

Food & Farming

How the Sustainable Farming Incentive will work

Secretary of State George Eustice used his speech at the NFU conference to announce that a pilot of the Sustainable Farming Incentive (SFI) component of Environmental Land Management (ELM) will be launched during March when expressions of interest are invited from farmers. The SFI is the component of ELM that should appeal to the largest number of farmers and Defra has since released more details about the structure of the scheme. The SFI will support approaches to farm husbandry that help the environment such as integrated pest management, and actions to improve soil health or water quality. It will comprise a set of standards and farmers will be able to choose which standards they want to apply for and where they want to apply them on their farms, and the level that is right for them (introductory, intermediate or advanced). The standards will be focused on natural assets, which means they will be based on specific features such as soils, grassland, hedgerows, water bodies, and woodland.

The first phase of the SFI pilot will offer eight standards and pay land management action payments that are roughly the same as those under Countryside Stewardship. Pilot participants will also receive a participation rate payment to cover the time involved in feeding back to Defra through surveys, interviews, group meetings and workshops. An early version of the SFI will launch in 2022. Over time the scheme will expand as more standards are added, including an animal health and welfare pathway standard. Overall the structure planned for SFI looks logical and, combined with the promised flexibility, it appears that SFI should allow farmers to build an environmental agreement that works for them and their land. Read our briefing note to find out more about the scheme. If you would like to discuss joining environmental schemes please contact [Stuart Nicholls](#).

No need for neonicotinoid seed treatment in 2021

An emergency approval for farmers to use a banned neonicotinoid seed treatment on sugar beet will not be needed this year. According to the Rothamsted Research virus model, the cold weather has had a significant effect on overwintering aphid populations and the first flights of aphids are likely to be six weeks later than last year. This will both reduce their numbers and delay the date of their migration into the 2021 crop. The March forecast predicts that 8.37% of the national sugar beet area will be affected by virus yellows by the end of August 2021. At this level the economic trigger for treating sugar beet seed with Cruiser SB (thiamethoxam) is not met. The initial decision to grant emergency usage sparked outcry from environmental groups due to concerns that the chemical would harm pollinator populations. However the risk was judged to be lower when used as a sugar beet seed treatment, as the seed is buried and the crop does not flower before it is harvested.

Wales: Bid to scrap farming rules fails

A bid to scrap new rules to limit the use of slurry and fertiliser on farmland in Wales failed in the Senedd. The rules are being introduced by the Welsh government because agricultural pollution incidents are occurring at a rate of three per week. Proposed changes include a three-month ban on slurry-spreading each year and a requirement to have at least five months' worth of slurry storage. Farmers' unions have said the measures could cost the industry £360 million and make the pollution situation worse, as farmers will be forced to empty their stores in the weeks just before and after the restricted period each year. The regulations will come into force on 1 April and be phased in over the next three and a half years.

Better meat and dairy

What does 'better' meat and dairy production and consumption look like? Eating Better, an alliance of environmental, animal welfare and farming groups including the WWF, RSPCA and LEAF, believe it has the answer. Its "Better by half" report is "a roadmap to less and better meat and dairy" that seeks a 50% reduction in meat and dairy consumption by 2030 while simultaneously improving standards. The report advises how to "create an enabling environment to drive the necessary transformation in eating habits". It also encourages supermarkets to take direct action. They could have a significant effect by changing their sourcing practices in order to tackle environmental impacts of meat and dairy production; including greenhouse gas emissions, soil health, diffuse pollution, and animal welfare.

COVID-19

The Budget offers more recovery support

The 2021 Budget focused on continuing support for those affected by Covid-19, with a clear emphasis on supporting job creation and the recovery of businesses. Despite the Office of Tax Simplification's recent reviews of Inheritance Tax and Capital Gains Tax and these taxes being considered likely candidates to help generate revenue to reduce the deficit, the Treasury opted not to reform their rates or reliefs at this point. A number of consultations to inform the government's 10-year tax administration strategy open on 23 March, in due course they will help to create a tax system fit for the challenges and opportunities of the 21st century.

The Coronavirus Job Support Scheme, Self-Employment Income Support Scheme and Stamp Duty Land Tax holiday have been extended until September. A new UK wide Recovery Loan Scheme will offer support to businesses of all sizes, whilst Restart Grants of up to £18,000 will help hospitality and accommodation businesses. The reduced VAT rate of 5% for hospitality, accommodation and attractions across the UK will continue until the end of September, followed by a 12.5% rate until 31 March 2022. Business rates relief remains for retail, hospitality and leisure. These announcements will help support diversified rural businesses. The Chancellor Rishi Sunak also announced plans to issue £15 billion of green gilts, to help finance projects to tackle climate change fund and create green jobs across the UK.

To help fund the support, the Chancellor has opted to increase the rate of Corporation Tax so that successful businesses pay more towards the recovery, whilst those that have not yet returned to profitability are protected. From 2023 the rate will be 25%, an increase of 6 percentage points but still the lowest rate amongst the G7 nations. Businesses with profits of £50,000 or less will continue to be taxed at 19% and a taper above £50,000 will be introduced so that only businesses with profits greater than £250,000 will be taxed at the full 25% rate. The tax increase will therefore affect large-scale rural businesses. A new super-deduction capital allowance was also announced to support and encourage investment. For two years from April 2021 the deduction will cut companies' corporation tax bills by 25p for every pound they invest in qualifying plant and machinery. This offers significant opportunities to farming companies that are looking to re-invest or expand. However for many farmers the future of the Annual Investment Allowance is of more relevance as it can be claimed by sole traders and partnerships whereas the super-deduction cannot. The Annual Investment Allowance will remain at £1 million for a further year; after 31 December 2021 it will reduce to £200,000.

Policy

Can Britain become a global leader in agri-food trade?

Liz Truss, International Trade Secretary, spoke at the NFU conference on 23 February, outlining the trading opportunities the government are promoting for British farmers. She spoke of the 'anti-innovation' approach of high tariffs and regulation that has previously stifled British agri-food producers from exporting across the globe. Currently, one in five of the UK's food manufacturers export produce. Ms Truss wants this to change, and has therefore announced the Open Doors export campaign for British food and drink. Through training and funding, the campaign will unlock agri-food export markets, support rural jobs and improve productivity.

A week later, the Trade and Agriculture Commission (TAC) published its [report](#) which sets out guidance for the future of UK agri-food trade. The TAC was formed in July 2020, in response to the increasing concern from farmers, business and the public at how to reconcile future trading policy with current British food and farming standards. The TAC was tasked with advising the UK government on the thorny issue of how best to advance the interests of British farmers, food producers and consumers in future trade agreements.

The TAC report provides a set of six principles and 22 recommendations that it believes will enable the government to develop a liberalised trade strategy, whilst also safeguarding agri-food standards in a way that is not trade distorting. The report openly admits that resolving current standards with a liberal trading outlook is a 'tough nut to crack'. Ultimately, protectionist legislation on production standards is incompatible with World Trade Organisation rules on free trade. This report seeks to address that by placing the UK as a world-leading force for change in redefining the international framework on trading rules and standards.

Interestingly, this week, Chris Grayling MP has tabled an amendment to the Environment Bill that asks for all food manufacturers to label foods offered for sale in the UK with a kitemark indicating the environmental sustainability of its origins. The amendment seeks to set a precedent for supply chain transparency and accountability. It places power in the pockets of consumers and would drive food manufacturers to assess their sourcing policies. Although it is unlikely that the amendment will be accepted, its intention signals global leadership from the UK in creating food systems and supply chains that speak to environmental and human health. If the UK can genuinely lead on setting environmental and welfare production standards whilst also encouraging investment and productivity in the

rural sector through liberalised trading agreements, British farmers may become an intrinsic driver in the future of Global Britain.

Environment & Natural Capital

Greener petrol to benefit cereal farmers

Petrol containing 10% bioethanol (known as E10) is set to become the standard across UK filling stations in September 2021. The two petrol blends that are currently widely available in the UK contain no more than 5% ethanol, known as E5. Doubling petrol's biofuel content could cut UK transport carbon dioxide emissions by 750,000 tonnes a year. This is equivalent to taking 350,000 cars off the road, or all the cars in North Yorkshire. The fuel is expected to be compatible with 95% of petrol vehicles on the road, and all petrol cars manufactured since 2011. For incompatible vehicles, E5 will remain available. E10 is already used in Australia, the US and Europe. China had planned to adopt the fuel in 2020 but suspended this plan due to tightening maize stocks and a lack of production capacity.

The move to E10 could improve the prospects for the UK's two large plants that can produce bioethanol from grain. Due to challenging economics their production has varied: the Viverno Fuels plant near Hull was mothballed in 2018 whilst the Ensus plant on Teeside has also shut down intermittently over the years and is currently running on maize. However, due to the ambition to electrify transportation the long term prospects of bioethanol remain uncertain. Banning sales of petrol and diesel cars after 2030 will impact demand, but ethanol has other industrial uses too.

Scotland: Tree planting on track

Scotland is on track to meet its yearly tree planting target and set a record after applications to plant over 13,000 hectares of new woodland in 2020/21 were approved. The yearly planting targets were increased to 12,000 hectares last year and will rise to 18,000 hectares in 2024/25. Rural Economy Secretary Fergus Ewing said "this really is a remarkable achievement by all those concerned" and added "in a year of unprecedented adversity with Covid-19, Brexit and heavy, persistent snow at the beginning of this year - this is such positive news". He said not all the planting was down to large forestry companies; "smaller woodland owners, farmers and crofters are planting almost 200 of the 320 woodland creation schemes we are funding this year". A further 6,000 hectares have already been approved for 2021/22.

Consultation on releasing gamebirds

Defra has launched a three-week consultation on the new interim licensing regime ahead of the 2021 release of gamebirds. It seeks views on the introduction of a general licence for gamebird releases on and within 500 metres of a Special Areas of Conservation (SACs) or Special Protection Areas (SPAs). The proposed interim licensing regime has been developed in response to a Defra commissioned review into the impact of releasing Common Pheasant and Red-Legged Partridge on and around SACs and SPAs. The [consultation](#) is open until 15 March.

Biomass Feedstocks Innovation Programme

The new Biomass Feedstocks Innovation Programme aims to increase the production of sustainable domestic biomass by funding innovative ideas that address barriers to biomass feedstock production. It will support work to improve the productivity of biomass crops through improved breeding, planting, cultivating and harvesting techniques. This work is important given the extent to which agricultural land may need to be dedicated to energy crop production in order for the country to achieve its 2050 net zero goal. The programme is part of the £1 billion Net Zero Innovation Portfolio which will also fund work to improve the availability of technologies to convert biomass into fuel or energy.

Property & Development

Levelling up rural Britain

"There are huge opportunities in rural areas to create jobs; to generate green economic growth; to showcase "Brand Britain" on the world stage through increased exports; and to improve the health and wellbeing of the entire nation". That is the message coming out of the NFU's latest report on levelling up rural Britain. The report argues that no one should be disadvantaged by where they live or work and goes on to highlight several areas where the rural-urban divide continues to grow:

- Connectivity; poor connectivity disadvantages rural areas and restricts investment
- Crime; rural communities are increasingly targeted by criminals
- Planning; the planning system prevents modernisation and diversification
- Investment; more investment should be encouraged into British food.

The government has announced that its Levelling Up Fund will be extended to the whole of the UK to help boost growth in Scotland, Wales and Northern Ireland. It will run from 2021/22 to 2024/25, and drive regeneration in places in need, those facing particular challenges, and areas that have received less government investment in recent years. The initial £4 billion will be increased to £4.8 billion as the scheme becomes UK-wide. It will supersede existing local growth funding streams, such as the Local Growth Fund, Pinch Points Fund, and future rounds of the Towns Fund.

Scotland: Attitudes to Land Reform

The Scottish government has published a [report](#) on research exploring public attitudes to land reform. The study revealed that the public have a strong sense of pride in Scotland's land and an awareness of the wide range of ways in which the land benefits individuals and the country as a whole. There is low awareness of the Scottish Government's land reform agenda, although once explained to participants they supported its overall aims. Concerns raised tended to relate to implementation issues rather than the policy aims. They included concern about the relative cost-benefits of large-scale buyouts and concern that communities may lack the resources and expertise to manage assets, and may be susceptible to volunteer fatigue in the longer term and therefore support should be provided.

Other Rural News

A renaissance for rural shops?

Of the near 47,000 convenience stores in mainland UK, over 17,000 are rural and 79% of those are independently owned. Rural shops are also significant contributors to the economy, contributing £3.7 billion in GVA and providing 126,000 jobs. The majority are the only shop in their community meaning they have provided a key service during the Covid-19 pandemic with 21% of rural consumers feeling safer in their local shop than in a larger supermarket. It is not surprising that they have been used more heavily in the last year, 37% of customers have visited their local store more this year than the same time last year and 25% have purchased a greater variety of products. Convenience stores, post offices and pharmacies are considered to be both the most essential services offered and the ones that provide the most positive impact. Despite this, post offices are one of the most wanted services, alongside specialist food shops and banks.

And finally...

The merino has got to go

An Australian sheep has been given a new 'fleece' of life after being relieved of its 35kg coat of wool. The merino ram, dubbed Baarack by rescuers, was found underweight and barely able to see because of the overgrown coat. Fortunately he was found by a member of the public who contacted Edgar's Mission Farm Sanctuary where Baarack is now settling in with other rescued sheep. It is estimated that his fleece would be the equivalent of 61.3 wool sweaters, or 490 pairs of socks. Yet Baarack got off comparably lightly when compared to Chris, a Canberran ram that was found in 2005 with a world record 41kg fleece; twice his body weight. Chris's fleece was donated to the National Museum of Australia, where it sits on display.

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