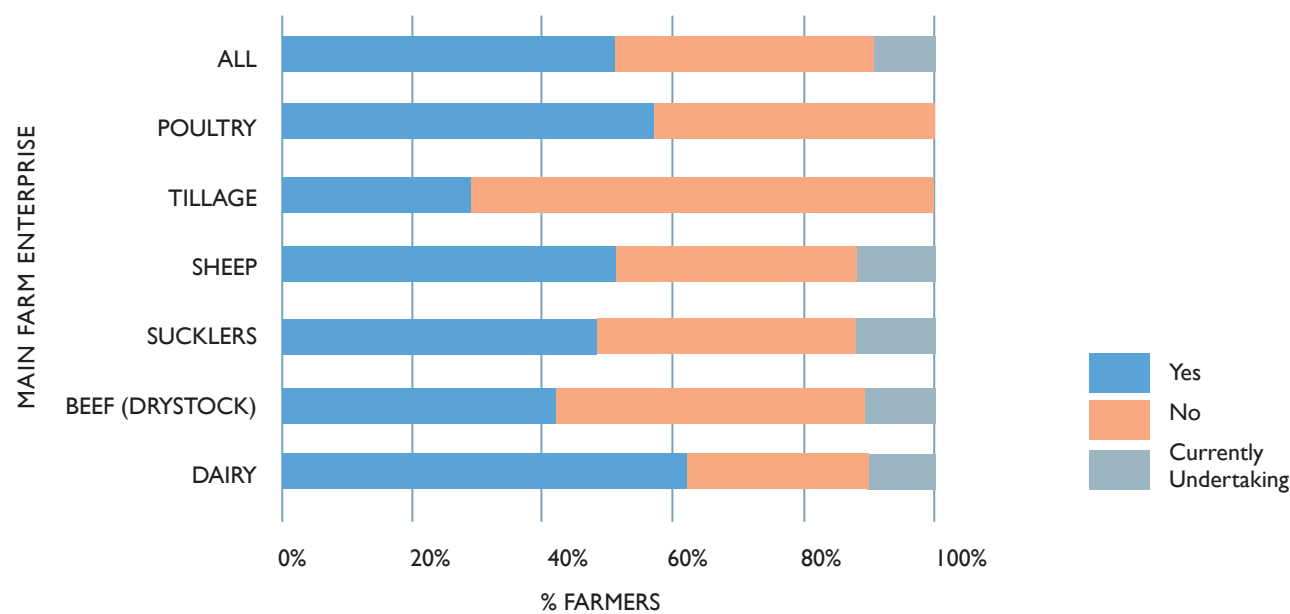
### Characteristics of Successors

Farm successors were in the majority male (93%) and a son of the primary manager/owner of the business (90%). Nieces and nephews made up 3.5% of the successors identified. The remaining successors consisted of spouses/partners (1.8%), siblings (1.78%), and other family members (2.2%). Non-familial successors accounted for just 0.9% of the sample. The average age of the successor was 29 years. Almost 17% of farmers had identified a successor who was currently under 18 years of age.

Of the successors identified, 51% already held a formal agricultural qualification, and a further 8% were currently undertaking studies to acquire a qualification (See Figure 19). Interestingly however, this varied significantly across farm enterprise type, in that 70% of successors of dairy farms, 64% of sheep, 60% of suckler and 57% of poultry enterprises were likely to have already attained an agricultural qualification and/or currently be undertaking such qualification. This is in direct comparison to just 51% of beef (drystock) and 31% of tillage farm successors.

Whilst formal qualification attainment among successors is encouraging, given the direction of policy to support skills training among farm business operators, and increasing legislation in respect of formal training requirements in a growing number of areas of agricultural and associated activity, the challenge remains that just shy of 41% of successors have no agricultural qualification. This is perhaps even more concerning given that the average age of the successor is 29 years, i.e. well above the average age where third level education is usually completed.

FIGURE 19. FORMAL AGRICULTURAL EDUCATION AMONG IDENTIFIED SUCCESSORS



The lack of agricultural qualification attainment however, can in part be explained by the 'life cycle stage' of the primary farm manager/owner's household. The successors of those farmers in the under 50 years age group are least likely to have gained an agricultural qualification. This is explained by the prevalence of children under 18 years of age among this group (Figure 20). Approximately one in five (18.3%) of those successors of farmers in the 50-60 years age group were currently undertaking an agricultural qualification. This is in contrast to the successors of primary farm manager/owner's over 60 years of age, where approximately one in every three do not hold a formal agricultural qualification and where few are progressing the attainment of such qualification currently.

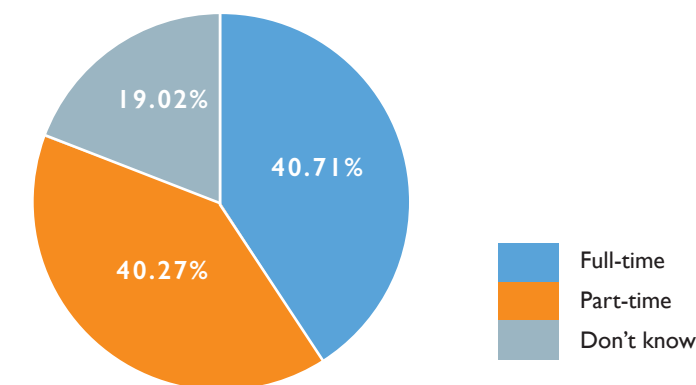
FIGURE 20. AGRICULTURAL QUALIFICATION ATTAINMENT, AMONG IDENTIFIED SUCCESSORS, BY AGE GROUP

AGE GROUP	YES	NO	CURRENTLY UNDERTAKING
< 50 years	31.6%	68.4%	0.0%
50-60 years	39.8%	41.9%	18.3%
60-70 years	60.9%	37.7%	1.4%
70+ years	67.4%	30.4%	2.2%

### Expected Farming Practices of Successors

Of those farmers with succession plans in place, 41% expected that their successor would work the farm in a full-time capacity and 40% in a part-time capacity (Figure 21). The balance of farmers (19%) were unsure as to whether or not their identified successor would continue to farm the land.

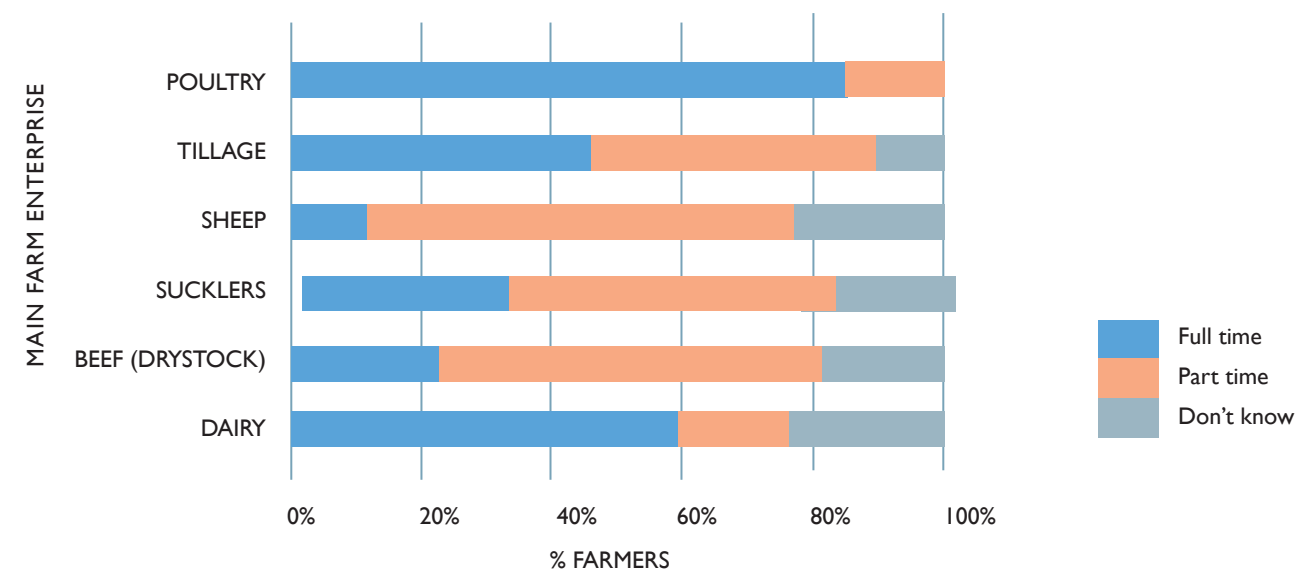
FIGURE 21. FARMER EXPECTATIONS OF SUCCESSORS IDENTIFIED





Future full-time farmers were overwhelmingly indicated among poultry (86% full-time farmers) and dairy enterprises (59% full-time). Sheep farms, beef (drystock) and suckler herds suggested the least participation of full-time farmers among their future successors, 12%, 24% and 33% respectively (Figure 22). Approximately 24% of both dairy and sheep farmers indicated that they did not know whether the identified successor would continue to farm. This is perhaps indicative of the challenges facing these sectors currently. At the same time there is a strong recognition within some sectors, e.g. beef (drystock), sheep and suckler enterprises that the farm is unlikely to deliver a full-time equivalent income to support the farm family. For example 64% of sheep farmers, 58% of beef (drystock) farmers and 50% of suckler farmers indicated that their successor was likely to farm in a part-time capacity.

FIGURE 22. FARMER EXPECTATIONS OF SUCCESSORS IDENTIFIED BY MAIN FARM ENTERPRISE

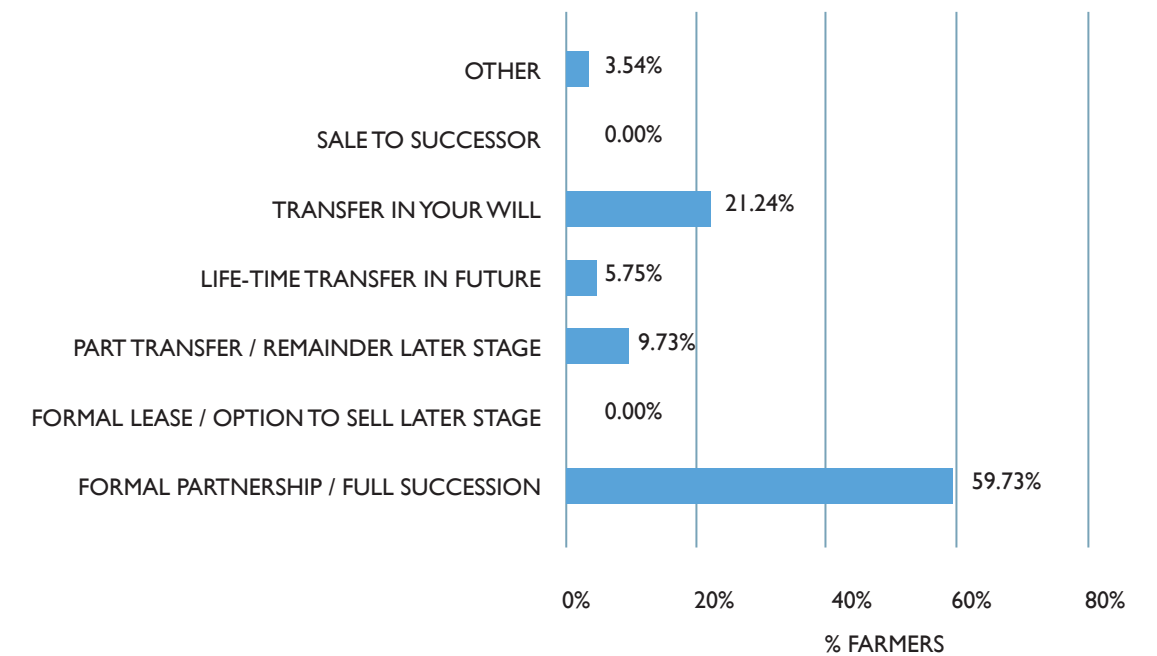


### Farmer Concerns about Succession

Despite having succession plans in place however, some farmers indicated they did have concerns for the future of the farm. Almost three quarters (72%) stated that they had no concerns (n=216). Of those that voiced concerns these ranged from issues relating to: the future viability of farming (16%); divorce/separation of the successor and associated implications for the farm business (6%); if the successor would be of a suitable age to take over the farm when required (2%); and whether the successor would continue to farm (2%). Other concerns noted included legal issues and bureaucracy (2% in total).

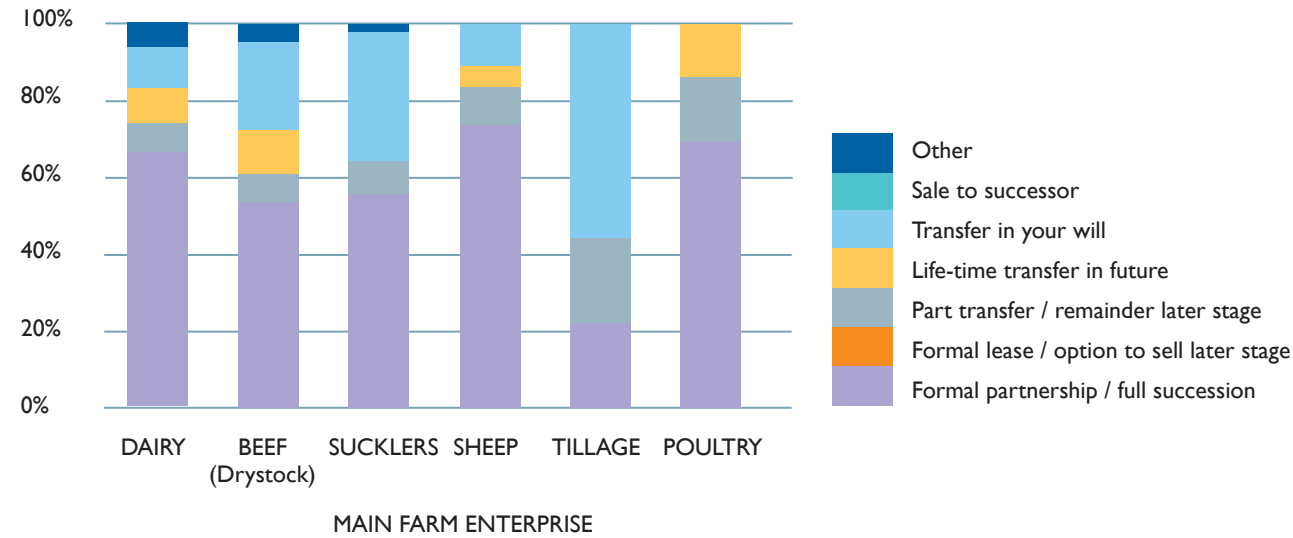
In terms of how succession would occur, as indicated in Figure 23 below, the majority of farmers (59.7%) stated that they had set up a formal partnership agreement which would be followed by full succession to the identified successor (n=226). A fifth of farmers (21%) had planned for the transfer to occur through their will, and a further 9.73% had set up a part transfer to be followed by full transfer at a later stage.

FIGURE 23. METHOD OF SUCCESSION



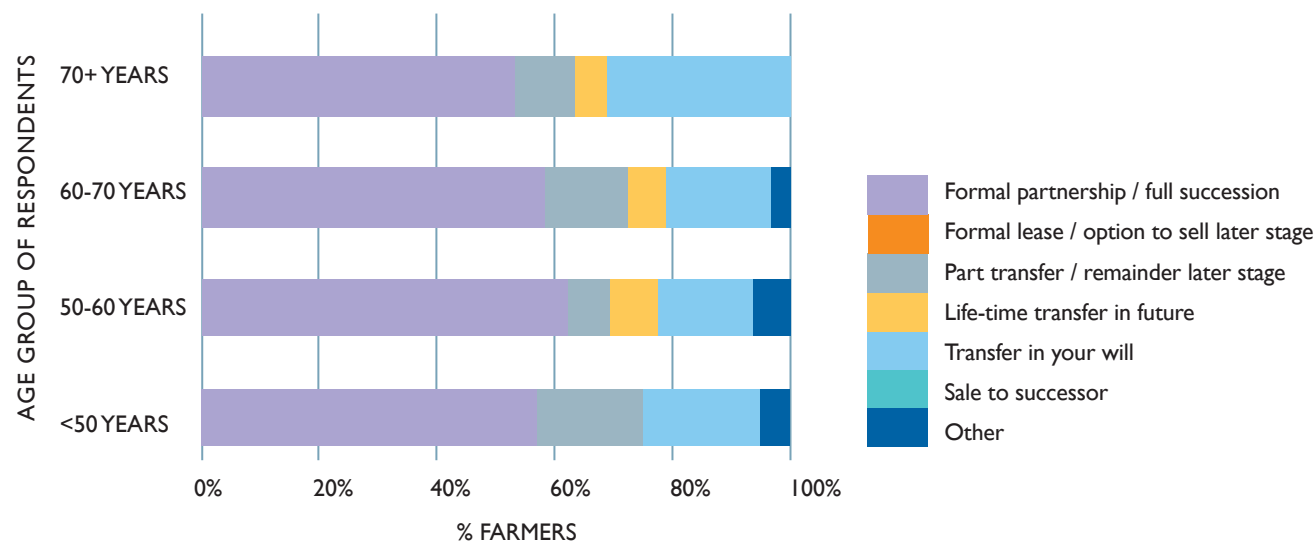
Apart from tillage farmers, a formal partnership arrangement followed by full succession, was the most frequent method of transfer among all farm enterprise types (See Figure 24). Among tillage farmers, almost 54% chose to plan their succession by making a transfer in their will. Just under a third of suckler farmers (32.1%) and a quarter of beef farmers also chose to make a transfer through their will.

FIGURE 24. METHOD OF SUCCESSION BY MAIN FARM ENTERPRISE



Among those farm businesses with succession planned, a formal partnership arrangement followed by full succession, was also the preferred method of transfer irrespective of age group. More than half the farmers in each age group choose this option (See Figure 25 below). Among farmers in the 70+ years age category a transfer in their will was also an important method of transfer, with almost a third choosing this option (32.6%). Among other age categories, this method was selected by approximately one in every five farmers.

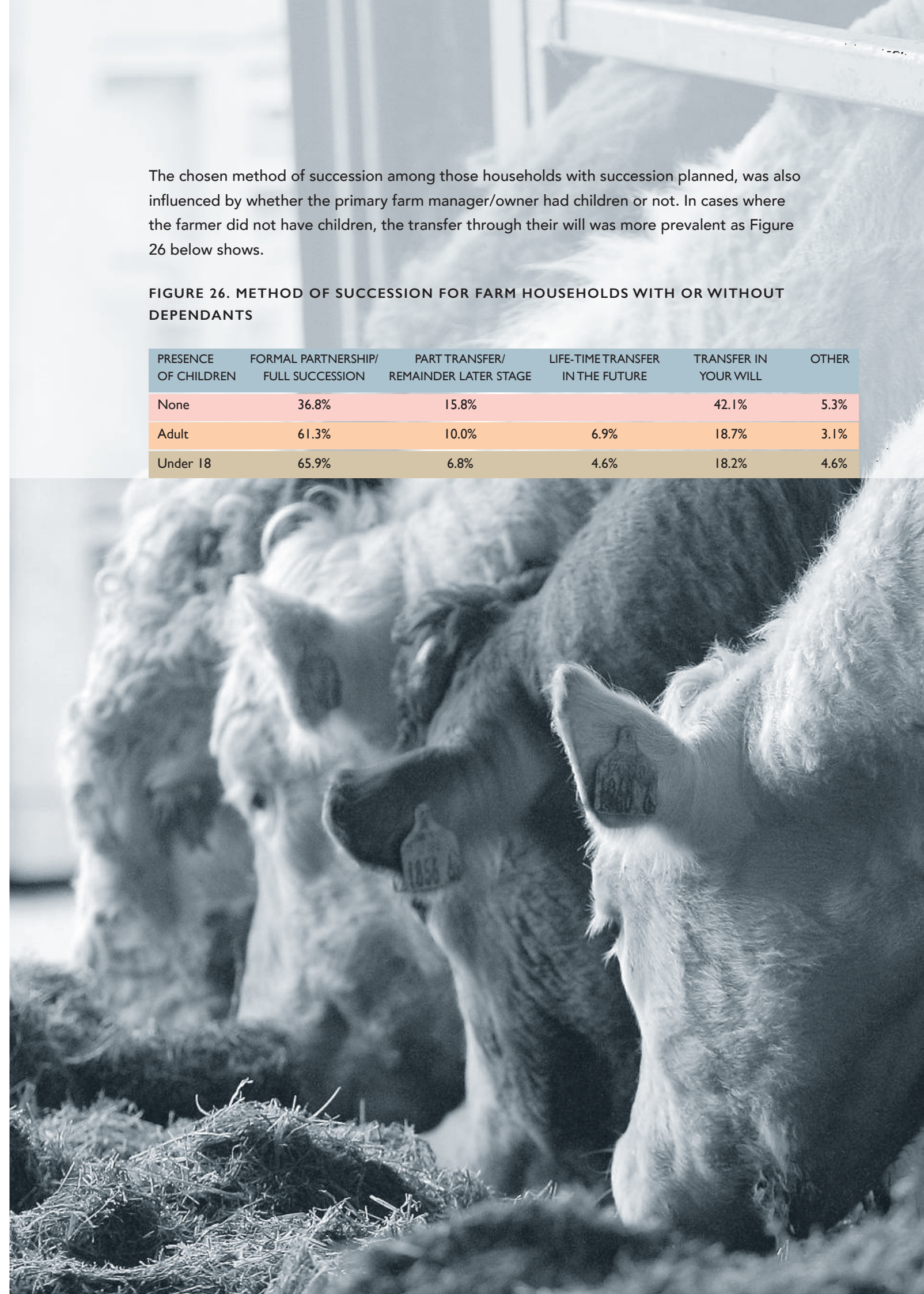
FIGURE 25. METHOD OF SUCCESSION BY AGE GROUP



The chosen method of succession among those households with succession planned, was also influenced by whether the primary farm manager/owner had children or not. In cases where the farmer did not have children, the transfer through their will was more prevalent as Figure 26 below shows.

FIGURE 26. METHOD OF SUCCESSION FOR FARM HOUSEHOLDS WITH OR WITHOUT DEPENDANTS

PRESENCE OF CHILDREN	FORMAL PARTNERSHIP/ FULL SUCCESSION	PART TRANSFER/ REMAINDER LATER STAGE	LIFE-TIME TRANSFER IN THE FUTURE	TRANSFER IN YOUR WILL	OTHER
None	36.8%	15.8%		42.1%	5.3%
Adult	61.3%	10.0%	6.9%	18.7%	3.1%
Under 18	65.9%	6.8%	4.6%	18.2%	4.6%





# 7 Succession Unplanned: Issues and Concerns among Farm Businesses in Northern Ireland

Of the farmers surveyed, 48% had succession unplanned (n=442). Of those that discussed the reason as to why they had not identified a successor for their farm business (n=56), almost a quarter (23%) stated that their children were not interested in farming and/or had sought a career off-farm (See Figure 27 opposite). A fifth indicated that they had 'no reason/no good reason' as to why they had not identified a successor for their farm business. Additionally 18% said they had no children, or no one, to take over the farm. A further 18% suggested they were unsure to whom to transfer the farm. On occasion this was complicated by the fact they had a large family and/or more than one son. The other main reasons cited by farmers for not having appointed a successor were that their children were too young (12.5%), or they had not yet given succession much consideration (5%).

FIGURE 27. MAIN REASON FOR NOT HAVING IDENTIFIED SUCCESSOR

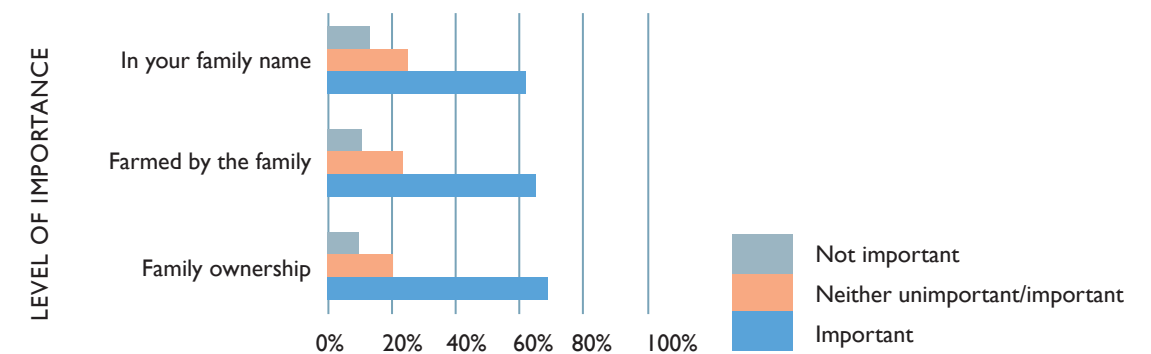
MAIN REASON	%
Children not interested	23.2
No good reason	19.6
No children	17.9
No decision made as to successor	17.9
Children are too young	12.5
Not given it much thought	5.4
Only recently became successor	1.8
Other	1.8

Despite a significant number of farmers not having made a decision about a successor, when farmers were asked about their wishes in relation to the future of the farm business (Figure 28 below, n=214), the overwhelmingly majority confirmed the importance of the connection between family and farm for future generations. For example, farmers were asked to rate the importance of three scenarios<sup>4</sup>:

- (i) that the farm stays in family ownership,
- (ii) that the farm stays farmed by the family, and
- (iii) that the farm stays in the family name.

70% of farmers indicated 'the farm staying in family ownership' was 'important'; 66% stated 'stays farmed by a family member' as important and 62% indicated that it was 'important' that the 'farm stayed in their family name'.

FIGURE 28. FARMER CONSIDERATIONS FOR THE FUTURE OWNERSHIP OF THE FARM



<sup>4</sup> For each scenario, farmers were asked to indicate if it was 'important', 'neither unimportant nor important' or 'not important'.



As indicated in Figure 28 62% of all farmers indicated that it was 'important' that the farm stayed in their family name. Granted that 'staying in the family name' was slightly less important than 'staying in family ownership', it still poses the issue of a married daughter who no longer holds the family name, being unlikely to be considered as an acceptable successor to the farm business. This correlates with the earlier data indicating that farm successors are overwhelmingly male (93%) and a son of the primary manager/owner of the business (90%). The data would therefore suggest a level of reluctance to transfer to daughters.

There was little variation in responses across the main farm enterprises in terms of the above familial ties to future ownership (Figure 29). For all the main enterprises except sheep, 'staying in family ownership' was the most important factor. For the latter 'stays farmed by the family' and 'stays in the family name' were rated by a higher number of farmers as 'important'. Beef (drystock) and poultry farmers may give slightly less importance to familial transfer ties, but just marginally so overall.

FIGURE 29. IMPORTANCE OF FAMILIAL OPTIONS FOR FUTURE OWNERSHIP OF THE FARM BY MAIN ENTERPRISE

MAIN FARM ENTERPRISE	STAYS IN FAMILY OWNERSHIP	STAYS FARMED BY THE FAMILY	STAYS IN YOUR FAMILY NAME
Dairy	74.6 %	66.7 %	66.7 %
Beef	61.5 %	60.8 %	53.9 %
Suckler	72.7 %	65.9 %	61.4 %
Sheep	64.3 %	67.9 %	67.9 %
Tillage	78.6 %	71.4 %	57.1 %
Poultry	60.0 %	60.0 %	60.0 %

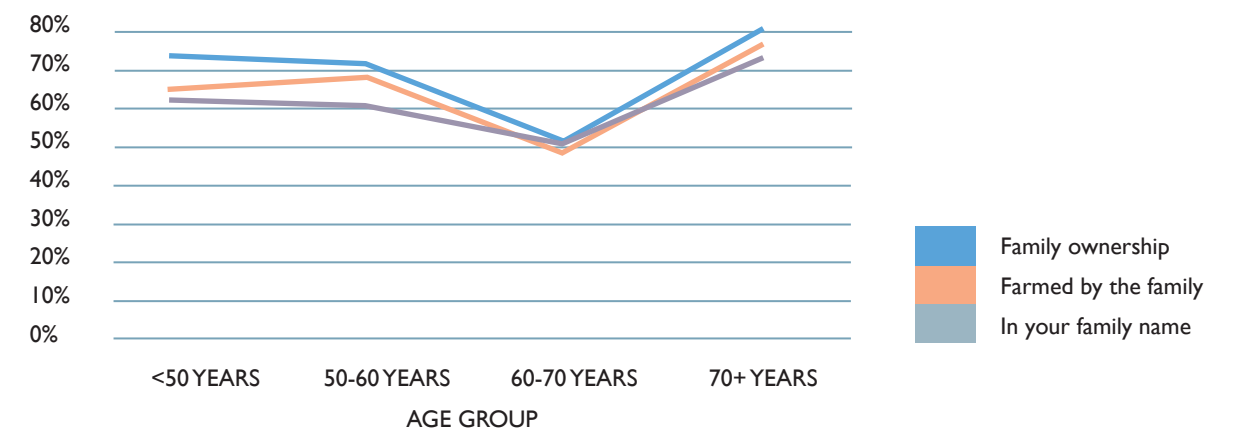
Between a fifth and a quarter of farmers without a successor however, stated that it was 'neither unimportant nor important' whether (i) the farm 'stayed in family ownership' (20%), (ii) it 'stayed farmed by the family' (23%), or (iii) that it 'stayed in their family name' (25%).

A further 10%, 11% and 13% of farmers indicated that each of these issues respectively were 'not important' to them. Although these sample groups are small they may give a greater insight into that group of farmers who are willing to consider non-familial options for transfer.

It would appear that the level of importance of familial transfer may vary with age group (see Figure 30 opposite). As farmers set out in their early career path to perhaps develop and grow the business (e.g. under 50 years) the predominance of the importance of these factors is high. This starts to decline however, in the 50-60 years and 60-70 years age groups, and reaches a trough among the latter group. However, as farmers enter the 70+ year age group,

the importance of such familial factors (i.e. remaining in family ownership, farm operated by the family, and in the family name) heightens to a level greater than that of the under 50 years group. As farmers no doubt become more acutely aware of their own transience in relation to the future of the farm business, the familial ties to the business and its preservation for future generations may become more acute. This may give guidance as to the opportune time for the introduction of interventions in relation to succession and land mobility.

FIGURE 30. FARMER CONSIDERATIONS FOR THE FUTURE OWNERSHIP OF THE FARM BY AGE



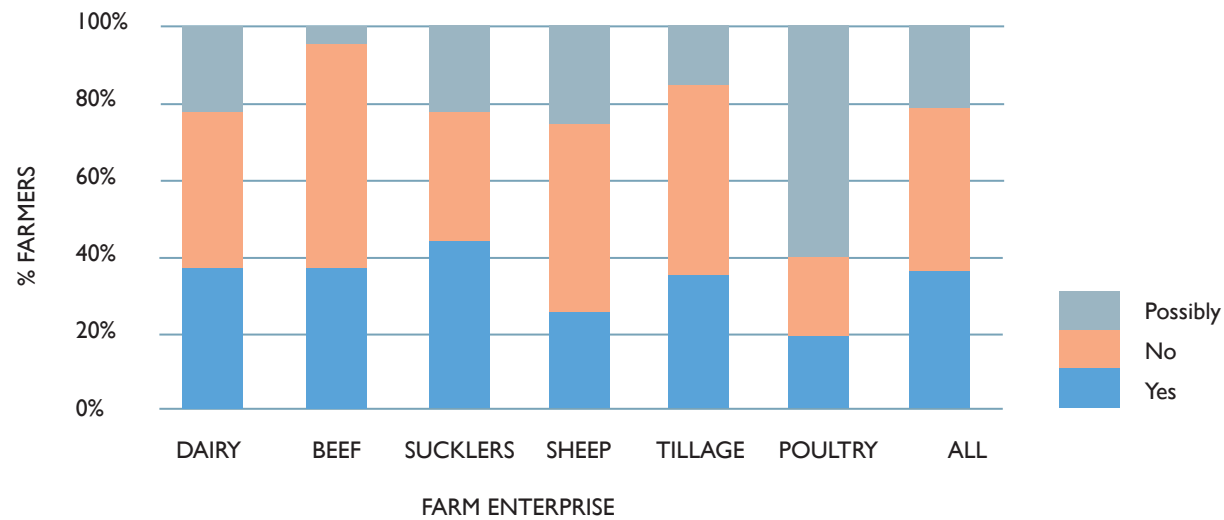
The above is related also to the fact that farmers with young children (i.e. under 18 years of age) were more likely to highlight the importance of future familial ties to the farm, than primary farm manager/owner households with adult children. The importance of such factors declined even further among those with no children. As children reach a stage where they mark out and follow their own career path (and choose not to farm), this enables primary farm manager/owner households to reduce their focus on familial options for transfer. This information is corroborated by the fact that it is farmers in the 60-70 years age group (whose children are more likely to be of 18 years or more) who place least importance on whether or not the farm stays in family ownership, stays farmed by the family, or stays in their family name. As indicated, the importance of each of these familial issues increased again in the 70+ years age group.

Furthermore, farmers in counties Fermanagh and Derry/Londonderry were least likely to indicate the importance of familial ties to the future of their farm. In fact just a third of Fermanagh farmers indicated the importance of the farm continuing to have familial ties, and approximately half of farmers in Derry/Londonderry did so. In all other counties this was likely to exceed 70% of those farmers surveyed with no successor. Potential hypothesis to explain this trend may include the prevalence of more peripheral farms in the North and Western counties, potentially smaller farms which may pose sustainability issues, and/or potentiality poorer quality farmland.

### Future Farming Activity and Barriers to Retirement

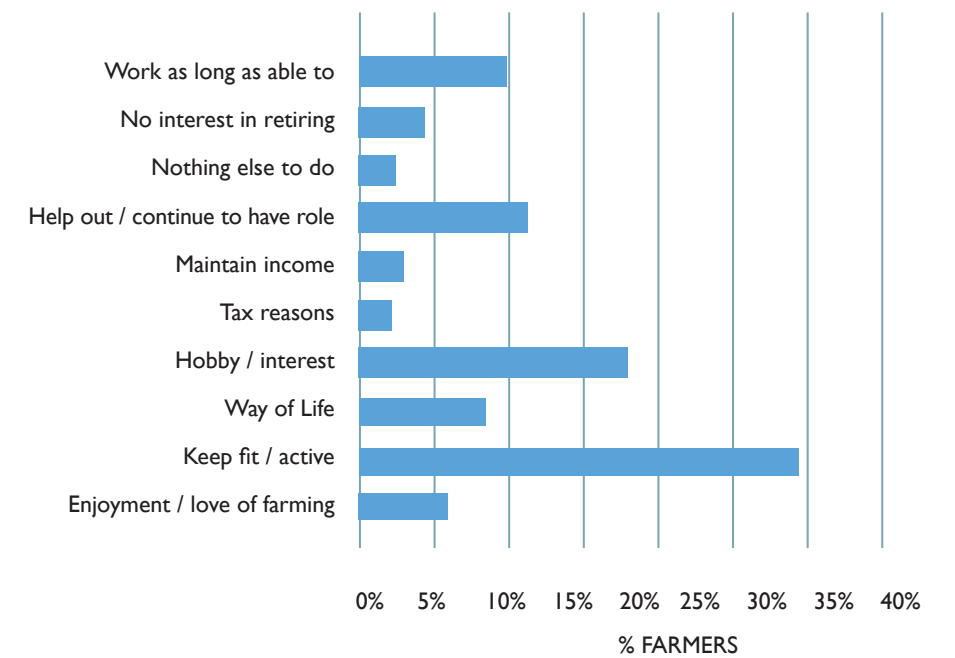
Whilst a third of farmers (36.5%) indicated their desire to fully retire from 'active farming' (n=214), 42.5% indicated they did not wish to retire. Poultry (20%) and sheep farmers (28.6%) were among those enterprise sectors with a fewer share of farmers indicating their wish to retire from 'active farming'. Suckler (43.2%), beef (36.5%) and dairy (36.5%) farmers had a higher occurrence of farmers indicating their wish to retire. Poultry farmers were perhaps the most undecided in terms of their retirement plans. Only 20% stated they would like to retire, with a further 60% indicating they may possibly retire. At least half all beef (55.8%) and tillage farmers (50%) indicated they did not wish to retire from 'active farming'.

FIGURE 31. DESIRE TO RETIRE FROM 'ACTIVE FARMING' IN THE FUTURE



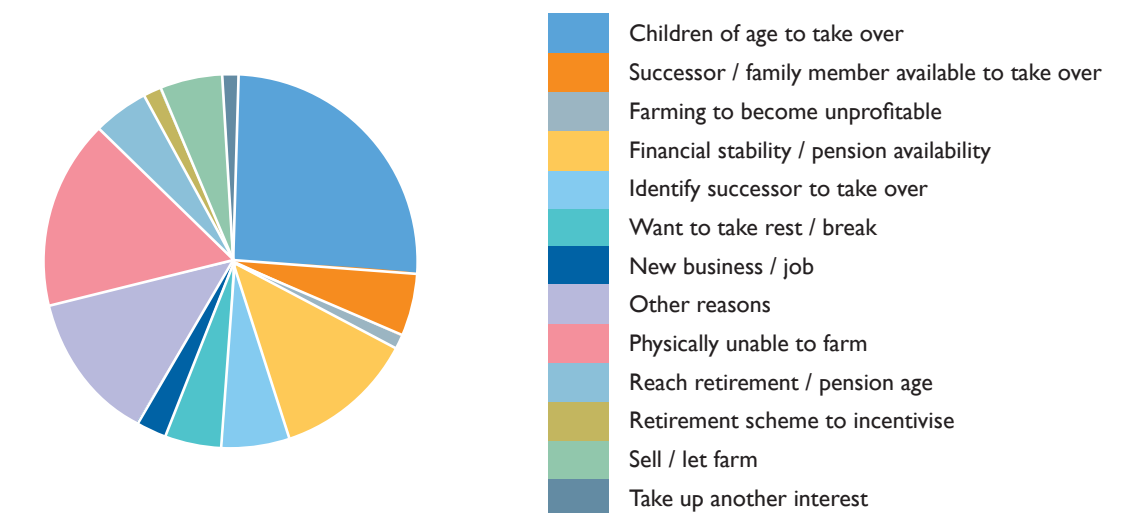
Of the reasons given for non-retirement (n=88), the most frequent was 'to keep fit and active' (34%). See Figure 32 opposite. Farmers also considered farming as a 'hobby or interest' in their later years (18%). Others indicated they wanted 'to work as long as they were physically able' (10%), and some wanted 'to continue to help out and/or have a role on the farm' (11%).

FIGURE 32. REASONS TO NOT RETIRE FROM 'ACTIVE FARMING'



Of the 123 farmers that stated that they would 'like to' retire from 'active farming' (78 farmers) or 'possibly like to' (45 farmers) at some stage in the future, 104 farmers discussed what would need to happen to allow them to do so (See Figure 33 below). Of this group, 26% explained that their children would need to reach an age/be ready to take over the farm. 16.3% stated that they would retire when they were physically unable to farm any longer, 12.5% said they needed to have financial stability or have an available pension to allow them to retire, and 5.8% cited each of the following reasons: the successor/family member ready to take over; identify a successor, or sell/let the land.

FIGURE 33. BARRIERS TO RETIREMENT FROM 'ACTIVE FARMING'



When those farmers with succession unplanned were asked if they have encouraged their children to take over the farm, only 37% stated that they have 'actively encouraged' their children to do so (n=172). A further 9% stated they have 'actively discouraged' their children from farming in the future, and 53.5% stated that they had 'neither encouraged nor discouraged' them from taking over the farm. For those farmers that have 'actively discouraged' or 'neither encouraged/discouraged' their children from farming (n=108), the overwhelming reason for them doing so was to let their children make up their own minds about their future (27.8%). See Figure 34 below. Other reasons included: insufficient incomes or probability associated with farming (6.5%), enabling children to pursue other career options (4.6%), and their family currently being too young (4.6%).

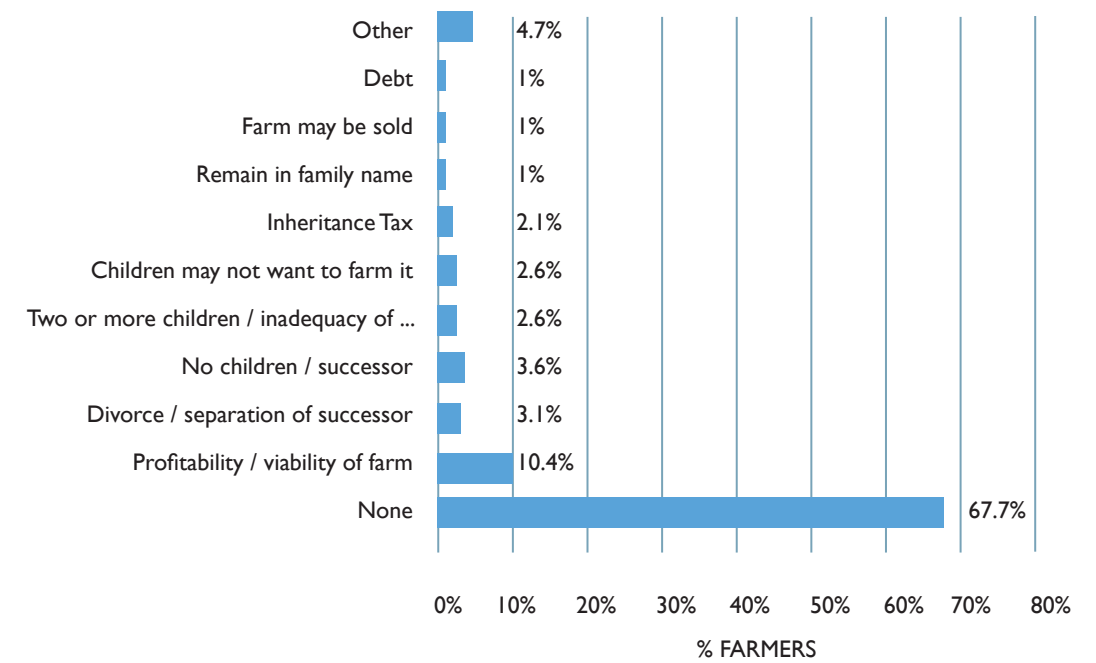
FIGURE 34. REASON FOR FARMERS NOT PROMOTING CHILDREN TO FARM

REASON FOR 'DISCOURAGING' OR NEITHER ENCOURAGING / DISCOURAGING' FARMING	%
Decide for themselves	27.8
Incomes/Profitability of farming	6.5
Other career options	4.6
Family too young	4.6
No children	3.7
Education	2.8
Not interested in farming	2.8
Encourage PT farming only	0.9
Encourage them to farm abroad	0.9
Tough life of farming	0.9

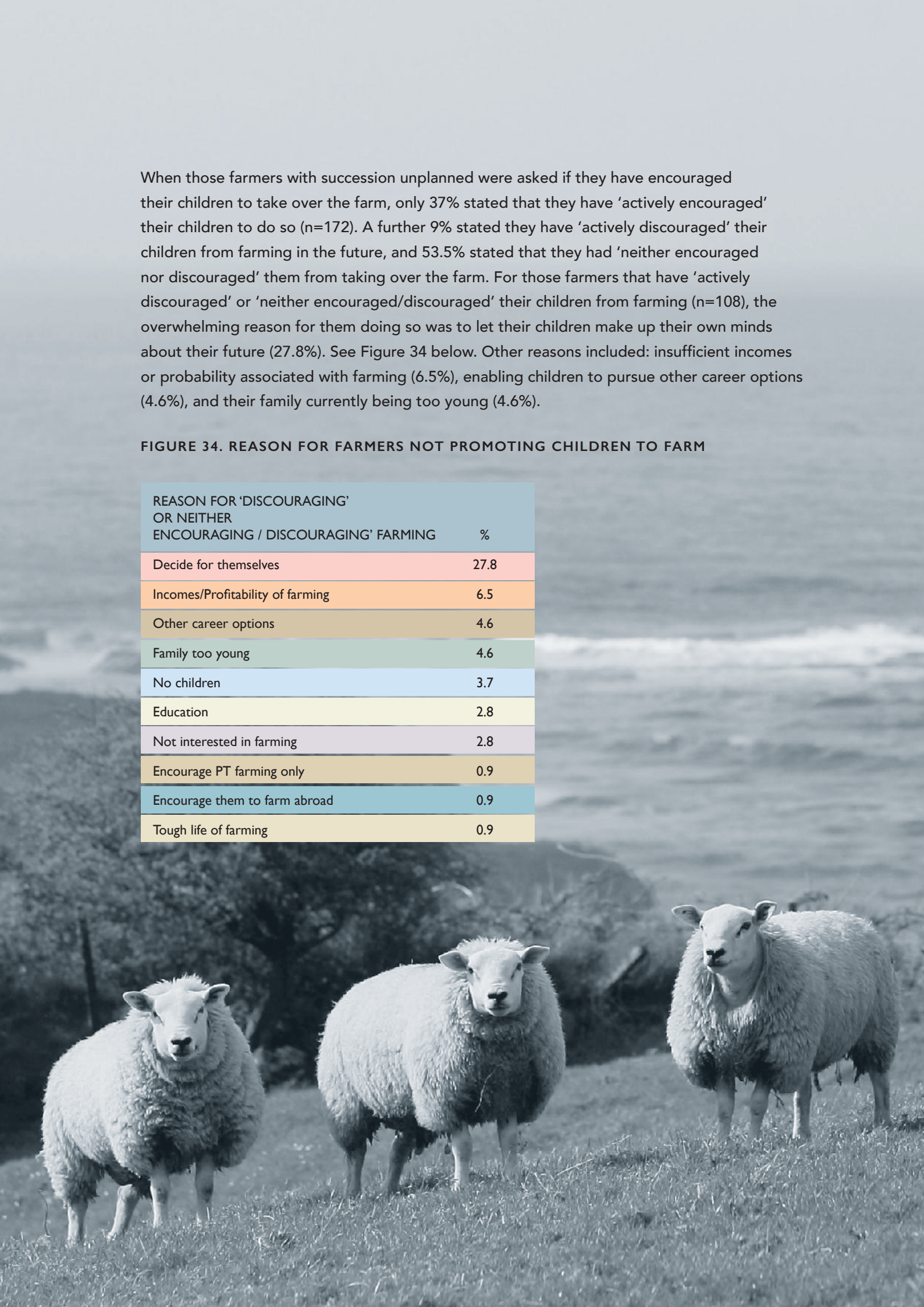
### Concerns about Succession/Inheritance

Given the above, it is perhaps then surprising to note that 68% of farmers stated that they had no concerns about succession/inheritance of their farm (n=192). See Figure 35 below.

FIGURE 35. CONCERNS ABOUT SUCCESSION / INHERITANCE



Of the concerns stated however, the main issues were profitability/viability of the farm (10.4%), having no successor (3.6%), potential divorce/separation of the successor (3.1%), two or more children (more likely sons) and the associated inadequacy of farm size for succession (2.6%), that their children may not want to farm (2.6%) and concerns regarding inheritance tax (2.1%).



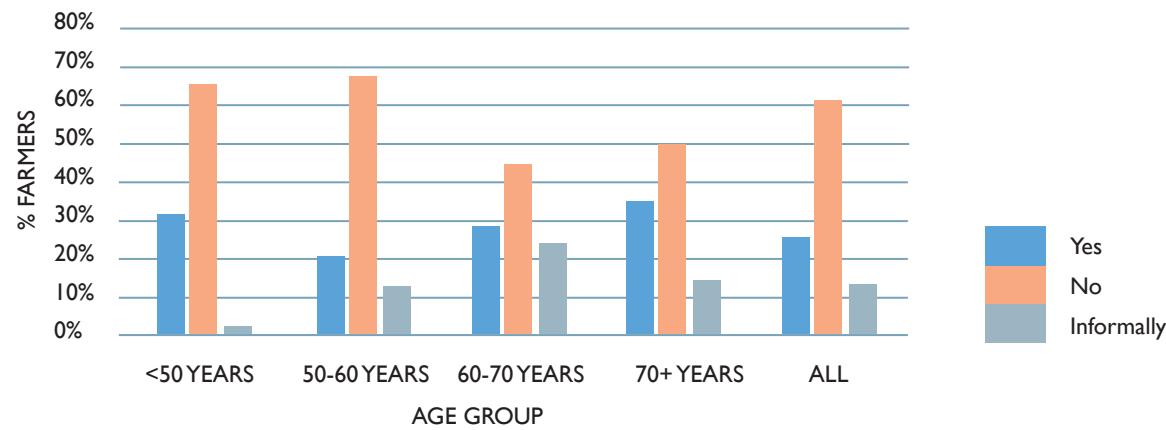


### Advice and Information on Succession/Inheritance

Whilst a large number of farmers have suggested that they have no concerns or worries regarding succession and inheritance, it would also seem that a large number of them have not received any advice or information on the matter. Of the sample group of farmers surveyed with succession unplanned, 61% had not sought any advice or information on the matter (n=214). Almost a further 13% had only sought information from an informal source.

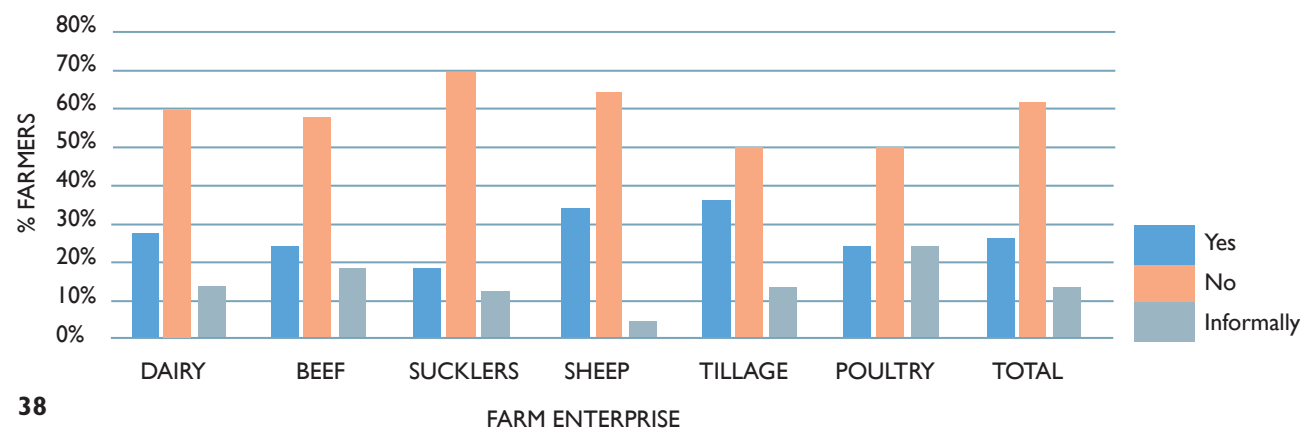
Therefore just over a quarter of farmers (26.3%) had actually sought formal advice in relation to succession and inheritance issues. Figure 36 below indicates that farmers are more likely to access formal advice as they approach retirement age. The 50-60 age group were the least likely to have accessed formal advice, and the most likely to have sought no advice on the matter.

FIGURE 36. RECEIPT OF ADVICE / INFORMATION ON SUCCESSION / INHERITANCE BY AGE GROUP



When considering succession planning/inheritance advice received among farm enterprise types, Figure 37 suggests that suckler (70%), sheep (64%) and dairy (60%) farmers are more likely not to have sought advice on such matters. That said, tillage (36%) and sheep (32%) farmers are more likely users of formal sources of advice. Poultry farmers rely on informal sources of information as much as formal; with 25% of farmers availing of each source; with the remaining 50% of poultry farmers having sought no advice.

FIGURE 37. RECEIPT OF ADVICE / INFORMATION ON SUCCESSION / INHERITANCE BY FARM ENTERPRISE



Of those farmers that had sought advice, the main sources of information were solicitors (37.3% of farmers), accountants (31.8%), and farmer organisations (15.5%). Informal sources of information such as friends and family or through public meetings for example were not significantly prevalent.

FIGURE 38. MAIN SOURCES OF ADVICE / INFORMATION ON SUCCESSION / INHERITANCE

SOURCE OF ADVICE / INFORMATION	%
Accountant	37.3
Solicitor	31.8
Farm Organisations	15.5
Advisor/Consultant	6.4
Family member	5.5
Friends/Other Family	1.8
Public Meetings	0.9
Other	0.9

Almost a third of farmers (30.5%) with succession unplanned stated that they would be interested in a succession/inheritance planning advisory service. A further 23% stated they would possibly be interested. A greater share of those farmers which had already sought formal advice were interested in such an advisory service, compared to the group which had sought no advice to date. Furthermore, interest in a succession/inheritance planning advisory service declined with age group, with the under 50 year's age group expressing the most interest and the 70 years+ age group showing the least interest.

FIGURE 39. OPPORTUNITIES FOR SUCCESSION / INHERITANCE PLANNING ADVISORY SERVICE

SOUGHT ADVICE / INFORMATION ON SUCCESSION / INHERITANCE	INTEREST IN SUCCESSION / INHERITANCE PLANNING ADVISORY SERVICE?		
	YES	POSSIBLY	NO
Yes	40.0%	12.7%	47.3%
No	28.5%	25.4%	46.1%
Informally	22.2%	33.3%	44.4%
TOTAL	30.5%	23.0%	46.5%

Again the data suggests that those farmers who have already sought some formal advice are more open to receiving further information. For example, 32.1% of those who had sought formal advice on succession/inheritance were interested in a pre-retirement or succession planning/inheritance course (Figure 40 below).

FIGURE 40. OPPORTUNITIES FOR PRE-RETIREMENT OR SUCCESSION / INHERITANCE COURSE

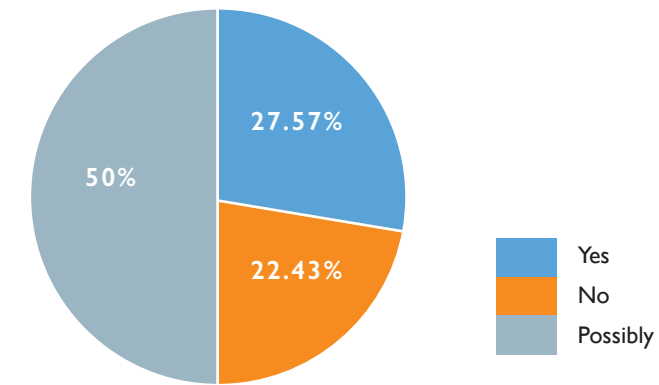
SOUGHT ADVICE / INFORMATION ON SUCCESSION / INHERITANCE	INTEREST IN A PRE-RETIREMENT SUCCESSION / INHERITANCE COURSE?		
	YES	POSSIBLY	NO
Yes	32.1%	51.8%	16.1%
No	27.9%	50.4%	21.7%
Informally	11.1%	48.2%	40.7%
TOTAL	30.5%	23.0%	46.5%

There is a challenge ahead to engage those farmers who have sought no advice to date or only through informal means. There is a significant reluctance to information attainment in relation to succession planning and inheritance issues in that approximately half show no interest in a course on the issue. There is a need to break down the barriers to this subject matter and create a culture of confidence among farmers to seek information and advice on matters which are critical to the future of their farm businesses. It would appear that the more farmers engage in the subject area, the more confidence they will gain, and hence the more likely their appetite will grow for further information and guidance.

### Income Sources during Retirement

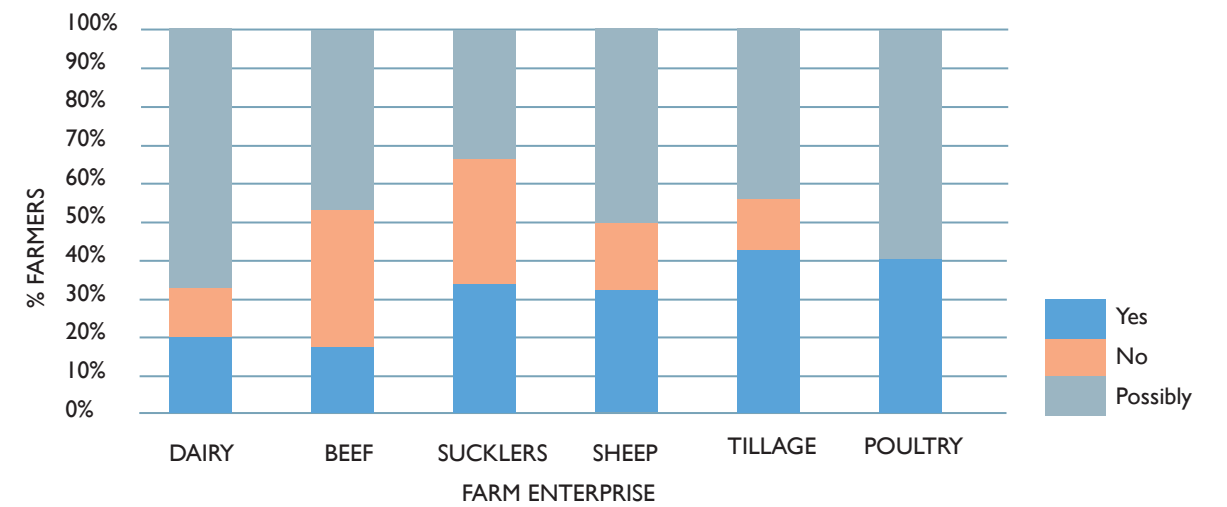
The research indicated (Figure 41) that over a quarter of farmers will still need to receive an income from the farm business in order to support their retirement (n=214). A further 50% of farmers indicated that they may 'possibly' need to continue to earn an income from the farm when they themselves can no longer actively farm.

FIGURE 41. RELIANCE UPON FARM INCOME FOR RETIREMENT



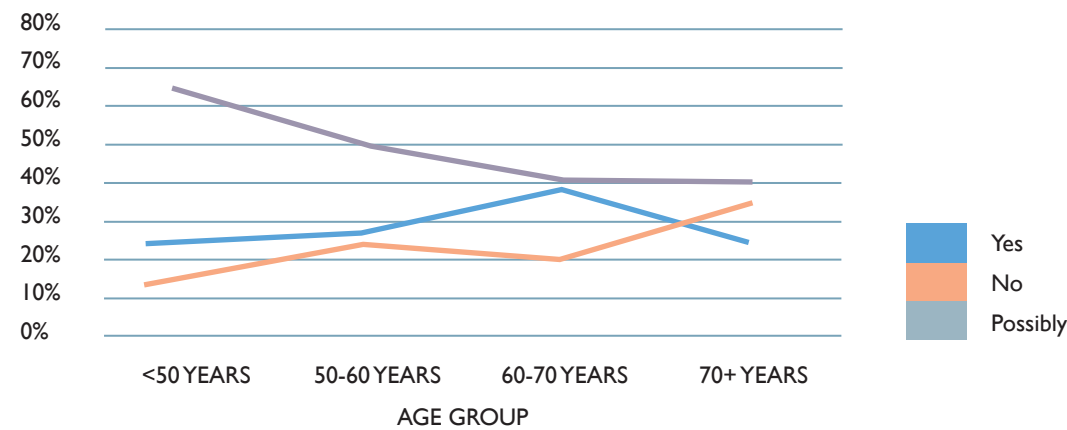
When considering the need for farm incomes to support retirement across main farm enterprise, it is clear that poultry and dairy farmers are more likely to require an income from the farm business in order to support retirement (Figure 42 below). This is perhaps not surprising given the greater demand for labour, and hence the subsequent lower participation in off-farm income sources among such enterprises, as indicated previously.

FIGURE 42. RELIANCE UPON FARM INCOME FOR RETIREMENT BY MAIN FARM ENTERPRISE



As indicated earlier, across the total sample of farmers surveyed, almost 70% of poultry and 60% of dairy businesses had no off-farm income source whether through an off-farm job or running another enterprise. This is no doubt hindered by the labour demands of such enterprises types (See Figure 9). When considering farmer responses regarding the need for farm income to support retirement across the various age groups of the primary farm manager/owner (Figure 43 below), it would appear that clarity is not reached on the matter until post 70 years of age.

FIGURE 43. RELIANCE UPON FARM INCOME FOR RETIREMENT BY AGE GROUP



The main income source for almost half of farmers (49.3%) with succession unplanned, was the state pension as indicated in Figure 44. The next most common income source was a private pension (25.4%). Savings accounted for the main retirement income source for 12.7% of farmers. Other sources of retirement income included other financial investments (3.8%), farm rental income (3.8%) and other income sources (5.2%).

FIGURE 44. MAIN INCOME SOURCE FOR RETIREMENT

	STATE PENSION	PRIVATE PENSION	OTHER FINANCIAL INVESTMENTS	SAVINGS	FARM RENTAL INCOME	OTHER
Dairy	42.9%	30.2%	1.6%	19.1%	3.2%	3.2%
Beef (drystock)	46.2%	32.7%	7.7%	7.7%	1.9%	3.9%
Suckler	59.1%	20.5%	4.6%	9.1%	2.3%	4.6%
Sheep	59.3%	22.2%		11.1%		7.4%
Tillage	28.6%	7.1%	7.1%	14.3%	28.6%	14.3%
Poultry	60.0%	20.0%				20.0%
Total	49.3%	25.6%	3.8%	12.7%	3.8%	5.2%

The state pension was the main income source irrespective for all farm enterprise types with the exception of tillage farmers. Among tillage farmers, farm rental income was identified as equally important as the state pension. Again with the exception of tillage farmers, private pensions equated as the main income source for at least one in every five farmers across each farm enterprise type. Private pensions were more prevalent among dairy and beef (drystock) farmers, 30.2% and 32.7% of farmers respectively identified this as the likely main income source during retirement. Access to savings was indicated as important among dairy farmers (19.1%) and tillage (14.3%) farmers.

### Coping Strategies to Support Future Farm Activity

In terms of the coping strategies that farmers may employ when they are no longer physically able to continue to farm at their current level, more than half (55%) stated they are likely to rely on persuading family members or neighbours to help out on the farm (n=206). 16% suggested they may be in a position to pay for labour or contractors to complete farm work on their behalf. Approximately 12% suggested they are likely to cease farming/sell their land, and again 12% suggested they may rent out their land to cope. Few farmers (8%) saw reducing the level of activity or intensity of farming as an option. The latter perhaps not surprising given concerns raised over the profitability or financial viability of the farm for future successors.

FIGURE 45. COPING STRATEGIES TO SUPPORT FUTURE FARM ACTIVITY

COPING STRATEGY*	%
Persuade family/neighbours to help out	54.9%
Pay labour/contractors to farm for you	15.5%
Stop farming and rent out	11.7%
Stop farming and sell	11.7%
Reduce intensity and activity	7.8%
Other	6.3%
Change enterprise type	5.8%
Employ a farm manager	1.9%
Explore partnerships / share farming	1.9%
Plant it with forestry	0.0%

\* Farmers were asked to select all options that applied to them.

It would appear that farmers are more comfortable with traditional coping mechanisms to support business operations in the short term as their level of activity reduces in their later years. More long-term options such as employing a farm manager or exploring a partnership/share farming arrangement were considered the likely preferred strategy of less than 2% of farmers in each case. The low prevalence of such strategies may be due to the lack of knowledge of such arrangements, the structures involved and associated tax implications, rather than a reflection of informed decision making. It would appear that farmers seemingly choose to depend on those measures with which they have greater familiarity.



### Options for Transferring Land

When farmers with succession unplanned were asked to consider a range of options to transfer land indicating which would potentially be of interest to them, what is most concerning is the relatively low popularity of all of the options indicated (Figure 46 below). The most popular option was to rent out the land in the short term (34.3% of farmers), followed by leasing long term (31.9%) and selling the farm (21%). Less than one in every five farmers with no succession plan in place considered a partnership or share farming arrangement as a potential option for their business. Again employing a farm manager was considered one of the least suitable options among farmers with no succession plan in place (although it was considered an option by poultry farmers). There was little variation in the preferred options of farmers across farm enterprises; renting in the short term and leasing in the long term were the preferred options, usually in that order.

FIGURE 46. CONSIDERATION OF OPTIONS TO TRANSFER LAND

OPTION	TOTAL	DAIRY	BEEF	SUCKLER	SHEEP	TILLAGE	POULTRY
Rent short-term	34.3%	32.3%	34.6%	36.4%	35.7%	35.7%	20.0%
Lease long-term	31.9%	32.3%	28.9%	34.1%	32.1%	35.7%	20.0%
Sell	21.0%	15.9%	25.0%	27.3%	10.7%	35.7%	0.0%
Partnership/Share farming	18.4%	22.6%	17.3%	16.3%	14.3%	21.4%	0.0%
Other	18.3%	13.3%	19.6%	11.6%	25.0%	21.4%	60.0%
Farm Manager	7.0%	8.1%	9.6%	0.0%	7.1%	7.1%	20.0%

Selling land was considered the last resort, although selling part of the land may be an option for some. Renting out short-term was considered a better option than sale. Although a long-term lease was also seen as more favourable than sale, comments noted were: *'it was not a likely option'*, *'it was not that common in Northern Ireland'*, and the success of the option was influenced by *'getting the right person'*.

Although there was a (low) level of interest in partnership or share farming, this was largely commented on as only an option in association with family, particularly a son or brother. Farmers noted the employment of a farm manager being hindered by the size of farm and hence not an option for them.

### Promoting Succession and Inheritance

Of those farmers with no succession plan in place, 4.3% stated that they had or would consider entering into a partnership or share farming agreement with another farmer, with a further 13.7% stating they would possibly consider doing so. There was little variation in this across farm enterprise type, other than dairy farmers perhaps being more willing to possibly consider a partnership/share farming agreement than other enterprises.

The main suggestion put forward by farmers as a means of encouraging / promoting succession and inheritance was through the provision of information and advice to farmers (10.1%). Farmers not only suggested programmes of advice-giving but that the various key stakeholders and local press should be proactive in this area. Given the current economic climate the enhancement of farm incomes was an issue cited by many farmers (9.2%) as something which needed to be addressed in order to encourage young people to enter or stay in the sector. Financial incentives and/or tax exemptions were considered by some farmers important as a means of incentivising farmers to put succession plans in place. Retirement schemes for older farmers and support programmes for younger farmers were also considered as a method of encouraging exit and entry to the sector respectively.

FIGURE 47. FARMER SUGGESTIONS TO ENCOURAGE SUCCESSION / INHERITANCE

SUGGESTIONS TO ENCOURAGE SUCCESSION / INHERITANCE	%
Don't know	55.1
More advice/information available (e.g. Press, DARD, UFU)	10.1
Improved incomes/fairer prices for farmers	9.2
Financial incentives/tax exemptions	3.9
Retirement scheme for older farmers	3.4
Young farmer support packages	2.9
Safeguard against divorce/separation of successor	2.4
Early intervention programmes/will making/succession	1.9
Funding to support farm improvements	1.4
Educate mature farmers of potential benefits of options	1.0
Other	8.7



### Encouraging Land Mobility and Land Consolidation

The majority of farmers (75%) stated they did not know how to promote greater land mobility / land consolidation (See Figure 48), with many considering it a difficult and complex issue, with a number stating that it would not work in the Northern Ireland context.

That said, a number of ideas were put forward that merit consideration despite the low prevalence of these among the sample group. Farmers indicated a need for more information to be disseminated on the issue, programmes creating awareness and offering advice to farmers in relation to their particular circumstances. Schemes to encourage greater co-operation amongst farmers was considered worthwhile, with one farmer indicating that a brokerage service linking those farmers with no successor to young/start-up farmers would be a helpful intervention, perhaps providing a solution to both farmers at either end of the spectrum.

FIGURE 48. FARMER SUGGESTIONS TO ENCOURAGE GREATER LAND MOBILITY / LAND CONSOLIDATION

SUGGESTIONS TO ENCOURAGE LAND MOBILITY / LAND CONSOLIDATION	%
Don't know	74.6
Encourage greater co-operation among farmers	5.8
Difficult to break attachment to land/won't work	5.3
Provide information/awareness programme offering advice	3.7
Financial incentive	2.6
Not a good idea/divisive issue in NI encouraging creation of large farms	2.1
Funding programme/incentive scheme	1.6
Other	4.2

Some farmers recognised the need for attitudinal change amongst farmers and that this could only be brought about through education and awareness. Financial incentives such as the provision of funding programmes to support young farmers purchase land, tax incentives and land improvement grants, were considered possibilities to give momentum to land mobility and consolidation.





# 8 Conclusions

The research shows that succession planning remains a critical issue to be addressed by a significant number of farm families in Northern Ireland. The preliminary findings of the research are discussed below

**Almost half (48%) of participant farm businesses have not identified a farming successor**

Of the reasons cited for not having identified a successor, one in five farmers stated they had 'no reason/no good reason' as to why they had not done so. Succession planning is 'the elephant within the room'. Many farm families find it very difficult to discuss the matter, and as such is a subject matter which young and old feel reluctant to bring up. Yet the lack of a succession plan poses an obvious problem and indeed risk to farm businesses across the province and indeed for the industry as a whole. It is only by discussing succession in an open yet sensitive environment that the complex and difficult issues which it brings forth can be dealt with in confidence and through informed decision making processes. Measures are needed to support farm families to address succession planning and to see it as an integral part of business planning.

**Fewer farmers pro-actively encourage their children to take over the farm, than remain neutral**

37% stated that they have 'actively encouraged' their children; 9% stated they have 'actively discouraged' their children from farming in the future, and 53.5% stated that they had 'neither encouraged nor discouraged' them from taking over the farm.

This is likely to perpetuate the later transfer of land as farmers wait patiently to see whether their children may choose farming as a fall-back career position. Farmers could be more proactive in encouraging farming as a career option, where necessary, as part of a diversity of activity or income sources where farming alone is insufficient to support farm family livelihoods.

**One in five farmers who has identified a farming successor have planned for the transfer of their farm to occur through their will**

59.7% of farmers who have planned for succession have set up a formal partnership agreement. However, 21% have planned for the transfer to occur through their will. The delay of transfer of ownership until death may act as a disincentive to young farmers to invest fully in the farm in the interim until their position in the farm business is made fully clear. This is not just important for one generation of farmers exiting 'active farming'; but equally important in terms of supporting and developing a new generation of farmers to take the industry forward.

**Of those farmers with no successor identified, 42.5% indicated they did not wish to retire**

The need to access farm income was not a predominant reason to remain in farming in one's latter years. Retirement remains an alien concept among the (predominantly male) farming community. The apparent lack of other interests or outlets of activity encourages elderly farmers to remain in farming for longer, hindering succession/land transfer and the opportunities for greater absorption of younger farmers into the industry.

**Some 68% of farmers with no successors stated that they had no concerns about succession/inheritance of their farm**

However, further to this, it would seem that for a number of farmers, one of their main concerns is that someday they may have to stop farming. Many farmers appear little prepared to deal with this eventuality and are willing to await this imposition (likely due to health reasons) rather than consideration of a more proactive approach to retirement planning. This is a key area to be addressed.

**Despite familial ties to the land remaining strong and posing a barrier to land mobility to some degree, there is scope for greater land mobility/consolidation**

Approximately a third of farmers without a successor stated that it was 'neither unimportant nor important' or 'not important' whether (i) *the farm stayed in family ownership* (30%), (ii) *it stayed farmed by the family* (34%), or (iii) that it *stayed in their family name* (38%). Farmers with adult children or no children are more open to such arrangements. Farmers in the 60-70 years age group place least importance on whether or not the farm stays in family ownership. These factors may indicate entry point for interventions, when farmers are more open to transfer options beyond the family.

Farmers in counties Fermanagh and Derry/Londonderry were the least likely to indicate the importance of familial ties to the future of their farm. Just a third of Fermanagh farmers indicated the importance of the farm continuing to have familial ties, and approximately half of farmers in Derry/Londonderry. In all other counties this was likely to exceed 70% of those farmers surveyed with no successor.

**Advice and information on succession/inheritance is lacking among farmers**

Of the sample group of farmers surveyed with succession unplanned, 61% had not sought any advice or information on the matter (n=214). There is a potential reluctance to information attainment in relation to succession planning and inheritance issues in that approximately half show no interest in a course for example. However, part of the problem may lie in the format/medium in which information is provided. A significant group of farmers are hungry for information and see stakeholders playing a key role in providing this. There is a need to break down the barriers to this subject matter and create a culture of confidence among farmers to seek information and advice on matters which are critical to the future of their farm businesses. The evidence would suggest that of those that have sought some advice, there is a greater appetite for further information.

**Education and awareness around options for land mobility and land consolidation is low**

There is potentially a lack of informed decision making and well-timed interventions among some farmers as to their options for the future of the farm. The evidence suggest that farmers rely on the familiar coping strategies (e.g. short term rental agreements), and lack confidence to step outside what is considered the norm to consider longer-term solutions. For example, partnership arrangements and long term lease agreements are dismissed by some as they seemingly lack clear information of such options or their implications are poorly understood.





# Appendix 1:

## Land Mobility and Transfer in Northern Ireland Survey Questionnaire

# Appendix 2:

## Appendix 2. Geographic Spread of UFU Farmers Surveyed (n=442)

### Appendix 1. Land Mobility and Transfer in Northern Ireland - Survey Questionnaire

**PRELIMINARY QUESTION:**

Are you actively farming (primary manager and/or owner of your farm) currently?  **YES**  
 Must be Yes to continue   
 Spouse/partner of active farmer also acceptable

1. a. Have you identified a farming successor for your farm?  Yes  No  
 (possibly or uncertain should be included as no)

b. If no, have you a reason for not doing so yet?  
 \_\_\_\_\_  
 \_\_\_\_\_

If **YES**, continue with Q.2 and end after Q.20, if **NO**, go to Q. 11

2. Is the successor aware of your intentions?  Yes  No  Possibly

3. What age is the successor?  Years

4. Gender of successor?  Male  Female

5. Relationship: Child  Spouse / Partner  Sibling   
 Nephew / Niece  Other family  Non-family

6. Does the successor have a formal agricultural qualification?  Yes  No  Currently undertaking

7. Do you expect them to farm? Full-time  Part-time  Don't Know

8. What are your concerns/fears about your decision to transfer to your successor in the future?  
 \_\_\_\_\_  
 \_\_\_\_\_

9. How do you envisage succession occurring? (Tick one option)

- a. Formal partnership arrangement followed by full succession
- b. Formal lease with an option to sell at a later stage
- c. Part transfer followed by remainder at a later stage
- d. Life-time transfer in the future
- e. Transfer in your will
- f. Sale to successor
- g. Other (specify)

10. Have you made a will?  Yes  No

**Characteristics of the Respondent**

11. Gender  Female  Male

12. Age 50-60  60-70  70+

13. Marital Status: Married  Widowed  Single  Other

14. Children: None  Adult  Under 18

15. Do you or your partner/spouse have an off-farm job/other enterprise?

Both  You  Spouse/Partner  None

16. County

17. a. Area Owned

b. Area Farmed

c. How many separate parcels of land are you farming?

18. Main Farm Enterprise (Tick one option)

- a. Dairy
- b. Beef (drystock)
- c. Sucklers
- d. Sheep
- e. Tillage
- f. Other

19. Who undertakes the main work on the farm?

- You  Spouse / Partner  Successor
- Other family  Paid Non-family  Other

20. Were you aware that state retirement age will change in the future using a sliding scale?

Yes  No  Vaguely



**For those who do not have an identified farming successor**

Future Desires and Needs

21. How important is it to you personally that your farm (Tick one option for each):

	Not important	Neither Unimportant/ Important	Important
a. Stays in family ownership	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Stays farmed by the family	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Stays in your family name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

22. When you can no longer farm yourself, do you need to continue to earn an income from the farm?

Yes	No	Possibly
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

23. a. Would you like to totally retire from 'active farming' at some stage in the future?

Yes	No	Possibly
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

b. If no, why not?

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c. If yes/possibly, what needs to happen to allow you to retire from 'active farming'?

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24. a. Have you encouraged your children to take over the farm?

Actively encourage  Neither  Actively Discourage

b. If discourage or neither, why did you not encourage them?

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**Fears and Concerns about Succession and the Future**

25. What concerns/worries have you about the succession/inheritance of your farm?

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26. a. Have you got advice/information on succession/inheritance?

Yes	No	Informally
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

b. If yes/informally, who did you get information/advice from? (Tick a maximum of 2 options that apply)

Family Members	<input type="checkbox"/>	Friends/Other Family	<input type="checkbox"/>
Advisor/Consultant	<input type="checkbox"/>	Accountant	<input type="checkbox"/>
Solicitor	<input type="checkbox"/>	Farm Organisations	<input type="checkbox"/>
Public Meetings	<input type="checkbox"/>	Other	<input type="checkbox"/>

27. Would you be interested in:

a. Succession/inheritance planning advisory service?

Yes	No	Possibly
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

b. Pre-retirement or succession/inheritance course?

Yes	No	Possibly
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Future Plans and Intentions**

28. If you plan to retire in the future, what sources of income will you have? (Tick all options that apply)

State Pension	<input type="checkbox"/>	Private Pension	<input type="checkbox"/>
Other Financial Investments	<input type="checkbox"/>	Savings	<input type="checkbox"/>
Farm rental income	<input type="checkbox"/>	Other	<input type="checkbox"/>

29. As you get older and unable to farm at the same level as now, are you likely to?

(Tick all options that apply)

- a. Pay labour/contractors to farm for you
- b. Employ a farm manager
- c. Persuade family/neighbours to help out
- d. Reduce intensity and activity
- e. Change enterprise type
- f. Stop farming and rent out
- g. Stop farming and sell
- h. Explore partnerships/sharefarming
- i. Plant it with forestry
- j. Other

Yes  No

30. Have you made a will?

**Ideas which may appeal to older farmers to reduce the level of input and options to transfer land (temporarily or permanently)**

31. When you can no longer continue farming, what do you think of the following options in terms of interest / suitability to you? (Provide comment on each option)

OPTION	YES or NO?	COMMENT
a. Sell	Yes/No	<input type="text"/>
b. Rent – Short-term	Yes/No	<input type="text"/>
c. Lease – Long-term	Yes/No	<input type="text"/>
d. Partnership/ Sharefarming	Yes/No	<input type="text"/>
e. Farm Manager	Yes/No	<input type="text"/>
f. Other	Yes/No	<input type="text"/>

**Supports to Encourage Land Mobility**

32. Have you or would you consider entering into a partnership/sharefarming agreement with another farmer? Yes  No  Possibly

33. What measures could be provided to encourage/promote succession/inheritance?

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34. How could we encourage greater land mobility/land consolidation?

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35. Would you be interested in attending a focus group meeting to discuss this issue further?

Name:

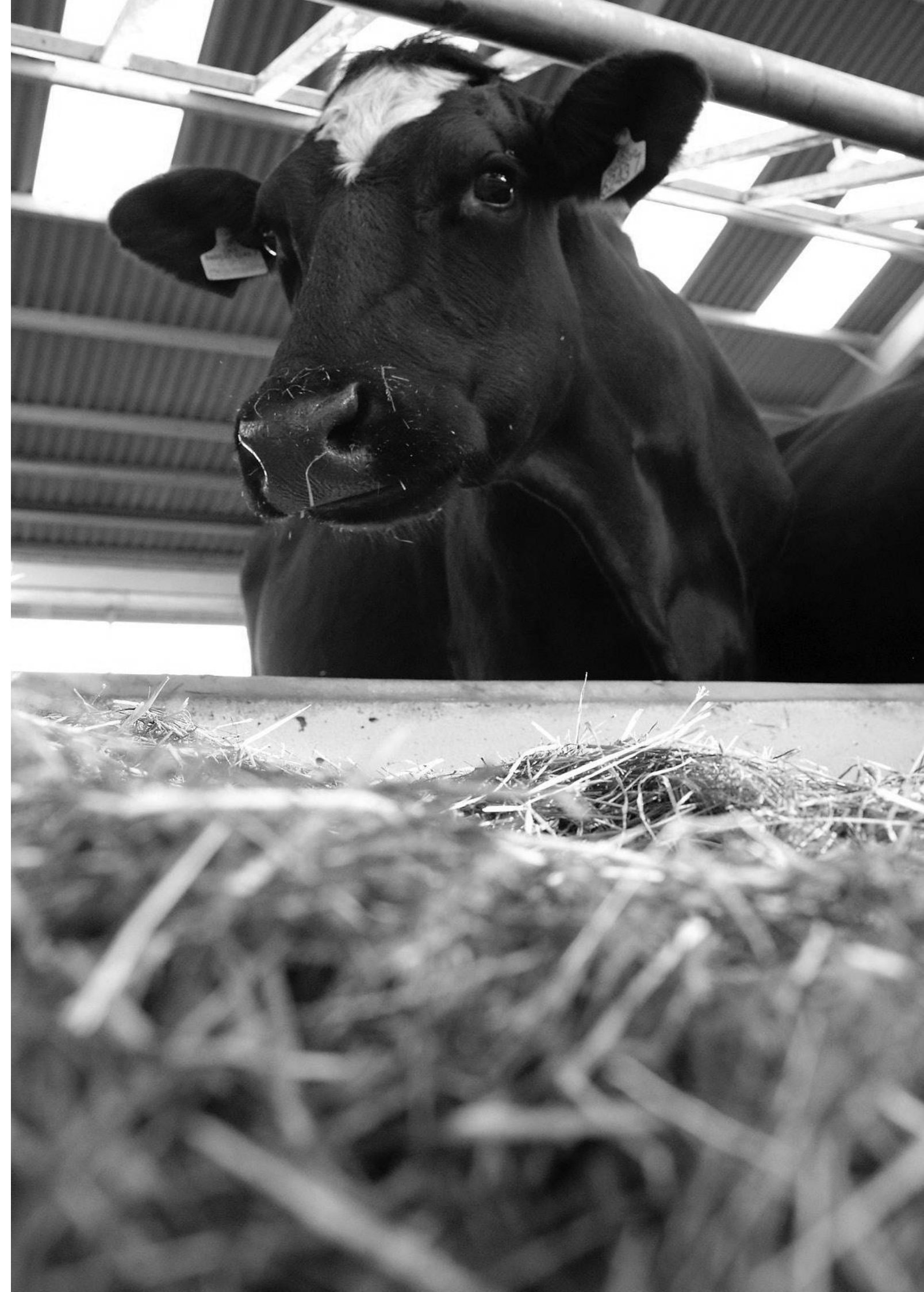
Address:

Contact No.

Thank You for your Cooperation

**Appendix 2. Geographic Spread of UFU Farmers Surveyed (n=442)**

UFU Group Sample	(%)
North Antrim	6.1
Mid Antrim	4.8
South Antrim	4.2
Larne	3.2
Ballyclare	3.6
West Antrim	2.9
North East Armagh	4.7
North West Armagh	5.5
Armagh Down	4.3
North Down	3.4
Mid Down	2.8
Lagan	3.5
Donard	3.8
South West Down	2.5
Ards	3.9
SE Fermanagh	2.5
North Fermanagh	3.4
SW Fermanagh	2.9
North West Derry	6.0
South Derry	3.5
North East Derry	4.2
East Tyrone	3.8
South Tyrone	4.1
Mid Tyrone	4.9
North Tyrone	5.7
<b>Total</b>	<b>100</b>





# Succession Planning in Northern Ireland

A SURVEY OF FARMERS' PLANS & INTENTIONS



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