

Food & Farming

Spotlight on Global Farmland

In this year's Spotlight on [Global Farmland](#) we provide an update on global farmland value trends in 2021 and focus on the US and Europe, two markets that are experiencing significant change as a result of both private and institutional investor interest in permanent crops such as Almonds and Olive Oil. We also look at the impact of the Ukraine conflict on 2022 market sentiment and announce the appointment of Jonny Griffiths, Savills Head of International Farmland.

Science Based Targets Initiative increases focus on agriculture emissions

The Science Based Targets Initiative has launched guidance to help companies transition away from Forest, Land and Agriculture (FLAG) emissions in their supply chains. It calculates agriculture and land-based emissions account for 22% of global emissions and argues they have previously been overlooked. Whilst land use change, on-farm vehicles and fertiliser production are all partly responsible, 80% of the mitigation potential comes from stopping deforestation. The new guidance includes pathways focused on the decarbonisation of 11 major commodities.

Policy

Environmental Land Management review

Suggestions Environmental Land Management (ELM) could be scrapped in favour of continued area-based payments hit the headlines recently but have been strongly rebuffed by Defra. The department remains committed to the roll out of the scheme, although it is reviewing ELM and other rural policies to see where and how improvements can be made.

In general, actions taken by the new government so far have been intended to help businesses unlock economic growth, whereas ELM focuses on environmental delivery, leaving productivity growth to other agricultural transition schemes. Environment Secretary Ranil Jayawardena has said the environment and economic growth “are not incompatible, in fact in my book, the environment, farming and economic growth go hand in hand; a strong economy and a strong environment”. Whether the disconnected status quo remains, or the government seeks to use ELM to deliver for the environment and economy remains to be seen. Updated plans to strengthen UK food security and maximise the long-term productivity, resilience, competitiveness, and environmental stewardship of the British countryside will be set out later this autumn.

Welsh Agriculture Bill presented to the Senedd

The first ever Welsh Agriculture Bill has been presented to the Welsh Parliament. At its heart lies Sustainable Land Management a policy which aims to support sustainable food production while conserving the Welsh countryside, culture and language. The proposed Sustainable Farming Scheme will play a major role in rolling out this policy on farm. See our recent [Welsh Rural Policy](#) briefing note for more information about the planned scheme.

Criticism of the Bill has come from the Tenant Farmers Association in Wales, which has expressed disappointment in the lack of ambition for the tenanted sector. Following a detailed consultation on agricultural tenancies in 2019, the Welsh Government has only taken forward one aspect. It provides AHA tenants with a route to dispute resolution in cases where their landlord may be unreasonably withholding consent to a request to vary a restrictive clause that is preventing them from applying for support from the Sustainable Farming Scheme. The Bill does not extend this right to FBT tenants, which make up around half of the let land in Wales. This mirrors the approach taken in England in its Agriculture Act.

The TFA also highlighted the silence of the Bill on two fundamental issues; the definition of agriculture as it applies to agricultural tenancies, and what are known as the rules of good husbandry. George Dunn, Chief Executive said “both the definition of agriculture and the rules of good husbandry were drafted in the wake of the second world war. Applied strictly, they limit the extent to which farm tenants can use the holdings they farm for environmental purposes such as planting trees, managing for carbon or creating areas to improve biodiversity. Given the direction of travel

for policy within Wales, without significant change to these basic definitions, tenant farmers risk being disenfranchised from being able to access schemes”.

Environment & Natural Capital

Game and Wildlife Conservation Trust begins piloting the new Hedgerow Carbon Code

The GWCT has moved on to the pilot phase in the development of its Hedgerow Carbon Code, a project funded by the Natural Environment Investment Readiness Fund. Like the existing Woodland Carbon Code, it should encourage careful management and planting of hedgerows to promote biodiversity and carbon sequestration. Hedgerows can sequester carbon at twice the rate of woodland and England’s hedgerows already store as much as nine million tonnes of carbon. The pilot involving three arable farms will allow landowners to calculate the carbon capture potential of their hedgerows and then trade carbon credits, opening a potential new income stream.

Investing in the supply base for afforestation

A new £1.2 million Seed Sourcing Grant aims to help the UK meet the demand for trees and achieve its net zero target. In 2019 the UK Government pledged to reach 30,000 hectares of new woodland planting per year by the end of 2024 but is not on track to meet its target. The grant aims to boost domestic tree seed production, enhancing the quality, quantity and diversity available, because evidence suggests our current seed sources may struggle to meet future demand and increased diversity would aid adaption to climate change.

Funding support available for small areas of woodland in Scotland

From November small areas of woodland approved under the Scottish Rural Development Programme since 2015 can be used as Ecological Focus Areas to support farmers’ Basic Payment Scheme greening payments. The change is intended to encourage landowners to increase tree planting rates, by ensuring the woodlands do not reduce their eligible agricultural area.

Property & Development

Scotland’s residential eviction ban and rent freeze

More details of the Scottish government’s intended course of action are emerging from stakeholder meetings. Both the eviction ban and rent freeze are due to be in force until 31 March 2023. Draft legislation is anticipated in early October. It is understood the eviction process will operate as normal in terms of the landlord serving notice and if required applying to the tribunal for an eviction order. The tribunal will also still be able to grant an eviction order if it considers it reasonable to do so. The ban is expected to operate by limiting the enforcement of eviction orders. Sheriff officers will only be permitted to immediately enforce eviction orders that have been issued by the tribunal in cases of anti-social behaviour, criminal behaviour, mortgage lender repossession or abandonment. The enforcement of all other eviction orders will be delayed. If the eviction ban is extended beyond 31 March 2023 then each individual eviction order would be subject to a maximum delay of six months from the date it was granted.

The freeze on rent increases is likely to cap any rent increase notices issued from 6 September 2022 at 0%. Notices issued prior to this are expected to be enforceable and rent will also be able to be changed where a new tenancy agreement is being agreed. The Scottish government is considering support for landlords that are negatively affected by these policies, although this is not guaranteed.

The UK housing market: after the ‘mini-budget’

Stamp Duty in England has been immediately cut in a push for economic growth. The level at which house buyers begin to pay it has doubled from £125,000 to £250,000. For first time buyers the threshold at which they begin to pay the tax has been lifted from £300,000 to £425,000. However, the stamp duty savings are unlikely to have the intended effect as the financial market’s reaction to the government’s ‘mini-budget’ has increased the cost of debt. Lucian Cook, Savills Head of Residential Research commented that “there is little doubt that we will see a combination of downward pressure on prices and lower transaction levels during 2023. However, as things stand, it is difficult to be confident of the trade-off between the two”. His full analysis can be read [here](#).

Growth Plan promotes infrastructure development

Alongside tax cuts, a strategy of accelerating the delivery of major infrastructure projects formed a large part of the government’s proposed Growth Plan. This is driven by a need to improve energy security, achieve net zero targets and generate economic activity. The Plan included a non-exhaustive shortlist of 138 infrastructure projects that the government hopes to begin construction on by the end of 2023. A Planning and Infrastructure Bill will also enter parliament with the aim of reforming the planning system to allow faster decisions by removing the burden of barriers brought in by EU regulations such as:

- Minimising the burden of environmental assessments
- Making consultation requirements more proportionate
- Reforming habitats and species regulation
- Increasing flexibility to make changes to a Development Consent Order once it has been submitted.

Whilst the plan appears beneficial for the infrastructure sector, environmental groups have raised concerns, arguing environmental regulations cannot simply be bypassed. The Scottish government has described it as an “attack on nature” and said it “demonstrates a reckless attitude to legislation that has been developed over many decades and that enshrines vital protections for both nature and people”. The UK government has since reiterated its commitment to the environment and argued improvements to the current bureaucratic processes in the planning system are possible without negatively impacting the environment. For more detail on the Growth Plan see our briefing note.

Onshore wind set for revival

The Growth Plan released on 23 September promised to review onshore wind planning policy and bring it in line with other infrastructure. Polling for the Department for Business, Energy & Industrial Strategy in Autumn 2021 found 80% of the public support onshore wind. However, since 2015 it has been difficult to obtain planning permission for onshore wind because the National Planning Policy Framework made it possible for small groups of local community objectors to veto a proposal even if most of the community are in favour.

Geothermal power plant approved in Cornwall

Cornwall Council's planning committee has approved the development of a 2.8 hectare site into a power plant capable of providing 5 MW of electricity for approximately 9,186 homes, and 20 MW of thermal energy which could heat around 13,700 homes. The new plant, near Penhallow will resemble an agricultural barn so it is in keeping with the local landscape. The applicant Geothermal Engineering Ltd has another project under construction at United Downs which is set to be the UK's first deep geothermal power plant when it comes online. In both cases it will work with Cornwall Council and local businesses to develop a heat network to use the thermal energy.

Business & Economy

Supporting businesses energy costs

The detail of the government's support for businesses' energy bills has now been released. A multibillion-pound subsidy package will halve energy bills for all UK businesses this winter, running from 1 October to the end of March 2023. In Great Britain a maximum price of £211 per megawatt hour (MWh) has been set for electricity and £75 per MWh for gas. By comparison wholesale rates this winter were expected to be around £600 per MWh for electricity and £180 per MWh for gas. Businesses, charities and public sector organisations will benefit from the scheme. It will be applied automatically by energy suppliers and benefit those who are exposed to current wholesale market pricing and those who agreed a new fixed price contract on or after 1 April 2022.

Continuing support after the initial six month term will focus on the most vulnerable non-domestic customers, and a review due in three months' time will indicate which users qualify. Kwasi Kwarteng, the chancellor, explained the aim of the scheme is to protect the wider economy by preventing businesses collapsing, protecting jobs and limiting inflation.

Other Rural News

Funding for new entrants

Aiming to break down one of the barriers to young people entering the agricultural industry, agricultural lender Oxbury has launched a funding package for 'new generation' farmers to help them set up in business or buy into existing businesses. The Oxbury New Gen product could provide up to 100% of the financing required and includes three years of free business and financial advice. The application process includes an eligibility assessment, interview and development of a full business plan. The eligibility criteria include having agriculture as a core business activity, being aged 18 to 40 years old at the time of the application, having relevant practical agricultural experience, and not already earning an economic wage from their own farm.

Scotland: Community engagement in land use decisions

The Scottish Land Commission is investigating how much progress has been made in the last few years on community engagement in relation to land use decisions. It has launched two surveys, one aimed at [landowners and managers](#) and a second at [community organisations and individuals](#). The results will be compared to those from 2019 to assess progress and identify where further support to enable more effective engagement in land use decisions might be needed.

The Great Big Dorset Hedge

An environmental group is planning to create the Great Big Dorset Hedge, which will cover 90 miles of the Jubilee Trail, stretching across the county from the Somerset border to the edge of Hampshire. Dorset Climate Action Network is a network of community groups and individuals, which seeks to improve sustainability across the county. The project aims to plant, extend and join up sections of hedgerow to promote biodiversity and provide a network of natural connections and wildlife-friendly corridors.

And finally...

Turning soil into a battery

The UK Government is funding speculative research which is exploring turning the soil beneath our feet into a battery of sorts, allowing renewable energy to be stored. Whilst the trial voltages are small, the theory is that by running a current between buried electrodes, bacteria in the soil are stimulated and produce a chemical called acetate. When power is required, a different circuit would be switched on, giving the bacteria the energy they need to break down the acetate and release electrons to flow through the circuit, providing electricity.

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