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Agricultural Land Tenure in England and Wales, 2007

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The views expressed in this report are those of the authors and are not necessarily shared by other members of the University or by the University as a whole, or by the RICS.

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Tests of Statistical Significance: A Note

On a number of occasions in this report, comparisons are made between characteristics of sub-groups of respondents using bivariate tabular analysis. In these cases, Chi² has been calculated to test the statistical significance of the independence between two categorical variables. A 'significant' association between variables is taken to be one where there is less than a 5% probability of the difference arising by chance ($p < 0.05$).

This report also notes statistical significance regarding the comparison of means between sub-groups of respondents. For these, the t-tests procedure compares the means for two groups of cases. A 'significant' difference between means is taken when there is a less than 5% probability of the difference arriving by chance ($p < 0.05$).

Tables with total rows may not sum exactly to 100% due to rounding.

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Chapter 1. Introduction

1.1 Background to research

In 1990, the Royal Institution of Chartered Surveyors (RICS) published a major study of land tenure in England and Wales led by Michael Winter, then a member of staff at the Royal Agricultural College, Cirencester (Winter et al 1990). This study of 1,790 farmers found that unconventional tenures, that is land that was not owned or rented under a full agricultural tenancy, was a highly significant element of farming in the late 1980s. Indeed, one in five farmers in England and Wales occupied land on an unconventional arrangement with grass keep and gentlemen's agreements being the most frequent. Arguably, the reduction in the number of full agricultural tenancies may have accelerated the move towards unconventional forms of tenure, although the decline in the landlord-tenant sector pre-dated the Agricultural (Miscellaneous Provisions) Act 1976, which extended the security of full agricultural tenancies to two successions, granted under the Agricultural Act 1947 and the Agricultural Holdings Act 1948. Furthermore, the 1976 Act was applied retrospectively to tenancies that already existed. The introduction of the Agricultural Holdings Act 1984, consolidated in the Agricultural Act 1986, enabled tenancies to be created for one life only, as well as retirement tenancies on county council smallholdings. Yes despite this, by the late 1980s it was widely accepted that there were few incentives for landowners to release fresh land for rent under existing legislative provision.

1.2 Recent legislative change

The repeated failure of legislation to halt the decline in the tenanted sector led to a radical review of tenancy law, with a consultation document being published in 1991 that sought proposals that would provide an enduring framework for the sector, deregulate and simplify tenancies, as well as encourage the letting of land. The resulting legislation, the Agricultural Tenancies Act 1995, introduced farm business tenancies to the sector as a means of resolving a supply-side problem in the land market. In essence, the Act had three main aims: to encourage more letting of agricultural land; to increase the opportunities for new entrants; to promote economic efficiency in agricultural land use

(Errington et al. 1997, Whitehead et al. 1997, Whitehead et al. 2002). To meet these aims, the provision of short and longer-term farm business tenancies (FBTs) would enable a degree of flexibility in the land rental market and allow parties a greater degree of freedom to negotiate agreements to suit their needs (Manley and Baines 1999).

In an economic evaluation of the Act by Whitehead et al. (2002), three types of FBTs were identified: bare land only, land and buildings, and land buildings and house. Their analysis suggested that the majority of lettings were less than 25 hectares and comprised only of bare land. Furthermore, the median length of tenures was two years for bare land, three years for land and buildings and ten years for complete holdings. Almost one-half of expiring FBTs were re-let to existing tenants with only about 9% of FBTs going to new entrants. Therefore, Whitehead et al. concluded that the 1995 Agricultural Tenancies Act had led to significant additional land being made available to let, although it was hard to disaggregate genuinely new land and that which had been converted from grazing licences, *Glandstone v Bower* lettings, contract and share-farming agreements. However, there was some evidence of new landlords entering the market and letting land using FBTs, particularly those withdrawing from farming but wishing to retain ownership of the farm.

Further developments in the tenanted sector were made in October 2006 by an amendment to the Agricultural Tenancies Act 1995 using a Regulatory Reform Order in response to recommendations give by the Tenancy Reform Industry Group.¹ Specifically, the order seeks to encourage diversification by tenant farmers; maintain and improve viability of tenanted farms; allow restructuring of holdings with out jeopardising valuable rights; improve flexibility in the tenanted sector; and maintain a balance between landlord and tenant interests.

¹ The Tenancy Reform Industry Group comprise of industry representatives: Agricultural Law Association, Association of Chief Estates Surveyors and Property Managers in Local Government, the Central Association of Agricultural Valuers, Country Land and Business Association, Farmers Union of Wales, Local Government Association, National Farmers Union, National Federation of Young Farmers Clubs, Royal Institution of Chartered Surveyors and the Tenant Farmers Association (Defra 2006).

1.3 Objectives of research

Given the changes to legislation that have taken place since 1990, the present study is a repeat of the 1989-90 postal survey to explore the land tenurial changes that have resulted from legislative and structural change. Clearly, since 1990, the introduction of FBTs means that the two sets of results will not be directly comparable but the occupancy of land under unconventional forms of tenancy can be explored and contrasted. Furthermore, many factors influence the occupancy of land including taxation, inheritance laws, the profitability of farming, and structural and policy changes within the industry. Therefore, the occupancy of agricultural land in 2007 should be set against this backcloth of socio-political changes that impact upon the industry. Finally, this report is split into two sections, the first focuses on the occupation of land in England and Wales using weighted sample data, while the second explores some of the dynamics behind land tenure using the unweighted sample data.

Chapter 2. Farm Tenure in 2007

2.1 The aims of the postal survey

The main aims of the survey were as follows:

1. To establish the tenorial status of all land and agricultural buildings occupied for all or part of a year by respondents.
2. To identify the nature of all arrangements, including legal status.
3. To obtain sufficient contextual material to draw some conclusions on the types of farmers likely to enter into particular forms of arrangement (age, farm business)
4. To gain, where possible, some indication of the views of respondents on the current system of agricultural land tenure.

2.2 Postal survey methodology

A brief description of the methodology is provided in this chapter. However, a fuller version, including the sampling and weighting procedure, is contained in Appendix 1. Suffice to say here, that 1,192 out of 3,077 farmers responded giving a response rate of 38.7%. Although, this is not a particularly high response rate, in checking the responses using wave analysis and a follow-up non-respondents survey, there was no apparent regional or farm type bias in the survey, suggesting that the sample is a reasonable representation of land tenure on commercial farms in England and Wales. The response rate covered 0.49% of the total holdings in the two countries, consisting of 186,024 hectares, some 1.72% of the total agricultural area. The breakdown of area and number of holdings by size group and sampling fractions are given in Table 2.1.²

The sample has a higher proportion of larger holdings than agriculture nationally, as shown by the sampling fractions. For example, the size group 100 hectares and over

² As some owner-occupiers were found to let all their land to other farmers, this reduced the number of holdings actively farming from 1,192 to 1,157.

constitutes 13.2% of total holdings in England and Wales, whereas 49.4% of the sample of respondents correspond to this size group. Almost 74% of the sample holdings are 50 hectares or more in size, while in Defra’s national sample just over three-quarters are less than 50 hectares. In order to give an accurate assessment of the distribution of tenures as a whole, a simple weighting procedure has been adopted to account for the disproportionate stratification, and weighted data are used in most of the analysis presented in this chapter, especially where land area is concerned.

Table 2.1: *Sample holdings and area by size of farm*³

	Size Group (Hectares)				Total
	< 20	20-49	50-99	100 and over	
No of holdings	109	192	284	572	1,157
% of holdings	9.4	16.6	24.5	49.4	100.0
Sampling fraction (%)	0.08	0.56	1.05	1.86	0.49

Area (ha)	958	6,810	20,698	157,557	186,024
% of area	0.5	3.7	11.1	84.7	100.0
Sampling fraction (%)	0.15	0.60	1.07	2.21	1.72

2.3 The occupation of agricultural land in England and Wales

One of the main objectives of this study was to establish a total picture of the tenorial status of land in England and Wales. Therefore, Table 2.2 shows the results of the survey in terms of the number of occupiers registering different kinds of land tenure, while Table 2.3 shows that amount of land involved in the different arrangements. This table presents actual and weighted data, which is used to raise the findings to the level of England and Wales as a whole. Similarly, Table 2.4 uses weighted data to show different forms of tenure on holdings in England and Wales.

³ It is not possible to express farm size categories 100-199 hectares and 200 hectares and over since the largest category of farm size data provided by the Welsh Assembly Government was 100 hectares and over.

Table 2.2: *Number of holdings by tenure type*

	Unweighted No. of cases	Weighted No. Holdings
Summary		
Owner-occupier	969	1000
Tenanted	1233	605
	2202	1605
Formal conventional		
FATa	368	206
FATb	33	17
Total FAT	401	223
FBTa	234	106
FBTb	88	39
Total FBT	322	145
Formal unconventional		
Contract	65	18
Partnership	16	11
Share Farming	16	4
Total	97	33
Informal unconventional		
Sub-tenancy	11	4
Grass Keep	203	89
Informal/GA	169	95
Other	30	17
Total	413	205

Table 2.3: Total agricultural land area by tenure type on holdings in sample (unweighted and weighted)

Holdings with:	Unweighted sample Area	%	Weighted Area	%
Summary:				
Owner-occupied land	101,206	54.4	107,378	57.7
Tenanted land*	84,818	45.6	78,646	42.3
Total Area	186,024	100	186,024	100.0
Formal conventional:				
FATa	33,561	18	32,494	17.5
FATb	3,081	1.7	2,732	1.5
Total FAT	36,642	19.7	35,225	18.9
FBTa	15,809	8.5	14,674	7.9
FBTb	3,347	1.8	3,192	1.7
Total FBT	19,157	10.3	17,866	9.6
Formal Unconventional:				
Contract	13,152	7.1	10,232	5.5
Partnership	1,408	0.8	1,307	0.7
Share Farming	937	0.5	736	0.4
Total	15,497	8.3	12,276	6.6
Informal Unconventional:				
Sub-tenancy	337	0.2	303	0.2
Grass Keep	6,363	3.4	6,210	3.3
Informal/GA	4,479	2.4	4,665	2.5
Other	2,344	1.3	2,101	1.1
Total	13,523	7.3	13,279	7.1
Note				
* includes land held under grass keep arrangements and contract farming				

Table 2.4: Total agricultural land area and holdings by tenure type: raised to the level of England and Wales.

Holdings with:	Area Hectares	%	No. Holdings	%
Summary:				
Owner-occupied land	6,250,319	57.7		
Tenanted land*	4,577,844	42.3		
Total Area/Holdings	10,828,170	100.0	233,745	100.0
Formal conventional:				
FATa	1,891,408	17.5	33,651	14.4
FATb	158,999	1.5	2,716	1.2
Total FAT	2,050,407	18.9	36,367	15.6
FBTa	854,152	7.9	17,432	7.5
FBTb	185,790	1.7	6,326	2.7
Total FBT	1,039,942	9.6	23,758	10.2
Formal Unconventional:				
Contract	595,587	5.5	2,899	1.2
Partnership	76,107	0.7	1,841	0.8
Share Farming	42,846	0.4	731	0.3
Total FU	714,540	6.6	5,471	2.3
Informal Unconventional:				
Sub-tenancy	17,643	0.2	648	0.3
Grass Keep	361,450	3.3	14,508	6.2
Informal/GA	271,550	2.5	15,578	6.7
Other	122,312	1.1	2,789	1.2
Total FI	772,954	7.1	33,523	14.3
Note				
* includes land held under grass keep arrangements and contract farming				

In the 2006 June agricultural sample,⁴ 37.7% of the agricultural area of England and Wales was tenanted as compared to the figure of 42.3% in this survey.⁵ However, as the present survey includes grass keep land in the ‘tenanted; category (3.3%) and contract farming (5.5%), although technically these are not tenancy agreements, the figure from the weighted sample data is 4.2% below the official agricultural samples for England and Wales.⁶ Despite this, the follow-up telephone survey and wave analysis of the survey data (see Appendix 1) enables a reasonable degree of confidence in the statistical validity of this survey’s findings. Furthermore, if our ratio of land under full agricultural tenure and full business tenancies is compared with Defra’s ‘Tenanted Land Survey England 2006’, the ratios are almost identical.⁷

Defra’s survey focuses on full agricultural tenancies and FBTs. It provides farmers with the opportunity to indicate grazing licenses and ‘any other agreement or arrangement’ but provides no advice to farmers on what might be included under this heading. By contrast our survey provides more opportunity to indicate unusual arrangements. While full agricultural tenancies and farm business tenancies predominate in terms of tenanted farm area (28.5% of the weighted data), a significant minority of land (13.7%) is held under ‘other arrangements’. Furthermore, this area is 3.3% more than was recorded in the survey of 1990 (see Table 2.5).

The terms ‘formal unconventional tenures’ and ‘informal unconventional tenures’ will be used in this report to distinguish between two basic groups of other arrangements. The ratio of land farmed under formal tenures to land under unconventional ones is 2.1:1.⁸ Therefore, for approximately every two hectares of land under formal tenure there is one

⁴ The June agricultural sample was historically known as the June Agricultural and Horticultural Census with a complete census now only occurring once every ten years, in accordance with EU regulation.

⁵ While the National Assembly of Wales collect data on the amount of land farmed under tenure, unlike Defra, they do not present these in a statistical format for publication. Therefore, the figure of 42.3% indicating the area of tenanted land in England and Wales, while representative of England; it can only be regarded as a proxy for Wales.

⁶ The questionnaire urges farmers to allocate land uniquely to one of the categories available. However we are aware that much land occupied ‘unconventionally’ may also be subject to a formal form of tenure. This particularly applies to share farming and contract farming which, as a result, are likely to have been underestimated in the tables presented in this report. Additional analysis and further research is being undertaken on this issue.

⁷ Sample data excludes full agricultural tenancies that have a direct share in ownership.

⁸ Full agricultural tenancies that have some direct share in ownership are excluded since many of these are likely to be held in family trusts and as such be considered as de facto owner-occupancy.

hectare of land under an unconventional agreement. This is a small reduction from a ratio of 2.6:1 in 1990 suggesting the level of land farmed under unconventional agreements has increased as compared to that let under formal tenurial arrangements. In absolute terms, in 1990 there was 691,000 hectares under informal unconventional agreements in England and Wales but this has increased to 773,000 hectares in the present study. Whilst the introduction of FBTs in 1996 has led to the reduction of some of the unconventional types of farming agreements, particularly MAFF licences and Gladstone and Bower agreements, the growth of farming others' land through the use of contracts or grass keep has grown as farms enlarge and restructure (Lobley et al. 2005).

Table 2.5: *Tenure change in England and Wales 1990-2007 (using weighted data)*

	1990 Survey		2007 Survey	
	Area Hectares	Percentage area	Area Hectares	Percentage area
Summary :				
Owner-occupied	6,959,057	58.7	6,250,319	57.7
Tenanted	4,891,291	41.3	4,577,844	42.3
Total	11,850,348	100.0	10,828,170	100.0
Formal Conventional:				
Full Agricultural Tenancy with no share in ownership	3,204,484	27.0	1,891,409	17.5
Full Agricultural Tenancy with share in ownership	461,452	3.9	158,999	1.5
Farm Business Tenancy of more than two year in length	3,204,484	27.0	854,152	7.9
Farm Business Tenancy of less than two year	461,452	3.9	185,790	1.7
Total Formal Conventional Tenancy	3,665,936	30.9	3,090,349	28.5
Formal Unconventional				
MAFF Approved Letting/Licence	69,427	0.6		
Gladstone v Bower Agreement	100,225	0.8		
Contract			595,587	5.5
Partnership	269,668	2.3	76,107	0.7
Share Farming	95,004	0.8	42,846	0.4
Total Formal Unconventional	534,324	4.5	714,540	6.6
Informal Unconventional				
Gentleman's or Informal agreement	209,324	1.8	17,643	0.2
Grass Keep	304,016	2.6	361,450	3.3
Cropping Licence	11,902	0.1		
Sub-tenancy	24,743	0.2	271,550	2.5
Other	141,046	1.2	122,312	1.1
Total Informal Unconventional	691,031	5.9	772,954	7.1
* includes land held under grass keep arrangements and contract farming				

The proportion of land held under different kinds of tenure varies considerable between regions as illustrated in Table 2.6. Owner-occupation varies between 69.6% in the Wales and 48.6% in the Northern region of England. However, these figures can be misleading in so much as even in areas where owner-occupation is dominant, many farms will have a mixed structure. For example, in the North West region, 43.2% of owner-occupiers also have some other form of tenure. Tenanted land still accounts for nearly one-half of the agricultural land in the Northern Region, East Midlands, the South East and East Anglia. However, the distribution of conventional and unconventional forms of tenure differs considerably. For example, while the East Midlands and the Northern region have similar areas of tenanted land, 22.9% of East Midlands tenanted land is under FAT agreements as compared to 34.1% in the Northern region. From this survey, formal unconventional tenures are minimal in the Northern region, Yorkshire and Humberside, the West Midlands and Wales but are significant in the more arable areas of East Anglia and the South East. For instance, in East Anglia, 21.2% of the tenanted land is occupied under contract farming agreements, rather than let using a formal method of tenure. This pattern is repeated to a lesser extent in the South East region of England.

The variations in the proportions of informal unconventional tenure, while less striking, are nevertheless interesting. Most regions of England and Wales have less than one-tenth of their land under some form of informal arrangement; the exception is the North West region with 11.0%, of which the majority are informal gentleman's agreements. The East Midlands has 8.6% in informal arrangements, over one-half of which is grass keep. In the 1990 report, it was suggested that the predominance of owner-occupation in some areas, with the inbuilt immobility in land occupancy that it implies, might have led to the development of more informal agreements in those areas. For instance, it was surmised that the in areas remote from development and pressures of counterurbanisation, such as the northern regions, land prices reflected the agricultural potential of the land rather than residential value. However, this is no longer the case as a recent Valuation Office Agency (VOA) property report remarks: *'Non-farming money continues to be a significant factor in the market'* when referring to the North East, while in Cumbria *'small blocks of accommodation land currently achieving high prices with plenty of local demand'* (VOA 2007).

Table 2.7 presents the distribution of tenures according to farm size and shows the tendency for both formal conventional and unconventional tenancies to be concentrated on larger farm holdings. For example, whereas only 12.7% of owner-occupier holdings are on farms of 100 hectares,⁹ 40.7% of FBTs and 34.7% of informal unconventional agreements are on farms within this size group. Moreover, both contract farming and share farming are almost exclusively found on the largest farms in England and Wales. Only partnership agreements figure in the under 20 hectares group with 57.1% of such arrangements. While informal unconventional arrangements are spread more evenly among the farm categories that are less than 100 hectares, it is nevertheless the larger farms that also control the majority of these agreements. In particular, 53.8% of sub-tenancies and 39.9% of grass keep are managed by larger farms. The exception is gentlemen's agreements as 33.8% of these are on farms that are under 20 hectares.

Most unconventional tenures held by larger farmers tend to be a combination of tenures. Thus very few unconventional tenures exist as the sole form of occupancy for the farm in question. Only one such partnership agreement was recorded in this way and two other arrangements, one of which was over 900 hectares held under a grazing license. In another case, all the land was farmed under contract using ten different agreements. Mixed tenure farms generally play a very important role in the current mix of land occupancy, as shown in Table 2.8. Indeed, as bivariate analysis between farm tenure and type of tenure agreement shows, there are very strong associations between farms that are of mixed tenure and those with grass keep, contract farming and short-term and longer FBTs.¹⁰ As would be expected, solely tenanted farms have the strongest statistical association with FATs when there is no share in ownership but also longer FBTs.

⁹ In England, only 5.7% of farms over 200 hectares have owner-occupancy, but as noted previously, a similar figure is not available for Wales.

¹⁰ Bivariate analysis between farm tenure and agreement type using unweighted data has a statistical association where $\rho < 0.01$.

Table 2.7: *Distribution of farm tenures by farm size group – number of holdings using weighted data*

	Size groups (hectares)				Total
	0-19.9 %	20-49.9 %	50-99.9 %	100 + %	
Owner-occupied	61.7	14.8	10.8	12.7	100.0
Tenanted*	34.5	18.1	19.7	27.7	100.0
Total Area	53.6	15.8	13.5	17.2	100.0
Formal conventional:					
FATa	31.3	19.0	20.8	28.9	100.0
FATb	38.7	5.4	14.2	41.7	100.0
Total Fat	31.8	18.0	20.3	29.8	100.0
FBTa	24.1	12.5	22.1	41.2	100.0
FBTb	16.6	16.1	28.0	39.3	100.0
Total FBT	22.1	13.5	23.7	40.7	100.0
Formal Unconventional:					
Contract	0.0	0.0	5.3	94.7	100.0
Partnership	57.1	7.9	4.2	30.8	100.0
Share Farming	0.0	0.0	10.5	89.5	100.0
Total	19.2	2.7	5.6	72.5	100.0
Informal Unconventional:					
Sub-tenancy	0.0	22.5	23.8	53.8	100.0
Grass Keep	14.5	20.1	25.5	39.9	100.0
Informal/GA	33.8	15.9	21.3	29.1	100.0
Other	37.1	15.4	13.6	33.8	100.0
Total	25.1	17.8	22.5	34.7	100.0
Note					
* includes land held under grass keep arrangements and contract farming					

Table 2.8: *Number of holdings by size – weighted data*

Size Group	Solely owned		Solely tenanted		Mixed tenure		Total	
	No.	%	No.	%	No.	%	No.	%
0-19.9	553	78.9	84	11.9	64	9.2	700	100.0
20-49.9	93	54.7	23	13.5	54	31.8	171	100.0
50-99.9	49	37.0	25	19.0	59	44.0	134	100.0
100+	34	22.0	25	16.6	93	61.4	152	100.0
Total	729	63.0	157	13.6	271	23.4	1157	100.0

Table 2.9 shows the proportion of unconventional tenancies which are combined with either ownership or full agricultural tenancies. It should be noted that in most cases the two figures sum to more than 100, indicating that many of the unconventional tenure farmers hold both owner-occupied and conventional tenure land. In the 1990 report, it

was suggested that the idea that unconventional tenancies provide an entry into agriculture for those without other land seemed to be misplaced. Despite the introduction of FBTs in 1995, this still seems to be the case. Furthermore, it would appear that FBTs are no more a way into farming than unconventional tenancies. Instead, evidence on farm size suggests that both FBTs and unconventional tenancies are more likely to have been adopted as a flexible means of increasing farm size of already well-established farmers. Statistical evidence from examining the association between agreement types and farm size using the unweighted data shows that both types of FBTs, contract farming and gentlemen's agreements are strongly associated with farms that are 200 hectares or more. Any suggestion, as is sometimes seen in documents encouraging new entrants into farming, that unconventional tenancies help new entrants is further dispelled if the age distribution of farmers is considered, as in Table 2.10. Approximately one-third of FBTs and unconventional agreements are held by farmers under the age of 50, but this is as low as 12.5% for share farming and partnership agreements. The unweighted data demonstrates that there is a statistical association between farmers in their 30s and their willingness to take on FBTs that are less than two years in duration and contract farming agreements. Furthermore, whilst the majority of these farmers had parents connected to the industry, they were not farming on their parents holdings. This suggests that there is a sub-group of younger farmers willing to take on tenure and farming agreements for shorter periods, and the risks associated with this. The introduction of the single payment scheme in 1995 has the potential to stimulate joint ventures or share farming between those wishing to enter farming and those retiring but wishing to retain the ownership of land.

Finally, we consider the relationship between tenure and type of farming, particularly with regard to unconventional tenure as formal tenures are distributed relatively evenly amongst dairy, livestock and arable farms. As is seen, in Table 2.11, the survey found that contract farming, partnership and share farming agreements were all more common

on arable farms. By way of contrast, grass keep and gentlemen's agreements are more likely to take place on dairy and livestock farms.¹¹

Table 2.9: *Percentage of FBTs and unconventional tenancies held with owner-occupier land and FATs using unweighted data*

	% held with owned land	% held with FAT land
Formal Conventional:		
FBTa	70.1	47.0
FBTb	85.2	37.5
Formal Unconventional:		
Contract	90.8	43.1
Partnership	68.8	37.5
Share Farming	81.3	43.8
Informal Unconventional:		
Sub-tenancy	72.7	63.6
Grass Keep	88.2	33.5
Informal/GA	84.0	31.4
Other	87.1	22.6

Table 2.10: *Percentage of farmers within each tenure group by age – unweighted data*

	Age Group						Total
	20-29	30-39	40-49	50-59	60-69	70+	
Owner-occupier	0.8	4.8	21.1	28.0	29.0	16.3	100.0
Tenanted	0.7	6.4	23.5	30.3	28.0	11.0	100.0
Formal Conventional:							
FBTa	0.4	7.5	27.8	32.2	24.2	7.9	100.0
FBTb	1.1	11.5	17.2	33.3	31.0	5.7	100.0
Formal Unconventional:							
Contract	0.0	16.1	21.0	32.3	22.6	8.1	100.0
Partnership	0.0	0.0	12.5	43.8	31.3	12.5	100.0
Share Farming	0.0	6.3	6.3	56.3	31.3	0.0	100.0
Informal Unconventional:							
Sub-tenancy	0.0	9.1	27.3	27.3	27.3	9.1	100.0
Grass Keep	1.0	6.5	23.4	26.4	29.9	12.9	100.0
Informal/GA	0.6	4.2	27.1	28.9	28.9	10.2	100.0
Other	0.7	4.7	21.8	28.5	28.5	15.8	100.0

¹¹ In terms of holdings with particular agreements rather than the total number of agreements, farms with dairying as their main enterprise are statistically associated with both Gentlemen's agreements and grass keep agreements (respectively, $\chi^2 = 71.277$ and 9.925 where $p < 0.05$).

Table 2.11: *Tenure type by main agricultural enterprise (unweighted data)*

Unconventional tenure	% of total number of agreements				
	Dairy	Livestock	Arable	Pigs/ Poultry	Other
Contract	13.6	9.7	69.9	1.9	4.9
Partnership	18.8	25.0	50.0	0.0	6.3
Share Farming	23.5	17.6	52.9	0.0	5.9
Sub-tenancy	14.3	28.6	57.1	0.0	0.0
Grass Keep	36.7	50.0	7.4	0.7	5.2
Informal/GA	30.9	42.4	15.7	3.7	7.4
Other	35.1	24.3	21.6	5.4	13.5

2.4 Conclusions

This chapter has demonstrated the continued ubiquitous nature of unconventional land tenure in contemporary agriculture, and indicates how different forms of tenure have evolved in contrasting regions or farming contexts. As with the 1990 report, this survey has found high levels of unconventional tenure agreements that have arguably increased in terms of area farmed particularly through the use of informal arrangements. Specifically, grass keep and gentlemen’s agreements in both absolute and relative terms are greater than they were in 1990 despite the introduction of FBTs. The enduring use of informal agreements was expressed by one farmer in the survey:

“My business has tended to use informal gentlemen’s agreements, as local farmers are worried about taxation problems if seen not to be ‘the farmer’ also single farm payment issues can be sorted if no tenancy is formed. Also a lack of knowledge on how to set up proper tenancies for short periods, i.e. annually on small blocks of land, rent £2000 and less, landlord/farmer don’t want expense of an agent to do proper job for small amounts of rent.”

While contract farming was not considered in the 1990 report (or subsumed within other categories), its inclusion in this report demonstrates the importance of this form of land occupancy. Indeed, since the introduction of the single payment scheme in 1995, there may be more opportunity for owner-occupier farmers to either let the land out using FBTs or to take a more unconventional route, yet retain the payment rights to the land. For new entrants this may be limited though since evidence presented in this chapter suggests that FBTs and unconventional tenures are being used to expand existing businesses, particularly those that are already at least 100 hectares in size.

Chapter 3. Past and future changes in farm tenure

3.1 Introduction

Our data on the occupation of agricultural land in England and Wales present a static representation of the types and distribution of tenures and agreements in the early part of 2007. This chapter explores some of the dynamics behind this picture by examining recent past and future changes in land tenure using the unweighted survey data.¹² By doing this, some of the factors that steer some farmers to increase or decrease the size of their holdings are made apparent. Moreover, it gives an insight into which tenures and agreements are most likely to be used as vehicles of change.

3.2 Changes to tenures and agreements in the previous five years

Over the previous five years, the majority of farmers surveyed had not altered the area of land that they farm. However, 23.1% of farmers increased the size of their holdings, while 16.0% reduced their holding size. The majority of increase (69.7%) has occurred on farms of mixed tenure with 64.9% of this farm expansion occurring on land that is not owned by the farmer. Reductions in the area farmed have tended to take place through a decline in the owner-occupancy of land, although 41.4% has taken place through the ending of tenures. In total, the survey found that 23.3% of farmers had either increased or decreased the size of their holding by changing one or more of their tenure agreements. Of these changes, 68.2% were new tenures to increase farm size, while 31.8% were terminated, leading to a contraction in area of the farm holding.

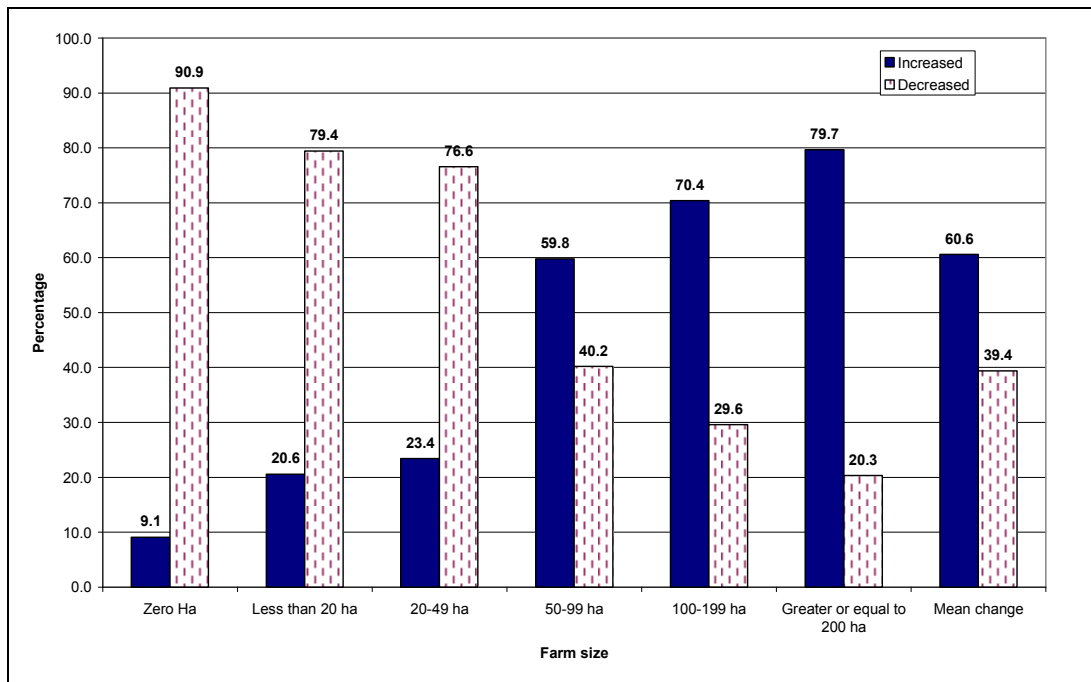
As some farmers, either took on or gave up more than one agreement, at least 568 separate agreements within the sample have altered during the previous five years. Of these, 71.3% of all agreements were used to increase holding size. Furthermore, 71.6% of agreements that have been used to extend the area farmed have taken place on the largest farms, with 39.1% on farms that are 200 hectares or more. Conversely, farms in the smaller farm categories, as demonstrated in Figure 1, have reduced the number of

¹² Whilst not always reported in the text of this chapter, the percentages used are taken from bivariate analysis, χ^2 , where there is a statistically association between variables and where $p < 0.05$.

agreements they held during the previous five years. The balance of change over this period equated to an 18.6% appreciation in the number of tenures held. There are perhaps many reasons for farmers taking on additional tenures or giving up those that they already have. However, in considering Table 3.1, it is clear that ‘opportunism’ is one of the main factors as to why farmers take on additional tenures, while retirement, semi-retirement or family changes are often triggers for a reduction in agreements and farm size.

Dairy farms are more likely to have increased in size than other farm types as shown in Table 3.2. Thirty-seven percent of farms with dairying as their main enterprise have increased the number of agreements in the previous five years, with only 9.1% reducing them. The least amount of change in area farmed occurred on livestock and arable farms, while pig and poultry farms saw the greatest reductions.

Figure 3.1: *Percentage of holdings that have expanded or reduced their farmed area by farm size in the previous five years**



* The zero ha category indicates holdings where the farmers let out all their land but remain resident on the farm holding.

Table 3.1: *How factors may have influenced changes in the number of agreements held in the previous five years*

Influencing factors	Change in agreements in previous five years relative to influencing factor	
	Increase %	Decrease %
CAP reform**	65.8	34.2
Farm profitability**	63.9	36.1
Cost of inputs	61.8	38.2
Borrowing*	46.8	53.2
Market prices**	55.2	44.8
Farm diversification	52.7	47.3
Environmental schemes*	69.1	30.9
Family changes*	44.9	55.1
Retirement or semi retirement*	20.0	80.0
Opportunity*	88.5	11.5
Other reason*	34.0	66.0

Notes:
* There is a strong statistical association between change in agreements and influencing factor ($p < 0.05$).
** There is a weak statistical association between change in agreements and influencing factor ($p < 0.1$).

Table 3.2: *Percentage of holdings that have changed the area they farm in the previous five years by main enterprise type of farm*

	% change of agreements among farm types					
	Dairy	Livestock	Arable	Pigs/Poultry	Other	All types
Increased	37.0	19.1	21.9	20.5	17.1	23.4
Decreased	9.1	16.1	13.5	23.1	22.0	14.8
No change	53.9	64.8	64.6	56.4	61.0	61.8

Table 3.3 presents the types of agreements that have been changed in the previous five years. Whilst 32.2% of farmers have either taken on or released FBTs, it is interesting that 58.8% of changes during this period have been connected to unconventional forms of tenure. In terms of increasing land farmed, over one-quarter of holdings have used longer-term FBTs to do this, whilst the informal unconventional arrangements of grass keep and gentlemen's agreements accounted for 38.6% of holdings. In considering agreements used to reduce farmland on holdings, over one-half of decreases were from the release of informal unconventional arrangements, particularly grass keeps and gentlemen's agreements; although no single form of tenure was of any significance. Regionally, there is little difference in terms of areas increasing or decreasing in the number of agreements. However, exactly one-third of changes in the grass keep occurred in the South West region.

Table 3.3: *Types of agreements that farmers have been changed in the previous five years*
¹³

	Changes in previous five years		
	% increase	% decrease	% all changes
Formal conventional:			
FATa	6.4	10.3	7.5
FATb	1.3	1.7	1.5
Total FATs	7.7	12.1	9.0
FBTa	26.6	18.1	24.2
FBTb	8.1	7.8	8.0
Total FBTs	34.7	25.9	32.2

Formal Unconventional:			
Contract	10.4	4.3	8.7
Partnership	2.0	4.3	2.7
Share Farming	1.0	1.7	1.2
Total FUs	13.5	10.3	12.6

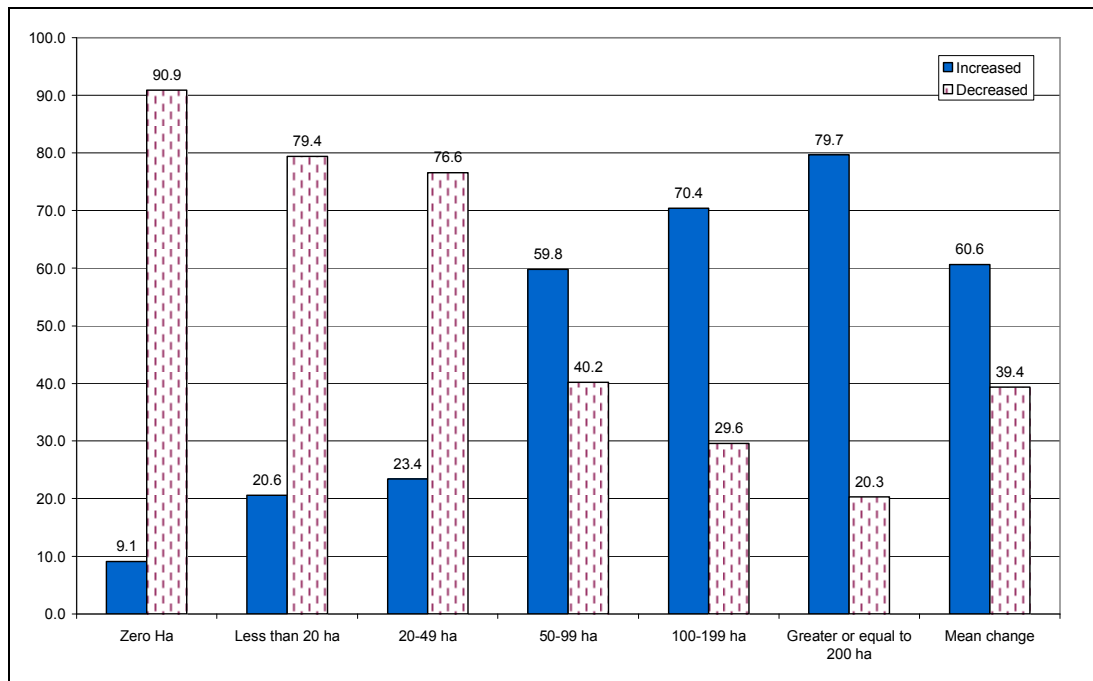
Informal Unconventional:			
Sub-tenancy	2.0	2.6	2.2
Grass Keep	23.6	29.3	25.2
Informal/GA	14.8	17.2	15.5
Other	3.7	2.6	3.4
Total IUs	44.1	51.7	46.2

3.3 Changes to tenures and agreements over the next five years

Turning to the future, marginally fewer farmers were expecting to change the area of land that they farm than had done so in the previous five years. As such, 17.8% expected to increase size and 12.2% reduce size. Of course plans for the future are not always known, and in reality, it can be expected that the percentage of agreements changing will be in excess of farmers' own expectations. As in the previous five years, most change will occur on farms with mixed tenure. Of those intending to change, 55.0% will increase the area they farm by using tenure agreements of one form or another. Conversely, 35.1% of projected reductions in farmed area are likely to result from farmers reducing the area that they personally own.

¹³ Only FATs with no direct share in ownership, FBTs of more than two years and contract farming agreements are statistically associated with holdings that have changed their agreements in the past five years.

Figure 3.2: Percentage of holdings likely to expand or reduce their farmed area by farm size over the next five years



Turning specifically to agreements, 19.2% holdings expect to alter the number of agreements that they presently hold. As farmers intend to take on or terminate more than one form of tenure, 388 separate agreements are likely to be altered by the sample population during the next five years. Similar to previous changes, it is the use of agreements to increase farm size that will dominate with 58.9% of agreements being used for this purpose. Again, as Figure 3.2 demonstrates, it is the largest farms that will be using formal and unconventional forms of tenures to extend the area they farm, with 36.1% of farms that are 200 hectares or over planning this expansion. Smaller farms however, those under 50 hectares, are more likely to reduce the area they farm with 31.5% intending to decrease the number of agreements they hold.

Taking the previous five years and the next five years together, a picture of the current trajectory of changes over a ten-year period is apparent. Table 3.4 shows some interesting patterns. Of farms that remained the same during the previous five years, 79.6% intend no change over the next five years. This represents half of the sample population. Of those that were on a path of expansion over the previous five years, 47% expect to continue on that trajectory, while 45.9% will consolidate and remain the same

over the next five years. Finally, of those that reduced the area that they farm, it is likely that 22.9% will continue to reduce their farm size, while the majority, 69.7% will make no further adjustments in the near future. In terms of agreements, it is significant that 93.5% of those using longer-term FBTs and 91.3% of those using contract farming agreements are predisposed to use the same type of agreement in the future. Whilst not quite to the same extent, farmers that have used grass keep and gentlemen's agreements in the past will favour these in the future. As in the previous five years, opportunism will be one of the main factors behind farmers' entry into agreements. However, as shown in Table 3.5, CAP reform, market prices and farm profitability are some of the other factors that may also have some bearing on changes to agreements to increase farm size. In terms of a reduction in size, the only significant factor is that of retirement.

Table 3.4: *Percentage of changes to farm size over the previous five years compared to changes over the next five years*

		Changes in area farmed in next 5 years		
		Increase	Decrease	No change
Changes in area farmed in last 5 years	Increased	47.0	7.1	45.9
	Decreased	7.4	22.9	69.7
	No change	9.0	11.4	79.6
	All Farms	17.5	12.1	70.4

Table 3.5: *How factors may influence whether the number of agreements will increase or decrease in the next five years*

Influencing factors	Anticipated change in agreements in next five years relative to influencing factor	
	Increase %	Decrease %
CAP reform*	67.6	32.4
Farm profitability*	72.5	27.5
Cost of inputs*	67.6	32.4
Borrowing*	73.2	26.8
Market prices*	69.1	30.9
Farm diversification	59.6	40.4
Environmental schemes*	74.2	25.8
Family changes	64.0	36.0
Retirement or semi retirement*	23.1	76.9
Opportunity*	89.1	10.9
Other reason**	44.4	55.6

Notes:
* There is a strong statistical association between change in agreements and influencing factor ($p < 0.05$).
** There is a weak statistical association between change in agreements and influencing factor ($p < 0.1$).

Dairy farming is again the sector that is most likely to increase the area farmed through new tenure agreements. As Table 3.6 shows, 37.0% of farms with dairying as their main enterprise intend to increase the number of agreements in the next five years, with only 9.1% planning a reduction. The farm types least likely to alter the number of agreements are livestock farms, while pig and poultry farms are likely to make the greatest reduction.

Table 3.6: *Percentage of holdings that plan to change the area they farm in the next five years by main enterprise type of farm*

	% change of agreements among farm types					All types
	Dairy	Livestock	Arable	Pigs/Poultry	Other	
Increase	27.0	11.7	21.3	13.2	14.8	17.7
Decrease	10.7	14.3	11.2	15.8	9.0	12.3
No change	62.3	73.9	67.5	71.1	76.2	70.0

The type of tenures and agreements that are likely to be used to either expand or reduce farmland on holdings in the next five years is presented in Table 3.7. The expected pattern of change will be similar to that which happened in the previous five years. However, all forms of formal unconventional tenures are likely to be the preferred choice of farmers to increase the size of their holdings. In particular, there is likely to be a 45.2% increase in the use of contract farming agreements. Informal unconventional tenures on the other hand, are likely to see a 24.6% decline in their use over the next five years. Regionally, there is likely to be little difference in terms of the tenures that farmers plan to use to expand or reduce the area that they farm in the next five years.

Table 3.7: *Types of agreements that farmers anticipate to change in the next five years*¹⁴

	Anticipated changes in next five years		
	% increase	% decrease	% all changes
Formal conventional:			
FATa	5.6	13.6	7.7
FATb	1.8	1.9	1.8
Total FATs	7.4	15.5	9.5
FBTa	25.6	23.3	25.0
FBTb	6.7	6.8	6.7
Total FBTs	32.3	30.1	31.7

Formal Unconventional:			
Contract	15.8	7.8	13.7
Partnership	5.3	1.0	4.1
Share Farming	4.2	2.9	3.9
Total FUs	25.3	11.7	21.6

Informal Unconventional:			
Sub-tenancy	1.4	1.9	1.5
Grass Keep	19.6	25.2	21.1
Informal/GA	12.3	9.7	11.6
Other	1.8	5.8	2.8
Total IUs	35.1	42.7	37.1

3.4 Conclusions

The dynamics over the previous five years and the expected change over the next five years echo the pattern described in Chapter 2. The structural expansion of agricultural businesses, particularly the largest farms, is sustained by taking on longer term FBTs and unconventional forms of tenure. However, formal types of unconventional tenures would appear to be the preferred route in the future rather than informal counterparts. One possible reason for this may be the introduction of the single farm payment instead of any specific change in legislation aimed at the tenanted sector. With increased transparency required through cross-compliance, it is likely to become problematic to take on informal arrangements.

¹⁴ Only FATs with no direct share in ownership, FBTs of more than two years and contract farming agreements are statistically associated with holdings that have changed their agreements in the past five years.

Chapter 4. Conclusion

In conclusion, why does all this matter? There are a number of different ways to answer this question. For chartered surveyors and property specialists, occupancy arrangements lie at the heart of their professional work. Each arrangement has different implications for tax and inheritance planning and forms of contract. Macro trends in occupancy arrangements are important to property businesses as they market their expertise and scope future activity. For policy makers there are salutary lessons to be learnt about the limits of policy reach even when it is specifically designed to cope with change and be more open to flexibility. Finally there are issues of social equity and environmental management. There is little evidence that the new arrangements have done a great deal to open the way for new entrants to the industry, one of the main social arguments that gained prominence in the debates of the early 1990s. Short term arrangements, whether formal or informal, are not necessarily the best suited to long term environmental stewardship. Indeed some would argue that they can, in certain circumstances, lead to environmental asset stripping. Our research has set out the macro trends in occupancy but a postal survey is not well suited to explore the social and environmental implications. The connection between sustainability and occupancy remains therefore an area that requires further investigation.

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Appendix 1 – Postal survey methodology

A1.1 Postal sample methodology

The sample for the postal survey was drawn from Yellow Pages.¹⁵ The use of this directory as a sampling frame has been periodically discussed in research literature as an alternative to Government lists of the farming population. Given the importance of an accurate sampling frame in survey work, Errington (1985) concluded that populations' parameters provided by Yellow Pages are sufficiently accurate for most purposes. However, others suggest some caveats to this assertion. Emerson and MacFarlane (1995) suggests that while Yellow pages provide a relatively unbiased sampling frame characterised by the number of holdings, it is not representative of farm businesses that are described by area. As such, there is a bias towards larger farms. Alternatively, Burton and Wilson (1999) argue that this source excludes farmers that have 'lifestyle' aspirations and instead favours more commercially orientated operation. Given the nature of this survey, a potential bias towards larger more commercial farms was not felt to be unduly restricting since it is farmers of these types of business orientation that are likely to be engaged in the land tenure market.

As Yellow Pages contain temporal inaccuracies, it was anticipated that a number of returns would be marked as 'addressee gone away' or 'respondent deceased'.¹⁶ To compensate for this potential, the sample size of 3,000 was increased by 5% to account

¹⁵ Any sampling frame, including that of Yellow Pages, potential contains a number of inadequacies and sources of bias. These include *missing element* where the sampling frame may be inadequate or incomplete; *cluster of elements* where a single entry may represent more than one business; *foreign elements* may be present in the sampling framework but do not belong to population; *duplicate listings* may occur if subjects are listed more than once; *factual inaccuracies* may be present when names, address or telephone numbers are incorrectly entered; and *temporal inaccuracies* will occur when subjects die, change occupations or relocate, and will over time have an increasing level of error particularly, as in the case of Yellow Pages, that is out of date as soon as it is published (Kish 1965, Yates 1981, Kalton 1983, Errington 1989, Emerson and MacFarlane 1995, Burton and Wilson 1999).

¹⁶ The use of Yellow pages as a sampling frame has been frequently discussed in research literature as an alternative to Governmental sources of names and address of the farming population. Errington (1985) concluded that populations' parameters provided by the directory are sufficiently accurate for most purposes. However, Emerson and MacFarlane (1995) suggests that while Yellow pages provide a relatively unbiased sampling frame characterised by the number of holdings, it is not representative of farm businesses by area as there is a bias towards larger farms. Furthermore, Burton and Wilson (1999) argue that this source excludes farmers that have 'life-style' aspirations and instead favours more commercially orientated operation.

for any losses through this manner. The postal survey was therefore distributed to 3,150 farmers throughout England and Wales.¹⁷ As the questionnaire was covering an extremely complex topic, it was designed to be as straightforward and short as possible so as to maximise returns without any sacrifice to detail.¹⁸ A free post envelope was included to encourage a higher level of return. Following the first mail out, a reminder letter was sent followed by a further reminder letter, a copy of the questionnaire and another free post envelope. A response rate of 39.2% for England and Wales was achieved, which is a reasonable achievement and there seemed to be no region which was disproportionately under or over represented. However, given the complexity of the questionnaire, particularly that regarding the collection of data on land tenure, 18 were discarded as the information given was too ambiguous. This marginally reduced the final response rate to 38.7%. Nevertheless, this was only eight short of the target of 1200 replies hoped for at the outset of the research. Breaking down the response rate into countries, the response rates were similar with 38.6% of English farmers responding compared to 39.1% of Welsh farmers.

A1.2 Sample data validation

Given the level of detail required from the questionnaire, it is necessary to validate the collected data to assure that farms with more complex tenurial arrangements have engaged with the project. To this end, two methods were adopted. The first was to compare and contrast the survey data against June sample data collected by Defra and the Welsh Assembly; and the second, was a follow up telephone survey of non-respondents.

In comparing and contrasting the June agricultural sample statistics of 2006, Table A1.1 demonstrates a divergent relationship between the Centre for Rural Policy Research (CRPR) 2007 sample and Defra's June sample.¹⁹ For example, the June sample records a

¹⁷ The final sample population was reduced to 3077 after deceased farmers, postal errors and respondents indicating that they were no longer farming were removed.

¹⁸ A copy of the questionnaire and the covering letters is given in Appendix I.

¹⁹ As this research was carried out in February 2007, Defra's June sample 2006 was the most up to date available.

larger number of farmers under 20 hectares as compared to only 12.1 % in the CRPR survey. This discrepancy is explained by two related issues. The first, whilst Defra sample larger holdings at a higher rate, since 2000 published data includes ‘minor’ holdings, which account for a significant number. Couple this with the bias in Yellow pages towards larger more commercial farms, the pattern when comparing CPRP and Defra data is expected. As such, in the CPRP 2007 survey 71.8 % were 50 hectares or over as compared to only 24.3 % of the Defra sample.

Table A1.1: *Comparison of farm size categories to Defra and Welsh Assembly June sample*

	CPRP 2007 Survey	June Sample 2006
Under 20 ha	12.1	61.2
20 to under 50 ha	16.1	14.5
50 to under 100ha	23.8	11.4
100ha and above	48.0	12.9
All Holdings	100.0	100.0

In terms of tenure, Table A1.2 presents a comparison of land owned and that tenanted between the CRPR survey and the Defra June sample. In England and Wales as a whole, the CRPR sample records a greater level of land farmed by tenants. Given the structure of the questionnaire, that made it clear to the recipient that the survey concerned land tenure, it is possible that fewer solely land owners responded. This, coupled with the bias towards larger more commercial farms in the sampling frames, means that it is more likely that the survey captures farmers that enter into tenurial agreements.

Given the divergence between CRPR and Defra data, and the relatively low survey response rate, two techniques – wave analysis and a follow-up telephone survey – were employed to validate the representativeness of the data collected.²⁰ This was undertaken to explore certain key variables - land tenure and area farmed that was also owned and that farmed but not personally owned.

²⁰ See Rogelberg and Stanton (2007) for a review of different techniques that are used to assess nonresponse bias.

Table A1.2: *Comparison with owned and tenanted land in England and Wales to Defra and Welsh Assembly June sample data*

	% of owned land		% of tenanted land	
	2007 Survey	June Sample 2006	2007 Survey	June Sample 2006
England				
East Midlands Region	48.5	63.4	51.5	36.6
Eastern Region	49.6	68.4	50.4	31.6
North East Region	44.3	50.2	55.7	49.8
North West Region	48.0	62.8	52.0	37.2
South East Region (incl. London)	47.3	66.7	52.7	33.3
South West Region	57.7	68.9	42.3	31.1
West Midlands Region	58.4	69.2	41.6	30.8
Yorkshire and the Humber Region	61.5	62.5	38.5	37.5
England Total	51.0	65.3	48.0	34.7
Wales	69.0		31.0	
England and Wales	54.2		45.8	

As the survey was conducted by first sending out a questionnaire, followed by a reminder letter and a further reminder letter with a copy of the questionnaire, it is possible to implement wave analysis to assess the profile of respondents at different stages of the survey. From this breakdown (see Table A1.3), it is statistically significant that farmers with some form of tenure were more likely to respond to the first wave of the questionnaire, whereas those that owned all the land they farmed responded better to the second wave. By the final wave, there was no statistical difference between whether the respondents had rental agreements or not. An analysis of area farmed against each wave of returns is given in Table A1.4. From this, it is clear that the first round of respondents farmed larger areas of land, whether personally owned or not. This is reduced in the second wave but increased again in the final response. Overall, these findings suggest that while there is an initial bias towards farmers with tenure agreements, later waves of responses balance this partiality.

Table A1.3: *The association between returns to survey and farm tenure*²¹

	1st response %	2nd response %	Final response %
Owner-occupier	43.1	26.8	30.1
Wholly rented	53.8	18.3	28.0
Mixed Tenure	47.9	19.8	32.3

Table A1.4: *Comparing the mean areas rented and owned in each wave of returns*²²

	1st response (hectares)	2nd response (hectares)	Final response (hectares)	Total (hectares)
Area farmed and personally owned	93	75	79	85
Area farmed but not personally owned	86	52	65	72
Total area farmed	179	127	144	157

The second technique was to contact non-respondents in a follow-up telephone survey using an abridged version of the postal survey to assess the degree of non-response bias. This was conducted in June 2007 and 83 non-respondents completed the questionnaire. In terms of the first key variable, land tenure, there is no statistical association between tenure type and whether the recipient responded or not, although marginally fewer farms described as wholly rented were elicited in the non-response survey. Turning to area farmed, Table A1.4 compares means of land personally owned and that under some form of rental agreement, using independent sample t-tests. From this, there is equal variance between means from the survey respondents and the non-responders for total area farmed and the area farmed which they personally own. However, this assumption is not possible for the respective means for land farmed under some form of tenure agreement. As such, it should be concluded that the original survey is biased towards farms with some form of land tenure agreement.

²¹ The association between response and farm tenure type are statistically significant ($\chi^2=11.371$, $p < 0.05$).

²² The difference between mean for each wave is statistically significant using one-way ANOVA ($p < 0.05$ and homogeneity of variance $p < 0.05$) for area farmed but not personally owned and total area farmed.

Table A1.4: *Comparing the mean areas rented and owned between respondents and non-respondents*

	Survey respondent (hectares)	Non-respondent (hectares)
Area farmed and personally owned	85	100
Area farmed but not personally owned	72	52
Total area farmed	157	152

Given the analysis of key variables in the survey data against Defra’s June sample, the wave analysis and the follow-up non-respondent survey, there is evidence of sample bias towards farms with tenurial agreements. However, as one of the main aims of this survey was to establish the tenurial status of all land and agricultural buildings occupied for all or part of a year by respondents, this bias should not be seen as unduly problematic. Clearly, if a bias had been discovered in the opposite direction that over represented own-occupancy of land, the ability to report on the nature of tenurial arrangements would have been compromised. Instead, given the complexity of the initial part of the questionnaire that may have put off farmers with tenurial agreements filling out the questionnaire, it can be concluded that the survey data is a reasonable representation of land tenure on commercial farms in England and Wales.

A1.3 Weighting procedure

The response to the survey covered 0.49% of the total holdings in England and Wales consisting of 186,024 hectares, some 1.72% of the total agricultural area. The break down by farm size is given Tables A1.5 and A1.6 along with the actual sample of respondents is specified.²³

²³ Although 1,192 responded to the survey, 35 of these were land owners that did not farm their land but instead rented it out. These have been excluded from the weighting procedure and subsequent analysis.

Table A1.5: *Number of respondents' holdings by farm size*

	Size group (Hectares)				Total
	0-20	20-49	50-99	100+	
No. of holdings	141,511	34,486	26,994	30,754	233,745
% of holdings	60.5	14.8	11.5	13.2	100.0
No. sample holdings	109	192	284	572	1,157
% of sample holdings	9.4	16.6	24.5	49.4	100.0
Sampling fraction %	0.08	0.56	1.05	1.86	0.49

Table A1.5: *Number of respondents' area farmed by farm size*

	Size group (Hectares)				Total
	0-20	20-49	50-99	100+	
Hectares of holdings ('000s)	639	1,142	1,933	7,114	10,828
% of area	5.9	10.5	17.9	65.7	100.0
Sample area	958	6,810	20,698	157,557	186,024
% of sample area	0.5	3.7	11.1	84.7	100.0
Sampling fraction %	0.15	0.60	1.07	2.21	1.72

The respondents reflected a higher proportion of larger holdings than in the population as a whole. For example, the size group 100 plus constitutes 13.2% of total holdings in England and Wales, yet 49.4% of the sample of respondents were in this size category. Almost three quarters of the sample holdings were more than 50 hectares in size whereas in the total population roughly the same proportion is less than 50 hectares. Furthermore, 84.7% of the sample area comprise of holdings that are over 100 hectares. The result, as shown in Table A1.4, is that whereas the survey covers only 0.08% of holdings under 20 hectares it covers 1.86% of those over 100 hectares. These biases in the sample of respondents reflects the use of Yellow Pages as the sampling frame that has more commercial and consequently larger farms as indicated by the higher response among larger holdings.

In view of the sample bias towards larger holdings, it was necessary to weight the proportions obtained in each strata of farm size in accordance with their overall population of unconventional tendencies as shown in Table A1.5 and A1.6. Thus in terms of number of holdings, 20.6% of the sample (weighted according to the strata's importance within the total population of holdings) had a minimum of one

unconventional tenure arrangement. It is possible to construct a 95% confidence interval for the true population. As such, this population proportion lies within 17.8% and 23.3%.

Table A1.5: *Number of respondents' holdings by farm size*

	Size group (Hectares)				Total
	0-20	20-49	50-99	100+	
Total number of holdings	141,511	34,486	26,994	30,754	233,745
Holdings in sample	109.0	192.0	284.0	572.0	1,157.0
Weighting co-efficient	6.4	0.9	0.5	0.3	1.0

Table A1.6: *Area of holdings by farm size*

	Size group (Hectares)				Total
	0-20	20-49	50-99	100+	
Total number of holdings	141,511	34,486	26,994	30,754	233,745
Holdings in sample	109.0	192.0	284.0	572.0	1,157.0
Weighting co-efficient	6.4	0.9	0.5	0.3	1.0

Appendix 2: Questionnaire and covering letters

Farm Tenure Survey

CRPR R1/1001



Questions about your farm and land

1. Do you own land? Yes No *(If No, please go to Question 3)*

2 What is the total area of agricultural land and buildings (excluding woodland) that you own? <i>If all this land is farmed by you, please go to Box A</i>	[]	Ha	or	[]	Acres
2a. If any of this owned land is let out on Farm Business Tenancy agreements, please give area.	[]	Ha	or	[]	Acres
2b. If any of this owned land is let by you to another person as grass keep (but not using a FBT), please give area.	[]	Ha	or	[]	Acres
2c. If any of this owned land is farmed by a contractor, please give area.	[]	Ha	or	[]	Acres
2d. If any of this owned land is farmed under some form of joint agreement in which you are not responsible for farming the land (e.g. share farming or partnerships), please give area.	[]	Ha	or	[]	Acres
<i>Please complete</i> BOX A: What area of this owned land is farmed by you?					
	[]	Ha	or	[]	Acres
Note: Box A should equal the value of question 2 <i>less</i> any areas given in 2a. to 2d					

3 What area do you farm but do not personally own. <i>If you are in sole ownership of all your farm land, please go to Question 4</i>					
Please give area and the number of agreements that you have for:				Number of separate agreements	
3a. Full agricultural tenancy with no direct or indirect share in ownership	[]	Ha	or	[]	[]
3b. Full agricultural tenancy with direct or indirect share in ownership	[]	Ha	or	[]	[]
3c. Farm Business Tenancy of more than two year in length	[]	Ha	or	[]	[]
3d. Farm Business Tenancy of less than two year	[]	Ha	or	[]	[]
3e. Sub-tenancy	[]	Ha	or	[]	[]
3f. Grass keep agreement (not covered by a FBT)	[]	Ha	or	[]	[]
3g. Contract farming	[]	Ha	or	[]	[]
3h. Partnership farming with the landowner	[]	Ha	or	[]	[]
3i. Share farming	[]	Ha	or	[]	[]
3j. Informal arrangement/ gentleman's agreement	[]	Ha	or	[]	[]
3k. Other arrangement (Please specify):	[]	Ha	or	[]	[]
<i>Please complete</i> Box B: Total area of land that you farm but do not personally own					
	[]	Ha	or	[]	Acres
Note: Box B should equal the values of 3a. to 3k. added together					

<i>Please complete</i> BOX C: Total area of all agricultural land and buildings farmed by you					
	[]	Ha	or	[]	Acres
Note: Values in BOX A + BOX B should equal BOX C					

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4. Do you have any common grazing rights? Yes No
5. How important do you feel it is to maximise your return on investment from land that you farm?
 Very important Quite important Not particularly important
Of no importance
6. How important do you feel it is to provide yourself with 'a way of life' from the land that you farm?
 Very important Quite important Not particularly important
Of no importance
7. How important do you feel it is to provide sustainable food production from the land that you farm?
 Very important Quite important Not particularly important
Of no importance
8. How important do you feel it is to provide land for a future generation of your family from the land that you farm?
 Very important Quite important Not particularly important
Of no importance

Questions about recent changes in the land area you farm

- 9a. In the **last** five years, how has the area you farm changed?
 Increased Decreased Remained the same (*If same please go to **Question 10a***).

- 9b. Which of the following factors have influenced your changes in land area farmed over the last five years? (*please tick all that apply*)

- | | |
|--|--|
| <input type="checkbox"/> The impact of CAP reform | <input type="checkbox"/> Farm profitability |
| <input type="checkbox"/> Cost of inputs | <input type="checkbox"/> Cost of borrowing |
| <input type="checkbox"/> Market prices | <input type="checkbox"/> Farm diversification |
| <input type="checkbox"/> Environmental schemes | <input type="checkbox"/> Family changes |
| <input type="checkbox"/> Retirement/semi-retirement | <input type="checkbox"/> Opportunity |
| <input type="checkbox"/> Other (<i>Please specify</i>) _____ | <input type="checkbox"/> No factors have influenced my plans |

- 9c. Did changes to the area you farm occur on with (*please tick only one*):

- Land owned by yourself
 Land **not** personally owned by you
 A combination of land owned by yourself and that not personally owned by you

- 9d. Which of the following tenure agreements have you used to make these changes over the last five years?

- Full agricultural tenancy **with no** direct or indirect share in ownership
 Full agricultural tenancy **with** direct or indirect share in ownership
 FBT of **more** than two year in length
 FBT of **less** than two year
 Sub-tenancy
 Grass keep agreement (not covered by FBT)
 Contract farming
 Partnership farming with the landowner
 Share farming
 Informal arrangement/gentleman's agreement
 Other arrangement _____
 Not applicable (*Please go to **Question 11a***)

Note: Please tick all that apply *or* not applicable if none apply

- 9e. In total, how many separate tenure agreements have you changed in the last five years? _____

Questions about future changes in the land area you farm

- 10a. In the **next** five years how is the area that you farm likely to change?
 Increase Decrease Remain the same (*If same please go to **Question 11***)

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10b. Which of the following factors are likely to influence changes in the area you farm over the next five years? (*please tick all that apply*)

- | | |
|---|---|
| <input type="checkbox"/> The impact of CAP reform | <input type="checkbox"/> Farm profitability |
| <input type="checkbox"/> Cost of inputs | <input type="checkbox"/> Cost of borrowing |
| <input type="checkbox"/> Market prices | <input type="checkbox"/> Farm diversification |
| <input type="checkbox"/> Environmental schemes | <input type="checkbox"/> Family changes |
| <input type="checkbox"/> Retirement/semi-retirement | <input type="checkbox"/> Opportunity |
| <input type="checkbox"/> Other (Please specify) _____ | <input type="checkbox"/> No factors will influence my plans |

10c. Are changes to the area you farm likely to occur on (*please tick only one*):

- Land owned by yourself
 Land **not** personally owned by you
 A combination of land owned by yourself and that not personally owned by you

10d. Which of the following tenure agreements are you likely to make these changes over the next five years?

- Full agricultural tenancy **with no** direct or indirect share in ownership
 Full agricultural tenancy **with** direct or indirect share in ownership
 FBT of **more** than two year in length
 FBT of **less** than two year
 Sub-tenancy
 Grass keep agreement (not covered by FBT)
 Contract farming
 Partnership farming with the landowner
 Share farming
 Informal arrangement/gentleman's agreement
 Other arrangement _____
 Not applicable

Note: Please tick all that apply *or* not applicable if none apply

Questions about share-farming

(*If you do not share-farm, please go to **Question 12***)

11. For what reason do you share-farm?

- Financial (increase income/not assets making/management)
 Share responsibility (joint decision-

11a. What are the basic share proportions?

- Self _____ %
 Owner _____ %
 Others (specify) _____ %

Note: the proportions should add to 100%

11b. How often do you discuss plans? (*please tick only one*)

- More than once a week
 Less than once a week but more than once a month
 Less than once a month but more than once every six months
 Less than once every six months but more than once a year
 Less than once a year

11c. What is shared? (*please tick all that apply*)

- | | |
|---|--|
| <input type="checkbox"/> Farming operations | <input type="checkbox"/> Day to day management |
| <input type="checkbox"/> Nature conservation | <input type="checkbox"/> Building maintenance |
| <input type="checkbox"/> Livestock | <input type="checkbox"/> Machinery |
| <input type="checkbox"/> Other (Please specify) _____ | |

11d. Do you operate as a separate business? Yes No

11e. If **No**, what is the arrangement? _____

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«Name»
«Address1»
«Address2»
«Address3»
«Address4»
«Address5»
«Address6»

05 February 2007

Dear «Name»

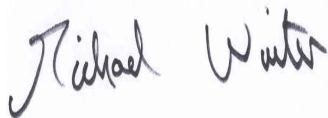
Farm Tenure Survey

The Centre for Rural Policy Research at the University of Exeter in association with the Royal Institute of Chartered Surveyors (RICS) is carrying out a survey to establish the extent and nature of arrangements for the occupation of agricultural land in England and Wales. This is timely since farm tenure is again receiving much attention because of the recent changes to tenancy legislation. The Regulatory Reform (Agricultural Tenancies) (England and Wales) Order 2006, which came into operation on 19 October 2006, will have implications for both land owning and tenant farmers. In particular, the reforms are intended to enable tenant farmers to embrace the opportunities that exist to derive income from a wider range of activities alongside their agricultural enterprises whilst retaining their rights. This in turn could provide land owning farmers with more opportunities to let land through more flexibility in the tenanted sector. Therefore, this short survey will provide a baseline of different types of farm tenure currently in operation as well as identify recent and potential future trends.

Your holding has been selected from a random sample and we hope you will be able to complete the enclosed form, with the aid of the brief notes provided. The survey is likely to take less than 15 minutes of your time. All information provided will be handled in the strictest confidence: your details will not be passed on to any other organisation and neither your farm nor any individual associated with it will be identifiable in any of the survey results. We do hope you will be able to help us build an accurate picture of current farm tenure and possible future trends by completing the questionnaire and returning in the FREEPOST (no stamp required) envelope provided, by 13th March 2007. If you have any queries, please contact Dr Allan Butler, who is a member of the research team, on 01392 263847 (Allan.J.Butler@Exeter.ac.uk).

With many thanks in advance for your time and co-operation.

Yours sincerely,



Professor Michael Winter OBE
Director of the Centre for Rural Research

Questions about your farm and land

2 What is the total area of agricultural land and buildings (excluding woodland) that you own? <i>If all this land is farmed by you, please go to Box A</i>	<input type="text"/>	Ha or	<input type="text" value="112"/>	Acres
2a. If any of this owned land is let out on Farm Business Tenancy agreements, please give area.	<input type="text"/>	Ha or	<input type="text"/>	Acres
2b. If any of this owned land is let by you to another person as grass keep (but not using a FBT), please give area.	<input type="text"/>	Ha or	<input type="text"/>	Acres
2c. If any of this owned land is farmed by a contractor, please give area.	<input type="text"/>	Ha or	<input type="text"/>	Acres
2d. If any of this owned land is farmed under some form of joint agreement in which you are not responsible for farming the land (e.g. share farming or partnerships), please give area.	<input type="text"/>	Ha or	<input type="text" value="12"/>	Acres
<i>Please complete</i>				
BOX A: What area of this owned land is farmed by you?	<input type="text"/>	Ha or	<input type="text" value="100"/>	Acres
Note: Box A should equal the value of question 2 <i>less</i> any areas given in 2a. to 2d				

1. Do you own land? Yes No *(If No, please go to **Question 3**)*

3 What area do you farm but do not personally own. <i>If you are in sole ownership of all your farm land and farm it all yourself, please go to Question 4</i>			Number of separate agreements	
Please give area and the number of agreements that you have for:				
3a. Full agricultural tenancy with no direct or indirect share in ownership	<input type="text"/>	Ha or	<input type="text"/>	<input type="text"/>
3b. Full agricultural tenancy with direct or indirect share in ownership	<input type="text"/>	Ha or	<input type="text"/>	<input type="text"/>
3c. Farm Business Tenancy of more than two year in length	<input type="text"/>	Ha or	<input type="text"/>	<input type="text"/>
3d. Farm Business Tenancy of less than two year	<input type="text"/>	Ha or	<input type="text" value="22.5"/>	<input type="text" value="4"/>
3e. Sub-tenancy	<input type="text"/>	Ha or	<input type="text"/>	<input type="text"/>
3f. Grass keep agreement (not covered by a FBT)	<input type="text"/>	Ha or	<input type="text"/>	<input type="text"/>
3g. Contract farming	<input type="text"/>	Ha or	<input type="text"/>	<input type="text"/>
3h. Partnership farming with the landowner	<input type="text"/>	Ha or	<input type="text"/>	<input type="text"/>
3i. Share farming	<input type="text"/>	Ha or	<input type="text"/>	<input type="text"/>
3j. Informal arrangement/ gentleman's agreement	<input type="text"/>	Ha or	<input type="text" value="50"/>	<input type="text" value="2"/>
3k. Other arrangement (Please specify):	<input type="text"/>	Ha or	<input type="text"/>	<input type="text"/>
<i>Please complete</i>				
Box B: Total area of land that you farm but do not personally own	<input type="text"/>	Ha or	<input type="text" value="275"/>	Acres
Note: Box B should equal the values of 3a. to 3k. added together				

<i>Please complete</i>				
BOX C: Total area of all agricultural land and buildings farmed by you	<input type="text" value="375"/>	Ha or	<input type="text"/>	Acres
Note: Values in BOX A + BOX B should equal BOX C				

Some definitions of terms used in questionnaire (in order of use)

Q2 “total area of agricultural land and buildings (excluding woodland) that you own”

All land which is owned by you (personally or jointly). Please include land that you own but do not necessarily farm, such as land let out under FBTs or some other agreement.

Box A “area of this owned land is farmed by you”

All land which is owned and farmed by you (personally or jointly). Please do not land which you let out under FBTs or other agreements; and do not include any land which you farm under any of the categories listed in Question 3.

Q3 “area you farm but do not personally own”

All land that you farm under some form of tenure or agreement (See Q3a to Q3k below for the main types of agreements).

Q3a “Full agricultural tenancy”

An agricultural tenancy with security of tenure for at least the life-time of the current tenant (or at least to retirement in the case of certain tenants of county council small holdings)

Q3b “direct or indirect share in ownership”

Where you have a stake in the ownership of the farm, e.g. a share in the freehold itself, or a share in a company or partnership that owns the farm, or you are a trustee (e.g. of a family trust) or a beneficiary of a settlement (e.g. under a will) that owns the farm.

Q3c “Farm Business Tenancy of more than two years in length”

A Farm Business Tenancy that is of fixed term for a period over two years, in which the landlord must give at least a year's notice.

Q3d “Farm Business Tenancy of two years or less in length”

A Farm Business Tenancy that is of fixed term for a period of two years or less, which ends automatically without notice.

Q3e “Sub-tenancy”

A sub-tenant of an agricultural holding is a tenant whose 'landlord' is not the freehold owner but is himself a tenant to a superior landlord (normally the freehold owner).

Q3f “Grass keep agreement”

An agreement that is not covered by a FBT for the grazing and/or mowing of grassland during some specified period during the year.

Q3g “Contract farming”

Contract farming is an agreement whereby the contractor carries out operations of husbandry as an agent for the landowner (or tenant). The landowner (or tenant) provides the land, buildings and fixed equipment, quotas (if applicable) and bank account. The contractor provides the labour, machinery and management expertise and is remunerated by an agreed formula.

Q3h “Partnership farming with the landowner”

A partnership involving a farmer and a landowner in which the parties run the farm as a joint business.

Q3i “Share farming”

A Share Farming agreement is an arrangement usually between two parties, a landowner and an operator. They each have their own separate business but in respect of a specific farming venture they work together. Each has an agreed share of the expenses and receives an agreed share of the income.

Q3j “Informal arrangement/ gentleman's agreement”

An arrangement for the occupation and farming of land is orally agreed and settled by a handshake.



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