

INTRODUCTION TO THE CAAV AGRICULTURAL LAND OCCUPATION SURVEYS 2019

The Central Association of Agricultural Valuers (CAAV) has reported on the occupation arrangements for agricultural land in England and Wales since 1977 and in Scotland since 2012, following the affiliation of the Scottish Agricultural Arbiters and Valuers Association (SAAVA) to the CAAV. These are the only Surveys that offer this view of decisions made about land occupation each year over this length of time.

This paper first offers an overview of the health of tenanted sector across all four parts of the United Kingdom accompanied by the latest statistics from England, Wales and Scotland.

The issues here are particularly salient with the opportunities offered by the current policy discussions to tackle British farming's productivity challenge. As the Irish Government has argued, access to land is a key constraint on raising productivity. With the stasis in land occupation reported in our Surveys, the CAAV is actively looking at the ways by which this can be tackled, using taxation (with the increasing success of the Income Tax relief in Ireland), housing (whether for the old farmer or the new one) and other means. We were pleased to contribute on these themes to the Agricultural Productivity Working Group of the Food and Drink Sector Council which reported in February 2020 as well as elsewhere.

The Survey itself is in two parts: the first covering England and Wales and the second covering Scotland, with its different history and arrangements. With no significant tenanted sector as yet in the province, we do not currently conduct a survey for Northern Ireland.

The Appendix then draws together some of the data available on overall patterns of land tenure.

The CAAV is the specialist body representing some 2,800 members practising in agricultural and rural valuations throughout the United Kingdom. They provide professional advice and valuation expertise on issues affecting the countryside to all who require these services whether current or prospective owner-occupiers, tenants, landlords, conservation bodies, public authorities or lenders.

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THE CAAV'S AGRICULTURAL LAND OCCUPATION SURVEYS FOR 2019:

PART 1: OVERVIEW OF THE LET SECTOR IN THE UNITED KINGDOM

The United Kingdom offers an interesting demonstration of three different histories of agricultural tenure policy within a common society, market and taxation system with similar support regimes. The CAAV's Surveys have monitored their development in England and Wales since 1977 and now, separately, in Scotland since 2012.

These CAAV Surveys (and official data) showed that reform in England turned the fortunes of the let sector around, while lesser reforms, more complex legislation and the language of land reform in Scotland have seen its previous remorseless decline continue there. The area payments of the CAP's Single and now Basic Payment Systems have though since led to sustained stasis in England.

By no means all willing owners of farmland are natural farmers of that land and the experience in Northern Ireland shows the risks that, in the absence of a flexible tenancy framework, the result is a bias towards very short term permissions for access to land, to the general detriment of the quality of the land and the performance of the businesses farming it.

The 2019 Surveys largely show existing trends to have generally continued. While the average length of tenancies in England and Wales is again shorter than the historic average, where land is let for more than a year a modest recovery from the low of 2018 saw the average such let in England and Wales have a term of towards 5 years. The most obvious explanation for such shorter terms is a combination of caution and uncertainty among owners (and also prospective tenants) ahead of what may come with both Brexit and post-Brexit policies.

These are only overall averages across the wide range of lettings of predominantly bare ancillary land and so conceal much detail. What might ordinarily be seen as let "farms", with a house and buildings, are typically let for average periods of 8 to 12 years, those with just buildings for 5 years or so. The length of the agreed tenancy also rises with the size of the letting so that, in 2019, lettings of less than 25 acres were for an average of 2.3 years but those over 200 acres for 7.5 years.

The CAAV's Surveys have generally shown that, where there is a change of occupier, between 15 and 30 per cent of lettings are to a new entrant. The key point is that the more letting opportunities there are, the more there are for both new entrants and progressing farmers to take; the limit imposed is the number of new lettings. Flexibility over the length of the tenancy can only encourage that.

Fundamentally, the health of the let sector requires private landowners (indeed, potentially retiring farmers of any age) to see letting as a positive option. The potential challenges as the Brexit process unfolds point to the value to farming of using the flexibility and assurance that farm business tenancies offer, opening up change and opportunities for proficient farmers, existing and new, to secure the use of land.

It may still be too early for these Surveys to show the potential effects (if any) on the let sector of either the new Residential Nil Rate Band Amount for Inheritance Tax – which could enable more lettings of land associated with qualifying houses across the UK – or whether the substantive deregulation of tenant right in England has had any effect. It is more likely that it will be post-Brexit changes, and expectations of post-Brexit policies, that will drive more change.

With the growing recognition in the United Kingdom of the need to tackle farming's productivity, the Irish Government, seeking to promote tenancies, has summarised its equivalent concern:

"Access to land and the low level of land mobility is one of the main challenges facing farmers who want to increase their productivity. There is a growing consensus that the actual use of land is becoming more of an issue than ownership."
(<https://www.agriculture.gov.ie/agri-foodindustry/agri-foodandtheeconomy/agri-foodbusiness/agri-taxation/>)

With the opportunities offered by the active discussion of post-Brexit policy, especially on productivity questions, the CAAV has been doing much work in this area. The April 2019 consultations by DEFRA and the Welsh Government on tenancy law (and now the tenancy provisions of the Agriculture Bill) largely review the legislation for the existing let sectors in both countries. While that is helpful, the key issue for change and progress is how to enable and encourage more opportunities for proficient farmers to secure access to land. The proposed withdrawal of BPS is potentially powerful but more will be needed to ensure positive results. The CAAV has been working on the taxation, housing and other issues that could stimulate change and unlock the important opportunities here for a thriving agriculture.

The Long View – Great Britain

A century ago, agricultural land in Great Britain was overwhelmingly tenanted with a series of factors seeing that fraction steadily decline, decade on decade, from some 90 per cent before the First World War. Extended security of tenure was introduced in the late 1940s with specific rules on rent, while other regulation developed thereafter. Succession already applied under Scottish law and, in 1976, opportunities for up to two successions were created in England and Wales. Compounded by the pressures of high taxation, experimentation with alternative arrangements gathered momentum from the late 1970s. With

the tenanted sector then reduced to some 35 per cent of the agricultural area and seeming in free fall, England and Wales (followed later by the Isle of Man) then took a different route from Scotland with the Agricultural Tenancies Act 1995.

England and Wales

The 1995 Act introduced near freedom of contract for new agricultural lettings. The agreed changes since (as in 2006) have essentially increased that freedom, tackling restrictions found to pose practical problems. CAAV Surveys showed an immediate revival in decisions to let with fresh land coming into the system, reversing the previous haemorrhaging of land from it.

That tide flowed until the announcement in 2003 of the draft and then settled EU legislation for the Single Payment, recasting support into payments for the area of eligible farmland occupied by the claimant. That created both confusion and divergent reactions in the land market with future control over the new payments turning on land occupation. Thereafter, the implementation and operation of an area-based payment has significantly coincided with reduced activity and stasis over letting. While the land that has been let is generally re-let, little new land now comes in and barely offsets the little land that now leaves the sector. There seems little reason for that to change while significant area payments remain available.

However, the let sector in England remains around 35 per cent of the agricultural land area – the previous decline has been halted and slightly reversed with almost half of the let sector now being on the Farm Business Tenancies introduced in 1995.

That stasis may thus alter with the prospective phasing out of Basic Payment under the probable post-Brexit policies in both England and Wales, and its de-linking from the occupation of land in England. As access to eligible land ceases to give access to area payments, so behaviour may change.

Scotland

Scotland only introduced more limited and complex reforms in 2003, doing so with the language of land reform that has followed through into the Land Reform (Scotland) Act 2016. That Act will ultimately see seven different types of agricultural tenancy in Scotland, while landowners are prevented from letting for a term of between five and ten years. In 2014, the Scottish Government's Agricultural Holdings Legislative Review Group Interim Report described traditional lettings as now seen as a "low return/high risk investment". Scottish Government surveys show the let sector declining by 1 per cent of the land area each year, and now down to 20 per cent, though perhaps now stabilising. The CAAV's Surveys show that much of even previously let land is now not re-let, while most lettings are now of bare land, rather than equipped units. Scotland now has the smallest proportion of let land of the European countries with a significant let sector.

Even stabilising the size of the let sector requires both high levels of re-letting land where tenancies end and a significant inflow of newly let land to balance the land that, for development, personal or other reasons, will not be available for re-letting. Such land as is being let is now predominantly in bare land units rather than equipped farms.

Nothing seems to encourage private landowners in Scotland (including retiring farmers) to offer land on a tenancy, ultimately the only source of land for a growing and vibrant let sector. In effect, the system is in palliative care while it declines. The Savills survey of Scottish estates reported in the Appendix records that since 2016 the area of in hand, contract farmed and seasonally grazed land on those estates has exceeded the area of let land on those estates. Land is being brought under more direct personal control.

In more detail, while the number of 1991 Act tenancies has fallen sharply, much of the land released has not been re-let on the new forms of tenancy which have not proved as attractive as Farm Business Tenancies in England and Wales. While Farm Business Tenancies are on the edge of covering more land in England than 1986 Act tenancies, the new tenancies in Scotland now account for just over a third of the non-crofting let sector there which is much smaller as a result, even with their growth from a low base since 2015.

So far as this creates a landscape of owner occupiers without using other arrangements such as contract farming, this potentially leads to the situation seen in Ireland from which industry and government, both North and South, are trying to extricate themselves to assist productivity.

Northern Ireland

Ireland has followed a separate path, its tenancy system having been dismantled entirely over a century ago. Creating a landscape of owner-occupiers, succeeding each other over the generations and with very low turnover by sale, has inevitably seen the rise of purely seasonal arrangements for grazing with an informal adaption of an older conacre approach. Used on some 30 per cent of the agricultural land area of Northern Ireland, this is now widely seen as a hindrance to good land management with conacre takers lacking the confidence to invest in liming, bio-secure fencing and other improvements and environmental management of someone else's land. That has now led to official support for a revival of tenancies north and south of the border, most recently promoted by the Gilliland Agri-Food Land Experts Group Report of October 2016 which implicitly looked at promoting lettings of 5 years or so. The CAAV and its local association, the Northern Ireland Rural Valuers Association (NIRVA), have responded with a model tenancy agreement and supporting clarification on tax, support and other

legal issues, taking advantage of the freedom of contract for agricultural lettings available in the province. The Land Mobility initiative has started work on breaking the logjam, promoting agreements between landowners and new farmers. However, these initiatives are in their earliest days.

South of the border, the Republic has also been trying to promote a more open land occupation market with tenancies. Alongside an established Land Mobility programme, its measures have included substantive Income Tax reliefs on farmland rents, rising with the length of term, where land is let at arms' length for at least five years. The essential insight behind this is that the real productivity gains come from enabling land to be used by the "trained". The indications are that this measure has been strikingly successful in attracting landowners, including retiring farmers, to let rather than use seasonal arrangements. Initially reviewed in Chapter 4 of the CAAV Discussion Paper, *Taxation: Agricultural Productivity, Land Occupation and Use After Brexit* (September 2017) and subsequent papers, this has seen the continuing re-creation of a new let sector in Ireland since 2015 from a standing start. The latest data suggest that perhaps 8 per cent of the Republic's farmland is now let on arm's length tenancies of at least 5 years.

Concluding Thoughts

25 years ago, England and Scotland had similar proportions of land in the let farming sector and both were in steady decline. The different roads taken, within a common tax system and broadly similar support policies under the CAP, have seen radically differing outcomes. Each system will face the new interest in the management of soil and water and the potentially more challenging and more commercial environment that Brexit could bring.

By contrast to England and Wales, it appears that Scotland, without a significant change, will have only the opportunities of business contracts between owners and farmers rather than the combination of flexibility and assurance that a strong tenanted sector can bring.

Increasing the use and flexibility of our land occupation markets seems a critical reform for the future commercial success of agriculture as a creator of value, offering opportunities for progressive and new farming businesses and managing change. In that task, the early and continuing signs of the success of the Income Tax reliefs now offered in the Republic of Ireland to promote lettings by private owners merit serious attention in the United Kingdom.

PART 2: THE AGRICULTURAL LAND OCCUPATION SURVEY FOR ENGLAND AND WALES

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1. INTRODUCTION

1.1 This is the forty-third annual Survey of let land in England and Wales carried out by the CAAV. Previously called the Tenanted Farms Survey, the name was changed to reflect more accurately the various different types of arrangement made for the occupation of land. It is the twenty-fourth Survey since the 1995 reforms of agricultural holdings legislation and the seventeenth recording the impact on land occupation arrangements of the de-coupling of CAP payments from production and the move to a more obviously area basis of payment.

1.2 This Survey, drawn from all 27 of the local associations of the CAAV across England and Wales as well as other bodies co-operating with us, summarises the decisions taken about land occupation in the year from 1st November 2018 to 31st October 2019. It indicates choices about new lettings and what happened where tenancies under both the 1986 and 1995 Acts came to an end. It covers a total of 70,151 acres, including 39,796 acres subject to new FBTs; 10,642 acres subject to new contract farming arrangements; 17,821 acres on new grazing agreements and 1,892 acres on which succession to 1986 Act tenancies took place.

1.3 The 2019 Survey results show that the virtual standstill in the area of land changing hands continues. It seems likely that this may be due in part to the stifling effect of area-based entitlements and subsidies; the pattern of lower activity and limited change since 2006 has been consistent with that. It could be that the let land market has reached an equilibrium in current circumstances between supply and demand – though anecdotal evidence of the level of rents which are offered for new FBTs could suggest that changed circumstances could see the let sector grow (this Survey does not collect data on rents agreed).

1.4 The survey records decisions about land occupation that were then implemented in the year to 31st October 2019. It was a year dominated by uncertainty over Brexit. March 31st was the intended date for the UK to leave the EU but it and other dates came and went while Parliament failed to approve the Withdrawal Agreement until after the survey period. As well as the associated uncertainty about future trading arrangements, the Agriculture Bill, providing powers for domestic policy but then without tenancy provisions, was stalled from November 2018. The survey period closed before there was even discussion of Covid-19 in China.

1.5 The overall area let on 1986 Act tenancies continues to decline naturally, but succession tenancies are still being granted at a rate similar to recent previous years and typically on larger equipped holdings, ensuring that this sector will endure for a long time.

1.6 All areas are given in acres, as the measure most naturally used by respondents.

2. KEY INDICATORS

2.1 The reduced level of activity in the let sector since 2005 continues

The Survey records details of 1,127 units compared with 2,565 for 2002 (the last year unaffected by CAP reform).

2.2 There was a very small increase in the area of the tenanted sector

Fresh lets marginally outweighed losses from sales and let land being taken back in-hand this year, resulting in a small net increase of 1,348 acres in the area of let land. This compares with an average annual gain of 35,000 acres between 1996 and 2003 and annual losses before tenancy reform of 60-90,000 acres. In reality, the trend continues of a virtual standstill since 2003, when the first indications of the impact of CAP reform were becoming apparent (with their effects on land markets) and particularly since 2006 once entitlements to the Single Payment Scheme had been allocated.

2.3 5,403 acres of FBT lettings were on land not previously let

5,403 acres of previously vacant land were newly let on FBTs, which is at the lower end of the range seen over the past ten years.

2.4 Almost 83% of the 1986 Act tenancies which ended with no successor were re-let as FBTs

Almost 83% of land previously let on full AHA tenancies was re-let on FBTs, which is at the upper end of the range seen in recent years. The proportion sold (6.5%) was at the lower end of the range. The average length of the new lettings of previously AHA units was just under 8 years.

2.5 The number of AHA tenancies ending is static

The rate of decline in the number of AHA tenancies ending has tailed off and has been at a more or less consistent level since 2004.

2.6 The average agreed length for all FBTs was 3.2 years; for those over 1 year it was 4.75 years

This average length covers everything from seasonal grass to a long term FBT of 48 years. Where lettings of a year or less are excluded, the average term is 4.75 years. Larger and better equipped holdings are generally let for longer terms; holdings with a house and buildings let for an average term of just over 10 years. These are higher than last year's very low figures, but remain low compared to those seen in earlier years, perhaps reflecting on going caution and uncertainty ahead of Brexit and post-Brexit policies. As was seen with the introduction of the Single and then the Basic Payment Schemes, where support payments are linked to land prospective changes have an effect on letting decisions.

2.7 Sales to sitting tenants remain at very low levels

Reported sales to sitting tenants remained at a low level, continuing the recent trend and representing a significant change from the pre-1995 situation when sales to sitting tenants were among the most significant reasons for losses from the let sector.

2.8 New entrants are offered longer terms

Tenants perceived as new entrants by those reporting obtained 9.4% of all lettings and 32% where the change in tenancy saw a new occupier. New entrants tend to be offered longer tenancies with 23% of all lettings to new entrants being for a term of more than five years.

2.9 Succession tenancies followed 15% of all 1986 Act tenancies that ended

Successions continue to happen on the larger and better equipped holdings. The total area let on succession tenancies each year appears to have levelled off since 2004.

2.10 Contract farming arrangements

The total area reported as farmed under new contract arrangements amounted to approximately one quarter of the area let on FBTs. The average term of agreements continues to be less than 2 years. The average size of the contract area was 180 acres. Contract farming continues to be predominantly in the arable areas of the country.

2.11 Grazing arrangements

The area of land reported as let on a variety of types of agreement referred to as "grazing arrangements" amounted to less than 44 per cent of the total area let on FBTs. The great majority (96%) of grazing arrangements were for one year or less.

2.12 Comment

Overall, the 2019 Agricultural Land Occupation Survey in England and Wales shows no significant change in activity or area.

The general shortening of the length of lettings is taken as a market reaction by farmers as well as landowners to the issues of both possible economic changes with Brexit and perhaps more the potential changes in post-Brexit policies, notably the proposed phasing out of Basic Payment in the 2020s as outlined in DEFRA's *Health and Harmony* consultation of February 2018 and the Welsh Government's *Brexit and our Land* paper of October 2018. In England, the proposals for de-linking and possible capitalisation of remaining Basic Payments does appear to be leading to caution as parties hope to protect their options.

This again highlights the sensitivity of decisions by owners (but also farmers) about land occupation in the sector to uncertainty and prospective change, as was seen in 2003 to 2006 and in 2015.

3. WHAT THE SURVEY COVERS

3.1 This long-standing Survey seeks to capture information about decisions on changes in occupation of farm land. This year's Survey (based on the year from 1st November 2018 to 31st October 2019) covers a total of 1,127 agreements on 72,542 recorded acres with changes involving decisions about letting in England and Wales, including (last year's figures in brackets):

- 607 (537) new FBTs covering 39,796 (41,810) acres
- 5 (19) full AHA 1986 Act tenancies on 582 (956) acres which ended or were sold and were not re-let
- Of which 1 (0) units on AHA tenancies amounting to 24 (0) acres was sold to sitting tenants
- 34 (36) FBTs which ended on 1,284 (2,003) acres and were not re-let
- Of which 3 (1) FBTs on 370 (103) acres were sold to the sitting tenants
- 8 (10) successions under the 1986 Act covering 1,892 (1,591) acres
- 59 (48) new contract farming agreements covering 10,642 (8,175) acres
- 411 (382) new grazing arrangements covering 17,824 (18,383) acres
- 3 (2) share farming agreements were recorded, covering 522 (275) acres.

3.2 The lower level of activity since 2005 continues again this year. This may be a consequence of arrangements made for CAP Direct Payment purposes, or might indicate the letting market in England and Wales finding an equilibrium within current circumstances as well as caution ahead of the changes that may come with Brexit.

3.3 The Survey continues to offer the industry and those interested in land occupation the largest, longest running and most comprehensive record of changes in occupation.

3.4 Throughout, the collection of information has used the same methods. Standard forms were circulated to all twenty-seven local Agricultural Valuers' Associations in England and Wales, who collected information from members in each district. Forms were also sent to others involved in the letting of land. The Central Association of Agricultural Valuers is very grateful to all who helped by submitting returns to enable this Survey to be as comprehensive as it is.

3.5 The analysis falls into four parts:

- Source of the new lettings
- Fate of land previously let
- Analysis of the newly let units
- New contract farming agreements.

4. SOURCE OF THE NEW LETTINGS

4.1 Previous Tenure of land

Table 4.1: Previous tenure of land newly let under FBTs

Previous tenure	2015		2016		2017		2018		2019	
	No.	%								
Full AHA tenancy	54	7.5%	72	13.5%	69	11.9%	35	6.6%	38	6.3%
Grazing licence etc	64	8.9%	23	4.3%	10	1.7%	16	3.0%	25	4.1%
Let on FBT	488	68.2%	372	69.7%	423	72.9%	431	80.7%	484	79.9%
Vacant	88	12.2%	48	9.0%	68	11.7%	46	8.6%	53	8.8%
Contract farmed	21	2.9%	19	3.6%	11	1.9%	5	0.9%	5	0.8%

4.1.1 The majority of new FBT lettings continue to come from land previously let on FBTs.

4.1.2 Relatively few FBTs are on land which was previously vacant.

Table 4.2: Fresh lettings of previously vacant units

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Units	70	71	75	76	81	88	48	68	46	53
% of new FBTs	8.5%	8.2%	6.7%	7.5%	11.7%	12.2%	9.0%	11.7%	8.6%	8.8%
Area	8,026	5,848	10,387	7,514	6,277	7,999	5,067	5,450	4,650	5,403
Av size	115	82	139	99	77	91	105	80	101	102

4.1.3 In 2019 only one unit was identified as being purchased and then let on an FBT, following a pattern that now appears to run from 2014.

Table 4.3: Lettings of purchased units

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Units	11	33	9	13	14	0	1	0	0	0	1
Area	771	3,227	1,073	1,303	1,626	0	26	0	0	0	8

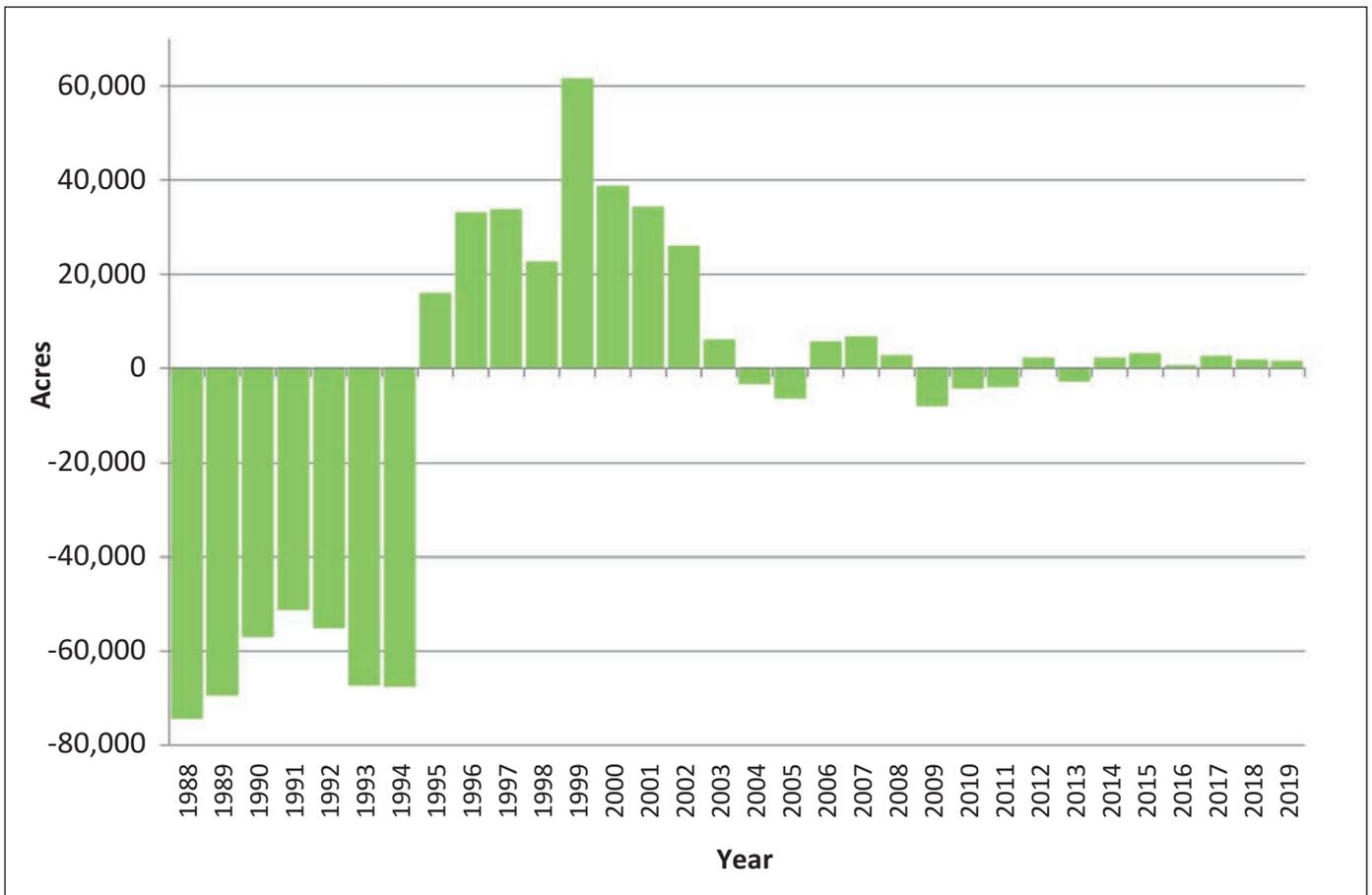
4.1.4 2019 showed that the near standstill in the area of the let sector continues, with a modest gain of 1,348 acres. The overall trend remains that of a stand-still in the market since 2003, as shown in Figure 4.1.

- 4.1.5 Table 4.4 and Figure 4.1 are based on figures from the Survey for:
Land newly let that had not been let before,
less: Land previously let under the 1986 Act that had been taken in hand, or put onto a joint venture, or sold,
less: Land sold to sitting tenants and land lost from previous FBTs.

Table 4.4: Net Movements of Tenanted Land (by acres)

	2011	2012	2013	2014	2015	2016	2017	2018	2019
Fresh let	5,848	10,387	7,514	6,277	7,999	5,067	5,450	4,651	5,403
Less ex-AHA									
- In hand	150	1,029	2,232	504	1,040	1,068	250	268	240
- Contract farming	35	–	231	595	–	879	735	–	–
- Grazing licence	57	136	599	10	376	52	125	30	55
- Sold	2,515	1,235	1,558	899	557	73	152	658	318
- AHA sold ST	806	841	554	135	150	4	104	–	24
- AHA re-grant	–	–	538	–	–	–	–	–	–
- Unallocated loss	8	–	84	–	–	–	1	–	–
<i>Sub-total</i>	<i>3,571</i>	<i>3,242</i>	<i>5,796</i>	<i>2,143</i>	<i>2,123</i>	<i>2,076</i>	<i>1,367</i>	<i>956</i>	<i>636</i>
Less ex-FBT									
- In hand	656	1,582	431	261	153	92	232	886	454
- Contract farming	2,867	1,576	1,663	868	1,598	1,590	692	185	1,317
- Grazing licence	443	541	145	243	586	246	65	582	484
- Sold	1,786	969	783	155	368	101	539	297	461
- Sold ST	152	287	297	303	210	4	0	103	370
- Share farming	–	–	920	216	–	–	–	–	–
- Unallocated loss	68	147	51	–	1	–	–	–	–
<i>Sub-total</i>	<i>5,972</i>	<i>5,101</i>	<i>4,290</i>	<i>2,046</i>	<i>2,915</i>	<i>2,524</i>	<i>1,605</i>	<i>2,107</i>	<i>3,420</i>
Net	-3,695	+2,044	-2,572	+2,088	+2,961	+467	+2,478	+1,588	+1,348

Fig 4.1: Net annual loss/gain in tenanted area 1988 – 2019



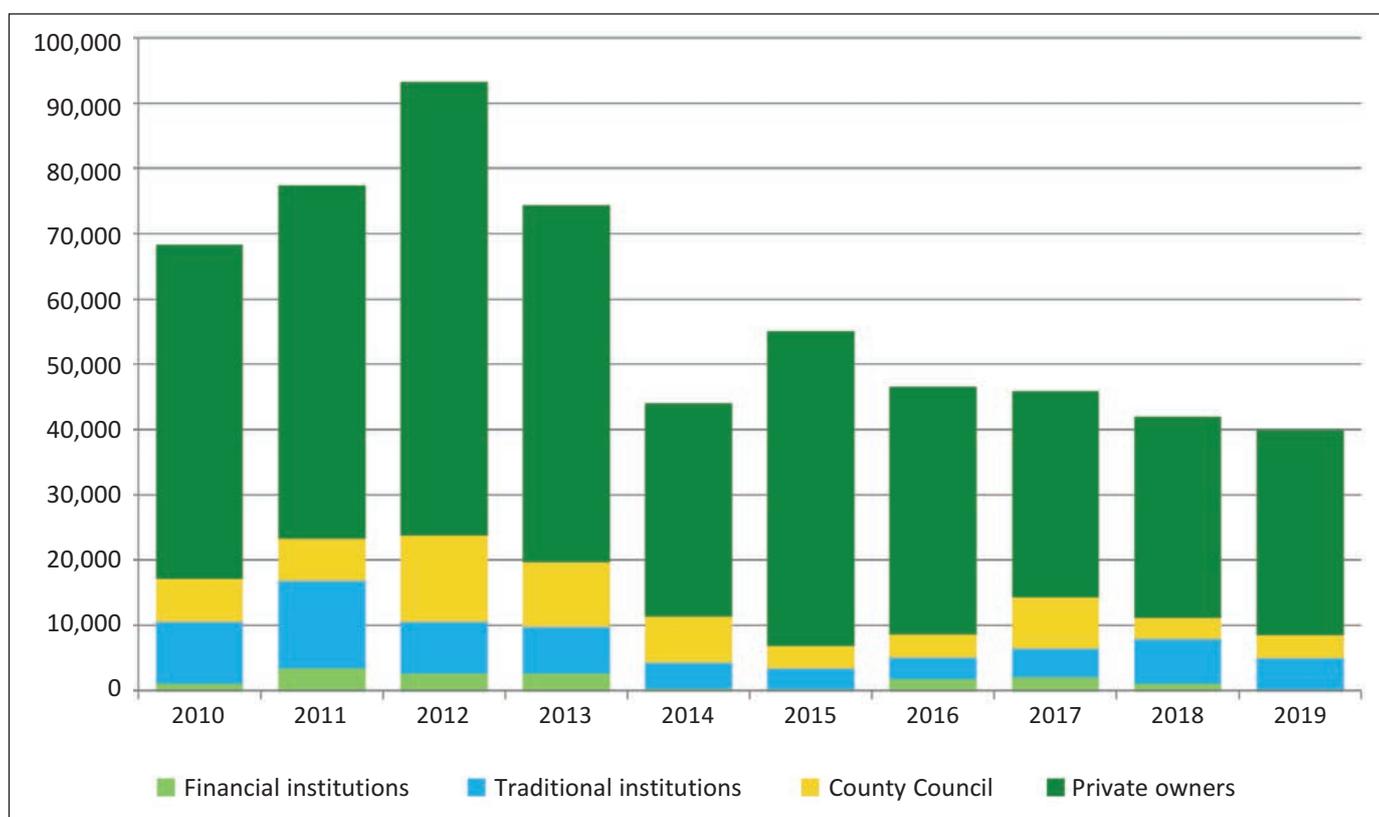
4.2 Lettings by Ownership

4.2.1 Table 4.5 and Figure 4.2 show that private landowners continue to provide the great majority of all holdings for letting.

Table 4.5: Source of new lettings by ownership: 2019 compared to five year average

Let by	Number		Percentage		Area		Average area	
	2019	5 year average	2019	5 year average	2019	5 year average	2019	5 year average
Private owners	448	480	73.81	77.2	31,202	35,967	70	75
Traditional institutions	77	70	12.69	11.6	4,931	4,358	64	61
County Council	75	60	12.36	9.7	3,498	5,034	47	82
Financial institutions	7	9	1.15	1.5	165	1,179	24	149

Fig 4.2: Area let by type of owner



5. FATE OF LAND PREVIOUSLY LET

5.1 Termination of full AHA tenancies

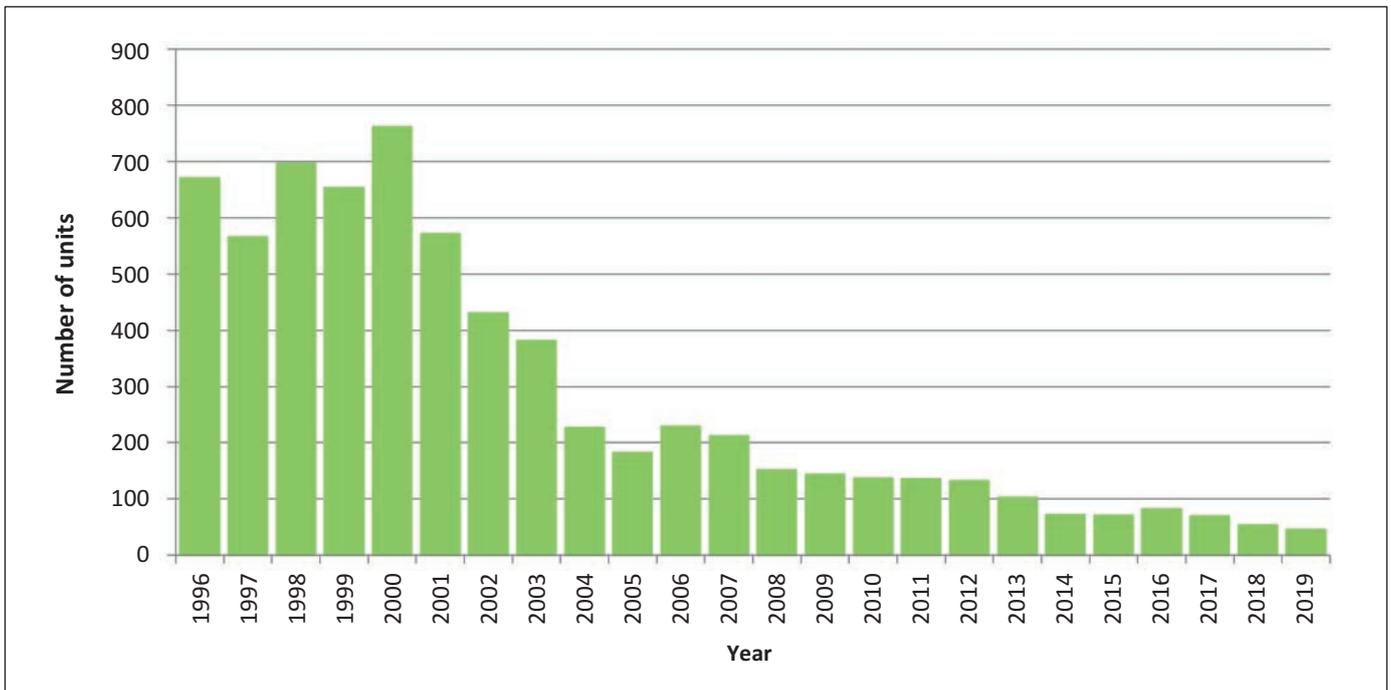
5.1.1 In 2019 46 AHA tenancies were reported as coming to an end, excluding those where a succession took place. Figure 5.1 shows the slow “tailing-off” which has occurred since 2004.

5.1.2 Table 5.1 shows that over 82% of AHA tenancies coming to an end were re-let as FBTs; a figure that is at the higher end of the overall trend and accounting for 87% of the area involved. The proportion of land let on former AHAs which was subsequently sold was 6.5%, which is at the low end of the range for the past decade. About 11% of such land was either taken back in-hand or let on other arrangements.

Table 5.1: Fate of old full AHA tenancies which ended 2009 – 2019

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Number	137	135	132	103	72	71	82	69	54	46
Re-let (FBT)	75.4%	69.6%	75.8%	62.1%	76.4%	76.1%	85.7%	75.8%	64.8%	82.6%
Sold	21.6%	25.9%	16.7%	21.4%	8.3%	11.3%	5.9%	15.4%	16.7%	6.5%
In-hand	2.2%	1.5%	6.8%	8.7%	6.9%	4.2%	2.4%	3.3%	9.3%	4.4%
CF / GL	2.9%	3.0%	1%	3.9%	8.3%	8.5%	5.9%	5.5%	9.3%	6.5%

Fig 5.1: Number of AHA tenancies which ended



5.1.3 The analysis of previous AHA tenancies by area (Table 5.2) confirms earlier findings that the majority of those who have been used to being landlords will prefer to carry on as such, with 87% of the area re-let on FBTs in 2019. Only a very small area was taken back in-hand (4.9%) and very little was sold (342 acres).

Table 5.2: Analysis of previous AHAs by area (acres)

	2015		2016		2017		2018		2019	
AHAs re-let as FBTs	5,320	71.5%	10,119	83%	7,991	85.4%	3,843	80.1%	4,288	87.1%
Taken in hand	1,040	14.0%	1,068	8.8%	250	2.7%	268	5.6%	240	4.9%
Used for grazing/CF	376	5.1%	931	7.6%	860	9.2%	30	0.6%	55	1.1%
Sold	707	9.5%	77	0.6%	256	2.7%	658	13.7%	342	6.9%
Total not re-let	2,123		2,076		1,367		956		636	

5.1.4 Information on surrenders and re-grants is not expressly sought in the Survey, but these are sometimes referred to by respondents in the notes on their returns. There were 4 such references in 2019 (5 in 2018, none in 2017, 2016 or 2015; 3 in 2014, 1 in 2013, 3 in 2012, 1 in 2011 and 4 in 2010). Other transactions may have had similar reasons but were not identified in the returns.

5.2 Former Farm Business Tenancies

5.2.1 Returns were received for 533 FBTs that ended. Almost 91% of all the expiring FBTs were re-let as FBTs, in line with the evidence of previous surveys and covering 90% of the area involved. Few units were taken in-hand (2.8%) or put on contract farming or grazing licence arrangements (2.8%). Sales of former FBT land (at 3%) have consistently been much less significant than for former AHAs; the decision to let was anyway more recent.

Table 5.3: What happened to FBTs that ended?

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Number	630	671	907	799	495	532	395	457	467	533
Re-let	91.0%	91.2%	92.6%	91.7%	93.3%	91.7%	94.2%	92.5%	92.3%	90.8%
Sold	3.6%	3.1%	3.3%	3.9%	1.6%	1.9%	1.0%	3.3%	2.4%	3.0%
In-hand	2.5%	1.3%	1.2%	1.5%	1.8%	0.4%	0.5%	1.5%	2.4%	2.8%
CF/GL	2.4%	4.0%	2.5%	2.5%	3.0%	5.6%	3.8%	2.6%	2.6%	2.8%
Not allocated	0.5%	0.3%	0.3%	0.4%	0.3%	–	0.5%	–	0.4%	0.6%

5.2.2 The figures in Table 5.4 show the analysis of former FBTs by area.

Table 5.4: Analysis of previous FBTs by area (acres)

	2015		2016		2017		2018		2019	
Re-let as FBTs	35,941	93.0%	25,452	91%	30,117	94.7%	41,810	95.4%	28,599	90.4%
Taken in hand	153	0.4%	92	0.3%	232	0.7%	886	2%	454	1.4%
Grazing / CF	2,184	5.6%	2,328	8.3%	897	2.8%	820	1.9%	2,135	6.8%
Sold	368	0.95%	101	0.4%	539	1.7%	297	0.7%	461	1.4%
Total not re-let	2,915		2,521		1,668		2,003		3,050	

5.3 Succession to 1986 Act tenancies

5.3.1 15% of all AHA tenancies which came to an end in 2019 saw a succession (Table 5.5) – this is the second lowest percentage reported in the last decade. It has been reported in previous Surveys that succession happened on only about 10% of those AHA tenancies which ended in the period 1990 – 1994. The difference may reflect changing views by tenants’ families on farming as a business, but it may also be a function of the changing nature of the AHA sector which these Surveys may suggest to be concentrating on larger, more equipped units. Some in England may now be deferring succession until after de-linking of Basic Payment.

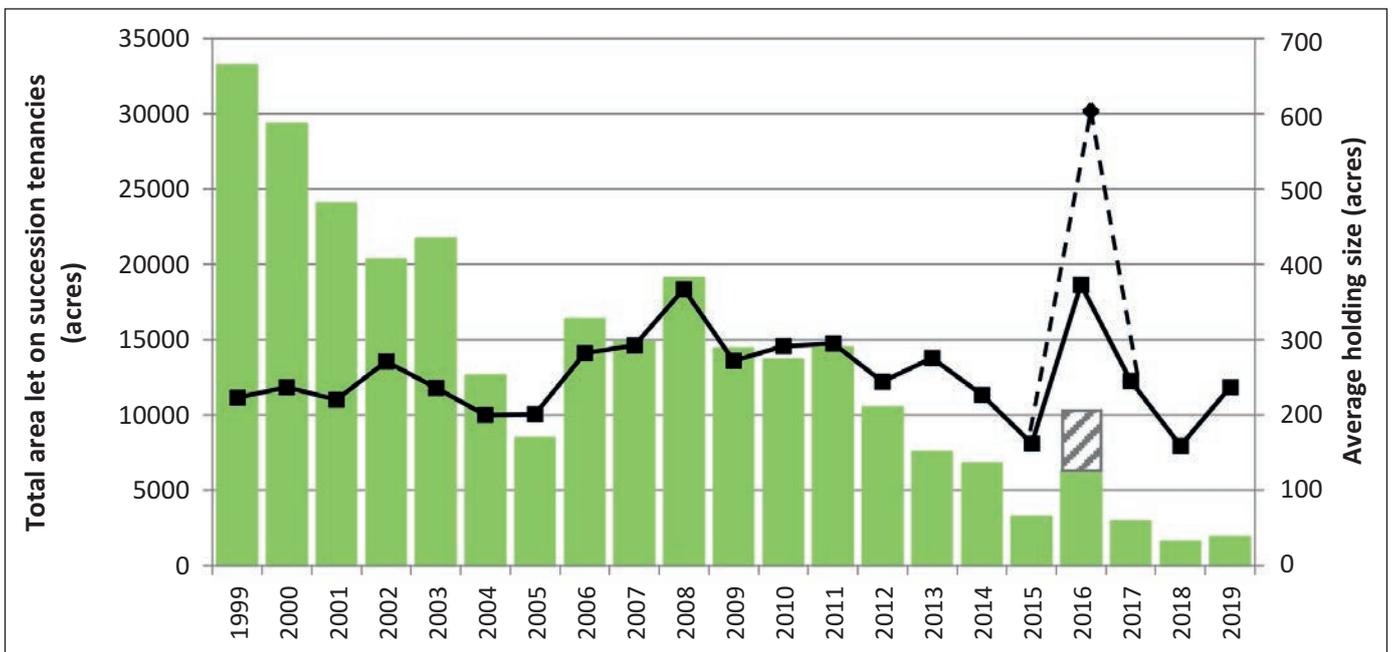
Table 5.5: Successions

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Number	48	48	43	37	32	20	17	11	10	8
% AHAs ending	26%	26%	25%	26%	31%	22%	17%	11%	16%	15%
Area	13,678	14,460	10,492	7,533	6,817	3,250	10,350 6,350	2,938	1,591	1,892
Av size	291	295	244	276	227	162	609 373	245	159	237

5.3.2 The 2016 data was distorted somewhat by a 4,000 acre hill farm on which succession was granted during the survey period. Without that farm, the total area would be 6,350 acres and the average size would be 373 acres.

5.3.3 The total number of successions and the total area let have both fallen since 2000 and while the trend was for the average size of holdings to increase, that has generally levelled off since 2009. Holdings let on succession tenancies tend to be larger than those in other categories in this Survey, providing an enduring core of 1986 Act tenancies. Figure 5.2 shows the total area of land let on succession tenancies in bars with the average holding size shown by the line. The dotted line and striped bar show the total figures including the 4,000 acre unit referred to above.

Figure 5.2: Total area and average holding size of AHA succession tenancies



5.3.4 In 2019, the majority of successions were again on privately owned holdings (75% of all successions). One succession was recorded on land owned by a traditional institution and one on a holding owned by a financial institution.

5.4 Sales to sitting tenants

5.4.1 These sales are analysed separately as they are not cases where the tenancies have ended in the usual way but are rather merged in the freehold ownership by negotiation.

5.4.2 In 2019 there was only one recorded case where land subject to an AHA tenancy was sold to a sitting tenant. Numbers of units sold are still much lower than those recorded before 2005.

Table 5.6: Sales to sitting AHA tenants

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Cases	8	7	9	8	2	1	1	4	0	1
Acres	1,189	806	841	554	135	150	3.7	104	0	24

5.4.3 Three sales to FBT tenants were recorded covering 370 acres, the largest area recorded over the past decade but still only a minor feature of the Survey.

Table 5.7: Sales to sitting FBT tenants

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Cases	2	6	7	10	1	2	1	0	1	3
Acres	102	152	286	297	216	210	3.5	0	103	370

6. ANALYSIS OF THE NEWLY LET UNITS

6.1 Size

6.1.1 As in previous years, the Survey shows a very wide range of land types being let under FBTs, from bare land to fully equipped units, in all sizes from less than half an acre to over twelve hundred acres.

6.1.2 The average size of a unit let as an FBT was 66 acres in 2019 and the proportion of let units exceeding 150 acres was 14.9%, showing some consistency over the past decade.

Table 6.1: Average size of FBTs

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Av area (acres)	79	88	82	73	63	76	91	77	78	66
% > 150 acres	14.3%	14.8%	14.4%	16.3%	15.2%	15.6%	21.1%	22.7%	15.8%	14.9%
No. > 150 ac	123	131	164	126	80	94	91	90	85	67

6.1.3 The Survey forms asked for each unit to be classified according to whether it was bare land (without any buildings), land with buildings, or land with a house and buildings. The results have been analysed in Table 6.2, from which it can be seen that FBTs on bare land are significantly skewed towards smaller areas. In 2019 only seven lettings of more than 500 acres were reported, all having at least buildings and 4 having a house and buildings.

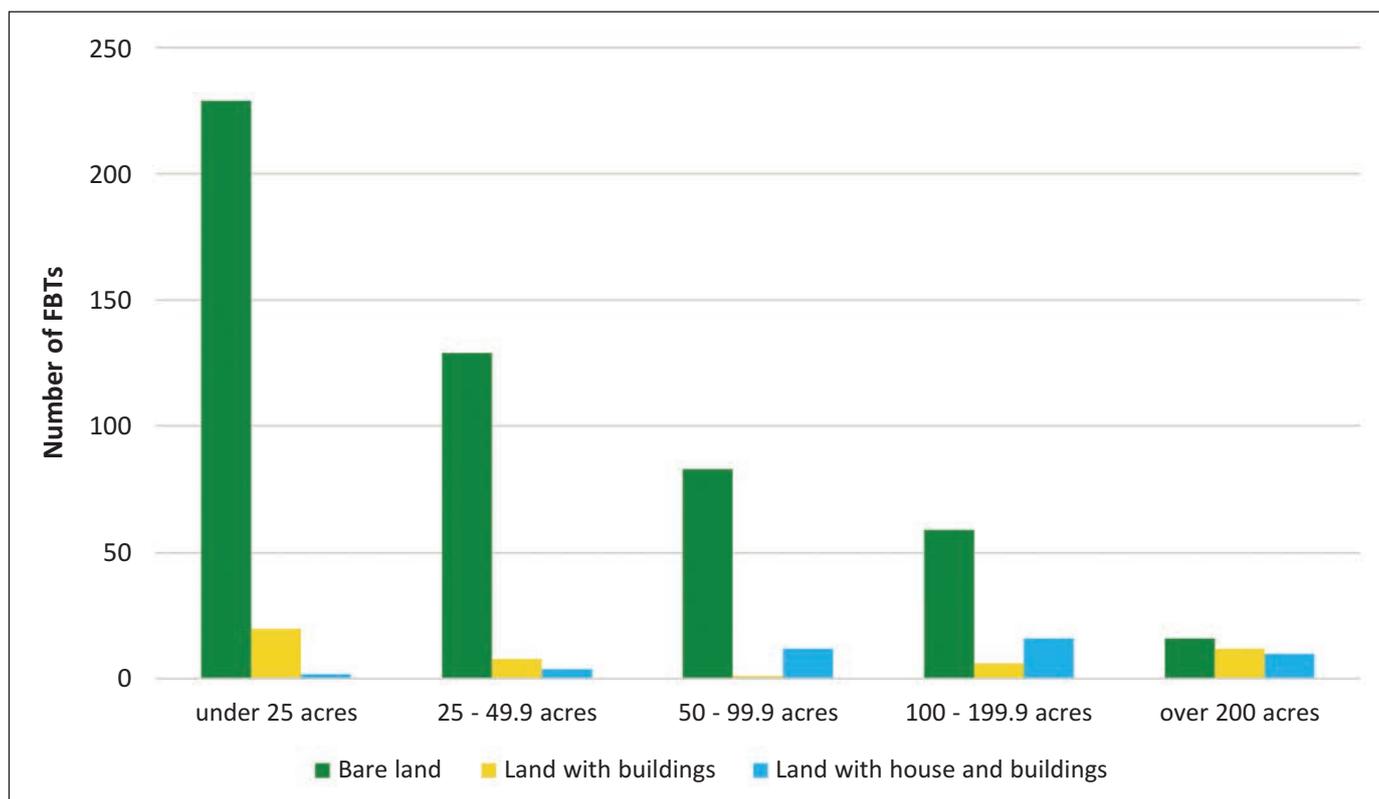
Table 6.2: Analysis of FBTs by type of holding and area

	Bare land	Land with buildings	Land, buildings and house
under 25 acres	229	20	2
25 - 49.9 acres	129	8	4
50 - 74.9 acres	58	1	8
75 - 99.9 acres	25	0	4
100 - 124.9 acres	20	1	4
125 - 149.9 acres	18	4	5
150 - 199.9 acres	21	1	7
200 - 249.99 acres	4	4	2
250 - 374.9 acres	9	3	3
375 - 499.9 acres	3	2	1
500 - 749.9 acres	0	3	2
750 - 999.9 acres	0	0	0
over 1000 acres	0	0	2

6.1.4 The information in Table 6.2 was grouped into five categories in Figure 6.1 which shows how smaller land parcels are let predominantly as bare land.

6.1.5 It has previously been noted that one of the most obvious sources of fresh land for letting is the owner of smaller land parcels who may want to retain their home. **The stereotypical farm with house and buildings is only a small part of the marketplace.** The small bare land parcels include grazing land and specialist cropping land.

Fig 6.1: Analysis of FBTs by type of holding and area



6.1.6 As shown in Table 6.3, 69% of all bare land lettings are less than 50 acres in size, a proportion which has remained consistent over the past decade.

Table 6.3: Proportion of bare land lettings of less than 50 acres in size

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
%	69	59	67	67	70	71	63	69	61	69

6.2 Fixed equipment – houses and buildings

Table 6.4: Analysis by level of equipment on each unit in 2019 compared with 2018

	2018					2019				
	No. of units		Acres		Av area	No. of units		Acres		Av area
Bare land	456	84.7%	28,059	67.1%	62	516	85.0%	25,819	64.9%	50
Land with buildings	53	9.9%	8,058	19.3%	152	47	7.7%	5,434	13.7%	116
House, land and buildings	29	5.4%	5,693	13.6%	196	44	7.3%	8,544	21.5%	194

6.2.1 The 2019 returns show consistency with previous years. Typically, the figures by area are around 60% bare land, 20% land with buildings and 20% with house, land and buildings and so again showing the patterns that the more equipped a unit is, the larger it is likely to be and, as will be seen below, the longer it is likely to be let for.

Table 6.5: Analysis of equipment on each unit by ownership in 2019

	Bare land			Land with buildings			Land / house / buildings		
	No	%	Av area	No	%	Av area	No	%	Av area
Private owners	382	84.9	50	42	9.3	131	26	5.8	269
Traditional institutions	77	100	64	0	–	–	0	–	–
County Councils	51	68.0	33	6	8.0	44	18	24.0	86
Financial institutions	7	100	24	0	–	–	0	–	–

N.B. the percentages in this table are for each type of owner.

6.2.2 As in previous years, it is county council lettings that are distinctively weighted towards fully equipped lettings by percentage of portfolio, with 24% of their total let with a house, land and buildings (23% in 2018; 38% in 2017; 34% in 2016; 38% in 2015; 30% in 2014) – important but a lower percentage than some might assume. However, the majority of such lettings by number and by area are by private landowners. In 2019 private landlords provided 59% of all fully equipped lettings (62% in 2018), with a total area of 7,000 acres (4,119 acres in 2018) amounting to 82% of the total area let as fully equipped holdings (72% in 2018). 15 of those 26 holdings were let for terms of ten years or more; by contrast, only four of the 18 county council holdings were let for 10 years or more.

Basic Payment Entitlements

6.2.3 The survey included a question asking whether Basic Payment entitlements were included in the letting. 566 entries for new FBTs answered the question (93% of all entries). 37.3% of the responses stated that entitlements were included in the letting (54.7% in 2018; 42.8% in 2017; 46.6% in 2016; 50.2% in 2015) and 62.7% stated that they were excluded (45.3% in 2018; 57.2% in 2017; 53.4% in 2016; 49.8% in 2015) and so, in principle, being for the tenant to resolve.

6.2.4 Of those who answered the question, entitlements were included in 26% of bare land lettings (27% in 2018; 44% in 2017; 45% in 2016; 50% in 2015) and so apparently on a downward trend, in 51% of lettings of land and buildings (62% in 2018; 44% in 2017; 60% in 2016; 58% in 2015) and in 36% of lettings of fully equipped holdings (52% in 2018; 29% in 2017; 46% in 2016; 37% in 2015).

6.3 Farming enterprises

6.3.1 167 lettings were described as arable, with 2 for roots and 3 for horticulture. 142 units recorded grazing uses, including 5 dairy units. One letting was for pigs and 2 were for poultry. One bare land unit was let for growing hops.

6.3.2 Four lettings were described as being for horses or equestrian use, with one described as being for woodland and another for willow coppice. Diversification which takes place during a tenancy is not recorded by the Survey.

6.3.3 There were 10 lettings of buildings only, or where buildings were let with only a small area of land (1 in 2018, 3 in 2017, 1 in 2016, 7 in 2015, 8 in 2014).

6.4 Length of term

6.4.1 The Survey does not capture those cases where tenancies were let as periodic FBTs which continue to run on from year to year, or where fixed term tenancies have been allowed to run on beyond the end of the term. Some longer tenancies are therefore not fully recorded and in reality, the average length of an FBT in practice is likely to be somewhat longer than the Survey suggests. That is thought unlikely to be offset by the operation of break clauses to end a fixed term letting early.

6.4.2 Table 6.5 shows that the average length for all FBTs in 2019 was 3.21 years, which although higher than 2018, remains at the lower end of the range. The average over the previous 10 years was 3.74 years. This average includes all lettings, from seasonal lets of bare land to long term lettings of fully equipped holdings. It is generally the case that larger units and more equipped units are let for longer terms – see Table 6.7 and Figure 6.2. It seems likely that uncertainty about future prospects under post-Brexit policies and future economics continue to influence letting decisions both by owners anxious to reserve their position and would-be tenants cautious about commitments.

6.4.3 If lettings for 1 year or less are excluded, the average term increases to 4.75 years, a little more in line with previous form. The average length of FBTs let for more than five years was 11.84 years, consistent with previous years. Decisions implemented in 2018 look to have shown a particular dip in this assessment with some recovery in tenancies let for more than a year.

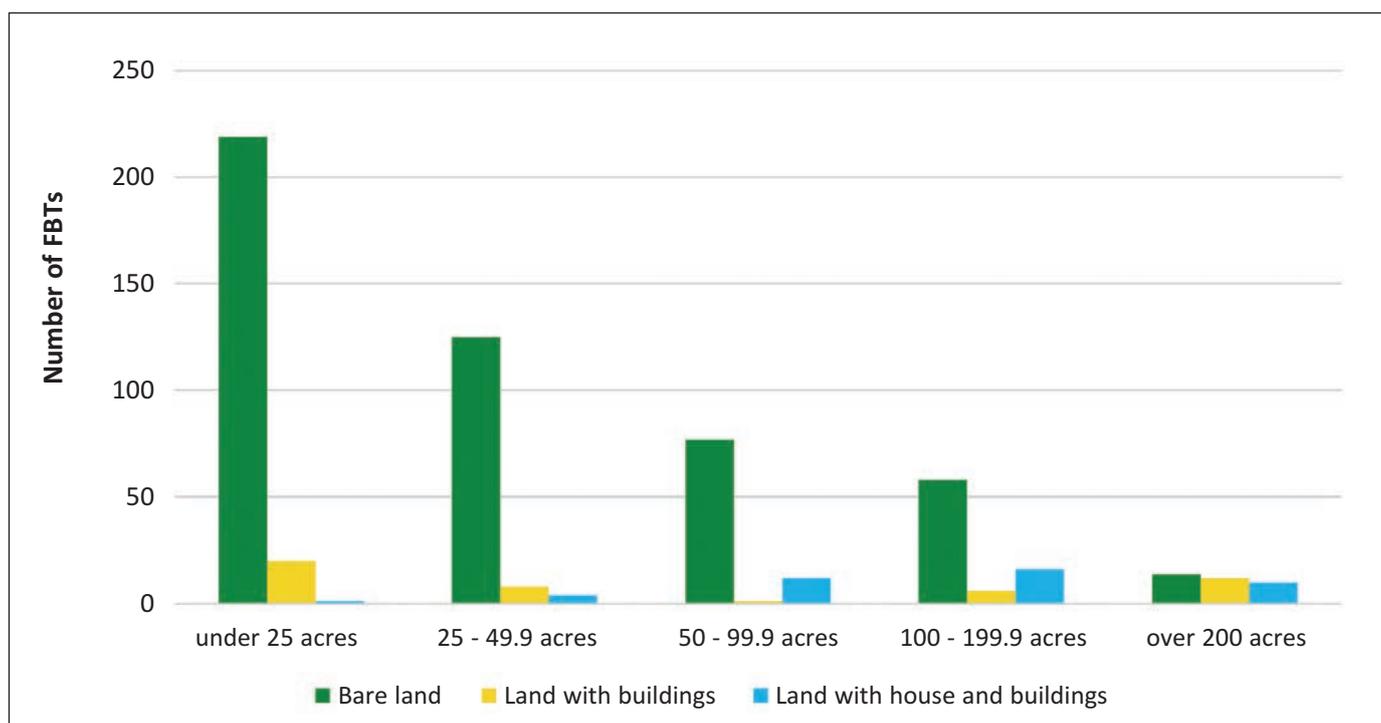
Table 6.6: Average length in years of new FBTs granted

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
All FBTs	3.75	3.89	4.12	3.17	3.53	3.83	4.48	3.97	2.90	3.21
FBTs > 1 yr term	–	5.44	5.54	4.65	4.93	5.31	5.94	4.98	4.14	4.75
FBTs > 5 yr term	12.96	11.85	10.88	10.84	10.26	13.16	13.42	10.70	9.73	11.84

Table 6.7: Average term length in years by size and type of unit

Size of unit	Bare land	Land and buildings	House, land and buildings	Average length of all FBTs
Under 25 acres	2.29	2.59	1.00	2.30
25.0 – 49.9 acres	2.95	3.13	5.50	3.03
50.0 – 99.9 acres	2.66	5.00	10.08	3.68
100.0 – 199.9 acres	2.88	6.32	9.36	4.43
Over 200 acres	4.00	5.94	14.2	7.48

Fig 6.2: Average term length in years by size and type of unit

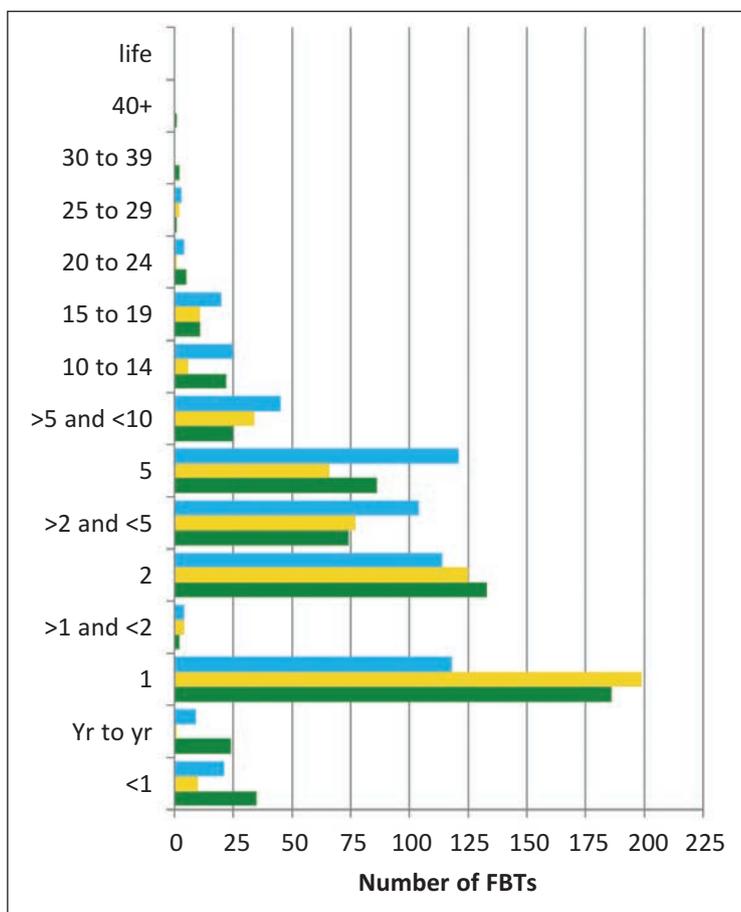


6.4.4 Table 6.8 and Figure 6.3 show an analysis of the term lengths for new FBT lettings and illustrate how the flexibility of the FBT format is widely used in practice. The range in lengths of FBT reported was from one month to 48 years. In 35 cases the letting was for less than one year and there were 24 reported periodic tenancies running from year to year, the highest figure since 2013.

Table 6.8: Analysis of FBT term lengths in 2019

	2019	2018	2017
Length	Number		
Life	0	0	0
40+ years	1	0	0
30 – 39 years	2	0	0
25 – 29 years	1	2	3
20 – 24 years	5	1	4
15 – 19 years	11	11	20
10 – 14 years	22	6	25
>5 and <10 years	25	34	45
5 years	86	66	121
>2 and <5 years	74	77	104
2 years	133	125	114
>1 and <2 years	2	4	4
1 year	186	199	118
Annual periodic	24	1	9
<1 year	35	10	21

Fig 6.3: Analysis of term lengths of FBTs (2017-2019)



Legend: 2019 (green), 2018 (yellow), 2017 (blue)

6.4.5 A more detailed analysis of shorter FBTs was carried out to assess the proportions of tenancies granted for various periods and possible reasons why those periods might have been selected. The results are shown in Tables 6.9 and 6.10 below. The periods selected were:

- year to year – retains flexibility
- two years or less – terminating automatically without a notice and allows for shorter notice
- more than two years up to three years – coinciding with a typical rent review period and not requiring to be made by deed
- more than 3 years up to 5 years – no interactions with other points, but 5 year periods appear popular
- more than 5 years up to 7 years – leases of less than 7 years do not have to be registered
- more than 7 years up to 10 years
- more than 10 years.

6.4.6 Table 6.9 shows that the most numerous agreements are those made for less than two years, which consistently represent approximately half of all agreements. FBTs of two years or less will terminate automatically and some landowners prefer the security of knowing that notices do not have to be served in order to bring the tenancy to an end. Many of these agreements will then be renewed on similar terms for a further period of less than two years, hence they are likely to be encountered more frequently in the annual survey. Others may move passively and informally to a new arrangement which, on analysis, might be a tenancy from year to year.

6.4.7 In general, Table 6.9 suggests that choice of term is relatively uninfluenced by other regulatory concerns. It shows some easing back of 2018's move to lettings of 2 years and less (which expire automatically) from lettings of between 2 and 5 years.

Table 6.9: Length of FBT terms by number of agreements

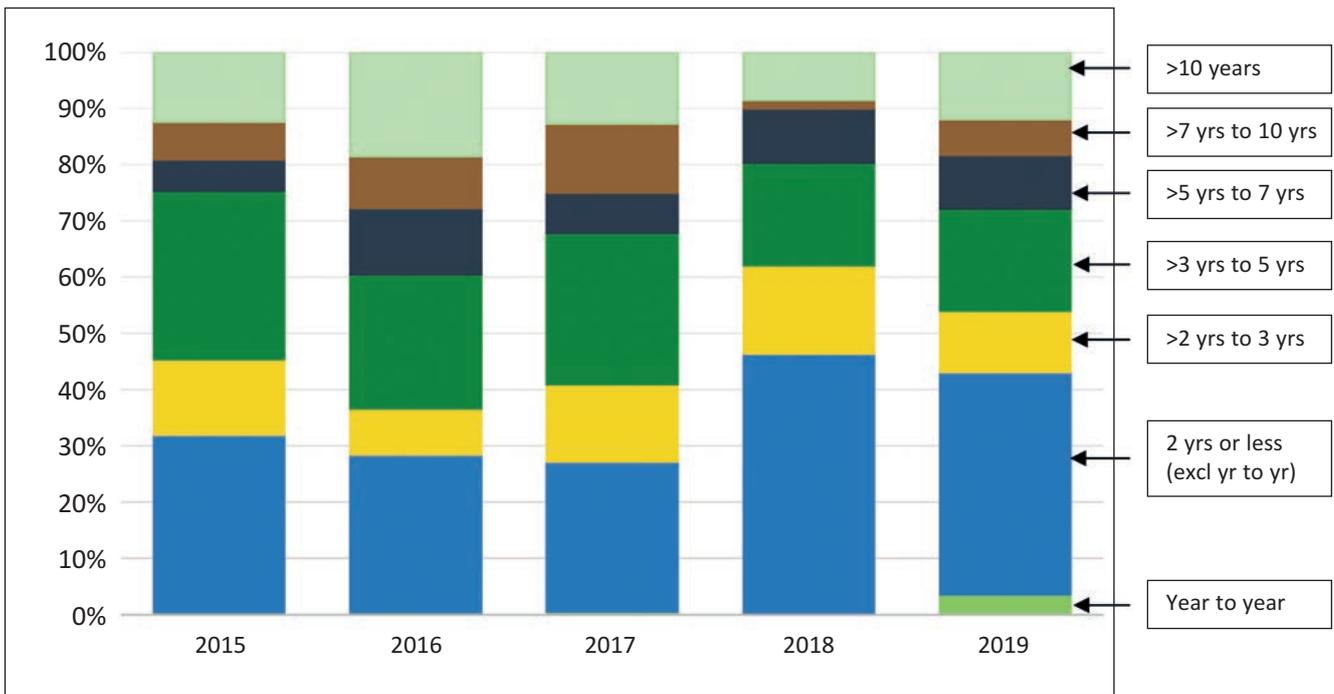
	2015		2016		2017		2018		2019	
	No.	%								
Year to year	8	1.1	4	0.7	9	1.5	1	0.2	24	3.9
Up to 2 years (excl yr-to-yr)	395	55.4	265	49.4	257	43.7	338	63.1	356	58.7
>2 yrs to 3 yrs	99	13.9	66	12.3	99	16.8	69	12.9	70	11.5
>3 yrs to 5 yrs	109	15.3	103	19.2	126	21.4	74	13.8	90	14.8
>5 yrs to 7 yrs	30	4.2	31	5.8	40	6.8	34	6.3	24	3.9
>7 yrs to 10 yrs	30	4.2	26	4.8	25	4.3	5	0.9	21	3.5
>10 yrs	–	–	42	7.8	32	5.4	15	2.8	22	3.6

6.4.8 The length of tenancies by area is shown in Table 6.10 and like Table 6.9, this shows a degree of consistency between the types of tenancy, although the data for each type do vary from year to year.

Table 6.10: Length of FBT terms by area

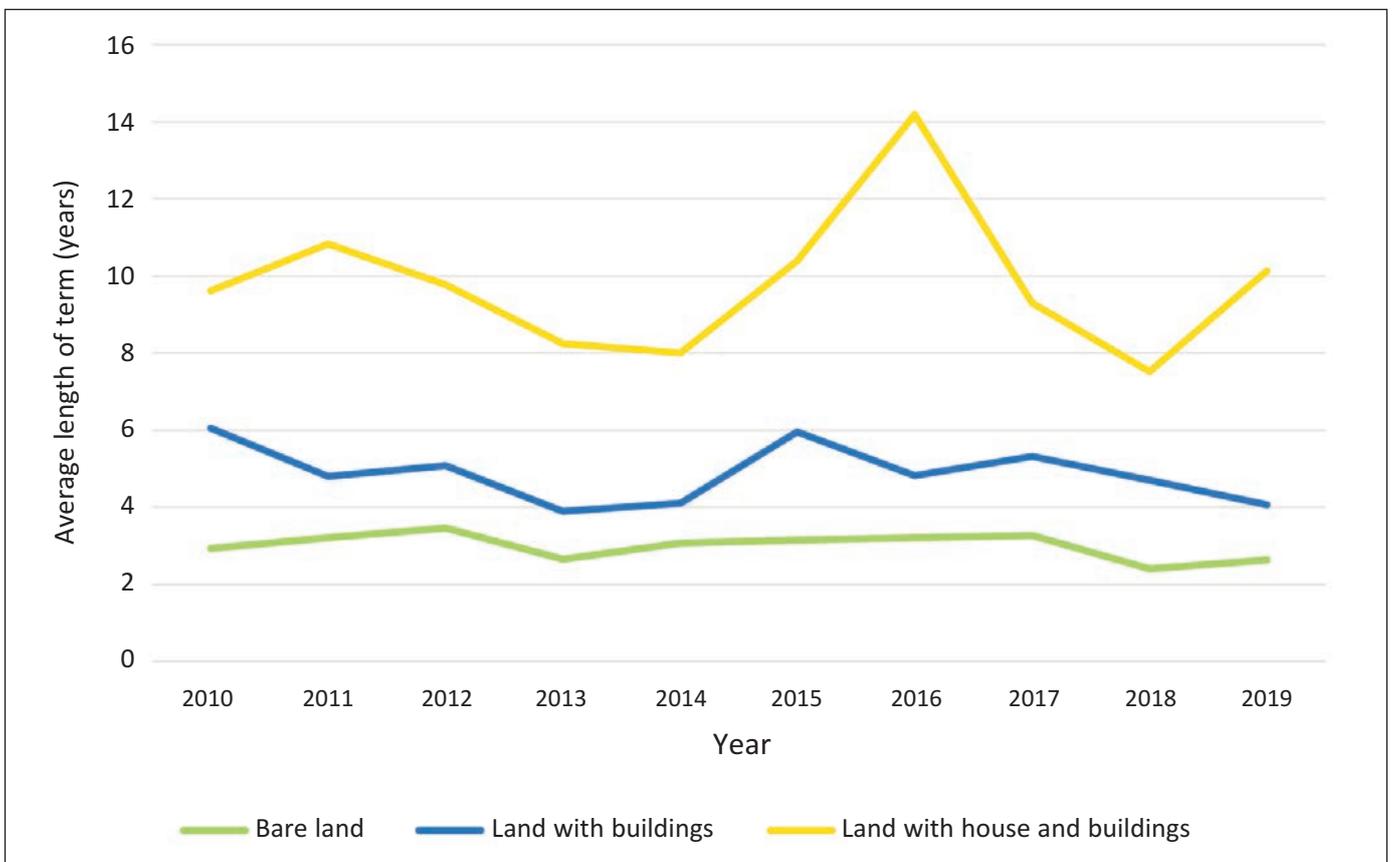
	2015		2016		2017		2018		2019	
	Acres	%								
Year to year	199	0.4	200	0.4	245	0.5	2.4	0.01	1,404	3.5
Up to 2 yrs (ex yr-to-yr)	17,346	31.6	12,959	28.0	12,180	26.7	19,405	46.5	15,775	39.6
>2 to 3 yrs	7,312	13.3	3,819	8.2	6,256	13.7	6,496	15.6	4,318	10.8
>3 to 5 yrs	16,483	30.0	11,030	23.8	12,283	26.9	7,666	18.4	7,233	18.2
>5 to 7 yrs	3,110	5.6	5,532	11.9	3,285	7.2	3,995	9.6	3,801	9.6
>7 to 10 yrs	3,667	6.7	4,278	9.2	5,569	12.2	630	1.5	2,526	6.4
>10 yrs	–	–	8,532	18.4	5,780	12.7	3,555	8.5	4,739	11.9

Figure 6.4: Length of FBT terms by area (%)



6.4.9 Figure 6.5 and Table 6.11 illustrate the length of term by type of unit and show that the average length of term for an equipped unit with house and buildings was 10.13 years in 2019; bare land units were let for an average of 2.63 years and those with buildings for 4.06 years.

Figure 6.5: Length of term by type of equipped unit



6.4.10 There are significant differences in term length depending on the previous occupation, with land previously let on AHA tenancies typically being let for much longer average terms. This may reflect the fact that those landowners are more familiar and comfortable with longer terms.

Table 6.11: Average length of term by type of unit (in years)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Bare land	2.92	3.20	3.46	2.64	3.06	3.14	3.20	3.26	2.40	2.63
Building / land	6.05	4.80	5.08	3.89	4.10	5.95	4.82	5.32	4.69	4.06
House/bldgs/land	9.61	10.83	9.77	8.24	8.00	10.39	14.19	9.29	7.52	10.13
Previously:										
– AHA	8.05	9.07	6.84	5.98	7.20	8.26	10.26	7.35	5.29	7.95
– FBT	3.30	3.41	4.08	3.13	3.56	3.47	3.53	3.52	2.55	2.87
– Vacant	3.75	3.94	3.20	3.44	3.23	4.63	4.04	3.68	3.98	4.09
– Contract farmed	3.67	2.85	3.87	3.94	3.40	3.52	4.37	5.22	5.00	3.25

6.4.11 Table 6.12 shows that the trend for local authorities to let for longer terms than other types of owner continues, consistent with their higher fraction of fully equipped units, although the difference in 2019 was small.

Table 6.12: Average length of term by owner (in years)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Private owner	3.32	3.66	3.60	3.01	2.98	3.87	4.20	3.70	2.87	3.42
Traditional institution	4.23	4.51	4.61	3.27	5.10	3.21	4.27	3.28	2.86	2.53
County Council	6.69	5.84	6.35	4.60	5.75	5.00	7.00	6.16	3.95	3.49
Financial institution	2.37	1.79	4.18	1.64	5.50	3.00	7.57	3.08	1.19	2.00

6.5 New entrants and FBTs

6.5.1 The 2019 Survey sought once again to establish the proportion of lettings to new entrants. As pointed out in previous Surveys, it is difficult to agree a single serviceable definition of what constitutes a ‘new entrant’. Respondents are accordingly asked to identify whether they consider a tenant to be a new entrant, with an option to reply “don’t know”. The results are therefore indicative rather than absolute.

6.5.2 9.4% of all new FBTs were let to tenants regarded as new entrants. As many new FBTs are let to the previous tenant of the land, the figures were further analysed to determine the proportion of lettings to new entrants in cases where there was a change of occupation. The table below shows that this figure was 32%, the highest since 2012.

Table 6.13: FBTs let to New Entrants

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Number	82	78	100	75	38	33	30	45	40	57
Area	8,539	6,307	6,655	6,607	3,473	3,568	3,423	5,376	3,584	3,399
Av size	107	81	66	88	91	108	118	117	90	60
<i>New entrants as % of</i>										
– Total lettings	10.0%	8.8%	8.8%	7.4%	5.5%	4.6%	5.6%	7.6%	7.5%	9.4%
– Changed occupation	31%	34%	32%	26%	17%	14%	14%	18%	23%	32%

6.5.3 59.6% of lettings to new entrants were by private landowners, 17.5% by county councils and 22.8% by traditional institutions. Financial institutions were not reported as letting any holdings to new entrants in 2019. 19% of lettings to new entrants were of fully equipped holdings, the lowest proportion in the last 7 years (20% in 2018; 42% in 2017; 50% in 2016; 36% in 2015; 34% in 2014; 33% in 2013; 16% in 2012).

6.5.4 The Survey shows that 23% of all tenants perceived as new entrants obtained tenancies of more than five years. In 2019 five new entrants gained tenancies of more than 10 years, with one for 48 years.

Table 6.14: Analysis of length of tenancy by tenant type

Length of tenancy	Under 2 years	2 – 5 years	Over 5 years
New entrants	24.5%	52.6%	22.8%
Other tenants	42.4%	47.8%	9.8%

7. NEW CONTRACT FARMING AGREEMENTS AND OTHER ARRANGEMENTS

7.1 Contract farming agreements

7.1.1 Contract farming agreements are perceived to be widely used, not least where a tenancy arrangement does not suit the parties. They are now explored in more detail by the CAAV's publications *Arable Farming with Contractors* and *Contracting Arrangements with Breeding Livestock*. Since 1999 the Survey has asked questions about the extent and use of contract farming arrangements but it probably captures a smaller proportion of this less defined market than of tenancies.

7.1.2 In 2019, 59 returns were received for new agreements, covering 10,642 acres with an average unit size of 180 acres. Table 7.1 shows that this was the second lowest number of agreements covering the second lowest area of the past decade. The average size of a unit has remained at a consistent figure, broadly between 150 and 200 acres.

Table 7.1: Survey of contracting agreements

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Units	110	129	125	116	66	88	112	112	48	59
Area	18,255	20,188	27,367	22,317	13,502	13,175	21,629	16,175	8,175	10,642
Av area	166	158	219	192	204	150	193	144	170	180
Av term (years)	1.79	1.82	1.52	1.70	1.78	1.62	1.72	1.53	1.43	1.60
New entrants	12.7%	7.0%	3.2%	5.2%	4.5%	1.1%	0%	0%	2%	6.8%

7.1.3 As in previous years, the great majority of contracting arrangements in 2019 were for arable units. Only one case specifically reported an arrangement for livestock (pigs), three referred to root crops and five included grassland.

7.1.4 98% of the arrangements were made by private landowners and 2% by traditional institutions. No county councils or financial institutions were recorded as entering a contract farming agreement in 2019.

7.1.5 The average length of agreement was 1.60 years and while approximately 61% of agreements were for up to one year, terms ranged from 5 months to 6 years. 27% of agreements were for 3 years or longer.

7.1.6 The majority of agreements (81%) were for bare land with 19% for land and buildings. None were for a fully equipped holding.

7.1.7 Four agreements were recorded as being to new entrants.

7.2 Grazing agreements

7.2.1 This is the seventh year that the Survey has looked more closely at grazing arrangements. In practice the term covers a variety of different types of agreement, from the traditional formal annual lettings, often conducted by auction, which are important in predominantly livestock farming areas, to less formal agreements made with other farmers or non-farmers, including a minority for use by horses.

7.2.2 In 2019, some 410 cases of grazing arrangements were recorded, covering 17,821 acres. In practice there will be far greater numbers of these arrangements made which are not recorded in the Survey. Of those recorded, approximately 73% were to the same occupier as the previous year.

Table 7.2: Analysis of grazing agreements

	2011	2012	2013	2014	2015	2016	2017	2018	2019
Units	258	242	547	251	228	209	238	382	410
Area	7,615	9,978	20,234	11,339	11,312	8,145	8,613	18,383	17,821
Av area	29.5	41.2	36.9	45.7	49.6	39.4	36.3	48.9	43.5
To same occupier	67%	71%	83%	74%	77%	80%	83%	88%	73%

7.2.3 Most grazing arrangements were for a year or less, but in 17 cases (4%), arrangements for two years or more were recorded, but distinguished from FBTs.

7.2.4 90% of grazing arrangements were on land which had previously been let on similar terms (89% in 2018, 88% in 2017, 86% in 2016, 82% in 2015). Only 6% were on previously owner-occupied land (6% in 2018, 7% in 2017, 10% in 2016, 7% in 2015).

7.2.5 The substantial majority of grazing arrangements were made by private landowners (85%). 9% were made by county councils, 5% by traditional institutions and 1% by financial institutions.

7.2.6 There were 9 references to horses being a factor in the arrangement (23 in 2018, 14 in 2017, 1 in 2016, 3 in 2015, 13 in 2014).

7.2.7 In 2019 there were no references to the Basic Payment claim being a factor in the arrangement (0.78% in 2018, 4.2% in 2017, 3.8% in 2016, 8% in 2015).

7.3 Other arrangements

7.3.1 Three agreements, covering 522 acres, were recorded as being share farming in 2019. All three were for bare land only and for one year only. While the specific nature of these agreements was not recorded, share farming sees two separate businesses combining to produce a common output whose gross receipts are divided between them.

Table 7.3: Analysis of share farming agreements

	2013	2014	2015	2016	2017	2018	2019
Number of units	3	1	1	1	2	2	3
Area	1,312	155	59.5	95	112	275	522

PART 3:
THE AGRICULTURAL LAND OCCUPATION SURVEY FOR SCOTLAND

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8. INTRODUCTION

8.1 This is the eighth annual Agricultural Land Occupation Survey to be held in Scotland. It has been conducted by the CAAV and SAAVA by circulating members and others with forms for information to be returned on land that had been let in 2019, land where tenancies ended in 2019 and on other arrangements such as contract farming and grazing agreements that had been established in the year. It has not been used to monitor crofting. We are grateful to all who have helped with this.

8.2 This report reviews the statistics yielded by the Survey and offers an initial analysis and commentary for discussion and review. As the eighth such Scottish Survey, there can now be some comparison with the figures from the previous Surveys which are retained in brackets where relevant.

8.3 It has inevitably taken some time for a sufficient history of data to allow conclusions as to trends, a task that has been complicated by market reactions to the United Kingdom's then protracted and prospective departure for the European Union as well as the background of both the discussion of and changes to agricultural land tenure and the uncertainty about and the reactions to the implementation of the Basic Payment System with their impact, perhaps particularly on arrangements in the years 2014 to 2016.

8.4 This Survey, like the CAAV's Agricultural Land Occupation Surveys for England and Wales since 1977, primarily monitors changes in occupation and so the flows in and out of the tenanted sector and the nature of those changes, rather than the overall size of the let sector. Thus, the analysis is undertaken primarily in terms of the units let or not let as each represents a decision in the relevant circumstances. Overall acreages are given where this may lend perspective. That is particularly important in Scotland where the large acreages of some hill units can affect the appearance of the figures.

8.5 This Survey covers a total of 257 units on 26,023 acres with changes involving decisions about the letting or occupation of agricultural land in Scotland in the year to November 30th 2019, so including the main late November tenancy date. As some units in Scotland can cover very large areas, changes in acreage may be less significant as a barometer of decisions than changes in the numbers of units. Numbers of units and total acreages from 2012 are shown in Table 8.1.

Table 8.1: Number of units and total acreage reported

Year	2012	2013	2014	2015	2016	2017	2018	2019
Number	203	132	53	107	176	142	128	257
Acres	42,820	107,254	25,424	46,279	62,201	35,179	38,665	26,023

8.6 The units reported in the Survey comprise (previous year's data in brackets):

- 45 (26) where tenancies were reported let in the year, covering 7,124 (8,564) acres. 4 (7) were MLDTs. By previous tenure:
 - 24 (19) were of units where a tenancy had ended;
 - 16 (3) followed grazing arrangements
 - 0 (0) followed a contract farming arrangement
 - 5 (4) moving from in hand or newly acquired
- 0 (0) successions to existing tenancies (had been 81 acres in 2017)
- 8 (3) tenancies that ended and the land was reported as not re-let covering 785 (712) acres of which:
 - 2 (2) were taken in hand
 - 3 (0) went to grazing agreements
 - 1 (1) was put on a contract farming agreement
 - 1 (0) was sold
 - 1 (0) was sold to the sitting tenant
 - 0 (0) were compulsorily purchased
 - 0 (0) went to an unknown arrangement
 - 4 went to forestry
- 10 (6) further new contract farming agreements covering 1,788 (5,961) acres
- 89 (90) further new grazing agreements covering 15,962 (23,150) acres
- 1 (2) was on a previous grazing arrangement taken in hand on 5 (23) acres and none (0) were sold
- 0 (1) moved from contract farming to a grazing arrangement

8.7 Again, no units were reported as being put onto a share farming agreement.

8.8 Emphasising a theme of recent years that bare land lettings are now predominant in Scotland, it is striking that the entire Survey only records 4 units totalling 1,477 acres having a house, with 252 units being only bare land.

9. COMPARISON AND PERSPECTIVE

9.1 Throughout this analysis, it has to be understood that any single year's Survey can only be a snapshot. Trends will only appear as successive Surveys are held. In any one year, there may be some apparently striking results which later Surveys would put into perspective.

9.2 Comparison is made with the results of the two most recent previous CAAV Scottish Surveys for 2017 and 2018 and also those from the CAAV's Agricultural Land Occupation Survey for England and Wales, which has been conducted since 1977. Where relevant, comparative figures are given to aid discussion of what might otherwise appear plain figures.

9.3 Reference can be made to the overall stocks of tenancies and tenanted land published by the Scottish Government.

9.4 In considering the relevance of comparison with England and Wales and the issues that bear on lettings decisions:

- Scotland shares a common taxation regime with England and Wales – capital taxation is often important to private owners' decisions and its pressures are the same throughout Great Britain
- the EU's direct payments regime (previously the Single Payment Scheme and now the Basic Payment Scheme) applied throughout the United Kingdom in 2019 but is applied differently in each territory of the United Kingdom. In 2015, Scotland implemented its regime in a more complex way than elsewhere. It did though move, as required by the EU, to the same area basis for allocating entitlements as in the rest of the UK. That makes matters more similar to the position in England and elsewhere, especially in Payment Region 1 with its full allocation excluding many "naked" acres with consequent greater effects on land occupation. Scotland's introduction of a temporary siphon on without-land transfers of entitlements has had a bearing on land occupation decisions within a larger uncertainty about the operation of BPS in Scotland. 2019 was the fifth year of the new regime with entitlements either allocated or not on the basis of 2015, though its implementation has been problematic with much use of bridging loans. Area payment values have now equalised within each of the three payment regions.
- Scotland is in the same markets for agricultural inputs and produce as England and Wales – any sense of farm profits improving or deteriorating might at the margin be expected to lead to greater or lesser interest by owners in farming directly or through contractors equally across the United Kingdom.
- the new Modern Limited Duration Tenancy (MLDT) was introduced under the Land Reform (Scotland) Act 2016 for 2018. Despite the change of label and the limited opportunity for an initial 5 year break clause, this is not seen as a substantive change.
- there may be differences in the patterns of land holding and farming structures and practice.
- there are differences in both the background land law and agricultural tenancy law, with the further point of the Scottish regime being significantly more complex.
- the unfolding of land reform legislation (including the background sensitivity to discussion of the possibility of a tenant's absolute right to buy, even though it is not in the recent legislation) is a specifically Scottish feature within a climate of debate that does not apply elsewhere in the United Kingdom.
- there may be other influences at work.

Only this sort of analysis will begin to engage with those questions.

10. OVERVIEW, KEY POINTS AND QUESTIONS

10.1 **Overview** – Now beyond the distortions created by the move to the Basic Payment Scheme and the fresh allocation of entitlements in Scotland, 2019 again saw a very low level of activity with a let sector that only appears to be sustained by the incentive that Basic Payment gives for claimants to stay in place, doing little for the vibrancy or economic health of farming. That is all the more concerning with the need for agriculture to rise to the challenge of productivity and competitiveness made more urgent by Brexit.

10.2 Within the let sector, bare land lettings are now very much in the ascendant. Only three of the units let in 2019 had a house; a fourth tenancy of a unit with house was taken in hand after a negotiated surrender.

10.3 With inheriting owner-occupiers and the continuing scale and strength of the seasonal grass lettings market as a major means for flexibility, Scotland could appear to be more closely resembling Ireland as a country of short-term non-tenancy arrangements between owners and farmers. In Ireland, the problems of that model are now leading to more pressure there for tenancies.

10.4 With the political risks seen in letting in Scotland, owners withdrawing from farming are often more comfortable with non-tenancy arrangements for a complex of motives including a closer sense of control over their land, consistency with retaining a business status, less demand for investment, taxation issues and a reluctance to be seen as a landlord. Some aspects of that are summarised by the comment of the Scottish Government's Agricultural Holdings Law Review Group describing letting as being seen now as a high risk, low reward activity. That seems unlikely to attract owner-occupier farmers to let their land where they become weary of continuing farming.

10.5 **After a long period of decline, this Survey follows those of 2017 and 2018 in reporting a rough balance between land flowing into the let sector and land leaving it, albeit a marginal loss with very small volumes of land on each side, illustrating the low levels of activity in this sector. The net gain of 2,466 acres** following the net losses of 78 acres in 2018 and 289 acres in 2017 compares with a net loss in 2016 of almost 28,000 acres and about 12,000 acres in 2015, just over 1,000 acres in 2014, almost 10,000 acres in 2013 and over 37,000 acres in 2012 (see Table 13.1).

10.6 Overall, the 2017, 2018 and 2019 Surveys are consistent with recent figures from the Scottish June Census Surveys which have recorded a levelling out of the decline in the scale of the let sector. While the June census for 2018 suggested that the fall may have resumed, that for 2019 again suggests some stability.

10.7 Within that, **the 1991 Act (AHA) sector continues to erode with new lettings being predominantly bare land and often let for short terms.** The Scottish June Census records:

- a 41 per cent fall in the number of 1991 Act tenancies over the last 11 years, from 7,444 in 2009 to 4,403 in 2019
- the area under 1991 Act tenancies falling by 22 per cent over the last 6 years, from 949,527 hectares in 2014 to 738,774 in 2019.

The area now under 2003 Act tenancies is half that of the 1991 Act sector, while in England the area under FBTs probably now exceeds that under the 1986 Act.

10.8 **At 66%, 2019 saw a slight decline in the number of the let holdings that fell vacant being reported as re-let (83%, 84%) but the proportion of area concerned was roughly the same as in 2018 and 2017 at 81% (87%, 87%) 35%.** In 2016, the proportion of the number and area had both fallen from a bare majority to 35% which was a noticeable break from the historic pattern which saw those landowners who were still landlords as content with tenancies; neither legislation nor taxation was generally sufficient to dissuade them.

10.9 However and while the 1991 Act sector erodes, relatively little use is made of the tenancies created by the 2003 and 2016 Acts. The Scottish Government reports that 1991 Act tenancies still form 65% of the let sector in Scotland (excluding crofting) by contrast to England where 1986 Act tenancies will soon be less than half. With that slow pace of change, little new land enters the let sector – 3,564 acres in 2019.

10.10 **The average size of a new tenancy was a reduced 183 (302, 325, 663, 231, 273, 279, 266) acres,** even with two substantial lettings totalling 3,609 acres with more, smaller bare land lettings being reported. The higher figure for 2016 reflected a small number of much larger units alongside smaller lettings.

10.11 **The average length of a new tenancy was a reduced 3.57 (4.56, 3.68, 7.49, 5.47, 5.99, 6.69, 6.66) years.**

10.12 **Unusually, the 2019 Survey shows no pattern of length of tenancy by type of previous tenure, perhaps confirming that this Survey is reporting on what has become a residual market with little activity.**

10.13 **93%** (81%, 78%, 68%, 65%) **of lettings in 2019 were of bare land and 7%** (19%, 12%, 24%, 22%) **included a dwelling. While it has been conventional to think of Scottish agricultural holdings as fully equipped, the results in this Survey continue to highlight the dominance of bare land units in the number of new lettings.** That appears to be a significant point for the larger policy debate as it shows a persistent majority of lettings to be of ancillary land, not of self-contained farms or core steadings. That appears to be a natural part of the restructuring for any industry under economic pressure and it will not be readily reversed.

10.14 However, **the small fraction and number of newly let units that included a house were distinctively larger than other lettings with an average size of 456** (1,058, 667, 1,535) **acres** compared with the average bare land letting of 161 (23, 267, 325) acres.

10.15 That trend could in future be further encouraged by the growing policy interest in the condition of agricultural housing which is to be brought into the Repairing Standard from 28th March 2027. Where this requires significant expenditure on farmhouses and cottages, it may prompt a commercial review of their positions by both landlords and tenants.

10.16 In some contrast to 2016's unusual nil figure, **11 lettings were reported as being to new entrants (5, 4). These accounted for 65% of the small number of lettings where the farmer changed** (33%, 20%, 0%, 50%, 20%, 18%, 23%). However, it is noted that 9 of these lettings were under the Scottish Government's Farming Opportunities for New Entrants (FONE) programme. The 2015 figure may have been influenced by the particular incentives in the new BPS for new entrants, offering both access to entitlements from the national reserve and a top up to payments for those who qualify as young farmers, reducing the possible applicants for 2016. The CAAV's Surveys for England and Wales also show that new entrants generally take some 25-30% of those lettings that are not re-lettings to the previous tenant. The figures can suggest an openness to letting to new entrants such that, were there more lettings, there would be more opportunities for them as well as for existing farmers. The decline in lettings has reduced that opportunity. No lettings to new entrants included a house. The overall average length of lettings to new entrants was 5.13 years (7.62, 7.5, -, 11, 11.25, 10.66, 9.8) but the average length of the smaller number of private lettings was 7.5 years. The average area let was 317 acres (120, 822, -, 680, 730, 545, 351).

10.17 These results again seem to confirm the previous analysis that some aspects of 2016's figures were affected by the ways in which farmers and landowners had approached 2015 as the year when Basic Payment entitlements would be allocated, perhaps especially in Scotland with its uncertainties and complexities, as well as perhaps by the extended uncertainty about the system and its then siphon on without-land entitlement transfers.

10.18 Questions – While recognising that each year's Survey is only a snapshot, this analysis raises questions

- if the let sector is to expand, that is most obviously achieved by attracting private owners who do not currently let to do so. With the historic move to owner occupation in the twentieth century, what would now encourage a significant number of weary or retiring farmers to let their land rather than remain farming, sell it or find other arrangements with other farmers?
- are owners who were willing to let now more reluctant? If so, why?
- what are the consequences of an increasing fraction of bare land holdings?
- with the general interest in encouraging new entrants, how is this done within a shrinking sector when existing farmers (including recent new entrants) also need expansion opportunities?

10.19 One Estate's View – With estates still responsible for a significant fraction of lettings in Scotland, it has seemed worth noting the comments for one estate as a long-term landlord. With no changes in lettings to report for 2019, the views were offered that:

- “we are potentially on the edge of some big changes in the tenancy sector locally”
- “our tenants have aged and those I have had conversations with have no obvious successors who wish to take on the tenancy”
- “over half the tenants, all on 1991 Act tenancies, have no obvious or likely successor”
- “almost all the remaining tenancies already have a younger generation active in the business”
- “the combination of the tenants' Amnesty and Brexit may be putting the future into sharper focus for these tenants, probably prompting them to open conversations about leaving or giving up parts of tenancies”
- “there is a demand for more grazing with no one wanting to give up grazing currently taken.”

10.20 Looking Ahead – If that perspective is remotely representative, it points to the potential for significant issues for the near future of the 1991 Act sector with a lack of successors and expected economic pressures that will require existing tenants and successors to operate effective businesses. The answers to the question of what happens when tenancies end is likely to be a function of how attractive letting might be as an option in Scotland, the quality of potential farmers whatever the arrangement with an owner and the alternatives such as forestry or measures in response to climate change. The same challenges will also face retiring owner-occupier farmers who consider letting some or all of their land.

10.21 Some will, no doubt, “hunker down” to retain a home but it could become increasingly challenging for the holding to provide an income under such an approach. The relinquishment and assignation option that is yet to be implemented under the Land Reform (Scotland) Act might not offer as much money to the outgoer as may be needed or imagined. Where the landlord is willing to make a relinquishment payment, it will for any given land quality and location, in part, reflect the area of the holding in question and, in part, the remaining life expectancy of the tenant. Thus, payments will be less to older tenants on smaller holdings than to younger tenants on larger holdings.

10.22 Providing positive answers for that would be aided by a framework of policy and land tenure that is more supportive of a business-like approach and that enables the changes that create opportunities for such businesses.

11. NEW LETTINGS

11.1 This section reviews the 45 tenancies reported as having been created in 2019.

Table 11.1: Number of tenancies created

Year	2019	2018	2017	2016	2015	2014	2013	2012
No. of tenancies created	45	26	63	25	40	19	57	87
Total area (acres)	7,124	8,564	20,517	16,673	9,234	5,194	15,352	23,183
Average size (acres)	183	302	325	663	231	273	279	266
Average length	3.57	4.56	3.68	7.49	5.47	5.99	6.69	6.66

11.2 Type of Letting – This is reviewed below when considering the lengths of the tenancies granted but, predominantly shorter term and bare land, they range from 1 to 15 years. Of the 45 lettings, 4 (9%) were MLDTs (this form of tenancy superseding the LDT from 30th November 2017, though with little substantive difference).

11.3 By Type of Owner – In Table 11.2, even with more activity by transitional institutions and government bodies recorded for 2019, the fundamental role of private landowners in letting farmland is again demonstrated. 22 of the 45 lettings were by private owners, 1 by a financial institution and 22 by a combination of traditional institutions and government bodies.

Table 11.2: Type of owner

	2019	2018	2017	2016	2015	2014	2013
Private landowner	22	24	59	24	36	19	50
Traditional institution and government bodies	22	2	3	1	2	–	–
Financial institution	1	–	–	–	2	–	–
Not known	–	–	1	–	–	–	7

11.4 Where Have the New Tenancies Come From?

11.4.1 Table 11.3 looks at the units that were let in the Survey period by the way in which that land had previously been occupied, whether let (and, if so, on which sort of tenancy), previously in-hand or on a contracting or grazing arrangement.

Table 11.3: Previous Tenure of the Land that was Let in 2019 – Comparison with 2018 Survey

	2019			2018		
1991 Act	0	}	2%	1	4%}	16%
1991 Act Ltd Partnership	1	2%}		3	12%}	
LDT	4		9%	1		4%
SLDT	19		42%	14		54%
Small Landholders	0			0		
Grazing Arrangement	16		36%	3		12%
Contract Farming	0			0		
Vacant	5		11%	4		15%

11.4.2 As in 2017 and 2018, some units are reported to have been let when not having been let before – 5 in 2019, 4 in 2018 and 12 in 2017. At 11% (15%, 19%), that reverts to figures seen in the pre-BPS Surveys for 2013 and 2012 (5%, 2.5%, 5%, 20%, 14%).

Table 11.4: Acreages of New Units Let by Previous Tenure

Year	2019	2018	2017	2016	2015	2014
AHA	0	91	8,833	3,462	1,825	1,096
AHA LP	1,000	2,126	193	1,065	792	0
Total AHA	1,000	2,217	9,026	4,527	2,617	1,096
LDT	1,046	451	317	6,140	2,437	60
SLDT	1,503	4,857	8,413	3,967	1,769	518 ³
Grazing	612	261	200	687	1,089	–
Contract Farming	0	0	0	340	–	–
Vacant	5,997	778	2,561	–	–	–

11.4.3 In looking at that data series, land previously let on LDTs could have become available for re-letting in very recent years as they were only first available under the 2003 Act.

11.4.4 42 (21, 46) of the 45 (26, 60) lettings for which fixed equipment was known were bare land. At 93% (81%, 77%) of decisions this again shows the decline in the letting of equipped units. Covering 1,367 (2,576, 12,291) acres, they accounted for 19 (33, 60) per cent of the let area as the 3 lettings of holdings with houses included 1 of 1,000 acres. These also include a letting of a former grazing arrangement with a house for a year.

11.4.5 Comparison with England and Wales show they have a much higher level of short term activity, perhaps as the limited Scottish use of the new forms of tenancy (SLDT, LDT and the new MLDT) contrasts with the wide use of FBTs in England and Wales. That has seen a smaller volume of shorter term lettings develop and then lead to new tenancies as they are re-let. The re-letting of land on FBTs is the largest part of the English market in a way that has not developed in Scotland to the same extent, even for SLDTs.

11.4.6 However, it appears that the high proportion of bare land lettings is now a confirmed feature of the Scottish agricultural lettings market, as in England and Wales. Experience shows that bare land is more likely to be let for shorter terms and so, in Scotland on SLDTs as well as grazing tenancies. One impression from the Survey data is that there has been some formalisation of many grazing arrangements as grazing tenancies, by definition with a break after each season/year even with an expectation that these may be repeated indefinitely. Nonetheless, they are basically seasonal agreements. In practice, these may be indistinguishable from grazing arrangements and it will depend on their terms and the facts of the case whether the owner or the grazier is claiming BPS.

12. TENANCIES THAT ENDED

12.1 This section looks at those units where a tenancy ended in 2019 and records whether it was re-let (and if so, in what way) or taken in hand, put to a contract farming agreement or to a grazing arrangement.

Table 12.1: Tenancies that Ended – 1991 Act (including Limited Partnerships), LDTs and SLDTs by number

Number	2019		2018		2017		2016		2015	
	No.	%								
<i>Total</i>	36		23		49		51		50	
Re-let	24	66%	19	83%	41	84%	18	35%	27	54%
Sold	2	6%	–		–		10	20%	–	
Sold to tenant	1	3%	–		1	2%	11	22%	1	2%
In hand	2	6%	2	9%	4	8%	1	2%	15	30%
Contract Farming	–	–	2	9%	1	2%	3	6%	3	6%
Grazing	3	8%	–		2	4%	7	14%	4	8%
Forestry	4	11%								
D/K	–	–	–		–		1	2%	–	

Table 12.2: Tenancies that Ended – 1991 Act (including Limited Partnerships), LDTs and SLDTs by area

Area	2019		2018		2017		2016		2015	
	No.	%	No.	%	No.	%	No.	%	No.	%
<i>Total</i>	5,713		8,642		23,567		44,165		27,324	
Re-let	4,615	81%	7,525	87%	20,517	87%	15,346	35%	9,187	34%
Sold	227	4%	–	–	–	–	1,005	2%	–	–
Sold to tenant	9	–	–	–	317	1%	2,082	5%	185	1%
In hand	126	2%	397	5%	2,436	10%	606	1%	8,464	31%
Contract Farming	–	–	720	8%	253	1%	22,680	51%	6,025	22%
Grazing	163	3%	–	–	43	–	887	2%	3,463	13%
D/K	573	10%	–	–	–	–	1,379	3%	–	–

12.2 Reviewing that data is subject to the caution that the results of both 2015 and 2016 were likely to have been distorted by the reactions of owners and farmers to the introduction of the Basic Payment Scheme. That dynamic would have played out in different ways as 2015 was the year in which land occupation was critical for access to the new scheme, even though this was still attended by considerable uncertainty for some.

12.3 That allocation, with its substantive removal of “naked acres”, has perhaps intensified the incentives of an area payment system to limit change in land occupation.

12.4 The broader political climate for land tenure decisions and, more specifically, the discussions around the development and enactment of the Land Reform (Scotland) Act 2016 is also likely to have been in the minds of many owners. It is noted that the Agricultural Holdings Law Review Group’s interim report in 2014 observed that being an agricultural landlord had become seen as a high risk, low reward activity.

12.5 It is not obvious that the United Kingdom’s then prospective withdrawal from the European Union with potential changes in support and possible effects of future changes in trading arrangements on produce prices affected land occupation decisions in 2019.

- 12.6 Those points made, a review points to
- the overall low numbers and level of activity involved
 - the effect within these small figures of some large areas
 - the larger number of lettings that are very small areas of land
 - letting now being predominantly an activity for bare land. While there are lettings of traditional units with dwellings and buildings, often of larger areas, they are now only a small part of the market.
 - some reversion to the patterns of 2012 and 2013 after the oscillations around the BPS process with the management of arrangements for 2015 with its allocation of BPS entitlements, with some owners holding land in hand and others letting it out to more eligible claimants.
 - that done, the proportion of units that had been let and were then re-let has recovered from that process towards levels seen in England and Wales but within a very low level of activity.

12.7 However, alongside the tenancy structures recorded here, there is much more activity in the letting of seasonal grazing arrangements (commonly tenancies under Scottish law). In that, Scotland could be seen to be becoming much more like Ireland with its enormous reliance on seasonal agreements and the potentially associated problems for land management that have now led to a desire there to recreate a tenanted sector.

13. NET MOVEMENT IN THE SIZE OF THE TENANTED SECTOR

13.1 This analysis looks at the flows of land into and out of the tenanted sector. It starts with the acres that the Survey reports as added to the let sector in the year – land that had not been let that is now let. The land lost from the let sector in the year is then recorded – that is the previously let land that has been taken in hand, put to contract farming or to grazing arrangements. The result is a net figure of the overall acreage gain or loss for the sector and thus a barometer of its health, albeit one potentially obscured in Scotland by the very large areas of some units.

13.2 The position can be compared with the analysis of the 2018, 2017, 2016 and 2015 Surveys for Scotland as well as more generally with the figures in England and Wales.

Table 13.1: Net Movements in the Area of the Scottish Tenanted Sector

	2019	2018	2017	2016	2015
Fresh Let					
Vacant (inc purchased)	+2,952	+778	+2,560	–	–
Ex Contract Farmed	–	–	–	+340	–
Ex Grazing	+612	+261	+200	+687	+1,089
Total Fresh Let	+3,564	+1,039	+2,760	+1,027	+1,089
Less Losses from Previously Let					
<i>Ex AHA/AHA Ltd Partnership</i>					
ex AHA to In-hand	–	397	2,363	606	3,076
ex Small Landholders to In-hand	110				
ex AHA to Grazing	39	–	–	–	415
ex AHA to Contract Farmed	–	720	253	1,510	5,930
ex AHA LP to Contract Farmed	–	–	–	21,350	–
ex AHA LP to Grazing	–	–	–	500	–
ex AHA LP to In Hand	–	–	73	–	2,200
ex AHA LP to Other	–	–	–	–	–
ex AHA to Other	–	–	–	1,379	–
ex AHA Sold on End of Tenancy	150	–	–	1,005	–
ex-AHA Sold to Sitting Tenant	9	–	317	1,781	–
ex-AHA to Compulsory Purchase	–	–	–	–	–
Total AHA/LP Losses	308	1,117	3,006	28,131	8,621
<i>ex LDT/SLDT</i>					
ex LDT/SLDT to In Hand	16	–	–	–	3,836
ex SLDT to Contract Farmed	–	–	–	–	95
ex LDT to Grazing Arrangement	–	–	28	–	–
ex SLDT to Grazing Arrangement	124	–	15	337	–
ex LDT/SLDT to Other (forestry)	573	–	–	–	–
Sold on End of Tenancy	77	–	–	301	–
Sold to Sitting Tenant	–	–	–	–	435
Total LDT/SLDT Losses	790	0	43	638	4,366
Total Losses from Previously Let	–1,098	–1,117	–3,049	–28,769	–12,987
Net Loss to the Tenanted Sector	+2,466	–78	–289	–27,742	–11,898

13.3 The 2019 figures follow the outcomes of the 2017 and 2018 surveys with what appears to be new pattern of a rough balance (a marginal loss) between land leaving and entering the let sector but with very low volumes of land involved – indeed, very low levels of activity overall. Had one large new letting not happened, the balance would have been a marginal loss of let area.

13.4 That is a change from the previous larger losses of land seen in earlier surveys (-28,000 acres in 2016, -12,000 in 2015, a near balance in 2014 and larger losses before that) and may reflect the effect of the move in 2015 to a more comprehensive area payments system on the allocation of Basic Payment entitlements in 2015, freezing activity.

13.5 That is consistent with the annual data issued by the Scottish Government on the overall size of the let sector showing its decline now stabilising but with limited use of the new forms of tenancy.

13.6 In broad terms, the let sector in England and Wales, having grown in the years after the 1995 reforms, has stood still since Single Payment entitlements were allocated (carried over in England for the Basic Payment Scheme) – area payments being seen as a force for stasis in land occupation. This Survey may well now be showing a similar effect in Scotland following the allocation of Basic Payment entitlements on an area basis combined with the division of Scotland into three payment areas and the additional factor of the Scottish adoption of a temporary siphon on payment values on without-land transfers of entitlements (a complication for many tenancy changes).

13.7 This year has, unusually seen more losses from new tenancies than old ones, but this would appear to be where they have been used to manage land on an interim basis ahead of development or forestry but, again, low volumes are involved. Generally, land let on SLDTs and LDTs is land that the owner has been content to let within the last decade or so and, thus, likely to wish to re-let.

13.8 As in 2017 and 2018, 2019 saw some previously in-hand being newly let.

13.9 It is striking that, with the exception of 2016, previous Surveys have showed very few (2, 0, 3, 1, 0) sales of previously let land in Scotland and so suggested a strong pattern of retaining land rather than of owners capitalising on the access to value offered by the end of a tenancy or a deal with a sitting tenant.

13.10 2019 saw one small scale sale to a sitting tenant. While 2016 reported 10 units sold to third parties and 11 sold to sitting tenants, albeit with an average area involved of some 150 acres, 2017 saw only one sale to a sitting tenant and 2018 no such sales (except for the sale of a house and some land as part of a package for a retiring tenant with the main area of land moved to contract farming). That appears to be a reversion to the previous pattern.

13.11 There will always be some land lost each year to the let sector as, for example, land going to development or forestry as well as where the landlord wishes to farm or sell the land. If the size of the sector is to be maintained or grow, that makes it important for new land that had not been let to be freshly let. That is a matter of choice for landowners, public, institutional and private. Perhaps the sharpest way to pose the question in terms of unlocking land for letting is to ask what would encourage a significant number of weary or retiring farmers to let their land rather than sell it? What would make letting attractive in comparison to the other arrangements for a landowner or retiring farmer to work with another farmer?

14. SUCCESSIONS TO TENANCIES

14.1 These are analysed separately as they do not represent choices about land occupation made by the owner but rather the use of existing legal rights created by the law in respect of existing agreements.

14.2 For the second year, no successions were reported.

14.3 In 2017 just one succession was reported on 81 acres (with a dwelling), apparently to someone newly eligible under the 2016 Act.

Table 14.1: Succession tenancies

	2019	2018	2017	2016	2015	2014	2013	2012
Number of successions	0	0	1	0	9	11	9	54
Total area	–	–	81	–	2,792	1,525	3,447	32,766
Average unit size	–	–	81	–	310	139	492	607

15. ANALYSIS OF NEWLY LET UNITS

15.1 General

This section more closely analyses the units let in 2019, particularly by size and length of letting. Unfortunately, the information collected this year is again too limited to provide sufficient data for analysis by enterprise.

15.2 Size of Unit and Fixed Equipment

15.2.1 The average area for these lettings was 183 (302, 325, 663, 231, 273, 279, 266) acres, markedly larger than the average figures for England and Wales of below 100 acres (which reflects the larger number of small areas of bare land let there). The 2016 figure was influenced by a small number of very large lettings.

15.2.2 While historically Scotland did not have the same high proportion of smaller, bare land lettings that are seen in England and Wales, the Survey again confirms the trend of recent years towards just that pattern, with bare land lettings, large and small, now predominating. In summary:

- bare land lettings accounted for 93% (81%, 77%) of lettings decisions and 79% (33%, 60%) of the let area
- there was just one letting of land with buildings but not a house (none in 2018 but in 2017 these were 12% of lettings and 17% of the let area)
- units with dwellings accounted for 7% of lettings and 19% of the let area – the lowest figures reported in this survey to date. In 2018, they formed 19% of lettings and 67% of the let area with three of the five units including over 1,000 acres – up from 2017 when they were 12% of units and 23% of the let area.

In 2016, 68% of the new lettings were of bare land, 8% were of land and buildings and 24% also had houses.

15.2.3 Table 15.1 below illustrates more strikingly than usual the diverging character of fully equipped lettings from the predominant bare land lettings.

15.2.4 One clear conclusion from the accumulated evidence of these Surveys since 2012 is that for discussion of new agricultural tenancies to be effective it should recognise that they are now typically of bare land, including some with large areas. The older model of letting fully equipped, potentially self-contained farms, more typical of those existing tenancies governed by the 1991 Act, is now a minor part when it comes to current lettings.

Table 15.1: Analysis by Size of Holding (previous year in brackets)

Size	Bare land	With buildings	Fully equipped
Under 25 acres	16 (11)	0 (0)	0 (0)
25-49	3 (1)	0 (0)	0 (0)
50-74	2 (1)	0 (0)	0 (0)
75-99	1 (2)	1 (0)	0 (0)
100-124	3 (0)	0 (0)	0 (0)
125-149	1 (2)	0 (0)	1 (0)
150-199	4 (5)	0 (0)	0 (0)
200-299	2 (1)	0 (0)	1 (0)
300-999	2 (3)	0 (0)	0 (2)
Over 1,000	1 (3)	0 (0)	1 (3)

15.3 Length of Tenancy Granted

15.3.1 This Survey reports the lengths of term for which new lettings were granted. In practice, this may on occasion understate the true length of occupation that may be achieved where some tenancies run on beyond their granted terms. Equally, there will be a few tenancies which, for whatever reason, come to an end before their granted term expires.

15.3.2 Unlike England and Wales (and Northern Ireland), Scotland does not offer complete freedom of contract over the length of a tenancy. While it has been possible since 2003 to let land on a variety of terms, each with different legal effects, it remains a curiosity that it is illegal in Scotland to enforce a letting for a period of between 5 and 10 years.

15.3.3 The terms granted for the new tenancies reported to the Survey ranged from very short (1 year – perhaps 364 days for the formalised grazing tenancies) to 15 (13, 35, 35, 35, 25, 25, 38) years. That shorter maximum period follows an apparent change in 2018.

15.3.4 Use of the Reduced Length for Longer Lettings (MLDTs, previously LDTs) – Of the 4 (7) MLDTs reported, 2 (4, 8, 6, 8, 3, 7, 8) units were let for a term of 10 years and 2 (3, 1, 3, 3, 3) for longer terms (12 and 15 years), but none in 2019 for more than 15 years. That continues to show that the amendment to allow LDTs for a term of between 10 years and 15 years is overwhelmingly used where the MLDT (LDT) structure is adopted. It is not possible to tell from the data how many of these:

- would have been let anyway but at 15 years
- would have been let as SLDTs instead and so now have a longer term
- would not have been let

without the change.

15.3.5 However, that is consistent with analysis suggesting that, where the law sets a minimum term then that figure tends to set a norm for owners who are willing to let, creating its own pressure for parties to use it. This was an important part of the English debate on tenancy reform since, where no minimum term is set, the parties have to judge the matter themselves.

15.3.6 In a noticeable swing from 2018, all the 4 (7) MLDTs were of bare land and none (4, 4) were of fully equipped units. Fully equipped units had accounted for 3,489 acres in 2018 and 2,188 acres in 2017. In 2018, 3 (2) were of bare land covering 690 acres (4,433). Those earlier figures had been consistent with the general correlation found between scale of fixed equipment and length of term – that is not shown in 2019.

15.3.7 Re-Letting of SLDTs – Of the 27 (14) SLDTs that ended 8 were not re-let (none were not re-let in 2018). The decision made in each set of circumstances saw:

- 1 (3) was re-let as an MLDT for 10 years
- 7 (1) were re-let for 5 years
- 2 (0) were re-let for 3 years
- 4 (0) were re-let for 2 years
- 4 (8) were re-let for a year
- 1 (1) is reported as re-let on a year to year basis
- 0 (1) was re-let for less than a year (5 months).

15.3.8 Overall Average Term – As shown in Table 15.2 below, the average length of a new letting has fallen back to 3.57 years, closer to 2017's low of 3.68 years, having been 4.56 years in 2018 and higher before 2017. However, excluding those reported as being from year to year and so indeterminate, the figure is 4.2 years. While not a factor in 2019, excluding lettings for less than a year (grazing/mowing tenancies and seasonal SLDTs) in 2018 made the average 5.1 years (4.98 years in 2017). The previous Surveys would also have had lower averages if the large volume of grazing tenancies were included. If lettings reported as exactly a year are excluded (and so on the same basis as this assessment in England and Wales), the average length in 2019 was 5.29 years.

15.3.9 Table 15.2 shows the comparison with the average length of letting in England and Wales. These figures reflect the high proportion of smaller, bare land units and the typically low proportion of tenancies with houses that are let there. CAAV Surveys have shown that the lengths of lettings for units with similar levels of equipment are similar to those in Scotland. Thus, much of the apparent difference in the summary averages between the Scottish figures and those for England and Wales is accounted for by the different mix of types of holding. However, for 2018 and 2019 these historically different patterns appear to be converging.

Table 15.2: Average term lengths for new lettings

	2019	2018	2017	2016	2015	2014	2013
<i>Scotland</i>							
All lettings	3.57	4.56	3.68	7.49	5.47	6.0	6.69
Excl yr-to-yr	4.20	4.90	6.66				
<i>England and Wales</i>							
All lettings	3.21	2.90	3.97	4.48	3.83	3.53	3.16
E + W >1 year	4.75	4.14	4.98				

15.3.10 That difference is now explored in more detail.

15.3.11 Patterns in the Length of Letting – As has been found in England and Wales, the terms granted typically vary with the previous form of tenure and the level of fixed equipment. In individual cases, this will reflect the circumstances and attitudes of each owner as well as the holdings in question.

15.3.12 Term by Previous Occupation (Numbers of Units) – However, the historic tendency for units that had previously been let under the 1991 Act to be let for longer terms (with an equivalent pattern in England and Wales) is not revealed in 2019.

Table 15.3: Previous Tenure and New Type of Tenancy

	≤5 years					10 years +				
	2019	2018	2017	2016	2015	2019	2018	2017	2016	2015
AHA	–	1	–	–	–	–	–	4	4	2
AHA LP	1	2	1	4	1	–	1	–	–	3
LDT	1	1	–	–	–	3	–	2	2	2
SLDT	18	11	31	6	15	1	3	2	1	3
Total	20	15	32	10	16	4	4	8	7	10
VP	5	3	11	–	–	–	1	1	–	–
GA	16	2	10	3	9	–	1	–	–	1
CF	–	–	–	1	–	–	–	–	–	–
Total	21	5	21	4	9	–	2	1	–	1

15.3.13 The average length of tenancy varies with the previous tenure of the unit, as is also seen in England and Wales. This will reflect the circumstances and attitudes of each owner as well as the holdings in question.

Table 15.4: Length of Tenancy by Previous Tenure

	2019	2018	2017	2016	2015
Ex 1991 Act	–	5.00 ¹	15.00	18.75	10.00
Ex 1991 Act Ltd Partnership	5.00 ¹	5.67	5.00 ¹	4.50	12.25
Ex LDT	10.50	10.00 ¹	10.00 ¹	10.00	12.50
Ex SLDT	3.31	3.35	2.53	4.79	3.62
Ex Grazing Arrangement	3.00	6.67	3.55	3.67	3.70
Ex Contract Farming	–	–	–	5.00 ¹	–
Ex Vacant Possession	3.60	5.50	2.67	–	10.00 ²

Notes

¹ – only one unit

² – part of a unit with former grazing land

15.3.14 Term by Level of Fixed Equipment – Upholding the typical pattern, the average terms by the extent of fixed equipment on a holding shown by the 2019 Survey are set out in Table 15.5.

Table 15.5: Length of Tenancy (years) by Fixed Equipment

	2019	2018	2017	2016	2015	E + W 2019
Bare land	4.31	3.32	2.42	6.16	3.55	2.63
Land with buildings	5.00	–	6.29	7.50	7.50	4.06
House and land	3.00	9.80	10.52	11.25	8.56	10.13

15.3.15 That again reverses for 2019 the typical picture of length of term rising with the level of fixed equipment shown by the previous Surveys and consistent with that from England and Wales.

16. NEW LETTINGS AND NEW ENTRANTS

16.1 How Many Tenancies are Taken by New Entrants? – One question regularly asked is the extent to which new tenancies are taken by new entrants.

16.2 Beyond a very narrow (and, in practice, unilluminating) definition based on the first time a prospective farmer takes land, it is very difficult to define a new entrant. Accordingly, respondents were simply asked:

- whether they considered the tenant of a new letting to be a new entrant
- whether the unit had been re-let to the person who had farmed it before.

16.3 Of the 43 (20) cases where the question was answered, 11 (5) lettings were to someone perceived as a new entrant. Of the 17 (12) cases where the new tenant had not previously farmed the land, 11 (4) were let to new entrants: 65% (33%). It is noted that these include 9 lettings under the Scottish Government’s Farming Opportunities for New Entrants (FONE) programme by Forestry and Land Scotland – all bare land including one large area with a hefted flock.

16.4 Typically, 20% to 30% of the lettings where the land is not let to the same farmer as before are taken by new entrants (with similar figures seen in England and Wales). While that proportion may appear positive, it was in reality only a very small number of actual cases – indeed 2 (4) from the private sector that is the long term source of potential lettings as forestry land goes to be planted.

16.5 Experience shows that more opportunities would yield more new entrants taking lettings. This avenue of entry is limited by the number of opportunities to win tenancies.

16.6 Those figures also touch on the question of what would be desirable levels of entry to the let sector. If between a fifth and a third of lettings to farmers who did not previously have that land are to new entrants: is that about right? or too low (and perhaps a policy issue)? or even high enough to wonder about what it is really saying? What would be happening in the sector, if all such new letting relationships were with new entrants? Would that mean existing farmers (including recent new entrants) were not getting expansion opportunities? And then, if not, why not? Would it suggest that new entrants, having entered, were then not progressing? There is probably no optimal answer but such discussion, informed by data, allows this to be part of larger debate about the structure of the sector. If the sector is shrinking or inactive and relatively few new lettings are offered, that narrows opportunities for all, especially those trying to start farming on their own account by means other than purchase.

16.7 Length of Term for New Entrants – With 1 MLDT and 10 SLDTs, the average length of letting to a new entrant was 5.13 years, less than in recent years but still longer than the overall average. That average was however pulled down by the FONE lettings; without them the smaller sample from private owners would have been 7.5 years. The Surveys before 2016 showed new entrants having lettings for longer than average terms, a picture also seen in England and Wales.

Table 16.1: Lettings to new entrants

	2019	2018	2017	2016	2015	2014	2013	2012
Average term	5.13	7.62	7.5	–	11	12.5	10.66	9.8
Average size of holding	317	120	790	–	680	730	545	351
% of average area	173%	40%	243%	–	194%	52%	95%	32%

16.8 Average Size – Except in 2018, new entrants have tended to take larger than average holdings. In 2019, that average was 317 acres (with units from 4 to 2609 acres) and 173% of the average area let in 2019. That is a return from 2018’s unusually low average of 120 acres.

17. OTHER AGREEMENTS

17.1 Contract Farming

17.1.1 Returns to the Survey reported 11 new agreements covering 1,958 acres; an average area of 176 acres.

17.1.2 8 of the agreements were reported as replacing previous contract farming agreements and 2 were on in-hand land. One unit had previously been on a 1991 Act letting and none on a grazing arrangement.

Table 17.1: Contract farming agreements

	2019	2018	2017	2016	2015	2014	2013	2012
No. of agreements	11	6	3	13	10	8	11	20
Total area	1,938	5,961	1,953	32,141	12,510	17,051	5,554	13,045
Average area	176	993	651	2,493	1,251	2,131	505	652
Average length	2.2	3.6	2	3.36	3.46	6	2.36	3.14
Previously:								
Contract farming	8	3	0	5	3	5	5	5
In-hand	2	1	2	3	4	–	3	10
1991 Act tenancy	1	2	1	4	–	–	–	–
Grazing arrangement	0	0	0	1	–	–	–	–

17.1.3 While 2 agreements were with a different farmer, only 1 was with a farmer perceived to be a new entrant.

17.1.4 7 were for fixed terms with an average term of 2.2 years and a further 4 were recorded as being from year to year.

17.2 Grazing Agreements

17.2.1 This sector will overlap with the significant number of seasonal grazing lets reported as tenancies, perhaps as easily reported as such here.

17.2.2 Table 17.2 shows that 89 new grazing arrangements were reported on 15,851 acres – an average of 178 acres. While, with 2018, these are higher figures than previous Surveys, it is probable that these Surveys do not generally capture the larger grass lets markets but rather collect data on situations where grazing arrangements have arisen on managed estates, typically where letting is an option to be considered or where other issues have driven the decision.

Table 17.2: Grazing arrangements – number and area

	2019	2018	2017	2016	2015	2014	2013	2012
No. of agreements	89	90	65	114	32	8	40	32
Total area	15,851	23,150	9,217	8,004	9,031	310	1,607	10,986
Average area	178	251	142	70	282	39	40	343
With same farmer	83	86	62	100	25	6	34	26

17.2.3 83 were with the same farmer as before – unsurprising in the context of seasonal grazing land being made available for many years to neighbours. None (1, 0, 0) was taken by a new entrant.

17.2.4 The great majority of these replaced previous grazing arrangements (83 lets, or 93%) as shown in Table 17.3. Two replaced SDLTs and two were on land that had been purchased. None replaced a contract farming agreement and none were previously in-hand.

Table 17.3: Grazing arrangements – previous tenure

	2019	2018	2017	2016	2015	2014	2013	2012
Previously:								
Grazing arrangement	83	88	60	105	28	6	33	23
Contract farming agreement	0	1	–	–	–	–	–	–
In-hand	0	0	2	3	4	–	–	–
1991 Act tenancy	–	–	1	4	3	–	5	6
SDLTs	2	0	0	6	–	–	1	3
LDTs	–	–	–	–	1	–	–	–
Purchased land	2	0	3	–	–	–	–	–
Vacant	–	–	–	–	–	1	–	–
Unknown	–	–	–	–	–	1	1	–

17.2.5 1 was replaced by a contracting agreement. None were taken in hand.

17.3 Share Farming and Other Agreements

No other such agreements were reported as being used.

APPENDIX

STATISTICS ON THE LET SECTORS OF ENGLAND, WALES AND SCOTLAND

While the CAAV Surveys record a picture of the patterns of change in farmland occupation, as decisions are taken, other surveys report on the overall totals of land by tenancy type. This Appendix collates official data from England, Wales and Scotland together with a survey by Savills of Scottish estates.

ENGLAND

DEFRA's agricultural tenancies consultation of April 2019 gave this broad picture from the 2017 June Census.

	Holdings	% Holdings	% of Area
Wholly Tenanted	14,000	13%	15%
Mixed Tenure	36,000	34%	50%
Owner Occupied	54,000	51%	35%

The June Census reports these areas of owned and rented land on commercial agricultural holdings in thousands of hectares (with 2018 figures slightly revised in 2019).

	2016	2017	2018	2019	% of Area ex commons
Land Owned	6,056	6,107	6,101	6,179	67%
Land Rented in for 1 Year or More					
AHA	1,407	1,396	1,354	1,305	14%
FBT	1,193	1,208	1,263	1,267	14%
Other	420	436	440	441	5%
Seasonally rented in land	518	527	544	542	

It seems likely that a large proportion of the 445,000 hectares recorded as being under "Other agreements" are in fact under FBTs. Generally, those with 1986 Act tenancies know that.

WALES

After some years without significant data on the tenanted sector in Wales, the Welsh Government published the information given here, prepared partly to assist its work on post-Brexit policy.

The data have been drawn together by Rural Payments Wales from the 2018 Single Application Forms

	Holdings	%
All owned land	8,413	52%
Own more than rented	4,624	28%
Rent more than owned	1,685	10%
Tenants	1,503	9%
Total	16,225	

Area (ha)	Owned	AHA	FBT	Unwritten	Total Area
All owned land	517,186				517,186
Own more than rented	428,829	15,093	38,301	50,573	532,796
Rent more than owned	54,467	59,086	68,664	30,734	212,951
Tenants		37,971	51,433	14,069	103,473
Total	1,000,482	112,150	158,399	95,375	1,366,406
%	73%	8%	12%	7%	

SCOTLAND

Scottish Government Figures from the June Census

NB – One holding may include more than type of tenancy. The implication is that in 2018 up to 403 holdings had more than one type of tenancy.

The number and area of 1991 Act Limited Partnership tenancies are included in the totals for 1991 Act lettings but are then separately noted for reference.

	2008		2015	2016	2017	2018	Change 2015-2018	
Holdings (No)							No	%
1991 Act	7,399		5,422	5,234	4,829	4,601	-821	-15%
SLDT	509		945	1,070	1,192	1,181	+236	+25%
LDT	205		557	647	710	765	+208	+37%
MLDT						69		
Small Landholder	98		74	74	76	68		
Total	8,047		6,609	6,587	6,428	6,281	-328	-5%
Area (ha)								
1991 Act			953,598	895,586	844,559	756,685	-196,913	-21%
SLDT			110,097	160,343	177,559	175,364	+65,267	+59%
LDT			97,923	111,949	157,437	177,923	+80,000	+82%
MLDT						11,624		
Small Landholder			3,126	2,889	2,212	1,949		
Total			1,164,744	1,170,766	1,181,768	1,123,545	-41,199	-4%
Rented Area as % of total area in sole occupation (Both ex-crofts)	26%		21%	21%	21%	20%		
1991 Act Limited Partnership Lets								
Number	958		518	503	459	425	-93	-18%
Area (ha)			156,897	145,461	108,849	123,066	-33,831	-22%
Rented Crofts								
Number	11,226		10,167	10,002	9,786	9,879	-288	-3%
Area (ha)			154,981	148,779	153,089	158,313	+3,332	+2%

The published report on the June 2019 Census offers less detailed data which can be put alongside the above to give this table, with the total area including crofting, “longer lets” as 1991 Act tenancies and “shorter lets” as Limited Duration Tenancies:

	2015	2016	2017	2018	2019	Change 2015-2019
Total Let Area	1,319,733	1,319,545	1,334,857	1,281,858	1,284,000	
1991/2003 Lets	1,161,618	1,167,879	1,179,555	1,121,596	1,136,000	- 2%
“Longer Lets”	953,598	895,586	844,559	756,685	741,000	-22%
“Shorter Lets”	208,020	272,293	334,996	364,911	395,000	+90%

SAVILLS SCOTLAND ESTATE BENCHMARKING

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This annual survey collates and reports on data from Scottish estates and so gives an insight in changing patterns of land occupation in this sector with its historic involvement in managing farmland, whether farming in hand, letting or using other arrangements.

The figures are given in percentages of the total land area reported.

Some variations between years in the figures can be expected with changes to the sample base but, as a substantial survey, it can be expected to describe the experience of this sector of ownership.

	2013	2014	2015	2016	2017	2018
1991 Act	27.0%	27.6%	27.0%	22.2%	22.2%	21.3%
1991 Act LP	3.7%	3.3%	3.4%	1.9%	1.9%	1.7%
LDT	5.8%	7.0%	7.1%	7.2%	7.2%	7.1%
SLDT	2.2%	3.6%	3.6%	2.9%	2.9%	3.3%
Total Let Area	38.8%	41.6%	41.2%	34.1%	34.2%	33.4%
Seasonal Grazing	4.8%	4.2%	3.9%	5.3%	8.1%	7.5%
In Hand	5.8%	6.0%	6.1%	9.5%	12.4%	17.2%
Contract Farmed	22.3%	20.6%	20.8%	22.5%	18.4%	16.7%
Total Other Land	32.9%	30.7%	30.8%	37.3%	38.9%	41.4%
Total Farmed Area % of Area	71.7%	72.3%	72.0%	71.4%	73.1%	74.8%

