



SOCIAL RESEARCH NUMBER: 72/2023  
PUBLICATION DATE: 13/07/2023

# Farm Business Grant Evaluation

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## Executive Summary

### 1. Research aims and methodology

- 1.1 In the scheme's initial design, the Farm Business Grant (FBG) provided grants of between £3,000 and £12,000. The main objectives of the FBG were to increase on-farm investment, technical performance, on-farm production and resource efficiencies. The scheme also sought to support farmers in business planning.
- 1.2 The aim of the research was to understand how the scheme's design and implementation influenced the take up of support. The research focused on understanding the views and experiences of farmers accessing the FBG in windows 1 to 7. Within these windows, potential applicants had to attend a Farming for the Future Knowledge Transfer Event (KTE).
- 1.3 In achieving these objectives, the research sought the views of farmers. A stratified random sample of farms was drawn from information supplied by Farming Connect and Rural Payments Wales (RPW), across three distinct groups:
  - those that did not attend a Farming for the Future KTE (population n = 3,181, sample n = 177)
  - those that attended but did not apply for a grant (population n = 3,781, sample n = 305), and
  - those that attended and secured a grant (population n = 2,779, sample n = 327).
- 1.4 The following research methods were employed between March 2020 and March 2021:
  - Scoping interviews with key stakeholders (staff involved in the design and delivery of the FBG within Welsh Government and across other agencies, farming groups)
  - A telephone survey (n= 809, 63.6 per cent response rate)
  - Four focus groups with farmers, to test survey findings and themes
  - Case studies based on six in-depth interviews with farmers

## 2. Key findings

### Characteristics, Attitudes and Behaviours, and Engagement with the FBG

- 2.1 The underlying characteristics of farms differed across the three groups, including those that did not attend a KTE, those that did but did not make a claim, and those that ultimately did. Those that reported higher turnover, for example, were more likely to make a claim than those with a reported turnover of under £50,000. There was also variation by type of farm between those that engaging with the FBG, and the estimated population of farms within each sector across Wales.
- 2.2 Drawing on the Welsh Government's Farm Segmentation Model<sup>1</sup>, there were apparent differences in engagement with the FBG and the attitudes of farms across the three groups. Farms that tended to be more traditional in outlook were less likely to attend a KTE. There were also associations between broader behaviours of respondents and whether or not they applied for a grant. Those who had greater levels of historic engagement with Farming Connect were more likely to end up making a claim. Previously accessing other grant schemes was also positively associated with engagement with the FBG.
- 2.3 These observations highlight that economic, attitudinal and behavioural factors may have influenced the level and extent of the engagement and take up of the FBG. This suggests that there are factors that shape engagement independently of the way that the scheme has been designed and implemented, including the requirement to attend a Farming for the Future KTE as a condition of funding.

### Those that did not Attend a KTE (N= 177)

- 2.4 In terms of the composition of this group, they tended to have smaller farms, by both turnover and size of holding. They were also more likely to hold broader beliefs and attitudes that were more traditional in outlook (based on the Farm Segmentation Model) and less likely to engage in short and long-term planning.
- 2.5 Respondents were given a brief description of the FBG. Most said they were aware of the scheme (n= 141, 79.6 per cent). Exploring the reasons why they had not applied, 51 respondents felt they did not require further capital investment (28.8 per cent). Others felt further investment could be beneficial, however did not to apply because of the high minimum outlay (n= 35, 19.7 per cent).
- 2.6 This suggests that farmers may have been balancing the investment requirements of their farms with the potential economic savings of applying. Where they were perceived to be marginal, there was a tendency towards not applying for the grant. Whilst the majority had determined at the time that the scheme was not for them, 76 per cent said they would consider applying in future (n= 133).

### Attended a KTE, but did not apply for a Grant (N= 305)

- 2.7 Farms in this group tended to be bigger in size by turnover and size of holding. They were also likely to be broadly representative of all farms across the sample in terms of attitudes to farming.

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<sup>1</sup> Lee-Woolf C, Hughes O, King G and Fell D. (2015). Development of a segmentation model for the Welsh agricultural industry. A report by Brook Lyndhurst for the Welsh Government.

- 2.8 Overall, the perceptions of those that attended a KTE were very positive. Respondents on the whole found the KTEs valuable and informative in understanding how the scheme worked and whether it was right for them (n= 195, 64.4 per cent).
- 2.9 In the decision to ultimately not apply for a grant, responses suggested that investment decisions were complex and multidimensional. In more detailed conversations in focus groups and in-depth interviews, respondents were weighing up a range of factors in determining whether to apply for a grant. This included capital requirements of their business, the items available through the scheme, as well as the economic costs and the potential savings. Together, 36.4 per cent (n= 108) of respondents felt that the capital items available through the scheme were not appropriate for their business. The size of the grant itself of between £3,000 and £12,000 was also a significant barrier. Respondents often felt that the minimum spend thresholds were too high (77 per cent, n= 81).
- 2.10 Overall, the evidence suggests the KTEs themselves were not a significant barrier to engagement with the FBG. There are other factors, including in the scheme's overall design in combination with broader economic and attitudinal considerations, which may present more significant barriers to engagement.

### **Attended a KTE and applied for a grant (N= 327)**

- 2.11 This group tended to be larger in size, by both turnover and size of holding. They were also more likely than the broader sample to hold beliefs and attitudes that prioritise income maximisation and recognise the importance of planning and business skills in running a successful farm.
- 2.12 The KTE was, on the whole, viewed positively and an important source of information regarding accessing the scheme. Together, 68.7 per cent viewed KTEs as important or very important in understanding how the scheme worked and whether it was right for them (n= 208). Most respondents that made a claim felt positively towards the application process surrounding the FBG. Compared to other grants and schemes that they had applied for, the majority felt that the FBG process was easy or very easy to apply (n= 262, 80.6 per cent).

### **Impact of the FBG**

- 2.13 Through the design of the scheme and in the distribution of grants, the FBG actively sought to:
- (i) encourage engagement with Farming Connect and their support offer
  - (ii) encourage attendees to explore sustainable business development and improving performance through capital investments, and
  - (iii) increase on-farm investment, technical performance, on-farm production efficiencies, and on-farm resource efficiencies.
- 2.14 The scheme's design was effective in driving engagement with Farming Connect across those who attended a KTE and did not claim (21.2 per cent), and those that did make a claim (19.8 per cent). Accessing the grant was the significant reason for people joining the service. It also increased engagement with support offered through Farming Connect. There are a range of potential impacts that flow from this increased engagement which depend on the nature of the support accessed, and how effective provision was in improving outcomes.
- 2.15 In terms of the impact of attending a KTE itself, those that made a claim were more likely to have reviewed their business operations than those that did not make a claim (26.8 and 17.5 per cent respectively). Together, this finding suggests mandating attendance at a KTE led to modest but valuable attitudinal change (the value of reviewing operations) and

knowledge gains (how that could be achieved in practice) around sustainable business practices and investments.

- 2.16 There was also evidence that the investments supported increases in on-farm investment and subsequent improvements to technical performance and production efficiencies. There was the general perception that the grant was valued and had a positive impact. Together, 75.2 per cent of respondents reported improvements to production and the resource efficiencies following the grant (n= 170).
- 2.17 Due to empirical and practical challenges, there are a number of gaps in our understanding of how effective KTEs and the subsequent investments made through the FBG were in driving positive outcomes. Together, the data does suggest however that there are a range of potential impacts for individual farms and businesses, and for the broader economy. This included direct improvements to farm performance, as well as broader downstream impacts derived from greater engagement with Farming Connect.

### 3. Conclusions and recommendations

- 3.1 Overall, the research found that perceptions of the FBG were positive. Many found the application process simple and straightforward. The Farming for the Future KTEs were generally well received, and they were effective in driving engagement with broader support and advice offered through Farming Connect.
- 3.2 There were apparent differences in the characteristics of farms and levels of engagement with the FBG. Together, this suggests that there are factors that shape engagement independently of the scheme's design and implementation (e.g. the economic size of farms, farm type, the views of farmers themselves towards innovation).
- 3.3 Where barriers do exist in the design of the FBG, these tended to focus on the extent and nature of the capital items offered through the scheme and the minimum outlay required of applicants. Signing up for Farming Connect and attendance at a KTE was not found to be a significant barrier to engagement. In terms of addressing potential barriers in the FBG's design:

**Recommendation 1:** Review options that broaden support available to farms less likely to have accessed the FBG, including those with a turnover of under £50k. This could include reducing the minimum outlay required to access the grant, and/or slightly expanding the list of available items. It could also include exploring alternative approaches to support these farms to develop their technical and environmental performance.

- 3.4 On the whole, those attending KTEs found them helpful and informative. Across the survey and in focus groups, some respondents highlighted that they felt they had not fully understood elements of FBG, or there were apparent misunderstandings of the scheme's design, eligibility and application process. These were peripheral perspectives however as overall communications effective and clear.

**Recommendation 2:** Review communications across the FBG scheme to explore where messages may be simplified or clarified around the objectives, eligibility, and application processes. This includes messaging within the KTEs and in broader documentation and guidance.

- 3.5 Including broader support alongside capital grants was an effective approach in advancing the objectives of the FBG. Encouraging potential applicants to sign up to Farming Connect expanded and deepened engagement with support offered. The KTEs themselves showed modest impact on knowledge and behaviours around sustainable business planning.

**Recommendation 3:** Consider the future role and potential of broader packages of support that surround capital grant schemes. This could include the provision of training as part of an application process, or other mechanisms such as facilitating peer-to-peer learning that support and encourage information dissemination and discussion, such as through KTEs.

- 3.6 In terms of the broader impacts of the programme, there was indicative evidence to suggest that investments had stimulated improvements in the technical efficiency of farms. This included time savings, making processes more effective and efficient, and ultimately savings to the farm or business. There were also potential downstream impacts deriving from increased engagement with Farming Connect support.
- 3.7 Together, the FBG offers important examples of effective practice in the design and implementation of capital grant schemes aimed at supporting the farming community.

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Report Authors: Llorenc O'Prey, Sarah Usher and Tony Jones

Full Research Report: O'Prey L, Usher S and Jones T. (2023). *Farm Business Grant Evaluation*. Cardiff: Welsh Government, GSR report number 72/2023.

Available at: <https://www.gov.wales/farm-business-grant-fbg-evaluation>

For further information please contact:

Research, Monitoring and Evaluation Team  
Welsh European Funding Office  
Welsh Government  
Cathays Park  
Cardiff  
CF10 3NQ

Email: [research.evaluation@gov.wales](mailto:research.evaluation@gov.wales)

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