

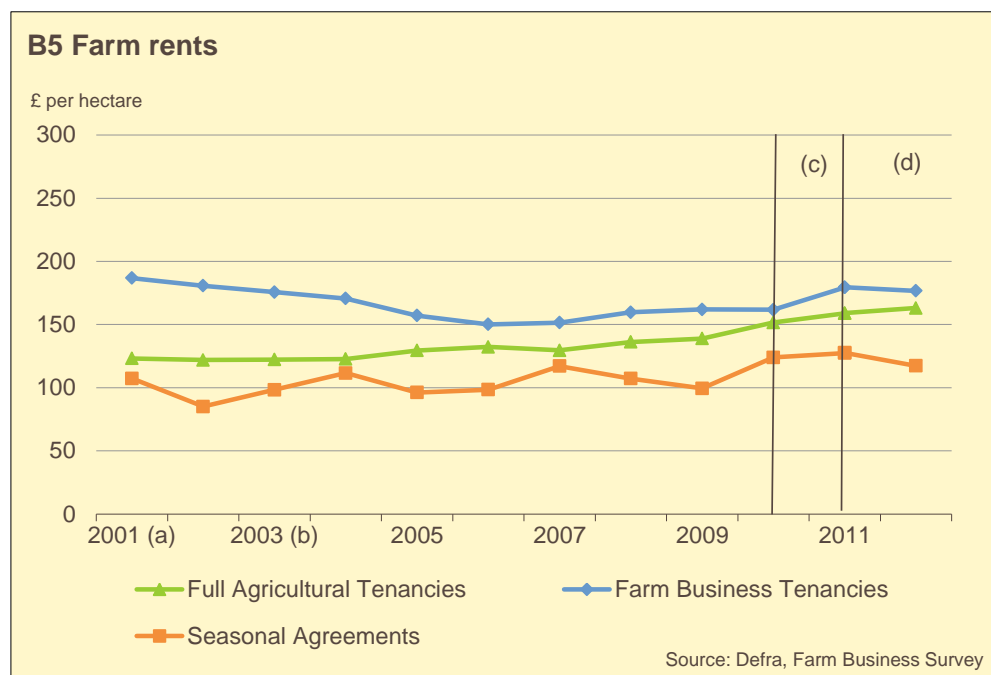
Observatory monitoring framework – indicator data sheet

Process: Farm Business

Indicator B5: Farm rents

This indicator monitors rental values which are linked to farm incomes. Monitoring rents will provide a measure of the capability of the land to provide income over time.

Chart B5 shows the average agricultural rents on all farm types in England since 2001 for Full Agricultural Tenancies (FATs), Farm Business Tenancies (FBTs) and seasonal agreements less than 1 year.



- In 2012, average rents for all farms with FATs increased to £163 per hectare, whereas FBTs decreased to £177 per hectare. Seasonal agreements decreased to £117 per hectare;
- This represents a change of +3%, -2% and -8% respectively on 2011;
- Average rents for FATs have tended to increase over the period, due to the continued rise in commodity prices;
- Although remaining lower than in 2001, average rents for FBTs have generally risen since 2006;
- Seasonal rent prices have varied over the period.

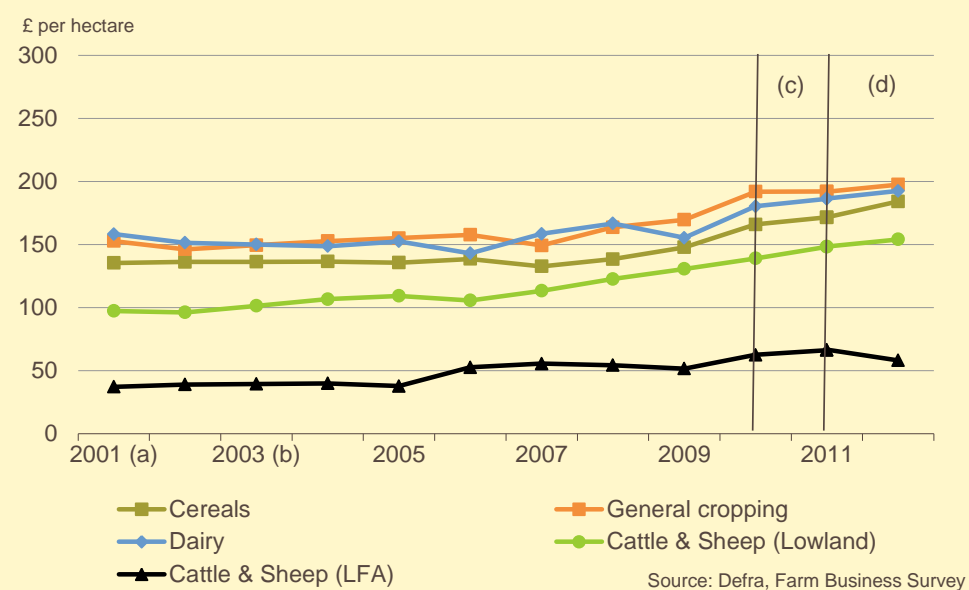
(a) FBS rental data is available from 2004 onwards. Results for 2001 and 2002 have been estimated by applying the corresponding percentage changes from the TLS to the FBS figures.
 (b) Results for 2003 are the mid-points between the estimates for 2002 and 2004, because there was no TLS conducted in that year.
 (c) In 2010 the methodology used to assign farm types changed from Standard Gross Margins (SGMs) to Standard Outputs (SOs). This has caused a small shift in the number of farms in each farm type category between 2009 and 2010. For further details please see the information on the Farm Business Survey webpage at: <https://www.gov.uk/government/collections/farm-business-survey>
 (d) The weighting methodology changed in 2012. Results for 2011 have been calculated for both methodologies to allow comparisons to be made between years. For 2011 both calculations are displayed on the chart which demonstrates the change to the weightings had little effect on farm rent results.

FATs by farm type

Chart B5a shows the average rents for Full Agricultural Tenancies by farm type. There is some variation between farm types, with average rents for LFA holdings being appreciably lower than average rents on lowland holdings.

All farm types have shown an increase apart from LFA Cattle & Sheep farms which decreased by 13% between 2011 and 2012. Cereal farms and lowland cattle and sheep farms have seen average rents rise for the sixth consecutive year.

B5a Farm rents: Full Agricultural Tenancies



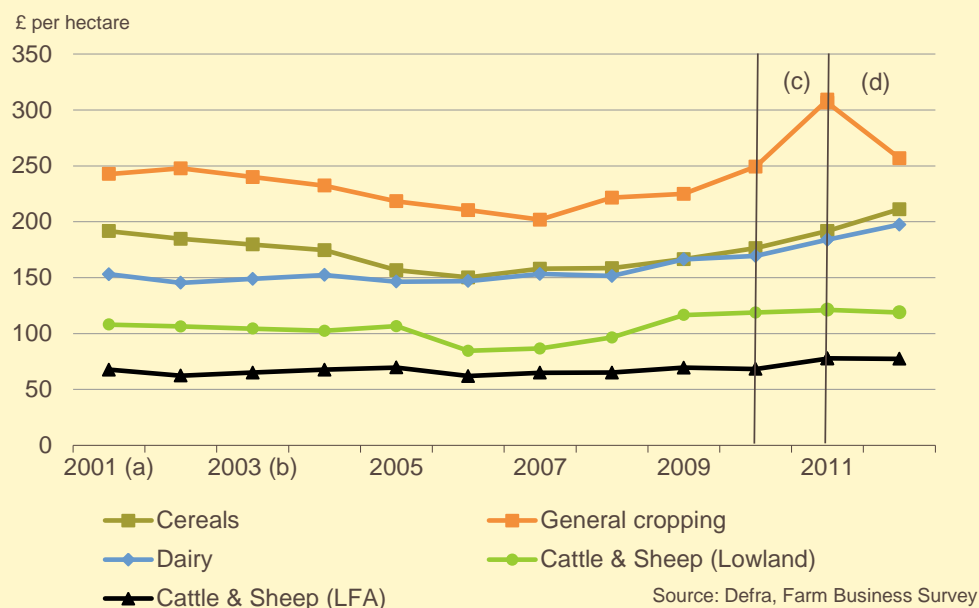
(a) FBS rental data is available from 2004 onwards. Results for 2001 and 2002 have been estimated by applying the corresponding percentage changes from the TLS to the FBS figures.

(b) Results for 2003 are the mid-points between the estimates for 2002 and 2004, because there was no TLS conducted in that year.

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(d) The weighting methodology changed in 2012. Results for 2011 have been calculated for both methodologies to allow comparisons to be made between years. For 2011 both calculations are displayed on the chart which demonstrates the change to the weightings had little effect on farm rent results.

B5b Farm rents: Farm Business Tenancies



FBTs by farm type

Chart B5b shows average rents for Farm Business Tenancies by farm type.

General cropping farms showed the largest decrease (-16%) to £257 per hectare. Cereals and dairy were the only farm types to see a rise in rent per hectare of 10% and 7% respectively.

Average rents for seasonal agreements are not available by farm type.

(a) FBS rental data is available from 2004 onwards. Results for 2001 and 2002 have been estimated by applying the corresponding percentage changes from the TLS to the FBS figures.

(b) Results for 2003 are the mid-points between the estimates for 2002 and 2004, because there was no TLS conducted in that year.

(c) In 2010 the methodology used to assign farm types changed from Standard Gross Margins (SGMs) to Standard Outputs (SOs). This has caused a small shift in the number of farms in each farm type category between 2009 and 2010. For further details please see the information on the Farm Business Survey webpage at: <https://www.gov.uk/government/collections/farm-business-survey>

(d) The weighting methodology changed in 2012. Results for 2011 have been calculated for both methodologies to allow comparisons to be made between years. For 2011 both calculations are displayed on the chart which demonstrates the change to the weightings had little effect on farm rent results.

This indicator was published in July 2014. The next update will be in March 2015.

Further information and contact

Background information can be found in the accompanying fact sheet.

For further queries or information on this indicator contact Defra's Observatory team on +44 (0) 1904 455058 or email Observatory@defra.gsi.gov.uk

Observatory monitoring framework – indicator fact sheet

Process: Farm Business

Indicator B5: Farm rents

<i>Indicator</i>	Farm rents
<i>Data</i>	Chart B5: Average rents Chart B5a: Average rents – Full Agricultural Tenancies Chart B5b: Average rents – Farm Business Tenancies
<i>Geographic coverage</i>	England
<i>Years</i>	2001 - 2012
<i>Source</i>	Defra
<i>Origin of data</i>	Farm Business Survey
<i>Updates</i>	The data are collected annually. The next update will be in March 2015.
<i>Background</i>	<p>Rental values are linked more strongly to income than land values. Monitoring rental values will provide a measure of the capability of land to provide income over time.</p> <p>Government has been collecting and publishing details on farm rents since 1959. However, this Annual Rent Enquiry had its limitations and was replaced in 1996 by the Annual Survey of Tenanted Land (ASTL) following the introduction of the 1995 Agricultural Tenancies Act. ASTL had two main aims:</p> <ul style="list-style-type: none">(i) to monitor the uptake of the new Farm Business Tenancies created under the 1995 Agricultural Tenancies Act, and(ii) to collect rents from tenants instead of the landlords and land agents surveyed by the Annual Rent Enquiry. <p>The survey became biennial in 2004, and was referred to as the Tenanted Land Survey (TLS).</p> <p>Following a review of farm rent data in 2009, the Farm Business Survey has now become the source of data on farm rents.</p> <p><u>Full Agricultural Tenancies (FATs)</u></p> <p>Broadly, these are tenancies entered into before 1 September 1995 or statutory succession tenancies, which arise from tenancies created before 12 July 1984. The Agricultural Holdings Act 1986 converted tenancies for less than a year, licences (other than grazing and/or mowing licences) or fixed term lettings for more than two years into "tenancies from year to year" (i.e. making them into full agricultural tenancies). This Act consolidated earlier legislation and generally conferred lifetime security on satisfactory tenant farmers, to encourage them to plan ahead and farm their land well.</p> <p><u>Farm Business Tenancies (FBTs)</u></p> <p>An FBT is a tenancy under the Agricultural Tenancies Act 1995, which came into force on 1 September 1995. If the parties have not decided on a fixed term, it can be assumed that it is a tenancy from year to year, terminable by either party by at least one, but not more than two years notice to quit. The most important feature of the 1995</p>

Act is that parties are free to agree on any length of term and rent themselves.

*Statistical &
methodological
information*

Farm Business Survey

The Farm Business Survey (FBS) provides annual information on the financial position and the physical and economic performance of farm businesses. The FBS is a collaborative programme between Defra and a consortium of eight universities/colleges contracted to do the bulk of the work. Data are collected on farm and from face to face interviews with farmers.

The survey covers all farms above a minimum threshold. For accounting years up to 2003/04 the minimum size threshold was 8 European Size Units (ESU). The sample structure was re-designed for 2004/05 when the minimum size was defined by standard labour requirements. At that time, the coverage of the survey was restricted to part-time and full-time farms and to the main farm types. Spare-time farms with less than 0.5 Standard Labour Requirements (SLR), or farms with negligible economic activity were excluded. From 2010/11 the survey was again re-designed and the coverage is now restricted to those farms with at least 25,000 Euros of standard output. The classification of farms was also revised for the 2010/11 Farm Business Survey, to bring the classification in line with European guidelines. The changes to 2010/11 have been backdated for 2009/10 data only. The results for these 2 years are therefore not directly comparable with those published in earlier years.

Up to the 2003/04 accounting year, the sample size for the England FBS was 2,250 farm businesses. From 2004/05 until 2009/10, it was 1,850 businesses. From 2009/10 the sample size is around 1,950 farms.

From 2010/11, the population of farms covered by the survey is now stratified into 14 farm types and 7 regions. Within each stratum, sampling is with uniform probability, however, minimum publication thresholds are applied and some farm types are sampled at a higher rate to ensure adequate coverage for analysis. Farms are retained in the sample for several years and only 10% of the sample is replenished each year. Currently, this is achieved by releasing farms when they have been in the survey for 15 years. This, together with natural wastage, generates the required 10% vacancy per year. However, this procedure results in an age bias and is currently under review.

Results are weighted to give estimates for the whole population of farm businesses with at least 25,000 Euros of standard output, using the farm population data in the June Survey stratified according to farm type and size. The June Survey for 2010 was carried out on a census basis (the first in 10 years) and prompted a register cleaning exercise that removed holdings found to be inactive from the register. Thresholds for farm activity were also introduced to exclude the smallest farms. Over 40% of registered holdings in England have activity below these thresholds, but removing them from the analysis had only a very small effect for crops, sheep, pigs etc. (less than 1% of national totals are excluded).

The commercial thresholds have also been applied to the June population data in the calculation of Farm Business Survey weights for 2009/10. The effect of this has been to increase the average Farm Business Income across all farm types by around £2,500 (as in effect, by applying these thresholds to the weights calculation, larger farms are given a relatively higher weight).

Changes to methodology

The weighting methodology was changed for 2012 to improve the reliability of the results for farms with poultry. The change was two-staged. A split of specialist poultry farms into egg and poultrymeat producers. In addition, the FBS estimates of total number of laying birds and total number of table birds are now calibrated to match those from the previous June Survey of Agriculture and Horticulture. This practice is

already in place for other livestock counts (as well as crop areas and farm counts) to draw strength from the increased robustness of the much larger sample of the June Survey. The egg and poultrymeat sectors are able to move separately, recognising their differing fortunes. The results in this release for 2011 have been reproduced under the new weighting methodology to provide a fair comparison to this year's results. The change to the weighting procedure impacts heavily on the specialist poultry and mixed farm types. Results are not included in this release for these two farm types as we are unable to produce robust estimates due to the limited data available.

The results for all other farm types are still affected as small numbers of poultry exist on those farms and some calibrations (such as the total number of farms in each size band) work across all farm types. However these impacts are minimal so it is valid to compare results for these farm types across both weighting methodologies, whilst exercising some caution in respect of the small changes that are likely. Due to farm type being the most effected, results for 2011 have been included in the farm type tables using both methodologies to demonstrate the scale of the impact of the change to the weights. In the majority of cases the revisions to the 2011 data led to a change in the rent prices of less than £1 per hectare per year. As a result figures for both methodologies have not been included in every table. However, 2011 figures are displayed using both methodologies in the Farm Business Survey rent dataset which can be found here: <https://www.gov.uk/government/publications/farm-rents>

Published data are for the accounting year ending in February.

*Further
information*

Further information on the Farm Business Survey can be found at:
<https://www.gov.uk/government/collections/farm-business-survey>