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Matching new entrants and retiring farmers through farm Joint Ventures: insights from the Fresh Start Initiative in Cornwall, UK

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Abstract

Concerns about the sustainability of an ageing farming population have brought interest in so-called entry-exit issues in policy circles. Policy interventions to date have offered limited scope in stimulating farm transfer in UK, however, the increase in unconventional tenures which include partnerships, share farming and contract farming (collectively called joint ventures) would appear to offer new opportunities for those wishing to enter or leave farming. In recognition of this the Fresh Start initiative in Cornwall set up a matchmaking element with the aim of identifying and facilitating potential joint ventures agreements between new and older farmers. The emphasis was on setting up long-term arrangements that would enable the new entrant to ‘buy into’ an existing farm business, gradually taking over managerial control. This paper examines the processes of matching partners for the possible formation of farm joint ventures, using qualitative data derived from interviews with the participants, deliverers and stakeholders involved in the matchmaking element of this initiative. The results reveal that there is a deep-rooted reluctance amongst participants in the initiative to enter formal long term joint ventures due to differing motivations, expectations, and concerns about their respective responsibilities in the working relationship and about the validity of the legal framework. Only where a relationship had already been informally established was there a commitment to formalise a joint venture agreement. Future emphasis in policy should therefore be on helping to facilitate and formalise existing partnerships, rather than trying to artificially orchestrate matches where the parties do not know each other.

1. Introduction

Concerns about the sustainability of an ageing farming population have generated interest in so-called entry-exit issues in policy and academic circles in western countries. In the UK, farming is characterised by an ageing population with a reduced rate of entry into farming by younger farmers and a reduced rate of retirement by older farmers (ADAS et al., 2004). The farming industry in the UK has failed to attract ‘new blood’ into the industry, partly due to the poor rewards and partly due to entry barriers such as high start up costs and a shortage of available land (ADAS et al., 2004; Williams, 2006); something that is exacerbated by restructuring processes that are leading to fewer, larger farms within both the private and county estates (Whitehead and Millard, 2000). At the same time, a lack of suitable successors, poor pension planning and taxation issues have been identified as making farmers reluctant to retire (Williams,
Although intergenerational family transfer remains the dominant mechanism for farm succession\(^1\), in most western European countries and the USA figures indicate that the number of family farm transfers is decreasing\(^2\) (Calus et al., 2008; Gale, 2003). This is the result of a number of entry-exit challenges (such as increasing capital requirements, low expected rates of return and higher off-farm career opportunities) (Gale, 2003; Williams and Farrington, 2006), creating what Gasson et al. (1998) termed the ‘inheritance dilemma’. Several studies in UK, as well as other western countries, have highlighted these adjustment challenges facing the farming industry (ADAS et al., 2004; Calus et al., 2008; Caskie et al., 2002; Errington and Lobley, 2002). An important corollary of this is that in many western countries the farming population is ageing (Gale, 2003; Mazorra, 2000), with the average (median) age of farm holders in the UK increasing from 55 years in 1990 to 59 years in 2007 (Defra, 2006).

This tendency has led to concerns in policy circles that there is an urgent need to revitalise farming with new, or at least fresh, blood, with the key rationale being that an ageing population is less likely to be able to compete and remain viable within emerging 21\(^{st}\) Century food supply chains (Caskie et al., 2002; Chatham House, 2009). Conversely, the impact on the farming economy of an ageing population is considered to be detrimental (Caskie et al., 2002). There are also concerns that a low rate of entry into farming will ultimately lead to fewer numbers of farmers, which may have profound implications for the industry, the countryside, land use and rural development (ADAS et al., 2004). These concerns have been recognised in the USA with reference to the dairy industry in Wisconsin (Barham et al., 2001; Buttel et al., 1999), and in the UK were articulated by the Policy Commission on the Future of Farming and Food (Defra, 2002)\(^3\), who identified the difficulties of entry to and exit from farming as a fundamental obstacle to the restructuring of the UK farming industry.

Agricultural policy has looked at different ways of stimulating farm transfer (Calus et al., 2008). In farm extension programmes in the USA there has been an emphasis on facilitating farm transfer, yet this has been predominantly within the family. In Europe, some countries (Greece, Ireland, Spain, Norway, Finland and France) have introduced early retirement incentive schemes under the EU funded Rural Development Programme, although the effectiveness of such schemes is questioned (Bika, 2007; Mazorra, 2000). In England, the government chose not to offer such schemes believing they provided poor value for money (ADAS et al., 2004).

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\(^1\) This comprises inheritance, which denotes the legal transfer of ownership of the business assets; succession, which refers to the transfer of managerial control over the use of these assets; and retirement, which indicates the final withdrawal of the older generation farmer from the business (Errington and Lobley, 2002; Gasson and Errington, 1993).

\(^2\) There have been adaptations to the traditional succession primogeniture model, and some argue that succession is continuing in a more disguised manner (Lobley and Potter, 2004).

\(^3\) Set up in the aftermath of the 2001 Foot and Mouth crisis in the UK, the remit of this Policy Commission was to: “advise the Government on how we can create a sustainable, competitive and diverse farming and food sector which contributes to a thriving and sustainable rural economy, advances environmental, economic, health and animal welfare goals, and is consistent with the Government’s aims for Common Agricultural Policy reform, enlargement of the EU and increased trade liberalisation” (Defra, 2002, p. 5).
The County Farms Estate (CFE)\textsuperscript{4} in England and Wales has historically played a key role in bringing new entrants without family succession prospects into farming at an affordable cost. However, this institution has witnessed a decline with many of the county councils’ smallholdings (county farms) either being sold off or amalgamated into bigger holdings (Ilbery et al., 2006; Whitehead and Millard, 2000), with the result that fewer holdings are available for new entrants. In recognition of the ‘stagnation’ of tenanted land under Full Agricultural Tenancies (FAT), in which tenant farmers had a long-term agreement with their landlords and often rights of succession (Ilbery et al., 2006), the Farm Business Tenancy (FBT) was created in 1995. This had the aim of making more land available for farming under tenancy agreements, thereby providing opportunities for new entrants. However, while FBTs have been successful in creating a more flexible and diverse tenancy sector, most FBT agreements have covered relatively small areas of land, for relatively short periods of time, and have often involved ‘bare’ land rather than including a house and/or farm buildings. As a result, new entrants have tended to find themselves competing with established farmers wishing to rent land to expand their businesses. Whitehead et al., (2002) found that fewer than 10 per cent of FBTs were let to new entrants. Gibbard et al. (1999) also argue that, whilst the 1995 Act has provided a solution to farm expansion for existing farmers, it has reduced the flexibility and future possibilities for new entrants. Thus it would appear that policy interventions to date, such as retirement support and FBTs, have offered limited scope to address the entry-exit issue.

However, it is possible that farm joint ventures (JVs) such as partnerships, share farming and contract farming can provide new and creative models for those wishing to enter or leave farming, and that these could be supported by policy. Such unconventional tenures, when arranged between a new entrant and a retiree, can offer a potential solution to the suite of entry-exit barriers described above. They may span from a simple contract farming agreement to longer term agreements such as partnerships, in which a younger farmer will eventually take over the farm through progressive capital investment.

The prospective value of bringing together or matching retiring owner-occupiers and new entrants in some form of JV arrangement has been recognised in extension and policy circles. In the USA state extension initiatives, such as Iowa’s Beginning Farmer Center’s Farm-On and Wisconsin’s Farm Entry-Exit Farm-link, facilitate matching between new entrants and farmers looking to retire. In England, policy makers have recognised the value of such approaches; for example, the Policy Commission on the Future of Farming and Food says:

‘We think that the Government could usefully sponsor a ‘matching service’, through which potential new farmers could make contact with landlords whose tenancies are about to fall vacant, or who want to start share-farming or work-to-rent schemes’ (Defra, 2002, pp. 59-60).

Following these recommendations, a number of initiatives have been developed in England to support new entrants and retiring farmers on a mutual basis based on this principle; most notably, in the context of this paper, the Fresh Start initiative in Cornwall.

\textsuperscript{4} Initially introduced under the Small Holdings Act of 1892, a fundamental aim of the CFE is to provide an opportunity for new farmers, and especially young people, to enter agriculture in an affordable manner through farm tenancy agreements.
Nevertheless, whilst the case for JVs as a mechanism for entry and exit is clear, and the business relations can be defined, little is known about the social processes that occur when people are matched with the aim of forming a JV. Farmers’ entry and exit decisions and farm transfers to new entrants have received considerable attention in the agricultural economics literature (Davis et al., 2009; Pietola et al., 2003), and there is an understanding of the structural limitations to JVs (ADAS et al., 2004), but there has been little attempt to understand the human side of the arrangements. Indeed research described in both the succession and farmer co-operation literatures suggests that ‘actor’ factors are likely to be just as important as economic factors in determining the outcome of matching (Errington and Lobley, 2002; Honkala, 1969; Johnsen, 2003). Most notably that the differing expectations, goals and motivations of the two parties can profoundly affect the process of matching potential partners in a farm business. Additionally, the joint management phase in intergenerational succession has been shown to be turbulent due to the differing goals and expectations of the parties involved (Keating and Munro, 1989; Potter and Lobley, 1996). There has, however, been little examination of how these aspects affect the perceptions of non-kin parties considering JVs.

As such, this paper examines the processes of bringing partners together for the possible formation of JVs, using qualitative data derived from interviews with the participants, deliverers and stakeholders involved in the matchmaking element of the Fresh Start initiative in Cornwall (2005-2008). This innovative matchmaking element aimed to identify and facilitate potential matches between new entrants and older farmers (owner–occupiers), who were considering taking a less active role in the day-to-day management of their farm, through the creation of a JV agreement. In particular, the paper examines JVs where there was emphasis on setting up long-term arrangements that would enable the new entrant to ‘buy into’ an existing farm business, gradually taking over managerial control. The paper focuses on the social relations of the actors involved and their motivations and perceptions towards the development of such JVs, and examines how these impact upon both the practice and effectiveness of the matchmaking process. It goes on to evaluate the potential of an initiative like FS which seeks to intervene in and stimulate the industry using matchmaking mechanisms. Section 2 sets out the context for JVs, as well outlining their basic characteristics and potential benefits. Section 3 outlines the FS initiative in Cornwall and Section 4 the methodology utilised, with Section 5 presenting the results. Section 6 then discusses the results in relation to the literature, before a brief conclusion in Section 7.

2. Farm Joint Ventures

2.1 The context
New unconventional tenure patterns have developed over the last few decades as farmers have become more innovative in creating strategies to retain their businesses and assets as they strive to achieve economies of scale. This has been demonstrated in a number of studies. For example, Whatmore et al. (1990) showed a decline in secure tenanted land and a rise in insecure tenanted land. Likewise, a survey for the Royal Institution of Chartered Surveyors of 1790 farmers found that unconventional tenures (land not owned or tenanted including share farming, partnership and contract) formed a significant proportion of tenure arrangements (Winter et al., 1990). A follow-up survey in 2007 found this pattern had persisted (Butler and Winter, 2008), leading
Overton (2007) to suggest that share farming in Britain has become a mainstream alternative to more traditional forms of tenure. A recent review of land ownership patterns concurs with this view of increasing fluidity (Munton, 2009). This adaptability reflects a general restructuring in the industry that has enabled an ever greater diversity of ways to farm (Lobley and Potter, 2004).

Changing market and policy conditions have provided opportunities and impetus for such new arrangements. For instance, the removal of direct subsidy support and quotas has created more freedom in agricultural production, new markets have emerged and for older people there is now the option of collecting the Single Farm Payment (SFP) while letting others do the farming (Gemmill, 2005). Recognising their value, the industry has promoted JVs to all farmers and consequently they are becoming more secure in terms of how they are set up and administered, as well as being more widely accepted and accessible (Gemmill, 2005). In this context JVs provide a flexible alternative to conventional tenure arrangements for many landowners, tenants and arguably new entrants (Gemmill, 2005; Overton, 2007).

2.2 Joint Venture models
Classifications devised to categorise tenure arrangements in farming are based on the extent to which landowners exercise powers of control and as such tend to place JVs at one end of a spectrum. For example, in the UK, Whatmore et al. (1990) conceptualised a spectrum ordered according to the degree of control exerted over property rights, spanning from ownership, through tenancy and share farming, to contract farming. Ravenscroft (1999) similarly situates share farming, contract farming and partnerships in a ‘post-feudal’ stage, as distinct from feudal (where land owners are dominant) and neo-feudal (characterised by formal tenancies and associated with FATs). The post-feudal stage in England and Wales (exemplified by the era following the 1995 Agricultural Tenancies Act and the introduction of Farm Business Tenancies – FBTs) is described as driven by a free market orthodoxy, with arrangements brought about through negotiation rather than being pre-determined under law (Gibbard et al., 1999). This has introduced flexibility in tenure arrangements which extends beyond leasing, that is described as open, unregulated and short term, allowing ‘both parties the maximum freedom to exploit short-term market opportunities’ (Gibbard et al., 1999, p. 271). Butler and Winter (2008) describe contract, partnership and share farming as ‘formal unconventional tenures’ as distinct from formal conventional FATs, FBTs and informal unconventional arrangements (based on an oral agreement) such as grass keep. Thus JVs are characterised by flexibility and sometimes a lack of formality, but also by an uneven distribution of power (Ravenscroft, 1999). In particular it is suggested that the partner in any such arrangement who does not own land is vulnerable; furthermore, that landowners are dominant in that they can benefit from the farming skills and working capital of a third party, without granting a secure tenancy. Gibbard et al. (1999, p. 271) refer to ‘a more fluid and flexible tenure structure in which issues of power and control over land are subject to constant contestation and negotiation’. Specifically, they suggest that landlord-tenant relations under post-feudalism are more ‘market-constrained’ and that notions of partnership are ‘becoming increasingly irrelevant’ as the balance of power has swung away from land per se to actors within the market. There are, therefore, implications for the social relationships between the parties involved in any JV arrangement.

With respect to JVs, the extent of co-operation, investment and commitment varies between arrangements. For example, ADAS (2007, p. 7) define Joint Venture Farming as ‘the bringing
together of land, capital and skilled management in an agreement between two or more parties, each running their own business, rather than forming a new partnership’. They identify six distinct types of JVFs agreements: contract farming, contract rearing, share farming, labour, machinery sharing, and labour sharing. Other commentators, however, understand JVs to comprise a joint venture limited company, or limited liability partnership, or a simple partnership agreement based on a profit share basis (Gemmill, 2005). The basic principle of such arrangements is that one party provides most of the capital requirements, such as the land, possibly machinery and infrastructure; while the other party provides the variable inputs and management in order to achieve the production goals. An agreement is normally drawn up to split the profits (or losses) in a pre-arranged percentage ratio depending on the amount of capital introduced, or the amount of management expertise required. With respect to using such a JV as a mechanism for farm transfer, the general aim is that the new entrant starts off working for their older business partner before joining them in a partnership, ultimately buying them out when they retire. The new entrant relies initially on the older farmer providing most of the capital requirements, while the younger farmer provides the variable inputs and day to day management. In this sense, these ‘partnership JVs’ can be understood as a non-kin intergenerational transfer. This latter model is of particular interest in this paper, as it was the format of most interest to participants applying to the Fresh Start initiative in Cornwall.

2.3 Joint Ventures: potential benefits and barriers

Such JVs give new entrants a chance to enter a developed business without excessive initial capital expenditure, to learn from the older farmer and to use their experience and established business networks. For their part, the new entrant can contribute new management skills and expertise, as well as their labour and perhaps some of the input costs (Gemmill, 2005). In addition, in much the same way that a farmer’s son or daughter might enter the farm (and contribute to its development) via the professional route or detour (Uchiyama et al., 2007), a new entrant potentially brings new skills, experiences and ideas from outside the farm which are beneficial to the business. In this respect, Northfield’s (1979, p. 177) observation that ‘there were dangers in agriculture becoming a closed shop and that it would not be desirable if entry to farming were restricted solely to a privileged class of inheritors’, is pertinent.

For older farmers, a partnership-style JV represents an opportunity to retire partially without completely losing control of their business. There is evidence that increasing numbers of older farmers are electing semi-retirement, which includes remaining involved in the business in some way (Gasson et al., 1998). Indeed, in a more recent survey by ADAS (2007), 39% of farmers said they intended to semi-retire, while 4% had already semi-retired. A JV also provides the opportunity to start considering the transfer process at a relatively early age, which can be significant in that research suggests that the longer the exit decision is delayed and the age of the farmer increases, the lower the probability of farm transfer (Pietola et al., 2003).

Despite the identified benefits of JVs, a survey conducted by ADAS (2007) shows that in reality only a very small number of new entrants use JVs as a route into farming, classifying only 4% of respondents as having done so, compared with 25% who used a JV agreement to facilitate retirement. Likewise Butler and Winter (2008, p. 7) found that ‘there is little evidence that the unconventional tenure arrangements have done a great deal to open the way for new entrants’. ADAS (2007) point out that there is no indication of a lack of interest and skills amongst young
people, suggesting that owner occupiers were reluctant and risk averse about offering JVs opportunities or tenancies to new entrants who have no, or a limited, track record.

Insights from the succession literature, however, suggest that there may be more deep-seated concerns about bringing a new entrant, especially a potential non-kin successor, onto the farm. The younger farmer’s lack of knowledge of, or attachment to, the farm itself may represent a barrier in the eyes of the older farmer. In family farm transfer, choice of successor follows what Dumas et al. (1995) call the ‘incubation stage’ in which farmers’ children are socialised into the values, norms and behaviours of the farm, family and business. They also build up highly detailed and locally farm specific knowledge and skills. It is argued that these intangible assets engender a sense of intergenerational accountability and provide an advantage to the kin over the non-kin intergenerational successor (Dumas et al., 1995; Laband and Lentz, 1983; Uchiyama et al., 2007). Research by Pesquin et al. (1999) supports this view, demonstrating that families taking over farms achieved a higher standard of living compared to new buyers. The perception that family members have an advantage is also supported by a study in Finland, which found that farmers are more willing to co-operate in a joint action with another farmer, if the latter is a relative (Honkala, 1969). Drawing on the family succession literature (e.g. Gasson and Errington, 1993; Potter and Lobley, 1996), it is clear that family farms operate as social units and are not simply business ventures. Asking farmers to consider taking on a partner or potential successor from outside the family, therefore, involves more than just a decision of business and economic efficiency.

A further concern highlighted in the succession literature is of incompatibility or conflict during the ‘joint management stage’, described for family farm succession as the period in which the transfer of managerial control occurs (Dumas et al., 1995). During this stage newcomers find it difficult to integrate into the farm business and tensions are most likely to arise as the two parties endeavour to work together (Dumas et al., 1995). The ‘business hiatus’ described by Errington, (1998) associated with this stage, in which each partner follows different business goals/trajectories and even philosophies, can bring a further set of pressures.

One key area of potential conflict is the extent to which the older farmer delegates (or lets go of) responsibility to the younger farmer (Burton and Walford, 2005). As the Policy Commission recognised: ‘older members of farming families are sometimes reluctant to release their grip on the business’ (Defra, 2002, p. 59). This is endorsed by other studies (such as Weigel and Weigel, 1990), as well as by ADAS’s (2007) figures of those opting for partial, rather than full, retirement. Conversely the younger farmer is looking for ever more independence and responsibility. As the ADAS (2007, p. 44) study of new entrants’ attitudes found, the two key drivers were ‘wish to control my own business’ (expressed by 93%), along with a ‘desire to work in farming’ (cited by 86%). If the young farmer is denied responsibilities due to the older farmers’ entrenchment and encounters a slow rate of progress up the so called ‘succession ladder’, this can lead to frustration and poor relations (Errington, 1998). As such, the smoothness of the transition period will depend on the extent to which decision making is delegated and the extent to which the incomer has the opportunity to run a separate enterprise (Gasson and Errington, 1993). Independence is clearly an important consideration for both parties, as revealed

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5 Dumas et al. (1995) classify family succession into four stages: “incubation”, “the choice of successor”, “joint management”, and “the predecessor’s departure”.
in Honkala’s (1969) study of a farmer’s willingness to co-operate with another farmer. Although generally willing to share machinery and labour, ‘the most difficult problems associated with co-operation between farmers are social in character’ (Honkala, 1969, p. 249). Whilst these observations refer to experiences of younger and older farmers actually working together, rather than the process of matchmaking, they are relevant in that they reveal possible tensions that might inform the perceptions of those considering matchmaking.

Despite offering a promising mechanism for addressing the entry-exit issue, there is little evidence that JVs have been effective at providing entry into, or exit from, farming. Whilst market conditions can explain this to some extent, with lack of capital being a considerable drawback for many young entrants (Gibbard et al., 1999), it would appear that other forces are at play. Insights from the succession literature suggest that reluctance to engage in a JV may stem from deep rooted concerns about personal and working incompatibilities between new entrants and the owner occupier due to differing motivations and goals. This research aims to examine these issues in the context of the Fresh Start initiative in Cornwall. Specifically it will investigate the characteristics, motivations, concerns and perceptions of new entrants and older farmers with respect to JVs and consider whether a policy initiative like Fresh Start can be effective in such a context.

3. Fresh Start in Cornwall

The empirical evidence for this study comes from an evaluation of the Fresh Start (FS) initiative, which ran in Cornwall from 2005-8. Cornwall, a county which lies at the tip of the South West peninsular region in England, is very distinctive in terms of its climate, landscape, tourism and heritage. It is also notable in terms of its poor economic performance, which during the time of study was ‘under-performing’ against the European Union (EU) average, thereby qualifying it for European assistance. The farming industry, comprising predominantly livestock and dairy with some mixed farms and horticultural businesses, was also facing economic challenges in the mid 2000s, leading to exceptionally low profitability and forcing a number of farms to restructure (Hopkins and Lobley, 2007).

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6 Firstly, through Southwest Objective 5b (1994-99), secondly through the Objective One Programme (2000-06) and currently for Convergence (the only other convergence area in the UK is West Wales and the Valleys). Objective One was the highest priority designation for European aid and was targeted at areas where prosperity, measured in Gross Value Added per head of population, was 75% or less of the European average.
Fig. 1. Cornwall location map.
FS also operated against a backdrop of high demand for, and poor supply of, agricultural land. The disproportionately high cost of farmland in the region, exaggerated by the proliferation of lifestyle and investment purchasers (Home, 2009), making it increasingly difficult for new entrants to purchase holdings. Land prices in the South West increased by 22% in the first half of 2007, compared to the corresponding period in 2006 (RICS, 2007; Strutt and Parker, 2007a, b). There was a coincident decline in the number of holdings entering the market in the region, with the number of farmland sales in the first half of 2007 falling by 29% (RICS, 2007). The high cost of rural housing, fuelled by the large number of second-home owners in the county, presented a further barrier to both the new entrant and potential retiree. Although Cornwall’s County Farms Estate still plays a role in providing opportunities for new entrants, the amalgamation and sale of holdings has significantly reduced the number of opportunities available for new entrants.

Fresh Start in Cornwall was an industry-led initiative, run by the Cornwall Agricultural Council in partnership with Business Link and Duchy College, funded by the Objective One Programme. It was envisaged as being a pilot and potential model for a national FS scheme7. In pursuit of this overall goal, it had three 'key aims':

- to encourage and help newcomers to the agricultural industry to ensure its long-term health and vitality;
- to encourage those within the industry to plan ahead and explore new opportunities and options; and to
- provide an opportunity for those wishing to leave the industry to do so with dignity.

In order to help achieve these aims, FS took an innovative approach by offering a package of measures that were intended to make use of existing schemes and projects, where possible. The initial package of measures included the following elements: *Matchmaking* - Linking new entrants to holdings, or putting them in touch with existing farmers considering a joint venture; *Business Support* - Professional consultants were subsidised in order to help with the preparation of business plans, budgets and cash flows, tender applications, share farming and joint ventures; *Mentoring* - Personal support to new entrants on farm; *Training* - Helping identify suitable training courses; *Retirement and Succession Planning*; *Rural Housing Provision* - Putting people in touch with appropriate organisations that might help them find somewhere affordable to live; and *Financial Engineering* - in the form of a loan fund. This paper focuses on the results pertaining to the *Matchmaking* element of Fresh Start.

Applications to the matchmaking element of the FS scheme were encouraged from both new entrants and those seeking retirement advice or offering JVs. The co-ordinator of FS matched these applications according to the apparent compatibility of their requirements, expectations, background, inputs etc. Typically both the new entrants and older farmers were sent details of each other as a first step. If interested, they were then given the opportunity to meet together, along with the co-ordinator and a consultant who could provide subsidised business support. If after the meeting the applicants were still interested, the consultants would begin the process of negotiating and detailing the JV agreement.

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7 Although acting as a pilot, FS in Cornwall is distinct from the Defra national Fresh Start programme which has taken a different approach by supporting a number of Fresh Start Academies for new entrants.
Of the 212 registrations with FS, 55 people actually received support from one or more of the elements of the initiative. The majority of these were new entrants (39), whilst the remainder were either moving on (7), or offering JVs and hoping to remain on the farm (7); only two people wanted support to leave their farm. Of the 39 new entrants seeking support, most were interested in finding their own farm (although many said that they were prepared to consider various options). Six, however, were specifically seeking support for entering some kind of JV with another farm business (in some cases identified by themselves). In other words, a total of seven older farmers were offering, and six new entrants were seeking, a JV opportunity. As such, it was the role of the matchmaking element of FS to try and co-ordinate the aspirations of these two groups of people.

4. Methodology
The results presented here derive from the evaluation of FS, which was carried out throughout the lifetime of the initiative (2005-2008). The evaluation comprised four stages. This paper draws primarily on the results of a series of interviews and focus groups undertaken as part of Stage 3, although data from all the evaluation stages have been used to inform this analysis. Semi-structured face-to-face interviews were conducted with each of the six new entrants seeking JVs, as well as with each of the seven older farmers offering JVs. These were supplemented by four focus groups: two with participants described as ‘most assisted’ within the FS database (i.e. those who had benefited most from all the elements of FS), one with participants who were offering a JV opportunity and one with consultants who were involved with FS applicants. In addition, eleven face-to-face interviews were conducted with land agents and ‘most assisted’ FS applicants, and a further 14 telephone interviews with applicants receiving a range of support. Those seeking and those offering JVs were able to offer insights from personal experience; whilst others, such as consultants, broadened the perspectives obtained. In taking this approach it was possible to derive a cross-section of opinions from those involved in JVs, thereby providing a rich picture of the JV process.

This qualitative approach was taken in order to examine the social processes that occur when people are matched with the aim of forming a JV. Semi-structured face-to-face interviews allowed the researcher to have a nuanced understanding of the opinions, experiences and attitudes of those involved through engaging them in personal conversation (May, 2001). These were then complemented by the focus groups, which enabled those who had been variously involved in JVs to reflect upon their experience with others. This helped stimulate recall and the identification of common issues (Goss and Leinbach, 1996), adding an extra dimension to the data collected within the interviews. All of the interviews and focus groups were digitally recorded and subsequently transcribed, before being analysed and coded manually to help identify common themes and issues. The resultant themes provide the basis for the presentation of the results in the following section. Firstly, the limited success of the matchmaking element of

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8 In the overall evaluation, Stage 1 data were gathered from interviews with key stakeholders, delivery partners and industry representatives. Stage 2 comprised 70 (face-to-face and telephone) interviews conducted with actual, or potential applicants. This was supplemented with data from interviews with members of the scheme’s Appraisal Group. Stage 4 involved further interviews and a consultative workshop.
FS is described. Secondly, the reasons for this lack of success are investigated, which includes exploring the applicants’ motivations, goals and expectations, as well as their concerns about the JV process.

5. Results

5.1 FS matchmaking: Limited success
All of the stakeholders interviewed agreed that the matchmaking element of FS represented a great opportunity for the farming community in Cornwall, and that JVs provide a good option for many aspiring farmers; yet problems were anticipated. As one stakeholder observed:

I think matchmaking is pivotal to the whole thing. If you are not getting people to be able to exit the industry, you are not making the spaces available for the new ones to enter. That process is actually fundamental, if that bit fails, then FS isn’t going to happen, it’s as simple as that…Although I don’t think it will be so easy in practice (stakeholder 1).

The last sentence is insightful as, in reality despite a large effort by the FS co-ordinator and subsidised business advice, the matchmaking element yielded disappointing results. As the number of applications reveal, the matchmaking element attracted little interest, despite the large number of applicants to the scheme overall. Of the new entrants applying, most were looking for subsidised business support for a tenancy application or another route into farming; JVs did not appear to be a consideration for many. Some major drawbacks to applying, identified by consultants and applicants alike, included a lack of capital available to the new entrants, a lack of housing provision for new entrants on an existing farm and/or insufficient profits from the JV to sustain two salaries. The small number of older farmers offering JVs may demonstrate not only their reluctance to engage with this matchmaking process, but also reflect the poor uptake of the scheme’s retirement support by the farming community as a whole. In part the novelty of the matchmaking element may also have been a barrier, with farmers (new and old) preferring to opt for more conventional forms of support.

These results, however, focus on those applicants who did apply for the matchmaking element (six new entrants and seven farmers). Despite support and encouragement from FS, only one JV was recorded as being successfully arranged as a direct outcome of the matchmaking process. In a number of cases farmers were matched by FS and, although there were no capital barriers and on paper the match looked promising, reservations were expressed by the parties involved and decisions were made not to proceed. It would appear that human factors explain the reluctance of new entrants and older farmers to join forces. The applicants’ motivations, perceptions and concerns considered in the following sections provide some explanations for this reluctance.

5.2 Applicants’ motivations, goals and expectations
The motivations of those older farmers (seven owner occupiers) offering JVs were mixed. Some saw JVs as an arrangement that would enable them to stay on the farm in some capacity and to derive an income. One such applicant (retiree 1), who was looking for a JV as a pre-retirement option, explained that his goal was ‘to put a suitable applicant into the business and let them carry on farming it and give us a reasonable income’. Others wanted to find a way to sustain
their farm because of a sentimental attachment, with a JV offering an opportunity to do this in the absence of a kin successor. An organic farmer (retiree 2), for example, had invested a lot of time in building up a pedigree dairy herd and was looking for someone to take over his stock. He planned to leave farming, but was reluctant to dispose of his stock. He was also concerned about losing the organic status of his farm if, for instance, he sold his stock and a non-organic neighbour took over the land. His idea for a JV was that the new entrant would rent the land and eventually own the stock through a phased purchase. He felt it was a good deal for both parties, as a young person could make the farm ‘work harder’ because they would be more energetic, while benefiting from a well-established standard of farming and a readymade market. Another prospective retiree described a similar attachment to his farm, seeing a JV as a means of staying on the farm and at the same time offering a learning experience to a newcomer:

I’ve just turned 50 … I’ve got a 200 acre farm, I want to live there and I’d really like to keep the farm, for sentimental reasons if nothing else. Perhaps not a businesslike way of looking at it but that’s where I’m coming from. It would be dead easy to let the whole farm out on a farm business tenancy but I’ve got this sort of niggling feeling that I’ve still got a few years left in me yet and I’ve learnt a lot over the years; I wouldn’t mind passing what I’ve learned onto somebody else… I’m very flexible on how that might be achieved (retiree 4).

Some of the potential retirees also revealed altruistic motivations for wanting to be involved in a JV, expressing a desire to give a new entrant a start in farming as well as more generally wanting to assist the farming industry in Cornwall. It is clear that for some farmers it was important to bring on a new generation of farmers, as one said: ‘I believe passionately that I want to provide an opportunity for a youngster to set up in business’ (retiree 2). Indeed, one person almost saw his role as being part of a career progression path for aspiring farmers: ‘It would give me enormous pleasure to provide a business opportunity for somebody to come along and make a go of things’ (retiree 3).

These farmers acknowledged, and consultants agreed, that by far the easiest option for a retiring farmer is to rent the house and the land out, perhaps to a neighbour, and indeed this is the route that many retiring farmers in the county take. This makes the selfless motives of the retiree applicants more surprising. In one case, an older farmer (retiree 5), who had offered a JV, rhetorically asked: ’why did I go to all that trouble of setting up a joint-venture opportunity when I could far more easily have simply let off the farm field by field?’

Some new entrants, however, questioned these retirees’ motives for entering into a JV; for example, one younger couple (new entrant 1) who had been matched with an older farmer (retiree 6) felt that his motives were purely to keep the farm business going. As one of them remarked: ‘he needs to stay farming because he still has many overheads, it isn’t an altruistic decision to allow a young couple a step up the ladder’. This refers to the ongoing costs that the older farmer has to support as part of his farm business structure. They felt that because of this, any working relationship they entered into would be difficult.

From the new entrants’ perspective, the overriding motivation is to farm by themselves. A number of them are employed in farming already but are looking for a route into being
independent farmers. They are often idealistic about this. The new entrants interviewed all displayed a passion for farming. As one (new entrant 2) explained:

We wanted to do something and you push and push and try and you almost think [about giving up]..., but we both want it and the kids want it and we would just love to farm – get in there and do it ourselves.

For many applicants it is an all consuming passion which can lead to frustrations for those who have ideas and aspirations about their future in farming. As a one young entrant (new entrant 3) explained: ‘That’s all I think about…it’s really frustrating that you’ve got these ideas’. These aspirations need to be balanced with those of the older farmers offering JV opportunities. The consultants who took part in the focus groups felt that many FS ‘new farmer’ applicants were naïve and overly optimistic in terms of what they might get from a JV agreement, pointing out that they should not expect to get everything they want in the first instance. Sometimes the expectations of both parties, in terms of what is actually being offered in the agreement, were found to be mismatched and in some cases unrealistic. As one consultant explained:

We come across this the whole time, clients looking for land and those wanting to do something with it, it is important to match expectations. For those wanting to rent out, they have an over inflated idea of the rental value, accommodation can also be a problem, new entrants expect a house on site…..(consultant 1).

A further issue is the timing proposed for the hand over. Some of the older farmers were suggesting a period of five years, which may well be too short for many of the incomers who may need longer than this to sort out the necessary finance to fully take over the farm business. Matching expectations and setting out realistic goals is seen as very important if a JV is to be attractive and ultimately successful. As one consultant pointed out: ‘It’s time, capital and income expectation that need to be managed’.

5.3 ‘It’s a personal decision’

A number of other concerns were expressed by both parties during the matching process and planned JV arrangements. Barriers identified included a lack of commitment from both sides, personality differences, and reluctance, on the part of the older farmer, to surrender control of the business. There was a general consensus that on paper matchmaking seems feasible, but in practice it is likely to be very difficult because, as one stakeholder (stakeholder 2) observed: ‘Ultimately you can’t make people get together, it’s a personal decision’.

5.3.1 Working together- giving away control

One key anxiety for the new entrants was the issue of control and the balance of the working relationship. These concerns are underpinned by a general view that farmers are not good at co-operating and sharing responsibilities, as articulated by this stakeholder:

The theory sounds great, you know, it sounds exactly what the industry needs, but, you know, farmers aren’t very good at sharing. A joint venture in itself is a form of co-operation and requires sort of giving away some of your control of the business, and sharing and bringing somebody on (stakeholder 2).
In particular, the older farmers’ reluctance to give up control was referred to by some as a means of illustrating how tensions might arise in a JV. One half of a new entrant couple considering a JV observed (new entrant 1): ‘having watched fathers and sons working together on farms I saw that the father can never really let go of control of the farm’, and this was a real consideration for her with regard to how the JV would work. In this JV it was proposed that the older farmer (retiree 6) would sell 100 of his cows, with the new entrant couple (new entrant 1) bringing in their own cows and over a 10 year period gradually increasing their investment in the farm. However, the new entrant (male) felt that he would be ‘little more than a labourer .. a glorified herdsman...an underdog’ and that by going into the JV through such an arrangement would gain very little. Indeed he felt it would be a step backwards because he and his wife were going to have to give up their independence and he would have to return to being a herdsman/labourer. Clearly the extent of responsibility accorded to the new entrant is something that new entrants worry about, particularly given that their ultimate goal is to farm independently.

However, some older farmers appear to encourage independence, stressing that they want the new entrant to enter the JV with new ideas of their own, and not simply to work as part of the existing business; indeed criticising some of FS applicants for being unprepared in this respect. There was a general feeling that new entrants need to take a greater sense of ownership and to be motivated to drive the business forward. The following two comments illustrate this view:

> What I want – is someone to come up with the ideas for me, and because as you say, we’ve slowed down a bit and we do it in the way we’ve always done it and you want someone to come and challenge that and say, ‘why don’t we try this and why don’t we do that? Why do you do it that way? (retiree 7).

> By the time we’ve scaled down over the next 10 years, they don’t want their business based on our good ideas, they need their own ideas so they can carry forward. They’re starting off now, they’ve got 40 years in front of them. It’s no good them keeping going for 10 years on our good ideas and then…doing the same thing for the next 30, that won’t work (retiree 5).

Older farmers are also looking for commitment, making a distinction between employing somebody and going into a JV with them. One older farmer suggested that there had to be ‘buy-in’ by the new entrant and that part of this involved capital investment, saying: ‘without that input [capital] they aren’t going to run it satisfactorily – not unless they have a vested interest – without capital it’s just like employing someone. They have to have an anchor and a commitment’ (retiree 4).

This need for new entrants to be committed to the new venture was echoed by others offering opportunities. It would appear that older farmers genuinely want to provide a step on the ladder and are looking for innovative partners, however they acknowledge that handing over control (or partial control) of a business that they have been in charge of for perhaps 40 or 50 years is unlikely to be an easy process, requiring flexibility on both sides. There was an admission that although they are willing in principle to offer a JV, when it comes to the reality of ceding some control, they may be more reluctant.
The likelihood of effective co-working is obviously difficult to predict. However, the one JV that was successfully arranged by FS holds some keys. In this case, the partners had already been working together before FS formalised the agreement. The younger farmer (new entrant 8) worked for the older farmer (retiree 5) while he was still at college and gradually took on the job of herdsman before eventually buying the milking herd. The older farmer explained:

I saw Ken up at college one day and said ‘What are you doing when you finish college?’, because the family is three generations now on the farm at home, so there wasn't a place for him unless they expanded, and he said he might be looking for a job. I said ‘Well come down and see whether I have got anything that interests you’. So he came down and we went around the farm and he had a look around. I said ‘Well what do you think about it?’ He said ‘I like what I see’. And that was encouraging. And it has grown from there.

When asked: ‘How difficult is it for you to give responsibility away, having been in charge for 50 years?’ the older farmer (retiree 5) responded that this had not been a problem, stressing that he was adaptable. He acknowledged that there were of course differences: ‘We have slightly different temperaments, and it shows up sometimes', but that ‘you have to accept that’. He said that it was a phasing-in experience and that he was now in some senses working for the younger farmer (new entrant 8). He joked: ‘He (new entrant 8) makes a better employee, than he makes a boss'. He is not doing everything exactly as before, but the retiree feels this is fine as some of the changes have been beneficial. This particular relationship appeared to be working well, but as one consultant who was involved (consultant 1) observed, this was due to the approach of the older farmer who is ‘a super old chap and had really given Ken a leg-up in farming and been very generous’. In many ways this was an ideal arrangement: the older farmer was willing to accommodate new ideas, as well as let the younger farmer settle in. Crucially, they also had the chance to work together (in an ‘incubation stage’) before any formal business arrangement was made by FS.

It is clear that older farmers tend to value people they know, or who are known in the community (as exemplified in the case above). For the older farmer, the prospect of the arrival of an unknown and possibly unsuitable person into their farming lives, is disturbing. They acknowledge that they have often reached an age where they are less willing to be speculative about what they do, and wish to deal with known quantities and known people. They also like the land to be looked after well, and if ‘someone walks up the drive’, despite the fact they may have undertaken various training courses there is likely to be considerable concern as to how they would look after the land in the future and how they will get on together as people.

5.3.2 ‘Deep down few people actually want to do it’.
It is apparent that while applicants are often very enthusiastic about the idea of joining forces as a way of getting into or leaving farming, there is also, often, a degree of risk averseness due to uncertainty about the JV arrangement. Although a JV can offer a genuine business opportunity, a consultant acknowledged that ‘deep down few people actually want to do it’ (consultant 2). From the new entrant’s perspective, if the JV means involves moving to a new geographical location they may have to forfeit a job and forego the support of their local friends, family and
neighbours. For example, one young couple (new entrant 1) were matched by FS with an older farmer (retiree 6) and a JV was proposed. They met up and had gone quite a long way through the process of negotiating a JV, to the point that a final decision needed to be made and a formal arrangement drawn up. However, despite their consultant telling them it was a good idea and encouraging them to proceed, they were concerned that they have ‘too much to risk on this unknown future’, in that they had ‘a good business, children at school, own home and were quite well off’. Similar considerations were identified by other new entrants. In addition, they were reluctant to relinquish their independence as comments such as: ‘we don’t want to be beholden to anyone’ and ‘we have heard lots of stories of partnerships failing’, demonstrate.

5.3.3 What happens if things go wrong?
The overwhelming emotion revealed by both new entrants and older farmers is anxiety, associated with uncertainty about the proposed venture; most notably in terms of potential tensions in both their working and personal relationships. The prospect of the JV failing is linked to a key consideration for many about the validity of the agreement in legal terms. There is a recognition that setting up a JV can be a complicated process which needs to be carefully thought through. Although keen to support younger farmers, those offering JVs (who have more to lose) have concerns about the security of JV arrangements and are uncertain about the various options and legal frameworks available. The complexity involved in the numerous agreements that exist can cause confusion, as in the words of one retiring farmer:

A share farming agreement is not an easy process. It has got to be thrashed out. …It is a difficult process to work out. Who is responsible for what? How do the income payments work? (retiree 6).

There is clearly the potential for misunderstanding, uncertainty and apprehension. Consultants and land agents do have legal frameworks in place for a range of JV options, and stressed the importance of making sure that they are geared to individual circumstances. They stressed that a ‘one size fits all’ approach presented difficulties and was not always appropriate. While some land agents use a very basic agreement, others have well developed frameworks and insist that agricultural accountants/solicitors have to be engaged to get a credible agreement. As one such consultant explained:

There are an enormous number of sham agreements that would not stand up in the law. There are agreements but they are not ‘bullet proof’ if there is a massive fall out, it goes to court (consultant 1).

Even though JVs have the potential to offer genuine business opportunities, the concerns highlighted above help explain why, despite a number of ‘ideal’ cases being supported and nurtured by FS, the applicants in most cases decided not to proceed. Essentially these concerns arise where partners are matched solely by business attributes, with little opportunity to get to know each other, or to build a relationship whereby they can understand each other’s aims, ways of working, knowledge and skills etc.

6. Discussion
The research has found that where potential matches were identified amongst applicants (and structural barriers were absent), there is clearly a deep rooted reluctance amongst both parties to commit in practice to the proposed working relationship. The results revealed that older farmers had a variety of motivations for offering JVs, including wanting to prolong their farming career, supporting a transition toward retirement and altruism in terms of wanting to support a new generation of farmers. However, they also suggested that often expectations from both parties about what a JV might provide, were unrealistic. Reluctance to engage in a JV stems from new entrants’ concerns about the degree of responsibility they will be offered in the JV, and retiree concerns about the level of commitment and knowledge the new entrants will bring. All of these issues have been noted in studies of kin succession. For example, the father’s unwillingness to delegate sufficient responsibility to their offspring is a well known feature of family farm succession (Gasson and Errington, 1993). New entrants, often themselves from some sort of farming background, are aware of these potential difficulties and clearly want to avoid the resulting frustration of being relegated to ‘farmer’s boy’ status. The new entrant’s goal of independence, and the older farmer’s reluctance to cede control, suggests that Dumas et al’s (1995) joint management stage (in which managerial control is gradually transferred from older to younger farmer) is perceived as being an arena for tension between the two parties. As demonstrated in other situations, the independence trait of farmers does not always give way to a new philosophy of sharing and co-operation.

Older farmers are clearly attached to their farms, having put a lot of effort and investment over the years into building up the business, and this is often their argument for wanting to sustain the farm in the absence of a kin successor. However, these farmers, although wanting to assist new entrants in general, are concerned about sharing their farm with an unknown party. Conversely, kin succession benefits from an extended incubation stage (Dumas et al., 1995). In this respect, it is interesting that in the one JV which was successfully arranged, both parties knew each other (and each others’ families) well and had worked together for a period before FS formalised the agreement.

Apprehension about what exactly is involved in a JV agreement, the validity of any resulting agreement in legal terms, and the prospect of the JV failing have emerged as prime considerations for both the parties involved. This mirrors results from a Belgium survey (Calus and Van Huylenbroeck, 2005), which also revealed a poor knowledge of how such agreements might operate in practice. Paradoxically, it is the unconventional nature of JVs, a feature of post-feudal tenures which should make them an ideal vehicle for new entrants to join older farmers, that appears to be a key barrier to their completion due the risk and uncertainty associated with their openness and flexibility. This accords with Ravenscroft’s (1999) views that such flexible post-feudalism arrangements, in which land owners and tenants are assumed to be capable of negotiating their own arrangements within an open contractual structure, can place the parties involved in a more vulnerable position. Ravenscroft argues that the dyadic post-feudal system (wherein there is no government intervention) can leave the weaker party, usually the tenant, vulnerable to exploitation and the landowner, usually the dominant party, in a position of power. This relationship, like the post-feudalism landlord-tenant relationship described by Gibbard et al.

9 Gasson and Errington (1993) characterised the successor who has worked with their parents for a long time, but who has been accorded few managerial responsibilities, as the ‘farmer’s boy’.
is underpinned by the balance of power residing with the land-owner, who is the capital-rich partner, in comparison with the potential new entrant who has limited resources.

This research found, however, that both new entrants and land owners feel vulnerable and at risk of being exploited in an unconventional contractual arrangement. This suggests that flexible post-feudal arrangements like the JVs FS attempted to facilitate are perhaps not the best mechanism to support new entrants. Indeed Ravenscroft argues that neo-feudal systems, characterised by strong government intervention, can achieve the greatest long term stability and are the only systems that can encourage both long term career tenants and new entrants. The case for JVs as a vehicle for new blood to enter the industry may not therefore be so clear cut.

7. **Conclusion: is there a role for matchmaking initiatives?**

With respect to policy instruments, there is debate about the nature and extent of intervention required to stimulate entry and exit in farming and indeed whether it is justified at all. Some argue policy intervention is unjustified, suggesting that entry and exit decisions are generally rational and driven by strong market forces and personal motivations (ADAS et al., 2004). However, others like Castle (2004, p. 11), point out that in the post-decoupling era (and its guaranteed minimum level of direct payments irrespective of output) some incentives (such as early retirement schemes) are necessary to enable ‘the release of lands’ against the option of just holding on to one’s land, semi-retirement and claiming entitlements’. To date, policy interventions such as retirement support and FBTs appear to have had limited success in addressing the entry-exit issue. Furthermore, matchmaking was proposed by the Policy Commission on the Future of Farming and Food (Defra, 2002), but as this study has shown it clearly has its limitations in practice.

At a policy level, the matchmaking element of FS has been widely seen as an innovative mechanism for addressing the farming entry-exit issue in Cornwall and, as such, encouraged and supported by stakeholders, scheme funders and deliverers. However, results from the evaluation of FS suggest that there are a number of barriers to effective matchmaking. The low numbers applying to FS for matchmaking support in itself suggests some resistance to JVs as an option for entering or leaving farming. Whilst this can be explained in part by structural barriers, there is also a sense that there is still a lack of understanding of what constitutes a JV and deep seated concerns about how the personal, financial, legal and working relationship within a JV might work. Thus the very flexibility that a JV offers is seen as a source of risk for a secure future.

Although this study has centred on Cornwall, previous research in other regions in the UK (ADAS, 2007; Butler and Winter, 2008) has also revealed that JVs do not appear to be offering entry opportunities for young farmers. Regional and cultural differences can account for variable responses to policy interventions, as demonstrated for early retirement schemes by Bika (2007). Nevertheless, Cornwall is sufficiently similar to the rest of UK, both with respect to the farming challenges it faces and the proportions and percentage changes of rented and owned land (Defra, 2009), to conclude that the views and concerns about JVs revealed in this research are relevant to other counties in the UK.

Give the nature of restructuring in the farming industry in UK, unconventional tenures are likely to continue to form a significant proportion of tenure arrangements. At the same time, the
average age of farmers is likely to continue to rise, while young people still want to enter farming as the large number of registrations for FS demonstrates. Against this background, it would appear that some older farmers do genuinely want to support a new generation of farmers and are prepared to offer (in some cases altruistically) holdings for unconventional tenure (such as JVs). Given this, it would appear that opportunities will exist for new entrants and older farmers to create JVs in the future. However, any mechanisms introduced to help realise such opportunities need to be refined to take account of the social processes and personal relationships between those involved, in addition to concerns over contractual arrangements and issues of power. Following Ravenscroft’s (1999) arguments, there may be a case for more formalised (neo-feudal) triadic arrangements (involving the government, landlord and new entrant) to help remove the risk of exploitation and to provide the right conditions for a long term and more secure farming future for new entrants. It is likely, however, that proposals for such interventions will be contested; the case to allow market forces to prevail is still relevant, as is the question of whether such arrangements would represent value for money (ADAS et al. 2004). It is also questionable whether such intervention can work in a situation where the balance of power rests so heavily with those rich in capital (Gibbard et al., 1999). Equally the farming industry itself might question the need to intervene and stifle existing farmers’ current opportunities for innovative and flexible strategies for land use and management.

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