



# THE CENTRAL ASSOCIATION OF AGRICULTURAL VALUERS

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## THE ANNUAL AGRICULTURAL LAND OCCUPATION SURVEYS FOR GREAT BRITAIN 2021

*CAAV – Professionals in the Countryside*

Central Association of Agricultural Valuers  
Harts Barn Farmhouse, Monmouth Road, Longhope, Gloucestershire GL17 0QD  
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## INTRODUCTION TO THE CAAV AGRICULTURAL LAND OCCUPATION SURVEYS 2021

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 state of the tenanted sector across all four parts of the United Kingdom, followed by a review of more detailed findings for England and Wales as to activity in the let sector, varied lengths of FBTs between types of lettings and the reasons for that.

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. This was identified as one of the key issues in its infrastructure theme by the Agricultural Productivity Working Group of the Food and Drink Sector Council. 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 are pleased to continue to contribute on these themes to the work of DEFRA's Agricultural Productivity Task Force as well as elsewhere. While barely started in the Survey period, the removal of Basic Payment now underway in England may play a part in that.

This description of the tenanted sector also bears on the discussion of the interactions between let land and the developing public goods schemes of post-Brexit policies, both as to tenants' participation and whether the new options might yet prove to offer an alternative to letting land for farming.

That is then followed by a new Part reviewing the patterns that can be seen consistently in the lengths of farm business tenancy used for different types of letting with new analysis of the reasons for this. That is supported by data for the years from 2006 to 2021, the years of explicit area payments.

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 Northern Ireland we do not yet conduct a survey there.

The Appendix then draws together some of the other data available on overall patterns of land tenure in England, Wales and Northern Ireland, complementing this Survey's review of movements in land occupation.

The CAAV is the specialist body representing some 2,900 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.

Jeremy Moody  
Secretary and Adviser  
Central Association of Agricultural Valuers  
Harts Barn Farmhouse, Monmouth Road, Longhope, Gloucestershire GL17 0QD

Telephone: 01452 831815  
E-mail: [jeremy@caav.org.uk](mailto:jeremy@caav.org.uk)

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# THE CAAV'S AGRICULTURAL LAND OCCUPATION SURVEYS FOR 2021:

## 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 but the area payments of the CAP's Single and now Basic Payment Schemes then led to sustained stasis in England. More limited reforms, more complex legislation and the language of land reform in Scotland saw a continuing decline but one which has reached a currently stable lower size which might still be precarious.

By no means all willing owners of farmland are natural farmers of that land. 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 agricultural and environmental quality of the land and the performance of the businesses farming it.

The 2021 Surveys largely show existing trends to have generally continued, with the continuing influence of policy uncertainty over the relationship between subsidies and land keeping activity low and lengths of many lettings shorter. The average length of tenancies in England and Wales is again shorter than the historic average but the more important findings are that in each year since 2007:

- overall activity in the let sector in England and Wales has run at between 30 and 40 per cent of 1999 levels
- the number of new FBTs has been around 25 per cent of the 1999 level.

The result is stasis in this key part of agriculture with:

- the most obvious explanation for that reduced activity being the fact of subsidies based on the qualifying area occupied
- the shortening of FBTs granted resulting from a combination of caution and uncertainty among owners and prospective tenants while the new agricultural policies are yet to be fully implemented.

The lesson from the previous period of uncertainty in 2013 ahead of the Basic Payment Scheme is that it too reduced the lengths of lettings with a rebound once there was certainty as to the regime and its relationship with land (in that case an unchanged one in England). Uncertainty since 2018 can be seen to have had a longer effect.

While with the background just described the average length of an FBT has eroded to 3.03 years for 2021, excluding the tenancies for a year or less with their preponderance of seasonal grazing and rotational cropping, shows an average of 4.67 years as more representative of the generality of FBTs. Those are, though, only overall averages across the wide range of lettings from predominantly bare ancillary land to fully equipped holdings, all with differing backgrounds and circumstances and so conceal much more varied and significant detail.

What might ordinarily be seen as let "farms", with a house and buildings as a traditional stereotypical holding, are typically let for average periods of 8 to 12 years, whereas 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 2021, lettings in England and Wales of less than 25 acres were for an average of 2.74 years but those over 200 acres for 6.40 years. These patterns over the years since 2006 and associated reasons are considered in more detail in the next section.

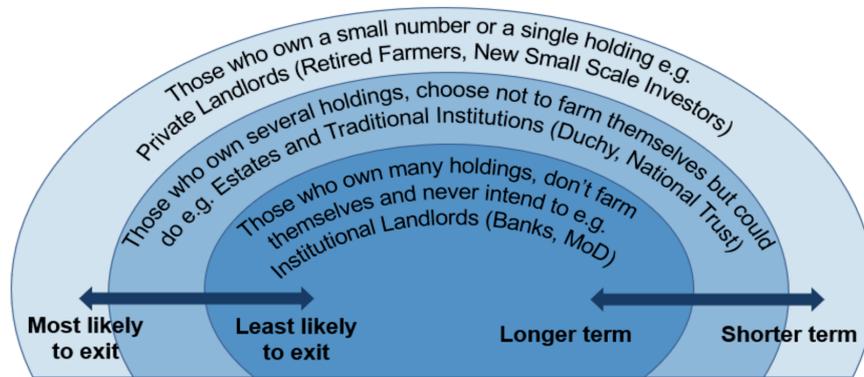
The CAAV's Surveys have generally shown that, where there is a change of occupier, some 20 to 30 per cent of lettings are typically to a new entrant. The key point is that the greater the number of letting opportunities, the more there are for both new entrants and progressing farmers to take; it is the overall number of new lettings that imposes the limit. 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 processes following Brexit unfold point to the value to farming of using the flexibility and assurance that FBTs offer, opening up change and opportunities for proficient farmers, existing and new, to secure the use of land. This becomes more important as the direction of the policies outlined would generally move farming towards being unsupported, placing a focus on the business imperatives and improvement, with land managers then having the options to take payments for more substantive commitments to achieve environmental and other public goods. That business imperative is the productivity challenge facing farming, and indeed the wider UK economy, in achieving efficiency, profitability and competitiveness.

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."*

It is stressed that traditional landlords are only a part of the picture of the overall let sector and, while important, may not be the principal factor in the future of the sector. The largest potential for its maintenance and growth may come from those farmers who choose to withdraw from farming in the more bracing circumstances as Basic Payment goes, markets become more volatile and challenging and new technology comes to dominate. This “onion skins” graphic illustrates the continuum of potential landlords, with traditional owners only one part of that picture.



Leaving the EU has unlocked active discussion of the developing new policies, including the question of productivity, and so the CAAV has been doing much work in this area. The April 2019 consultations by DEFRA and the Welsh Government on tenancy law largely reviewed the legislation for the existing let sector in both countries, primarily with productivity in mind. Some of those proposals have been introduced under the Agriculture Act 2020. 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 withdrawal of Basic Payment in England (and prospectively also in Wales with its potential erosion in Scotland and Northern Ireland) 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.

It is too early to do more than foresee some of the potential land use issues for the letting of farmland arising from climate change mitigation and adaptation, biodiversity, neutrality and other concerns, with their possibly differing interactions with existing long term tenancies, shorter term lettings and land that might be let or re-let. However, it is possible that some of these uses may compete with agricultural lettings as an alternative option for some owners as well as a matter for (preferably clear-sighted) consideration between parties to some existing tenancies. Many such uses will be compatible or consistent with continuing agricultural use or the framework of an agricultural tenancy but, where habitats and land use are more radically changed at any scale, they can move into conflict. The CAAV's model FBT offers a framework for parties to a new letting to act together in this area once sufficient is known to make practical decisions.

### 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, 2015 and 2020) 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 since future control over the new payments turned on land occupation. Thereafter, the implementation and operation of an area-based payment has significantly coincided with reduced activity and stasis over letting. While land that has been let is generally re-let, little new land now comes in, barely offsetting the small area of land that now leaves the sector. There seems no 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 could thus soon alter with the prospective phasing out of Basic Payment under the post-Brexit policies in England and then 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. A countervailing pressure may come from how some owners might take up some environmental options that they find attractive rather than letting. Some of these issues are now being considered by a Tenancy Working Group convened by DEFRA and chaired by Baroness Rock.

DEFRA reports from the 2021 June Census (see Appendix at page 62) that 2021 was the first year when more of England was let on FBTs than was under AHA tenancies – though as, in practice, most of the “other tenancies” are likely to have been FBTs this may have been true for some years already. Nonetheless, that confirms a signal moment in the evolution of England’s let sector. The more troubling aspect is that, since 2017, the figures reported by DEFRA (see Appendix at page 62) appear to show that the FBT sector has ceased to grow while the AHA sector continues to fall.

In the longer term and some years away, the decline in the 1986 Act sector can be expected to accelerate as the final successions expire though some third successions could run to the end of the century and company tenancies can endure indefinitely.

**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 long decline in the let sector now stabilised at around 20 per cent of available farmland. Land continues to leave the 1991 Act sector but that outflow from a now smaller sector has recently been balanced by re-lettings of limited duration tenancies (now MLDTs), making the proportion re-let a critical variable. The CAAV’s Surveys show that most lettings are now of bare land, rather than equipped units. With very little new land attracted to the sector, there is much more risk of further decline than opportunity for growth. The present stabilisation may not be a stable state.

For comparison, the reduced and reducing area of land under 1991 Act tenancies is perhaps only a little less than that under 1986 Act tenancies in England and Wales – broadly similar processes of attrition have applied to both these historic stocks of tenancies. That may diverge more sharply in a decade or two as the last 1986 Act successions expire but some of the more enduring 1991 Act tenancies continue.

However, while the area in England and Wales under FBTs roughly matches that under the 1986 Act, the area under Scotland’s new tenancies is still markedly smaller than that under the 1991 Act and so stabilisation, if that can be maintained, is only with a smaller let sector. Of the European countries with a significant let sector, Scotland now has the smallest proportion of let land.

It should equally be noted that, despite the tenor of some discussion of the sector, the Tenant Farming Commissioner’s survey of April 2018, *A Review of the Conduct of Agents of Agricultural Landlords and Tenants*, reported that:

“The results suggest that landlord/tenant relationships are generally good. 82% of tenants and 88% of landlords described their relationship with the other party as very or fairly good with only 6% of tenants and 1% of landlords describing the relationship as fairly or very poor.”

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. Owners who have avoided or have no experience of letting need to see it as attractive for new land to be let.

The Scottish Government has now opened a consultation, *Land Reform in a Net Zero Nation*, proposing:

“a new form of flexible tenancy, called a ‘Land Use Tenancy’, which would help agricultural holdings, small landholding tenants and others to deliver multiple eligible land use activities within one tenancy. These activities could include woodland management, agroforestry, nature maintenance and restoration, peatland restoration, and agriculture.”

We wait to see what this might look like in practice; the CAAV is ready to work on developing this as a practical way forward.

Ahead of what that might prove to mean, 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 to be achieved. In effect, the system is in palliative care while it declines. The 2018 Savills survey of Scottish estates reported in the Appendix at page 66 recorded that from 2016 the area of in hand, contract farmed and seasonally grazed land on those estates exceeded the area of let land on those estates. There is no reason to suppose there has been any change to that pattern since 2018; land is being brought under more direct personal control.

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, in both Northern Ireland and the Republic, are trying to extricate themselves to assist productivity.

## **The Long View – Northern Ireland**

The island of 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 then 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, both 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, agricultural 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. However, the sustained policy uncertainty ahead of potential policy and payment changes later in the decade (as announced in Stormont in later March 2022) deters owners from considering any form of letting beyond at present.

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. That is a higher fraction of the farmland area under such tenancies in the Irish Republic than is under FBTs of at least 5 years in England – and achieved in perhaps just 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 now faces a potentially more challenging and commercial environment as well as the increased focus on climate change mitigation, biodiversity and the management of soil and water.

By contrast to England and Wales, it appears that Scotland, without a significant change in the use of the new forms of tenancy, 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.

In all parts of the United Kingdom, the tenanted sector will only grow if owners who do not want to farm directly themselves see letting land as an attractive and normal option for them to adopt.

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 Republic of Ireland's Income Tax relief for letting farmland for more than five years is showing strong and continuing signs of success in attracting retiring to let out their land that merit serious attention in the United Kingdom.

Even with no other policy changes, the moves being made away from the legacy Basic Payment Scheme inherited from the CAP combined with the developing environmental policies and the nascent markets in public goods will create a new set of pressures to be understood, potentially acting in complex and perhaps conflicting directions yet to be seen on the future of the let sector.

## PART 2: LENGTHS OF TERM USED WHEN LETTING FBTs:

### REASONS AND PATTERNS (See 6.5.15 below at pages 34-5)

#### 1. Reduced Activity with Area Payments

1.1 The real change seen by the Surveys since 2006 has been the sustained collapse of activity in the let sector brought by area subsidy payments. CAAV Surveys suggest activity dropped by over 60 per cent to levels that have remained depressed with little overall movement of land in or out of the sector, a change of character from the previous influx of land that followed the 1995 reform.

1.2 As a barometer of activity, CAAV Surveys show the fall from 1999 levels with:

- overall activity in the let sector running at between 30 and 40 per cent of 1999 levels in each year since 2007
- the number of new FBTs granted running at around 25 per cent of the 1999 figure in each year since 2007.

1.3 The cumulative decisions over land occupation since 2004 have seen no real change in the size of the let sector in any year or over the whole period of those nearly 20 years, barely making good the inevitable losses as some land leaves the let sector, as for development or the owner to farm. The public policy of area payments has rewarded stasis in the occupation of area. We will now be testing how that might unwind, with this factor depressing the let sector to be removed by England's Agricultural Transition.

#### 2. Patterns in the Lengths of FBTs Granted

2.1 **Summary** – While a question about the reasons for the length of term chosen in each case was only first asked in 2021, the CAAV Surveys have for many years increasingly analysed the term lengths for FBTs finding consistent patterns with longer FBTs being granted where:

- the land let is equipped, especially where there is a house in the letting (the small fraction of lettings that are of "farms")
- larger areas are let
- the land had previously been let on a 1986 Act tenancy

with shorter lettings for small parcels of bare land. Generally, lettings to new entrants have seen longer average terms. These results are also seen in our Scottish surveys.

2.2 The simple discussion of FBTs as having an average length of a little more than 3 years to which the tenant can be held, assessed across all lettings from a few weeks upwards and irrespective of fixed equipment and history obscures more than it illuminates. Further, it may have created the perception that that is the length that an FBT should normally have with it requiring a stronger reason to let for a longer term. With that concern, the detail given by analysis of the CAAV Surveys can help open the doors to the wider choices likely to be appropriate.

2.3 **In More Detail** – Few lettings now are of what might be described as "farms" with a large majority being of bare land.

2.4 The overall average lengths, typically fluctuating in the range between 3 and 4 years, include both:

- seasonal grazing tenancies – overlapping with the 6 per cent or so of England that is only ever made available on seasonal grazing licences and equivalents such as profits, in parts a function of tax and subsidy as well as tradition, possession, control and caution
- rotational cropping, from field vegetables to maize.

2.5 **Excluding all lettings of a year or less, with those rather specific markets for which many of them cater, brings the overall average up to around 5 years.**

2.6 With patterns that are relatively consistent over the years, those averages then generally become **higher where:**

- **larger areas are let** – units over 200 acres might be let for an average 8 years while units of less than 50 acres might be for an average less than 3 years
- that remains true where just bare land is considered; for examples, in 2020 bare land units under 25 acres were let for an average of 2.4 years but units of over 200 acres let for an average of 5.7 years
- the **land has buildings** with it – typically let for around 5 years but toward 8 years for units over 100 acres
- **a house is included in the letting** – typically let for 10 to 12 years and little variation by size of holding. That correlates closely with the 11 year average reported for Scottish Limited Partnership lettings when they were used to grant fixed term tenancies before 2003.
- **the letting follows an AHA tenancy** – typically let for around 8 years.

2.7 That leads to a point of arithmetical logic that might be seen to over-emphasise the scale of shorter term letting – with a let sector of a given size, properties let for short terms will tend (even if some are simply allowed to continue) to come round for re-letting or renewal more frequently than properties let for a longer term. That activity will itself emphasise those shorter terms in surveys, pulling the average reported length down. A longer tenancy, once let, will come round for renewal or re-letting more rarely.

2.8 As was the experience with the pre-1995 Gladstone-Bower tenancies and is recognised by the new rules for SFI 2022, the formal period for which a tenancy is granted may be shorter than the realistic expectation as to how long that land might remain in the tenant’s occupation, whether by the FBT continuing or steady re-lettings. While that point must also note the potential for break clauses to shorten an agreed term, far more tenancies continue than are cut short.

2.9 With those patterns, the main influence that has been seen on how they have fluctuated is where changing public policy creates uncertainty that reduces the average figures – again a pattern also seen in Scotland and one that appears to influence both owners (trying to preserve options) and prospective tenants (cautious about being locked into an unknown outcome). That is reviewed in more detail in the next Appendix on pages 9 to 14.

### 3. Reasons for the Length of Term Adopted

*Note – This Summary is supported by the detailed review at 6.5.15 of the main Survey below.*

3.1 In 2021, the CAAV’s annual Agricultural Land Occupation Survey asked respondents for the first time to comment on the reason for the term selected. As they were not prompted as to the potential reasons they might have, this analysis relies on the responses as given. 43 per cent (275) of the returns provided a response and these highlighted the great variety of reasons that influence the length of term.

3.2 Again, the diversity of responses indicates that it is unrealistic to imagine that there is a stereotypical tenancy or landlord. They show a wide variety of situations and motives with the choices as to term made in response to them. While separated out here on the basis of the way respondents chose to reply, several factors could bear on many of the decisions: a landlord’s policy could be influenced by tax and uncertainty about agricultural policy. A significant fraction of cases have terms selected on the basis of case-specific individual circumstances; other lettings may often have no such factors that would drive any particular answer.

**3.3 Summary** – Within the spectrum of reasons volunteered, potentially overlapping in many cases, of those that can be more clearly categorised:

- in 25 per cent of cases, the term was driven by case specific reasons, including dovetailing with other events, the age or health of the parties, progression tenancies, tenant’s investment or the prospects for development and other uses. These are perhaps the cases where there is more often a predominant reason for the choice made while the other categories may be more likely to have an underlying combination of the factors reported, more often following practices already established in the absence of any specific forceful reason to change in the case to hand.
- 11 per cent referred directly to uncertainty in considering the term, probably understating the force of this factor given the related responses under flexibility and the residual miscellaneous category.
- 22 per cent of cases were directly reported as carrying forward the existing practice or the previous term, estate policies and landlord’s instructions. Many of these will be carrying forward what is seen as normal. This suggests that the publicity given to the average term of all FBTs (including seasonal letting) may be oddly self-defeating for those urging the adoption of longer terms – see also the analysis in Section 2.
- 3 per cent expressly cited tax planning which might in differing circumstances either be a case-specific factor or part of a private landlord’s policy.
- 23 per cent cited “flexibility”, probably mainly for the landlord offering the letting, some giving more details which indicated the overlap or interaction with the other categories.

There is then a miscellany of varied or more unclear answers, ensuring that this breakdown does not total 100 per cent but represents the distribution of answers given.

## APPENDIX

### AVERAGE LENGTHS OF FARM BUSINESS TENANCIES 2006 to 2021

#### 1. General

1.1 These tables cover the period from 2006 to 2021. While several data runs go back earlier (and can be produced), 2006 is used as it follows the introduction of the Single Payment Scheme with all its distortions as its area-based entitlements to payments were then still being allocated after the 2005 applications.

1.2 While the main data runs are presented as the average length in years, past records also enable their presentation in an index format, based on the years from before the introduction of the Single Payment when the let sector was growing after 1995:

- for some points, a base line of the average of 1995 to 2003 is used
- for the others a base line of the average of 2001 to 2003 is used.

This is simply a matter of what data is readily available from past Surveys as interest developed in answering more detailed questions about the length of terms being granted.

1.3 It is stressed that some variation in figures between years will always be expected, some of it being the “noise” commonly found in statistics but more significant changes in patterns can be suggested from the following tables. The nature of the operation of the letting markets is that it will see a greater lag between decisions about lettings being made and then taking effect than is generally seen in the sales market.

1.4 On the basis of experience that policy uncertainty has been seen as the most significant cause of fluctuations in tenancy length, tending to shorten lettings as both owners and farmers react to that uncertainty, the major events in this period include:

- 2013 – the development of the Basic Payment legislation running from 2011 with more force in 2012, re-casting the Single Payment Scheme with Greening, etc, albeit not implemented until 2015 – with uncertainty into 2014 as to whether England would have to have a new allocation of entitlements with their relationship to land occupation or, as was decided, Single Payment entitlements could be retained and re-badged.
- 2016 – the Brexit referendum
- 2018 – DEFRA’s Health and Harmony consultation for England, following the 25 Year Environment Plan and outlining the intended direction of travel for policy in England, with the Agricultural Transition Period seeing Basic Payment phased out and the money so released moving to environment land management schemes while discussing the de-linking of payments from occupying land. That was then followed by further policy development resulting in the Agriculture Bill
- 2019 – the consultation by DEFRA and Wales on aspects of agricultural tenancy law
- 2020 – the Agriculture Act (first introduced to Parliament in January 2019 but enacted in November 2020) and the Agricultural Transition Plan (issued in November 2020) with progressive implementation since then

Fischer Boel’s CAP Health Check caused few ripples.

1.5 Wales has issued three major consultation papers since 2018, indicating that Basic Payment would be replaced by a Sustainable Farming Scheme but the legislation for this was still awaited in August 2022.

1.6 The tables below generally point to:

- a shortening of lengths in 2013 in response to the uncertainty in later 2012 and 2013 about the prospective Basic Payment
- since 2017, especially in 2018, but particularly marked among traditional institutions and county councils, and for some sectors continuing thereafter to date.

#### 2. Average Lengths of FBTs Granted

2.1 This table sets out:

- first, the average length of all FBTs reported as granted in each Survey year giving a summary figure but one that may hide more than it reveals as is explored in the other tables in this review
- then, the average length for those let for more than year, so excluding those let for grazing and most specialist or rotational cropping which have their own dynamics and so as to focus on those lettings that are more likely to see a greater commitment over time
- finally, the average for those let for more 5 years (included within both previous figures) to identify any differences in the pattern for the smaller number that have been let for such a longer term.

Table A1 – Table 6.7 of the 2021 Survey extended

Years	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
All FBTs	3.75	3.87	3.50	3.80	3.75	3.89	4.12	3.17	3.53	3.83
FBTs > 1 yr term	–	–	–	–	–	5.44	5.54	4.65	4.93	5.31
FBTs > 5 yr term	11.04	10.82	12.64	12.50	12.96	11.85	10.88	10.84	10.26	13.16

Years	2016	2017	2018	2019	2020	2021
All FBTs	4.48	3.97	2.90	3.21	3.42	3.03
FBTs > 1 yr term	5.94	4.98	4.14	4.75	4.83	4.67
FBTs > 5 yr term	13.42	10.70	9.73	11.84	11.50	11.54

2.2 The “All FBT” figures can be presented as an index against the base value of 3.86 years seen across the years 1995 to 2003. The average for the other base period used in this review of 2001 to 2003 was 3.79 years and so no practical difference is seen between the two baselines at this overall level. That observation may make the later analysis by specific factors more significant.

Table A2

Index	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
All FBTs	97	100	91	98	97	101	107	82	91	99

Index	2016	2017	2018	2019	2020	2021
All FBTs	116	103	75	83	88	78

2.3 Broadly, that suggests:

- an stable overall average from 2006 to 2012 consistent with the base line average (while noting 2012’s stronger figure)
- a shortening in 2013 then recovering to stronger figures in 2016, consistent with reactions to the evolution of the Basic Payment Scheme
- a marked and continued shortening from 2018 – the further analysis below will suggest where this effect was stronger

2.4 While figures are not readily to hand to provide the same prior base lines for FBTs let for more than a year and more than 5 years, those data runs are now represented using 2011 as the index base – as show above that year had a virtually identical overall length of term as in the pre-SPS base period.

Table A3

Index	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
FBTs > 1 yr term	–	–	–	–	–	100	102	85	91	98
FBTs > 5 yr term	93	91	107	106	109	100	92	91	87	111

Index	2016	2017	2018	2019	2020	2021
FBTs > 1 yr term	109	92	76	87	89	86
FBTs > 5 yr term	113	90	82	100	97	97

2.5 The difference between the two lines of the table points to some greater stability in the length of tenancies let for more than 5 years than for those let between 1 and 5 years (the first line covering all those let for more than a year, including those let for over 5 years). With perhaps a slightly longer lag than for other lettings, the longer tenancies dipped in 2014 (weaker in the two years prior) and 2018 before recovering.

### 3. Average Length of FBTs Granted by Area of Unit

Table 6.8 of 2021 Survey – offered to illustrate the relationship between area and fixed equipment, each then reported separately

Size of unit	Bare land	Land and buildings	House, land and buildings	Average length of all FBTs
Under 25 acres	2.69	2.35	7.5	2.74
25.0 – 49.9 acres	2.34	3.8	13.33	2.72
50.0 – 99.9 acres	2.4	5.35	10.14	3.20
100.0 – 199.9 acres	2.74	7.11	6.43	3.89
Over 200 acres	3.28	4.54	11.5	6.40

#### 3.1 Average Length of FBTs Granted by Area of Unit – 2014 to 2021

(Based on Table 6.8 of 2021 Survey Extended – data not reported in this format before 2014, so not covering the period of uncertainty ahead of the introduction of the Basic Payment)

Table B1

Years	2013	2014	2015	2016	2017	2018	2019	2020	2021
Under 25 acres	–	2.62	2.53	2.54	2.77	2.22	2.30	2.59	2.74
25.0 – 49.9 acres	–	3.08	3.41	3.44	3.22	2.52	3.03	2.71	2.72
50.0 – 99.9 acres	–	4.44	4.10	4.64	4.18	2.48	3.68	3.59	3.20
100.0 – 199.9 acres	–	4.76	6.04	7.22	5.58	3.61	4.43	5.35	3.89
Over 200 acres	–	5.56	7.61	8.97	8.00	5.61	7.48	7.87	6.40

3.2 As data is not readily to hand to offer an earlier base line for this analysis by size, this table is now indexed with a base of 2015, when the overall FBT index above is reported at 99, so nearly identical to the 1995 to 2003 baseline for all FBTs.

Table B2

Index	2013	2014	2015	2016	2017	2018	2019	2020	2021
Under 25 acres	–	103	100	100	109	88	91	102	108
25.0 – 49.9 acres	–	90	100	101	94	74	89	79	80
50.0 – 99.9 acres	–	108	100	113	102	60	90	88	78
100.0 – 199.9 acres	–	79	100	120	92	60	73	89	64
Over 200 acres	–	73	100	118	105	74	98	103	84

3.3 Reviewing those figures may suggest:

- the erosion of the length of lettings from 2018, especially and sustained for the three middle categories of size
- the smallest units, already let for short terms were most consistent with the least reduction in 2018 and then a recovery
- the largest size category saw a reduction in 2018 but managed some recovery though not in 2021

These insights are likely to interact with other features such as the level of fixed equipment.

**4. Average Length of FBT Granted by Type of Unit – Fixed Equipment and Previous Tenure/Occupation**  
**Table C1 (Table 6.12 of 2021 Survey Extended)**

Years	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Bare land	3.01	2.98	2.66	3.01	2.92	3.20	3.46	2.64	3.06	3.14
Building/land	5.94	6.13	4.83	4.82	6.05	4.80	5.08	3.89	4.10	5.95
House/bldgs/land	9.60	10.24	11.47	11.50	9.61	10.83	9.77	8.24	8.00	10.39
<i>Previously:</i>										
– AHA	7.85	8.43	8.45	9.36	8.05	9.07	6.84	5.98	7.20	8.26
– FBT	2.90	2.96	2.88	3.01	3.30	3.41	4.08	3.13	3.56	3.47
– Vacant	3.64	4.33	3.70	4.54	3.75	3.94	3.20	3.44	3.23	4.63
– Contract farmed	3.18	4.58	5.33	3.23	3.67	2.85	3.87	3.94	3.40	3.52

Years	2016	2017	2018	2019	2020	2021
Bare land	3.20	3.26	2.40	2.63	2.86	2.57
Building/land	4.82	5.32	4.69	4.06	5.22	4.28
House/bldgs/land	14.19	9.29	7.52	10.13	9.84	9.60
<i>Previously:</i>						
– AHA	10.26	7.35	5.29	7.95	8.38	9.82
– FBT	3.53	3.52	2.55	2.87	3.37	3.06
– Vacant	4.04	3.68	3.98	4.09	3.91	3.76
– Contract farmed	4.37	5.22	5.00	3.25	2.97	2.00

NB The Contract Farming sample sizes would often be small.

4.1 This is then shown in index form first by the level of fixed equipment. With a pre-SPS base line only readily available for fully equipped unit (1995-2003, 10.83; 2001-2003, 11.05), 2011 is used on the same logic as above (and for the fully equipped unit average is identical to the 1995-2003 average).

**Table C2**

Index	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Bare land	94	87	83	94	91	100	108	82	96	98
Building/land	124	128	101	100	126	100	106	81	85	124
House/bldgs/land	89	95	106	106	89	100	90	76	74	96

Index	2016	2017	2018	2019	2020	2021
Bare land	100	102	75	82	89	80
Building/land	100	111	98	85	109	89
House/bldgs/land	131	86	69	94	91	89

4.2 Again, that shows:

- the impact of the 2013 uncertainty ahead of Basic Payment with a faster recovery for bare land units, against perhaps reflecting a shorter lag in decision making for them.
- fully equipped units had a slower recovery from 2013 with only 2016's higher figure before an earlier and steeper decline from 2017, perhaps as an earlier consideration of prospects after the referendum but possibly also other pressures on housing, whether from the demands of minimum energy efficiency standards or values
- arguably, that land with just buildings has been more stable, more so in the post-2018 period than in 2013 when the potential for land to create new entitlements was at issue.

The availability of data allows use of indices based on the period 2001-2003 for a review of lengths of letting by previous tenure or occupation, with these base values:

- previously let under the AHA 8.16 years
- previously let as an FBT 2.64 years
- previously vacant, whether in-hand and farmed directly or purchased 3.54 years
- previously contract farmed 4.55 years

Table C3

Index	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<i>Previously:</i>										
– AHA	96	103	104	115	99	111	84	73	88	101
– FBT	101	112	109	114	125	129	155	119	135	131
– Vacant	103	122	105	128	106	111	90	97	91	131

Index	2016	2017	2018	2019	2020	2021
<i>Previously:</i>						
– AHA	126	90	65	97	103	120
– FBT	133	133	97	109	128	116
– Vacant	114	104	112	116	110	106

- 4.3 With the dips less pronounced for analysis by these factors, reviewing those figures suggests:
- the stability in the length of letting for holdings that had become vacant after an AHA tenancy had ended, entirely plausible as these owners will generally be the ones most content with letting, with the average only set back in 2012 and 2013 and more in 2018 but recovering from both dips. This pattern is likely to overlap with those for both fully equipped and larger units with a longer term perspective.
  - more strikingly, that the length of term when reletting land on an FBT is, with only one exception, longer in every year since 2006 than was the short average in the base period, potentially suggesting more confidence in FBTs as a means for managing land but perhaps also (and with the scale of reletting to the same tenant) an interaction with the entitlements system making it pragmatic to repeat existing arrangements – the corollary of that is fewer opportunities for lettings to different people.
  - with that overview, re-let FBTs did see a dip in length in 2013 and a reversion to the base line for 2018 and 2019 with a recovery since. While it could be said that, as already short, they had less room to shorten, all years but 2018 were above that base line
  - the new letting of previously vacant land is the factor on which the replenishment and any growth of the let sector relies – the owners doing this have made a choice to let whether for interim management or a long term strategy. Again, the figures are generally stronger than in the base period, suggesting great confidence in FBTs as a vehicle. The only dip below the base line (and not much below) was in 2012 to 2014, when controlling the occupation of land was potentially relevant for Basic Payment entitlements. The 2018 uncertainty evident elsewhere is not shown here for these people who have made this choice.

The contract farming sample is perhaps too small for this review.

## 5. Average Length of FBTs Granted by Type of Landlord

Table D1 (Table 6.13 of 2021 Survey Extended)

Years	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Private owner	3.27	3.41	3.17	3.29	3.32	3.66	3.60	3.01	2.98	3.87
Traditional institution	4.73	4.28	4.11	5.11	4.23	4.51	4.61	3.27	5.10	3.21
County Council	5.23	6.46	7.80	5.98	6.69	5.84	6.35	4.60	5.75	5.00
Financial institution	3.25	3.20	4.98	4.28	2.37	1.79	4.18	1.64	5.50	3.00

Years	2016	2017	2018	2019	2020	2021
Private owner	4.20	3.70	2.87	3.42	3.54	3.56
Traditional institution	4.27	3.28	2.86	2.53	3.15	2.18
County Council	7.00	6.16	3.95	3.49	4.47	4.39
Financial institution	7.57	3.08	1.19	2.00	5.00	1.68

NB The Financial Institution sample sizes would often be small.

5.1 Those figures are now presented indexed against the average values for the three year period 2001 to 2003, as giving a pre-area payments base line. Those values are:

- Private owners 3.32 years
- Traditional Institutions 4.91 years
- County Councils 6.50 years

The figures for financial institutions are too small for this to be useful.

Table D2

Index	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Private owner	98	103	95	99	100	110	108	91	90	116
Traditional institution	96	87	84	104	86	92	94	67	104	65
County Council	80	99	120	92	103	90	98	70	88	77

Index	2016	2017	2018	2019	2020	2021
Private owner	127	111	86	103	106	107
Traditional institution	87	66	58	52	64	44
County Council	108	95	61	53	69	67

5.2 Presenting the data in this way shows the shortened lengths:

- in 2013 (and for private owners, 2014) in the wake of the uncertainty from the then CAP reform negotiations resulting in the Basic Payment scheme to operate from 2015 (in England, with existing entitlements later confirmed as retained)
- from 2017 but with a striking contrast between private owners (with the reduction only in 2018) and traditional institutions and county councils (both seeing a sustained fall in lengths).

Overall:

- private owners have been more consistent in their length of letting than other landlords
- if anything, private owners' length of term has been greater since the Basic Payment was put in place in 2015 than in the base period of 2001 to 2003, with only a dip in 2018.

It could be suggested that the terms offered by other landlords have converged on those offered by private owners. That may be for their own reasons and dynamics but it could be a response to the perception that such an average length of letting is the normal length, tending to make it a default.

## PART 3: THE AGRICULTURAL LAND OCCUPATION SURVEY FOR ENGLAND AND WALES

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### 1. INTRODUCTION

1.1 This is the forty-fifth 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.

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 2020 to 31st October 2021. 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 78,220 acres, including 45,847 acres subject to new FBTs; 10,096 acres subject to new contract farming arrangements; 17,466 acres on new grazing agreements and 112 acres on which succession to 1986 Act tenancies took place.

1.3 The 2021 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 2021. With even withdrawal from the EU not settled until the end of 2019, uncertainty continued over trading arrangements while England's Agricultural Transition Plan was only set out at the start of the Survey period with only initial reductions in the area-based Payment relevant to the year. The Covid-19 pandemic and fitful recoveries caused huge economic disruption in the UK and overseas. While day-to-day business in agriculture may have been less affected than many other sectors, the restrictions imposed on economic and everyday life may have added a further layer of caution to decision-making. The Survey period pre-dates Russia's invasion of Ukraine with its further disruption and consequences for farming's input and produce values.

1.5 The overall area let on 1986 Act tenancies continues to decline naturally, but succession tenancies are still being granted (one recorded in 2021) 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 1,141 units compared with 2,565 for 2002 (the last year unaffected by the 2005 CAP reform and payments expressly based on the area of farmland occupied). This is consistent with the long run trend in which in each year since 2007:

- overall activity in the let sector in England and Wales has run at between 30 and 40 per cent of 1999 levels
- the number of new FBTs has been around 25 per cent of the 1999 level.

Policy uncertainty over the relationship between subsidies and land is keeping activity low and lengths of many lettings shorter.

### 2.2 There was a negligible fall in the area of the tenanted sector

Fresh lets were very marginally outweighed by losses from sales and let land being taken back in-hand this year, resulting in a small net loss of 91 acres (a negligible fall) 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 the 1995 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 3,846 acres of FBT lettings were on land not previously let

3,846 acres of previously vacant land were newly let on FBTs, which is much lower than the range seen over the past ten years.

### 2.4 Half of the 1986 Act tenancies which ended with no successor were re-let as FBTs

Half of AHA tenancies, representing 67% in land area, were re-let on FBTs. This is the lowest proportion seen in recent years and is consistent with uncertainty. The proportion sold (15.6%) was consistent with past data. The average length of the new lettings of previously AHA units was 9.82 years.

### 2.5 The decline in the number of AHA tenancies remains slow

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 years; for those over 1 year it was 4.7 years with a variety of reasons affecting term length

This average length covers everything from seasonal grass to a long term FBT of 40 years. Where lettings of a year or less are excluded, the average term is 4.7 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 under 10 years. Fresh analysis in the report shows the way in which the variety of tenancy lengths adopted often responds to specific circumstances and issues. More generally and as was seen with the introduction of the Single and then the Basic Payment Schemes, prospective changes to area-based support payments affect decisions on letting land.

### 2.7 Few tenancies are of whole farms

Only a small fraction of lettings are of fully equipped farms, even fewer in this Survey than seen in earlier years. The majority of lettings are of bare land.

### 2.8 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.

### 2.9 New entrants are offered longer terms

Tenants perceived as new entrants by those reporting obtained 7.7% of all lettings and 28% where the change in tenancy saw a new occupier. New entrants tend to be offered longer tenancies with nearly a third of all lettings to new entrants being for a term of more than five years.

### 2.10 One succession tenancy followed all 1986 Act tenancies that ended

Successions continue to happen, usually on the larger and better equipped holdings. However, only one such succession was recorded in 2021 for a unit of 112 acres. The total area let on succession tenancies each year appears to have levelled off since 2004, but 2021 is the lowest recorded in the last 10 years.

### 2.11 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 177 acres. Contract farming continues to be predominantly in the arable areas of the country.

## 2.12 Grazing arrangements

The area of land reported as let on a variety of types of agreement referred to as “grazing arrangements” amounted to just over one third of the total area let on FBTs. The great majority (94%) of grazing arrangements were for one year or less.

## 2.13 Comment

Overall, the 2021 Agricultural Land Occupation Survey in England and Wales shows no significant change in activity or area.

The generally shorter length of lettings reported in this and last year’s Surveys is taken as a market reaction by farmers as well as landowners in 2020 and 2021 to both the possible economic changes following Brexit and perhaps more the potential changes in policies, notably the proposed phasing out in England of Basic Payment by 2028. That phasing out was outlined for England by DEFRA’s *Health and Harmony* consultation of February 2018 and affirmed by the Agricultural Transition Plan of November 2020 and for Wales by the *Brexit and our Land* paper of October 2018. In England, the proposals for de-linking the remaining Basic Payments from the occupation of farmland and the option for them to be taken as a lump sum have appeared to prompt caution as parties hoped 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 2013 to 2015.

The Survey period was, however, ahead of the first substantive changes on the ground under the new policies and any contemporary changes in farming economics.

Closer and more granular analysis this year has shown the varied patterns of lettings in more detail (see Part 2 and its Appendix). Not only are larger, better equipped units let for longer but a significant fraction are let for terms agreed for case-specific circumstances. However, it is hard to escape the impact of policy uncertainty, with the shorter tenancies tending to become shorter as also institutional and council landlords appear to be doing. That may also be a consequence of the widespread references to simple headline averages creating a climate in which letting short is just seen as normal behaviour.

As the Basic Payment becomes less significant in farm finances, so more may focus on the business issues that could, with the right measures to support change, unlock a fresh wave of lettings, giving opportunities for the future of the sector.

### 3. WHAT THE SURVEY COVERS

3.1 This long-standing Survey seeks to capture information about decisions on changes in occupation of farmland. This year's Survey (based on the year from 1st November 2020 to 31st October 2021) covers a total of 1,141 agreements on 77,860 recorded acres with changes involving decisions about letting in England and Wales, including (last year's figures in brackets):

- 637 (668) new FBTs covering 45,487 (46,256) acres
- 10 (20) full AHA 1986 Act tenancies on 386 (1,808) acres which ended or were sold and were not re-let of which 1 (1) unit on an AHA tenancy amounting to 40 (57) acres was sold to sitting tenants
- 34 (42) FBTs which ended on 1,901 (2,684) acres and were not re-let of which 2 (2) FBTs on 161 (29) acres were sold to the sitting tenants
- 1 (11) successions under the 1986 Act covering 112 (3,105) acres
- 57 (69) new contract farming agreements covering 10,096 (15,442) acres
- 384 (335) new grazing arrangements covering 17,466 (15,151) acres
- 7 (3) share farming agreements were recorded, covering 2,209 (528) acres.

3.2 The lower level of activity since 2005 continues again this year. This may be a consequence of area-based 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 now caution ahead of the coming changes in policies.

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	2017		2018		2019		2020		2021	
	No.	%								
Full AHA tenancy	69	11.9%	35	6.6%	38	6.3%	42	6.3%	16	2.6%
Grazing licence etc	10	1.7%	16	3.0%	25	4.1%	12	1.8%	15	2.4%
Let on FBT	423	72.9%	431	80.7%	484	79.9%	555	83.5%	535	86.2%
Vacant	68	11.7%	46	8.6%	53	8.8%	40	6.0%	52	8.4%
Contract farmed	11	1.9%	5	0.9%	5	0.8%	15	2.3%	3	0.5%

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. Both the number of units and total area recorded in 2020 were the lowest figures seen in the past decade, with an increase in 2021 as shown in Table 4.2.

Table 4.2: Fresh lettings of previously vacant units

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Units	75	76	81	88	48	68	46	53	40	52
% of new FBTs	6.7%	7.5%	11.7%	12.2%	9.0%	11.7%	8.6%	8.8%	6.0%	8.5%
Area	10,387	7,514	6,277	7,999	5,067	5,450	4,650	5,403	2,816	3,846
Av size	139	99	77	91	105	80	101	102	70	74

4.1.3 No units were identified in 2021 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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Units	9	13	14	0	1	0	0	0	1	1	0
Area	1,073	1,303	1,626	0	26	0	0	0	8	70	0

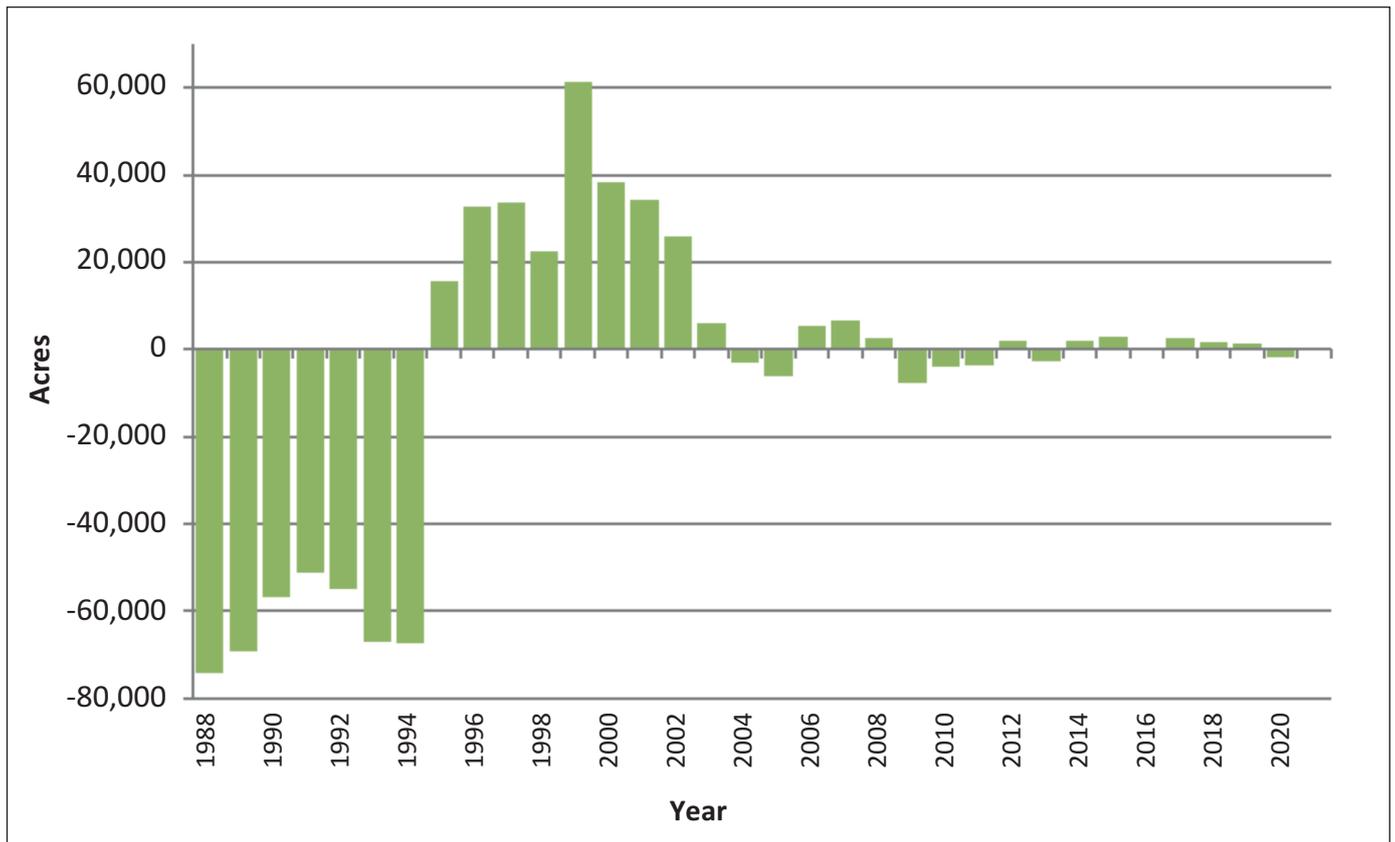
4.1.4 2021 showed that the near standstill in the area of the let sector continues, with a modest loss of 91 acres. The overall trend remains that of a stand-still in the market since 2003, as shown in Figure 4.1.

- 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)

	2013	2014	2015	2016	2017	2018	2019	2020	2021
Fresh let	7,514	6,277	7,999	5,067	5,450	4,651	5,403	2,816	3,846
<b>Less ex-AHA</b>									
– In hand	2,232	504	1,040	1,068	250	268	240	1,090	327
– Contract farming	231	595	–	879	735	–	–	226	141
– Grazing licence	599	10	376	52	125	30	55	66	211
– Sold	1,558	899	557	73	152	658	318	362	20
– AHA sold ST	554	135	150	4	104	–	24	57	40
– AHA re-grant	538	–	–	–	–	–	–	21	–
– Unallocated loss	84	–	–	–	1	–	–	9	–
<i>Sub-total</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>	<i>1,831</i>	<i>739</i>
<b>Less ex-FBT</b>									
– In hand	431	261	153	92	232	886	454	661	831
– Contract farming	1,663	868	1,598	1,590	692	185	1,317	1,377	674
– Grazing licence	145	243	586	246	65	582	484	87	623
– Share farming	920	216	–	–	–	–	–	332	–
– Sold	783	155	368	101	539	297	461	227	909
– Sold ST	297	303	210	4	0	103	370	29	161
– Unallocated loss	51	–	1	–	–	–	–	6	–
<i>Sub-total</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>	<i>2,719</i>	<i>3,198</i>
<b>Net</b>	<b>-2,572</b>	<b>+2,088</b>	<b>+2,961</b>	<b>+467</b>	<b>+2,478</b>	<b>+1,588</b>	<b>+1,348</b>	<b>-1,733</b>	<b>-91</b>

Fig 4.1: Net annual loss/gain in tenanted area 1988 – 2021



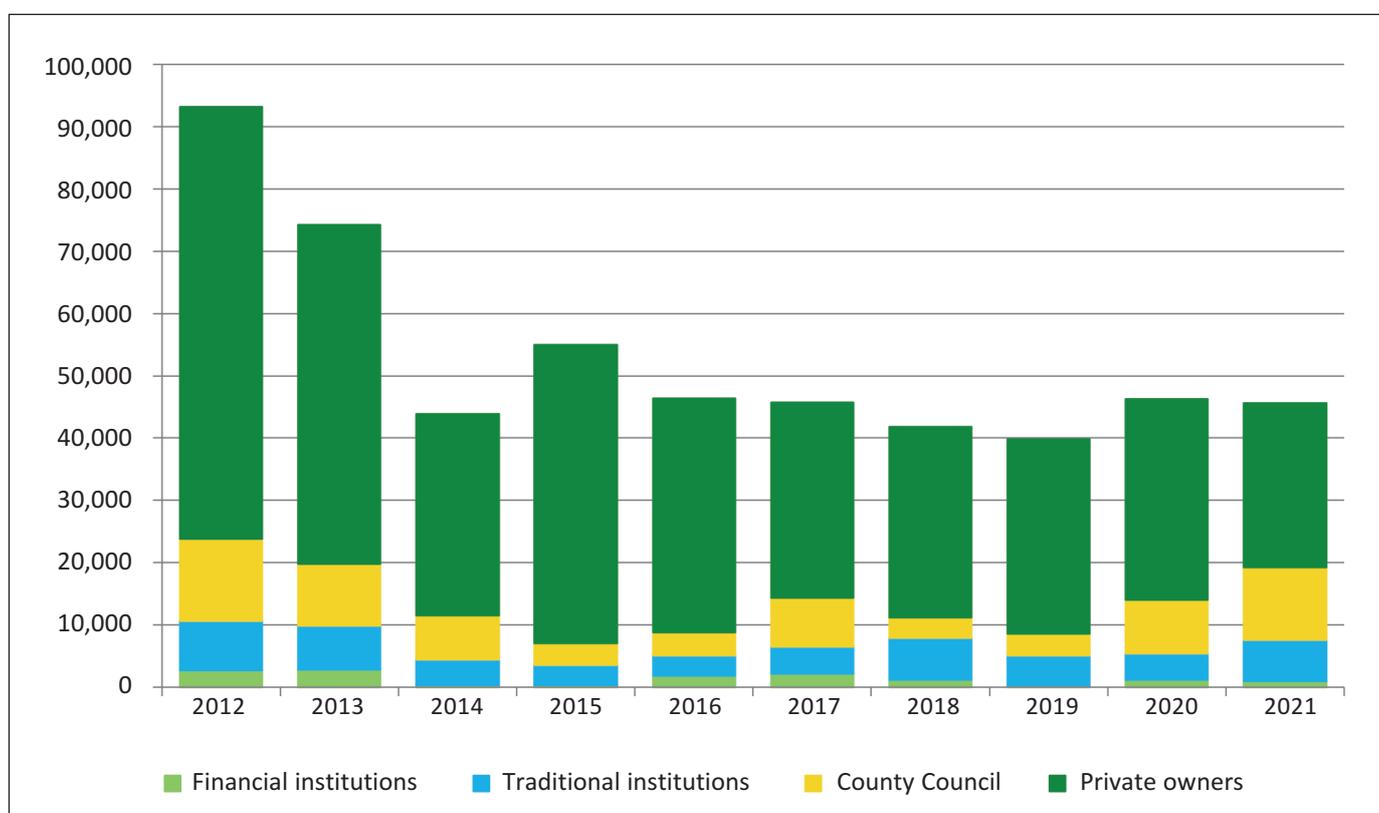
## 4.2 Lettings by Ownership

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

Table 4.5: Source of new lettings by ownership: 2021 compared to five year average

Let by	Number		Percentage		Area		Average area	
	2021	5 year average	2021	5 year average	2021	5 year average	2021	5 year average
Private owners	411	437	64.52	74.1	26,276	32,600	65	75
Traditional institutions	82	72	12.87	12.3	6,620	4,734	81	65
County Council	125	73	19.62	12.0	11,694	5,356	94	75
Financial institutions	19	9	2.98	1.6	954	1,302	50	159

Fig 4.2: Area let by type of owner – past 10 years



## 5. FATE OF LAND PREVIOUSLY LET

### 5.1 Termination of full AHA tenancies

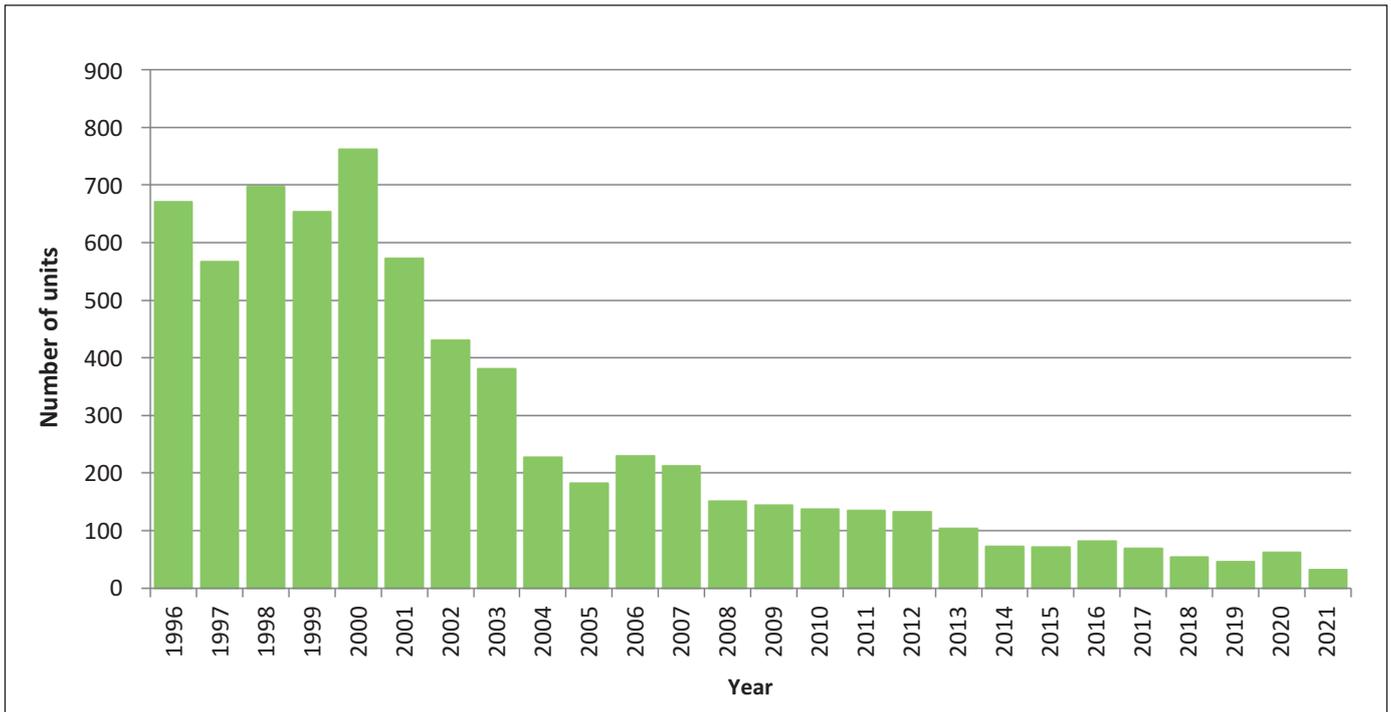
5.1.1 In 2021, 31 AHA tenancies were reported as coming to an end, excluding those where a succession took place. Figure 5.1 shows the slow “tailing-off” which has occurred since 2004.

5.1.2 Table 5.1 shows that around half of AHA tenancies coming to an end were re-let as FBTs; lower than that of the pattern of the past decade but still accounting for 68.5% of the area involved. The proportion of land let on former AHAs which was subsequently sold was less than 1%, being made up of small units totalling 20 acres. About 30% of such land was either taken back in-hand or let on other arrangements, seeing a greater proportion than in previous years. This appears a noticeable shift building on the figures seen in 2020.

Table 5.1: Fate of old full AHA tenancies which ended 2012 – 2021

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Number	132	103	72	71	82	69	54	46	62	31
Re-let (FBT)	75.8%	62.1%	76.4%	76.1%	85.7%	75.8%	64.8%	82.6%	67.7%	51.6%
Sold	16.7%	21.4%	8.3%	11.3%	5.9%	15.4%	16.7%	6.5%	11.3%	12.9%
In-hand	6.8%	8.7%	6.9%	4.2%	2.4%	3.3%	9.3%	4.4%	6.5%	16.3%
Contract Farming/ Grazing Lets	1%	3.9%	8.3%	8.5%	5.9%	5.5%	9.3%	6.5%	8.0%	19.4%

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 67% of the area re-let on FBTs in 2021. The area taken back in hand returned to the pattern seen before 2020, with 327 acres representing 5 units, the largest of which was 198 acres. Very little was sold (60 acres) or let on alternative arrangements (353 acres).

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

	2017		2018		2019		2020		2021	
AHAs re-let as FBTs	7,991	85.4%	3,843	80.1%	4,288	87.1%	5,377	74.8%	1,522	68.5%
Taken in hand	250	2.7%	268	5.6%	240	4.9%	1,090	15.2%	327	14.7%
Used for grazing/ contract farming	860	9.2%	30	0.6%	55	1.1%	292	4.1%	353	15.9%
Sold	256	2.7%	658	13.7%	342	6.9%	419	5.8%	20	0.9%
Total not re-let	1,367		956		636		1,809		699	

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 was 1 such reference in 2021 (2 in 2020, 4 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 578 FBTs that ended. 92% of all those expiring FBTs were re-let as FBTs, in line with the evidence of previous surveys, and covering 92% of the area involved. Few units were taken in-hand (2.1%) or put on contract farming or grazing licence arrangements (1.7%). Sales of former FBT land (at 3.8%, representing 2.6% by area) have consistently been much less significant than for former AHAs but this might be natural as the decision to retain and let the land on a FBT was anyway more recent than where an AHA had been let.

Table 5.3: What happened to FBTs that ended?

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Number	907	799	495	532	395	457	467	533	597	578
Re-let	92.6%	91.7%	93.3%	91.7%	94.2%	92.5%	92.3%	90.8%	93.0%	92.4%
Sold	3.3%	3.9%	1.6%	1.9%	1.0%	3.3%	2.4%	3.0%	1.2%	3.8%
In-hand	1.2%	1.5%	1.8%	0.4%	0.5%	1.5%	2.4%	2.8%	2.5%	2.1%
CF/Grazing	2.5%	2.5%	3.0%	5.6%	3.8%	2.6%	2.6%	2.8%	2.3%	1.7%
Not allocated	0.3%	0.4%	0.3%	–	0.5%	–	0.4%	0.6%	0.7%	–

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)

	2017		2018		2019		2020		2021	
Re-let as FBTs	30,117	94.7%	41,810	95.4%	28,599	90.4%	36,304	93.1%	38,000	92.2%
Taken in hand	232	0.7%	886	2%	454	1.4%	661	1.7%	831	2.0%
Grazing /CF	897	2.8%	820	1.9%	2,135	6.8%	1,796	4.6%	1,296	1.7%
Sold	539	1.7%	297	0.7%	461	1.4%	227	0.6%	1,070	2.6%
Total not re-let	1,668		2,003		3,050		2,684		3,197	

### 5.3 Succession to 1986 Act tenancies

5.3.1 3% of all AHA tenancies which came to an end in 2021 saw a succession, this representing one holding (Table 5.5). It has been reported in previous Surveys that succession happened on 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 and durable units. Some in England may have deferred succession until after the lump sum option or the de-linking of Basic Payment.

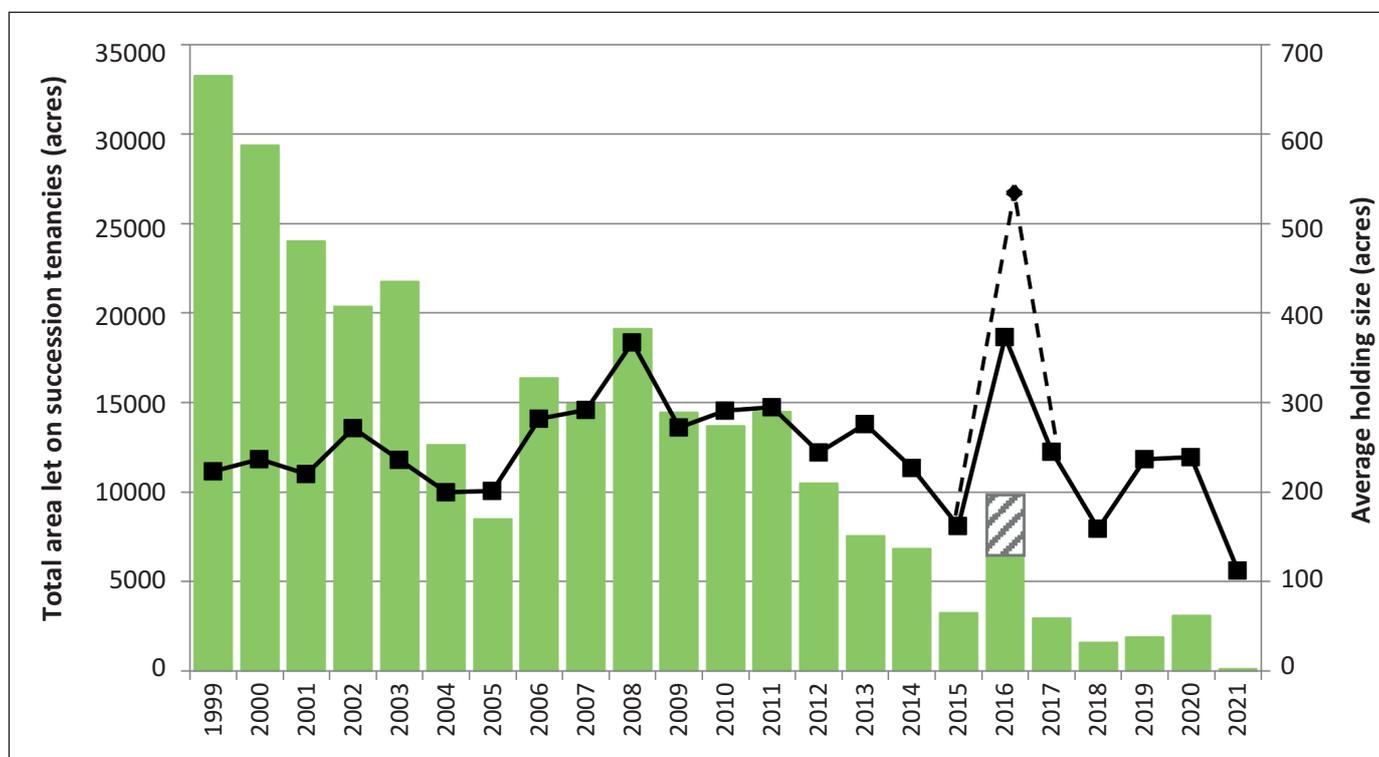
Table 5.5: Successions

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Number	43	37	32	20	17	11	10	8	11	1
% AHAs ending	25%	26%	31%	22%	17%	11%	16%	15%	15%	3%
Area	10,492	7,533	6,817	3,250	10,350 6,350	2,938	1,591	1,892	3,105	112
Av size	244	276	227	162	609 373	245	159	237	239	112

5.3.2 The 2016 data were distorted by a 4,000 acre hill farm on which succession was granted during the survey period. Without that, the total area would have been 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, with this year being the lowest to date with just one succession. 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 2021, the one succession reported was of land let were on a privately owned holding.

#### 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 2021 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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Cases	9	8	2	1	1	4	0	1	1	1
Acres	841	554	135	150	3.7	104	0	24	57	40

5.4.3 Two sales to FBT tenants were recorded on 161 acres.

Table 5.7: Sales to sitting FBT tenants

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Cases	7	10	1	2	1	0	1	3	2	2
Acres	286	297	216	210	3.5	0	103	370	29	161

## 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 a thousand acres.

6.1.2 The average size of a unit let as an FBT was 71 acres in 2021 and the proportion of let units exceeding 150 acres was 12.7%, being the lowest level in the past 10 years.

Table 6.1: Average size of FBTs

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Av area (acres)	82	73	63	76	91	77	78	66	69	71
% > 150 acres	14.4%	16.3%	15.2%	15.6%	21.1%	22.7%	15.8%	14.9%	20.9%	12.7%
No. > 150 ac	164	126	80	94	91	90	85	67	98	81

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 2021 only four lettings of more than 500 acres were reported, two of which were bare land lettings and two having a house and buildings.

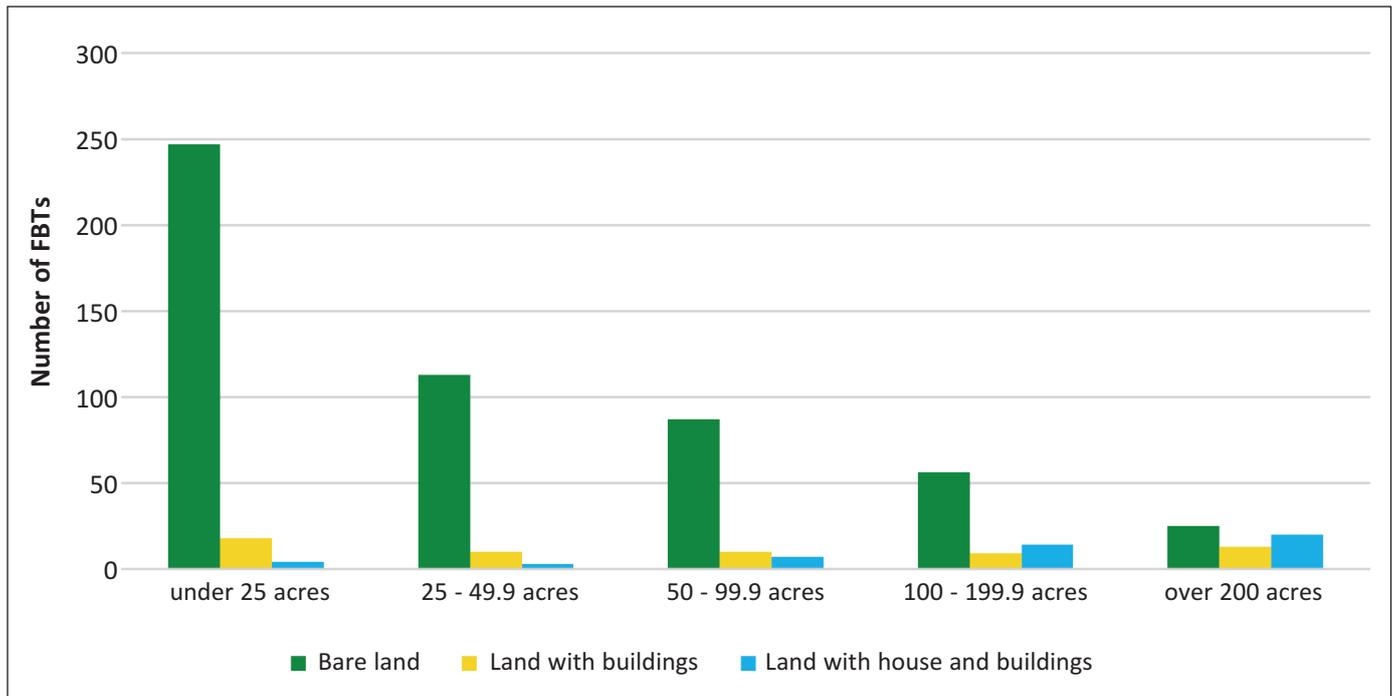
Table 6.2: Analysis of FBTs by type of holding and area

	Bare land	Land with buildings	Land, buildings and house
under 25 acres	247	18	4
25 – 49.9 acres	113	10	3
50 – 74.9 acres	51	7	6
75 – 99.9 acres	36	3	1
100 – 124.9 acres	30	3	4
125 – 149.9 acres	15	1	3
150 – 199.9 acres	11	5	7
200 – 249.99 acres	12	1	6
250 – 374.9 acres	8	7	9
375 – 499.9 acres	3	5	3
500 – 749.9 acres	1	0	1
750 – 999.9 acres	0	0	1
over 1000 acres	1	0	0

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, 68% 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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
%	67	67	70	71	63	69	61	69	66	68

## 6.2 Fixed equipment – houses and buildings

Table 6.4: Analysis by level of equipment on each unit in 2021 compared with 2020

	2020					2021				
	No. of units		Acres		Av area	No. of units		Acres		Av area
Bare land	558	83.5%	31,018	67.1%	56	528	83.0%	28,852	62.9%	55
Land with buildings	54	8.1%	5,712	12.4%	106	60	9.4%	7,183	15.7%	120
House, land and buildings	56	8.4%	9,525	20.6%	170	48	7.6%	9,812	21.4%	204

6.2.1 The 2021 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 2021

	Private owners			County councils			Traditional institutions			Financial institutions		
	No.	%	Av. Area	No.	%	Av. Area	No.	%	Av. Area	No.	%	Av. Area
Bare land	356	86.6%	52	80	64.0%	48	79	96.3%	77	14	73.7%	22
Land with buildings	44	10.7%	121	9	7.2%	123	2	2.4%	58	5	26.3%	129
Fully equipped	11	2.7%	240	36	28.8%	189	1	1.2%	388	0	0%	0

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 nearly 29% of their total let with a house, land and buildings (26% in 2020; 24% in 2019; 23% in 2018; 38% in 2017; 34% in 2016; 38% in 2015; 30% in 2014) – important but a lower percentage than some might assume. Even so, most county council lettings are of bare land.

6.2.3 In previous surveys, the majority of such lettings by number and by area have been by private landlords. However, as shown in Table 6.6 below, in 2021 county councils provided more fully equipped holdings than private landlords. Although this also accounted for a greater area, the holdings were of a smaller average size than that provided by private landlords. As has been typical previously, private landlords also let a greater proportion of their holdings for periods of ten years or more than county councils did.

Table 6.6: Analysis of fully equipped holdings by type of owner

Year	Private owners		County councils		Traditional institutions		Financial institutions	
	2021	2020	2021	2020	2021	2020	2021	2020
Number of these holdings	11	20	36	33	1	2	0	1
% of these holdings	23%	36%	75%	59%	2%	4%	0%	2%
Total area for these	2,635	5,016	6,789	4,231	388	238	–	40
% of their total area	27%	53%	69%	44%	4%	2%	–	0.4%
Average area per holding	240	251	189	128	388	119	–	40
Number let for 10 yrs +	6	12	15	13	0	2	–	1
% let for 10 yrs +	55%	60%	42%	39%	0%	100%	–	100%

### 6.3 Basic Payment Entitlements

6.3.1 The survey included a question asking whether Basic Payment entitlements were included in the letting. 626 entries for new FBTs answered the question (98% of all entries). 37.4% of the responses stated that entitlements were included in the letting (44.5% in 2020; 37.3% in 2019; 54.7% in 2018; 42.8% in 2017; 46.6% in 2016; 50.2% in 2015) and 62.6% stated that they were excluded (55.5% in 2020; 62.7% in 2019; 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 provide.

6.3.2 Of those who answered the question, entitlements were included in 36% of bare land lettings, in 42% of lettings of land and buildings and in 48% of lettings of fully equipped holdings.

### 6.4 Farming enterprises

6.4.1 With only partial information, 238 lettings were described as only arable, with a further 15 units described as a mixture of arable and pasture. There were no lettings for roots and 8 for horticulture. 80 units recorded grazing uses only. 64 lettings were for livestock, of which four were mixed use with arable, twelve dairy farms and two included pigs. There were no units recorded for poultry.

6.4.2 Three lettings mentioned trees or woodland. One referred to equestrian use and one to the rearing of game. Diversification which takes place during a tenancy is not recorded by the Survey.

6.4.3 There were 3 lettings of buildings only, or where buildings were let with only a small area of land (2 in 2020, 10 in 2019, 1 in 2018, 3 in 2017, 1 in 2016, 7 in 2015, 8 in 2014).

## 6.5 Length of term

6.5.1 The Survey does not capture those cases where periodic tenancies 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.

6.5.2 This report first considers the average length of FBTs as granted and then explores the variety of those lengths of tenancy hidden by that average with fresh analysis on why differing periods are chosen.

**6.5.3 Average Length** – Table 6.7 shows that the average length for all FBTs in 2021, including those from year to year, was 3.03 years. The average over the previous 10 years was 3.63 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 6.8 and Figure 6.2.

6.5.4 If lettings for 1 year or less are excluded so discounting seasonal and rotational arrangements, the average term increases to 4.67 years and the average length of FBTs let for more than five years was 11.54 years, both consistent with previous years. Decisions implemented in 2018 look to have shown a particular dip in this assessment.

6.5.5 Over the years, these surveys have shown that periods of policy uncertainty see the average length of letting shorten. Most recently this is shown for 2013 with the prospect of the change to the Basic Payment potentially with a fresh allocation of area-based entitlements and 2018 as post-Brexit policies were first discussed. Table 6.7 shows that this effect is not evident where lettings are for more than 5 years but is a factor for the generality of shorter lettings, perhaps illustrating the sensitivity of this large part of the market.

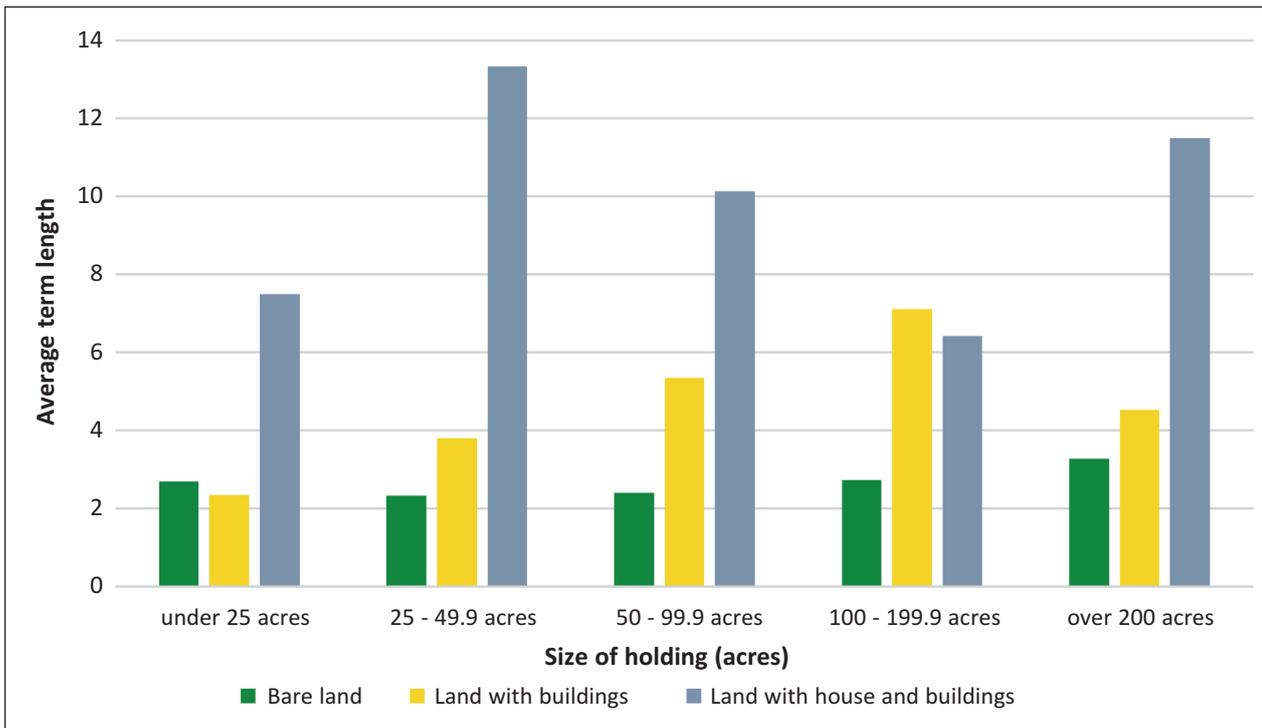
Table 6.7: Average length in years of new FBTs granted

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
All FBTs	4.12	3.17	3.53	3.83	4.48	3.97	2.90	3.21	3.24	3.03
FBTs > 1 yr term	5.54	4.65	4.93	5.31	5.94	4.98	4.14	4.75	4.83	4.67
FBTs > 5 yr term	10.88	10.84	10.26	13.16	13.42	10.70	9.73	11.84	11.50	11.54

Table 6.8: 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	2.69	2.35	7.5	2.74
25.0 – 49.9 acres	2.34	3.8	13.33	2.72
50.0 – 99.9 acres	2.4	5.35	10.14	3.20
100.0 – 199.9 acres	2.74	7.11	6.43	3.89
Over 200 acres	3.28	4.54	11.5	6.40

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



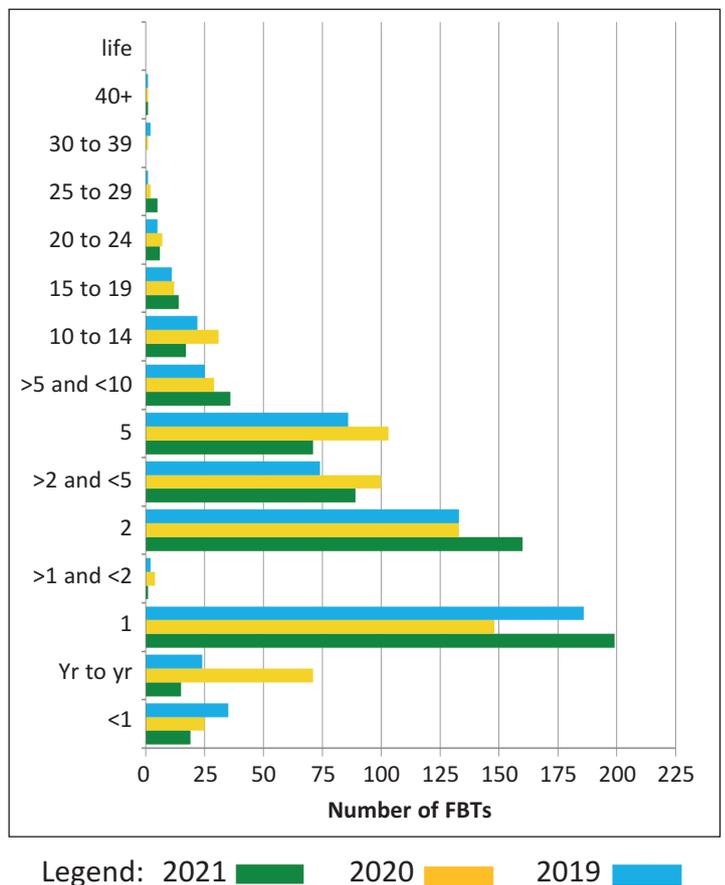
**6.5.6 The Variety of Lengths of Lettings** – Table 6.9 and Figure 6.3 show an analysis of the term lengths for new FBT lettings and illustrate how the flexibility of the FBT format is widely used in practice. The range in lengths of FBT reported was from four months to 40 years. In 19 cases the letting was for less than one year and there were 15 reported periodic tenancies running from year to year, returning to the pattern seen before the high that was reported in 2020.

6.5.7 Less than 6% of lettings were for periods between 5 and 10 years, suggesting the limited number of situations that might be tempted to let for 10 years or more.

Table 6.9: Analysis of FBT term lengths in 2021

	2021	2020	2019	2018
<b>Length</b>	<b>Number</b>			
Life	0	0	0	0
40+ years	1	1	1	0
30 – 39 years	0	1	2	0
25 – 29 years	5	2	1	2
20 – 24 years	6	7	5	1
15 – 19 years	14	12	11	11
10 – 14 years	17	31	22	6
>5 and <10 years	36	29	25	34
5 years	71	103	86	66
>2 and <5 years	89	100	74	77
2 years	160	133	133	125
>1 and <2 years	1	4	2	4
1 year	199	148	186	199
Annual periodic	15	71	24	1
<1 year	19	25	35	10

Fig 6.3: Analysis of term lengths of FBTs (2019-2021)



**6.5.8 Little Regulatory Influence on Length of Tenancy** – A more detailed analysis of 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 6.10 and 6.11 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.

6.5.9 Table 6.10 shows that the most numerous agreements are those made for less than two years, which consistently represent approximately half of all agreements (nearly 60% in 2021) but which include those seasonal and rotational lettings that by their nature are generally short term. 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.

6.5.10 In general, Table 6.10 suggests that choice of term is relatively uninfluenced by other regulatory concerns.

**Table 6.10: Length of FBT terms by number of agreements**

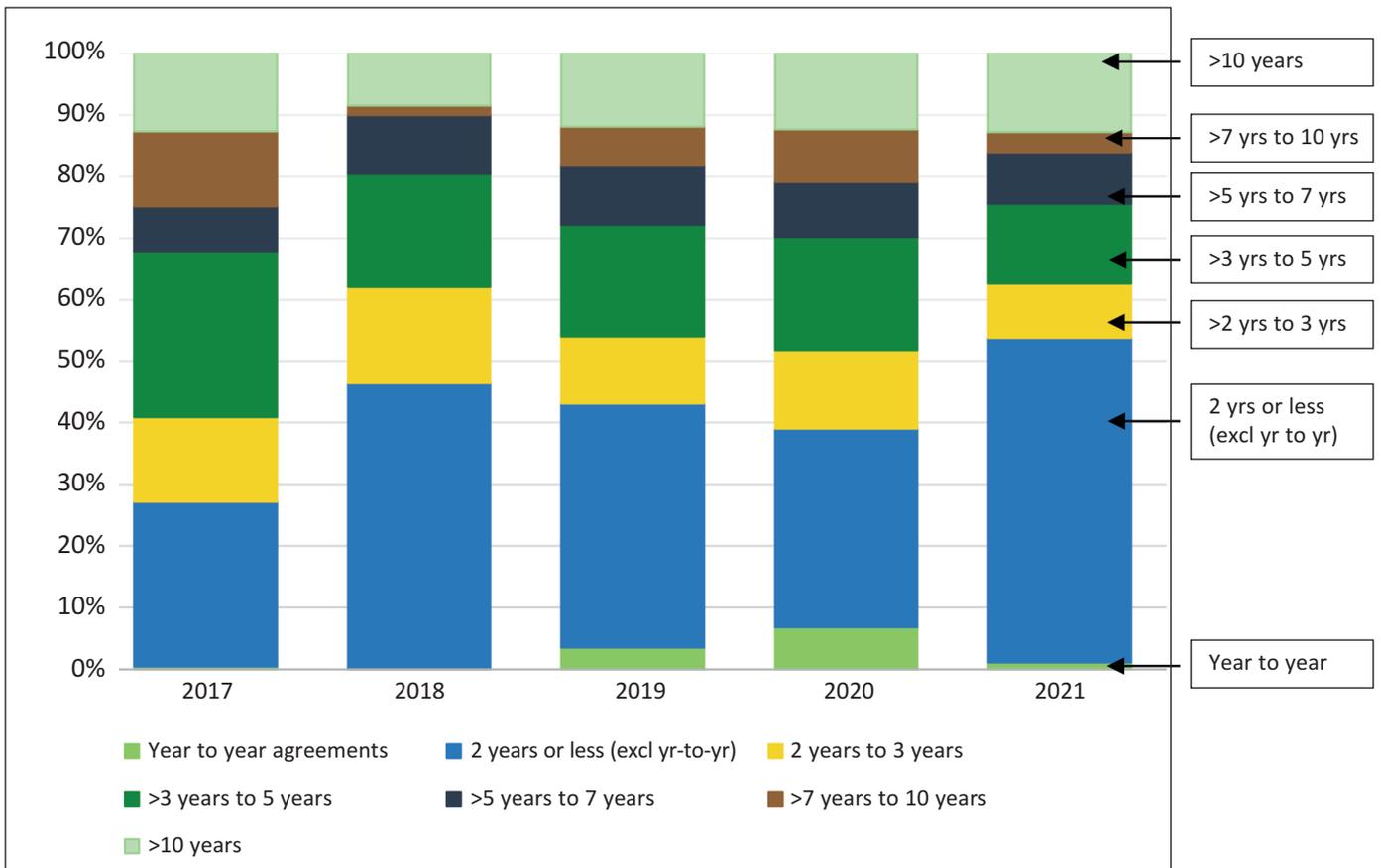
	2017		2018		2019		2020		2021	
	No.	%	No.	%	No.	%	No.	%	No.	%
Year to year	9	1.5	1	0.2	24	3.9	71	10.64	15	2.37
Up to 2 years (excl yr-to-yr)	257	43.7	338	63.1	356	58.7	310	46.5	379	59.78
>2 yrs to 3 yrs	99	16.8	69	12.9	70	11.5	98	14.7	77	12.15
>3 yrs to 5 yrs	126	21.4	74	13.8	90	14.8	105	15.7	83	13.10
>5 yrs to 7 yrs	40	6.8	34	6.3	24	3.9	27	4.1	34	5.36
>7 yrs to 10 yrs	25	4.3	5	0.9	21	3.5	26	3.9	17	2.68
>10 yrs	32	5.4	15	2.8	22	3.6	30	4.5	28	4.42

6.5.11 The length of tenancies by area is shown in Table 6.11 and like Table 6.10, this shows a degree of consistency between the types of tenancy, although the data for each type do vary from year to year. The number of year to year lettings remains a small percentage of the whole.

**Table 6.11: Length of FBT terms by area**

	2017		2018		2019		2020		2021	
	Acres	%								
Year to year	245	0.5	2.4	0.01	1,404	3.5	3,182	6.7	489	1.1
Up to 2 yrs (ex yr-to-yr)	12,180	26.7	19,405	46.5	15,775	39.6	14,887	32.2	24,048	52.7
>2 to 3 yrs	6,256	13.7	6,496	15.6	4,318	10.8	5,885	12.7	4,001	8.8
>3 to 5 yrs	12,283	26.9	7,666	18.4	7,233	18.2	8,507	18.4	5,926	13.0
>5 to 7 yrs	3,285	7.2	3,995	9.6	3,801	9.6	4,115	8.9	3,817	8.4
>7 to 10 yrs	5,569	12.2	630	1.5	2,526	6.4	3,946	8.5	1,499	3.3
>10 yrs	5,780	12.7	3,555	8.5	4,739	11.9	5,733	12.4	5,827	12.8

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



**6.5.12 The Varied Reasons for Choosing the Length of a Letting** – In 2021, the Survey asked respondents for the first time to comment on the reason for the term selected. As they were not prompted as to the potential reasons they might have, this analysis relies on the responses as given. 43% (275) of the returns provided a response and these highlighted the great variety of reasons that influence the length of term.

6.5.13 Again, the diversity of responses indicates that it is unrealistic to imagine that there is a stereotypical tenancy or landlord. They show a wide variety of situations and motives with the choices as to term made in response to them. While separated out here on the basis of the way respondents chose to reply, several factors could bear on many of the decisions: a landlord’s policy could be influenced by tax and uncertainty about agricultural policy.

6.5.14 Within the spectrum of reasons volunteered, potentially overlapping in many cases, of those can be more clearly categorised:

- in 25% of cases, the term was driven by case specific reasons, including dovetailing with other events, the age or health of the parties, progression tenancies, tenant’s investment or the prospects for development and other uses. These are perhaps the cases where there is more often a predominant reason for the choice made while the other categories may be more likely to have an underlying combination of the factors reported, more often following practices already established in the absence of any specific forceful reason to change in the case to hand.
- 11% referred directly to uncertainty in considering the term, probably understating the force of this factor given the related responses under flexibility and the residual miscellaneous category
- 22% of cases were directly reported as carrying forward the existing practice or the previous term, estate policies and landlord’s instructions. Many of these will be carrying forward what is seen as normal which is where the publicity given to the average term of all FBTs (including seasonal letting) may be oddly self-defeating for those urging the adoption of longer terms.
- 3% expressly cited tax planning which might in differing circumstances either be a case specific factor or part of a private landlord’s policy
- 23% cited “flexibility”, probably mainly for the landlord offering the letting, some giving more details which indicated the overlap or interaction with the other categories

There is then a miscellany of varied or more unclear answers, ensuring that this breakdown does not total 100% but represents the distribution of answers given.

6.5.15 In more detail, the common themes can be analysed as:

- Dovetailing with Other Events – 8 units (3%) had a term selected to tie in with other dates, with the majority selected to coincide with the end date of other agreements on the same holding. The range of terms varied from 6 months to 20 years, with the average being 6.9 years.
- Age or Health – A total of 16 (6%) responded that the age or health of one or other party was a factor in the choice of term length. Of these:
  - 10 responses cited the age of the tenant as being a factor, of which 6 set the term to coincide with the tenant's planned retirement date.
  - The health of the tenant was a factor for one unit
  - Two responses stated the tenant had died, with one providing an agreement while probate was being finalised and the other giving the estate of the deceased time to organise its affairs
  - 3 of the units cited the landlord's age as a factor, with one stating that the landlord was elderly and another stating that the landlord was approaching retirement.

The longest term was for 16 years, one selected to coincide with the tenant's intended retirement. The average term was 3.4 years.

- "Renewal/Progression Tenancies" – This particular group of 9 responses (3%) saw a new letting to the previous tenant on a longer term than the previous agreement (that perhaps the initial period had allowed the parties time to assess the viability of the business and other practical matters). 6 were let for 15 years, 1 for 18 years, 1 for 20 years and a final one for 3 years, in this case to give a longer term for the tenant to enter the SFI pilot.
- Tenant's Investment – 6 responses (2%) stated that the proposed scale of tenant investment was the reason for the length of term, with the average being 16.7 years. 3 units with terms of 15, 16 and 25 years respectively were all to have specialist fruit crops, with costs of establishment and length of rotation associated with this. One unit let for 20 years had a requirement for 'capital investment'; another with a requirement for investment in buildings was let for a term of 19 years. A term of 5 years related to a unit that required investment in fencing.
- Intentions for Development or Other Use – For 30 responses (11%) potential or actual plans for development or other use governed the term chosen:
  - Potential Development – A total of 12 responses indicated that the landlord wished to retain flexibility because the land was thought to have development potential, of which two saw potential for mineral extraction and one possibly being required as green space to enable a development on neighbouring land. 7 of the units were let for 1 year, 3 for 2 years and one let year to year (one response provided no length of term).
  - Certain Development, Other Use and/or Sale – The 18 units identified as being certain of development, other use or a known or expected sale had terms of between 6 months and 2 years. 14 of the units were to be sold, with 6 of these being to an acquiring authority for road, rail and other statutory authorities. A further 4 responses indicated the land was due to be developed, with one of these going into a tree planting scheme.

Uncertainty – 29 responses (11%) directly referred to issues of uncertainty with:

- Policy Uncertainty – 24 responses stated that the reason as uncertainty over agricultural policy, the transition from Basic Payment and uncertainty around the new schemes being cited most frequently. The length of agreements varied from 2 to 5 years, with an average of 3.27 years.
- General Uncertainty – 5 responses simply cited "uncertainty". Of these, one explained that land had been let short term due to coastal erosion, another that was let for 6 months had works pending and one was let for 2 years due to uncertainty about future business viability. The overall average term for this group was 2.19 years.

Some of those noted below under Miscellaneous as referring to "security" and of the next group of responses recording "flexibility" as the reason might also be best considered in this category.

- Flexibility – 62 responses (23%) indicated that flexibility was the reason for the term selected with the further detail offered often overlapping with other categories. Many of these (36) did not provide any further information, but around a third (21) indicated that the flexibility was required for the landlord, with some indicating the potential for changes in occupation or sale, uncertainty due to the transition from the Basic Payment Scheme (3) and other reasons. As that shows, many of the responses citing "flexibility" could equally be attributed to other categories, such as "uncertainty" or "potential development, other use or sale". However and with this being the first time that the Survey has asked about reasons for choosing the length of letting, they are held here under the label respondents chose to use. This can be reviewed further for the future.
- Continuity/Established Practice – 37 responses (13%) indicated that the main reason for the term of the letting was that it was the same as the preceding agreement; many "new" agreements are for an existing tenant to continue occupation for a further period. The range of terms from 1 year to 25 years (average 3.08 years). By far the most common period was 1 year, representing 20 of the units, with three of the responses stating that the landlord prefers the shorter term but nevertheless "keeps renewing". For the one unit with a term of 25 years, a premium fruit crop was also a factor.
- Landlord Policy/Instructions – 24 responses (9%) stated that the term was determined by either an internal policy or client instructions.

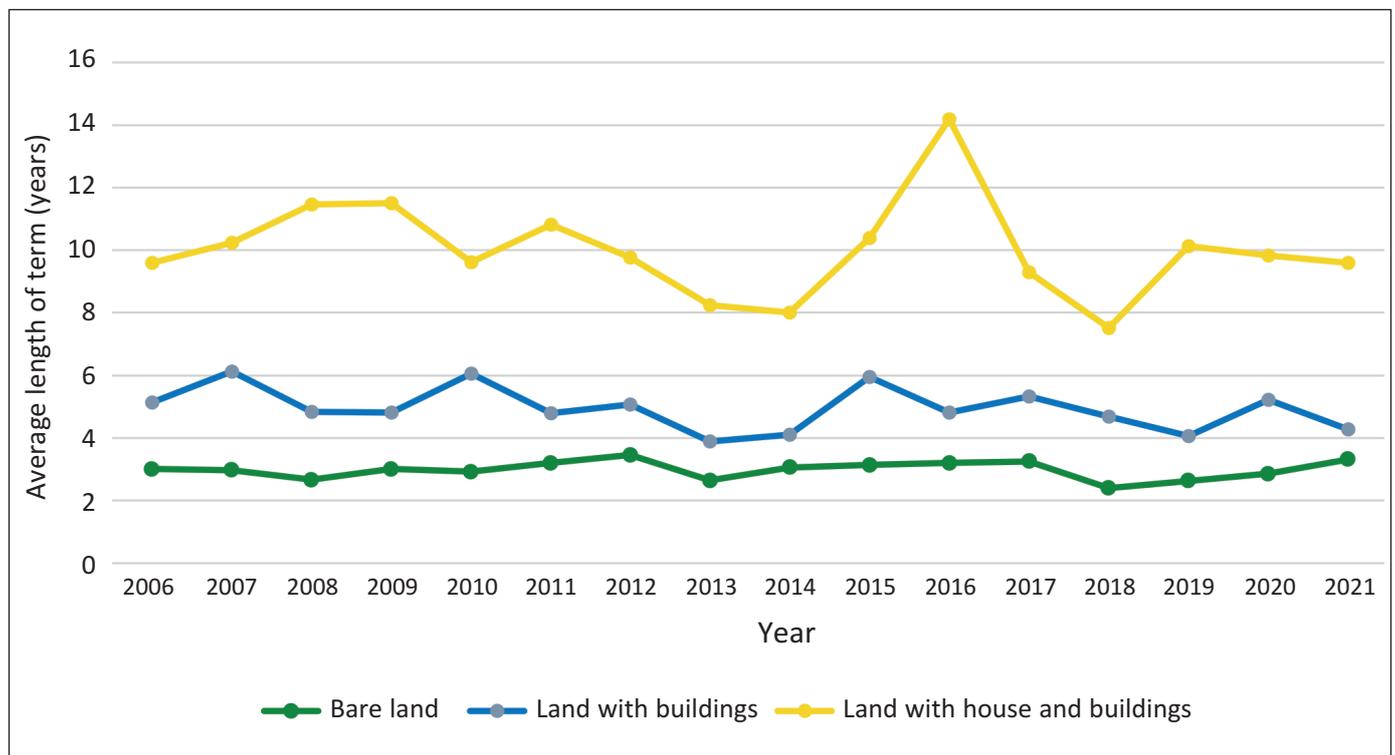
- 8 responses cited internal policy reasons as the only reason for the choice of the term for the letting, with terms of between 5 and 11 years (average of 8.4 years) Most were county councils but it is known that some institutions let and renew FBTs for terms of, say, 5 years as a result of investment accounting practices.
- Client instructions made up 16 of the responses, with a term of between 1 and 3 years. With all the factors that might bear on those instructions, they might be coloured by the greater or lesser current level of uncertainty while tax issues are likely to be one part of the matrix of issues in the decision.
- Tax planning – 7 of the responses (3%) expressly cited tax planning as a factor. 3 of these had let for 5 years, with the other 4 let for 3 years.
- Miscellaneous – Of the remaining responses, 21 (8%) reported “security” as the reason but this appears to have had different meanings for different people from flexibility to security of tenure. As to who the “security” was for, the indication that this might be varied is that of those 21 responses:
  - 2 were let for 6 years
  - 4 were let for 5 years
  - 3 were let for 3 years
  - 6 for 2 years
  - 6 for 1 year.

Other responses included the terms suiting both parties’ interests, 3 of the units let for 1 year were to be subsequently let to a new entrant and then a variety of other reasons.

It is otherwise known that some institutions let and renew FBTs for terms of, say, 5 years as a result of investment accounting practices.

**6.5.16 Length of Letting by Type and History of Unit** – Figure 6.5 and Table 6.12 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 9.6 years in 2021; bare land units were let for an average of 3.32 years and those with buildings for 4.28 years (excluding year to year agreements).

Figure 6.5: Length of term by type of equipped unit



6.5.17 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 6.12: Average length of term by type of unit (in years, excluding year to year)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Bare land	3.46	2.64	3.06	3.14	3.20	3.26	2.40	2.63	2.86	2.57
Building / land	5.08	3.89	4.10	5.95	4.82	5.32	4.69	4.06	5.22	4.28
House/bldgs/land	9.77	8.24	8.00	10.39	14.19	9.29	7.52	10.13	9.84	9.60
<i>Previously:</i>										
– AHA	6.84	5.98	7.20	8.26	10.26	7.35	5.29	7.95	8.38	9.82
– FBT	4.08	3.13	3.56	3.47	3.53	3.52	2.55	2.87	3.37	3.06
– Vacant	3.20	3.44	3.23	4.63	4.04	3.68	3.98	4.09	3.91	3.76
– Contract farmed	3.87	3.94	3.40	3.52	4.37	5.22	5.00	3.25	2.97	2.00

6.5.18 Table 6.13 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 is smaller than it has been in the past. Financial institutions were responsible for only 19 lettings in 2021 and although they had the longest average term length in 2020 and in 2016, there is no clear overall trend: in six of the last ten years, including 2021, they have had the shortest average term length of any type of owner.

Table 6.13: Average length of term by owner (in years)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Private owner	3.60	3.01	2.98	3.87	4.20	3.70	2.87	3.42	3.54	3.56
Traditional institution	4.61	3.27	5.10	3.21	4.27	3.28	2.86	2.53	3.15	2.18
County Council	6.35	4.60	5.75	5.00	7.00	6.16	3.95	3.49	4.47	4.39
Financial institution	4.18	1.64	5.50	3.00	7.57	3.08	1.19	2.00	5.00	1.68

## 6.6 New entrants and FBTs

6.6.1 The 2021 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.

6.6.2 7.7% 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 28%, within the range seen in the past decade.

Table 6.14: FBTs let to New Entrants

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Number	100	75	38	33	30	45	40	57	44	49
Area	6,655	6,607	3,473	3,568	3,423	5,376	3,584	3,399	4,617	4,264
Av size	66	88	91	108	118	117	90	60	105	87
<i>New entrants as % of</i>										
– Total lettings	8.8%	7.4%	5.5%	4.6%	5.6%	7.6%	7.5%	9.4%	6.6%	7.7%
– Changed occupation	32%	26%	17%	14%	14%	18%	23%	32%	21%	28%

6.6.3 49% of lettings to new entrants were by private landowners, 31% by county councils, 14% by financial institutions and 6% by traditional institutions. 33% of lettings to new entrants were of fully equipped holdings (41% in 2020; 19% in 2019; 20% in 2018; 42% in 2017; 50% in 2016; 36% in 2015; 34% in 2014; 33% in 2013; 16% in 2012).

6.6.4 The Survey shows that almost a third (30.6%) of all tenants perceived as new entrants obtained tenancies of more than five years. In 2021 three new entrants gained tenancies of more than 20 years, with one for 40 years.

Table 6.15: Analysis of length of tenancy by tenant type

Length of tenancy	Under 2 years	2 – 5 years	Over 5 years
New entrants	22.4%	46.9%	30.6%
Other tenants	38.6%	50.5%	10.9%

## 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 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 2021, 57 returns were received for new agreements, covering 10,096 acres with an average unit size of 177 acres. Table 7.1 shows that this is a return to the range seen before the high recorded in the previous year. A properly constructed contract farming agreement is better supported by a larger area than is needed for a tenancy and this is reflected by the average size of the unit, shown as typically between 150 and 200 acres.

Table 7.1: Survey of contracting agreements

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Units	125	116	66	88	112	112	48	59	69	57
Area	27,367	22,317	13,502	13,175	21,629	16,175	8,175	10,642	15,442	10,096
Av area	219	192	204	150	193	144	170	180	224	177
Av term (years)	1.52	1.70	1.78	1.62	1.72	1.53	1.43	1.60	1.67	1.49
New entrants	3.2%	5.2%	4.5%	1.1%	0%	0%	2%	6.8%	0%	10.5%

7.1.3 As in previous years, the great majority of contracting arrangements in 2021 were for arable units. Only one case referred to a potato crop alongside arable.

7.1.4 98% of the arrangements were made by private landowners, suiting the typical concerns of many, and 2% (one unit) by a traditional institution which are likely to have only an occasional need for this option. No traditional institutions or county councils were recorded as entering a contract farming agreement.

7.1.5 The average length of agreement was 1.49 years and while approximately 74% of agreements were for up to one year, terms ranged from 7 months to 5 years. 16% of agreements were for 3 years or longer.

7.1.6 The majority of agreements, 89%, were for bare land with 11% for land and buildings. None were for a fully equipped holding, a pattern consistent with this structure for providing farming services to a business.

7.1.7 Six (10.5%) agreements were recorded as being to new entrants, the highest proportion for some time, but with the second lowest level of recorded arrangements in the last 10 years.

### 7.2 Grazing agreements

7.2.1 This is the ninth year that the Survey has looked more closely at grazing arrangements. In practice, this 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 2021, some 384 cases of grazing arrangements were recorded, covering 17,466 acres. In practice there will be far greater numbers of these arrangements made which are not recorded in the Survey. Of those recorded, 88% were to the same occupier as the previous year.

Table 7.2: Analysis of grazing agreements

	2013	2014	2015	2016	2017	2018	2019	2020	2021
Units	547	251	228	209	238	382	410	335	384
Area	20,234	11,339	11,312	8,145	8,613	18,383	17,821	15,151	17,466
Av area	36.9	45.7	49.6	39.4	36.3	48.9	43.5	45.23	45.48
To same occupier	83%	74%	77%	80%	83%	88%	73%	86%	88%

7.2.3 Most grazing arrangements were for a year or less, but in 25 cases (6.5%), arrangements for two years or more were recorded, but distinguished from FBTs.

7.2.4 92% of grazing arrangements were on land which had previously been let on similar terms (93% in 2020, 90% in 2019, 89% in 2018, 88% in 2017, 86% in 2016, 82% in 2015). Only 4% were on previously owner-occupied land (4% in 2020, 6% in 2019, 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 (89%). 6% were made by traditional institutions, 5% by county councils and none by financial institutions.

7.2.6 16 cases involved horses (9 in 2020, 9 in 2019, 23 in 2018, 14 in 2017, 1 in 2016, 3 in 2015, 13 in 2014).

7.2.7 In 2021 there was 13 (3.4%) references to the Basic Payment claim being a factor in the arrangement (0.3% in 2020, none in 2019, 0.78% in 2018, 4.2% in 2017, 3.8% in 2016, 8% in 2015).

### 7.3 Other arrangements

7.3.1 Seven agreements, covering 2,209 acres, were recorded as being share farming in 2021. Five were for bare land only and the other two were units with land and buildings, the largest of which (925 acres) was for a 6 year term. While the specific nature of these agreements was not recorded, share farming is anyway not a term with detailed meaning but generally sees two or more 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	2020	2021
Number of units	3	1	1	1	2	2	3	3	7
Area	1,312	155	59.5	95	112	275	522	528	2,209

**PART 4:**  
**THE AGRICULTURAL LAND OCCUPATION SURVEY FOR SCOTLAND**

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## 8. INTRODUCTION

8.1 This is the tenth 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 2021, land where tenancies ended in 2021 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 tenth such Scottish Survey, this allows 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. This work has been complicated by market reactions to the implementation of the Basic Payment Scheme (particularly for arrangements in the years 2014 to 2016), the discussion of and changes to Scottish land tenure, the United Kingdom's protracted departure from the European Union and now the discussion of new Scottish agricultural policies.

8.4 The Relinquishment and Assignment provisions of the Land Reform Act were implemented from February 28th 2021. The CAAV published *Relinquishment and Assignment* in February 2021 as a professional guide for those involved in or looking at this work. While it may be that only one full application has so far been made to the Tenant Farming Commissioner in a process that requires much information, those provisions provide a backcloth for discussions thought to be underway between landlords and tenants. The Appendix to this report sets out the results of a survey of members' current experience of these informal discussions.

8.5 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, especially for aspects with only a small number of units reported.

8.6 This Survey covers a total of 84 units on 13,501 acres with changes involving decisions about the letting or occupation of agricultural land in Scotland in the year to November 30th 2021, so including the main late November Martinmas 2021 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 2013 are shown in Table 1.1.

**Table 8.1: Number of units and total acreage reported**

	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Number</b>	132	53	107	176	142	128	257	130	84
<b>Acres</b>	107,254	25,424	46,279	62,201	35,179	38,665	26,023	34,657	13,501

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

- 21 (32, 45) where tenancies were reported to have been let in the year, covering 4,121 (4,645, 7,124) acres. 8 (12, 4) were MLDTs. By previous tenure:
  - 15 (23, 24) were of units where a tenancy had ended
  - 5 (4, 16) followed grazing arrangements
  - 0 (0, 0) followed a contract farming arrangement
  - 1 (1, 5) moving from in hand or newly acquired
- 2 (4, 0) successions to existing tenancies on 476 (867, 0) acres
- 12 (18, 8) tenancies that ended and the land was reported as not re-let covering 4,457 (9,595, 785) acres of which (including holdings with multiple outcomes):
  - 2 (3, 2) were taken in hand
  - 4 (1, 3) went to grazing agreements
  - 2 (8, 1) were put on a contract farming agreement
  - 3 (1, 1) were sold
  - 4 (0, 0) were sold to the sitting tenant
- Other than those replacing tenancies, there were 0 (6, 10) new contract farming agreements covering 0 (784, 1,788) acres
- 48 (64, 89) further new grazing agreements covering 4,113 (16,763, 15,962) acres

8.8 Emphasising a theme of recent years that bare land lettings are now predominant in Scotland, only 2 of the 21 new lettings included a house while 8 of the tenancies that ended and were not relet included a house. Both successions included a house.

## 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. This is especially so when reporting on relatively limited numbers.

9.2 Comparison is particularly made with the results of recent CAAV Scottish Surveys for 2019 and 2020 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 and drawn from returns to the annual June Census.

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 the United Kingdom
- the EU's direct payments regime (previously the Single Payment Scheme and now the Basic Payment Scheme) applied throughout the United Kingdom in 2021 but with different arrangements in each territory of the United Kingdom with England just beginning its phasing out in 2021. In 2015, Scotland implemented its regime in a more complex way than elsewhere with payments issues seeing bridging loans for some years. It did move, as required by the EU, to the same area basis for allocating entitlements as in the rest of the UK with standard area payments rates reached throughout Great Britain by 2019. 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 initial temporary siphon on without-land transfers of entitlements no longer applies with its impact on land occupation matters.
- Even with Scotland's Stability and Simplicity paper of 2018, many farmers and owners in all areas of the UK have perceived uncertainty about future agricultural policy with resulting caution. The outline of future Scottish policies, geared to climate change goals, began to appear from later 2020 but were perhaps not widely evident and were anyway not defined in detail. The legislative reversal of the removal of Less Favoured Area Support Scheme payment came within the Survey period.
- 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. Energy prices and their effect on fertiliser prices only became issues later in the Survey period after letting decisions would have been taken, and pre-dating the consequences of Russia's invasion of Ukraine in February 2022
- the new Modern Limited Duration Tenancy (MLDT) was introduced in late 2017 under the Land Reform (Scotland) Act 2016. Despite the change of label and the limited opportunity for an initial 5 year break clause, this is not seen as a substantive change
- any 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, again likely to prompt caution for landowners

There may always 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, 2021 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 remain very much in the ascendant, though not to the extreme extent seen in 2019.

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, yet the tenanted sector cannot solely rely on estates.

10.5 **After a long period of steady decline, this Survey follows the previous three in reporting a rough, if slightly deteriorating, balance between land flowing into the let sector and land leaving it, with very small volumes of land on each side, illustrating the low levels of activity in this sector. The net loss of 3,780 acres** following the net loss of 8,640 acres (influenced by one tenancy ending) in 2020 and the net gain of 2,466 acres in 2019 and the net losses of 78 acres in 2018 and 289 acres in 2017. Those figures are to be compared with the 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 6.1).

10.6 Overall, this and the previous three Surveys are consistent with recent figures from the Scottish June Census Surveys which point to the let agricultural sector being on the edge of a recent plateau at risk of renewed decline. The 2021 June Survey showed for areas under tenancy:

- a marginal fall in the let area to 1,266,477 hectares (but 1,365, 932 in 2011)
- a 1.2 per cent fall in rented holdings without crofts to 5,940 units (but 6,516 in 2013)
- a 2.7 per cent fall in the number of 1991 Act tenancies to 3,821 on 606,748 ha (but 5,086 in 2013 and 793,558 ha in 2014 – data for 2013 not given – a 24 per cent reduction in area since 2014)
- a further 368 holdings are on Limited Partnership 1991 Act tenancies with 97,888 ha, also down

but, as those figures were always going to decline over time, there are increases in SLDT and MLDT lettings with new totals of:

- 1258 SLDTs (648 in 2013) on 152,496 ha – a 6.6 per cent decline in 2020 (111,624 ha in 2014)
- 918 MLDTs (389 in 2013) on 261,587 ha for both LDTs and MLDTs (the LDT area in 2014 was 104,501.

10.7 While those figures point to an increased usage of the new tenancies within a smaller let sector, their total area is still not yet 60 per cent of the reduced surviving full 1991 Act sector with the overall let sector at 22 per cent of the farmed area. In England and Wales, the two sectors are roughly equal and with even subdued letting activity holding the formal let sector at around a third of the farmed area.

10.8 **The CAAV survey for 2021 saw 57% of the let holdings that fell vacant reported as re-let (57% 66%, 83%, 84%) but the proportion of that area re-let was lower than the long run trend (if above 2020) at 40% (28%, 81%, 87%, 87%, 35%).** As in 2016 and last year, a noticeable break is seen from the historic pattern for those landowners who were still landlords to be predominantly content with re-letting; neither legislation nor taxation was generally sufficient to dissuade them.

10.9 With little new land entering the let sector – 1,010 acres in 2021 (1,109 acres in 2020) – that attrition will see it continue to shrink.

10.10 **The average size of a new tenancy was 196 (145, 183, 302, 325, 663, 231, 273, 279, 266) acres,** consistent with 2020 but lower than has been the longer trend. 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 an increased 7.24 (6.50, 3.57, 4.56, 3.68, 7.49, 5.47, 5.99, 6.69, 6.66) years** but sharply polarised between the minority of MLDT lettings of between mainly 10 years but up to 25 and 30 years and SLDTs for periods of less than a year up to the 5 year ceiling. The average is one of two very different outcomes.

10.12 The normal pattern of length of tenancy reflecting the previous tenure continued despite the apparent break in 2019, but the variability perhaps confirms that this Survey is reporting on what has become a residual market with little activity. **In 2021, land let previously on longer tenures was generally re-let for longer terms than land that had been previously let on shorter term or other arrangements.**

10.13 **52% (75%, 93%, 81%, 78%, 68%, 65%) of lettings in 2021 were of bare land and 10% (15%, 7%, 19%, 12%, 24%, 22%) included a dwelling – the balance includes buildings but no dwellings. 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 in Scotland.** 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. This has been a natural part of the restructuring for any industry under economic pressure and it will not be readily reversed.

10.14 **No newly let but previously unlet holdings included a dwelling.** Previous surveys had shown that the small fraction and number of newly let units that included a house were distinctively larger than other lettings with an average size of 437 (456, 1,058, 667, 1,535) acres compared with the average bare land letting of 75 (161, 123, 267, 325) acres. There are no examples this year.

10.15 Issues over housing are likely to become more difficult with the cost, work and disruption of meeting increasing Minimum Energy Efficiency Standards, the extension of the requirements of the Repairing Standard to agricultural housing from 28th March 2027 and the further extension of the residential tenancy regime to this housing foreshadowed by the current consultation on residential lettings. 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 2 of the lettings (1, 11, 5, 4) were reported as being to new entrants (one by a public sector body under the FONE programme). **While 10% of the small number of lettings, this was 33% of the even smaller number where the farmer changed** (9%, 65%, 33%, 20%, 0%, 50%, 20%, 18%, 23%). While the best explanation of 2016 appeared to be seen in the context of 2015's incentives for new entrants with the introduction of the Basic Payment Scheme, the low figures for 2020 and 2021 seem at least in part to be a function of the very limited letting activity overall and perhaps also of the caution in current circumstances. The longer term picture given by the CAAV's Surveys for England and Wales shows that new entrants generally take some 20-30% 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. The 2 lettings to new entrants, neither including a house, were both SLDTs for 3 and 5 years, so for an average of 4 years (10, 5.13, 7.62, 7.5, –, 11, 11.25, 10.66, 9.8). The average area let was 151 acres (367, 317, 120, 822, –, 680, 730, 545, 351), unusually lower than the general average.

10.17 While, overall, continuing to confirm the present stasis of a tenanted sector that does not attract significant new land for letting, there are potential indications of its precarious condition in the face of accumulating uncertainty over agricultural and land policies. The patterns of behaviour noted above (including a lower proportion of units re-let so reducing the level of activity and some drift to contract farming) have echoes of what was seen with the prospect of both the Single Payment and Basic Payment Schemes, with caution further limiting and distorting activity.

**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, rather than smaller owners or farmers, still responsible for a significant fraction of lettings in Scotland, these comments were offered by one estate as a long-term landlord in 2019 and stand repetition. With no changes in lettings to report for 2019, 2020 or 2021, it said:

- “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 has been implemented earlier in 2021 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, reflect the size of the holding in question and 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 21 tenancies reported as having been created in 2021.

**Table 11.1: Number of tenancies created**

Year	2021	2020	2019	2018	2017	2016	2015
No. of tenancies created	21	32	45	26	63	25	40
Total area (acres)	4,121	4,645	7,124	8,564	20,517	16,673	9,234
Average size (acres)	196	145	183	302	325	663	231
Average length	7.24	6.50	3.57	4.56	3.68	7.49	5.47

**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 9 months to 30 years. Of the 21 lettings, 8 were MLDTs (this form of tenancy superseding the LDT from 30th November 2017, though with little substantive difference).

**11.3 By Type of Owner** – Table 4.2 again demonstrates the fundamental role of private landowners in letting farmland. 14 of the 21 lettings were by private owners and 7 by a combination of traditional institutions and government bodies.

**Table 11.2: Type of owner**

Year	2021	2020	2019	2018	2017	2016	2015	2014	2013
Private landowner	14	22	22	24	59	24	36	19	50
Traditional institution and government bodies	7	9	22	2	3	1	2	–	–
Financial institution		–	1	–	–	–	2	–	–
Not known		1	–	–	1	–	–	–	7

### 11.4 Where Have the New Tenancies Come From?

11.4.1 Table 4.3 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 Land Let in 2021 – Comparison with 2020 Survey**

	2021			2020		
1991 Act	4	4}	19%	1	3}	9%
1991 Act Ltd Partnership	0	}		0	}	
LDT	2		10%	5		16%
SLDT	10		48%	17		53%
Small Landholders	0			0		
Grazing Arrangement	5		24%	4		12%
Contract Farming				1		3%
Vacant	1		5%	1		3%

11.4.2 As in previous years, some units are reported to have been let when not having been let in any way before – 1 in 2021, 1 in 2020, 5 in 2019, 4 in 2018 and 12 in 2017. At 5% (3%, 11%, 15%, 19%), that appears to revert to figures seen during the advent of the Basic Payment with its disruption (5%, 2.5%, 5%) rather than 2013 and 2012 (20%, 14%).

**Table 11.4: Acreages of New Units Let by Previous Tenure**

	2021	2020	2019	2018	2017	2016	2015	2014
AHA	1,006	512	0	91	8,833	3,462	1,825	1,096
AHA LP	0	0	1,000	2,126	193	1,065	792	0
Total AHA	1,006	512	1,000	2,217	9,026	4,527	2,617	1,096
LDT	243	913	1,046	451	317	6,140	2,437	60
SLDT	1,862	1,960	1,503	4,857	8,413	3,967	1,769	518 <sup>3</sup>
Grazing	697	121	612	261	200	687	1,089	–
Contract Farming	0	0	0	0	0	340	–	–
Vacant	313	988	5,997	778	2,561	–	–	–

11.4.3 11 (24, 42, 21, 46) of the 21 (32, 45, 26, 60) lettings for which fixed equipment was known were bare land. Even though, at 57% of lettings decisions, this is lower than recent years (75%, 93%, 81%, 77%), this again shows the decline in the letting of equipped units. Covering 1,527 acres (2,164, 1,367, 2,576, 12,291), they accounted for 37% (47%, 19%, 33%, 60%) of the let area.

11.4.4 Comparison with England and Wales shows that 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 as well as the large volume of Scottish pasture handled on short grazing arrangements that might in a different regime be let for more than a year. That limited use of the new forms of tenancy 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.

11.4.5 Nonetheless, it appears that the high proportion of bare land lettings is now a confirmed feature of the Scottish agricultural lettings market, as also 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. In practice, the boundary between the two may be obscure on the ground for arrangements of less than a year, largely turning on their terms and the facts of the case – including whether it is the owner or the grazier who is claiming Basic Payment.

## 12. TENANCIES THAT ENDED

12.1 This section looks at those units where a tenancy ended in 2021 and records whether it was re-let (and if so, in what way) or taken in hand, put to another arrangement or sold.

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

*NB Some holdings were split after the tenancy ended*

Number	2021		2020		2019		2018		2017	
	No.	%								
<i>Total</i>	28		40		36		23		49	
Re-let	16	57%	23	57%	24	66%	19	83%	41	84%
Sold	3	11%	1	2%	2	6%	–		–	
Sold to tenant	4	14%	–		1	3%	–		1	2%
In hand	2	7%	3	7%	2	6%	2	9%	4	8%
Contract Farming	2	7%	9	22%	–	–	2	9%	1	2%
Grazing	3	11%	1	2%	3	8%	–		2	4%
Share Farming	–		4	10%	–		–		–	
Forestry	–		–		4	11%	–		–	
D/K			–		–	–	–		–	

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

Area	2021		2020		2019		2018		2017	
	No.	%	No.	%	No.	%	No.	%	No.	%
<i>Total</i>	7,707		12,725		5,713		8,642		23,567	
Re-let	3,111	40%	3,531	28%	4,615	81%	7,525	87%	20,517	87%
Sold	1,136	15%	20	0%	227	4%	–	–	–	–
Sold to tenant	1,147	15%	–		9	–	–	–	317	1%
In hand	816	11%	4,915	39%	126	2%	397	5%	2,436	10%
Contract Farming	606	7%	2,279	18%	–	–	720	8%	253	1%
Grazing	891	8%	279	2%	163	3%	–	–	43	–
Share Farming			1,701	13%						
D/K					573	10%	–	–	–	–

12.2 Those figures suggest a weakening of the general tendency that had been seen in Scotland as elsewhere for previously let units to be re-let. The pattern is perhaps similar to that around the introduction of the Basic Payment. Repeating the picture of 2020, this now seems less the chance of single year's figures and more a mood of caution ahead of future support policy changes in Scotland.

12.3 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.

12.4 A number of agreements, whether short tenancies, grazing or other arrangements, appear to be “holding” operations as where the owner is considering options, reacting to a change in family circumstances, ahead of development or in advance of an intended letting.

12.5 Those points made, an overall review of the picture points to:

- the overall low numbers and level of activity involved
- the larger number of lettings of smaller 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 seen around the introduction of the Basic Payment in 2014 to 2016. CAAV surveys then and for 2003 to 2006 with the Single Payment showed that changes in support have an impact on land tenure arrangements as owners and farmers move to protect themselves or seek advantage.

The dominant theme though is the very limited letting activity.

12.6 However, activity continues in the letting of seasonal grazing arrangements (commonly tenancies under Scottish law) as reported at section 10.2 below. 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 grazing arrangements, or sold. 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.

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

	2021	2020	2019	2018	2017
<b>Fresh Let</b>					
Vacant (inc purchased)	+313	+988	+ 2,952	+ 778	+ 2,560
Ex Contract Farmed	–	–	–	–	–
Ex Grazing	+697	+121	+ 612	+ 261	+ 200
<b>Total Fresh Let</b>	<b>+1,010</b>	<b>+1,109</b>	<b>+ 3,564</b>	<b>+ 1,039</b>	<b>+ 2,760</b>
<b>Less Losses from Previously Let</b>					
<i>Ex AHA/AHA Ltd Partnership</i>					
ex AHA to In-hand	550	4,299	–	397	2,363
ex Small Landholders to In-hand	–	–	110		
ex AHA to Grazing	30	–	39	–	–
ex AHA to Contract Farmed	80	2,508	–	720	253
ex AHA LP to Contract Farmed	–	–	–	–	–
ex AHA LP to Grazing	–	–	–	–	–
ex AHA LP to In Hand	265	379	–	–	73
ex AHA LP to Other	–	–	–	–	–
ex AHA to Other	–	–	–	–	–
ex AHA Sold on End of Tenancy	636	–	150	–	–
ex AHA Sold to Sitting Tenant	786	–	9	–	317
ex AHA to Compulsory Purchase	–	–	–	–	–
<b>Total AHA/LP Losses</b>	<b>2,347</b>	<b>7,341</b>	<b>308</b>	<b>1,117</b>	<b>3,006</b>
<i>ex LDT/SLDT</i>					
ex LDT/SLDT to In Hand	–	237	16	–	–
ex LDT to Grazing Arrangement	335	–	–	–	28
Ex LDT/SLDT to Share Farming	–	1,702			
ex SLDT to Contract Farmed	526	449	–	–	–
ex SLDT to Grazing Arrangement	722	–	124	–	15
ex LDT/SLDT to Other (forestry)	–	–	573	–	–
Sold on End of Tenancy	500	20	77	–	–
Sold to Sitting Tenant	360	–	–	–	–
<b>Total LDT/SLDT Losses</b>	<b>2,443</b>	<b>2,408</b>	<b>790</b>	<b>0</b>	<b>43</b>
<b>Total Losses from Previously Let</b>	<b>4,790</b>	<b>9,749</b>	<b>-1,098</b>	<b>-1,117</b>	<b>-3,049</b>
<b>Net Loss to the Tenanted Sector</b>	<b>-3,780</b>	<b>-8,640</b>	<b>+2,466</b>	<b>-78</b>	<b>-289</b>

13.3 The final figure showing a net loss of 3,780 acres is consistent with the outcomes of the previous four surveys with their apparent pattern of a rough balance between land leaving and entering the let sector, but on the edge of attrition. More than half the larger net loss in 2020 was accounted for the one tenancy being taken in hand. This does not at present look like the substantial losses seen in the first few surveys from 2012 to 2016. It is consistent with the data issued by the Scottish Government drawn from annual censuses on the overall size of the let sector showing its decline having reached a more stable point at a reduced level with an increased use of the new forms of tenancy.

13.4 Again, the real theme is of the very low volumes of land involved – indeed, a very low level of activity overall. The picture continues of a tenanted sector attracting very little new land and so vulnerable to the chance of whenever the inevitable losses of land to other uses or more direct control by a cautious owner arise. The survey of termination negotiations reported in the Appendix indicates some appetite for tenants to leave if suitable terms are offered. It is not a picture of a healthy sector.

13.5 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.

13.6 A new feature of the 2021 Survey is the increased number of land sales, both on a tenancy ending and to a sitting tenant – that latter trend being consistent with the current negotiations over termination reviewed in the Appendix to this report. That is a change from the preceding Surveys which, with the exception of 2016, have shown very few sales of previously let land in Scotland. Owners have preferred to retain land rather than capitalise on the access to value offered by the end of a tenancy or a deal with a sitting tenant. Whether 2021 indicates that that has changed is for future Surveys. The sitting tenant purchases of all or part of holdings could be consistent with a greater appetite by tenants either to be bought out or, as here, buy the landlord out of at least part of the holding, some with semi-retirement in mind. One Survey response noted that some tenants appeared to be canvassing succession to open a discussion about being bought out.

13.7 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. Even maintaining the present size of the let sector requires the letting of new land that had not been let. Reversing the decline of the let sector demands a much stronger pattern of fresh lettings. That is a matter of choice for landowners. It is not simply a matter for the large estates or public bodies but also for smaller owner occupiers. 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 2 successions were reported in 2021, following 4 last year which followed two years with no reported activity. Both units had a house. Both followed the tenant's death.

**Table 14.1: Succession tenancies**

	2021	2020	2019	2018	2017	2016	2015	2014
Number of successions	2	4	0	0	1	0	9	11
Total area	476	867	–	–	81	–	2,792	1,525
Average unit size	238	217	–	–	81	–	310	139

## 15. ANALYSIS OF NEWLY LET UNITS

### 15.1 General

This section more closely analyses the units let in 2021, 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 196 (145, 183, 302, 325, 663, 231, 273, 279, 266) acres, markedly larger than the 2020 average figure for England and Wales of below 70 acres (which reflects the larger number of small areas of bare land let there). Scotland's 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 57% (75%, 93%, 81%, 77%) of lettings decisions and 37% (34%, 79%, 33%, 60%) of the let area, averaging 139 (75) acres
- there were 8 lettings of land with buildings on 47% (19%) of the let area but not a house (3 last year, 1 in 2019, none in 2018 but in 2017 these were 12% of lettings and 17% of the let area)
- the 2 (5) units with dwellings accounted for 10% (15%, 7%) of lettings and 16% (47%, 19%) of the let area, averaging 330 (437) acres.

15.2.3 Table 8.1 below indicates the different 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. Wider pressures on housing are only likely to compound this structural change.

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

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

### 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, notably MLDTs, 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 as short as 9 months to a maximum of 30 (40, 15, 13, 35, 35, 25, 25, 38) years. In 2021, the longer lettings were rearrangements of 1991 Act tenancies suiting both parties rather than fresh lettings.

**15.3.4 Use of the Reduced Length for Longer Lettings (MLDTs, previously LDTs)** – Consistent with the June Census data noted in the Appendix, this Survey found more use of MLDTs. Of the 8 (12, 4, 7) MLDTs reported, 6 (11, 2, 4, 8, 6, 8, 3, 7, 8) units were let for the minimum term of 10 years and only 2 (1, 2, 3, 1, 3, 3, 3) for a longer term (25 and 30 years) – in 2019 none were let for a term of more than 15 years. The discussion below of new entrants does not suggest that the MLDTs are being used for their new entrant break clause option.

15.3.5 That continues to show that the 2011 amendment to allow LDTs for a term of 10 years (previously 15 years) is still 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. However, the last decade has seen more use of LDTs and now MLDTs. The June Census data shows them to have increased from 259 in 2010 and 289 in 2011 to 710 in 2017 and now a combined total of LDTs and MLDTs of 918 in 2021.

15.3.6 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.

15.3.7 2 (8) of the MLDTs were of bare land (242 (744) acres), 4 (1) had buildings (826 (512) acres) and 2 (3) had houses (none in 2019 but 4 in each of 2017 and 2018) on 660 (724) acres. While there had been no fully equipped units let in 2019, they 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 had not been shown in 2019.

**15.3.8 Re-Letting of SLDTs** – Of the 14 (20, 27, 14) SLDTs that ended, 4 (3, 8) were not re-let (none were not re-let in 2018). The decision made in the remaining 10 (17) cases saw:

- 3 (3) re-let as an MLDT for 10 years – each expressed as giving the tenant greater security after the SLDT, one having been a new entrant on taking the SLDT
- 2 (4) re-let for 5 years
- 1 (1) re-let for 3 years
- 0 (4) re-let for 2 years
- 0 (4) re-let for a year
- 0 (1) reported as re-let on a year to year basis
- 4 (0) re-let for less than a year (9 months each).

**15.3.9 Overall Average Term** – As shown in Table 8.2 below, the pattern may have returned to that for 2016 and earlier. The average length of a new letting has risen to 7.24 years. On excluding lettings for less than a year (grazing/mowing tenancies and seasonal or interim SLDTs), with all the difficulties of knowing which arrangements should be counted and which not, the figure then becomes 8.8 years

15.3.10 Table 8.2 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 by 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***NB The English figures for 2021 are not yet available**No Scottish lettings were reported in 2021 as being from year to year.*

	2021	2020	2019	2018	2017	2016	2015
<i>Scotland</i>							
All lettings	7.24	6.5	3.57	4.56	3.68	7.49	5.47
Excl yr-to-yr	–	6.8	4.20	4.90	6.66		
<i>England and Wales</i>							
All lettings	n/a	3.42	3.21	2.90	3.97	4.48	3.83
E + W > 1 year	n/a	4.83	4.75	4.14	4.98		

15.3.11 That difference is now explored in more detail.

**15.3.12 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.

**15.3.13 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) was again shown in 2021 (though it had not been apparent in 2019).

**Table 15.3: Previous Tenure and New Type of Tenancy**

	≤5 years (SLDT)						10 years + (MLDT)					
	2021	2020	2019	2018	2017	2016	2021	2020	2019	2018	2017	2016
AHA	1	–	–	1	–	–	3	1	–	–	4	4
AHA LP	–	–	1	2	1	4	–	–	–	1	–	–
LDT	–	–	1	1	–	–	2	5	3	–	2	2
SLDT	7	14	18	11	31	6	3	3	1	3	2	1
<b>Total</b>	<b>8</b>	<b>14</b>	<b>20</b>	<b>15</b>	<b>32</b>	<b>10</b>	<b>8</b>	<b>9</b>	<b>4</b>	<b>4</b>	<b>8</b>	<b>7</b>
VP	1	1	5	3	11	–	–	–	–	1	1	–
GA	5	1	16	2	10	3	–	2	–	1	–	–
CF	–	–	–	–	–	1	–	–	–	–	–	–
<b>Total</b>	<b>6</b>	<b>3</b>	<b>21</b>	<b>5</b>	<b>21</b>	<b>4</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2</b>	<b>1</b>	<b>–</b>

**Table 15.4: Length of Tenancy by Previous Tenure**

	2021	2020	2019	2018	2017	2016
Ex 1991 Act	27.5	40.00 <sup>1</sup>	–	5.00 <sup>1</sup>	15.00	18.75
Ex 1991 Act Ltd Partnership	–	–	5.00 <sup>1</sup>	5.67	5.00 <sup>1</sup>	4.50
Ex LDT	10.00	10.00	10.50	10.00 <sup>1</sup>	10.00 <sup>1</sup>	10.00
Ex SLDT	4.60	4.25	3.31	3.35	2.53	4.79
Ex Grazing Arrangement	3.00	6.25	3.00	6.67	3.55	3.67
Ex Contract Farming	–	–	–	–	–	5.00 <sup>1</sup>
Ex Vacant Possession	2.00	5.00	3.60	5.50	2.67	–

<sup>1</sup> – only one unit

**15.3.14 Term by Level of Fixed Equipment** – The average term by the extent of fixed equipment on a holding showed the normal pattern whereby the length of term increases with the level of fixed equipment as shown by previous Surveys and again consistent with that from England and Wales. 2019's figures were an aberration.

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

	2021	2020	2019	2018	2017	2016	E/W 2020
Bare land	3.57	5.40	4.31	3.32	2.42	6.16	2.86
Land with buildings	9.75	16.00	5.00	–	6.29	7.50	5.22
House and land	17.50	7.40	3.00	9.80	10.52	11.25	9.84

## 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. Scotland has attempted it statutorily for the break clause provisions of MLDTs but that endeavour with its formal complexity does not assist this Survey. 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 18 (22, 43, 20) cases where the question was answered, 2 (1, 11, 5) lettings were to someone perceived as a new entrant. Looking more appropriately at where the tenant changed, of the 6 (9, 17, 12) cases where the new tenant had not previously farmed the land, 2 (1, 11, 4) were let to a new entrant: 33% (9%, 65%, 33%).

16.4 This avenue of entry is evidently limited by the number of opportunities to win tenancies. Experience shows that more opportunities overall yield more new entrants taking lettings, even with the caution that an owner might have about letting a farm to someone seen as a new entrant. Past Scottish surveys have found that, 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 is positive, it has, in reality and as here, only been out of a very small number of actual cases. In 2021, it was a reduced proportion out of a reduced number of opportunities. One was a letting under the Scottish Government’s Farming Opportunities for New Entrants (FONE) programme (2019 had seen 9 such lettings) and just one (0, 2, 4) came from the private sector that is the necessary long term source of potential lettings for the let sector to grow.

16.5 While this survey sees more use of MLDTs (as also shown by the Scottish Government’s June census data), this is not evidence of them being used for the 5 year break clause available where the letting is to a new entrant as both the lettings here were SLDTs. One expiring SLDT initially let to a new entrant was re-let in 2021 as an MLDT.

16.6 2016 saw no lettings to new entrants reported but this appeared to be a “time-shifting” effect. Many new entrants appeared to have been brought forward into 2015 with the access to free entitlements and the Young Farmer top-up possible for the new Basic Payment Scheme – and without the then siphon on without-land transfers of entitlements. Despite the recovery of the usual pattern since then, the picture for 2021, like 2020, is of few lettings overall and consequently almost none for new entrants – of an inert sector.

16.7 More generally, those figures also touch on the question of what would be desirable levels of entry to the let sector. If, over time, 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.

**16.8 Length of Term for New Entrants** – With just 2 SLDTs, the average length of letting to a new entrant was 4 (10) years. Over the years the average length of letting to a new entrant has been longer than the overall average. The 2019 average had been 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**

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Average term	4.00	10.00	5.13	7.62	7.50	–	11.00	12.50	10.66
Average size of holding	151	367	317	120	790	–	680	730	545
% of average area	77%	229%	173%	40%	243%	–	294%	267%	195%

NB 2020 had just one letting.

**16.9 Average Size** – 2021 (as in 2018) saw a change from the usual position whereby new entrants have tended to take larger than average holdings. The average area at 151 acres was some three quarters of the average letting in 2021.

## 17. OTHER AGREEMENTS

### 17.1 Contract Farming

17.1.1 Returns to the Survey reported 2 new agreements covering 606 acres: an average area of 303 acres.

17.1.2 Both were reported as replacing 1991 Act lettings.

**Table 17.1: Contract farming agreements**

	2021	2020	2019	2018	2017	2016	2015	2014	2013
No. of agreements	2	14	11	6	3	13	10	8	11
Total area	606	3,397	1,938	5,961	1,953	32,141	12,510	17,051	5,554
Average area	303	243	176	993	651	2,493	1,251	2,131	505
Average length	3	1.9	2.2	3.6	2	3.36	3.46	6	2.36
Previously:									
Contract farming	–	4	8	3	0	5	3	5	5
In-hand	–	1	2	1	2	3	4	–	3
Tenancy	2	8	1	2	1	4	–	–	–
Grazing arrangement	–	1	0	0	0	1	–	–	–

17.1.3 Both were to the person who had previously been the tenant of the land in a rearrangement of their agreements. Thus, neither were to a farmer perceived to be a new entrant.

17.1.4 Both were for initial 3 year terms.

### 17.2 Grazing Agreements

17.2.1 This sector will overlap with the significant number of seasonal grazing lets reported as tenancies, with potentially little distinction in how tenancies for less than a year are reported.

17.2.2 Table 10.2 shows that 52 new grazing arrangements were reported on 5,200 acres – an average unit of 100 acres. While, with recent figures, these are higher than on some earlier 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**

	2021	2020	2019	2018	2017	2016	2015	2014	2013
No. of agreements	52	64	89	90	65	114	32	8	40
Total area	5,200	16,763	15,851	23,150	9,217	8,004	9,031	310	1,607
Average area	100	262	178	251	142	70	282	39	40
With same farmer	50	62	83	86	62	100	25	6	34

17.2.3 50 (62) were with the same farmer as before – unsurprising in the context of seasonal grazing land being made available for many years to neighbours.

17.2.4 The great majority of these replaced previous grazing arrangements (48 (61) lets, or 92%) as shown in Table 10.3. Two replaced SLDTs, one a 1991 Act tenancy and 1 an LDT. None replaced a contract farming agreement and none were previously in-hand.

**Table 17.3: Grazing arrangements – previous tenure**

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Previously:									
Grazing arrangement	48	61	83	88	60	105	28	6	33
Contract farming agreement	–	1	–	1	–	–	–	–	–
In-hand	–	–	–	–	2	3	4	–	–
1991 Act tenancy	1	–	–	–	1	4	3	–	5
SDLTs	2	2	2	–	–	6	–	–	1
LDTs	1	–	–	–	–	–	1	–	–
Purchased land	–	–	2	–	3	–	–	–	–
Vacant	–	–	–	–	–	–	–	1	–
Unknown	–	–	–	–	–	–	–	1	1

### 17.3 Share Farming and Other Agreements

No returns to the Survey reported any new share farming or other agreements. The 2020 Survey, had as a new development, reported 4 cases on 1,702 acres where share farming of some form had been put in place, all for dairy operations and all replacing tenancies.

## APPENDIX

### SURVEY OF VOLUNTARY DISCUSSIONS OF TENANCY TERMINATION IN SCOTLAND

This Survey was prompted by references to informal discussions between landlords and tenants over negotiated termination of tenancies alongside the formal Relinquishment and Assignment provisions of the Land Reform Act 2016 implemented from 28th February 2021. The outcome is an illustrative picture of the discussions that are underway rather than a comprehensive account.

With the survey work, using Survey Monkey, undertaken in January 2022, 15 CAAV and SAAVA members made substantive returns by the end of the month of whom 11 (73%) respondents had been involved in discussions with clients over a negotiated tenancy termination. The other 4 (27%) indicated that they had not had any such discussions since 1st March 2021. Accepting that members involved in discussions were, having something to say, more likely to reply than members who were not, this nonetheless indicates a level of general discussion to be noted. Members not involved in landlord/tenant work would not have cases on which to report.

Those 15 responses recorded 77 discussions of which 29 (38%) had been initiated by the Landlord and 48 (62%) initiated by the tenant – roughly a two to one ratio showing a level of tenant motivation in such discussions while a discussion might not be opened by the landlord if the tenant was thought unlikely to be interested.

When the responses were made this January, agreement had been reached in 14 (18%) of these cases. A further 52 (68%) were thought likely to reach agreement at some point.

10 of the 11 respondents answered whether the statutory route had been considered or not, with 5 answering 'yes' and the other 5 'no'.

This picture is now considered in more detail, using the questions put in the survey.

#### **What are the Main Reasons for Tenants to Considering Ending the Tenancy?**

The majority of responses indicated that retirement was the main reason. Some also stated that there was no successor to take on the farming business. The financial incentive to retire featured in two answers. One respondent stated change of lifestyle as the reason.

#### **Where a Tenancy is being Brought to an End, What is Expected to Happen to the holding?**

The principal prospective use for most holdings after the tenancy ended were:

- taking the farming back in hand (either to be directly farmed by the landlord by using contractors
- being re-let though a comment was made to the financial commitment involved in negotiating an agreed end to a tenancy in order to re-let.

The evidence of the survey is that where a termination has been agreed, land is neither being sold nor put to forestry in any volume.

Main Use for Holding	Number of Responses
Farmed in hand	10
Farmed with contractors	2
Re-let	7
Forestry	1
Sold	1
Assignment	1

With holdings being divided between future uses, 5 saw some land moving to forestry alongside the main use and in one case some of the land was re-let.

#### **What were the Main Stumbling Blocks or Issues in the Negotiations?**

Some tenants were perceived to have over-optimistic expectations of the payment that could realistically be made. Managing expectations featured in the majority of responses.

Other barriers included:

- the landlord’s lack of available capital for a payment to be made
- the tenant’s desire to keep on farming, albeit with activity reducing over time.

**Has the new Legislation Enabled More Tenants to Consider Negotiating an End to their Tenancy?**

Strikingly the majority of responses were neutral on this (9 out of 13) while:

- one respondent indicated that the new legislation did enable more tenants to consider a negotiated end to their tenancy
- conversely, another respondent indicated the opposite opinion.

Overall, that may suggest that other economic and social factors are more important. It might be that the legislation itself is also a function of those underlying pressures.

**What have been the Benefits for either Landlord or Tenant from a Negotiated Agreement for Termination (as opposed to the statutory Relinquishment regime).**

Flexibility over timescales and process featured in the majority of responses, as well as lower costs. Other responses saw benefit in maintaining good relationships between the parties, leaving the statutory route in reserve should negotiations fail.

A feature of the statutory procedure is the tenant’s loss of control over timing should the landlord move to buy the relinquishment, bearing on everything from housing to the farm sale and end of tenancy claims.

**Are any Deals likely to see Settlements including elements other than Payment?**

The potential to transfer the farmhouse and sometimes other land and assets to the tenant (in lieu of a monetary settlement) featured in the majority of responses.

## 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
<b>Wholly Tenanted</b>	14,000	13%	15%
<b>Mixed Tenure</b>	36,000	34%	50%
<b>Owner Occupied</b>	54,000	51%	35%

The June Census reports these areas of owned and rented land on commercial agricultural holdings in thousands of hectares (with 2020 figures slightly revised in 2021). It is the first time that the area of FBTs is officially reported as greater than the falling area under AHA tenancies. It seems likely that a large proportion of the 469,000 hectares recorded as being under "Other agreements" are in fact under FBTs. Generally, those who have 1986 Act tenancies are aware of that.

	2016	2017	2018	2019	2020	2021	% of Area ex commons
<b>Land Owned</b>	6,056	6,107	6,101	6,179	6,188	6,133	64%
<b>Land Rented in for 1 Year or More</b>							
<b>AHA</b>	1,407	1,396	1,354	1,305	1,293	1,224	13%
<b>FBT</b>	1,193	1,208	1,263	1,267	1,204	1,242	13%
<b>Other</b>	420	436	440	441	437	469	5%
<b>Seasonally rented in land</b>	518	527	544	542	522	523	5%

While 2020 recorded a fall in the area under FBTs, that was partially reversed by the increase in 2021. Allowing for the probable tolerances to be applied to these figures drawn from the June census, the real picture is that growth in the FBT sector has halted.

This pattern of broad stasis for FBTs and slow decline of 1986 Act tenancies is consistent with CAAV Surveys.

## 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.

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

<b>Area (ha)</b>	<b>Owned</b>	<b>AHA</b>	<b>FBT</b>	<b>Unwritten</b>	<b>Total Area</b>
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
<b>Total</b>	<b>1,000,482</b>	<b>112,150</b>	<b>158,399</b>	<b>95,375</b>	<b>1,366,406</b>
<b>%</b>	<b>73%</b>	<b>8%</b>	<b>12%</b>	<b>7%</b>	

## 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 some 373 holdings (5%) had more than one type of tenancy. That figure would be lower if some had more than two types.

The 2020 table included figures for numbers and areas revised for 2018, generally upwards.

	2008		2015	2016	2017	2018	Change 2015-2018	
<b>Holdings (No)</b>							<b>No</b>	<b>%</b>
1991 Act	7,399		5,422	5,234	4,829	4,601	-821	-15%
– Conventional	6,441		4,904	4,731	4,370	4,198	-706	-14%
– Ltd Partnership	958		518	503	459	427	-91	-18%
SLDT	509		945	1,070	1,192	1,187	+242	+26%
LDT	205		557	647	710	769	+212	+38%
MLDT						29		
Small Landholder	98		74	74	76	68		
<b>Total</b>	<b>8,047</b>		<b>6,609</b>	<b>6,587</b>	<b>6,428</b>	<b>6,281</b>	<b>-328</b>	<b>-5%</b>
<b>Area (ha)</b>								
1991 Act			953,598	895,586	844,559	770,003	-183,586	-19%
– Conventional			796,701	750,125	735,710	644,781	-151,920	-19%
– Ltd Partnership			156,897	145,461	108,849	125,222	-31,675	-20%
SLDT			110,097	160,343	177,559	178,469	+68,372	+62%
LDT			97,923	111,949	157,437	181,045	+83,122	+85%
MLDT						2,875		
Small Landholder			3,126	2,889	2,212	2,158	-968	-31%
<b>Total</b>			<b>1,164,744</b>	<b>1,170,766</b>	<b>1,181,768</b>	<b>1,134,550</b>	<b>-30,194</b>	<b>-3%</b>
<b>Rented Area as % of total area in sole occupation (Both ex-crofts)</b>								
	26%		21%	21%	21%	20%		
<b>Rented Crofts</b>								
Number	11,226		10,167	10,002	9,786	9,879	-288	-3%
Area (ha)			154,981	148,779	153,089	147,479	-7,502	-5%

This table is consistent with the picture of the let sector reducing more sharply in the first half of the decade than in the second half. While overall decline then continued more slowly, the increased use of LDTs joined SLDTs to the point where, with the lower size of the let sector now reached, they nearly offset the continuing and almost inevitable loss of 1991 Act tenancies.

Those data are then supplemented by the tables supporting the 2020 report here presented for 2018 to 2020 with comparison over that period and, for the numbers of holdings, with 2008.

While the data for any one year may have its own distortions, that presentation can be read to suggest how:

- further evidence for the stabilisation of the size of the let sector
- the continued decline of 1991 Act tenancies
- reduced growth or even stabilisation in the use of SLDTs
- the natural erosion of the number of LDTs now that no new ones can be let
- that being more than balanced by new MLDT lettings, whether or not they would have been let by LDTs anyway
- those MLDT lettings now balancing the loss of 1991 Act tenancies.

While recent official attention has been given to the Small Landholders, these tables point to it being a small and declining sector.

	2018	2019	2020	2021	Change 2018-2021		Change 2008-2020	
Holdings (No)					No	%	No	%
1991 Act	4,625	4,403	4,300	4,189	-436	- 9%	-3,210	-43%
– Conventional	4,198	4,002	3,927	3,821	-377	- 9%	-2,620	-41%
– Ltd Partnership	427	401	373	368	-59	-14%	-590	-62%
SLDT	1,187	1,258	1,251	1,258	+71	+6%	+749	+147%
LDT	769	749	743	743	-26	-3%	+538	
MLDT	29	98	132	175	+146	+403%	+132	
LDT + MLDT	798	847	875	918	+121	+15%	+713	+247%
Small Landholder	68	66	64	59	-9	-13%	-39	-39%
<b>Total</b>	<b>6,281</b>	<b>6,210</b>	<b>6,134</b>	<b>6,057</b>	<b>-224</b>	<b>-4%</b>	<b>-1,990</b>	<b>-25%</b>
<b>Area (ha)</b>								
1991 Act	770,003	738,774	719,055	704,636	-50,948	-7%		
– Conventional	644,781	618,998	619,451	606,748	-25,330	-4%		
– Ltd Partnership	125,222	119,776	99,604	97,888	-25,618	-20%		
SLDT	178,469	191,195	163,296	152,496	-15,173	-8%		
LDT	181,045	180,626	178,869	173,080	-2,476	-1%		
MLDT	2,875	23,143	70,150	88,507	+67,275	+2340%		
LDT + MLDT	183,920	203,769	249,019	261,587	+65,099	+35%		
Small Landholder	2,158	2,503	2,337	2,168	+179	+8%		
<b>Total</b>	<b>1,134,550</b>	<b>1,136,241</b>	<b>1,133,708</b>	<b>1,120,886</b>	<b>-842</b>	<b>0%</b>		
<b>Rented Area as % of total area in sole occupation (Both ex-crofts)</b>								
	20%	20%	20%	20%				
<b>Rented Crofts</b>								
Number	9,879	9,847	9,794	9,343	-536	-5%	-1,883	-17%
Area (ha)	147,479	147,671	152,096	145,561	-1,919	-1%		

## 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%
<b>Total Let Area</b>	<b>38.8%</b>	<b>41.6%</b>	<b>41.2%</b>	<b>34.1%</b>	<b>34.2%</b>	<b>33.4%</b>
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%
<b>Total Other Land</b>	<b>32.9%</b>	<b>30.7%</b>	<b>30.8%</b>	<b>37.3%</b>	<b>38.9%</b>	<b>41.4%</b>
<b>Total Farmed Area % of Area</b>	<b>71.7%</b>	<b>72.3%</b>	<b>72.0%</b>	<b>71.4%</b>	<b>73.1%</b>	<b>74.8%</b>

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