

Food & Farming

Act now to secure water supplies

Following the wettest March in 40 years, drought management might not be farmers' foremost concern. However, according to the National Drought Group, it should be. The group, made up of decision-makers from the Environment Agency (EA), government, the Met Office, water companies and other groups, said the nation cannot rely solely on weather patterns to keep drought at bay, pointing out that the wettest March in 40 years came immediately after the driest February in 30 years.

As well as discussing how water companies can increase drought resilience, the group debated actions the farming sector could take in future to secure water availability and support food security. One action is the use of eAlerts to easily share abstraction notices with farmers, allowing them to restrict or resume abstraction more quickly according to water availability. The technology is currently used by six EA operational areas and will be rolled out across the country. The EA is also using satellites to assess the moisture content of land, which can then be compared to irrigation restrictions.

Defra has also released a national policy statement for water resources infrastructure, the result of a consultation first drafted in 2018. It represents the first policy of its kind, governing the development of nationally significant water resources infrastructure in England. It means approximately 20 major water supply projects will be able to proceed further in the planning processes, with knowledge of what the government will require of them.

At farm level, farmers are now able to apply to the second round of the Water Management grant. The minimum grant is £35,000, with a maximum grant available of £500,000 per applicant per funding round. It is a two-step process consisting of an [online checker](#) and then a full application. Applicants should use the checker before 12 July 2023, prior to making a full application by 31 October 2024. If you would like to discuss this grant please contact [Daniel Murphy](#).

A return to normality for the farmland market?

Supply volumes in the farmland market may be returning to normality this year, recovering from the disruption caused by Covid-19 since 2020. [Savills research](#) has forecast an increase in farmland supply over the next few years, albeit not to its pre-Covid levels, with an anticipation it will reach 150,000 acres by 2024. In total 16,700 acres have been launched across Great Britain during Q1 2023, the most we have seen since 2016 and 30% more than the same period last year. Whilst supply is likely to increase across the next quarter, there remains pent-up demand in the market driven by a wide range of motivations associated with land investment. To what extent the increases in supply will meet demand in 2023, is yet to be seen. For full Q1 Farmland Market update see our latest [blog](#).

Agricultural inflation

The cost of farming has dropped for the first time in three years. The AgInflation Index published by purchasing co-operative AF, estimates the average cost of all farming inputs fell by 2.55% in the six months to March 2023. Fertiliser and fuel saw the greatest reductions of 30% and 23% respectively, however other areas continued to rise, such as chemicals (up almost 13%) and labour (up 6.6%). There is also variation between farming sectors, from a near 5% fall in costs for dairying, to a 13.75% increase in production costs for sugar beet.

Policy

Labour could expand farming budget

Shadow farming minister Daniel Zeichner MP has hinted at more money for agriculture. In a conversation with Farmers Weekly, he said the current budget is worth a lot less than it was even two or three years ago due to the inflated costs and pressures exerted on farmers. While he did not go so far as to commit to a number, he did say the government needs to go on putting money into the food system in order to maintain the food security of the nation while promoting sustainability. As a result, he wants to improve the existing Environmental Land Management scheme to ensure it considers food and he has some sympathy with the idea of maintaining some form of direct payment to farmers.

Mr Zeichner also insists that the Groceries Code Adjudicator needs enhanced powers to regulate the relationship between retailers and their suppliers. He also said a Labour government would want to strengthen the Food Standards Agency and he resists the idea that it should be brought under the control of Defra as the FSA's independence is important to avoid undue industry or government influence.

Scottish government's priorities

On Tuesday 18 April, First Minister Humza Yousaf gave a statement to the Scottish Parliament. Whilst there was no specific mention of agriculture, there were other rural matters referenced. An action plan will be published for housing in remote, rural and island areas, including up to £25 million from the affordable homes budget to allow suitable properties, including empty houses, to be purchased or long-leased and turned into affordable homes for key workers and others. In other property news, a consultation was launched on measures to provide local authorities with additional powers to increase the rate of council tax on second and empty homes. The changes would allow councils to charge up to double the full rate from April 2024.

In the push for net zero and a greener economy, the focus for the next three years will be on developing a hydrogen sector within Scotland, alongside ongoing renewable energy resources like the ScotWind programme.

Avian Influenza restocking rules relaxed

Poultry farms can now be repopulated following three months and 21 days of the premises being signed off by the Animal and Plant Health Agency (APHA). Only one cycle of secondary cleansing and disinfection (C&D) is required. Farms have previously had to wait 12 months after a flock was culled before they were permitted to restock. Producers still have the option to restock after as little as 21 days if they opt to a full secondary C&D, requiring cleansing, degreasing and disinfecting the premises, followed by a repetition of the process a week later. Initial costs (for culling, disposal and preliminary C&D) will still be covered by the government but secondary processes must be covered by the farm. If awarded a licence to restock by APHA, the farm must agree to a monitoring period where birds are tested by an official veterinarian. The farm must pay for the process but laboratory costs are covered by the government.

Environment & Natural Capital

Natural England's powers called into question

Senior Conservative MPs have suggested Natural England should be stripped of powers in a review of how it manages England's wildlife sites. The call was made after the watchdog proposed a new reduced grazing regime for the SSSIs on Dartmoor that would be imposed as a condition when farmers renew their Higher Level Environment Stewardship (HLS) agreements. It sent a letter to farmers in HLS agreements that will expire soon, advising them to reduce grazing livestock numbers in order to renew their agreements. Tory MP Sir Geoffrey Cox has called for an independent evidence review covering the ecological condition of designated sites on Dartmoor, which farming minister Mark Spencer has now agreed to hold. Nature organisations have expressed fears that decisions will be made on a political basis, rather than a scientific one.

Farmer jailed for dredging river

A farmer has been jailed for 12 months after pleading guilty to seven charges. The charges included carrying out operations on an SSSI-protected river without consent, contravening a stop notice, contravening the Environmental Permitting Regulations and contravening the Reduction and Prevention of Agricultural Diffuse Pollution Regulations. The farmer, John Price, has also been ordered to pay prosecution costs of £600,000 and disqualified from being a director of a limited company for three years.

Mr Price, has a mixed farm in Herefordshire, and was subject to an investigation and prosecution by Natural England and the Environment Agency after he dredged a mile-long stretch of the River Lugg, a protected river, in December 2020. Mr Price said at the time that he undertook the maintenance works to protect local households from flooding, which were heavily impacted by storms in 2019. Natural England and the Environment Agency contested that his actions had caused significant and long-term ecological damage.

At the time of writing, an online petition has gained over 10,000 signatures in support of Mr Price. A neighbour, who created the petition, stated that the land has since grown back with native plants and local wildlife. One signatory also contests that the Environment Agency should have paid attention to the river prior to Mr Price's actions. The Environment Agency has stated that Mr Price's works have had no benefit with respect to flooding in the area, something recognised by the judge of the case.

Overall, the case highlights the importance of ensuring regulations are complied with and the necessary consents are in place before undertaking work that affects SSSIs. Penalties are likely to increase too as the government is currently consulting on strengthening the Environment Agency's ability to issue monetary penalties for a wider range of environmental offences in England. Its proposals include increasing the cap on variable monetary penalties from £250,000 to potentially unlimited fines and introducing variable monetary penalties into the Environmental Permitting Regulations.

First natural capital loan to be issued

The UK Infrastructure Bank (UKIB) will commit £12 million in its first natural capital transaction. The bank will provide a short-term bridging loan to support Highlands Rewilding's acquisition of the Tayvallich Estate, a 1,300 hectare estate in Argyll. The finance is expected to enable the restoration of temperate rainforest on the estate and also provide new data and understanding on the restoration of Scotland's ecosystems. The UKIB is a government-owned policy bank, launched in 2021 but not fully established until this year. It is owned by the Treasury but is operationally independent from government. The bank has been set up to identify, assess and support projects that will help to tackle climate change and boost growth across the UK.

Reintroduction of lynx debated

The Scottish Parliament has held its first ever debate on the reintroduction of the Eurasian lynx to Scotland. SNP member Kenneth Gibson opened the debate by stating that the reintroduction can be a positive measure to help to tackle climate change and biodiversity loss in the process. A group of conservation organisations also believe the lynx would benefit tourism and help control roe deer. NFU Scotland has said there were concerns about the impact of lynx on livestock whereas other conservation bodies are concerned the lynx may prey on at-risk species, such as capercaillie and other ground-nesting birds.

Property & Development

MEES: Beware of expiring exemptions

Many exemptions from the Minimum Energy Efficiency Standards could be expiring soon in England and Wales. On 1 April 2018, it became law that landlords needed an Energy Performance Certificate (EPC) of at least an E grade to let out residential property. Eligible properties were granted exemptions from these requirements that last for a five year period, meaning some of these exemptions will be expiring imminently. Landlords should check when their exemption expires and potentially seek to register one again, being aware that some capital expenditure may be necessary to qualify for a new exemption.

Business & Economy

Renewable energy reform explored

Renewable energy developers could be rewarded for developing strong, local supply chains and for closing the green skills gap. The Department for Energy Security and Net-Zero (DESNZ) makes the proposal as part of a new consultation on a major reform to the Contracts for Difference (CfD) auction process which provides price support to low-carbon electricity generation. If the proposals were to go ahead, renewable projects would be judged not only on their ability to deliver low-cost clean energy generation, but also their provision of wider socio-economic benefits, described by the Department as "non-price factors". Precisely what would constitute a "non-price factor" is being consulted on, as well as the extent to which these factors could determine an application's outcome. As well as socio-economic considerations, the DESNZ is considering whether the provision of grid flexibility (e.g. power storage) to alleviate issues with grid access could also be considered a "non-price factor".

The CfD auction scheme has been running since 2014 and underwent significant reform in 2022, leading to auctions being held on an annual basis, instead of every two years. The rounds have also had their budgets increased, with a £205 million year-on-year uplift being seen this year. Contracts for low-carbon projects totalling 26.1 GW have been awarded through the CfD to date. The consultation will remain open until 22 May.

Sales of farm produce survey

Savills research is currently conducting a [survey on the sales of farm produce](#). The survey is investigating whether sales routes for farm produce have changed significantly over the last five years. This survey is aimed at all food producing farms and estates and will take no more than five minutes to complete.

UK forestry market reaches new high

The forestry investment market reached a new high in 2022, with average values increasing by 7.5% to just over £28,000 per net productive hectare. This growth has slowed from the high levels witnessed between 2019 and

2021; the 2021 forest year saw a rise of more than 50%. Our Spotlight on [The Forestry Market](#) showed the total value of UK investment-grade forestry sold was a record £295 million, with 52% of the value accounted for by seven large transactions.

Other Rural News

The cost-of-living crisis in rural areas

Those living and working in rural communities are at a disadvantage in terms of everyday living requirements, housing, employment and energy. That is the conclusion of a report by the All-Party Parliamentary Group for Rural Business and the Rural Powerhouse. The report goes on to make several recommendations including:

- An extension to the Rural Fuel Duty Relief scheme
- Update the definition of poverty to include expenditure so that it fairly reflects rural circumstances
- Conduct an impact assessment of requiring private rented sector landlords to meet Energy Performance Certificate rules
- Extend support for off-grid properties to match that of domestic users.

The report states the recommendations should not be seen as a retrospective. Instead, they should be considered in light of a broader debate as to how to make the rural economy more robust and productive, and how it can be better defended from future crises.

And finally... Salt of the earth

A woman who had her allotment destroyed has now received hundreds of thousands of pounds in donations to repair the damage. Carly Burd transformed her garden to help feed people during the cost of living crisis, growing organic fruit and vegetables as part of her 'A Meal on Me With Love' initiative. Her initiative was sabotaged however, when she discovered five kilograms of salt was thrown on the soil, damaging and dehydrating the plants. Her story went viral and a gofundme page set up to finance the original project has now garnered a quarter of a million pounds in donations. The original target was £4,000. Several celebrities, including Gary Lineker and BBC Dragon Steven Bartlett, are amongst the near-15,000 donors.

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