

INTRODUCTION TO THE CAAV AGRICULTURAL LAND OCCUPATION SURVEYS 2020

The Central Association of Agricultural Valuers (CAAV) has reported on changes in 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 accompanied by the latest statistics from England, Wales and Scotland.

The issues here are particularly salient with the opportunities offered by the current policy discussions to tackle British farming's productivity challenge. As the Irish Government has argued, access to land is a key constraint on raising productivity. 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. The removal of Basic Payment now underway in England may play a part in that.

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 conduct a survey there.

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

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

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THE CAAV'S AGRICULTURAL LAND OCCUPATION SURVEYS FOR 2020:

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 the 1995 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 to 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 confident use 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 2020 Surveys largely show existing trends to have generally continued. While the average length of tenancies in England and Wales is again shorter than the historic average, a modest recovery from the low figure of 2018 saw the average term for tenancies let for more than a year in England and Wales move towards 5 years. The most obvious explanation for such shorter terms is a combination of caution and uncertainty among owners (and also prospective tenants) in 2020 ahead of what may come with both Brexit and post-Brexit policies.

These are only overall averages across the wide range of lettings of predominantly bare ancillary land and so conceal much detail. What might ordinarily be seen as let "farms", with a house and buildings, are typically let for average periods of 8 to 12 years, 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 2020, lettings in England and Wales of less than 25 acres were for an average of 2.59 years but those over 200 acres for 7.87 years.

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 opportunities there are for both new entrants and progressing farmers to take; it is 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 post-Brexit processes unfold point to the value to farming of using the flexibility and assurance that flexible tenancies such as FBTs offer, opening up change and opportunities for proficient farmers, existing and new, to secure the use of land.

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."

With the opportunities offered by the active discussion of post-Brexit policy, especially on productivity questions, the CAAV has been doing much work in this area. The April 2019 consultations by DEFRA and the Welsh Government on tenancy law largely reviewed the legislation for the existing let sector in both countries. Some of those proposals have since been introduced under the Agriculture Act 2020 but that was after the end of the Survey period. 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 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.

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.

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 let sector declining but now stabilised at around 20 per cent of available farmland. Land continues to leave the 1991 Act sector but that outflow has recently been balanced by re-lettings of limited duration tenancies, 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 balance 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.

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. The Savills survey of Scottish estates reported in the Appendix records that since 2016 the area of in hand, contract farmed and seasonally grazed land on those estates has exceeded the area of let land on those estates. Land is being brought under more direct personal control.

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.

Northern Ireland

Ireland has followed a separate path, its tenancy system having been dismantled entirely over a century ago. Creating a landscape of owner-occupiers, succeeding each other over the generations and with very low turnover by sale, has inevitably seen the rise of purely seasonal arrangements for grazing with an informal adaptation 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, *Delivering Our Future, Valuing Our Soils: A Sustainable Agricultural Land Management Strategy for Northern Ireland*, 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.

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 and the first analyses of its financial benefit are coming through.

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.

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

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1. INTRODUCTION

1.1 This is the forty-fourth 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 2019 to 31st October 2020. 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 84,975 acres, including 46,256 acres subject to new FBTs; 15,442 acres subject to new contract farming arrangements; 15,151 acres on new grazing agreements and 3,105 acres on which succession to 1986 Act tenancies took place.

1.3 The 2020 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 2020. With even withdrawal not settled until the end of 2019, uncertainty over Brexit continued through the year, particularly over trading arrangements with the EU. The Covid-19 pandemic hit much of the world, causing 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 by people anyway preserving positions ahead of the unknown details of post-Brexit policies. The Agriculture Act 2020, including its tenancy provisions, did not achieve Royal Assent until after the survey period.

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

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

2. KEY INDICATORS

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

The Survey records details of 1,148 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).

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

Fresh lets were marginally outweighed by losses from sales and let land being taken back in-hand this year, resulting in a small net loss of 1,733 acres in the area of let land. This compares with an average annual gain of 35,000 acres between 1996 and 2003 and annual losses before 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 under the Single Payment Scheme had been allocated.

2.3 2,816 acres of FBT lettings were on land not previously let

2,816 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 Almost 68% of the 1986 Act tenancies which ended with no successor were re-let as FBTs

Almost 68% of land previously let on full AHA tenancies was re-let on FBTs, which is consistent with the range seen in recent years. The proportion sold (11.3%) was also consistent with past data. The average length of the new lettings of previously AHA units was 8.4 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 3.4 years; for those over 1 year it was 4.8 years

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 4.83 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. While larger than the very low figures seen in 2018, these remain low compared to those seen in earlier years, perhaps reflecting caution and uncertainty ahead of Brexit and post-Brexit policies. As was seen with the introduction of the Single and then the Basic Payment Schemes, where support payments are linked to land prospective changes have an effect on letting decisions.

2.7 Sales to sitting tenants remain at very low levels

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

2.8 New entrants are offered longer terms

Tenants perceived as new entrants by those reporting obtained 6.6% of all lettings and 21% where the change in tenancy saw a new occupier. New entrants tend to be offered longer tenancies with 39% of all lettings to new entrants being for a term of more than five years.

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

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

2.10 Contract farming arrangements

The total area reported as farmed under new contract arrangements amounted to approximately one third 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 224 acres. Contract farming continues to be predominantly in the arable areas of the country.

2.11 Grazing arrangements

The area of land reported as let on a variety of types of agreement referred to as "grazing arrangements" amounted to less than one third of the total area let on FBTs. The great majority (98%) of grazing arrangements were for one year or less.

2.12 Comment

Overall, the 2020 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 to both the possible economic changes following Brexit and perhaps more the potential changes in policies, notably the proposed phasing out of Basic Payment in the 2020s. That phasing out was outlined in DEFRA's *Health and Harmony* consultation of February 2018 and the Welsh Government's *Brexit and our Land* paper of October 2018. In England, the proposals for de-linking 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 in policies, as was seen in 2003 to 2006 and again in 2015.

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 2019 to 31st October 2020) covers a total of 1,148 agreements on 84,975 recorded acres with changes involving decisions about letting in England and Wales, including (last year's figures in brackets):

- 668 (607) new FBTs covering 46,256 (39,796) acres
- 20 (5) full AHA 1986 Act tenancies on 1,809 (582) acres which ended or were sold and were not re-let of which 1 (1) unit on an AHA tenancy amounting to 57 (24) acres was sold to a sitting tenant
- 42 (34) FBTs which ended on 2,684 (1,284) acres and were not re-let of which 2 (3) FBTs on 29 (370) acres were sold to the sitting tenants
- 11 (8) successions under the 1986 Act covering 3,105 (1,892) acres
- 69 (59) new contract farming agreements covering 15,442 (10,642) acres
- 335 (411) new grazing arrangements covering 15,151 (17,824) acres
- 3 (3) share farming agreements were recorded, covering 528 (522) acres.

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

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

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

3.5 The analysis falls into four parts:

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

4. SOURCE OF THE NEW LETTINGS

4.1 Previous Tenure of land

Table 4.1: Previous tenure of land newly let under FBTs

Previous tenure	2016		2017		2018		2019		2020	
	No.	%	No.	%	No.	%	No.	%	No.	%
Full AHA tenancy	72	13.5%	69	11.9%	35	6.6%	38	6.3%	42	6.3%
Grazing licence etc	23	4.3%	10	1.7%	16	3.0%	25	4.1%	12	1.8%
Let on FBT	372	69.7%	423	72.9%	431	80.7%	484	79.9%	555	83.5%
Vacant	48	9.0%	68	11.7%	46	8.6%	53	8.8%	40	6.0%
Contract farmed	19	3.6%	11	1.9%	5	0.9%	5	0.8%	15	2.3%

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, as shown in Table 4.2.

Table 4.2: Fresh lettings of previously vacant units

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Units	71	75	76	81	88	48	68	46	53	40
% of new FBTs	8.2%	6.7%	7.5%	11.7%	12.2%	9.0%	11.7%	8.6%	8.8%	6.0%
Area	5,848	10,387	7,514	6,277	7,999	5,067	5,450	4,650	5,403	2,816
Av size	82	139	99	77	91	105	80	101	102	70

4.1.3 In 2020 only one unit was identified as being purchased and then let on an FBT, following a pattern that now appears to run from 2014.

Table 4.3: Lettings of purchased units

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Units	33	9	13	14	0	1	0	0	0	1	1
Area	3,227	1,073	1,303	1,626	0	26	0	0	0	8	70

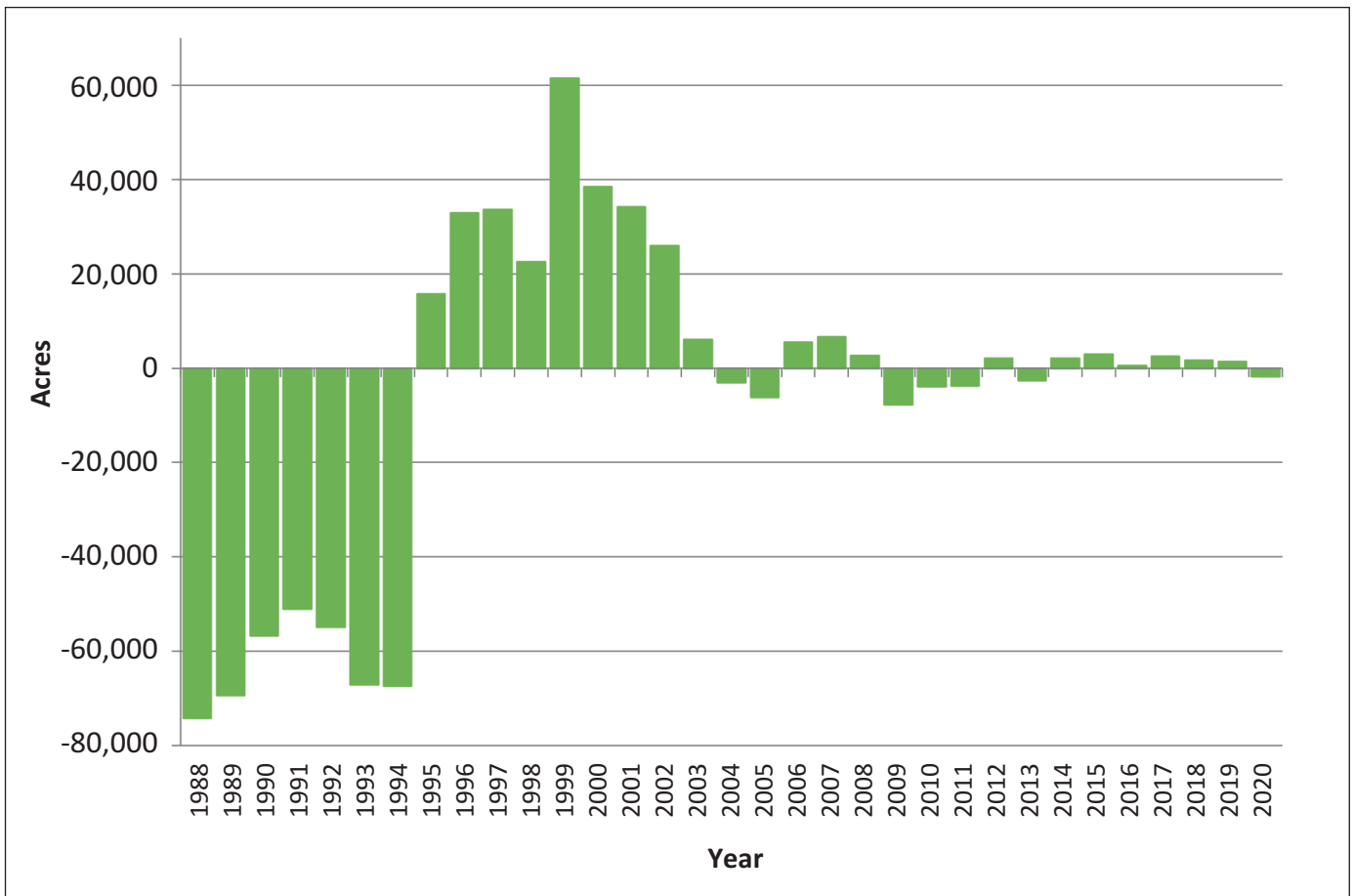
4.1.4 2020 showed that the near standstill in the area of the let sector continues, with a modest loss of 1,734 acres. The overall trend remains that of a stand-still in the market since 2003, as shown in Figure 4.1.

- 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)

	2012	2013	2014	2015	2016	2017	2018	2019	2020
Fresh let	10,387	7,514	6,277	7,999	5,067	5,450	4,651	5,403	2,816
Less ex-AHA									
– In hand	1,029	2,232	504	1,040	1,068	250	268	240	1,090
– Contract farming	–	231	595	–	879	735	–	–	226
– Grazing licence	136	599	10	376	52	125	30	55	66
– Sold	1,235	1,558	899	557	73	152	658	318	362
– AHA sold ST	841	554	135	150	4	104	–	24	57
– AHA re-grant	–	538	–	–	–	–	–	–	21
– Unallocated loss	–	84	–	–	–	1	–	–	9
<i>Sub-total</i>	<i>3,242</i>	<i>5,796</i>	<i>2,143</i>	<i>2,123</i>	<i>2,076</i>	<i>1,367</i>	<i>956</i>	<i>636</i>	<i>1,831</i>
Less ex-FBT									
– In hand	1,582	431	261	153	92	232	886	454	661
– Contract farming	1,576	1,663	868	1,598	1,590	692	185	1,317	1,377
– Grazing licence	541	145	243	586	246	65	582	484	87
– Share farming	–	920	216	–	–	–	–	–	332
– Sold	969	783	155	368	101	539	297	461	227
– Sold ST	287	297	303	210	4	0	103	370	29
– Unallocated loss	147	51	–	1	–	–	–	–	6
<i>Sub-total</i>	<i>5,101</i>	<i>4,290</i>	<i>2,046</i>	<i>2,915</i>	<i>2,524</i>	<i>1,605</i>	<i>2,107</i>	<i>3,420</i>	<i>2,719</i>
Net	+2,044	-2,572	+2,088	+2,961	+467	+2,478	+1,588	+1,348	-1,733

Fig 4.1: Net annual loss/gain in tenanted area 1988 – 2020



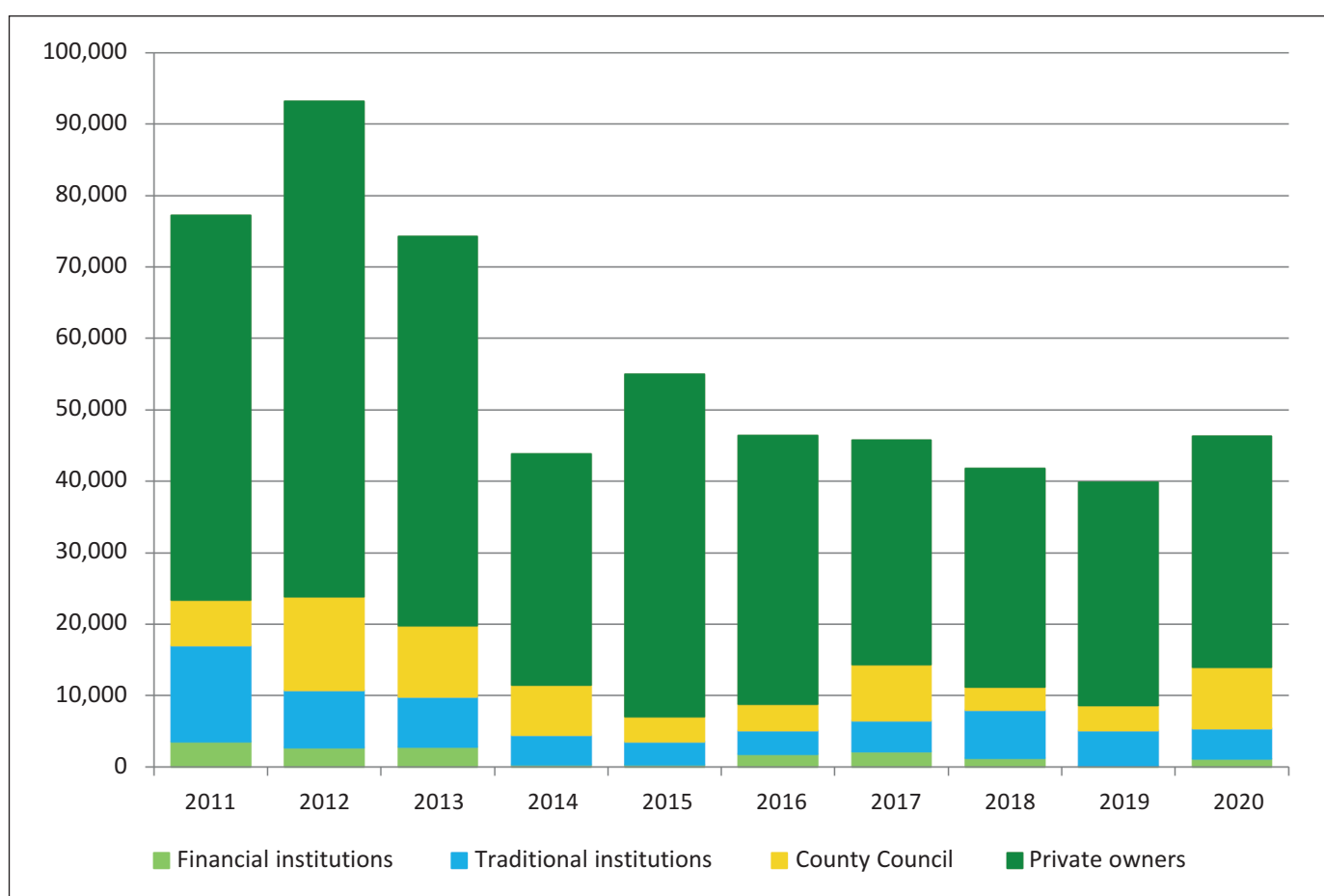
4.2 Lettings by Ownership

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

Table 4.5: Source of new lettings by ownership: 2020 compared to five year average

Let by	Number		Percentage		Area		Average area	
	2020	5 year average	2020	5 year average	2020	5 year average	2020	5 year average
Private owners	469	464	70.21	76.9	32,241	35,738	69	77
Traditional institutions	64	72	9.58	12.1	4,304	4,520	67	62
County Council	126	57	18.86	9.5	8,569	4,333	68	77
Financial institutions	9	9	1.35	1.5	1,142	1,139	127	144

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

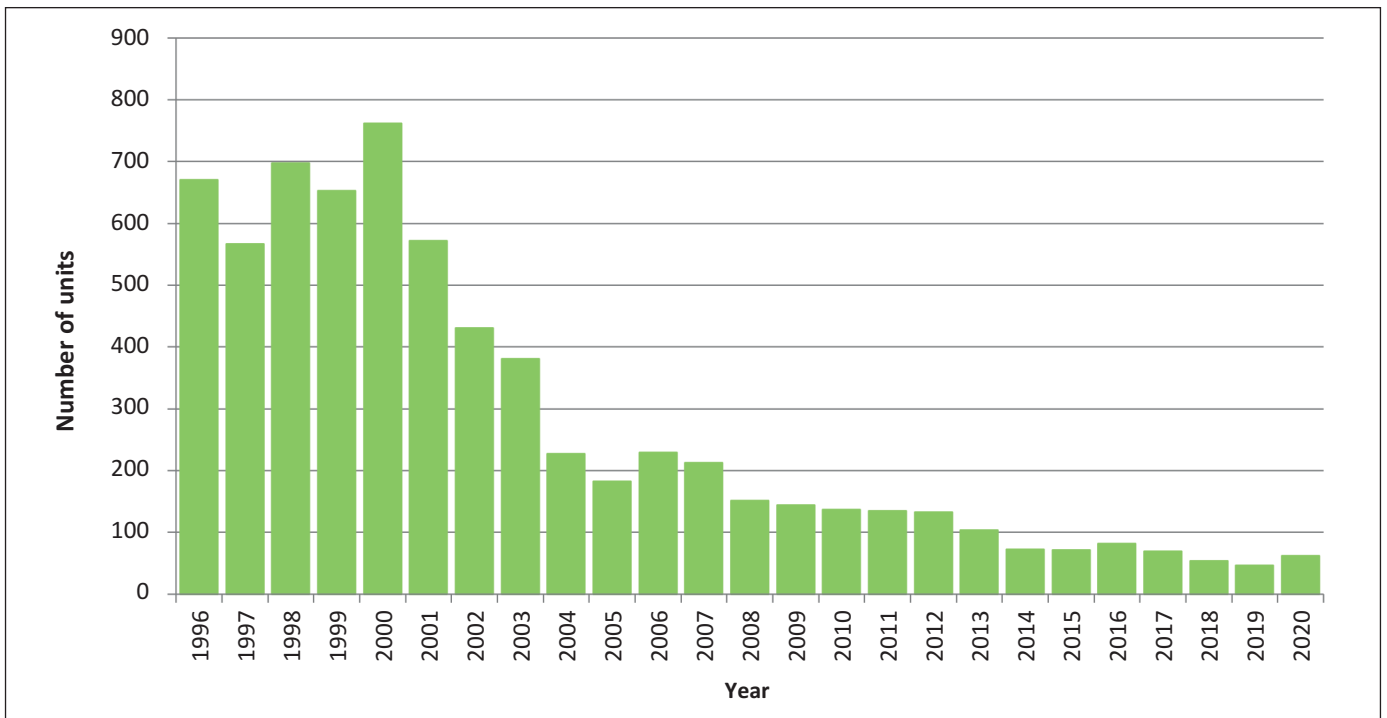
5.1.1 In 2020, 62 AHA tenancies were reported as coming to an end, excluding those where a succession took place. Figure 5.1 shows the slow “tailing-off” which has occurred since 2004.

5.1.2 Table 5.1 shows that two-thirds of AHA tenancies coming to an end were re-let as FBTs; within the pattern of the past decade and accounting for 75% of the area involved. The proportion of land let on former AHAs which was subsequently sold was 11.3%. About 14% of such land was either taken back in-hand or let on other arrangements.

Table 5.1: Fate of old full AHA tenancies which ended 2011 – 2020

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Number	135	132	103	72	71	82	69	54	46	62
Re-let (FBT)	69.6%	75.8%	62.1%	76.4%	76.1%	85.7%	75.8%	64.8%	82.6%	67.7%
Sold	25.9%	16.7%	21.4%	8.3%	11.3%	5.9%	15.4%	16.7%	6.5%	11.3%
In-hand	1.5%	6.8%	8.7%	6.9%	4.2%	2.4%	3.3%	9.3%	4.4%	6.5%
Contract Farming/ Grazing Lets	3.0%	1%	3.9%	8.3%	8.5%	5.9%	5.5%	9.3%	6.5%	8.0%

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 prefer to carry on as such, with 75% of the area re-let on FBTs in 2020. The area taken back in hand was higher than seen over the past 3 years, but this represented only 4 units in total, one of which was 600 acres of bare land. Very little was sold (419 acres) or subject to alternative arrangements (292 acres).

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

	2016		2017		2018		2019		2020	
AHAs re-let as FBTs	10,119	83%	7,991	85.4%	3,843	80.1%	4,288	87.1%	5,377	74.8%
Taken in hand	1,068	8.8%	250	2.7%	268	5.6%	240	4.9%	1,090	15.2%
Used for grazing/ contract farming	931	7.6%	860	9.2%	30	0.6%	55	1.1%	292	4.1%
Sold	77	0.6%	256	2.7%	658	13.7%	342	6.9%	419	5.8%
Total not re-let	2,076		1,367		956		636		1,809	

5.1.4 Information on surrenders and re-grants is not expressly sought in the Survey, but these are sometimes referred to by respondents in the notes on their returns. There were 2 such references 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 597 FBTs that ended. Almost 93% of all those expiring FBTs were re-let as FBTs, in line with the evidence of previous surveys, and covering 93% of the area involved. Few units were taken in-hand (2.5%) or put on contract farming or grazing licence arrangements (2.3%). Sales of former FBT land (at 1.2%) 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?

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Number	671	907	799	495	532	395	457	467	533	597
Re-let	91.2%	92.6%	91.7%	93.3%	91.7%	94.2%	92.5%	92.3%	90.8%	93.0%
Sold	3.1%	3.3%	3.9%	1.6%	1.9%	1.0%	3.3%	2.4%	3.0%	1.2%
In-hand	1.3%	1.2%	1.5%	1.8%	0.4%	0.5%	1.5%	2.4%	2.8%	2.5%
CF/Grazing	4.0%	2.5%	2.5%	3.0%	5.6%	3.8%	2.6%	2.6%	2.8%	2.3%
Not allocated	0.3%	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)

	2016		2017		2018		2019		2020	
Re-let as FBTs	25,452	91%	30,117	94.7%	41,810	95.4%	28,599	90.4%	36,304	93.1%
Taken in hand	92	0.3%	232	0.7%	886	2%	454	1.4%	661	1.7%
Grazing /CF	2,328	8.3%	897	2.8%	820	1.9%	2,135	6.8%	1,796	4.6%
Sold	101	0.4%	539	1.7%	297	0.7%	461	1.4%	227	0.6%
Total not re-let	2,521		1,668		2,003		3,050		2,684	

5.3 Succession to 1986 Act tenancies

5.3.1 15% of all AHA tenancies which came to an end in 2020 saw a succession (Table 5.5), consistent with the pattern since 2016. 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 units. Some in England may now be deferring succession until after the lump sum option or the de-linking of Basic Payment.

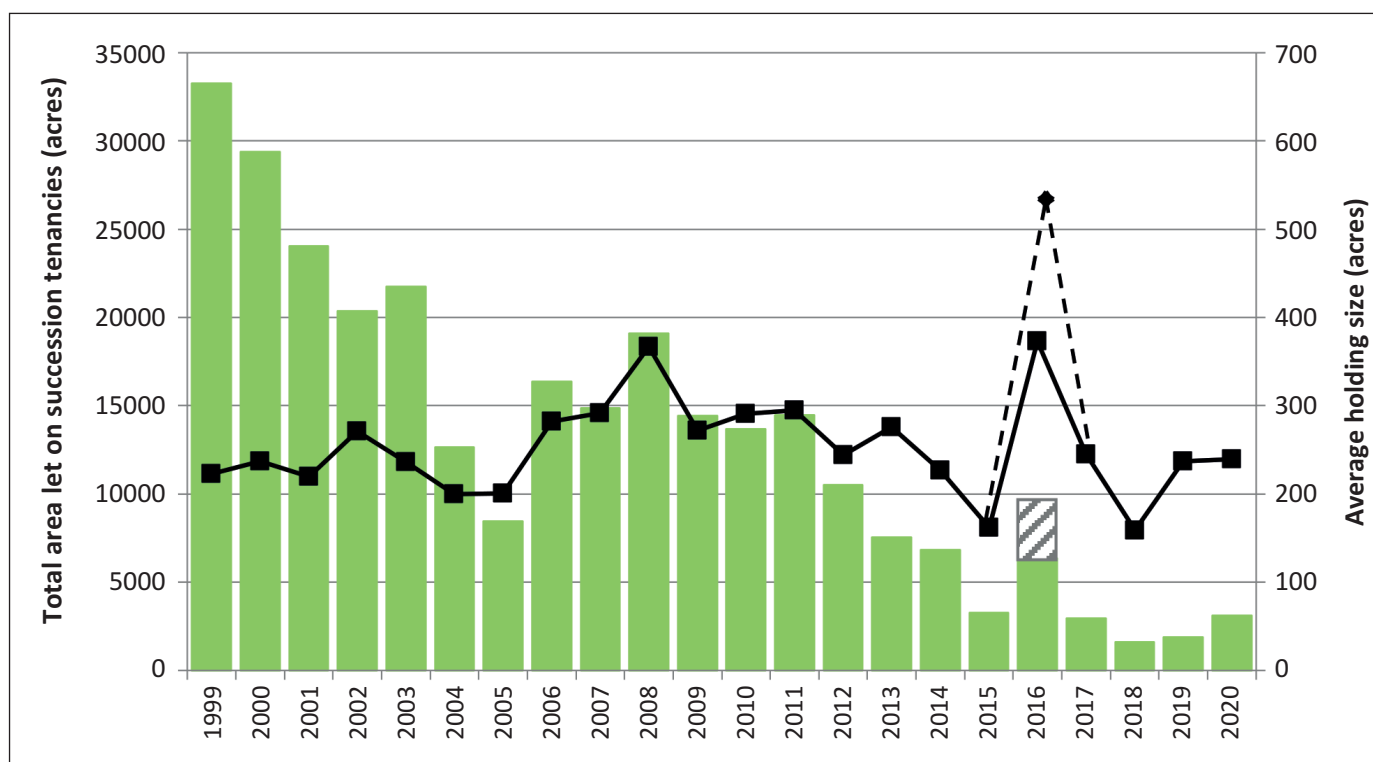
Table 5.5: Successions

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Number	48	43	37	32	20	17	11	10	8	11
% AHAs ending	26%	25%	26%	31%	22%	17%	11%	16%	15%	15%
Area	14,460	10,492	7,533	6,817	3,250	10,350 6,350	2,938	1,591	1,892	3,105
Av size	295	244	276	227	162	609 373	245	159	237	239

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

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



5.3.4 In 2020, five successions covering just under half the area of land let were on privately owned holdings (45% of all successions). Four successions were on land owned by a traditional institution (21% of the area) and two on holdings owned by a financial institution (accounting for 31% of the area).

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 2020 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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Cases	7	9	8	2	1	1	4	0	1	1
Acres	806	841	554	135	150	3.7	104	0	24	57

5.4.3 Two sales to FBT tenants were recorded on 29 acres.

Table 5.7: Sales to sitting FBT tenants

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Cases	6	7	10	1	2	1	0	1	3	2
Acres	152	286	297	216	210	3.5	0	103	370	29

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 69 acres in 2020 and the proportion of let units exceeding 150 acres was 20.9%, showing consistency over the past decade.

Table 6.1: Average size of FBTs

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Av area (acres)	88	82	73	63	76	91	77	78	66	69
% > 150 acres	14.8%	14.4%	16.3%	15.2%	15.6%	21.1%	22.7%	15.8%	14.9%	20.9%
No. > 150 ac	131	164	126	80	94	91	90	85	67	98

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 2020 only three lettings of more than 500 acres were reported, two of which were bare land lettings and one having a house and buildings.

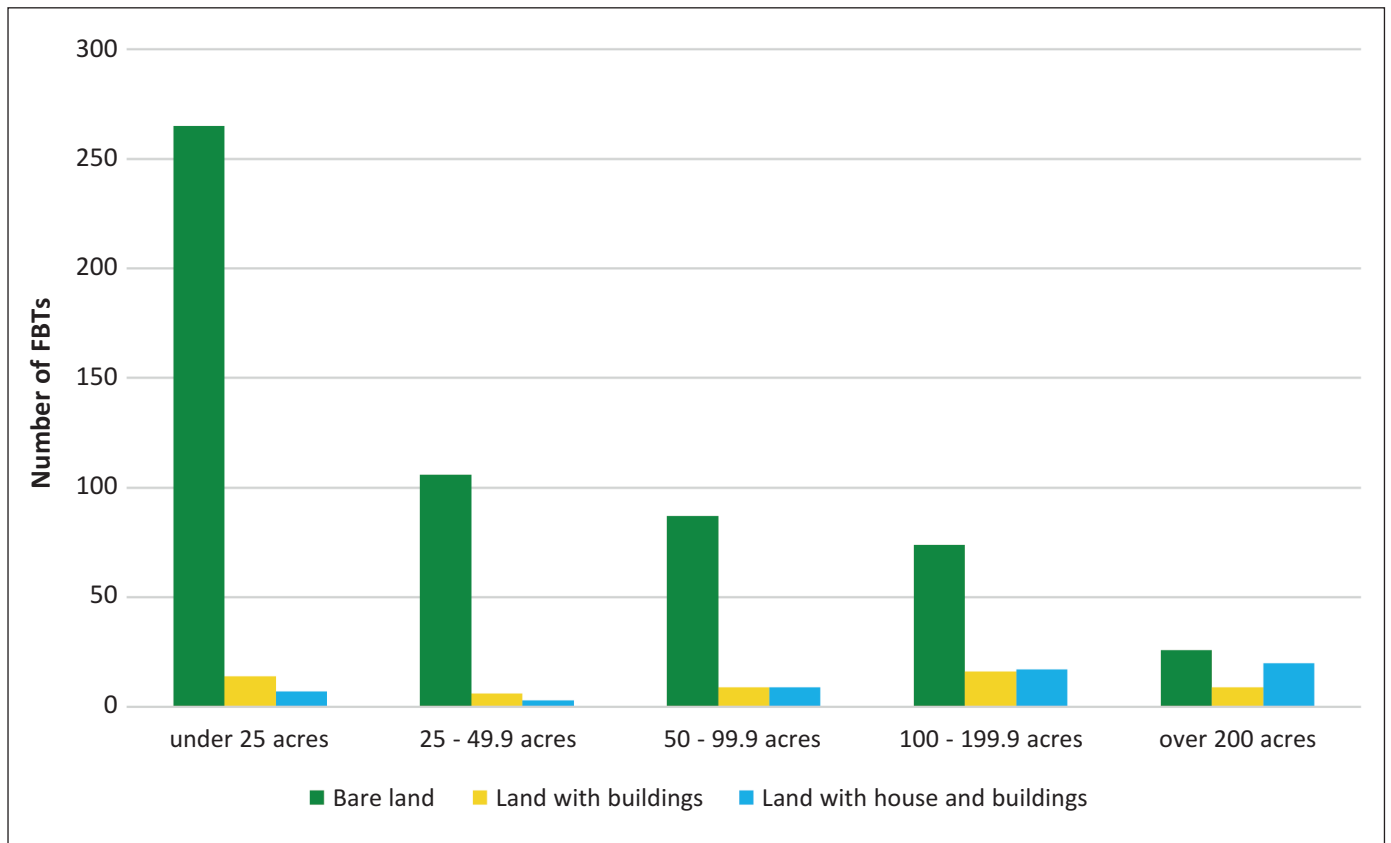
Table 6.2: Analysis of FBTs by type of holding and area

	Bare land	Land with buildings	Land, buildings and house
under 25 acres	265	14	7
25 - 49.9 acres	106	6	3
50 - 74.9 acres	58	6	4
75 - 99.9 acres	29	3	5
100 - 124.9 acres	23	4	6
125 - 149.9 acres	20	6	5
150 - 199.9 acres	31	6	6
200 - 249.99 acres	13	2	9
250 - 374.9 acres	10	6	9
375 - 499.9 acres	1	1	1
500 - 749.9 acres	2	0	0
750 - 999.9 acres	0	0	0
over 1000 acres	0	0	1

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, 66% 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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
%	59	67	67	70	71	63	69	61	69	66

6.2 Fixed equipment – houses and buildings

Table 6.4: Analysis by level of equipment on each unit in 2020 compared with 2019

	2019					2020				
	No. of units		Acres		Av area	No. of units		Acres		Av area
Bare land	516	85.0%	25,819	64.9%	50	558	83.5%	31,018	67.1%	56
Land with buildings	47	7.7%	5,434	13.7%	116	54	8.1%	5,712	12.4%	106
House, land and buildings	44	7.3%	8,544	21.5%	194	56	8.4%	9,525	20.6%	170

6.2.1 The 2020 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 2020

	Private owners			County councils			Traditional institutions			Financial institutions		
	No.	%	Av. Area	No.	%	Av. Area	No.	%	Av. Area	No.	%	Av. Area
Bare land	413	88.1%	58	79	62.7%	35	59	92.2%	59	7	77.8%	112
Land with buildings	36	7.7%	91	14	11.1%	111	3	4.7%	191	1	11.1%	315
Fully equipped	20	4.3%	251	33	26.2%	128	2	3.1%	119	1	11.1%	40

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 26% of their total let with a house, land and buildings (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.

6.2.3 Typically, the majority of such lettings by number and by area are by private landowners, as shown in Table 6.6 below. In 2020 county councils provided more fully equipped holdings than private landlords, but of a smaller average size and overall amounting to a smaller total area. Private landlords also let more 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	
	2020	2019	2020	2019	2020	2019	2020	2019
Number of these holdings	20	26	33	18	2	0	1	0
% of these holdings	36%	59%	59%	41%	4%	0	2%	0
Total area for these	5,016	7,000	4,231	1,543	238	0	40	0
% of their total area	53%	82%	44%	18%	2%	0	0.4%	0
Average area per holding	251	269	128	86	119	0	40	0
Number let for 10 yrs +	12	15	13	4	2	0	1	0
% let for 10 yrs +	60%	58%	39%	22%	100%	0	100%	0

6.3 Basic Payment Entitlements

6.3.1 The survey included a question asking whether Basic Payment entitlements were included in the letting. 625 entries for new FBTs answered the question (94% of all entries). 44.5% of the responses stated that entitlements were included in the letting (37.3% in 2019; 54.7% in 2018; 42.8% in 2017; 46.6% in 2016; 50.2% in 2015) and 55.5% stated that they were excluded (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 43% of bare land lettings, in 56% of lettings of land and buildings and in 44% of lettings of fully equipped holdings.

6.4 Farming enterprises

6.4.1 With only partial information, 236 lettings were described as arable, with none for roots and 2 for horticulture. 146 units recorded grazing uses, including 3 dairy units. 15 units were described as mixed or specified that they comprised arable and pasture. One letting was for poultry and none were for pigs. Two lettings referred to turf.

6.4.2 Five lettings mentioned trees or woodland. None referred to horses or equestrian use. Diversification which takes place during a tenancy is not recorded by the Survey.

6.4.3 There were 2 lettings of buildings only, or where buildings were let with only a small area of land (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 Table 6.7 shows that the average length for all FBTs in 2020, including an increased number let from year to year, was 3.42 years. The average over the previous 10 years was 3.69 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.

6.5.3 If such seasonal or specialist lettings for 1 year or less are excluded, the average term increases to 4.83 years and the average length of FBTs let for more than five years was 11.5 years, both consistent with previous years. Decisions implemented in 2018 look to have shown a particular dip in this assessment.

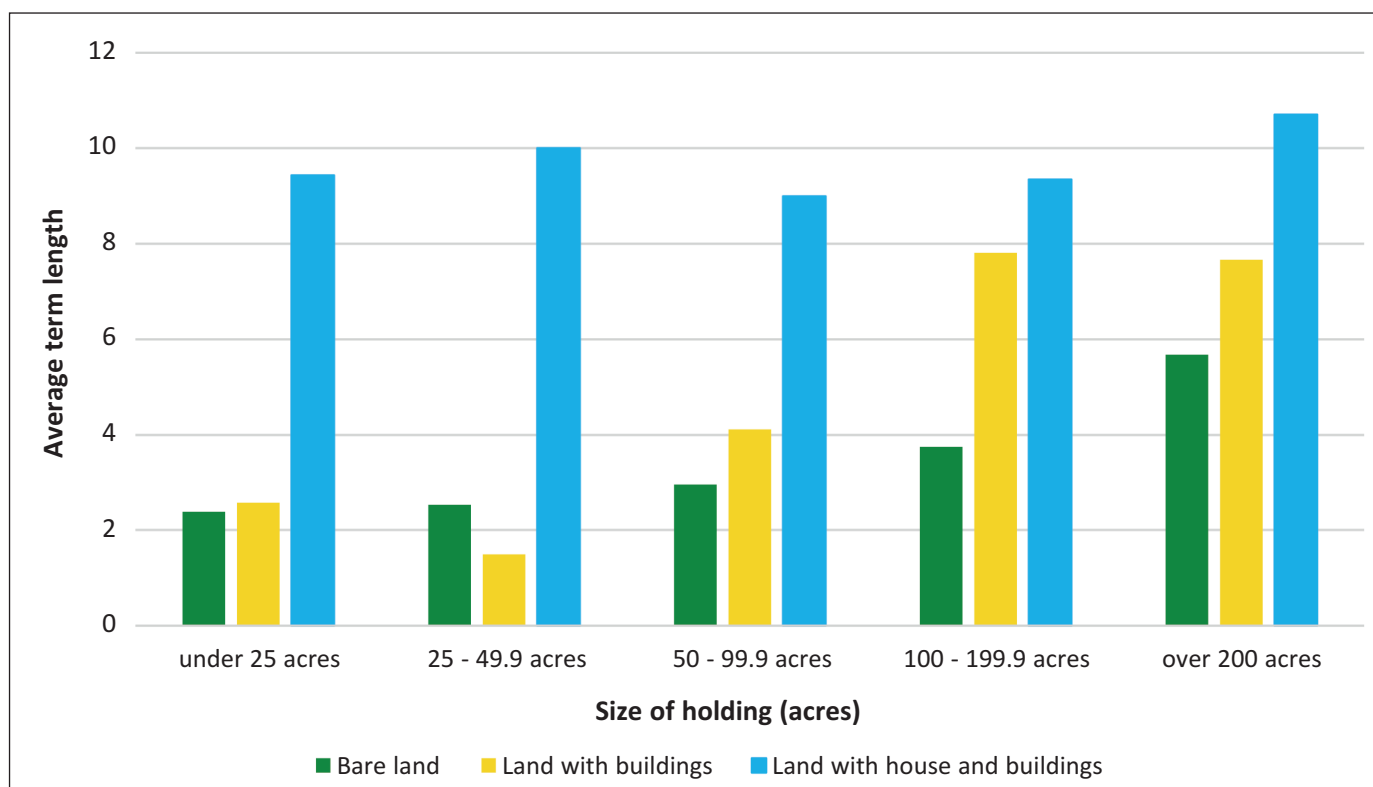
Table 6.7: Average length in years of new FBTs granted

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
All FBTs	3.89	4.12	3.17	3.53	3.83	4.48	3.97	2.90	3.21	3.24
FBTs > 1 yr term	5.44	5.54	4.65	4.93	5.31	5.94	4.98	4.14	4.75	4.83
FBTs > 5 yr term	11.85	10.88	10.84	10.26	13.16	13.42	10.70	9.73	11.84	11.50

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	2.39	2.58	9.43	2.59
25.0 – 49.9 acres	2.53	1.50	10.00	2.71
50.0 – 99.9 acres	2.96	4.11	9.00	3.59
100.0 – 199.9 acres	3.75	7.81	9.35	5.35
Over 200 acres	5.68	7.67	10.70	7.87

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

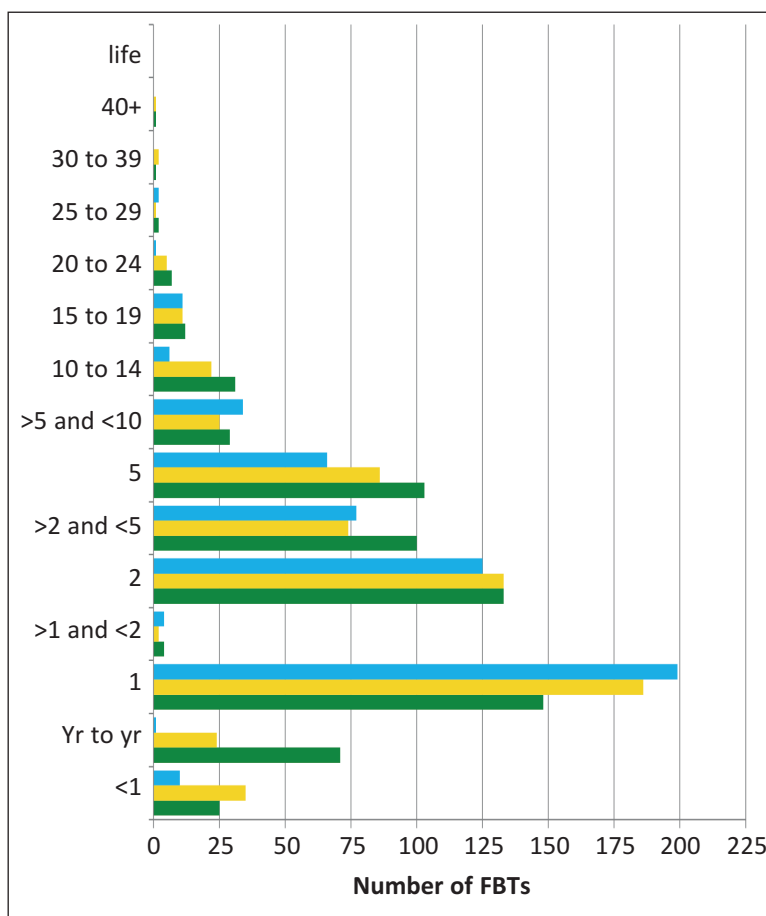


6.5.4 Table 6.9 and Figure 6.3 show an analysis of the term lengths for new FBT lettings and illustrate how the flexibility of the FBT format is widely used in practice. The range in lengths of FBT reported was from three months to 40 years. In 25 cases the letting was for less than one year and there were 71 reported periodic tenancies running from year to year, the highest figure for some years.

Table 6.9: Analysis of FBT term lengths in 2020

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

Fig 6.3: Analysis of term lengths of FBTs (2018-2020)



Legend: 2020 (green) 2019 (yellow) 2018 (blue)

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

6.5.6 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. 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.

6.5.7 In general, Table 6.10 suggests that choice of term is relatively uninfluenced by other regulatory concerns. The number of periodic tenancies reported has increased considerably, perhaps as the parties buy time to understand the evolving policy picture.

Table 6.10: Length of FBT terms by number of agreements

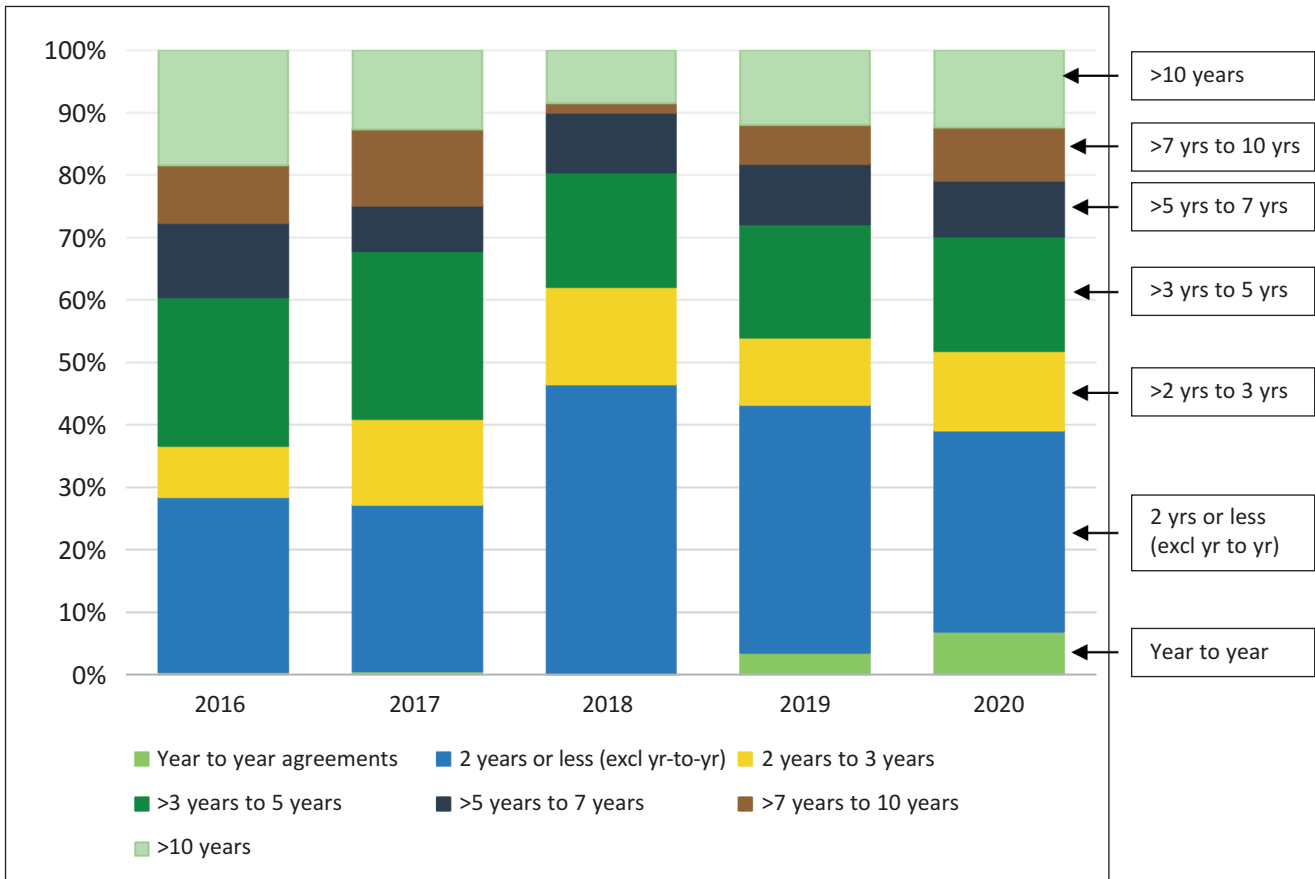
	2016		2017		2018		2019		2020	
	No.	%	No.	%	No.	%	No.	%	No.	%
Year to year	4	0.7	9	1.5	1	0.2	24	3.9	71	10.6
Up to 2 years (excl yr-to-yr)	265	49.4	257	43.7	338	63.1	356	58.7	310	46.5
>2 yrs to 3 yrs	66	12.3	99	16.8	69	12.9	70	11.5	98	14.7
>3 yrs to 5 yrs	103	19.2	126	21.4	74	13.8	90	14.8	105	15.7
>5 yrs to 7 yrs	31	5.8	40	6.8	34	6.3	24	3.9	27	4.1
>7 yrs to 10 yrs	26	4.8	25	4.3	5	0.9	21	3.5	26	3.9
>10 yrs	42	7.8	32	5.4	15	2.8	22	3.6	30	4.5

6.5.8 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. While the number of year to year lettings has increased, Figure 6.4 shows that these types of tenancy remain a small percentage of the whole.

Table 6.11: Length of FBT terms by area

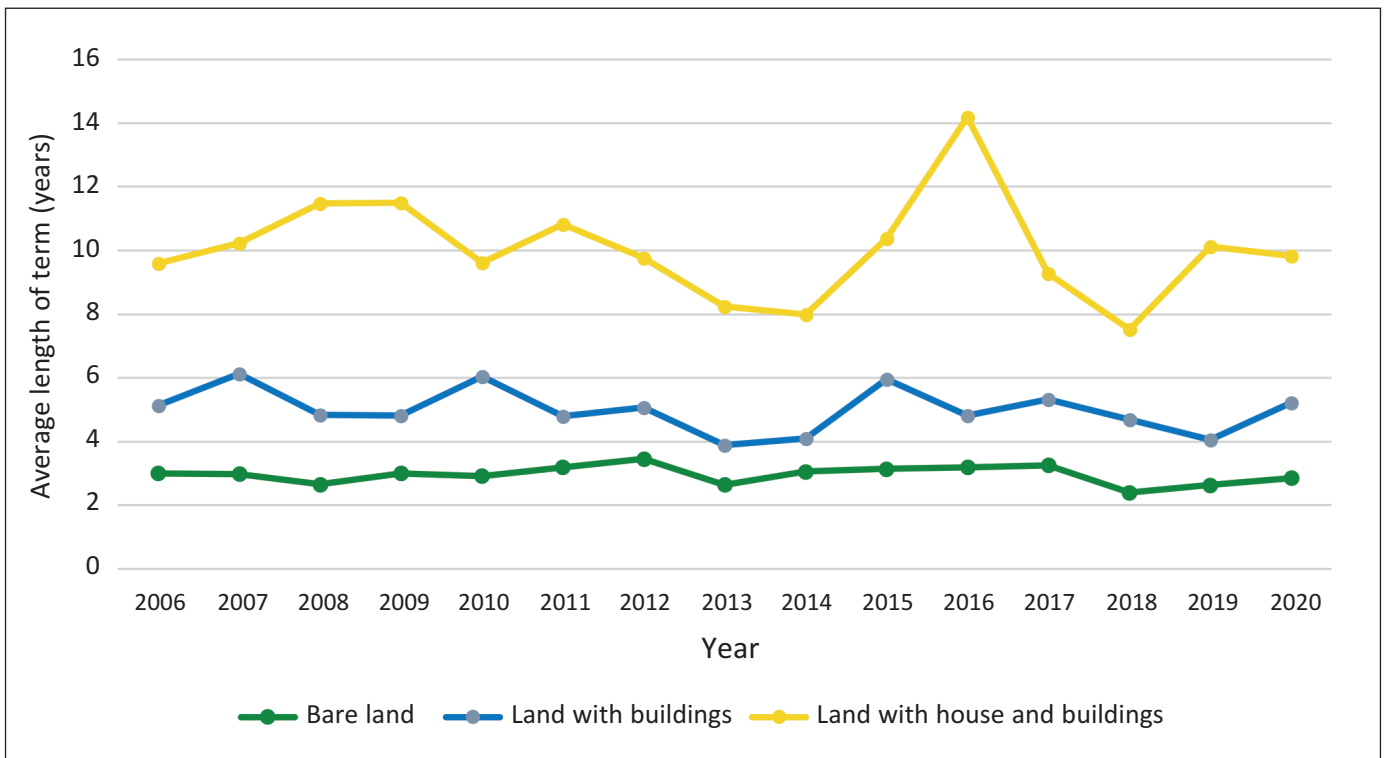
	2016		2017		2018		2019		2020	
	Acres	%	Acres	%	Acres	%	Acres	%	Acres	%
Year to year	200	0.4	245	0.5	2.4	0.01	1,404	3.5	3,182	6.7
Up to 2 yrs (ex yr-to-yr)	12,959	28.0	12,180	26.7	19,405	46.5	15,775	39.6	14,887	32.2
>2 to 3 yrs	3,819	8.2	6,256	13.7	6,496	15.6	4,318	10.8	5,885	12.7
>3 to 5 yrs	11,030	23.8	12,283	26.9	7,666	18.4	7,233	18.2	8,507	18.4
>5 to 7 yrs	5,532	11.9	3,285	7.2	3,995	9.6	3,801	9.6	4,115	8.9
>7 to 10 yrs	4,278	9.2	5,569	12.2	630	1.5	2,526	6.4	3,946	8.5
>10 yrs	8,532	18.4	5,780	12.7	3,555	8.5	4,739	11.9	5,733	12.4

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



6.5.9 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 9.84 years in 2020; bare land units were let for an average of 2.86 years and those with buildings for 5.22 years (excluding year to year agreements).

Figure 6.5: Length of term by type of equipped unit



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

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Bare land	3.20	3.46	2.64	3.06	3.14	3.20	3.26	2.40	2.63	2.86
Building / land	4.80	5.08	3.89	4.10	5.95	4.82	5.32	4.69	4.06	5.22
House/bldgs/land	10.83	9.77	8.24	8.00	10.39	14.19	9.29	7.52	10.13	9.84
<i>Previously:</i>										
– AHA	9.07	6.84	5.98	7.20	8.26	10.26	7.35	5.29	7.95	8.38
– FBT	3.41	4.08	3.13	3.56	3.47	3.53	3.52	2.55	2.87	3.37
– Vacant	3.94	3.20	3.44	3.23	4.63	4.04	3.68	3.98	4.09	3.91
– Contract farmed	2.85	3.87	3.94	3.40	3.52	4.37	5.22	5.00	3.25	2.97

6.5.11 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 nine lettings in 2020. While 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 they have had the shortest average term length of any type of owner.

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Private owner	3.66	3.60	3.01	2.98	3.87	4.20	3.70	2.87	3.42	3.54
Traditional institution	4.51	4.61	3.27	5.10	3.21	4.27	3.28	2.86	2.53	3.15
County Council	5.84	6.35	4.60	5.75	5.00	7.00	6.16	3.95	3.49	4.47
Financial institution	1.79	4.18	1.64	5.50	3.00	7.57	3.08	1.19	2.00	5.00

6.6 New entrants and FBTs

6.6.1 The 2020 Survey sought once again to establish the proportion of lettings to new entrants. As noted 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 6.6% 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 21%, within the range seen in the past decade.

Table 6.14: FBTs let to New Entrants

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Number	78	100	75	38	33	30	45	40	57	44
Area	6,307	6,655	6,607	3,473	3,568	3,423	5,376	3,584	3,399	4,617
Av size	81	66	88	91	108	118	117	90	60	105
<i>New entrants as % of</i>										
– Total lettings	8.8%	8.8%	7.4%	5.5%	4.6%	5.6%	7.6%	7.5%	9.4%	6.6%
– Changed occupation	34%	32%	26%	17%	14%	14%	18%	23%	32%	21%

6.6.3 57% of lettings to new entrants were by private landowners, 25% by county councils and 16% by traditional institutions. Financial institutions were reported as letting one holding to a new entrant in 2020. 41% of lettings to new entrants were of fully equipped holdings (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 39% of all tenants perceived as new entrants obtained tenancies of more than five years. In 2020 five 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	6.8%	54.6%	38.6%
Other tenants	29.5%	50.5%	20.0%

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 2020, 69 returns were received for new agreements, covering 15,442 acres with an average unit size of 224 acres. Table 7.1 shows that this was a higher number of units covering a larger area than seen in the past two years. The average size of unit was larger than the long run average, typically between 150 and 200 acres, while the nature of a properly constructed contract farming agreement is better supported by a larger area than is needed for a tenancy.

Table 7.1: Survey of contracting agreements

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Units	129	125	116	66	88	112	112	48	59	69
Area	20,188	27,367	22,317	13,502	13,175	21,629	16,175	8,175	10,642	15,442
Av area	158	219	192	204	150	193	144	170	180	224
Av term (years)	1.82	1.52	1.70	1.78	1.62	1.72	1.53	1.43	1.60	1.67
New entrants	7.0%	3.2%	5.2%	4.5%	1.1%	0%	0%	2%	6.8%	0%

7.1.3 As in previous years, the great majority of contracting arrangements in 2020 were for arable units. Only five cases referred to grassland, of which four were mixed units. One case indicated that the land was used to support an anaerobic digester.

7.1.4 94% of the arrangements were made by private landowners, suiting the typical concerns of many, and 4% by county councils which are likely to have only an occasional need for this option. No traditional institutions were recorded as entering a contract farming agreement and only one was made by a financial institution.

7.1.5 The average length of agreement was 1.67 years and while approximately 56% of agreements were for up to one year, terms ranged from 6 months to 5 years. 22% of agreements were for 3 years or longer.

7.1.6 The majority of agreements, 81%, were for bare land with 19% for land and buildings. None were for a fully equipped holding, a pattern consistent with this structure for providing farming services to a business.

7.1.7 No agreements were recorded as being to new entrants.

7.2 Grazing agreements

7.2.1 This is the eighth 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 2020, some 335 cases of grazing arrangements were recorded, covering 15,151 acres. In practice there will be far greater numbers of these arrangements made which are not recorded in the Survey. Of those recorded, 86% were to the same occupier as the previous year.

Table 7.2: Analysis of grazing agreements

	2012	2013	2014	2015	2016	2017	2018	2019	2020
Units	242	547	251	228	209	238	382	410	335
Area	9,978	20,234	11,339	11,312	8,145	8,613	18,383	17,821	15,151
Av area	41.2	36.9	45.7	49.6	39.4	36.3	48.9	43.5	45.23
To same occupier	71%	83%	74%	77%	80%	83%	88%	73%	86%

7.2.3 Most grazing arrangements were for a year or less, but in 7 cases (2%), arrangements for two years or more were recorded, but distinguished from FBTs.

7.2.4 93% of grazing arrangements were on land which had previously been let on similar terms (90% in 2019, 89% in 2018, 88% in 2017, 86% in 2016, 82% in 2015). Only 4% were on previously owner-occupied land (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 (90%). 7% were made by county councils, 2% by traditional institutions and none by financial institutions.

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

7.2.7 In 2020 there was one reference to the Basic Payment claim being a factor in the arrangement (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 Three agreements, covering 528 acres, were recorded as being share farming in 2020. All three were for bare land only and while two were for one year only, the third (over 300 acres) was for a three year term. The three were in the same counties and almost the same size as the three agreements recorded in 2019, which were each for one year. 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
Number of units	3	1	1	1	2	2	3	3
Area	1,312	155	59.5	95	112	275	522	528

PART 3:
THE AGRICULTURAL LAND OCCUPATION SURVEY FOR SCOTLAND

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8. INTRODUCTION

8.1 This is the ninth 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 2020, land where tenancies ended in 2020 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 ninth such Scottish Survey, there can now be some comparison with the figures from the previous Surveys which are retained in brackets where relevant.

8.3 It has inevitably taken some time for a sufficient history of data to allow conclusions as to trends. This task has been complicated by market reactions to the implementation of the Basic Payment Scheme (particularly on arrangements in the years 2014 to 2016), the discussion of and changes to Scottish land tenure and then the United Kingdom's protracted and prospective departure from the European Union. The Survey period was before the implementation of the Relinquishment and Assignment provisions of the Land Reform Act.

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

8.5 This Survey covers a total of 130 units on 34,657 acres with changes involving decisions about the letting or occupation of agricultural land in Scotland in the year to November 30th 2020, so including the main late November Martinmas tenancy date. As some units in Scotland can cover very large areas, changes in acreage may be less significant as a barometer of decisions than changes in the numbers of units. Numbers of units and total acreages from 2012 are shown in Table 8.1.

Table 8.1: Number of units and total acreage reported

	2012	2013	2014	2015	2016	2017	2018	2019	2020
Number	203	132	53	107	176	142	128	257	130
Acres	42,820	107,254	25,424	46,279	62,201	35,179	38,665	26,023	34,657

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

- 32 (45) where tenancies were reported to have been let in the year, covering 4,645 (7,124) acres. 12 (4) were MLDTs. By previous tenure:
 - 23 (24) were of units where a tenancy had ended
 - 4 (16) followed grazing arrangements
 - 0 (0) followed a contract farming arrangement
 - 1 (5) moving from in hand or newly acquired
- 4 (0) successions to existing tenancies on 867 acres (had been 81 acres in 2017)
- 18 (8) tenancies that ended and the land was reported as not re-let covering 9,595 (785) acres of which:
 - 3 (2) were taken in hand
 - 1 (3) went to grazing agreements
 - 8 (1) was put on a contract farming agreement
 - 1 (1) was sold
 - 0 (0) was sold to the sitting tenant
 - 0 (0) were compulsorily purchased
 - 0 (0) went to an unknown arrangement
 - 0 (4) went to forestry
- 6 (10) new contract farming agreements covering 784 (1,788) acres: four replacement agreements, one transferred from a grazing agreement and one from in hand
- 64 (89) further new grazing agreements covering 16,763 (15,962) acres
- 0 (1) was on a previous grazing arrangement taken in hand
- 1 area of land that had had a contract farming arrangement was sold (75 acres) and 1 grazing arrangement area was sold (226 acres)
- 4 units were reported as having new share farming dairy arrangements over 1,702 acres (no share farming had been reported in recent surveys).

8.7 Emphasising a theme of recent years that bare land lettings are now predominant in Scotland, excepting 3 of the 4 successions only 9 of the units reported had 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 2018 and 2019 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 (see the Appendix) 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:

- there may be differences in the patterns of land holding and farming structures and practice
- 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
- 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 2020 but is applied differently in each territory of the United Kingdom. In 2015, Scotland implemented its regime in a more complex way than elsewhere with payments issues seeing bridging loans for some years. It did though 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 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 will have perceived uncertainty about future agricultural policy with resulting caution
- 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
- 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 but has attracted some use in 2020
- there may be other influences at work.

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

10. OVERVIEW, KEY POINTS AND QUESTIONS

10.1 **Overview** – Now beyond the distortions created by the move to the Basic Payment Scheme and the fresh allocation of entitlements in Scotland, 2020 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.

10.5 **After a long period of decline, this Survey follows those of 2017 to 2019 in reporting a rough balance between land flowing into the let sector and land leaving it, albeit a larger loss in 2020 with very small volumes of land on each side, illustrating the low levels of activity in this sector. The net loss of 8,640 acres** following the net gain of 2,466 acres in 2019 and the net losses of 78 acres in 2018 and 289 acres in 2017 compares with a net loss in 2016 of almost 28,000 acres and about 12,000 acres in 2015, just over 1,000 acres in 2014, almost 10,000 acres in 2013 and over 37,000 acres in 2012 (see Table 13.1).

10.6 Overall, this and the previous three Surveys are consistent with recent figures from the Scottish June Census Surveys which have recorded a levelling out of the decline in the scale of the let sector but with the risks of further decline.

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

- a 41 per cent fall in the number of 1991 Act tenancies from 2008 to 2020
- the area under 1991 Act tenancies falling by 25 per cent since 2015, from 953,598 hectares to 719,055 in 2020.

The proportion of farmland under 1991 Act tenancies is not far below that under 1986 Act tenancies in England and Wales, with their own natural processes of attrition. By contrast and even with recent growth, the area now under the various limited duration tenancies is now 57 per cent of that in the 1991 Act sector, still well short of the rough parity between FBTs and 1986 Act lettings in England and Wales.

10.8 **Also at 57%, 2020 saw a second year's decline in the number of the let holdings that fell vacant being reported as re-let (66%, 83%, 84%) but the proportion of area concerned was significantly lower at 28% (81%, 87%, 87%, 35%).** In 2016, the proportion of the number and area had both fallen from a bare majority to 35% which was a noticeable break from the historic pattern which saw those landowners who were still landlords as content with tenancies; neither legislation nor taxation was generally sufficient to dissuade them.

10.9 Little new land enters the let sector – 1,109 acres in 2020.

10.10 **The average size of a new tenancy was a reduced 160 (183, 302, 325, 663, 231, 273, 279, 266) acres.** 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 6.50 (3.57, 4.56, 3.68, 7.49, 5.47, 5.99, 6.69, 6.66) years** with the greater number of MLDTs let within the small overall total of lettings.

10.12 The normal pattern of length of tenancy reflecting the previous tenure resumed after 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 2020, 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 **75%** (93%,81%, 78%, 68%, 65%) **of lettings in 2020 were of bare land and 15%** (7%, 19%, 12%, 24%, 22%) **included a dwelling. While it has been conventional to think of Scottish agricultural holdings as fully equipped, the results in this Survey continue to highlight the dominance of bare land units in the number of new lettings.** That appears to be a significant point for the larger policy debate as it shows a persistent majority of lettings to be of ancillary land, not of self-contained farms or core steadings. This has been a natural part of the restructuring for any industry under economic pressure and it will not be readily reversed.

10.14 However, **the small fraction and number of newly let units that included a house were distinctively larger than other lettings with an average size of 437** (456, 1,058, 667, 1,535) **acres** compared with the average bare land letting of 75 (161, 123, 267, 325) acres.

10.15 Issues over housing are likely to become more difficult with the cost, work and disruption of meeting increasing Minimum Energy Efficiency Standards and then the extension of the requirements of the Repairing Standard to agricultural housing from 28th March 2027. Where this requires significant expenditure on farmhouses and cottages, it may prompt a commercial review of their positions by both landlords and tenants.

10.16 In some return to 2016's unusual nil figure, **only 1 letting was reported in 2020 as being to a new entrant (11, 5, 4). This accounted for 9% of the small number of lettings where the farmer changed** (65%, 33%, 20%, 0%, 50%, 20%, 18%, 23%). While the best explanation of 2016 appeared to be to see in the context of 2015's incentives for new entrants with the introduction of the Basic Payment Scheme, 2020's figure is in part 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 letting to a new entrant included a house and was for the minimum MLDT term of 10 years (5.13, 7.62, 7.5, -, 11, 11.25, 10.66, 9.8). The area let was 367 acres (317, 120, 822, -, 680, 730, 545, 351), again higher 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 and now share 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 famers 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, 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 are 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 32 tenancies reported as having been created in 2020.

Table 11.1: Number of tenancies created

Year	2020	2019	2018	2017	2016	2015	2014	2013
No. of tenancies created	32	45	26	63	25	40	19	57
Total area (acres)	4,645	7,124	8,564	20,517	16,673	9,234	5,194	15,352
Average size (acres)	145	183	302	325	663	231	273	279
Average length	6.50	3.57	4.56	3.68	7.49	5.47	5.99	6.69

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 40 years. Of the 32 lettings, 12 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 11.2 again demonstrates the fundamental role of private landowners in letting farmland. 22 of the 32 lettings were by private owners and 9 by a combination of traditional institutions and government bodies.

Table 11.2: Type of owner

Year	2020	2019	2018	2017	2016	2015	2014	2013
Private landowner	22	22	24	59	24	36	19	50
Traditional institution and government bodies	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 11.3 looks at the units that were let in the Survey period by the way in which that land had previously been occupied, whether let (and, if so, on which sort of tenancy), previously in-hand or on a contracting or grazing arrangement.

Table 11.3: Previous Tenure of the Land that was Let in 2020 – Comparison with 2019 Survey

	2020			2019		
1991 Act	1	3}	3%	0	%}	2%
1991 Act Ltd Partnership	0	}		1	2%}	
LDT	5		16%	4		9%
SLDT	17		53%	19		42%
Small Landholders	0			0		
Grazing Arrangement	4		12%	16		36%
Contract Farming	1		3%	0		
Vacant	1		3%	5		11%

11.4.2 As in previous years, some units are reported to have been let when not having been let before – 1 in 2020, 5 in 2019, 4 in 2018 and 12 in 2017. At 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

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

11.4.3 24 (42, 21, 46) of the 32 (45, 26, 60) lettings for which fixed equipment was known were bare land. Even though, at 75% of lettings, this is lower than 2019's 93% (81%, 77%) of decisions, this again shows the decline in the letting of equipped units. Covering 2,164 acres (1,367, 2,576, 12,291), they accounted for 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 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.

12. TENANCIES THAT ENDED

12.1 This section looks at those units where a tenancy ended in 2020 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

Number	2020		2019		2018		2017		2016	
	No.	%	No.	%	No.	%	No.	%	No.	%
<i>Total</i>	40		36		23		49		51	
Re-let	23	57%	24	66%	19	83%	41	84%	18	35%
Sold	1	2%	2	6%	–		–		10	20%
Sold to tenant	–		1	3%	–		1	2%	11	22%
In hand	3	7%	2	6%	2	9%	4	8%	1	2%
Contract Farming	9	22%	–	–	2	9%	1	2%	3	6%
Grazing	1	2%	3	8%	–		2	4%	7	14%
Share Farming	4	10%	–		–		–		–	
Forestry	–		4	11%	–		–		–	
D/K	–		–	–	–		–		1	2%

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

Area	2020		2019		2018		2017		2016	
	No.	%	No.	%	No.	%	No.	%	No.	%
<i>Total</i>	12,725		5,713		8,642		23,567		44,165	
Re-let	3,531	28%	4,615	81%	7,525	87%	20,517	87%	15,346	35%
Sold	20	0%	227	4%	–	–	–	–	1,005	2%
Sold to tenant	–		9	–	–	–	317	1%	2,082	5%
In hand	4,915	39%	126	2%	397	5%	2,436	10%	606	1%
Contract Farming	2,279	18%	–	–	720	8%	253	1%	22,680	51%
Grazing	279	2%	163	3%	–	–	43	–	887	2%
Share Farming	1,701	13%								
D/K			573	10%	–	–	–	–	1,379	3%

12.2 Those figures include one substantial unit that had been taken in hand on the end of a 1991 Act tenancy but, even allowing for that, appear to suggest a weakening of the general tendency in Scotland as elsewhere for previously let units to be re-let, with the pattern perhaps similar to that around the introduction of the Basic Payment. This might be the chance of single year's figures or reflect a mood of caution ahead of future support policy changes in Scotland. The legislative reversal of the Less Favoured Area Support Scheme payment came after the end of the survey period.

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 Those points made, an overall review of the picture points to:
- the overall low numbers and level of activity involved
 - the effect within these small figures of some large areas
 - the larger number of lettings that are very small areas of land
 - letting now being predominantly an activity for bare land. While there are lettings of traditional units with dwellings and buildings, often of larger areas, they are now only a small part of the market.
 - some reversion to the patterns 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

The dominant theme though is the very limited letting activity.

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

13. NET MOVEMENT IN THE SIZE OF THE TENANTED SECTOR

13.1 This analysis looks at the flows of land into and out of the tenanted sector. It starts with the acres that the Survey reports as added to the let sector in the year – land that had not been let that is now let. The land lost from the let sector in the year is then recorded – that is the previously let land that has been taken in hand, put to contract farming or 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 or distorted in Scotland by the very large areas of some units.

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

	2020	2019	2018	2017	2016
Fresh Let					
Vacant (inc purchased)	+988	+ 2,952	+ 778	+ 2,560	–
Ex Contract Farmed	–	–	–	–	+ 340
Ex Grazing	+121	+ 612	+ 261	+ 200	+ 687
Total Fresh Let	+1,109	+ 3,564	+ 1,039	+ 2,760	+ 1,027
Less Losses from Previously Let					
<i>Ex AHA/AHA Ltd Partnership</i>					
ex AHA to In-hand	4,299	–	397	2,363	606
ex Small Landholders to In-hand	–	110			
ex AHA to Grazing	–	39	–	–	–
ex AHA to Contract Farmed	2,508	–	720	253	1,510
ex AHA LP to Contract Farmed	–	–	–	–	21,350
ex AHA LP to Grazing	–	–	–	–	500
ex AHA LP to In Hand	379	–	–	73	–
ex AHA LP to Other	–	–	–	–	–
ex AHA to Other	–	–	–	–	1,379
ex AHA Sold on End of Tenancy	–	150	–	–	1,005
ex AHA Sold to Sitting Tenant	–	9	–	317	1,781
ex AHA to Compulsory Purchase	–	–	–	–	–
Total AHA/LP Losses	7,341	308	1,117	3,006	28,131
<i>ex LDT/SLDT</i>					
ex LDT/SLDT to In Hand	237	16	–	–	–
ex LDT to Grazing Arrangement	–	–	–	28	–
Ex LDT/SLDT to Share Farming	1,702				
ex SLDT to Contract Farmed	449	–	–	–	–
ex SLDT to Grazing Arrangement	–	124	–	15	337
ex LDT/SLDT to Other (forestry)	–	573	–	–	–
Sold on End of Tenancy	20	77	–	–	301
Sold to Sitting Tenant	–	–	–	–	–
Total LDT/SLDT Losses	2,408	790	0	43	638
Total Losses from Previously Let	9,749	-1,098	-1,117	-3,049	-28,769
Net Loss to the Tenanted Sector	- 8,640	+2,466	-78	-289	-27,742

13.3 Despite the final figure with its net loss of 8,640 acres, the 2020 figures may still be closer to the outcomes of the previous three surveys with their apparent pattern of a rough balance between land leaving and entering the let sector. More than half the net loss is accounted for by one tenancy being taken in hand. This does not at this stage 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 now stabilising at a reduced level with limited use of the new forms of tenancy.

13.4 Again, the real theme is of the very low volumes of land involved – indeed, very low levels 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.

13.5 As in England and Wales, this new stasis may be a function of the Basic Payment Scheme. 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 It is striking that, with the exception of 2016, these Surveys have shown very few sales of previously let land in Scotland and so suggest a strong pattern of retaining land rather than of owners capitalising on the access to value offered by the end of a tenancy or a deal with a sitting tenant.

13.7 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. If the size of the sector is to be maintained or grow, that makes it important for new land that had not been let to be freshly let. That is a matter of choice for landowners. 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 After two years with no reported activity, 4 successions were reported, 3 units with a house.

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

Table 14.1: Succession tenancies

	2020	2019	2018	2017	2016	2015	2014	2013
Number of successions	4	0	0	1	0	9	11	9
Total area	867	–	–	81	–	2,792	1,525	3,447
Average unit size	217	–	–	81	–	310	139	492

15. ANALYSIS OF NEWLY LET UNITS

15.1 General

This section more closely analyses the units let in 2020, 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 160 (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 75% (93%, 81%, 77%) of lettings decisions and 34% (79%, 33%, 60%) of the let area, averaging 75 acres
- there were three lettings of land with buildings on 19% of the let area but not a house (1 last year, none in 2018 but in 2017 these were 12% of lettings and 17% of the let area)
- the five units with dwellings accounted for 15% (7%) of lettings and 47% (19%) of the let area, averaging 437 acres – a recovery from 2019. In 2018, they formed 19% of lettings and 67% of the let area with three of the five units including over 1,000 acres – up from 2017 when they were 12% of units and 23% of the let area.

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

15.2.3 Table 15.1 below again illustrates 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.

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

Size	Bare land	With buildings	Fully equipped
Under 25 acres	5 (16)	0 (0)	0 (0)
25-49	4 (3)	0 (0)	0 (0)
50-74	5 (2)	0 (0)	0 (0)
75-99	1 (1)	0 (0)	0 (0)
100-124	2 (3)	0 (0)	0 (0)
125-149	2 (2)	0 (0)	0 (0)
150-199	1 (1)	2 (0)	1 (0)
200-299	1 (1)	0 (0)	1 (1)
300-999	0 (0)	1 (0)	3 (0)
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 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 40 (15, 13, 35, 35, 35, 25, 25, 38) years.

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 12 (4, 7) MLDTs reported, 11 (2, 4, 8, 6, 8, 3, 7, 8) units were let for the minimum term of 10 years and only 1 (2, 3, 1, 3, 3, 3) for a longer term (40 years) – in 2019 none were let for terms 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.

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 8 of the MLDTs were of bare land (744 acres), one had buildings (512 acres) and 3 had houses (none in 2019 but 4 in each of 2017 and 2018) on a total of 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 20 (27, 14) SLDTs that ended, 3 (8) were not re-let (none were not re-let in 2018). The decision made in the remaining 17 cases saw:

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

15.3.9 Overall Average Term – As shown in Table 15.2 below, the pattern may have returned to that for 2016 and earlier. The average length of a new letting has risen to 6.5 years. On excluding those reported as being from year to year and so indeterminate, the figure is 6.8 years. On excluding lettings for less than a year (grazing/mowing tenancies and seasonal SLDTs), with all the difficulties of knowing which arrangements should be counted and which not, the figure then becomes 7.2 years.

15.3.10 Table 15.2 shows the comparison with the average length of letting in England and Wales. These figures reflect the high proportion of smaller, bare land units and the typically low proportion of tenancies with houses that are let there. CAAV Surveys have shown that the lengths of lettings for units 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

	2020	2019	2018	2017	2016	2015	2014
<i>Scotland</i>							
All lettings	6.5	3.57	4.56	3.68	7.49	5.47	6.0
Excl yr-to-yr	6.8	4.20	4.90	6.66			
<i>England and Wales</i>							
All lettings	3.42	3.21	2.90	3.97	4.48	3.83	3.53
E + W > 1 year	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 2020 (though it had not been apparent in 2019).

Table 15.3: Previous Tenure and New Type of Tenancy

	≤5 years						10 years +					
	2020	2019	2018	2017	2016	2015	2020	2019	2018	2017	2016	2015
AHA	–	–	1	–	–	–	1	–	–	4	4	2
AHA LP	–	1	2	1	4	1	–	–	1	–	–	3
LDT	–	1	1	–	–	–	5	3	–	2	2	2
SLDT	14	18	11	31	6	15	3	1	3	2	1	3
Total	14	20	15	32	10	16	9	4	4	8	7	10
VP	1	5	3	11	–	–	–	–	1	1	–	–
GA	2	16	2	10	3	9	2	–	1	–	–	1
CF	–	–	–	–	1	–	–	–	–	–	–	–
Total	3	21	5	21	4	9	2	–	2	1	–	1

Table 15.4: Length of Tenancy by Previous Tenure

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

Notes

¹ – only one unit

15.3.14 Term by Level of Fixed Equipment – The average terms by the extent of fixed equipment on a holding returned, after 2019's unusual figures, to 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.

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

	2020	2019	2018	2017	2016	E + W 2020
Bare land	5.40	4.31	3.32	2.42	6.16	2.86
Land with buildings	16.00	5.00	–	6.29	7.50	5.22
House and land	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 or the complex definition set by regulations under the Land Reform Act, it is very difficult to define a new entrant. Accordingly, respondents were simply asked:

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

16.3 Of the 22 (43, 20) cases where the question was answered, 1 (11, 5) letting was to someone perceived as a new entrant. Of the 9 (17, 12) cases where the new tenant had not previously farmed the land, 1 (11, 4) was let to a new entrant: 9% (65%, 33%). 2019's figures included 9 lettings under the Scottish Government's Farming Opportunities for New Entrants (FONE) programme by Forestry and Land Scotland – all bare land including one large area with a hefted flock.

16.4 This avenue of entry is 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, only been out of a very small number of actual cases and, in 2020, was a reduced proportion out of a reduced number of opportunities. None this year (2, 4) came from the private sector that is the long term source of potential lettings.

16.5 While this survey sees more use of MLDTs (as also shown by the Scottish Government's June census data reported in the Appendix), this is not evidence of them being used for the 5 year break clause available where the letting is to a new entrant.

16.6 In practice, the comparable year is 2016 when no lettings to new entrants were 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 2020 is of few lettings overall and almost none for new entrants – a picture 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 1 MLDT the average length of letting to a new entrant was 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

	2020	2019	2018	2017	2016	2015	2014	2013	2012
Average term	10	5.13	7.62	7.5	–	11	12.5	10.66	9.8
Average size of holding	367	317	120	790	–	680	730	545	351
% of average area	229%	173%	40%	243%	–	294%	267%	195%	132%

NB 2020 had just one letting.

16.9 Average Size – Except in 2018, new entrants have tended to take larger than average holdings. In 2020 the one unit let was of 367 acres, on the face of it consistent with all previous years save 2018.

17. OTHER AGREEMENTS

17.1 Contract Farming

17.1.1 Returns to the Survey reported 14 new agreements covering 3,397 acres; an average area of 243 acres.

17.1.2 7 (1) of the agreements were reported as replacing 1991 Act lettings and 1 (0) an SLDT. 4 (8) had previously been contract farming agreements, 1 on a grazing agreement (0) and 1 (2) was on in-hand land.

Table 17.1: Contract farming agreements

	2020	2019	2018	2017	2016	2015	2014	2013	2012
No. of agreements	14	11	6	3	13	10	8	11	20
Total area	3,397	1,938	5,961	1,953	32,141	12,510	17,051	5,554	13,045
Average area	243	176	993	651	2,493	1,251	2,131	505	652
Average length	1.9	2.2	3.6	2	3.36	3.46	6	2.36	3.14
Previously:									
Contract farming	4	8	3	0	5	3	5	5	5
In-hand	1	2	1	2	3	4	–	3	10
Tenancy	8	1	2	1	4	–	–	–	–
Grazing arrangement	1	0	0	0	1	–	–	–	–

17.1.3 While 7 (2) agreements were with a different farmer, none (1) was with a farmer perceived to be a new entrant.

17.1.4 2 were for 5 year terms, a further 2 (4) were recorded as being from year to year and the remainder were for a single year.

17.1.5 Land that had been on one further agreement had been sold.

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 17.2 shows that 64 new grazing arrangements were reported on 16,763 acres – an average of 262 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

	2020	2019	2018	2017	2016	2015	2014	2013	2012
No. of agreements	64	89	90	65	114	32	8	40	32
Total area	16,763	15,851	23,150	9,217	8,004	9,031	310	1,607	10,986
Average area	262	178	251	142	70	282	39	40	343
With same farmer	62	83	86	62	100	25	6	34	26

17.2.3 62 were with the same farmer as before – unsurprising in the context of seasonal grazing land being made available for many years to neighbours. None (0, 1, 0, 0) was taken by a new entrant.

17.2.4 The great majority of these replaced previous grazing arrangements (61 lets, or 95%) as shown in Table 17.3. Two replaced SLDTs and two were on land that had been purchased. None replaced a contract farming agreement and none were previously in-hand.

Table 17.3: Grazing arrangements – previous tenure

	2020	2019	2018	2017	2016	2015	2014	2013	2012
Previously:									
Grazing arrangement	61	83	88	60	105	28	6	33	23
Contract farming agreement	1	–	1	–	–	–	–	–	–
In-hand	–	–	–	2	3	4	–	–	–
1991 Act tenancy	–	–	–	1	4	3	–	5	6
SDLTs	2	2	–	–	6	–	–	1	3
LDTs	–	–	–	–	–	1	–	–	–
Purchased land	–	2	–	3	–	–	–	–	–
Vacant	–	–	–	–	–	–	1	–	–
Unknown	–	–	–	–	–	–	1	1	–

17.2.5 1 unit formerly on a grazing arrangement was sold.

17.3 Share Farming and Other Agreements

As a new development for these Surveys, 4 cases were reported for 1,702 acres where share farming of some form had been put in place, all for dairy operations. 2 were on units that had been SLDTs and 1 an LDT with the fourth, a large unit, combining previous SLDT and LDT units.

APPENDIX

STATISTICS ON THE LET SECTORS OF ENGLAND, WALES AND SCOTLAND

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

ENGLAND

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

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

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

	2016	2017	2018	2019	2020	% of Area ex commons	
Land Owned	6,056	6,107	6,101	6,179	6,186	68%	
Land Rented in for 1 Year or More							
	AHA	1,407	1,396	1,354	1,305	1,294	14%
	FBT	1,193	1,208	1,263	1,267	1,192	13%
	Other	420	436	440	441	437	5%
Seasonally rented in land	518	527	544	542	522		

It seems likely that a large proportion of the 437,000 hectares recorded as being under "Other agreements" are in fact under FBTs. Generally, those who have 1986 Act tenancies are aware of that.

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.

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

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

SCOTLAND

Scottish Government Figures from the June Census

NB – One holding may include more than type of tenancy. The implication is that in 2018 up 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	
Holdings (No)							No	%
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		
Total	8,047		6,609	6,587	6,428	6,281	-328	-5%
Area (ha)								
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%
Total			1,164,744	1,170,766	1,181,768	1,134,550	-30,194	-3%
Rented Area as % of total area in sole occupation (Both ex-crofts)	26%		21%	21%	21%	20%		
Rented Crofts								
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.

	2008		2018	2019	2020	Change 2018-2020		Change 2008-2020	
Holdings (No)						No	%	No	%
1991 Act	7,399		4,601	4,403	4,300	-301	-7%	-3,039	-41%
– Conventional	6,441		4,198	4,002	3,927	-271	-6%	-2,514	-39%
– Ltd Partnership	958		427	401	373	-54	-13%	-585	-61%
SLDT	509		1,187	1,258	1,251	+64	+5%	+742	+146%
LDT	205		769	749	743	-26	-3%	+538	+262%
MLDT			29	98	132	+103	+348%	+132	
LDT + MLDT			798	847	875	+77	+10%	+670	+327%
Small Landholder	98		68	66	64	-4	-6%	-34	-34%
Total	8,047		6,281	6,210	6,134	-147	-2%	-1,913	-24%
Area (ha)									
1991 Act			770,003	738,774	719,055	-50,948	-7%		
– Conventional			644,781	618,998	619,451	-25,330	-4%		
– Ltd Partnership			125,222	119,776	99,604	-25,618	-20%		
SLDT			178,469	191,195	163,296	-15,173	-8%		
LDT			181,045	180,626	178,869	-2,476	-1%		
MLDT			2,875	23,143	70,150	+67,275	+2340%		
LDT + MLDT			183,920	203,769	249,019	+65,099	+35%		
Small Landholder			2,158	2,503	2,337	+179	+8%		
Total			1,134,550	1,136,241	1,133,708	-842	0%		
Rented Area as % of total area in sole occupation (Both ex-crofts)									
	26%		20%	20%	20%				
Rented Crofts									
Number	11,226		9,879	9,847	9,794	-85	-1%	-1,442	-13%
Area (ha)			147,479	147,671	152,096	+4,617	+3%		

SAVILLS SCOTLAND ESTATE BENCHMARKING

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

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

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

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