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Business Management Practices on Farm 2011/12, England

This release provides the results of questions on business management practices adopted by farmers from the 2011/12 Business Management Practices module from the Farm Business Survey. Results on computer usage were published separately on 20 March 2013. The key results covering all other business management practices are given below.

Education/Qualifications ([section 1](#))

- Just over 60% of farm businesses have someone with a managerial role who has achieved college/national diploma/certificate level or higher.
- Older farmers, smaller farms, and grazing livestock farms are less likely to have further or higher educational qualifications.
- Lower performing farm businesses are more likely to have individuals with no qualifications.

Seeking further knowledge and skills in business management ([section 2](#))

- Around a quarter of farm businesses would like to know more about risk management. A similar proportion would like to know more about management accounting.
- Nearly a half of farm businesses do not wish to know any more about key business management areas. This response is more likely from older farmers, small farms and owner occupied farms.
- Compared to 2007/08, there appears to have been a decline in the proportion of farm businesses who do not wish to know more about key business management areas.

Business planning, benchmarking and management accounting ([section 3](#))

- Nearly 80% of farm businesses undertake one or more of: business planning, benchmarking and management accounting.
- Of those undertaking practices, 75% produce an informal business plan, whilst around one third regularly produce a formal business plan. Around a third do budgets, cash flows, gross margins, etc and a third regularly attend discussion groups on business management issues.
- But two thirds of farm businesses do not wish to gain additional knowledge and skills in these areas. This response is more likely on smaller farms and with older farmers.

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Risk management ([section 4](#))

- 80% of farm businesses are undertaking one or more risk management practices.
- The most common form of risk management is contracts with agreed prices for outputs or inputs.
- The commonest reason for not undertaking risk management is 'benefits not clear'.
- Nearly 70% of farm businesses could not identify areas of risk management in which they would like to acquire further knowledge and skills.

Accessing advice ([section 5](#))

- Vast majority (95%) of businesses access business management advice.
- Compared to 2007/08, there appears to have been an increase in the proportion of farms accessing business management advice.
- Smaller farms and older farmers are less likely to access business management advice.
- The most common sources of advice on business management and technical issues are the farming media, advice supplied freely and through talking to other farmers.
- Using (known to be) RDP-funded initiatives is more popular with younger farmers.

Continuing Professional Development schemes ([section 6](#))

- Over one third of farm businesses participate in Continuing Professional Development schemes (CPD).
- Participation increases with business performance – around 56% of high performing farm businesses are in CPD schemes.

Agri-environment management practices ([section 7](#))

- 75% of farm businesses undertake environmental monitoring.
- Of those undertaking environmental monitoring, 78% are carrying out soil testing and 45% of farms are carrying out *self-initiated* monitoring of wild birds.
- 45% of farms work with others to deliver environmental benefits such as bio-diversity, landscape features and habitats.
- Farms with high business performance are more likely to work with others to deliver environmental benefits.
- Some 30% of farms give environmental management at least the same level of priority as the economic performance of the business.

Detailed results

The results are presented together with [confidence intervals](#) and an explanation of the main influencing factors. The full breakdown of results, by region, farm type, farm size, farm tenure and farm economic performance, can be found at:

<https://www.gov.uk/government/organisations/department-for-environment-food-rural-affairs/series/farm-business-survey#publications>

Results from the 2007/08 and 2011/12 business management practices modules are not directly [comparable](#) due to changes in the coverage of the survey and changes in the classification of farms for the 2010/11 campaign. Equivalent results from 2007/08 have been presented alongside 2011/12 results in many of the charts and tables; however comparisons should be treated with extreme caution due to the reasons given above.

To enable more robust [comparisons](#) between the 2007/08 and 2011/12 business management practices module, we have examined the subset of farms that participated in both years and carried out significance testing. Commentary alongside the charts and tables will refer to this analysis rather than make comparisons with the 2007/08 data displayed.

1 Education/Qualifications

With virtually all farm businesses, there is at least one person making managerial decisions. Questions were asked on the types of qualifications that individuals with managerial input into the business have.

Table 1: Qualifications of individuals with managerial input into the business, 2011/12

	% farm businesses	95% CI
No further/higher education	39	±3
A college/national diploma/certificate in agriculture or related subject	52	±3
A college/national diploma/certificate in business management, accountancy, marketing, economic or a related subject	8	±2
A degree in agriculture or a related subject	17	±2
A degree in business management, accountancy, marketing, economics or a related subject	4	±1
A degree (any other subject)	7	±2
A postgraduate qualification in business management or a related subject	3	±1

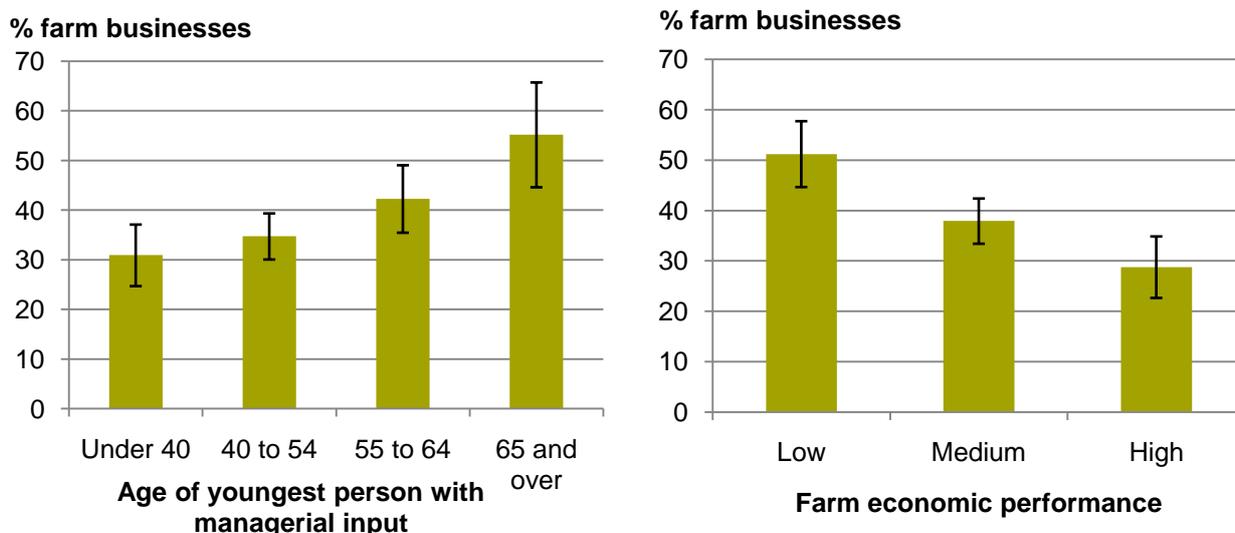
Note:

(1) Based on responses from 1357 farm businesses in 2011/12

(2) More than one qualification could be recorded for a business

In 2011/12, 39% of farm businesses had an individual with managerial input who had no further/higher education qualifications. The percentage of farm businesses with no further/higher education qualifications decreases with farm size, increases with age, was higher for grazing livestock farms (relative to other farm types) and was different between the regions. There were also significant differences between economic performance groups (figure 1), with lower performing farm businesses being more likely to have individuals with no qualifications.

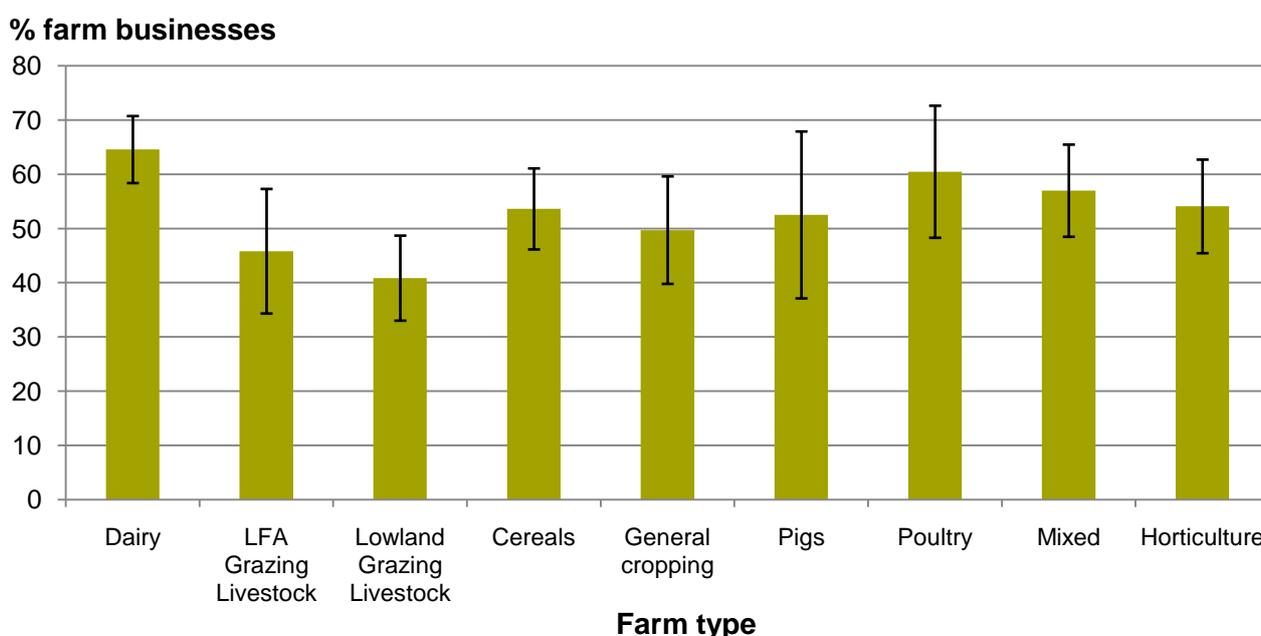
Figure 1: Percentage of farm businesses with individuals having no further/higher education qualifications by age of youngest person with managerial input (left) and by farm economic performance (right), 2011/12



Note: Based on responses from 1357 farm businesses in 2011/12

The most common qualification to be held is a college/national diploma/certificate in agriculture or a related subject (52%). Dairy farms (figure 2) are the most likely to have individuals with such a qualification (65%), whilst lowland grazing livestock forms are the least likely (41%). As the age of the youngest person with managerial input increases the percentage of farm businesses with this qualification decreases. A postgraduate qualification in business management is the least common with only 3% of farm businesses having an individual with this qualification.

Figure 2: Percentage of farm businesses with individuals having a college/national diploma/certificate in agriculture by farm type, 2011/12



Note: Based on responses from 1357 farm businesses in 2011/12

2 Seeking further knowledge and skills in business management

A question was asked on which areas of business management the farm business would like to acquire further knowledge.

Table 2: Business management areas that the farm business would like to know more about

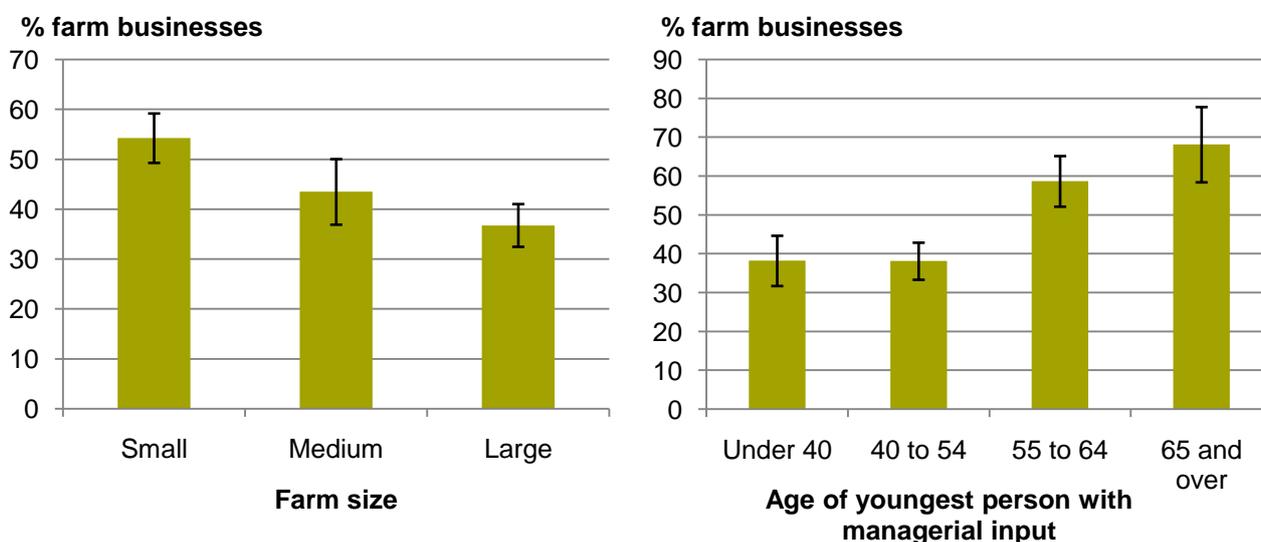
	2007/08		2011/12	
	% farm businesses	95% CI	% farm businesses	95% CI
No areas*	62	±3	48	±3
Management accounting	16	±2	25	±3
People management*	8	±1	12	±2
Risk management*	16	±2	26	±3
Marketing*	14	±2	17	±2
Environmental maintenance*	9	±2	19	±2
Impact of farming practices on biodiversity, habitats, nature conservation	17	±2	18	±3

Note:

- (1) Based on responses from 1453 farm businesses in 2007/08 and 1357 farm businesses in 2011/12
- (2) Results from the 2007/08 and 2011/12 business management practices modules are not directly comparable due to changes in the coverage of the survey and changes in the classification of farms for the 2010/11 campaign
- (3) * Signifies statistically significant difference when compared between farms present in both 2007/08 and 2011/12
- (4) Respondents could select more than one option

In 2011/12, nearly half (48%) of all farm businesses said that there were no business management areas that they would like to know more about. Owner occupied farms (52%) are more likely to give this response compared to tenanted farms. As the age of the youngest person with managerial input increases, the percentage of farm businesses identifying no areas they would like to know more about also increases (figure 3). Large farms (37%) are less likely to identify no areas than small farms (54%).

Figure 3: Percentage of farm businesses identifying no business management areas they would like to know more about by farm size (left) and by age of youngest person with managerial input (right), 2011/12



For both management accounting and risk management around a quarter of all farm businesses indicated that they would like to know more about these areas in 2011/12. As the age of the youngest person increases the percentage of farm business indicating they would like to know more about management accounting/risk management decreases (figure 4). Regional variations occur for both management accounting and risk management; 38% of farm businesses in the North West indicating they would like to know more about management accounting, compared to 12% in the East of England. There were also significant differences between farm tenure for management accounting. Whilst for risk management, there were significant differences between farm types and farm size.

Figure 4: Percentage of farm businesses identifying they would like to know more about management accounting/risk management by age of youngest person with managerial input, 2011/12



In 2011/12, the least popular area that businesses would like to know more about is people management (12%). Larger farms were more likely (22%) to indicate they would like to know more about people management than small farms (7%). Significant differences also occurred between different farm tenures and between age groups.

Comparisons between 2007/08 and 2011/12

From table 2, it appears that there has been a decrease in the number of farms indicating no business management areas that they would like to know more about. There also appears to be an increase in the number of farms indicating that they would like to know more about management accounting, people management, risk management, marketing and environmental maintenance. To determine whether these changes are significant or whether they are just caused by the changes in the sample composition and/or changes to farm classification methodology, we have examined the subset of farms that responded to both the 2007/08 and 2011/12 modules. From this we have determined that the decrease in the number of farms indicating no business management areas they would like to know more about is statistically significant. The differences seen for people management, risk management, marketing and environmental maintenance are also statistically significant.

3 Business planning, benchmarking and management accounting practices

The survey asked whether the farm was undertaking any business planning, benchmarking or management accounting. In 2011/12, 78% were undertaking at least one of these.

LFA grazing livestock farms were the most likely to not undertake any practices (45%), whilst dairy farms were the least likely (11%). Larger farms were less likely to not undertake any practices (9%) compared to smaller farms (30%). As the age of the youngest person with managerial input increases, the percentage of farm businesses not undertaking any practices increases. There were also significant differences between regions. Whilst there were differences between economic performance bands these differences were not significant.

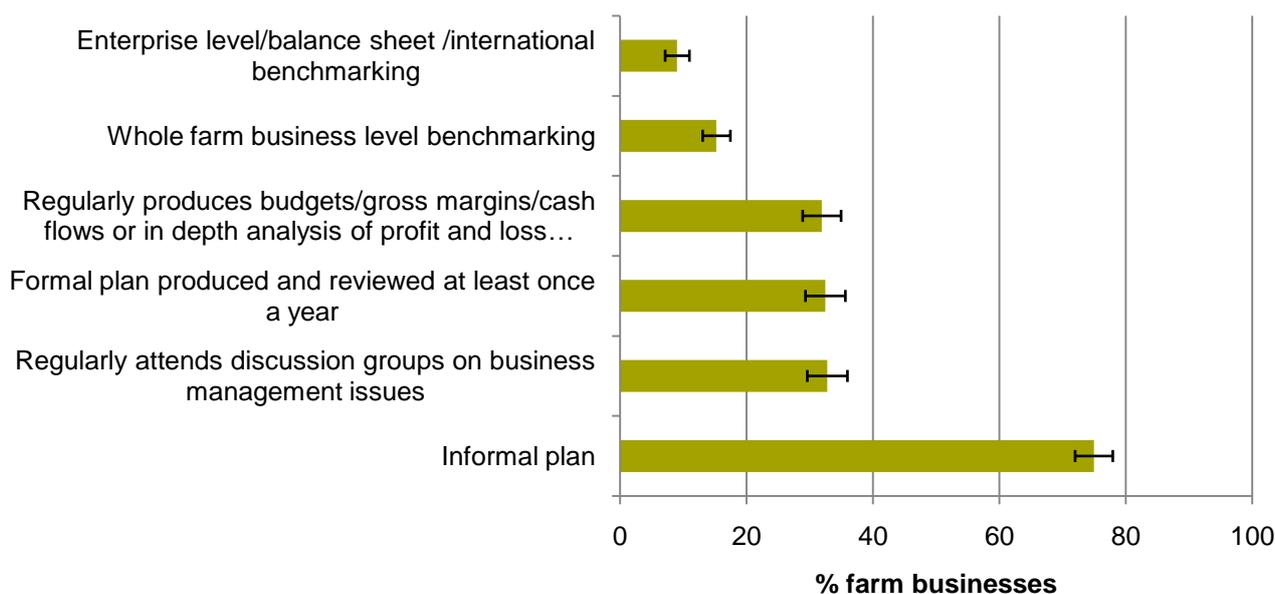
Table 3.1: Percentage of farms undertaking business planning, benchmarking or management accounting practices, 2011/12

	% farm businesses	95% CI
Practices undertaken	78	±3
No practices undertaken	22	±3

Note: Based on responses from 1357 farm businesses in 2011/12

Of those farm businesses undertaking business planning, benchmarking or management practices, the most common practice (figure 5) was to have an informal business plan (75%). Larger farms are less likely (68%) to have an informal plan compared to small (77%) and medium farms (80%). About one third of farms regularly attend discussion groups on business management issues. Around the same proportion produce a formal business plan or regularly produce budgets, gross margins, cash flows, or in-depth analysis of the profit and loss account.

Figure 5: Percentage of farm businesses undertaking various business planning, benchmarking or management accounting practices, 2011/12

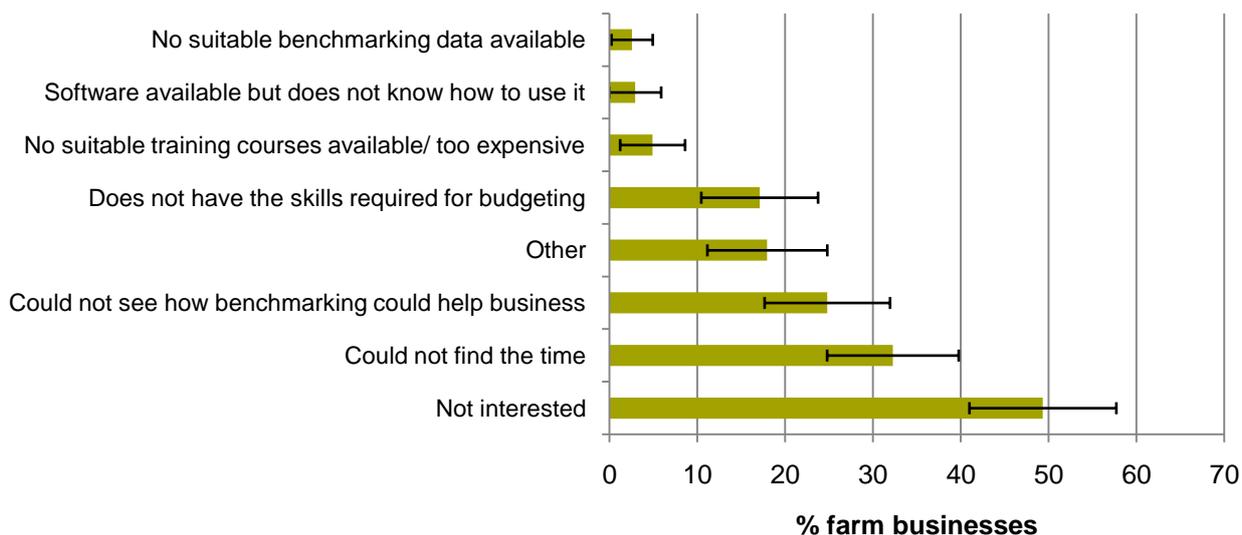


Note

- (1) Based on responses from 1142 farm businesses who are undertaking business management practices in 2011/12
- (2) Respondents could select more than one option

The reasons why farm businesses do not undertake any business management practices were collected (figure 6). The most popular reason for not undertaking any practices was cited as *not interested* (49%). Other popular reasons cited were, *could not find the time* (32%) and *could not see how benchmarking could help business* (25%). *No suitable benchmarking data available* (3%) and *software available but does not know how to use it* (3%) were the least popular reasons provided.

Figure 6: Reasons why farm businesses do not undertake any business management practices, 2011/12



Note:

- (1) Based on responses from 215 farm businesses who were not undertaking any business management practices in 2011/12
- (2) Respondents could select more than one option

Farm businesses were asked in which areas of business planning, benchmarking and management accounting they would like to acquire further knowledge and skills (table 3.2). Two thirds (66%) of farm businesses identified no areas in which they would like to acquire further knowledge and skills. Larger farms (58%) are less likely to identify no areas they would like to know more about than smaller farms (72%). As the age of the youngest person with managerial input increases, the percentage of farm businesses not identifying any areas they would like to know more about increases.

Table 3.2: Percentage of farm businesses that would like to acquire further knowledge and skills, 2011/12

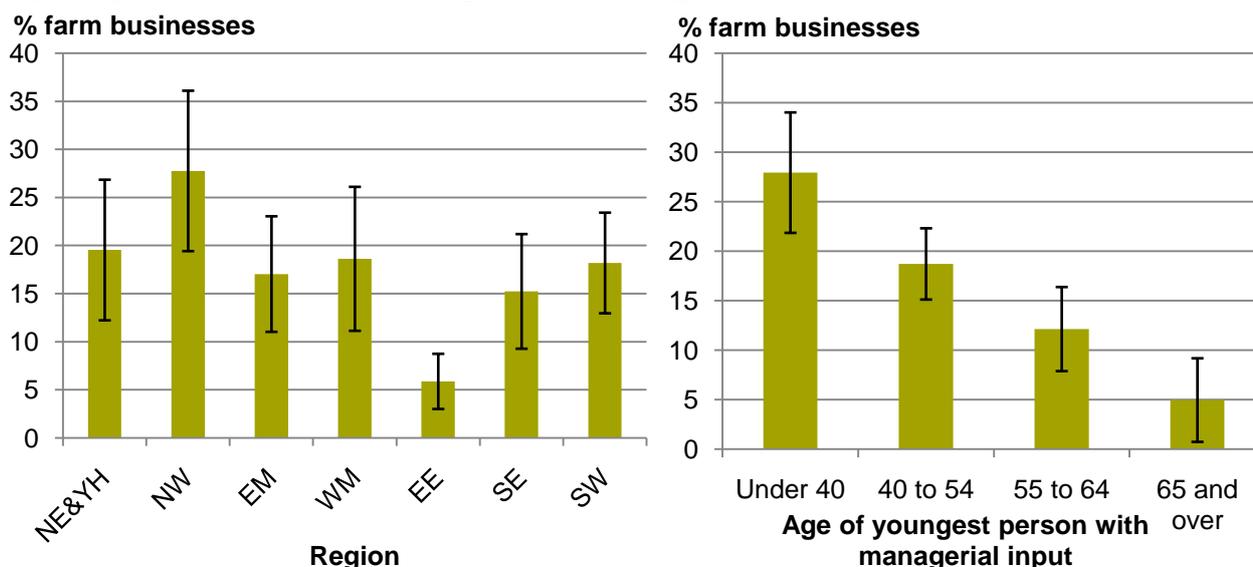
	% farm businesses	95% CI
None identified	66	±3
Analysing of profit and loss account	17	±2
Producing budgets/gross margins/cash flows	14	±2
Benchmarking	14	±2
Producing formal/informal business plans	13	±2
Enterprise level/balance sheet/international benchmarking	6	±1

Note:

- (1) Based on responses from 1357 farm businesses.
- (2) Respondents could select more than one option

Analysis of the profit and loss account was the most popular area (17%) that businesses wanted to acquire further knowledge and skill in. Regional variation occurs with 28% of farm business in the North West indicating they would like to acquire further knowledge or skills in analysing profit and loss accounts, compared to 6% in the East of England (figure 7). As the age of the youngest person increases, the percentage of farm businesses indicating they would like to know more about analysing profit and loss account decreases (figure 7). There were also significant differences between farm size groups.

Figure 7: Percentage of farm businesses who would like to acquire further knowledge and skills in analysing profit and loss accounts by region (left) and age of youngest person with managerial input (right), 2011/12



4 Risk management

The survey asked what the farm business was doing to minimise risk. In 2011/12, 80% of farm businesses were undertaking at least one risk management practice (table 4.1).

Lower performing farms are more likely to not undertake any practices (33%) than higher performing farms (13%). Horticulture farms are the most likely to not undertake any practices (46%) compared to other farm types. Regional variation occurs with 26% of farm businesses in the North West undertaking no practices, compared to 16% in the West Midlands. Smaller farms and older farmers are more likely to not undertake any practices.

Table 4.1: Percentage of farm businesses undertaking risk management practices

	2007/08		2011/12	
	% farm businesses	95% CI	% farm businesses	95% CI
Practices undertaken	70	±2	80	±3
No practices undertaken	30	±2	20	±3

Note:

- (1) Based on responses from 1453 farm businesses in 2007/08 and 1357 farm businesses in 2011/12
- (2) Results from the 2007/08 and 2011/12 business management practices modules are not directly comparable due to changes in the coverage of the survey and changes in the classification of farms for the 2010/11 campaign

For those farms undertaking risk management practices in 2011/12 (table 4.2), the most common practice undertaken was '*markets some commodities on a contract basis with an agreed price*' (46%). General cropping farms are the most likely to undertake this practice (80%), whilst LFA grazing livestock farms are the least likely (8%). Higher performing farm businesses (62%) are more likely to undertake this practice than lower performing farms (21%). Uptake of this practice increases with farm size.

Table 4.2: Percentage of farm businesses undertaking various risk management practices

	2007/08		2011/12	
	% farm businesses	95% CI	% farm businesses	95% CI
Range of crops/enterprises to spread risk	69	±3	-	-
Markets some commodities on contract basis with agreed price*	36	±3	46	±3
Uses selling groups and pools to market some or all of commodities	30	±3	31	±3
Purchases some inputs on contract basis with agreed price*	41	±3	45	±3
Make use of 'options'*	9	±2	6	±2
Has animal health insurance *	18	±3	20	±2
Animal health insurance considered but not pursued	12	±2	-	-
Has crop damage insurance	16	±2	14	±3
Using bio-security measures to manage disease risk	-	-	38	±3
Lock into a fixed exchange rate	-	-	5	±1

Note:

- (1) Based on responses from 1068 farm businesses which undertook risk management practices in 2007/08 and 1103 in 2011/12
- (2) Results from the 2007/08 and 2011/12 business management practices modules are not directly comparable due to changes in the coverage of the survey and changes in the classification of farms for the 2010/11 campaign
- (3) * Signifies statistically significant difference when compared between farms present in both 2007/08 and 2011/12
- (4) Respondents could select more than one option

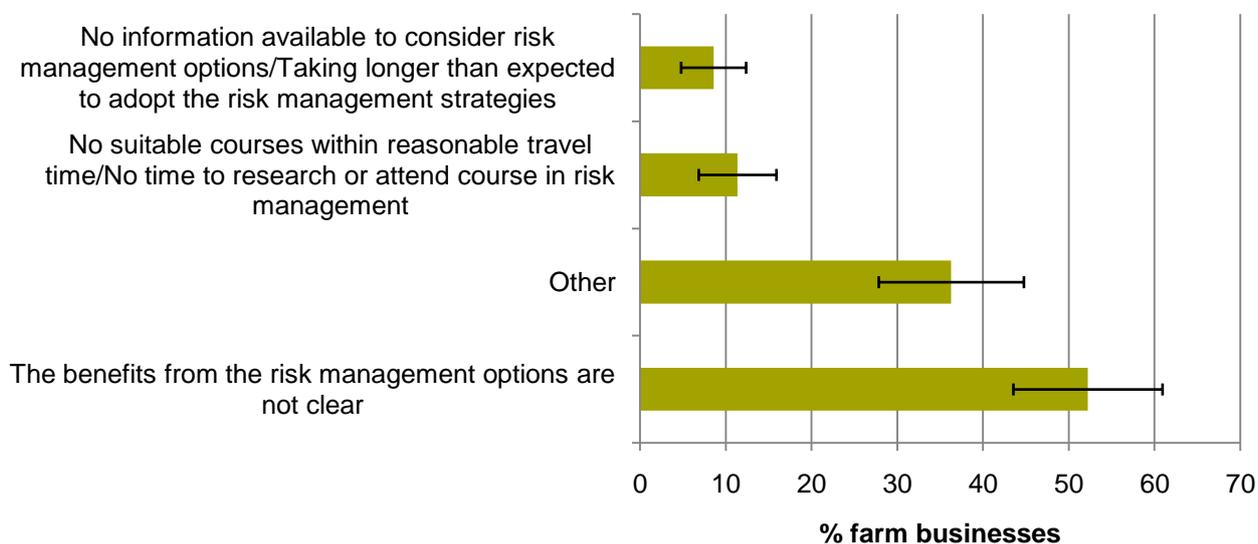
The least popular risk management practice undertaken in 2011/12 was to '*Lock into a fixed exchange rate*' with 5% of farm businesses carrying this out. Uptake of this practice increases with farm size.

Comparisons between 2007/08 and 2011/12

The increase in the percentage of farm undertaking risk management strategies from 2007/08 and 2011/12 (table 4.1) was not found to be statistically significant (borderline), when examining the subset of farms participating in both time periods. The differences observed for *markets some commodities on contract basis with agreed price*, *purchases some inputs on contract basis with agreed price*, *making use of 'options'* and *has animal health insurance* (table 4.2) were found to be statistically significant.

For those farm businesses not carrying out any risk management practices, the reasons why they were not doing so were collected (figure 8). Over half (52%) of all farm businesses that are not carrying out risk management practices cited that the reason for not doing so was that *the benefits from the risk management options are not clear*.

Figure 8: Reasons why farm businesses do not undertake any risk management practices, 2011/12



Note:

- (1) Based on responses from 254 farm businesses which are not carrying out risk management practices in 2011/12
- (2) Respondents could select more than one option

Farm businesses were asked in which areas of risk management they would like to acquire further knowledge and skills (table 4.3). In 2011/12, nearly 70% of farm businesses identified no areas in which they would like to acquire further knowledge and skills. Horticulture farms (94%) are more likely not to identify any areas than mixed farms (58%). As the age of the youngest person with managerial input increases the percentage of farm businesses identifying no areas they would like to know more about increases. Regional variation occurs with 81% of farm business in the South West indicating no areas, compared to 60% in the East of England. Significant differences also occur between farm size groups.

Table 4.3: Percentage of farm businesses which would like to acquire further knowledge and skills in risk management, 2011/12

	% farm businesses	95% CI
None identified	68	±3
Purchases some inputs on contract basis with agreed price	9	±2
Lock into a fixed exchange rate	9	±2
Uses selling groups and pools to market some or all of commodities	9	±2
Markets some commodities on contract basis with agreed price	7	±2
Make use of 'options'	7	±2
Using bio-security measures to manage disease risk	6	±2
Has animal health insurance	4	±1
Has crop damage insurance	4	±1

Note:

(1) Based on responses from 1357 farm businesses in 2011/12

(2) Respondents could select more than one option

With risk management practices, the most popular areas that businesses wanted to acquire further knowledge and skill in were: *purchasing some inputs on contract basis with agreed price, locking into a fixed exchange rate and using selling groups and pools to market some or all of commodities*. The least popular areas cited by farm businesses that they wanted to acquire further knowledge and skills in were animal health (4%) and crop damage insurance (4%).

5 Accessing advice

Farm businesses were asked questions on how they access business management and technical advice.

5.1 Business management advice

In 2011/12, 95% of farm businesses were accessing business management advice (table 5.1). Smaller farms and older farmers are more likely to not access advice. Whilst there were some differences between economic performance bands, these differences were not significant.

Table 5.1: Percentage of farm businesses accessing business management advice

	2007/08		2011/12	
	% farm businesses	95% CI	% farm businesses	95% CI
Advice accessed*	82	±2	95	±1
No advice*	18	±2	5	±1

Note:

(1) Based on responses from 1453 farm businesses in 2007/08 and 1357 farm businesses in 2011/12

(2) Results from the 2007/08 and 2011/12 business management practices modules are not directly comparable due to changes in the coverage of the survey and changes in the classification of farms for the 2010/11 campaign

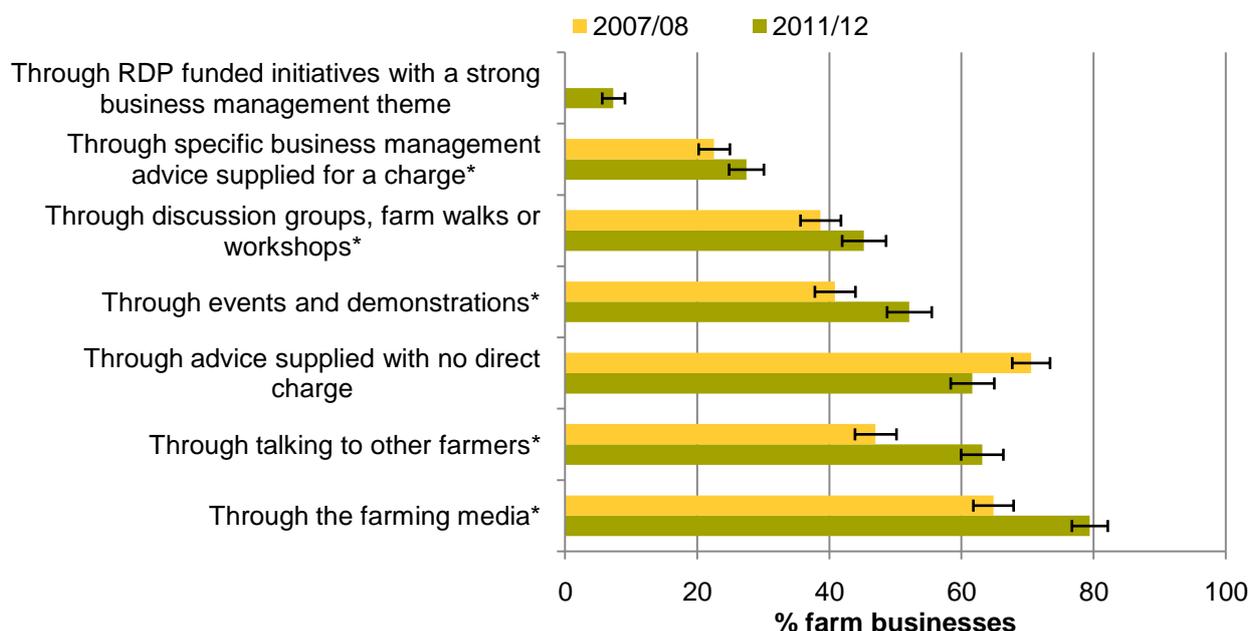
(3) * Signifies statistically significant difference when compared between farms present in both 2007/08 and 2011/12

For those farm businesses accessing advice in 2011/12, the most popular source of advice (figure 9) is through the farming media (79% of farms). Regional variations occur, with 93% of farm businesses in the East Midlands accessing business management

advice in this way, compared to 63% of farm businesses in the South East (figure 10). Horticulture farms are the least likely to seek business management advice in this way (58%), whilst General Cropping farms are the most likely (86%).

Using (known to be) RDP-funded initiatives for business management advice has the lowest uptake, 7% of farm businesses in 2011/12 recording that they received advice in this way. (Note, however, this *excludes* cases where farmers attended RDP-funded events etc but did not know that they were RDP-funded). As the age of the youngest person with managerial input increases the proportion of farm businesses citing this as how the sourced advice decreases. In the North West 15% of farm businesses reported that they had received advice through RDP funded initiatives, compared to 3% of farm businesses in the East of England (figure 10).

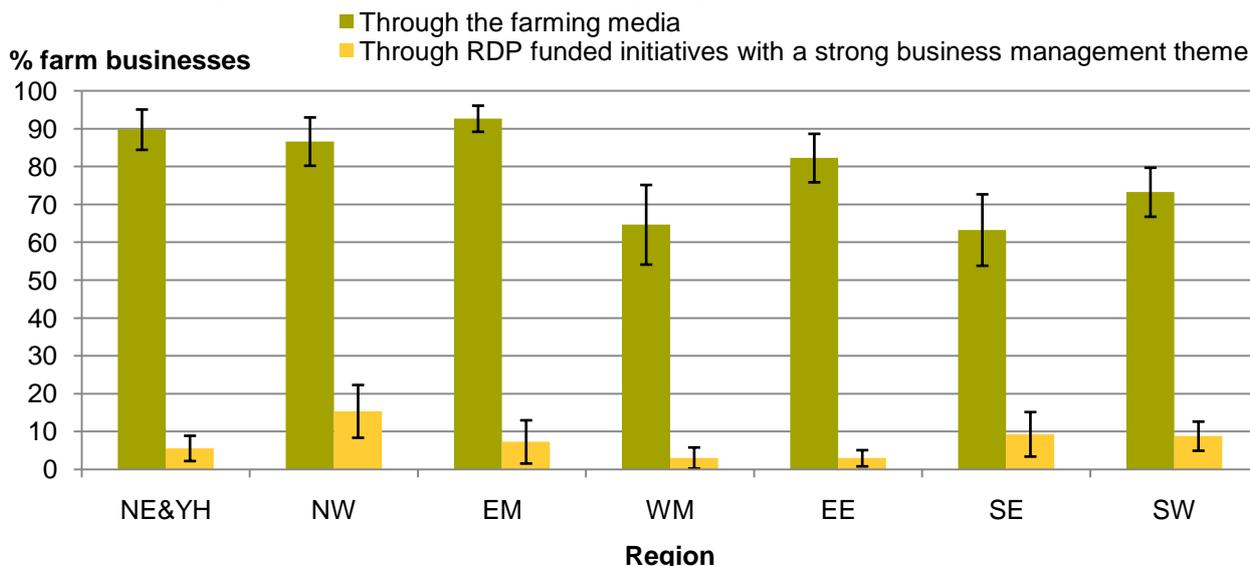
Figure 9: How farm businesses are accessing business management advice



Note:

- (1) Based on responses from 1219 farm businesses who are accessing business management advice in 2007/08 and 1291 farm businesses in 2011/12
- (2) Results from the 2007/08 and 2011/12 business management practices modules are not directly comparable due to changes in the coverage of the survey and changes in the classification of farms for the 2010/11 campaign
- (3) * Signifies statistically significant difference when compared between farms present in both 2007/08 and 2011/12
- (4) Respondents could select more than one option
- (5) Information about RDP funded initiatives with a strong business management theme was not collected in the 2007/08 survey

Figure 10: Percentage of farm businesses accessing advice through the farming media or through RDP funded initiatives by region



Comparisons between 2007/08 and 2011/12

From examining the subset of farms which participated in 2007/08 and 2011/12 we have found that the small increase in the percentage of farms accessing business management advice from 2007/08 and 2011/12 (table 5.1) was statistically significant. The differences observed for how the advice was accessed (figure 9) were all found to be statistically significant except for advice supplied at no charge.

5.2 Technical advice

Table 5.2.1: Percentage of farm businesses accessing technical advice

	2007/08		2011/12	
	% farm businesses	95% CI	% farm businesses	95% CI
Accessed advice	97	1	99	1
No advice accessed	3	1	1	1

Note:

- (1) Based on responses from 1453 farm businesses in 2007/08 and 1357 farm businesses in 2011/12
- (2) Results from the 2007/08 and 2011/12 business management practices modules are not directly comparable due to changes in the coverage of the survey and changes in the classification of farms for the 2010/11 campaign

In 2011/12, nearly all (99%) of farm businesses were accessing technical advice (table 5.21). For those farm business accessing advice the most popular source of advice is through the farming media (87%). Regional variations occur, with 94% of farm businesses in the North West and Yorkshire and Humber accessing technical advice in this way, compared to 82% of farm businesses in the West Midlands. The percentage of farm businesses accessing technical advice through the media was lower for those farms outside of the SDA (relative to those inside the SDA).

Table 5.2.2: How farm businesses are accessing technical advice

	2007/08		2011/12	
	% farm businesses	95% CI	% farm businesses	95% CI
Through the farming media*	79	±2	87	±2
Through advice supplied with no direct charge	70	±3	74	±3
Through talking to other farmers*	64	±3	72	±3
Through events and demonstrations	61	±3	59	±3
Through discussion groups, farm walks or workshops*	48	±3	52	±3
Through technical advice supplied for a charge*	29	±2	34	±3
Through RDP funded initiatives with a strong animal health theme	-	-	11	±2
Through RDP funded initiatives with a strong technical theme	-	-	9	±2

Note:

- (1) Based on responses from 1408 farm businesses who are accessing technical advice in 2007/08 and 1340 farm businesses in 2011/12
- (2) Results from the 2007/08 and 2011/12 business management practices modules are not directly comparable due to changes in the coverage of the survey and changes in the classification of farms for the 2010/11 campaign
- (3) Respondents could select more than one option
- (4) Information about RDP funded initiatives was not collected in the 2007/08 survey

Seeking advice through (known to be) RDP funded initiatives with a strong technical theme has the lowest uptake, 9% of farm businesses recorded that they had received advice in this way. (Note, however, this *excludes* cases where farmers attended RDP-funded events etc but did not know that they were RDP-funded). As the age of the youngest person with managerial input increases the proportion of farm businesses citing this as how they sourced advice decreases. In the South West 18% of farm businesses reported that they had received advice in this way, compared to 3% of farm businesses in the East of England.

Comparisons between 2007/08 and 2011/12

From examining the subset of farms which participated in 2007/08 and 2011/12 we have determined that the differences observed in the percentage of farms accessing advice through the media, talking to other farmers, discussion groups and advice supplied at a charge are statistically significant.

6 Continuing Professional Development schemes

Farm businesses in the survey were asked if they participated in Continuing Professional Development (CPD) schemes. Table 6.1 shows that 36% of farm businesses are members of a scheme. Membership of a scheme increased with farm size and increased with economic performance (figure 11). Membership was highest on general cropping farms (75%) and lowest on LFA grazing livestock farms (4%). There were also differences between age groups, regions and farm tenancy.

Table 6.1: Percentage of farm businesses participating in CPD

	% farm businesses	95% CI
Yes farm is a member of a scheme	36	±3
Not a member of CPD schemes	28	±3
Not aware of CPD schemes	24	±3
Have not considered	10	±2
Interest but not available in relevant sector	3	±1
Interested but not sure how it could benefit business	3	±1
No time to keep up membership	2	±1
Application/membership process too onerous	2	±1
Interested but not sure which scheme is most appropriate	2	±1

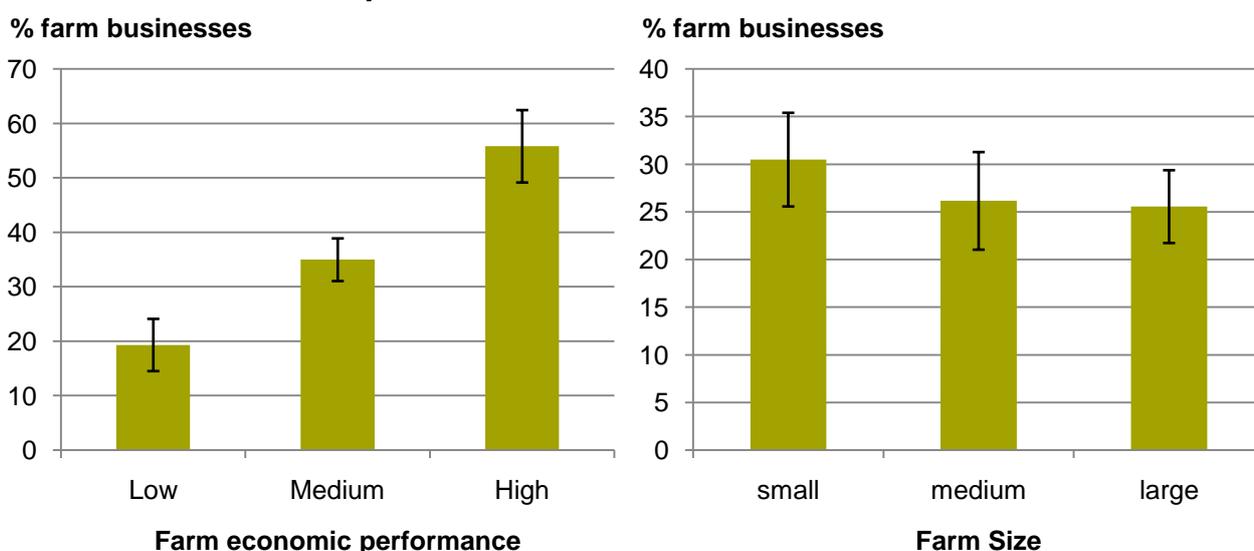
Note:

(1) Based on responses from 1357 farm businesses in 2011/12

(2) Respondents could select more than one option

In 2011/12, 28% of farm businesses were not members of a CPD scheme. Smaller farms are more likely (30%) not to be members than larger farms (26%). There were significant differences between regions, farm type, age groups and farm tenancy. Nearly a quarter of farm businesses were not aware of CPD schemes. As the age of the youngest person with managerial input increases, the proportion of farm businesses indicating that they are not aware of CPD schemes increased. Farm type and regions are also significant factors.

Figure 11: Percentage of farm business that are members of a CPD scheme by farm size and farm economic performance



7 Agri-environment management practices

Farm businesses were asked questions about their environmental monitoring practices, how they work with others to deliver environmental benefits and how environmental management fits as part of their wider business framework.

7.1 Environmental monitoring practices relative to biodiversity, conservation and habitats

Eligible¹ farm businesses were asked whether they monitor their farm for environmental improvements which have resulted from their land management activities. Both formal and informal monitoring was captured. Three quarters of farm businesses were undertaking environmental monitoring (table 7.1).

Pig farms were the most likely to not undertake environmental monitoring (48%), whilst cereal farms were the least likely (14%). Larger farms were less likely to undertake no monitoring (17%) compared to smaller farms (28%). Regional variation occurs with 36% of farm businesses in the South West undertaking no monitoring, compared to 14% in the South East. Whilst there were differences between economic performance bands these differences were not significant.

Table 7.1: Percentage of farm businesses undertaking environmental monitoring, 2011/12

	% farm businesses	95% CI
Monitoring undertaken	75	±3
No monitoring undertaken	25	±3

Note:

(1) Based on responses from 1253 farm businesses

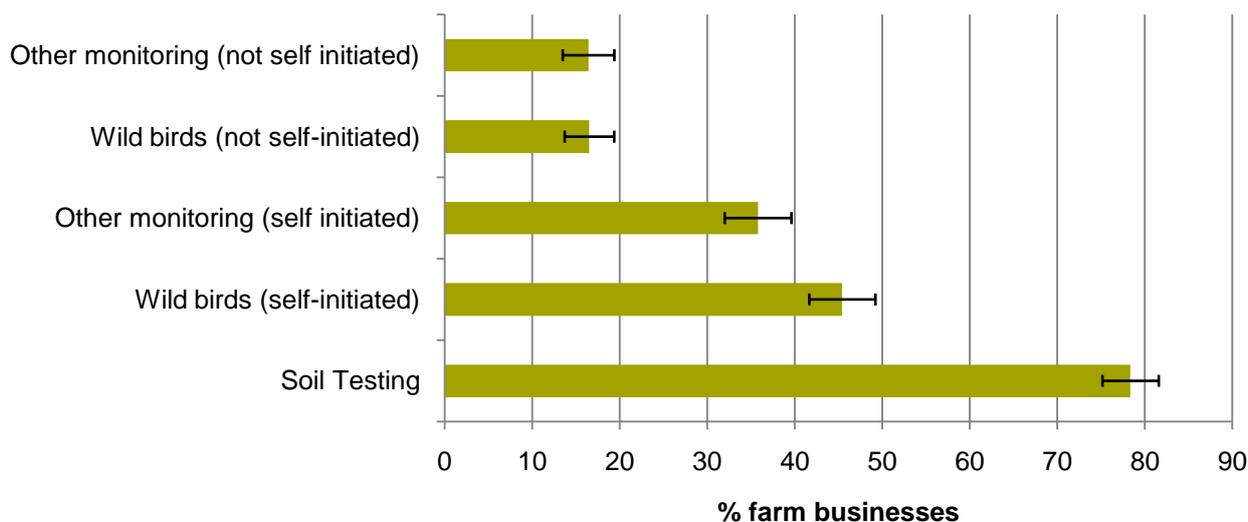
(2) Intensive holdings/protective cropping businesses were excluded.

For those farm business who carry out environmental monitoring (figure 12), the most common practice is soil testing (78%). General cropping farms are the most likely (92%) to undertake soil testing, while lowland grazing livestock farms are the least likely (57%). The percentage of farm businesses undertaking soil testing was lower for those farms inside of the SDA (relative to those outside the SDA).

Other monitoring (not self initiated) had the lowest uptake with 16% of farm businesses carrying this out. Higher performing farms are more likely (21%) to undertake other monitoring compared to lower performing farms (13%). Lowland grazing livestock farms had the highest level of uptake of this practice (25%), whilst dairy farms (8%) had the lowest. Regional variation occurs with 30% of farm businesses in the South East carrying out other monitoring, compared to 5% of farm businesses in the South West.

¹ Intensive holdings or protective cropping businesses were excluded.

Figure 12: Percentage of farm businesses undertaking different types of environmental monitoring, 2011/12



Note:

- (1) Based on responses from 962 farm businesses which were carrying out environmental monitoring and were eligible.
- (2) Other monitoring includes monitoring of flora, habitats and wild animals.
- (3) Respondents could select more than one option

7.2 Working with others to deliver environmental benefits

Farm businesses were asked whether they were collaborating with others to deliver environmental benefits such as one or more of: biodiversity, specific landscape features, conservation, habitats, ecosystems, resource protection etc. In 2011/12, 45% of farm businesses were working with others to deliver environmental benefits (table 7.2).

Lower performing farms are more likely to not collaborate (63%) than higher performing farms (47%). Pig farms were the most likely to not collaborate (81%), whilst cereal farms were the least likely (48%). There were also significant differences between the regions.

Table 7.2: Percentage of farm businesses working with others to deliver environmental benefits, 2011/12

	% farm businesses	95% CI
Collaboration undertaken	45	±3
No collaboration undertaken	55	±3

Note:

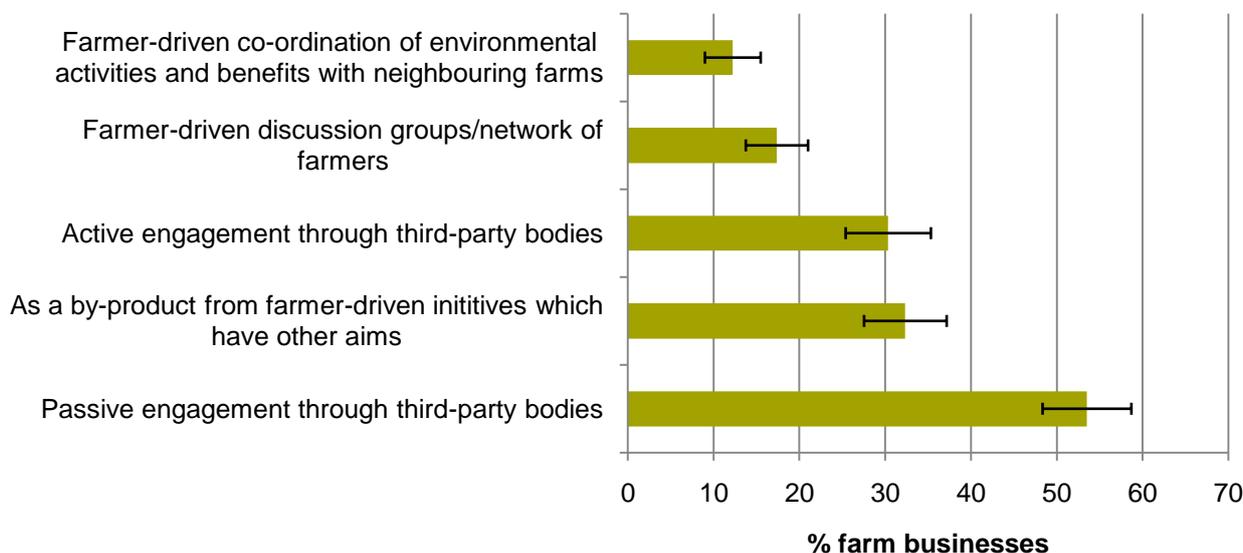
- (1) Based on responses from 1248 farm businesses
- (2) Intensive holdings/protective cropping businesses were excluded.

Over half of farm businesses that were working with others cited that they were involved in passive engagement through third-party bodies (figure 13). This means that someone from the farm business is attending a discussion group at least three times a year which has been organised by a third party and which includes discussions about environmental benefits. Whilst there were some differences between regions these differences were not significant.

Farmer-driven co-ordination of environmental activities and benefits with neighbouring farms had the lowest uptake with 12% of farm businesses, who worked with others,

undertaking this. Some differences were observed between farm economic performance groups but these differences were not significant.

Figure 13: How those farm businesses who are working with others, deliver environmental benefits, 2011/12



Note:

- (1) Based on responses from 567 farm businesses which were collaborating with others and who were eligible
- (2) Respondents could select more than one option

7.3 Environmental management

Farmers were asked how environment management fits as part of the wider business framework of the farms. The purpose of asking this question was to identify whether farmers see environmental management as part of the business. Twenty six percent gave environmental management the same priority as the economic side of the business (table 7.3). Over sixty per cent of farm businesses consider that environmental management plays only a minor role in shaping the framework of the business. Nearly 10% of farm business said that they had not really considered how the environmental management fits with the wider business framework. Only 3% gave the environment priority.

Table 7.3: How does environmental management fit as part of the wider business framework for your farm?

	%farm businesses	95% CI
Environmental management plays a minor role in shaping the framework of the business	63	±3
Environmental management is given same priority as the economic side of the business	26	±3
Not really considered	9	±2
Environmental management takes priority	3	±1

Note: Based on responses from 1238 farm businesses which were eligible

Survey details

Survey content and methodology

The Farm Business Survey (FBS) is an annual survey providing information on the financial position and physical and economic performance of farm businesses in England. The sample of around 1,900 farm businesses covers all regions of England and all types of farming with the data being collected by face to face interview with the farmer. Results are weighted to represent the whole population of farm businesses that have at least 25 thousand Euros of standard output² as recorded in the annual June Survey of Agriculture and Horticulture. In 2011 there were just over 56 thousand farm businesses meeting this criteria³.

In the 2011/12 survey, an additional module was included to collect information on business management practices from a sub-sample of farm businesses. Interviewers collected responses between January and October 2012 for practices relating to the 2011/12 accounting year (generally ending around February 2012). The information collected covered:

- i) business management practices such as benchmarking, risk management, IT usage and management accounting,
- ii) practices specific to animal health and welfare e.g. biosecurity, veterinary strategy, animal health plans,
- iii) the environmental footprint of farming, GHG abatement, energy use and
- iv) climate change adaptation.

When combined with other data from the survey this helps to explain farm businesses' behaviour and how this varies with parameters such as farm type, farm size and performance.

Completion of the business management practices module was voluntary with a response rate of 71% in 2011/12. The farms that responded to the business management practices module had similar characteristics to those farms in the main FBS in terms of farm type and geographical location. There was a smaller proportion of large and very large farms in the module subset than in the main FBS. Full details of the characteristic of responding farms can be found at Appendix A.

This release includes the results for the questions asked on business management practices. Comparisons to results from the previous business management practices module conducted in 2007/08 have where possible been included in this publication. Results from IT usage question were released on the 20 March 2013, for the detailed results please see:

<https://www.gov.uk/government/publications/farm-practices-survey-october-2012-computer-usage>

² For a definition of standard output please see the UK classification document here <https://www.gov.uk/farm-business-survey-technical-notes-and-guidance>

³ Prior to the 2010/11 campaign, the coverage of the FBS was restricted to those farms of size ½ Standard Labour Requirement (SLR) or more. For a definition of SLR please see the UK classification document here: <https://www.gov.uk/farm-business-survey-technical-notes-and-guidance>

For further information about the Farm Business Survey please see:
<https://www.gov.uk/government/organisations/department-for-environment-food-rural-affairs/series/farm-business-survey>

Data analysis

The results from the FBS relate to farms which have a standard output of at least 25,000 Euros. Initial weights are applied to the FBS records based on the inverse sampling fraction for each design stratum (farm type by farm size). These weights are then adjusted (calibration weighting⁴) so that they can produce unbiased estimators of a number of different target variables. Completion of the business management practices module was voluntary and a sample of around 1,350 farms was achieved. In order to take account of non-response, the results have been reweighted using a method that preserves marginal totals for populations according to farm type and farm size⁵ groups. As such, farm population totals for other classifications (e.g. regions) will not be in-line with results using the main FBS weights, nor will any results produced for variables derived from the rest of the FBS (e.g. farm business income).

Comparisons between 2007/08 and 2011/12

Results from the 2007/08 and 2011/12 business management practices modules are not directly comparable due to changes in the coverage of the survey and changes in the classification of farms for the 2010/11 campaign. In 2010/11 the survey was restricted to include farms which have at least 25,000 Euros of standard output; prior to this the survey was restricted to farms with ½ Standard Labour Requirement or more. The classification of farms into farm types was also revised for the 2010/11 Farm Business Survey, to bring the classification in line with European guidelines. Equivalent results from 2007/08 have been presented alongside 2011/12 results in many of the charts and tables; however comparisons should be treated with extreme caution due to the reasons given above.

To enable more robust comparisons between the 2007/08 and 2011/12 business management practices module, we have examined the subset of farms that participated in both years (approximately 770 farms). For this subset of farms we have carried out significance testing using McNemar's test to determine whether the differences observed between the two time periods are statistically significant. The McNemar's test is applied to 2x2 contingency tables, with matched pairs of subjects, to determine whether the row and column totals are equal. Where a statistically significant difference has been observed this has been indicated on the tables and charts for the full module results with a *. Commentary alongside the charts and tables will refer to this analysis rather than make comparisons with the 2007/08 data displayed.

Accuracy and reliability of the results

We show 95% confidence intervals against the results. These show the range of values that may apply to the figures. They mean that we are 95% confident that this range contains the true value. They are calculated as the standard errors (se) multiplied by 1.96 to give the 95% confidence interval (95% CI). The standard errors only give an indication of the sampling error. They do not reflect any other sources of survey errors, such as non-

⁴ Further information on calibration weighting can be found here:
<https://www.gov.uk/farm-business-survey-technical-notes-and-guidance>

⁵ The UK classification document provides details of how farm type and farm size groups are derived. See:
<https://www.gov.uk/farm-business-survey-technical-notes-and-guidance>

response bias. For the Farm Business Survey, the confidence limits shown are appropriate for comparing groups within the same year only; they should not be used for comparing with previous years since they do not allow for the fact that many of the same farms will have contributed to the Farm Business Survey in both years.

We have also shown error bars on the figures in this notice. These error bars represent the 95% confidence intervals (as defined above).

Definitions

Where reference is made to the *type of farm* in this document, this refers to the 'robust type', which is a standardised farm classification system. *Farm sizes* are based on the estimated labour requirements for the holding, rather than its land area. The farm size bands used within the detailed results tables which accompany this publication are shown in the table below. Standard Labour Requirement (SLR) is defined as the theoretical number of workers required each year to run a holding, based on its cropping and livestock activities.

Farm size	Definition
Small	Less than 2 SLR
Medium	2 to less than 3 SLR
Large	3 or more SLR

The *Severely Disadvantaged Areas* (SDA) are more environmentally challenging areas. They are largely upland in character and together with Disadvantaged Areas (DA) form the Less Favoured Areas (LFA) classification established⁶ in 1975 as a means to provide support to mountainous and hill farming areas. A map showing the SDA can be found at Appendix B.

Economic performance for each farm is measured as the ratio between economic output (mainly sales revenue) and inputs (costs + unpaid labour). The higher the ratio, the higher the economic efficiency and performance. Performance bands based on economic performance percentiles are as follows:

- **Low performers** - farmers who took part in the Business Management Practices survey and were in the bottom 25% of economic performers in this sample
- **Medium performers** - farmers who took part in the Business Management Practices survey and were in the middle 50% of performers in this sample
- **High performers** - farmers who took part in the Business Management Practices survey and were in the top 25% of performers in this sample.

These are based on economic performance in 2011/12.

⁶ Council Directive 75/268/EEC.

Availability of results

This release contains headline results for each section. The full breakdown of results, by region, farm type, farm size, farm tenure and farm economic performance, can be found at: <https://www.gov.uk/government/organisations/department-for-environment-food-rural-affairs/series/farm-business-survey#publications>

Defra statistical notices can be viewed on the Food and Farming Statistics pages on the Defra website at <https://www.gov.uk/government/organisations/department-for-environment-food-rural-affairs/about/statistics>. This site also shows details of future publications, with pre-announced dates.

Appendix A: Characteristics of responders to the FBS and the business management practices module

Farm Type	Full FBS sample	Business management practices subset
Dairy	17%	17%
LFA Grazing Livestock	13%	12%
Lowland Grazing Livestock	14%	15%
Cereals	17%	17%
General cropping	9%	9%
Pigs	4%	4%
Poultry	5%	5%
Mixed	10%	10%
Horticulture	11%	11%
All types	100%	100%

Government Office Region	Full FBS sample	Business management practices subset
North East and Yorkshire & Humber	15%	14%
North West	13%	11%
East Midlands	13%	14%
West Midlands	10%	10%
East England	16%	17%
South East	12%	13%
South West	21%	21%
All farms	100%	100%

Farm Size	Full FBS sample	Business management practices subset
Small	36%	38%
Medium	19%	19%
Large	46%	43%
All farms	100%	100%

Appendix B: Severely Disadvantaged Areas in England

