

Covid-19 Rural Business Impact Report

May 2020



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Introduction

Scottish Land & Estates (SLE), is a rural business membership organisation. Members include farms and estates which have a wide variety of strands to their businesses including tourism, hospitality and forestry. SLE recently carried out two surveys to further understand the impact Covid-19 is having on their members' businesses as well as their preparedness to operate physical distancing and safe working practices. While these are not academic studies which can be extrapolated across the membership, a significant number of responses were received which give a flavour of the impact and insight into the thoughts of land-based businesses across Scotland.

Readiness to safely reopen

In May 2020, 250 SLE members responded to our survey with their thoughts on the safe restart of the rural economy, specifically their ability to do so and how it would affect them.

Confidence to operate safely

When asked their views on the ability to operate their businesses while maintaining safe physical distancing, **56% were confident they could do this over their entire business** and **36% were confident they could do this over part of their business**.

There was little variation in confidence between types of business covered by the survey which ranged from tourism to shooting and fishing and from renewable energy to farming. However, those businesses operating in food, drink and hospitality were slightly less optimistic about reopening all of their business. **36% stated they were confident about reopening fully, with 54% saying they were confident about reopening part of their business safely**.

These results are very encouraging but respondents made it clear that although their business could meet the social distancing requirement, this would often mean either less customers on a premises, or inefficiency for those working in manufacturing and processing, as staff could not work closely together, both of which would hit the profitability of the business.

Confidence in the future of their business

Members were further asked about the effect the pandemic is having longer term on their business. **85% of respondents were confident about the future long-term sustainability of their business with 27% strongly agreeing they were confident, and 58% agreeing**. The reasons given for the lack of confidence included tourism businesses with little certainty as to when they can re-open as well as diversified businesses who have seen large part of their income wiped out. Country sports tourism feels particularly under pressure with a lack of availability of support. Issues outside Covid-19 which are having an effect on confidence include future trade deals and the volatility of commodities such as red meat and cereals. There was a desire for a clear direction of travel from government on trade and future rural support to allow long term planning to be carried out.

Biggest issues for rural businesses

In April and May 2020, 100 members responded to our survey asking about the biggest issues facing them as a business during the Covid-19 pandemic.

Supply Chain Issues

Although many SLE members work in sectors such as food and energy production which are deemed Critical to the National Interest, often it is the supply chain effectiveness which allow this work to be done.

35% of those responding reported having issues with the supply chain. These ranged from low level issues such as short delays in fuel and feed deliveries to more urgent problems in sourcing parts and materials to carry out urgent repairs on properties. Ability to source contractors was also an issue, with confusion on what work can and cannot be carried out during lockdown. Similarly, sourcing PPE to enable urgent repairs, particularly plumbing, in tenants' homes has meant an increased risk of infection as well as anxiety amongst workers and tenants.

In agriculture there have been issues with sourcing parts for machinery to enable important food production work to continue.

Access

The Scottish Outdoor Access Code ensures that the public have the right to responsible access to much of Scotland. This is something which SLE members respect and embrace. However, **49% of respondents reported a rise in issues with access since the start of the pandemic in Scotland.** There has been a marked rise in people walking and exercising in rural areas and we are seeing a public who are not familiar with responsible access to the countryside.

These issues range widely. Rural car parks have been closed to deter people from travelling by car to take exercise, but this has resulted in cars being parked and abandoned in gateways and by the side of the road. Reports of livestock worrying have increased with dogs not being on leads are reported, as well as walkers not taking heed of reasonable signage asking them to refrain from walking in gardens and through farmyards. This is a health & safety issue both in terms of potentially spreading the virus, but also with working businesses with machinery and livestock movements.

Perhaps most worrying for members has been the increased level of aggression shown when access takers are advised or asked to leave an area, for example lambing and calving fields. The feeling is there is a greater feeling of the "right to roam", than the responsibilities with that.

Perennial issues with gates being left open and litter also seem to have risen in conjunction with the number of people taking access. More extreme cases have seen the construction of unauthorised mountain bike trails through woodland and large gatherings to socialise and wild camp.

Rural Crime

Rural crime is an ongoing issue for many, however **35% reported an increase in instances**. Most prevalent and visible is fly tipping and littering, which ties in with the increase in access being taken, but also the inability of some members of the public to dispose of their waste in the normal way.

Respondents also reported an increase in crimes of theft, poaching (including fish) and hare coursing. These are serious crimes often carried out by dangerous individuals, making it extremely risky to approach the perpetrators to try to stop them.

Business Support

Like all sectors of the economy, rural businesses have been affected by the pandemic, with many having to close entirely. **34% of members responding stated they had applied for one of the range of grants available. 20% felt they had been adversely affected but were ineligible for grants**, due to either being involved in country sports tourism or having a diversified business and therefore missing out on the criteria for total loss of income. Additionally, many stated that certain enterprises of their business had suffered total loss of income e.g. tourism & leisure, which put jobs at risk as they were not eligible for the support. *This survey was carried out prior to the announcement of the Creative or Tourism and Hospitality Enterprises Hardship Fund, which may make more businesses eligible.*

A small number had taken advantage of extra loans, although some felt that by taking Coronavirus Business Interruption Loans (CBILS) they were merely pushing back the problem rather than solving it. A small number also stated they were eligible for grants and loans, but felt others were more in need and that they were able to cope without it. Alongside this, issues were recorded of retail banks not being sympathetic and slow to respond to request for support.

Furloughing

The option to furlough staff has been taken by 39% of respondents, mainly in leisure and tourism businesses. Although those with gamekeepers and livestock were often unable take this option, primarily due to the need to ensure animal welfare and environmental protection. Another issue forcing some businesses to use the furlough scheme is the lack of reliable broadband and mobile phone reception in rural areas, making it impossible for administrative functions to be carried out from home. In these cases where staff are unable to work from home, businesses have no option but to furlough them. The types of roles furloughed highlights the diverse nature of modern estates as well as the level of rural employment they provide.

Further Issues

A range of further issues were also brought up in the survey. The majority related to working practices and although many were still able to undertake work, almost all areas had issues. This included the need to ensure social distancing and frequent washing/cleaning, all of which added time to even the most routine of tasks. Similarly, sourcing materials and supplies is taking longer and not always in stock.

There are also environmental issues occurring, with the inability to care for and plant trees as well as dealing with invasive species such as Giant Hogweed and Japanese Knotweed, which will lead to long term problems due to a missed season of control.

Conclusion

SLE members clearly have been affected by a wide range of issues during the Covid-19 pandemic. The nature of modern estates also means they are diverse and their business is varied, creating a large amount of employment in rural areas. While some businesses have had a lesser degree of impact and are managing to work in a relatively normal manner, disruption to some has led to a total loss of income.

Government support has been welcome and helpful to many, however there are still gaps in provision and some businesses are ineligible for the help they need. Not all issues are financial; there are environmental and personal costs too, which are harder to quantify. Great care and thought needs to be given to plan recovery and regrowth in rural areas to ensure their fragile economies continue to function in the future.

Once the safe restart of the economy can begin, support will continue to be required by rural businesses to ensure the safety of visitors, employees and rural communities. This may inevitably entail increased costs and reduced incomes for business. Similarly, much planning will be required to enable this to happen.

SLE will continue to work with members to give them the advice and support they need as well as to highlight key issues to government and stakeholders where help is required. To this point SLE's focus has been on ensuring fairness for businesses and individuals who may have been inadvertently left out of eligibility lists for support and suffering undue costs such as from flytipping. While that will continue, the focus must now move to the recovery stage and how to safely restart the rural economy. In the coming days SLE will publish initial views on the help and support which can ensure rural economies have confidence and can thrive in the future.

Further information

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