

UNIVERSITY  
*of*  
EXETER

CENTRE FOR  
RURAL RESEARCH



**The Impact of the Foot and Mouth Disease  
Epidemic on the Economy of  
Exmoor National Park:  
A summary**

ISBN 1 870558 61 8  
CRR Briefing No. 1

**The Impact of the Foot and Mouth Disease  
Epidemic on the Economy of  
Exmoor National Park:  
A summary**

Andrew Sheppard  
Martin Turner

Centre for Rural Research  
University of Exeter  
Lafrowda House  
St German's Road  
EXETER EX4 6TL

November 2001

## Acknowledgements

This summary report presents the results of research undertaken during September 2001 in the immediate aftermath of the FMD epidemic. The research on which it is based involved many people and, in particular, the willingness with which business principals across Exmoor gave their time in responding to the telephone survey is greatly appreciated. Without their help, this report could not have been written. The project team, which was advised by Professor Allan Williams, comprised Andrew Griffiths (Acumenia), Nick Cooper and Donald Barr. The authors are grateful for each of their contributions, and to Marilyn Wills who took responsibility for presentational aspects of the final report. The project was funded by an informal partnership comprising the Exmoor National Park Authority, West Somerset District Council, North Devon District Council, Somerset County Council, the South West Regional Development Agency, the Countryside Agency and Living Exmoor. Any communication arising from this report should be addressed to either Martin Turner (tel: 01392 263833; email [M.M.Turner@ex.ac.uk](mailto:M.M.Turner@ex.ac.uk)) or Andrew Sheppard (tel: 01392 263850; email [A.Sheppard@ex.ac.uk](mailto:A.Sheppard@ex.ac.uk)), who take responsibility for the conclusions drawn.

# CONTENTS

	<b>Page</b>
1 Introduction	4
2 Background and rationale for the study	4
3 The perceived impacts of FMD to date	5
4 Coping with crisis: business tactics and support	6
5 Anticipated on-going effects of FMD	7
6 Coastal and country businesses compared	7
6 Financial loss to the economy of Exmoor National Park	8

## **THE IMPACT OF THE FMD EPIDEMIC ON THE ECONOMY OF EXMOOR NATIONAL PARK: A SUMMARY**

### *Introduction*

1. This report sets out the outputs of research undertaken by the University of Exeter's Centre for Rural Research into the economic impacts of the Foot and Mouth Disease (FMD) epidemic on businesses located within the boundary of Exmoor National Park. The work was commissioned by the Exmoor National Park Authority on behalf of an informal partnership which comprised, in addition, West Somerset District Council, North Devon District Council, Somerset County Council, the South West Regional Development Agency, the Countryside Agency and Living Exmoor.
2. Using a telephone survey of 148 businesses, conducted during mid-September, the research focussed on:-
  - The perceived impacts, direct and indirect, to the mid-September 2001 date of the survey, of FMD on the farming, tourism and other business sectors.
  - The anticipated effects of FMD on the farming, tourism and other business sectors over the remainder of the financial year to March 2002, and beyond.
  - The differences in the experiences of the distinctive coastal and inland sub-regions within Exmoor National Park.
  - The use made of external agency assistance for business support during recent months, and the factors which have inhibited applications to such schemes.

### *Background and rationale for the study*

3. It has long been recognised that the economies of many rural areas, particularly those more distant from the urban heartlands, are closely interdependent across business sectors. Nowhere is this more evident than on Exmoor in the wake of the recent FMD epidemic, which has resulted not only in the widely anticipated impacts on farming but also an unprecedented consequential impact on tourism and a wide range of other businesses. The effects have been further compounded by the fact that many such businesses have interests spanning two or more economic sectors. Similarly, many households are dependent on several, but often linked, economic sectors.
4. There were no confirmed cases of FMD within the Exmoor National Park boundary, and only a few farms subject to livestock culling. However, from 23rd February 2001 to the present time, greater or lesser restrictions have been imposed on the normal business, livestock husbandry, social and other activities of all Exmoor farms. Many other businesses, particularly those related to, or dependent on, tourism, have been very severely affected as a result of cancelled bookings and much reduced visitor numbers.
5. Although there is much anecdotal evidence of business and other hardship resulting from the FMD outbreak, little empirical information (i.e. hard data) is

available, particularly on the magnitude of its economic impact. Several agencies, particularly those on whose behalf this research was carried out, have a clear requirement for sound information on the current state of the Exmoor economy. For the membership of Living Exmoor, which is a grouping of Exmoor businesses, the results quantify what has become all too evident to many over the past few months.

*The perceived impacts of FMD to date*

6. The survey found that across Exmoor 92 per cent of *farms*, 90 per cent of *accommodation* establishments and 80 per cent of *retail* outlets have been negatively affected by the 2001 FMD outbreak (Tables 6 and 7). Between 6 per cent (*farms*) and 16 per cent (*retail*) of respondents reported 'no impact' from FMD, only two per cent of businesses claimed a positive effect as a result of the epidemic. **These findings provide the first hard evidence of the severity of the economic impact of the FMD epidemic across a wide range of Exmoor businesses.** The degree of impact varied widely by business sector:-
  - Most *farming* and *accommodation* businesses reported that their businesses had been 'severely' or 'very severely' affected by the Foot and Mouth Disease epidemic.
  - *Retail* and *other* businesses centred on 'moderate' to 'severe', with retail businesses more inclined towards moderate effects than other businesses.
  - The number of *retail* and *other* businesses reporting only slight effects was significantly greater than in the *farming* and *accommodation* sectors, a finding in keeping with the greater proportions of such businesses reporting 'no impact' (Table 6).
  
7. As would be expected, the reasons behind the negative impacts varied widely (Table 8) but certain general trends were evident:-
  - *Farmers* suffered most from loss or delay in sale of their products, from reduced sale values and from additional costs.
  - *Farmers'* loss of orders from customers other than farmers was also significant, as was the impact of loss of bookings and cancellations of existing bookings.
  - As would be expected, the *accommodation* sector suffered most from loss of bookings and cancellations of existing bookings and from there being less passing trade.
  - The *accommodation* sector also suffered from loss of orders, increased costs and from reduced value of products.
  - *Retailers* noted most prominently less passing trade, loss of tourist expenditure in the area and loss of orders from farmers and other customers.
  
8. Of those businesses which recorded some impact from FMD, there was a wide variation in the scale of the reduction in turnover (Tables 9 and 10). *Farming*

recorded many of the highest percentage reductions. *Retail* businesses were also hard hit, with many recording reductions of up to 60 per cent.

9. The implications of this scale of reduction in turnover, which by the nature of its cause occurred without prior warning, cannot be over emphasised. It must be evident that, for most businesses, a reduction in turnover of as much as 40 per cent is likely to precipitate a much greater reduction in profitability. Indeed, even quite modest reductions in turnover may become catastrophic reductions in profitability. Although such estimates of the effect of FMD on turnover are likely to be, at best, indicative rather than precise, the results provide a clear indication of the epidemic's impact on Exmoor businesses as at mid-September.
10. Relative to the magnitude of these reductions in turnover reported by interviewees, the number of redundancies and lay-offs of staff were rather modest (Tables 11 and 12). This probably reflects (a) the high proportion of self-employed and family labour within the businesses, and (b) a reluctance to dispense with valued staff. Established skills, relationships and loyalties clearly count for a lot. The implication is that, despite often dramatic falls in profitability, many businesses are attempting to maintain their staffing above the level justified on the basis of 2001 turnover.
11. The survey explored the social impact of FMD (Tables 13 and 14) and found that the effects on individuals, families and communities were generally similar. Perhaps surprising, however, is the 46 per cent of respondents who felt that their own families had not been affected, even though the lesser figures of 21 per cent felt that they themselves were unaffected and only five per cent said that their communities were unaffected.

*Coping with crisis: business tactics and support*

12. As the severe downturn in business because of FMD became evident, there was a dramatic shift in investment plans. Approaching half of all businesses surveyed had cancelled or postponed planned investment, a third had cancelled or postponed expansion plans and more than a third had been forced to increase borrowings. On a more positive note, significant proportions had diversified (notably 28% of *retail* businesses) and increased their level of marketing or advertising activity (notably 29% of *accommodation* businesses). Almost ten per cent of the surveyed businesses had either closed permanently, or their owners had put the business up for sale (Tables 15 and 16).
13. A large proportion of businesses had sought assistance or advice on the business problems caused by FMD (Tables 17 and 18). It is encouraging to report that, in all business sectors, those who had received help and advice rated it as either of 'great value' or 'some value', indicating a high level of satisfaction with the quality of help received.
14. The study probed respondents' take up of the available business reliefs and found that most had been used, to a greater or lesser extent, by businesses in each of the defined sectors (Tables 19 and 20). Specific points were:-

- Significant proportions of respondents in all categories regarded the available reliefs as ‘not appropriate’ or cited ‘eligibility’ as a problem.
- Many respondents were dubious about the practical benefits of such support, or cited ‘bureaucracy’ as an inhibiting factor.
- More than one in ten farmers were ‘not fully aware of what is on offer’.
- Substantial numbers of respondents, across all sectors, cited ‘no need’ as a reason for not taking up business reliefs, presumably because their businesses, though adversely affected by FMD, were not in the most serious category of casualties.

#### *Anticipated on-going effects of FMD*

15. The survey found that expectations of future losses resulting from FMD varied widely across business sectors (Tables 21 to 25). Although many thought the beginning of the 2002 tourist season a realistic time beyond which few, if any, FMD effects would be evident, in all sectors there were some (notably 23 per cent of farmers and 19 per cent of accommodation providers) who foresaw more long-lasting effects. The key findings were as follows:-
- Forty per cent of respondents from the *accommodation* and *retail* sectors expected no further loss of turnover on account of the FMD epidemic.
  - However, greater proportions of both those sectors (48 and 44 per cent, respectively) expected further losses, either quantifiable or non-quantifiable at the time of the interview.
  - Meanwhile, a significantly greater proportion of *farmers* (82 per cent) anticipated further losses.
  - Thirty-one per cent of respondents from the *other* business sector anticipated further losses, which itself is far from insignificant, especially in a sector that considered itself much less affected by FMD than the others.

#### *‘Coastal’ and ‘country’ businesses compared*

16. As the summer of 2001 proceeded, it came to be widely believed that the coastal belt (A39 corridor) of the Exmoor National Park area was much less affected by a FMD-induced recession than was the inland area. Inasmuch as English seaside resorts appeared generally to be faring better than inland touristic areas, even benefiting from the perception that much of the countryside was “closed” to visitors, this had some measure of credibility. To test this theory, comparison was made between data collected from respondents located in coastal areas and those from those further inland (Table 26). For the purposes of this analysis, the coastal belt was defined as being centred on the settlements of Dunster, Porlock, Lynton, Lynmouth and Combe Martin.
17. On the basis of this survey, however, there is little evidence of any significantly lesser impact from FMD on ‘coastal’ businesses within the Exmoor National Park



than on ‘country’ businesses, although such conclusions are based on fairly small samples. The key findings are as follows:

- Some evidence that *farming* and *accommodation* businesses were less severely affected in the ‘coastal’ region, while *retailers* located near the coast were more likely than others to have seen a positive impact (Tables 27 to 29).
- *Other* businesses in the ‘coastal’ zone were less widely affected by the disease than those inland, probably because of the nature of their businesses and the populations that they serve.
- Although ‘country’ businesses were more likely to have reduced the hours of work and cut back on casual and seasonal staff, ‘coastal’ businesses were more likely to have cut back on full-time staff (Table 30). This finding doesn’t support the view that coastal businesses benefited from a significantly fuller recovery in business as the summer tourist season progressed.
- Adoption of measures of business survival strategies such as postponing investment was widespread across both the ‘coast’ and ‘country’ businesses (Tables 31 and 32).

#### *Financial loss to the economy of Exmoor National Park*

18. From data collected estimates were made of the impact of the 2001 FMD epidemic on the entire Exmoor economy (Tables 33 and 34). The estimated total loss in turnover sustained by farming businesses within the Exmoor National Park was estimated at a figure in excess of £2m. It should be noted that this estimate refers to the loss in turnover, which is not the same as the loss in profitability. The corresponding figure for tourism was a reduction in turnover of £3.6m, and for ‘other’ businesses (including retailing) £10.3m. The estimated total loss of turnover for all businesses within the Exmoor National Park was, therefore, £15.9m during the current financial year.



CENTRE FOR RURAL RESEARCH  
THE UNIVERSITY OF EXETER  
LAFROWDA HOUSE  
ST GERMAN'S ROAD  
EXETER EX4 6TL

TELEPHONE: 44 (0)1392 263836  
FAX: 44 (0)1392 263852

[www.exeter.ac.uk/crr](http://www.exeter.ac.uk/crr)