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**The Economy of
Exmoor National Park:**

**A brief review of the impact of the
Foot and Mouth Disease epidemic**

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The Economy of Exmoor National Park:

A brief review of the impact of the Foot and Mouth Disease epidemic

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CONTENTS

	Page
Executive summary	1
1 Introduction	6
<i>Background and rationale for the study</i>	<i>6</i>
<i>Study aims and objectives</i>	<i>7</i>
<i>Study methodology</i>	<i>7</i>
<i>Description of the population and survey sample</i>	<i>8</i>
<i>Outline of the report</i>	<i>12</i>
2 The perceived impacts of FMD to date	14
<i>Extent and nature of FMD effects</i>	<i>14</i>
<i>Scale and incidence of FMD effects</i>	<i>17</i>
<i>Impact of FMD on staffing levels</i>	<i>20</i>
<i>Social impact of the FMD epidemic</i>	<i>21</i>
3 Coping with crisis: business tactics and support	24
<i>Business adjustments to FMD-related difficulties</i>	<i>24</i>
<i>Use made of assistance and advice</i>	<i>25</i>
<i>Users' assessment of business advice</i>	<i>27</i>
<i>The take up of business reliefs</i>	<i>27</i>
4 Anticipated on-going effects of FMD	29
<i>Prospects over the next twelve months</i>	<i>29</i>
<i>Respondents' assessments of 'end-of-year' position</i>	<i>32</i>
5 Coastal and country businesses compared	34
<i>The differing coastal and inland experiences</i>	<i>34</i>
<i>The impact of the FMD epidemic on staffing levels</i>	<i>36</i>
<i>Business adjustments through the FMD epidemic</i>	<i>37</i>
6 Financial loss to the economy of Exmoor National Park	41
APPENDICES	
1 The telephone survey questionnaire	43
2 The Foot and Mouth Disease crisis: respondents' comments	51

LIST OF CHARTS AND TABLES

		Page
Chart 1	Scattergram of fall in turnover data, per cent decline since the start of the FMD epidemic	18
Chart 2	Scattergram of the estimated fall in turnover data, £ decline since the start of the FMD epidemic	19
Table 1	Details of Exmoor business population and survey sample, by SIC sector	9
Table 2	Population, response and per cent response	10
Table 3	Description of businesses surveyed, by farming, tourism and other business sectors	10
Table 4	Description of businesses surveyed, by farming, accommodation, retail and other business sectors	11
Table 5	Employment provided by businesses surveyed, prior to the FMD epidemic, by business sector	12
Table 6	The impact on businesses, positive, negative or none, of the FMD epidemic	14
Table 7	The degree of negative impact on Exmoor businesses of the FMD epidemic	15
Table 8	Recorded reasons for negative impacts on businesses of the FMD epidemic	16
Table 9	Distribution of scale of the fall in turnover since the start of the FMD epidemic	17
Table 10	Distribution of scale of losses since the start of the FMD epidemic	19
Table 11	Numbers of staff made redundant and laid-off as a result of the FMD epidemic, by business sector	20
Table 12	Staff on reduced hours and other effects as a result of the FMD epidemic	21
Table 13	The social impacts of the FMD epidemic on respondents, their family/household and their community	21
Table 14	The social impacts of the FMD epidemic on respondent, by business sector	22
Table 15	Responses to FMD related business difficulties	24

		Page
Table 16	Other business responses, short or long-term, adopted as a response to FMD induced business difficulties	25
Table 17	Sources of business assistance and advice	26
Table 18	The value of business assistance and advice received	27
Table 19	The take-up of reliefs available to business	27
Table 20	Reasons for not taking-up available business reliefs	28
Table 21	Percentage lost turnover attributable to FMD over the next twelve months	29
Table 22	Month and year in which the impact of FMD on the business is expected to become insignificant	30
Table 23	Percentage lost turnover attributable to FMD in the 2001-02 year	31
Table 24	Predicted percentage lost turnover attributable to FMD in the 2001-02 year	31
Table 25	View of business at the end of calendar year 2001	32
Table 26	Distribution of businesses, by type and coastal or inland location	34
Table 27	The impact on businesses, positive, negative or none, of the FMD epidemic, by coastal and inland zones	35
Table 28	The degree of negative impact on Exmoor businesses of the FMD epidemic, by coastal and inland zones	35
Table 29	Distribution of scale of the fall in turnover since the start of the FMD epidemic, by coastal and inland zones	36
Table 30	Percentages of business making redundant and laying-off staff as a result of the FMD epidemic, coastal businesses compared with inland businesses, by business sector	37
Table 31	Responses to FMD related business difficulties, coastal businesses compared with inland	38
Table 32	Sources of business assistance and advice, coastal businesses compared with inland	39
Table 33	Total and average loss of turnover, by business sector	41
Table 34	Estimate of total FMD related lost turnover	42

EXECUTIVE SUMMARY

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

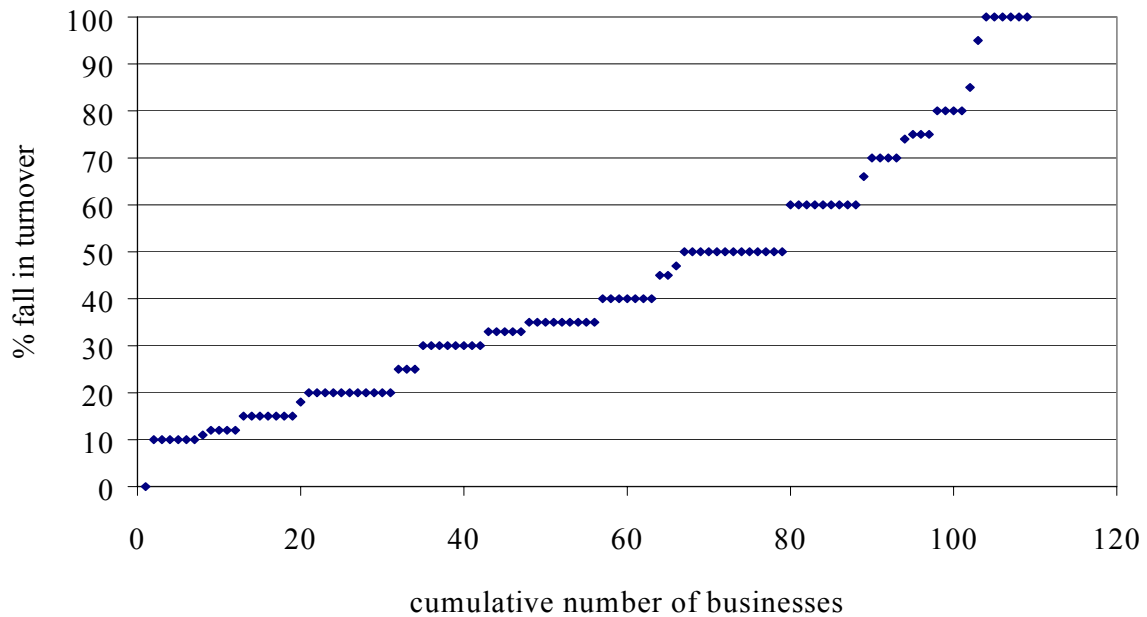
3. It has long been recognised that the economies of many rural areas, particularly those more distant from the urban heartlands, are closely interdependent across business sectors. Nowhere is this more evident than on Exmoor in the wake of the recent FMD epidemic, which has resulted not only in the 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. The distribution of the responses is illustrated in Chart 1.

Chart 1 Scattergram of fall in turnover data, per cent decline since the start of the Foot and Mouth Disease epidemic



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.

1 INTRODUCTION

Background and rationale for the study

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 self-evident than on Exmoor in the wake of the recent Foot and Mouth disease (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.

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.

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 have a clear requirement for sound information on the current state of the Exmoor economy. The research was funded by a partnership led by the Exmoor National Park Authority, comprising in addition West Somerset District Council, North Devon District Council, Somerset County Council, the Regional Development Agency, the Countryside Agency and Living Exmoor. As a grouping of Exmoor businesses, Living Exmoor clearly has a major stakeholder interest in the economic vitality of the Exmoor economy.

The University of Exeter's Centre for Rural Research was commissioned by the Exmoor National Park Authority, on behalf of the informal partnership outlined above, to undertake an assessment of the economic impact of the Foot and Mouth Disease epidemic on the Exmoor economy. Not only has FMD had a direct impact on the farming industry, its suppliers and customers, but also a wide range of other businesses have been affected because of the interaction of a range of factors, both direct and indirect. This report is based on a telephone survey, conducted in September 2001, of some 150 Exmoor businesses and is intended to meet the most pressing short-term information needs of the funding partners. It is envisaged that further research will be needed to provide on-going information on the progress of the Exmoor economy as it recovers from the impact of the FMD epidemic.

Study aims and objectives

The research project on which this report is based was the first stage in a broader programme which has two primary objectives, namely:-

- (a) to identify the known, and anticipated, impact of the recent FMD epidemic on the economy of the area within the Exmoor National Park; and
- (b) to establish an on-going monitoring of Exmoor's farming, tourism and other business sectors in order to inform policy development.

This first stage research has been designed as a quick 'look-see' at the economic impact of the FMD epidemic. As such, the focus of the research was fairly narrow and the reporting timetable tight. This was so that it would be available in time to inform the decision making this autumn of the Exmoor National Park Authority and that of the local authorities and other agencies concerned. The urgent need for reliable information arises in part because of the reported severe effects on the seasonal tourist industry and consequent concerns about future business sustainability. The research augments such general information as is already available and is, as far as possible, comparable with similar work conducted elsewhere in the Southwest for the Department for Environment, Food and Rural Affairs (DEFRA, the successor, in most respects, to the Ministry of Agriculture, Fisheries and Food, MAFF).

In particular, the research focussed on:-

- the perceived impacts, direct and indirect, of FMD on the farming, tourism and other business sectors to date
- recording 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
- examining the differences in the experiences of the distinctive coastal and inland sub-regions in the Exmoor National Park
- assessing the use made of external agency assistance for business support during recent months, and the factors which have inhibited applications to such schemes

Study methodology

The Stage 1 research comprised a telephone survey of more than 150 businesses located within the ENP area. It was designed to explore the following key issues related to the impact of the FMD epidemic on the business sectors of Exmoor:-

- an analysis of the change in business revenues during the period to the end of August 2001 likely to be the result of the impact of FMD
- an exploration of the business principals' views of its likely continuing impact on business performance over the next few months, and of their perceptions of the future prospects for their businesses post FMD
- an assessment of the types of recovery strategy adopted by individual businesses

- a summary of the use made of agency schemes for business support, including those operated by Local Authorities, national government, the Regional Development Agency, Business Link and others.

It was a requirement of the funding bodies that the telephone questionnaire should be similar to, if not identical to, the questionnaire used in the research undertaken concurrently for DEFRA. That was so as to facilitate intra-regional comparison in due course. Although it was not possible to obtain a copy of the latest (September 2001) version of the questionnaire in time for the survey work to proceed on schedule, the final questionnaire used is modelled closely on an earlier DEFRA study (undertaken in May). It was administered by a locally based, trained team of professional telephone interviewers, using a computer-linked call centre facility.

In discussion with the Authority and partners, it was established that a major information issue is the lack of any comprehensive database of businesses located within the Exmoor National Park area. Such lists as exist are incomplete and, often, out of date. This was expected to pose significant problems for the research. Lack of sound information on the population being studied makes sample design and selection very difficult, and limits aspects of data analysis and interpretation. This is because important population parameters are unknown.

However, following investigation of possible sources, it was established that an 'Exmoor Business Directory' could be derived from information available from Dun and Bradstreet, which would include virtually all businesses with a postcode closely associated with the Exmoor National Park. Refinement of the information, through cross-checking against local information sources (such as the Exmoor Visitor, Coast to Country, etc.) produced a reasonably comprehensive listing of all registered and active businesses.

Using the Directory as the most comprehensive available listing of the population, a random sample was drawn, stratified to reflect three distinct groups of businesses – farms, tourism-based (including accommodation, catering and attractions) and other businesses (including village shops and a wide variety of support services, etc.). Each of the three strata within the sample consisted of 85 businesses. In each case, the target sample was approximately 50 completed telephone interviews.

Description of the population and survey sample

The telephone survey was based on a directory of businesses located within the Exmoor National Park, which was itself based on the Dun and Bradstreet 'D&B Marketplace UK' database and some supplementary sources. Some detail of the total population of businesses identified in that way and the corresponding information for businesses selected for the survey sample can be seen in Table 1.

Table 1 Details of Exmoor business population and survey sample, by SIC sector

Survey sector	SIC sector	ENP population			Survey sample		
		Count	Percent within sector	Percent overall	Count	Percent within sector	Percent overall
Farming	Agricultural production - livestock	125	80	18	63	74	25
	Agricultural production - crops	16	10	2	9	11	4
	Agricultural services	16	10	2	13	15	5
	Total	157	100	22	85	100	33
Tourism	Hotels and other accommodation	172	88	24	78	92	31
	Museums, galleries, gardens	13	7	2	2	2	1
	Amusement and recreation services	10	5	1	5	6	2
	Total	195	100	28	85	100	33
Other	Eating and drinking places	46	13	7	19	22	7
	Miscellaneous retail	43	12	6	1	1	0
	Business services	32	9	5	5	6	2
	Food stores	19	5	3	7	8	3
	Construction special trade contractors	17	5	2	1	1	0
	Clothing and accessories stores	13	4	2	6	7	2
	Health services	13	4	2	2	2	1
	Personal services	12	3	2	3	4	1
	Social services	12	3	2	2	2	1
	Educational services	11	3	2	5	6	2
	Property services	11	3	2	2	2	1
	Unclassified services	10	3	1	1	1	0
	Wholesale trade - durable goods	9	3	1	0	0	0
	Building construction gen. contractors	8	2	1	0	0	0
	Miscellaneous repairs	8	2	1	4	5	2
	Car dealers and petrol stations	7	2	1	5	6	2
	Car repairs, servicing, parking	7	2	1	3	4	1
	Wholesale trade – non-durable goods	6	2	1	1	1	0
	Other sectors (<=5 in population.)	68	19	10	18	21	7
	Total	352	100	50	85	100	33
Excluded	Business services	2	67	0			0
	Amusement and recreation services	1	33	0			0
	Total	3	100	0			0
All sectors		707		100	255		100

Other established data on, for instance, the number of farm holdings on Exmoor, suggests that the business population identified in this way was less than complete. With new businesses starting-up and established businesses changing ownership on a continual basis, it is inevitable that some currently in operation will be omitted from any directory, just as some will be included that are no longer in existence. This is particularly the case with accommodation and catering businesses (including cafes, restaurants and pubs), which have a notoriously high ownership turnover.

In the case of farms, some farm businesses operate more than one farm holding, some farm holdings do not form the basis of a business that is primarily farming oriented or, indeed, of any business at all. However, on the evidence available, it would appear that the business population identified accounted for the great majority of businesses

on Exmoor that are of real commercial significance and was a valid basis on which to draw the survey sample.

Table 2 Population, response and per cent response

Sector	Population	Response	% of population
Farming	157	51	32
Tourism	195	48	25
Other	352	49	14
	704	148	21

The numbers of businesses listed in the directory that fell within each sector ranged from 157 farming businesses, through 195 in tourism to 352 that were primarily engaged in neither farming nor tourism (Table 2). Of those, 85 were randomly selected from each sector, to which telephone calls were made to the point where approximately 50 interviews were successfully completed for each sector.

In the event, questionnaires completed amounted to 51 from the farming sector, 48 from tourism and 49 from ‘other’ businesses.

Table 3 Description of businesses surveyed, by Farming, Tourism and ‘Other’ business sectors

Business activity	Business sector							
	Farming		Tourism		Other		All	
	No.	%	No.	%	No.	%	No.	%
Farming	44	86	4	8	1	2	49	24
Catered accomm. (incl. B&B)	3	6	38	79	3	6	44	21
Self-catered accommodation	5	10	11	23	4	8	20	10
Livery stables	1	2			1	2	2	1
Supervised equestrian pursuits			1	2			1	0
Field Sports	2	4			1	2	3	1
Retail	1	2	2	4	26	53	29	14
Manufacturing	1	2			5	10	6	3
Services to agriculture	13	25			4	8	17	8
Services to non-agriculture	2	4			14	29	16	8
Pubs / restaurants					7	14	7	3
Other business activity	7	14	2	4	5	10	14	7
Total number surveyed	51	100	48	100	49	100	148	100

The first main question of the interview (following confirmation of the identity of the interviewee and their position within the business) asked for a simple description of *all* the activities of the business, categorised as in Table 3. From that table, it will be noted that not all businesses originally categorised as “Farming” were in fact farming (44 out of 51). It is also seen that there is a very considerable degree of cross-over between business activities – farmers involved in other business activities, tourism and other businesses farming, etc. And it is seen that more than half of all the ‘other’ businesses were active in retailing.

On the basis of those findings, respondents to the survey were re-classified into four business types, defined as follows.

Farming	49 businesses, including all businesses with any farming activity at all.
Accommodation	48 businesses providing catered and/or self catered accommodation (incl. B&B), unless already classified as farming.
Retail	25 businesses with a retail activity, unless already classified as either farming or accommodation.
Other	26 businesses, the balance of the 148 surveyed but not classified as farming, accommodation or retail.

The full list of business activities, as listed by interviewees can be seen in Table 4, analysed according to the revised business sector definitions.

Table 4 Description of businesses surveyed, by ‘farming’, ‘accommodation’, ‘retail’ and ‘other’ business sectors

Business activity	Business sector									
	Farming		Accommodation		Retail		Other		All	
	No.	%	No.	%	No.	%	No.	%	No.	%
Farming	49	100							49	24
Catered accomm. (incl. B&B)	7	14	37	77					44	21
Self-catered accommodation	4	8	16	33					20	10
Livery stables	1	2					1	4	2	1
Supervised equestrian pursuits			1	2					1	0
Field Sports	2	4					1	4	3	1
Retail	2	4	2	4	25	100			29	14
Manufacturing	2	4			4	16			6	3
Services to agriculture	10	20	2	4	1	4	6	23	19	9
Services to non-agriculture					2	8	12	46	14	7
Pubs / restaurants			1	2			6	23	7	3
Other business activity	5	10	2	4			7	27	14	7
Total number surveyed	49	100	48	100	25	100	26	100	148	100

From Table 4, we see that:-

- The combined catered and self-catered accommodation activity is the most frequent non-farming activity on farms.
- The second most frequent non-farming activity on farms is provision of services (such as agricultural contracting, shearing, etc.) to other farmers.
- Most businesses providing accommodation provide either catered or self-catered accommodation, not both, and relatively few are involved in other business activities.

Question three of the survey went on to explore employment. Interviewees were asked how many people, including owners, directors and family members, were employed by the business prior to the FMD epidemic.

Table 5 Employment provided by businesses surveyed, prior to the Foot and Mouth Disease epidemic, by business sector

	Business sector				
	Farming	Accommodation	Retail	Other	All
Total employees	176	346	138	175	835
Regular employees	141	250	110	116	617
%	80	72	80	66	74
Seasonal employees	35	96	28	59	218
%	20	28	20	34	26
Regular full-time	115	168	82	78	443
%	65	48	60	44	53
Regular part-time	26	82	28	38	174
%	15	24	20	22	21
Seasonal full-time	2	42	14	5	63
%	1	12	10	3	8
Seasonal part-time	33	54	14	54	155
%	19	16	10	31	19

Features of note in the employment figures are:-

- All business sectors show a high proportion of regular (effectively, all-year) employees, but with a higher proportion in agriculture and retailing – both 80 per cent of total employment – than in accommodation and other.
- The proportion of regular employees was lower in the ‘other’ sector (66 per cent) than in accommodation (72 per cent).
- In all business sectors, the great majority of regular jobs provided were full-time, not part-time.
- The majority of seasonal jobs provided were part-time, but the retail sector provided (in terms of numbers employed) equal amounts of full-time and part-time seasonal employment.

Outline of the report

The structure of this report broadly follows the terms of reference for the study. In Chapter 2 the study findings which relate to the perceived impacts of Foot and Mouth

Disease to date are examined, while Chapter 3 focuses on issues relating to business support and survival through this time of crisis. Chapter 4 looks at the anticipated on-going effects of FMD on the surveyed businesses over the next few months. Finally, Chapter 5 explores the nature and scale of differences in the impact of the FMD epidemic on 'coastal' businesses as distinct from inland 'country' businesses. The questionnaire used in the study is included as Appendix 1 and a summary of respondents' supplementary comments is given in Appendix 2..

2 THE PERCEIVED IMPACTS OF FMD TO DATE

Extent and nature of FMD effects

In probing the impact of the FMD epidemic on businesses, an initial assessment was obtained by asking (Q4) whether the impact to date had been positive or negative, or whether there had been no discernible impact? The aggregated answers to this question are given in Table 6.

Table 6 The impact on businesses, positive, negative or none, of the FMD epidemic

		Business sector				
		Farming	Accommodation	Retail	Other	All
Negative impact	number	45	43	20	13	121
	%	92	90	80	50	82
Positive impact	number	1	1	1	-	3
	%	2	2	4	-	2
No impact	number	3	4	4	13	24
	%	6	8	16	50	16

- The great majority of Exmoor businesses reported negative impacts from the FMD epidemic.
- Only one surveyed business in each of the farming, accommodation and retail sectors, and none in the ‘other’ sector, reported a positive impact on their business.
- Less than 14 per cent overall reported no impact. However, the ‘other’ sector was divided equally between those having suffered a negative impact and those having suffered no impact at all.

Businesses unaffected by FMD

Of the twenty-four respondents who said that there had been no impact on their business, twenty also said that they were not expecting the business to be affected within the next six months. None had definite expectations that their business would be affected, recording no stronger response than “possibly”.

Businesses negatively affected by FMD

The scale and incidence by business sector of the identified negative impacts of FMD across the 121 businesses (representing 82 percent of the sample) are shown in Table 7. The major findings are:-

Table 7 The degree of negative impact on Exmoor businesses of the FMD epidemic

	Business sector				
	Farming	Accommodation	Retail	Other	All
Very severe	16	13	3	3	35
%	33	27	12	12	24
Severe	21	20	5	6	52
%	43	42	20	23	35
Moderate	7	9	9	2	27
%	14	19	36	8	18
Slight	1	1	3	2	7
%	2	2	12	8	5

- Farming and accommodation businesses mostly reported that their businesses had been severely or very severely affected by the FMD epidemic.
- Retail and other businesses centred on moderate to severe (as distinct from severe to very 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 amongst the retail and 'other' businesses than in the farming and accommodation sectors, a finding in keeping with the greater proportions of retail and (especially) 'other' businesses reporting no impact (Table 6).

The questionnaire then probed the reasons for the negative impacts seen to date and these are set out, by business sector, in Table 8.

Table 8 Recorded reasons for negative impacts on businesses of the FMD epidemic

	Business sector				
	Farming	Accommodation	Retail	Other	All
Loss or delay in sales of farm produce	43	-	-	-	43
%	88	-	-	-	29
Lower value of products sold	37	8	1	-	46
%	76	17	4	-	31
Loss of bookings/cancellations	11	41	1	6	59
%	22	85	4	23	40
Loss of tourist expenditure in the area	2	17	13	5	37
%	4	35	52	19	25
Loss of orders from farmers	4	3	5	8	20
%	8	6	20	31	14
Loss of orders from other customers	6	9	13	4	32
%	12	19	52	15	22
Less passing trade	3	33	17	6	59
%	6	69	68	23	40
Additional costs	17	5	1	4	27
%	35	10	4	15	18
Other causes of difficulties	-	1	4	-	5
%	-	2	16	-	3
Total survey businesses experiencing negative impacts	45	43	20	13	121
%	92	90	80	50	82

- 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.

- The ‘other’ business sector suffered from loss of orders, less passing trade, cancellation of orders, loss of tourist expenditure and additional costs.

The ‘other difficulties’ cited were lack of public access to the countryside (2 respondents), lack of shows at which to sell produce, lack of hunting & field sports and negative media coverage

Businesses positively affected by the FMD epidemic

Of the three cases where there had been a positive impact on the business two described the boost to the business as ‘strong’, one as ‘moderate’.

Scale and incidence of FMD effects

Businesses reporting either positive or negative impacts from the FMD epidemic were asked to quantify their gains or losses in terms both of ‘per cent of turnover’ (Table 9) and ‘actual value’ (Table 10).

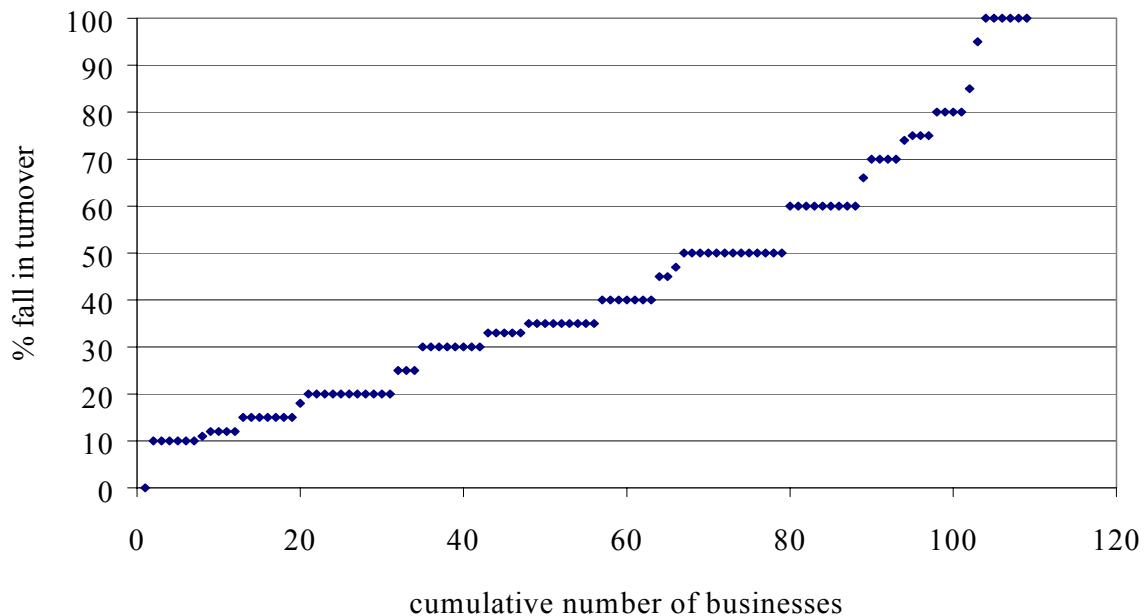
Table 9 Distribution of scale of the fall in turnover since the start of the FMD epidemic

	Business sector				
	Farming	Accommodation	Retail	Other	All
Less than 20%	8	4	5	3	20
%	16	8	20	12	14
20% to less than 40%	6	18	9	3	36
%	12	38	36	12	24
40% to less than 60%	8	7	4	4	23
%	16	15	16	15	16
60% to less than 80%	5	10	1	2	18
%	10	21	4	8	12
80% to 100%	11	1	-	-	12
%	22	2	-	-	8
Change in turnover uncertain	7	3	1	1	12
or information refused	% 14	6	4	4	8

- Reduction in turnover was well spread across all percentage reduction bands.
- Farming recorded many of the higher percentage reductions, with 11 farming businesses and one accommodation business being the only ones to record reductions of 80 per cent or more.
- Percentage reductions in turnover recorded by retail businesses were mostly of not more than 60 per cent of turnover, as were those of the ‘other’ businesses.

Chart 1 plots the actual percentage reduction in turnover figures recorded by businesses surveyed. There it is seen that the percentage reductions specified covered the full potential range, with (as we have seen in Table 9) some concentration towards the lower to mid regions of the scale.

Chart 1 Scattergram of the fall in turnover data, per cent decline since the start of the FMD epidemic



Some businesses, especially retail businesses, lost a large amount of business turnover in value terms. Large or small, however, the importance of the sums indicated should be measured in terms of their relationship to the size of business, as in Table 9. Changes in turnover are an inadequate indicator of changes in profitability, but it has to be presumed that a reduction in turnover of as much as 40 per cent is likely precipitate a 100 per cent reduction in profitability for most businesses.

It should also be borne in mind that, in the context of a telephone interview of which the subject had little prior warning and no indication that such information would be requested, estimates of turnover in actual and proportional terms are likely to be at least somewhat inaccurate. Nevertheless, the data is a serviceable, if necessarily very broad, measure of the damage done to businesses by the FMD epidemic.

Even quite modest reductions in turnover can become catastrophic reductions in profitability. This is because most of the overhead costs of a business, including at least some of the labour, continue unchanged (at least in the short term), regardless of the reduction in revenue. Variable costs, for instance the food and laundry bills of a bed and breakfast establishment, may be reduced commensurately with revenue – unless price per unit sold is reduced in an over-supplied market – but it should be borne in mind that the reduction in those variable costs is likely to become a reduction in turnover and profitability for other businesses in the locality. There is evidence of

this in the tables above, where reductions in the business done by farming and accommodation businesses are seen to have become reductions also in the business done by retail and other businesses servicing the first two sectors. Seasonal and other part-time staff are also susceptible to be quickly laid-off, or simply not employed.

Table 10 Distribution of scale of losses since the start of the FMD epidemic

	Business sector				
	Farming	Accom- Modation	Retail	Other	All
less than £25,000	24	25	6	5	60
%	49	52	24	19	41
£25,000 to less than £50,000	3	7	2	3	15
%	4	6	8	12	10
£50,000 to less than £75,000	2	3	2	3	10
%	4	6	8	12	7
£75,000 to less than £100,000	-	1	1	-	2
%	-	2	4	-	1
£100,000 to less than £125,000	-	-	-	-	-
%	-	-	-	-	-
£125,000 to less than £150,000	-	-	1	-	1
%	-	-	4	-	1
£150,000 to less than £175,000	-	-	-	-	-
%	-	-	-	-	-
£175,000 to £200,000	-	-	1	-	1
%	-	-	4	-	1

Chart 2 Scattergram of the estimated fall in turnover data, £ decline since the start of the FMD epidemic

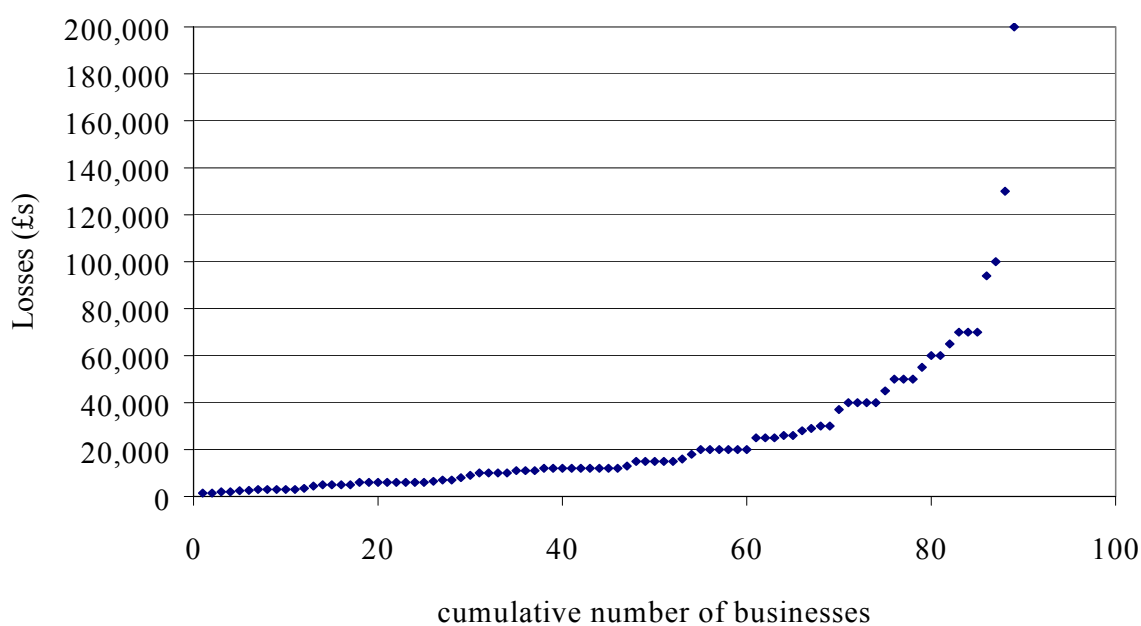


Table 10 and Chart 2 show the actual reductions in turnover estimated by those respondents who recorded a negative FMD impact on their business. The reductions are heavily concentrated below the £70,000 mark, with more than half below £20,000. As we see in Table 10, only one accommodation business and three retailers estimated loss in value of turnover at £75,000 or more, and only two retailers a loss in turnover of £100,000 or more.

Impact of FMD on staffing levels

Table 11 Numbers of staff made redundant and laid-off as a result of the FMD epidemic, by business sector

	Business sector				
	Farming	Accommodation	Retail	Other	All
Redundancies of full-time staff					
Number of businesses	1	-	1	1	3
Number of redundancies	2	-	1	2	5
Redundancies of part-time staff					
Number of businesses	3	8	1	2	14
Number of redundancies	3	37	2	3	45
Full-time staff laid-off					
Number of businesses	-	1	-	-	1
Number of redundancies	-	1	-	-	1
Part-time staff laid-off					
Number of businesses	1	2	-	-	3
Number of redundancies	1	2	-	-	3
Total number of businesses making	4	8	1	2	5
redundancies or lay-offs	% 8	17	4	8	10

Relative to the magnitude of the reductions in turnover reported by interviewees, the number of redundancies and lay-offs of staff made were rather modest. This could be because of:-

- The high proportion of self-employed and family labour within the businesses
- Reluctance to dispense with valued staff, especially when it is thought that they are likely to be needed again before too long. Established skills, relationships and loyalties count for a lot.

Partially replacing the lost employment were two businesses that reported taking on a total of three additional employees.

However, reduction in the hours for which staff were employed and reduction in staff that would otherwise have been employed exhibited some rather more drastic measures, particularly in the non-farming sectors.

Table 12 Staff on reduced hours and other effects as a result of the FMD epidemic

	Business sector				
	Farming	Accom- modation	Retail	Other	All
Businesses reducing staff hours	1	7	6	3	17
Number of staff affected	1	44	13	11	69
Reduction in use of casual/seasonal staff	5	9	4	3	21
Staff lost – attracted to work for Ministry on FMD projects	-	-	-	1	1
Staff left & not replaced	-	-	-	1	1

Social impacts of the FMD epidemic

The questionnaire then moved on to probe the social impact of FMD epidemic on individuals, families and communities.

Table 13 The social impacts of the FMD epidemic on respondents, their family/household and their community

	Respondent	Family / household	Community
	per cent of respondents		
Not affected	21	46	5
Worry / stress / depression / uncertainty / anger / fear / frustration	23	42	30
Extra work / less time / less energy	16	10	1
Lack of social / community / village / school / activities & meetings	21	13	28
Cut-off / isolated / not getting around	28	24	13
No hunting / field sports	6	3	9
Not able to service customers	1	-	-
Changed emphasis (more work at home / diversification)	3	-	1
No markets / auctions	7	1	2
Not able to walk / walk dog / cycle / ride	16	5	1
Restrictions / not mixing in person for fear of spread	3	1	10
Brought out community spirit	1	-	8
Less money	6	9	9
Lack of fund-raising events threatening local organisations	-	-	1
Younger generation less prepared to go into farming / stay in area	-	-	1
Conflict	1	-	4
Job losses	1	3	4
No ideas for countering crisis	-	-	1

Table 13 (continued) The social impacts of the FMD epidemic on respondents, their family/household and their community

	Respondent	Family / household	Community
	per cent of respondents		
All businesses and people affected	-	-	14
Alternative spare-time activities	1	-	-
Less work / more time	3	3	-
Closing of businesses / places for sale	1	-	1
Maintenance not being carried out / run-down feeling	-	-	1
Less visitors / locals / animals / traffic around	1	-	9

The effects on individuals, families and communities produce few surprises and are generally similar. Perhaps surprising is the 46 per cent 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.

Table 14 The social impacts of the FMD epidemic on respondent, by business sector

	Farming	Accommodation	Retail	Other	All
	per cent of respondents				
Not affected	10	21	36	31	22
Worry / stress / depression / uncertainty / anger / fear / frustration	18	25	16	8	18
Extra work / less time / less energy	12	13	12	15	13
Lack of social / community / village / school / activities & meetings	27	10	8	15	16
Cut-off / isolated / not getting around	47	13	12	4	22
No hunting / field sports	10	2	4	-	5
Not able to service customers	-	-	-	4	1
Changed emphasis (more work at home / diversification)	-	4	-	4	2
No markets / auctions	16	-	-	-	5
Not able to walk / walk dog / cycle / ride	2	15	24	15	12
Restrictions / not mixing in person for fear of spread	4	2	4	-	3
Brought out community spirit	-	2	-	-	1
Less money	6	8	-	-	5
Lack of fund-raising events threatening local organisations	-	-	-	-	-
Younger generation less prepared to go into farming / stay in area	-	-	-	-	-
Conflict	-	2	-	-	1
Job losses	-	-	4	-	1
No ideas for countering crisis	-	-	-	-	-
All businesses and people affected	-	-	-	-	-
Alternative spare-time activities	-	2	-	-	1
Less work / more time	-	6	4	-	3
Closing of businesses / places for sale	-	2	-	-	1
Maintenance not being carried out / run-down feeling	-	-	-	-	-
Less visitors / locals / animals / traffic around	-	-	4	-	1

Whilst nevertheless well worth recording, analysis by business sector again brings no surprises. Individuals in farming felt themselves to be most affected, followed by

those providing accommodation. Those running retail and ‘other’ businesses were less affected, but still affected to a significant degree.

Individuals in all business sectors reported worry, stress, depression, etc., extra work, less time and energy, and lack of community activities. That farmers missed the markets more than others is understandable; similarly the greater restraint that the non-farming sector felt through restrictions to walking, cycling and riding activities.

3 COPING WITH CRISIS: BUSINESS TACTICS AND SUPPORT

Business adjustments to FMD related difficulties

One of the prime aims of the study was to gauge the business-level responses to the economic crisis engendered by the FMD epidemic and its consequences for businesses on Exmoor. The questionnaire explored whether respondents had already adopted, or were considering adopting, any of a range of possible responses to business difficulties and the results are shown in Tables 15 and 16.

Table 15 Responses to FMD related business difficulties

	Business sector				
	Farming	Accom- modation	Retail	Other	All
	percentage of all businesses				
Took out a loan or increased the overdraft	31	42	36	23	34
Cancelled or postponed investment in stock, premises or equipment	47	58	40	12	43
Cancelled or postponed expansion plans	29	38	28	19	30
Diversified	14	19	28	15	18
Increased marketing or advertising activity	10	29	16	12	18
Temporarily closed the business	2	13	-	8	6
Permanently closed or offered the business for sale	4	2	4	4	3
Other business strategy	27	50	20	19	32

Many of the responses to business difficulty are much as might be expected. Thus, 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, however, 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. The accommodation group recorded 13 per cent 'temporarily closed for business'. A very wide variety of other responses to business difficulty over recent months were recorded and these are set out in Table 16.

Table 16 Other business responses, short or long-term, adopted as a response to FMD induced business difficulties

	Business sector				
	Farming	Accommodation	Retail	Other	All
Do other part-time work		4		1	5
May not lamb this year	1				1
Not prepared to say	1				1
May let out grass instead	1				1
Cut costs	4	2			6
Decrease number of stock	2				2
Just do the basics	3	1			4
Increased PR/advertising/exploitation of opportunities	1	2	2	1	6
Take on alternative career				1	1
Replacement of staff		2	1	1	4
Offering discounts / incentives to customers		3			3
Be different (time/place / target groups etc.)		2	1	1	4
Take out a loan		2			2
Downsize business operation		1			1
Reduce employees - natural wastage /hours		3	1		4
Do work self		1			1
De-register for VAT		1			1

The other business strategies specified were as in Table 16 and are seen to be most frequently adopted and most wide ranging in the farming and accommodation sectors.

Use made of assistance and advice

Respondents were then asked if they had sought assistance or advice on business problems caused by FMD from any outside agencies. A large proportion was found to have done so, and from a wide range of agencies (Table 17).

Table 17 Sources of business assistance and advice

	Business sector				
	Farming	Accommodation	Retail	Other	All
	percentage of all businesses				
Any advice or assistance	45	79	60	38	57
Chamber of commerce	-	8	-	-	3
Your trade assoc.	6	10	12	8	9
District or county council	12	65	32	19	34
Federation of small businesses	-	10	-	19	7
Living Exmoor	4	33	16	8	16
Exmoor National Park Authority	6	44	8	4	18
South West RDA	4	17	-	12	9
Government office SW	-	2	4	-	1
Defra	14	4	-	8	7
Countryside Agency	2	4	-	-	2
Tourist board	8	40	4	4	17
Business link	8	54	12	15	25
Bank	31	33	24	19	28
Accountant	8	29	16	15	18
Member of parliament	4	31	16	12	16
Charity	10	4	4	-	5
Other	8	2	8	-	5

- Accommodation businesses were the most likely to seek advice or assistance, followed by retail businesses. Only 45 per cent of farmers and 39 per cent of 'other' businesses sought advice or assistance.
- The top three sources of advice or assistance for farmers were their banks, DEFRA and the District and County Councils. The various charities seeking to reach farmers in need will be gratified by the 11 per cent who turned to them.
- Accommodation providers turned in greatest numbers to the District and County Councils, Business Link and the Exmoor National Park Authority. A number of other agencies were also heavily used by them, including Living Exmoor, their banks and accountants and Members of Parliament.
- Retail businesses also turned in greatest numbers to the District and County Councils, banks, accountants, Members of Parliament and Living Exmoor.
- 'Other' businesses looked equally to the District and County Councils, their banks and the Federation of Small Businesses. Business Link, accountants, Members of Parliament and the South West RDA also featured strongly.

Various other sources of advice and assistance were cited. Farming businesses recorded an agricultural consultant, the Countryside Alliance, the Ministry of Agriculture and a veterinary surgeon; accommodation businesses recorded the Benefits Agency; and 'other' businesses had used the Essential Services Agency and the Devon Community Development Agency.

Users assessment of business advice

The value of the assistance received was then queried. In all business sectors, the assessment was predominantly either 'great value' or 'some value' with one hundred per cent of 'other' businesses indicating this high level of satisfaction with the quality of help received (Table 18).

Table 18 The value of business assistance and advice received

	Business sector				
	Farming	Accommodation	Retail	Other	All
	Per cent of those who had sought advice or assistance				
Great value	41	28	31	78	29
Some value	32	34	62	22	43
Not much /no value	23	34	8	-	25
Don't know	5	3	-	-	3

The take up of business reliefs

Table 19 The take-up of reliefs available to business

	Business sector				
	Farming	Accommodation	Retail	Other	All
	% taken up or considering taking up				
Business rate relief	10	69	56	27	40
Business recovery grant	4	31	4	12	14
Extended credit facilities	8	19	12	4	11
Relief or deferment of interest payments	4	6	-	-	3
Deferment of VAT payments or other company taxes	6	13	8	12	9

The study probed respondents' take-up of some of the available business reliefs and the results, in Table 19, make interesting reading. Whilst, clearly, the business reliefs available are not universally applicable to all businesses, most of those identified had been used, to some degree, by businesses in each of the four groups. In viewing the figures, it should be borne in mind that a significant number of the businesses represented are 'mixed' inasmuch as they straddle more than one sector. Even so, it would appear that many businesses could have made more use of the reliefs available.

Table 20 lists the principal reasons given for not taking advantage of these reliefs. Nearly half of all farmers who had seen negative impacts from the FMD epidemic within their businesses were reluctant to take advantage of the business reliefs on offer because of “prefer to dig deep rather than owe money” (29%) or because of admitted “pride” (13%). The corresponding proportions for the other sector, though still significant, were lower (except that only accommodation businesses also recorded pride as a reason for non take-up). Specific points are:-

- Significant proportions of respondents in all categories regarded the available reliefs as “not appropriate” or cited “eligibility” as a problem.
- Again, significant proportions of 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”.
- Ten per cent of respondents, with representatives in all sectors, cited “no need” as a reason for not taking up business reliefs, presumably because their businesses, though adversely affected by Foot and Mouth Disease, were not in the most serious category of casualties.

Table 20 Reasons for not taking-up available business reliefs

	Business sector				
	Farming	Accom- modation	Retail	Other	All
	Per cent of those experiencing a negative FMD impact				
Not appropriate/applicable/ineligible	16	33	20	8	21
Pride	13	9	-	-	8
Bureaucracy/no practical help	16	42	15	23	26
Not fully aware of what is on offer	11	-	-	-	4
No need	11	2	20	15	10
Already good support from bank	-	-	5	-	1
Prefer to 'dig deep' rather than owe money	29	16	10	8	19
Age	4	-	-	-	2
Lost heart	2	-	-	-	1
Other	2	-	-	-	1
No central co-ordination point	2	-	-	-	1
Others need it more	-	9	-	-	3

4 ANTICIPATED ON-GOING EFFECTS OF FMD

Prospects over the next twelve months

Finally, the questionnaire turned to respondents' perceptions of the prospects for their businesses over the next twelve months. Several questions addressed their expectations in relation to the existence and scale of anticipated losses, their expectations as to the ending of a discernible 'Foot and Mouth Disease effect' on their businesses and their general assessment of the on-going business legacy of the FMD epidemic. Table 21 summarises respondents' overall assessments of their business futures.

Table 21 Percentage lost turnover attributable to FMD over the next twelve months

	Business sector				
	Farming	Accom- modation	Retail	Other	All
Losses will occur and can be quantified	23	15	6	3	47
%	47	31	24	12	32
Losses will occur but can't be quantified	17	8	5	5	35
%	35	17	20	19	24
No losses anticipated	4	19	10	4	37
%	8	40	40	15	25
No answer	5	6	4	14	29
%	10	13	16	54	20

- Forty percent 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 – and in fact very large - 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.

Interviewees were then asked, "Presuming that no new outbreaks of Foot and Mouth Disease occur in the South West and that the continuing problem in Northumberland and Cumbria fades out by the end of the year, when would you expect the impact on your monthly sales turnover to become insignificant?"

Table 22 Month and year in which the impact of FMD on the business is expected to become insignificant

	Business sector				
	Farming	Accommodation	Retail	Other	All
Before September 2001	1	1		1	3
%	2	2		4	2
September 2001		4	1	2	7
%		8	8	8	5
October to December 2001			1	1	2
%			4	4	1
January to March 2002	3	8	3	3	17
%	6	17	12	12	11
April to June 2002	9	11	5	1	26
%	18	23	20	4	18
July to September 2002	6	1	1		8
%	12	2	4		5
October to December 2002	7	3	1		11
%	14	6	4		7
January 2003 onwards	3	5		1	9
%	6	10		4	6
Never	2	1			3
%	4	2			2
Don't know/cannot predict	11	8	8	3	30
%	22	17	32	12	20
Unable to accept the suggested scenario	1				1
%	2				1
Not relevant, expect the business to close	1			1	2
%	2			4	1

- In all business sectors, the great majority expected the impact of FMD on their business to eventually become insignificant, though substantial numbers felt unable to say when.
- Of those offering a forecast, the approximate anniversary of the outbreak and the beginning of the 2002 tourist season seemed to many a realistic time to expect no significant further effects.
- However, in all sectors, some expected the effects to be more long-lasting than that and 24 per cent of farmers and 18 per cent of accommodation providers

expected to be still suffering the effects a year or more beyond the time of the interview.

Continuing with the same scenario, respondents were asked to predict by how much turnover in the 2001-02 year would be affected by the FMD epidemic. The intention of this question was that respondents should think in terms of their accounting year. That would have a varying year end, but many, particularly in farming, would have a year end in the period 31 December to 30 April.

Table 23 Percentage lost turnover attributable to FMD in the 2001-02 year

	Business sector				
	Farming	Accom- modation	Retail	Other	All
No negative impact	5	5	8	14	32
%	10	10	32	54	22
Offered estimate of negative impact	27	34	13	12	86
%	55	71	52	46	58
Don't know/cannot predict	17	9	4	-	30
%	35	19	16	-	20

Most were able to offer an estimate, suggesting perhaps that they had already thought about it. That is not to infer, however, that those who were unable to offer a prediction had not thought about it; the answers to earlier questions suggest that many of them felt unable to predict for how much longer their businesses would be affected.

Table 24 Predicted percentage lost turnover attributable to FMD in the 2001-02 year

	Business sector				
	Farming	Accom- modation	Retail	Other	All
0%	-	2	-	3	5
%	-	4	-	12	3
Greater than 0%, less than 20%	8	5	4	2	19
%	16	10	16	8	13
20% to less than 40%	8	14	6	3	31
%	16	29	24	12	21
40% to less than 60%	6	6	3	1	16
%	12	13	12	4	11
60% to less than 80%	3	6	-	2	11
%	6	13	-	8	7
80% to 100%	2	1	-	1	4
%	4	2	-	4	3

- Most farmers, accommodation providers and operators of ‘other’ businesses, and all retailers estimated their lost turnover at no more 59 per cent.
- However, all business groups had significant numbers of respondents who estimated lost turnover at 20 per cent or more.
- The group with the greatest proportion estimating lost turnover at 20 per cent or more was the accommodation group, exceeding even that of farming.

Respondents’ assessments of ‘end-of-year’ position

Finally, interviewees were asked to summarise their view of their business, as it is likely to stand at the end of calendar year 2001, in accordance with the suggested categories in Table 25.

Table 25 View of the business at the end of calendar year 2001

	Business sector				
	Farming	Accommodation	Retail	Other	All
No negative impact	4	5	4	13	26
%	8	10	16	50	18
Will have suffered some losses, but sustainable	7	8	11	2	28
%	14	17	44	8	19
Significant loss, but recovered or recovering	13	20	6	9	48
%	27	42	24	35	32
Serious damage, will take a long time to recover	24	13	4	1	42
%	49	27	16	4	28
Business will have closed	1	2	-	1	4
%	2	4	-	4	3

- The pattern of the responses recorded to many earlier questions is reflected in these summary statements. Farmers and accommodation providers, in that order, feel themselves to have been the most seriously affected, retail and ‘other’ business (also in that order) less so.
- Almost half of all farmers felt that there had been serious damage to their business that would take a long time to recover. Rather more than a quarter of accommodation providers felt the same.
- Half of all ‘other’ businesses felt that they would finish the year with no negative impact, whilst a little over a third thought that there had been significant loss but that by the end of the year the business would have recovered or be recovering.
- Forty-four per cent of retailers said that there had been losses, but nothing that the business could not handle, whilst almost a quarter opted for significant loss but that the business would have recovered or be recovering by year end.

- Forty two per cent of accommodation businesses said that there had been significant loss but that by year end the business would have recovered or be recovering, whilst 27 per cent said that there had been serious damage that would take a long time to recover.
- In addition to the 49 per cent of farmers who said that there had been serious damage to their businesses that would take a long time to recover, 27 per cent said that their had been serious loss but that by year-end the business would have recovered or be recovering.

5 COASTAL AND COUNTRY BUSINESSES COMPARED

The differing coastal and inland experiences

As the summer of 2001 proceeded, it came to be widely believed that the coastal belt (A39 corridor) of Exmoor National Park was much less affected by a FMD induced recession than was the inland area. Inasmuch as English seaside resorts generally were believed to be faring better than inland touristic areas, benefiting from the perception that much of the countryside was “closed” to visitors, this had some measure of credibility.

To test this theory and to provide some measure of the economic benefit (if any) to the coastal areas, comparison was made between data collected from respondents to the telephone survey located in coastal areas and that from those further inland.

For the purposes of this analysis, the coastal belt was defined as being centred on the settlements of Dunster, Porlock, Lynton, Lynmouth and Coombe Martin. Accordingly, the following postcodes were taken as being those of businesses in the coastal zone:-

EX34 0DN to EX35 6PU
TA24 6SE to TA24 6SR
TA24 8HA to TA24 8QD

All others were defined as inland.

Table 26 Distribution of businesses, by business type and coastal or inland location

Business sector	Coastal		Inland	
	Number	%	Number	%
Farming	5	10	44	90
Accommodation	33	69	15	31
Retail	15	60	10	40
Other	10	38	16	62

- Farming businesses were predominantly inland. Those on the coast were so few in number that care is necessary not to breach confidentiality in presenting data.
- Accommodation, retailing and ‘other’ businesses were somewhat more evenly distributed.
- Nevertheless, the majority of accommodation and retail businesses were in the coastal region and the majority of ‘other’ businesses inland.

The first enquiry of the coastal vs. the inland businesses has to be, ‘Were they more or less affected by the economic consequences of the Foot and Mouth Disease epidemic?’ Table 27, which can be directly compared with the overall numbers in

Table 6, looks at respondents' perceptions of whether their business was positively or negatively affected by the epidemic, or not at all.

Table 27 The impact on businesses, positive, negative or none, of the FMD epidemic, by coastal and inland zones

		Business sector			
		Farming	Accommodation	Retail	Other
Negative impact	coastal %	100	88	80	40
	inland %	91	93	80	56
Positive impact	coastal %	-	3	7	-
	inland %	2	-	-	-
No impact	coastal %	-	9	13	60
	inland %	7	7	20	44

- Because of the small numbers involved, it would be unsafe to conclude that farming was more widely affected negatively in the coastal zone than elsewhere, or accommodation less widely affected in the coastal region, or even that retailers were more likely to gain a positive impact (to gain benefit) if they were located near the coast.
- However, it does appear that the 'other' businesses of the coastal zone were less widely affected by the disease than those inland. One can surmise that this was because of the nature of their businesses and the populations that they serve.

Table 28 The degree of negative impact on Exmoor businesses of the FMD epidemic, by coastal and inland zones

		Business sector			
		Farming	Accommodation	Retail	Other
Very severe	coastal %	40	30	13	30
	inland %	32	20	10	19
Severe	coastal %	40	30	13	-
	inland %	43	67	30	19
Moderate	coastal %	20	24	53	-
	inland %	14	7	10	13
Slight	coastal %	-	3	-	10
	inland %	2	-	30	6
No negative impact	coastal %	-	12	20	60
	inland %	9	7	20	44

- In terms of relative severity, between coastal and inland areas, it would again be difficult to draw any definite conclusions on the basis of Table 28.

- Eighty-seven per cent of inland accommodation providers reported a severe or very severe negative impact, whilst only 60 per cent of the corresponding coastal businesses put themselves in those categories.
- Seventy-nine per cent of coastal retailers reported a moderate, severe or very severe negative impact, compared with 50 per cent of inland retailers.
- Despite 60 per cent of coastal ‘other’ businesses reporting no negative impact, a larger proportion of coastal than inland ‘other’ businesses rated themselves as having been very severely affected.

Table 29 Distribution of scale of the fall in turnover since the start of the FMD epidemic, by coastal and inland zones

Turnover is down by		Business sector			
		Farming	Accommodation	Retail	Other
Less than 20%	coastal %	-	12	20	-
	inland %	18	-	20	19
20% to less than 40%	coastal %	-	39	47	20
	inland %	14	33	20	6
40% to less than 60%	coastal %	-	15	13	20
	inland %	18	13	20	13
60% to less than 80%	coastal %	60	18	-	-
	inland %	5	27	10	13
80% to 100%	coastal %	20	-	-	-
	inland %	23	7	-	-
Change uncertain or Information refused	coastal %	20	3	-	-
	inland %	14	13	10	6

- Eighty per cent of coastal farmers estimated lost turnover at 60 to 100 per cent, whilst only 28 per cent of inland farmers did so.
- Sixty percent of coastal retailers estimated lost turnover at 20 to less than 60 per cent, whilst only 40 per cent of inland retailers did so.
- Nevertheless, it would again be difficult to draw definite conclusions other than that farmers considered themselves harder hit than accommodation providers, accommodation providers more than retailers and retailers more than ‘other’ businesses, as in Table 9 above.

The impact of the FMD epidemic on staffing levels

Attention then turned to differentials, if any, in changes in staffing levels as a result of the FMD epidemic. In this instance, there may be some evidence that inland businesses were more inclined than coastal businesses to reduce hours of work and cut the use of casual and seasonal staff. However, it is notable that coastal accommodation businesses made redundant and laid-off full-time staff in

circumstances in which the corresponding inland businesses did not. In terms of employment and the economy, redundancies and lay-offs of full-time staff are arguably the most serious form of reduction in use of labour.

Table 30 Percentages of businesses making redundant and laying-off staff as a result of the FMD epidemic, coastal businesses compared with inland businesses, by business sector

		Business sector			
		Farming	Accom- modation	Retail	Other
Redundancies of full-time staff					
businesses coastal	%	-	18	-	10
businesses inland	%	2	-	10	6
Redundancies of part-time staff					
businesses coastal	%	-	-	-	-
businesses inland	%	7	13	10	6
Full-time staff laid-off					
businesses coastal	%	-	3	-	-
businesses inland	%	-	-	-	-
Part-time staff laid-off					
businesses coastal	%	-	6	-	-
businesses inland	%	2	7	-	-
Reduced hours of work					
businesses coastal	%	-	17	31	25
businesses inland	%	3	14	25	22
Reduced use of casual/seasonal staff					
businesses coastal	%	-	21	8	25
businesses inland	%	13	21	38	22
Staff lost – attracted by MAFF Foot and Mouth Disease work					
businesses coastal	%	-	-	-	-
businesses inland	%	-	-	-	11
Staff left and not replaced					
businesses coastal	%	-	-	-	-
businesses inland	%	-	-	-	11

That it was coastal businesses, not inland businesses, that cut employment of full-time staff, does not readily fit with the general perception that coastal businesses benefited from a fuller recovery in business as the summer tourist season progressed.

Business adjustments through the FMD epidemic

Any differences between coastal and inland businesses in responses to FMD related business difficulties were then examined. Possible responses, as in Table 15 above, ranged from taking out a loan to temporarily or permanently closing the business. The considerable number of individual responses – ranging from de-registering for VAT

to farmers refraining from putting the rams with the ewes this year are detailed in Table 16, above.

Table 31 Responses to FMD related business difficulties, coastal businesses compared with inland

		Business sector			
		Farming	Accommodation	Retail	Other
Took out a loan or increased the overdraft					
businesses coastal	%	20	39	40	30
businesses inland	%	32	47	30	19
Cancelled or postponed investment in stock, premises or equipment					
businesses coastal	%	60	55	47	-
businesses inland	%	46	67	30	19
Cancelled or postponed expansion plans					
businesses coastal	%	60	36	33	-
businesses inland	%	25	40	20	31
Diversified					
businesses coastal	%	20	15	40	10
businesses inland	%	14	27	10	19
Increased marketing or advertising activity					
businesses coastal	%	20	24	7	20
businesses inland	%	9	40	30	6
Temporarily closed the business					
businesses coastal	%	-	9	-	20
businesses inland	%	2	20	-	-
Permanently closed or offered the business for sale					
businesses coastal	%	20	-	-	-
businesses inland	%	2	7	10	20
Other business strategy					
businesses coastal	%	40	55	20	10
businesses inland	%	25	40	20	20

- Table 15 showed that a proportion 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. However, significant proportions had diversified and increased their level of marketing or advertising activity. Almost ten per cent of the surveyed businesses had either closed permanently or their owners had put the business up for sale. The accommodation group recorded 13 percent ‘temporarily closed for business’.

- The analysis by location (Table 31) shows that, on the whole, coastal farming businesses were more inclined than inland farming businesses to take the various measures described, whilst coastal accommodation businesses were less inclined and coastal retail businesses more inclined.
- With the exception of temporarily or permanently closing the business, adoption of these measures was widespread, on the coast and inland.

Table 32 Sources of business assistance and advice, coastal businesses compared with inland

		Business sector			
		Farming	Accommodation	Retail	Other
Any advice or assistance					
businesses coastal	%	60	79	53	30
businesses inland	%	43	80	70	44
Chamber of commerce					
businesses coastal	%	-	12	-	-
businesses inland	%	-	-	-	-
Your trade association					
businesses coastal	%	-	12	7	-
businesses inland	%	7	7	20	13
District or County Council					
businesses coastal	%	-	67	20	20
businesses inland	%	14	60	50	19
Federation of small businesses					
businesses coastal	%	-	9	-	10
businesses inland	%	91	13	-	25
Living Exmoor					
businesses coastal	%	-	33	-	-
businesses inland	%	86	33	40	13
Exmoor National Park Authority					
businesses coastal	%	-	49	7	-
businesses inland	%	7	33	10	6
South West RDA					
businesses coastal	%	-	18	-	-
businesses inland	%	5	13	-	19
Government office SW					
businesses coastal	%	-	3	7	-
businesses inland	%	-	-	-	-
DEFRA					
Businesses coastal	%	20	3	-	10
Businesses inland	%	14	7	-	6

Table 32 (continued) Sources of business assistance and advice, coastal businesses compared with inland

		Business sector			
		Farming	Accommodation	Retail	Other
Countryside Agency					
Businesses coastal	%	20	6	-	-
Businesses inland	%	-	-	-	-
Tourist Board					
Businesses coastal	%	20	46	7	-
Businesses inland	%	7	27	-	6
Business Link					
businesses coastal	%	20	46	7	10
businesses inland	%	7	73	20	19
Bank					
businesses coastal	%	20	36	27	-
businesses inland	%	32	27	20	31
Accountant					
businesses coastal	%	-	24	13	10
businesses inland	%	9	40	20	19
Member of Parliament					
businesses coastal	%	-	30	13	-
businesses inland	%	5	33	20	19
Charity					
businesses coastal	%	-	3	7	-
businesses inland	%	11	7	-	-
Other					
businesses coastal	%	40	3	13	-
businesses inland	%	5	-	-	-

Table 17 indicated the widespread and, in some cases, heavy use made by the various business categories of different sources of advice and assistance. In Table 32, some differences are seen between usage by coastal and inland businesses.

- Several agencies, including Living Exmoor and the Exmoor National Park Authority, were used more by inland than coastal businesses.
- Some agencies used by coastal businesses were not used at all by inland businesses – Chambers of Commerce, Government Office SW and the Countryside Agency.
- Those instances apart, there were again very few, if any, statistically reliable patterns of difference between coastal and inland businesses.

6 FINANCIAL LOSS TO THE ECONOMY OF EXMOOR NATIONAL PARK

It is possible, from the data collected from the businesses surveyed, to arrive at figures representing total value of turnover lost as a result of the FMD epidemic by the business sectors that they represent and for the Exmoor economy as a whole.

Table 33 shows the total and average values of turnover lost by businesses, classified into the *farming*, *accommodation*, *retail* and *other* sectors used for most of the analysis in this report. Thus, the 29 farms that provided an estimate are seen to have lost a total of £419,500 of turnover, an average of £14,466 per farm. Thirty-six accommodation businesses lost turnover of £762,000, an average of £21,167. Retail and other businesses respectively lost £689,500 and £302,600 in turnover, averages of £53,038 and £27,509 per business.

It should be remembered that these figures represent loss of turnover and they should not be confused with loss of profit. Reduction in the profit figure on the end of year Profit and Loss Account would be a greater or lesser proportion of loss of turnover, depending on the extent to which it was possible to cut costs as a response to reduced turnover. For most businesses, the impact of fixed costs, continuing almost regardless of short-term changes in turnover, means that in almost all cases a reduction in turnover of, say, 20 per cent, would be translated into a much greater reduction in profit.

Table 33 Total and average loss of turnover, by business sector

	Business sector			
	Farming	Accommodation	Retail	Other
Cases giving estimates of fall in turnover	29	36	13	11
Total lost turnover	£ 419,500	762,000	689,500	302,600
Average lost turnover per business	£ 14,466	21,167	53,038	27,509

From data collected from samples of businesses representing particular sectors of an economy, it is possible to make estimates of the impact of a particular phenomenon, such as the FMD epidemic, on the total economy. For that, the data collected from the sample of businesses is multiplied up by factors established as the proportion that the surveyed businesses represent of the whole.

In the present case, it is necessary for such estimates to revert to the business sectors defined before the telephone survey was undertaken – farming, tourism, other. That is because the business groups used throughout most of the rest of this report – a re-defined farming, accommodation, retail and a re-defined other – were established on the basis of data collected in the course of the study and the numbers of businesses *so defined* in the wider economy is, unfortunately, not known.

Table 34 Estimate of total FMD related lost turnover

	Business sector			All sectors (weighted)
	Farming	Tourism	Other	
Cases giving estimates of fall in turnover	31	35	23	
Total lost turnover	£ 438,500	732,500	1,002,600	
Average lost turnover per business	£ 14,145	20,929	43,591	
Total number of businesses with negative FMD impacts in survey	46	42	33	
Survey weighting for business sector	3.08	4.06	7.18	
Estimated number of businesses with negative FMD impacts in population	142	171	237	549
Estimated total fall in turnover in population	£ 2,003,066	3,570,938	10,333,808	15,907,811
Average fall in turnover per business with negative impact from FMD	£			28,960

Table 34 provides the necessary information on lost turnover per business and weightings to estimate the total impact on groups of businesses. Thus we see that farming within the Exmoor National Park is estimated, as a result of the FMD epidemic, to have lost something over £2m in turnover, tourism £3.6m, and other businesses (including retailing) £10.3m. The estimated total loss of turnover for all businesses within the National Park as a result of the 2001 FMD epidemic is therefore £15.9m.

APPENDIX 1

THE TELEPHONE SURVEY QUESTIONNAIRE

University of Exeter
Centre for Rural Research

QUESTIONS FOR TELEPHONE SURVEY

PART OF SEPTEMBER 2001 RESEARCH PROJECT FOR EXMOOR NATIONAL PARK
AUTHORITY

Telephone No. Postcode

1. **Check name of business and address and name and position of the person responding to the call (the interviewer has asked to speak to the owner or other senior director or manager of the business)**

2. Please describe the nature of all the business activities (there may be more than one) at this address.

- Farming
- Catered accommodation (incl. Bed & Breakfast)
- Self-catered accommodation
- Livery stables
- Supervised equestrian pursuits
- Field Sports – facilitating hunting/shooting/fishing (indicate which)
– **gamekeeping/beating/work for hunt (indicate which)**
- Retail
- Manufacturing
- Services to agriculture
- Services to non-agricultural sectors
- Other...

3. How many people were employed, pre-Foot and Mouth Disease, by this business, including owners, directors, family members, etc.?

- All year full-time
- All year part-time
- Seasonal full-time
- Seasonal part-time

4. Would you say that your business has been affected in any way by the Foot and Mouth Disease epidemic?

- Yes – negative impacts ≡ **Q 5**
- Yes – positive impacts ≡ **Q10**
- No

THOSE WITH NO EFFECTS - ASK Q5 TO Q7

5. Do you expect that your business will be affected within the next six months?

- Yes ≡ **Q6**
- **Possibly** ≡ Q6
- No ≡ Q19
- **Don't know** ≡ Q19

6. Could you describe what effects you are anticipating?

- Sales turnover
- Staffing
- Other...

7. Can you explain why you expect those effects? ≡ Q19

THOSE WITH NEGATIVE EFFECTS - ASK Q8 & Q9

8. Overall would you describes those effects as:

- Very severe/devastating/business threatening
- Severe/major negative impacts
- Moderate/significant negative impacts
- Slight/some negative impacts

9. What has caused these difficulties? Is it:

- Loss or delay in sales of farm produce
- Lower value of products sold
- Loss of bookings/cancellations
- Loss of foreign or domestic tourist expenditure in the area

20. Has the Foot and Mouth Disease outbreak affected your family or household in any way?

- **Yes How?**
- **No**

21. Has the Foot and Mouth Disease outbreak affected your community in any way?

- **Yes How?**
- **No**

THOSE WITH NO EFFECTS OR *ONLY POSITIVE* EFFECTS FROM FMD, THANK FOR TIME AND HELP AND CLOSE INTERVIEW

22. Have you already or are you considering, any of the following in response to difficulties caused by Foot and Mouth Disease?

- **Take out a loan or increased the overdraft to overcome losses/ cash flow difficulties**
- **Cancel or postpone investment in stock, premises or equipment**
- **Cancel or postpone expansion plans for the business**
- **Diversify into other or new lines of business**
- **Increase marketing or advertising activity**
- **Temporarily closed the business to reduce overheads**
- **Permanently close or sell the business**

23. Is there any other business tactic or strategy you have used or are considering using to reduce losses caused by Foot and Mouth Disease?

- **Yes Details**
- **No**

24. Have you sought assistance or help or advice from any outside agencies for business problems caused by Foot and Mouth Disease?

- **Chamber of Commerce**
- **Your trade association**
- **District Council or County Council**
- **Federation of Small Businesses**
- **Living Exmoor**
- **Exmoor National Park**

- **South West RDA**
- **Government Office SW**
- **DEFRA**
- **Countryside Agency**
- **Tourist Board**
- **Business Link**
- **Bank**
- **Accountant**
- **Member of Parliament**
- **Charity/helplines (RABI, FCN etc.)**
- **Other**
- **NONE OF THESE ≡ Q26**

25. Has this assistance been of value?

- **Yes – great value**
- **Some value**
- **Not much/no value**
- **Don't know**

26. Various forms of assistance to businesses are available which of the following have you already or would you consider taking up?

- **Business rate relief**
- **Business Recover Grant – through Business Link or PROSPER**
- **Extended credit facilities**
- **Relief or deferment of interest payments**
- **Deferment of VAT payments or other company taxes**

27. Not everyone eligible for these schemes has taken them up and some of the business advice and counselling services have not been used as fully as they might have been. What if anything, has deterred you from using such services or applying to the schemes?

- **Detail**

28. Could I ask about the future of your business. Can you identify any losses due to cancelled bookings or orders that are certain to affect your business over the next twelve months?

- **Yes**

- No – losses will occur but can't quantify
 - No – no losses anticipated
29. In percentage terms what effect will these losses have on the sales turnover you would otherwise expect in that period?
- Down by %
 - Don't know
 - Refused
30. Presuming that no new outbreaks of Foot and Mouth Disease occur in the South West and that the continuing problems in Northumberland and Cumbria fade out by the end of the year, when would you expect the impact on your monthly turnover to become insignificant?
- Month/year?
 - Don't know/can't predict
 - Won't accept this scenario ≡ Q32
 - Not relevant – expect business to close ≡ Q32
31. Continuing with the same scenario, can you estimate how much your total annual turnover for 2001-02 will be affected by Foot and Mouth Disease?
- Not relevant- expect business to close next year
 - Turnover down by %
 - Don't know/can't predict
 - Refused
 - Won't accept this scenario
32. Overall then, could you tell me which of the following you think will be closest to your view of your business at the end of 2001?
- The business will have had some losses but nothing which it couldn't handle
 - The business will have suffered significant loss but has recovered or is recovering quickly
 - The business will be seriously reduced from what it would have otherwise have been and will take a long time to recover
 - The business will have closed – be up for sale/been sold
 - Don't know/refused to predict
 - Other

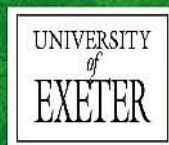
THANK FOR TIME AND TROUBLE AND CLOSE INTERVIEW

APPENDIX 2

THE FMD CRISIS: RESPONDENTS' COMMENTS

EXMOOR NATIONAL PARK RESEARCH ON FMD. 2001 COMMENTS FROM TELEPHONE SURVEY

Question Number	Comment
23	<p>“Halved price of everything to attract custom – which helped very much to keep T.O. up.”</p> <p>“Tendering for fresh contracts not previously considered.”</p>
27	<p>“Can’t be bothered “lost heart”.”</p> <p>“Want to make own way through the situation.”</p> <p>“They are not what is needed – what needs to happen is for the export market to be opened up so that reliance on supermarkets can be lessened”</p> <p>“Farmers are proud people and do not like to admit how difficult things are – rather than subsidies and financial help they want a fair price for their goods so that they can be independent.”</p> <p>“Above very limited all aimed at farmers and little help for retail trade.”</p> <p>“We + all my friends failed to get any help and we could only use our savings to survive.”</p> <p>“As a matter of principle do not believe in hand outs from anybody.”</p>
28	<p>“Some wholesale customers because? of FMD affecting them and imported goods are now appearing.”</p> <p>“When other businesses have suffered very badly – maybe shops, for example, that may be forced to close, plus therefore less visitors will be attracted to town.”</p>
30	<p>“Will never get back to normal with all the regulations – the only thing which would make a full return would be a third world war which would mean reliance on local farmers.”</p> <p>“Does not believe it will reach this stage again – very concerned about the future.”</p> <p>“Feel it will take 6-7 years to get back to normal and for the impact to become negligible.”</p>
31	<p>“Will regain losses made to date by the end of the year. Mainly due to increase bar/restaurant activities. In addition to now almost full bookings.”</p>



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