

Food & Farming

Future farm policy: “Exit scheme” under consideration

When the transition away from direct payments was first announced the Government said it was considering offering farmers in England the option to take their transition period payments as a single lump sum. Some farmers saw this as an opportunity to help fund their retirement, whilst others saw an opportunity to invest the money into their business in order to boost productivity and prepare for a future without direct subsidies. The lump sum payments still remain a possibility rather than a certainty, but a recent speech by George Eustice has suggested they could take the form of an “exit scheme” and be conditional upon the farmer “either surrendering their tenancy or selling or letting their farm”.

Alongside the Secretary of State’s speech, Defra provided an [update](#) on its intended policy and progress. This confirms that a three tier structure is planned for Environmental Land Management (ELM) which will launch across England in late 2024. ELM will offer payments to farmers in return for managing their land to provide public goods.

- Tier 1 focused upon sustainable farming and forestry
- Tier 2 to deliver locally targeted environmental outcomes often involving collaboration
- Tier 3 designed to produce landscape scale land use change.

The vision for the types of activity which will be supported by the first and second tiers will be familiar to current agri-environment scheme participants, whilst the third tier aims to deliver landscape scale land use change projects which will make substantial contributions to nature recovery and net zero targets. This could involve forest creation, peatland restoration and the restoration of wetlands and salt marshes. [Click here to view our summary.](#)

Policy

Budget 2020 – Getting net zero done

Responding to the challenges presented by both Coronavirus and climate change was the major focus of the Budget. Echoing its manifesto the government focused on “getting it done” so incentives and infrastructure investment featured heavily, whilst limited changes were made to the structure of our taxation system. There were no amendments to the inheritance tax reliefs which are important to rural businesses. For rural business and property owners the key announcements were:

Energy and environment

- A Nature for Climate Fund which will invest £640 million to plant around 30,000 hectares of trees and restore 35,000 hectares of peatland in England
- A £25 million Nature Recovery Network Fund, which will partner with landowners, businesses and local communities to protect, restore and support existing habitats and wildlife
- A £10 million Natural Environment Impact Fund will be introduced to stimulate private investment and market-based mechanisms to improve and safeguard our environment
- Carbon capture and storage is a key element of plans to achieve net zero, £800 million will be invested to establish two or more new carbon capture and storage clusters by 2030
- Decarbonising industry: It is easier to decarbonise electricity than gas so the Climate Change Levy for electricity will be frozen to encourage the electrification of industry, it will continue to rise for gas
- Greening of the gas grid: There will be a new support scheme for biomethane, funded by a Green Gas Levy
- A Low Carbon Heat Support Scheme will support the installation of heat pumps and biomass boilers from April 2022. The existing Domestic Renewable Heat Incentive will be extended until then
- Rollout of a fast-charging network for electric vehicles will be funded by £500 million over the next five years
- Red diesel will be phased out for many users in April 2022 but agriculture will benefit from an exemption. If agriculture had to pay fuel duty at the full rate it would cost the UK industry an extra £500 million a year and add £40 per hectare to costs on an average cereal farm.

Business, homes and community

- £1 million to promote Scottish food and drink overseas

- Capital Gains Tax: The lifetime limit on gains eligible for Entrepreneurs' Relief has been cut from £10 million to £1 million
- Structures and buildings allowance: The annual rate of capital allowances which can be claimed against the construction or refurbishment of qualifying non-residential buildings will increase from 2% to 3%. This means a building can be written down over 33 years rather than 50
- Extending the affordable homes program with a new multi-year settlement of £12.2 billion
- Business Rates reliefs in response to Coronavirus
 - A £5,000 business rates discount for pubs this year
 - The business rates retail discount will be increased to 100% and expanded to the leisure and hospitality sectors
 - £3,000 for business currently eligible for Small Business Rate Relief or Rural Rate Relief.

Animal welfare is a public good

Farmers will be paid for adopting practices which increase animal welfare beyond regulatory requirements. Defra has been working with the NFU, the British Veterinary Association and other stakeholders over the past 18 months to create an Animal Health and Welfare Pathway which will soon be piloted. Some welfare enhancements could include:

- Giving cows increased access to stimulating loafing areas or access to pasture
- Improved provision of enrichment for pigs to root and forage
- Using slower-growing, higher-welfare breeds of chicken that can exhibit natural behaviours.

The schemes will include capital grants and are set to launch from April 2022. Higher animal welfare is part of the Government's strategy to improve animal health and reduce its impact on farm productivity. Crucially the Government recognises that if any increases in baseline regulatory requirements are made, their impact on competitiveness against imports must be considered.

Bovine TB - Vaccinations to replace badger culling

Defra will focus on vaccinations as a way to eradicate bovine TB in the future. Its [response](#) to an independent review of its strategy acknowledges that badger culling has been effective in the first cull areas in Somerset and Gloucestershire where incidence has fallen by 37% and 66% respectively. The Government however plans to phase culling out in favour of badger vaccination, surveillance and improved cattle testing. Culling would still be permitted where assessments indicate that it is needed. Defra is also accelerating work towards having a deployable cattle bTB vaccine within the next five years. Overall the aim remains achieving official bTB free status for England by 2038.

Environment & Natural Capital

Government commits to onshore wind

An effective ban on onshore wind, solar and energy storage competing for Contracts for Difference (CfD) will be lifted. The CfD scheme is the Government's main mechanism for supporting low-carbon electricity generation. The Government had largely excluded onshore wind, solar and energy storage projects from support through CfD auctions and removed central government planning backing. These exclusions have come under intense scrutiny, particularly since the legally-binding commitment to net zero carbon emissions was made. Newly appointed Business, Energy & Industrial Strategy Secretary Alok Sharma has now confirmed that onshore wind, solar, floating offshore wind and certain energy storage projects will be able to bid in the 2021 CfD round. A [consultation](#) on how best to implement these changes will remain open until 22 May. The Government's U-turn on supporting the onshore technologies has been welcomed by The Committee on Climate Change because they are amongst the cheapest forms of low-carbon electricity generation. If you would like to learn more about the potential impact of this change, read this [blog](#) by Nick Green, Savills Head of Energy & Infrastructure.

Are we measuring emissions correctly?

Rural groups from across the UK and New Zealand have released a [joint statement](#) on calculating methane emissions. It calls for "the best scientific information and tools available" to be used to "inform and build trust in the decisions that global and domestic policy makers are taking." The statement takes specific issue with the use of GWP100 as the accepted metric for calculating the warming impact of greenhouse gases, because it overestimates the impact of methane emissions. Methane is a more potent greenhouse gas per molecule than carbon dioxide but generally has a much shorter lifetime in the atmosphere. The group call for the Intergovernmental Panel on Climate Change to replace the GWP100 metric with an alternative known as GWP* (or GWP-we), which provides a more accurate measure of the behaviour of methane in the atmosphere and its net contribution to global warming. The statement concludes by reaffirming farmers' commitment to "broad based action on climate change".

Consultation on biofuel boost

The Government is considering increasing the ratio of ethanol found in fuel for vehicles. E10 petrol consists of 10% bioethanol, double what is currently used. It has the potential to reduce emissions from transport by 750,000 tonnes of CO₂ per year, equivalent to taking 350,000 cars off the road. The E10 blend is already widely used in Belgium, Finland, France and Germany. It is unfortunate that E10 has not been adopted sooner in the UK, as Vivergo Fuels, one of the UK's two bioethanol plants, closed permanently in 2018 after unsuccessfully lobbying the Government to support its market by introducing E10 fuel. Whilst operational, the plant used 1.1 million tonnes of feed wheat a year to produce 420 million litres of bioethanol and 500,000 tonnes of animal feed.

Savills GWCT Game and Conservation Benchmarking survey

Want to know how your shoot's financial and environmental performance compares with your peers, and identify areas for improvement? Our industry leading game and conservation benchmarking can help shoots increase profitability or manage the costs of private family run shoots. All participants in our confidential survey receive a unique detailed benchmarking report which contains analysis tailored to the size of your shoot. Click [here](#) for more details and to access the e-survey.

Phasing out lead shot

All the UK's main shooting and land management bodies have jointly urged their membership to phase out the use of lead shot and single use plastics in shotgun ammunition for live quarry species within five years. They say that the quality of non-lead shotgun cartridges, biodegradable shot cups and recyclable cartridge cases now mean the move can be made to allow the shooting community to demonstrate its sustainability credentials and remain at the forefront of wildlife conservation and protection.

Environment Bill takes a step forwards

The Environment Bill has passed its second reading in the House of Commons and started its committee stage. The Public Bill Committee is now inviting [views and evidence](#) from stakeholders and the public.

Government faces more legal challenges

Environmental campaigner Chris Packham has said the recent independent Oakervee review of HS2 failed to take account of the full impact of HS2's likely carbon emissions and is therefore "compromised, incomplete and flawed". He has consequently launched a crowdfunded legal challenge, claiming that the Government's decision to proceed with HS2 is unlawful on account of it being based on the Oakervee report. The Department for Transport said it is considering the challenge and would respond in due course.

Wild Justice has also issued another legal case against Defra to try to halt the release of more than 50 million game birds. The campaigners say the birds could damage Britain's most important wildlife sites. Defra has three weeks from 24 February to file papers before a judge decides whether the issue should go to court. Defra has an ongoing review into this matter; for more detail see the [last issue](#) of Landscape.

Managing inland flood risk

The Environment, Food and Rural Affairs Committee has launched an [inquiry](#) into the Government's approach to managing the risk of inland flooding in England. As well as covering priorities for what should be protected, it will also consider the increasing focus on natural flood management measures and how future agricultural and environmental policies should be focused and integrated with the Government's wider approach to flood risk.

Following a winter of flooding George Eustice spoke about the Government's response at the NFU conference; saying "we will be setting aside record amounts of money for flood defence strategies in the next few years." Over the next five years a £5.2 billion budget has been allocated, and it is likely to focus on nature-based solutions such as using natural flood plains, holding water up-stream and planting trees. The Budget also made available £120 million to repair defences damaged in the winter floods and £200 million of funding for communities to build their flood resilience.

Property & Development

Energy efficiency regulations enforced

From 1 April it will become unlawful for let residential property in England to have an Energy Performance Certificate (EPC) rating below E. The requirement has applied to new lettings since 2018. An illustration of the consequences of noncompliance is a £2,000 Civil Penalty recently issued to a landlord by East Lindsey District Council. It has already investigated over 200 properties. Under the regulations, fines of up to £5,000 per property are possible.

Buildings must be recycled

Historic buildings must be recycled, reused and responsibly adapted to meet net zero targets. The [Heritage Counts](#) report from Historic England supports sympathetic upgrades to improve a building's energy efficiency and create substantial energy savings. Demolishing a building and rebuilding loses all the carbon dioxide emissions already embodied within it and also creates additional end of life carbon. Embodied carbon is the carbon dioxide released during the construction and demolition of a building. Heritage England argues taxation also has a role to play as the 0% VAT rate for new builds incentivises demolishing buildings instead of renovating them which incurs 20% VAT. If 50% of all pre-1919 residential buildings were responsibly refurbished between 2021 and 2031, carbon emissions would be reduced by 39.6 million tonnes (tCO₂e) by 2050.

Business & Economy

June or bust for EU trade deal

The UK will walk away from trade talks with the EU if no progress has been made by June. Michael Gove told MPs the UK wanted to strike a "comprehensive free trade agreement" in 10 months but added that "we will not trade our sovereignty". Both the [EU](#) and [UK](#) have now set out their priorities for talks. There are many potential points of disagreement including environmental standards and labour. Brussels wants Britain to maintain the EU's present environmental and labour laws under "level playing field provisions". It also wants a mechanism by which Britain would match any changes in EU laws, known as "dynamic alignment". However the UK Government has stated it will not accept any reduction in standards and it is against any form of dispute resolution mechanism which involves the European Court of Justice.

UK-US trade deal

The UK's objectives in trade negotiations with the United States of America have been published. Elizabeth Truss, Secretary of State for International Trade told parliament that the UK stood at a crossroads in forging its own independent trade policy and the aim is to have 80% of UK trade covered by free trade agreements within three years. The initial agreements will be with the EU, the US, Japan, Australia and New Zealand. At present UK-US trade is valued at £220.9 billion and a free trade agreement could increase this by £15.3 billion in the long run. Agricultural negotiating objectives include:

- To improve market access by securing broad liberalisation of tariffs on a mutually beneficial basis, taking into account UK product sensitivities, in particular for UK agriculture
- Uphold the UK's high levels of public, animal and plant health, including food safety
- Enhance access for UK agri-food goods to the US market by seeking commitments to improve the timeliness and transparency of US approval processes for UK goods.

Whilst the commitment on protecting standards is welcome, farmers remain concerned. George Eustice recently voted down a Labour amendment to the Agriculture Bill which would ban the sale of lower standard foods such as chlorine-washed chicken and hormone-injected beef. It was a carbon copy of an amendment which he submitted when he was a backbencher.

Other Rural News

Shared Rural Network - £1 billion deal signed

Ministers and mobile phone operators EE, O2, Three and Vodafone have signed a deal which will lead to 95% of the UK landmass having 4G coverage by 2025. It will be achieved through a combination of network sharing and new shared infrastructure. The largest improvement in coverage will be seen in Scotland and the coverage targets are backed by legally enforceable coverage obligations.

Plastic-eating caterpillars

A caterpillar is able to survive for weeks on a diet made up entirely of plastic. The larvae of the greater wax moth is able to eat polyethylene, which is one of the most widely produced plastics and often used for bags. Its molecular structure is similar to beeswax which waxworms usually eat. The larvae do however excrete ethylene glycol which is toxic. More work is needed to understand how the caterpillars and microbes in their digestive tract are able to digest the plastic. Some of their gut bacteria can live on a plastic diet for more than a year.

And finally...

Record sheepdog price set

A two-and-a-half-year-old collie reared in Northumberland has become the world's most expensive sheepdog. In an auction at Skipton, North Yorkshire, Megan was sold for £18,900 by telephone bid to a Wagyu beef cattle farmer from Oklahoma. It is believed he intends to use Megan to herd his cattle.

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