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Farm Rents 2012/13 - England

This release shows estimates of average rents paid under Full Agricultural Tenancies, Farm Business Tenancies and seasonal agreements (those of less than 12 months) for 2008 to 2012 and the area of land covered by these agreements. The data are used by tenant farmers and landlords to set rental prices and by Defra to inform decisions on statutory succession. Throughout this release the results from the 2012/13 Farm Business Survey (FBS) will be referred to as the 2012 results.

The weighting methodology used in the production of the results changed in 2012. The results for 2011 shown in this release have been reproduced using the new methodology to allow comparisons to be made between the two years. A further explanation of the changes adopted can be found in the survey methodology section on page 13. The farm rents time series contains rent data back to 2001 and is available on the website at: <u>https://www.gov.uk/government/publications/farm-rents</u>.

The key results for each agreement type in 2012 are given below.

Full Agricultural Tenancy (FAT) agreements (Tables 1 - 6)

- Rent prices for FATs increased by 3% from £159 per hectare in 2011 to £163 in 2012.
- The highest rents for FAT agreements were seen on general cropping farms which increased by 3% to £198 per hectare.
- Approximately 24% of FAT agreements had a rent review in 2012.
- The proportion of FATs having changes to their terms or conditions was 8% in 2012.
- Just under half (45%) of FATs are land only agreements.

Farm Business Tenancy (FBT) agreements (Tables 7 - 12)

- Rent under FBTs decreased by 2% between 2011 and 2012 from £179 to £177 per hectare.
- Rents on general cropping farms saw the largest decrease of 16% to £257 per hectare in 2012.
- The proportion of FBTs with a rent review decreased from 14% in 2011 to 12% in 2012.
- The proportion of FBT agreements with changes made to their terms or conditions decreased from 7% in 2011 to 4% in 2012.
- The majority (84%) of FBTs are land only agreements.

Seasonal agreements (Tables 13 - 14)

- The average rent price for seasonal agreements decreased by 8% to £117 per hectare in 2012.
- In 2012 80% of seasonal agreements exclude Single Payment Scheme (SPS) entitlements.

Revised on 14 March 2014: The estimates of average annual changes to FAT and FBT agreements having a rent review have been corrected in the last paragraph on page 3.

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Detailed results

All agreements types



Figure 1 shows the average farm rent prices broken down by agreement type. In 2012 average rent prices for Full Agricultural Tenancies increased by 3% to £163 hectare. Conversely per Farm Business Tenancies decreased by 2% to £177 per hectare. Seasonal agreements also decreased by 8% from £128 per hectare in 2011 to £117 per hectare in 2012.

Figure 2: Regional average rents by agreement type: 2012

Figure 1: Average rents by agreement type: 2005 - 2012



Figure 2 shows how average rents differ across the regions together with the 95% confidence intervals. Rents under Full Agricultural Tenancies have increased across the majority of the regions in 2012 apart from the North East and Yorkshire & Humber which have both decreased by 7% and the South West which decreased by 1%. The highest rents for FATS are paid in the East of England at £221 per hectare, closely followed by the West Midlands at £217 per hectare.

Farm Business Tenancy rents have also increased across almost all regions with the exception of the East Midlands where tenancies have decreased by 20% and the East of England where the decrease is 3%. The South West region is the only region to remain constant at £158. The highest rents are paid in the West Midlands at £225 per hectare. Nationally Farm Business Tenancies are higher than Full Agricultural Tenancies at £177 and £163 per hectare respectively. It must be noted however that the confidence intervals are large for many regions; please see the data analysis section on page 13 for further details.

Changes to terms or conditions

In 2012 approximately 4% of all agreements, regardless of agreement type, had changes made to their terms or conditions during the recording period. This was a decrease returning to similar levels recorded in 2007 to 2010 after the 6% high in 2011.





The proportion of farm rent agreements with changes to terms or conditions has varied by agreement type since 2007 (figure 3). FBT agreements have seen a decrease in 2012 with 4% of agreements having changes to their terms and conditions compared to a 7% high in the previous year. FAT agreements saw a slight increase in the proportion of changes, rising from 7% of agreements in 2011 to 8% in 2012.

Rent reviews

Figure 4: Proportion of agreements with a rent review: 2007 - 2012



The proportion of all agreements having a rent review during the recording period has decreased to 11% in 2012 compared with 14% in 2011. Those with FAT agreements were more likely to have had a rent review in 2012 than those with FBT agreements, with 24% and 12% of agreements having had reviews respectively.

The average annual increase in rent for those agreements having a rent review in 2012 was £20 per hectare. This was a slight decrease compared to the £23 per hectare increase seen the previous year in 2011. The average increase in rent in 2012 for FAT and FBT agreements under a rent review were similar at £23¹ and £20¹ per hectare per year respectively.

1. These figures were initially published as £25 and £24 per hectare per year respectively, but have been corrected following the discovery of an error.

Full Agricultural Tenancies

Key findings

- In 2012 the average rent under Full Agricultural Tenancy agreements was £163 per hectare. The change in rent from 2011 is not statistically significant.
- Cereal farms showed the largest FAT proportional increase (7%) from £172 per hectare in 2011 to £184 per hectare in 2012.
- ➢ Just under half (45%) of all FAT agreements are land only agreements.

Figure 5: FAT average rents by farm type: 2009 - 2012



In 2012 the average rent for all farms under Full Agricultural Tenancies increased by 3% to £163 per hectare. Figure 5 shows the variation between farm types. All categories have shown an increase in rent apart from cattle & sheep in Less Favoured Areas (LFA's) which decreased by 13% to £58 in 2012. Overall FAT rents have continued to increase due to the continued rise in commodity prices.

								£ per hectare
Type of farm	2008	2009	2010	2011	2011 ^(d)	2012	2012-11 % change	2012 confidence interval
Cereals	138	148	166	171	172	184	7	± 17
General Cropping	164	170	192	192	192	198	3	± 41
Dairy	167	155	180	186	186	192	3	± 23
Cattle & Sheep in LFAs ^(b)	54	52	62	66	66	58	-13	± 12
Cattle & Sheep in lowlands	123	131	139	148	148	154	4	± 15
All farms ^(c)	136	139	152	159	159	163	3	± 12

Table 1: Average rent of FAT agreements in England by farm type^(a)

(a) 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/.

(b) LFA = Less Favoured Area.

(c) Figures for 'All farms' include values for other farm types (pigs, poultry, horticulture and mixed farms).

(d) The weighting methodology changed in 2012, therefore 2011 figures have been reproduced using the new methodology to allow comparisons to be made between the two years. The impact of these changes was minimal, however farm type results were most affected. Therefore 2011 results are included here for both methodologies. Caution should be adopted when comparing results across methodologies. Further details can be found in the survey methodology section on page 13.

Table 2: Total area of rented land under FAT agreements in Engla	and by fa	rm type ⁽	a)

				Thousand hectares					
Type of farm	2008	2009	2010	2011	2012				
Cereals	650	623	492	513	520				
General Cropping	256	238	230	222	224				
Dairy	175	167	163	157	149				
Cattle & Sheep in LFAs ^(b)	305	293	311	312	309				
Cattle & Sheep in lowlands	122	111	162	156	160				
All farms ^(c)	1 731	1 637	1 590	1 592	1 592				

Source: June Survey of Agriculture

(a) Figures for 2009 onwards relate to commercial holdings only. Commercial holdings are those with significant levels of farming activities defined by the thresholds used in the June 2010 Census. For further details please see section 3.3 of the June Survey methodology at: https://www.gov.uk/government/collections/structure-of-the-agricultural-industry/.

(b) LFA = Less Favoured Area.

(c) Figures for 'All farms' include values for other farm types (pigs, poultry, horticulture and mixed farms).

The total area of land under Full Agricultural Tenancy agreements has remained almost unchanged between 2011 and 2012. The area under FAT agreements is largely dominated by cereal farms, which account for 33% of the total area (table 2). Cattle and sheep farms in Less Favoured Areas account for a further 19% of this land area.

Table 3: Average rent of FAT agreements in England by region

					£ per hectare
Region	2010	2011 ^(a)	2012	2012-11 % change	2012 confidence interval
North East	110	116	108	-7	± 22
North West & Merseyside	129	139	140	1	± 22
Yorkshire & Humber	144	147	137	-7	± 25
East Midlands	160	168	172	3	± 13
West Midlands	173	189	217	15	± 40
East of England	186	195	221	13	± 48
South East	176	171	175	2	± 19
South West	147	150	149	-1	± 21
England	152	159	163	3	± 12

(a) The weighting methodology changed in 2012, therefore 2011 figures have been reproduced using the new methodology to allow comparisons to be made between the two years. The impact of these changes was minimal, yet caution should still be adopted when comparing results across methodologies. Further details can be found in the survey methodology section on page 13.

Rents for Full Agricultural Tenancies vary by region (table 3). The rents across the majority of regions increased in 2012 with the exception of the North East and Yorkshire & Humber which both decreased by 7% and the South West which decreased by 1%. The highest average rent is found in the East of England and now stands at £221 per hectare, an increase of 13% on 2011. This Eastern area is mainly arable. The next highest rent price is in the West Midlands which saw the highest proportional increase between 2011 and 2012, rising 15% to £217 per hectare. However, many of these changes are not statistically significant when considered along with the 95% confidence intervals.

				:	£ per hectare
LFA type	2010	2011 ^(a)	2012	2012-11 % change	2012 confidence interval
Non-Less Favoured Area	167	173	183	6	± 12
Mainly Disadvantaged Area	111	120	128	7	± 13
Mainly Severely Disadvantaged Area	64	67	53	-22	± 12
All farms	152	159	163	3	± 12

Table 4: Average rent of FAT agreements in England by Less Favoured Area type

(a) The weighting methodology changed in 2012, therefore 2011 figures have been reproduced using the new methodology to allow comparisons to be made between the two years. The impact of these changes was minimal, yet caution should still be adopted when comparing results across methodologies. Further details can be found in the survey methodology section on page 13.

Rents for farms in Less Favoured Areas (LFAs) are considerably lower than those outside of LFAs. Within the LFAs, farms in Disadvantaged Areas pay significantly more rent than those in Severely Disadvantaged Areas (see table 4). Although the 22% decrease in mainly Severely Disadvantaged Areas appears large, when considered alongside the confidence intervals the difference is not statistically significant.

Table 5: Average rent of FAT agreements in England by Single Payment Scheme (SPS) entitlement £ per hectare

	2008	2009	2010	2011 ^(a)	2012	2012-11 % change	2012 confidence interval
FATs excluding SPS entitlements	191	161	157	180	193	7	± 87
FATs including SPS entitlements	136	139	152	159	163	3	± 12
All FAT agreements	136	139	152	159	163	3	± 12

(a) The weighting methodology changed in 2012, therefore 2011 figures have been reproduced using the new methodology to allow comparisons to be made between the two years. The impact of these changes was minimal, yet caution should still be adopted when comparing results across methodologies. Further details can be found in the survey methodology section on page 13.

Table 5 above shows rent prices for FAT agreements split by those with and without SPS entitlements. Results appear to vary depending on whether SPS entitlements are included in the rental agreement, however when considered alongside the confidence intervals the difference is not statistically significant. It is also worth noting that FAT agreements excluding SPS entitlements only account for 4% of the total number of FAT agreements, which explains the variation seen in the results.

Table 6: Average rent of FAT agreements in England with land only split

	2008	2009	2010	2011 ^(b)	2012	2012-11 % change	2012 confidence interval
Land only FAT agreements	134	138	146	176	192	9	± 36
All other FAT agreements ^(a)	137	139	153	155	156	1	± 12
All FAT agreements	136	139	152	159	163	3	± 12

£ per hectare

(a) All other FAT agreements here includes those agreements covering land and/or any combination of dwellings, buildings and other assets.
(b) The weighting methodology changed in 2012, therefore 2011 figures have been reproduced using the new methodology to allow comparisons to be made between the two years. The impact of these changes was minimal, yet caution should still be adopted when comparing results across methodologies. Further details can be found in the survey methodology section on page 13.

The total FAT agreements here cover any combination of land, dwellings, other buildings and other assets. Just under half (45%) of all FAT agreements are land only. Land only agreements had a higher rental price of £192 per hectare in 2012 when compared with £156 per hectare for all other FAT agreements that include land as well as dwellings, building and other assets (table 6).

Farm Business Tenancies

Key findings

- Overall rent prices for FBT agreements decreased by 2% in 2012 to £177 per hectare. This change in not statistically significant when considered along with the 95% confidence interval.
- General cropping farms saw the largest decrease of 16% from £307 in 2011 to £257 per hectare in 2012.
- > Land only agreements account for 84% of all FBTs.



Figure 6: FBT average rents by farm type: 2009 – 2012

In 2012 Farm Business Tenancy rents decreased by 2% from the previous year to £177 per hectare, which equates to an decrease of £3 per hectare per year. Figure 6 shows the variation in rent prices across farm types. Cereals and Dairy were the only farm types seeing a rise in rent per hectare.

	_			-			£	per hectare
Type of farm	2008	2009	2010	2011	2011 ^(d)	2012	2012-11 % change	2012 confidence interval
Cereals	158	167	176	192	192	211	10	± 20
General Cropping	222	225	249	309	307	257	-16	± 41
Dairy	152	166	169	184	184	197	7	± 15
Cattle & Sheep in LFAs ^(b)	65	70	68	78	78	77	0	± 11
Cattle & Sheep in lowlands	96	117	119	121	121	119	-2	± 18
All farms ^(c)	160	162	162	179	179	177	-2	± 10

Table 7: Average rent of FBT agreements in England by farm type^(a)

(a) 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/.

(b) LFA = Less Favoured Area.

(c) Figures for 'All farms' include values for other farm types (pigs, poultry, horticulture and mixed farms).

(d) The weighting methodology changed in 2012, therefore 2011 figures have been reproduced using the new methodology to allow

comparisons to be made between the two years. The impact of these changes was minimal, however farm type results were most affected. Therefore 2011 results are included here for both methodologies. Caution should be adopted when comparing results across methodologies. Further details can be found in the survey methodology section on page 13.

Table 8: Total area of rented land under FBT agreements in England by farm type^(a)

	Thousand hectares						
Type of farm	2008	2009	2010	2011	2012		
Cereals	389	377	314	328	334		
General Cropping	144	150	153	154	152		
Dairy	116	118	122	120	118		
Cattle & Sheep in LFAs ^(b)	143	152	171	172	178		
Cattle & Sheep in lowlands	113	106	151	152	152		
All farms ^(c)	1 055	1 056	1 063	1 075	1 084		

Source: June Survey of Agriculture

(a) Figures for 2009 onwards relate to commercial holdings only. Commercial holdings are those with significant levels of farming activities defined by the thresholds used in the June 2010 Census. For further details please see section 3.3 of the June Survey methodology at: https://www.gov.uk/government/collections/structure-of-the-agricultural-industry/.

(b) LFA = Less Favoured Area.

(c) Figures for 'All farms' include values for other farm types (pigs, poultry, horticulture and mixed farms).

The largest proportion of land under Farm Business Tenancies is taken up by cereal farms, who together rent 31% of the total land under these agreements (table 8).

Table 9: Average rent of FBT agreements in England by region

£ per hectare								
Region	2010		2012	2012-11 % change	2012 confidence interval			
North East	152	131	146	12	± 40			
North West & Merseyside	141	165	172	5	± 28			
Yorkshire & Humber	117	138	168	22	± 35			
East Midlands	238	249	200	-20	± 27			
West Midlands	196	211	225	7	± 34			
East of England	182	212	205	-3	± 34			
South East	133	147	154	5	± 23			
South West	144	158	158	0	± 23			
England	162	179	177	-2	± 10			

(a) The weighting methodology changed in 2012, therefore 2011 figures have been reproduced using the new methodology to allow comparisons to be made between the two years. The impact of these changes was minimal, yet caution should still be adopted when comparing results across methodologies. Further details can be found in the survey methodology section on page 13.

The highest regional rent prices in 2012 were in the West Midlands, East of England and the East Midlands at £225, £205 and £200 per hectare respectively. However it should be noted that some of the regional confidence intervals for Farm Business Tenancies are high and these figures should therefore be treated with a degree of caution. Please see the Accuracy and reliability section on page 14 for further details on confidence intervals.

Table 10: Average rent of FBT agreements in England by Less Favoured Area type

					£ per hectare
LFA type	2010	2011 ^(a)	2012	2012-11 % change	2012 confidence interval
Non-Less Favoured Area	178	196	195	0	± 12
Mainly Disadvantaged Area	131	153	142	-7	± 44
Mainly Severely Disadvantaged Area	75	80	84	5	± 15
All farms	162	179	177	-2	± 10

(a) The weighting methodology changed in 2012, therefore 2011 figures have been reproduced using the new methodology to allow comparisons to be made between the two years. The impact of these changes was minimal, yet caution should still be adopted when comparing results across methodologies. Further details can be found in the survey methodology section on page 13.

Farms in Disadvantaged Areas pay a higher rent on average than those in Severely Disadvantaged Areas with rent prices of £142 and £84 per hectare respectively. These rents are still substantially lower than those for farms outside of LFAs (table 10).

Table 11: Average rent of FBT agreements in England by Single Payment Scheme (SPS) entitlement

							£ per hectare
	2008	2009	2010	2011 ^(a)	2012	2012-11 % change	2012 confidence interval
FBTs excluding SPS entitlements	146	176	172	186	181	-3	± 22
FBTs including SPS entitlements	163	159	160	178	176	-1	± 11
All FBT agreements	160	162	162	179	177	-2	± 10

(a) The weighting methodology changed in 2012, therefore 2011 figures have been reproduced using the new methodology to allow comparisons to be made between the two years. The impact of these changes was minimal, yet caution should still be adopted when comparing results across methodologies. Further details can be found in the survey methodology section on page 13.

FBT agreements without SPS entitlements account for 29% of all FBT agreements. When compared with all other FBT agreements those excluding SPS entitlements have a higher rent price of £181 per hectare (see table 11). However when the 95% confidence intervals are taken into account there is no significant difference.

Table 12: Average rent of FBT agreements in England with land only split

							£ per hectare
	2008	2009	2010	2011 ^(b)	2012	2012-11 % change	2012 confidence interval
Land only FBT agreements	147	159	161	178	176	-1	± 12
All other FBT agreements ^(a)	175	166	163	181	177	-2	± 17
All FBT agreements	160	162	162	179	177	-2	± 10

(a) All other FBT agreements here includes those agreements covering land and/or any combination of dwellings, buildings and other assets.
(b) The weighting methodology changed in 2012, therefore 2011 figures have been reproduced using the new methodology to allow comparisons to be made between the two years. The impact of these changes was minimal, yet caution should still be adopted when comparing results across methodologies. Further details can be found in the survey methodology section on page 13.

Land only agreements account for 84% of Farm Business Tenancies. The price of these land only agreements is very similar to those agreements that also cover land, dwellings, buildings and other assets at £176 and £177 per hectare respectively.



Figure 7: Average length of term of FBT agreements: 2007 - 2012

The average length of term of Farm Business Tenancy agreements was 4.2 years in 2012. As figure 7 shows the average length of term for FBT agreements has remained fairly stable over the past six years, ranging between 4.1 and 4.4 years.

Seasonal agreements

Key findings

- The average rent for seasonal agreements has decreased from £128 per hectare in 2011 to £117 per hectare in 2012.
- Seasonal agreements show little variation regardless of whether or not they include or exclude Single Payment Scheme (SPS) entitlements.

f per hectare

Table 13: Average rent of seasonal (less than one year) agreements in England

							2 per licetare
	2008	2009	2010	2011 ^(a)	2012	2012-11 % change	2012 confidence interval
All seasonal agreements	107	99	124	128	117	-8	± 21

(a) The weighting methodology changed in 2012, therefore 2011 figures have been reproduced using the new methodology to allow comparisons to be made between the two years. The impact of these changes was minimal, yet caution should still be adopted when comparing results across methodologies. Further details can be found in the survey methodology section on page 13.

Figure 8 shows the average rent prices for seasonal agreements. The annual cost of these agreements has decreased from £128 per hectare in 2011 to £117 per hectare in 2012. Seasonal rent prices have varied over the last 6 years with the largest increase being seen in 2010.

Figure 8: Average rents of seasonal agreements: 2007 - 2012



Table 14: Average rent of seasonal agreements in England by Single Payment Scheme (SPS) entitlement

							£ per hectare
	2008	2009	2010	2011 ^(a)	2012	2012-11 % change	2012 confidence interval
Seasonal agreements excluding SPS entitlements	112	110	129	126	116	-8	± 22
Seasonal agreements including SPS entitlements	92	74	112	132	122	-7	± 30
All seasonal agreements	107	99	124	128	117	-8	± 21

(a) The weighting methodology changed in 2012, therefore 2011 figures have been reproduced using the new methodology to allow comparisons to be made between the two years. The impact of these changes was minimal, yet caution should still be adopted when comparing results across methodologies. Further details can be found in the survey methodology section on page 13.

Survey methodology

Results show the amount of rent paid per hectare per year (excluding VAT) for the agreement at 1 November of the year in question. They cover the whole farm rental prices so are a mixture of land only rents and rents which include land, farm buildings etc. To give an indication of the difference in prices, results have also been produced to show rent values for land only agreements (see tables 6 and 12).

At the beginning of 2009 a review was carried out to determine the best source of farm rents data in Defra. The review concluded that the Farm Business Survey (FBS) data should become the main data source and that the Tenanted Land Survey, which was the previous data source, should be discontinued. Further information about the data source review can be found here: https://www.gov.uk/government/collections/farm-business-survey/.

The FBS is an annual survey conducted by experienced data collectors. In addition to interviewing the farmer they are given access to farmers' documents, which helps to provide the most accurate data available. The FBS collects data at business level for all rental agreements, with a sample of around 1,900 farm businesses in England. The sample covers all types of farming in all regions of the country, and includes owner-occupied, tenanted and mixed tenure farms.

The FBS has a threshold which removes the smallest farm businesses from the survey. More detailed information about the Farm Business Survey and the data collected can be found at: <u>https://www.gov.uk/farm-business-survey-technical-notes-and-guidance/</u>.

Data analysis

The data are subject to rigorous validation checks which identify inconsistencies within the data or large year-on-year changes. Any records that have not been cleaned by the results production stage are excluded from the analysis.

The survey data are weighted so that the results reflect the population of farms represented by the survey (see FBS thresholds link in the methodology section above). Initial weights are applied to the FBS records based on the inverse sampling fraction for each design stratum (farm type by farm size). These weights are then adjusted (calibration weighting) so that they can produce unbiased estimators of a number of different target variables. Further information on calibration weighting can be found in the 'Statistical Issues' document here:

https://www.gov.uk/farm-business-survey-technical-notes-and-guidance/.

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: <u>https://www.gov.uk/government/publications/farm-rents</u>.

Where appropriate, results are published by farm type, region and LFA (less favoured area) type. More information about farm type classification can be found in section 5.2 of the June Survey methodology via the following link:

https://www.gov.uk/government/collections/structure-of-the-agricultural-industry/.

Accuracy and reliability

As a guide to the accuracy of the results, we have included the 95% confidence intervals for all the latest rents shown in the tables. For example, the average annual rent for all land under Full Agricultural Tenancies is £163 per hectare for 2012 with a 95% confidence interval of ± 12 . This means that we can be 95% confident that the range £151 - £175 per hectare contains the actual population average rent for all land under FATs.

Confidence limits are based on the standard errors multiplied by 1.96 to give the 95% confidence interval. The standard errors only give an indication of the sampling error. They do not reflect any other sources of survey errors, such as non-response bias and interviewer errors.

It should be noted that the confidence intervals are higher for the regional estimates compared to those for farm type. This suggests that rent is closely linked to farm type. Within some regions, such as Yorkshire and Humber, there is a greater mixture of farm types so rent prices would tend to be more varied.

Percentage changes shown within this release are based on unrounded figures. Totals may not necessarily agree with the sum of their components due to rounding.

Definitions

Results within this release are shown for three main types of rental agreements; Full Agricultural Tenancies, Farm Business Tenancies and Seasonal agreements. Unless otherwise stated results for each of the three agreement types are defined as below:

- FATs include Full Agricultural Tenancies with and without Single Payment Scheme (SPS) entitlements.
- FBTs include Farm Business Tenancies and similar informal agreements with and without SPS entitlements. Informal agreements in this context are those that are based on the same principles as an FBT but without the accompanying legal documentation.
- Seasonal agreements include licences for grazing and/or mowing only with and without SPS entitlements.

Detailed results have been included to show the difference in rental prices for those agreements with and without SPS entitlements. These results are shown in tables 5, 11 and 14.

Other survey results and next publications due

Farm rent estimates from the Farm Business Survey for England are published annually with the next publication due in March 2015 for the results from the 2013/14 survey.

There is also a farm rents timeseries available containing results from the Farm Business Survey from 2004 onwards. Estimates are also included for the FBS backdated to 2001. This can be found at: https://www.gov.uk/government/publications/farm-rents/.

Historical results from the now discontinued Annual Rent Enquiry (1968 to 1995) and Tenanted Land Survey (1996 to 2006) can also be found via the same web link.

Results from all the Defra farming surveys can be viewed on the Defra website at: <u>https://www.gov.uk/government/organisations/department-for-environment-food-rural-affairs/about/statistics/</u>.

Data uses

Defra uses the rent data in the calculation of net incomes in the annual Units of Production Order (UPO), which the Minister is required to make annually under the Agricultural Holdings Act 1986. This is to determine eligibility for statutory succession to an agricultural tenancy order.

Tenant farmers and landlords use the data when setting rental prices on tenant farms. According to industry comments, many tenant farms underwent rent reviews in early 2009, following the large increase in commodity prices in late 2007. Tenants and landlords looked to Defra figures to advise on current rental prices.