

Food & Farming

Agricultural inflation hits new heights

AF's latest Agricultural Inflation Index has recorded the second highest rate of inflation since it launched in 2006. Overall the cost of farming inputs has increased by 21.86% from 1 October 2020 – 30 September 2021. Five out of the nine input classes saw double digit inflation, with fuel increasing 79.9% and fertiliser increasing 51.2%. Over the same period, the food element of the Retail Price Index has deflated -0.7%, highlighting the continued squeeze on margins for farmers. Since the end of this reporting period, inflation has continued and there has already been a further 50% increase in fertiliser prices. This highlights the significant impact that increasing prices and supply chain disruption are having on agricultural producers. To guide farmers' decision making the AHDB has produced a [report](#) on how best to respond to rising nitrogen fertiliser prices; it takes into account the response curve between application rates and yield to help farmers calculate their economic optimum application rate for current crop and nitrogen fertiliser prices.

85% of British fruit and veg to be LEAF marque certified by 2026

The organisation Linking Environment And Farming (LEAF) aims to become the dominant accreditation for sustainably grown UK fruit and vegetables. It has set a new target to almost double the amount of UK grown fruit and vegetables produced by LEAF marque certified businesses, from 45% of UK horticultural businesses to 85% by 2026. LEAF has said it will work with farmers, retailers and brands across the food supply chain in order to meet this target. The LEAF marque certification requires farms and producers to follow a holistic approach to sustainable farming, adopting regenerative practices, soil management plans and techniques, emissions monitoring and focusing on biodiversity. A growing list of retailers and brands are making commitments to source their produce from LEAF certified farmers, meaning for many farmers committing to sustainable farming practices is becoming a condition of market access, rather than a choice.

The Farming Investment Fund opens

Defra's popular support for equipment to improve the productivity or environmental sustainability of farm businesses has returned in a new guise as the Farming Investment Fund. The Fund is divided in two; the Farming Equipment and Technology Fund (FETF) offers lower value grants (£3,000 - £12,000) whilst the Farming Transformation Fund (FTF) offers higher value grants. The FETF has an online application and approval process and offers support for up to 40% of the cost of purchasing eligible equipment. The FTF has a two stage application process; an expression of interest is required first. Its funding could support investment in robotics, precision farming equipment and on-farm water storage infrastructure, including reservoirs. For more information please contact [Dan Kendall](#).

Avian Influenza outbreak

Cases of the highly pathogenic avian influenza strain H5N1 have been confirmed at premises in England, Scotland and Wales. Consequently an Avian Influenza Prevention Zone now covers Great Britain. This means all bird keepers in Great Britain (whether they have pet birds, commercial flocks or just a few birds in a backyard flock) are required by law to take a range of biosecurity precautions including keeping free-ranging birds in fenced areas to minimise contact with wild birds. Full details are available [here](#).

Policy

The Environment Act passes

The Environment Bill has gained Royal Assent meaning 1,056 days after it first arrived in parliament it has finally become an Act. The Act is the UK's new domestic environmental legislation, required since the UK left European environmental jurisdiction. The Act contains multiple policy mechanisms intended to protect and enhance the natural environment, although due to devolution many only apply to England. They aim to clean up our air, restore natural habitats, increase biodiversity, reduce waste and make better use of our existing resources. Within the Act there is a legally binding species recovery target, new regulation on waste, environmental principles that must be adhered to in future policy making, legally mandated biodiversity net gain, the introduction of Local Nature Recovery Strategies, strengthened woodland protection and long term environmental targets on air pollution and water. Importantly, the Act legislates for the Office for Environmental Protection, which has been set up to hold public

authorities, including ministers, to account in England and potentially Northern Ireland too. The government says that work on implementing the Environment Act policies is already underway. For more information on the Environment Act and what it means for the rural sector, see our briefing note.

Scottish government to fund carbon audits

To help farmers move to more sustainable production methods the Scottish government will fund carbon audits and nutrient management plans. It will also establish a livestock data performance feedback scheme for the beef sector, aimed at improving the emissions and economics of beef enterprises. A soil testing programme across the whole of Scotland will also start next spring. The support is one part of a £51 million national test programme announced by Scotland's rural affairs secretary Mairi Gougeon at NFU Scotland's autumn conference.

The second part of the package of funding will be used to design and test policies that will reward land managers for the climate and biodiversity outcomes they deliver. It will focus on how measuring environmental performance of farms will be managed in the future and will include the creation of a conditionality test programme and livestock management initiative for suckler beef farms. Ms Gougeon was clear that the Scottish government would not support policies that reduce livestock numbers and said that existing support payment rates would be maintained from 2022 to 2024. Aside from the launch of the [consultation](#) at the end of summer, this is the first indication we have seen of what Scotland's future agricultural support system might look like.

Environment & Natural Capital

Over 100 countries pledge to cut methane

103 countries signed a deal at COP26 in Glasgow to reduce methane emissions by 30% (compared to 2020 levels) by the end of the decade. If this pledge is fully implemented it could limit global warming by approximately 0.2°C by 2050. The Global Methane Pledge was first proposed in September by the US and EU, however, China, India and Russia, three of the top five methane emitters, have not signed the deal and neither has Australia. Methane is a significantly more potent greenhouse gas than carbon dioxide and is responsible for a third of current warming from human activities. Over time methane breaks down in the atmosphere too so reducing methane emissions is seen as a 'quick win' and a way to tackle the 'lowest hanging fruit' in the race to net zero emissions.

NFU president Minette Batters commented that for farmers 'the global methane pledge will cause concern in its name, but it is primarily focused on fracking, oil and coal sites, it's a chance for us to talk up the solution on how we do lower emissions in livestock'. The pledge is a voluntary commitment but signals a step change in global efforts to tackle methane.

Scotland signs up to 4 per 1000 soil initiative

Scotland has become the latest nation to sign up to the 4 per 1000 initiative, which aims to boost carbon storage in agricultural soils and reduce the global carbon footprint. The initiative is voluntary and invites all partners to implement actions to help achieve an annual growth rate of 0.4% in soil carbon stocks. Global adoption at this level would theoretically stop the rise in atmospheric CO₂ levels. The initiative was started at COP21 in Paris.

Natural Environment Investment Readiness Fund opens for a second time

The second application window for the Natural Environment Investment Readiness Fund (NEIRF) has opened. The fund provides grants of £10,000 - £100,000 to environmental groups, local authorities, businesses, land managers and other organisations to protect and restore the natural environment, developing nature-based projects in England to a point where they can then attract private investment. For more information on eligibility and project criteria, see our [briefing note](#) or Defra's [information page](#). Projects must protect or enhance the domestic natural environment in line with one or more of the 25 year environment plan goals. Projects should be designed to provide a return on investment by capturing the value of the carbon, water quality, biodiversity and other benefits provided by the natural assets. The intention is for the NEIRF to create a pipeline of projects for the private sector to invest in, demonstrating the UK's leadership and action in scaling up finance for nature and climate as proposed throughout COP26. Within the first round of applications, 29 schemes were awarded funding, including the Swinton Estate in North Yorkshire, which gained funding to develop a new business model for multi-functional forestry to realise wider benefits from carbon sequestration, biodiversity credits, recreation and water quality. It is understood that the current round, which closes on 3 February 2022, will be the last round of applications. If you would like to discuss making an application please contact [Adrian Matthews](#).

Property & Development

Nutrient neutrality causing housebuilding blockage

According to a new Savills research [report](#), housebuilding in areas affected by nutrient neutrality could fall by 50-70% unless 'simple and efficient' mitigation schemes are established. 20 local authorities have now been advised by Natural England that planning permission cannot be granted unless developments prove that they are nitrate and phosphate neutral. The total housing need in the areas affected by nutrient neutrality amounts to 33,700 homes each year but it is unlikely that this level of housing requirement will be anywhere near fulfilled as housebuilders will need to not only factor in the cost of offsetting the nutrients associated with the development, but there is also a distinct shortage of offsetting solutions for them to invest in. New solutions leveraging rural land management as mitigation sites are needed, and for those to be created, the sector needs clearer guidance on what a robust offset and mitigation site looks like.

Planning reform on the table for England and Scotland

Michael Gove, Secretary of State for Levelling Up, Housing and Communities, has told MPs that he will not be 'abandoning' the reforms proposed in England's planning white paper. The paper includes proposals for the division of land into zones for development or for protection, and has been heavily criticised by environment groups such as the Wildlife Trusts. However, Mr Gove has confirmed he will not be scrapping the white paper, instead he intends to review it and ensure that net zero sits at its heart.

Meanwhile, in Scotland, the draft National Planning Framework 4 (NPF4) has been published. The ambitious new framework will embed net zero and the UN's sustainable development goals in domestic planning standards, for example by supporting more renewable energy developments, promoting the creation of sustainable transport networks and 20 minute neighbourhoods, and requiring developments which contribute to nature restoration and biodiversity enhancement. Enabling population growth in rural Scotland, while meeting local needs and encouraging green investment, is also a priority. Whilst a mandatory biodiversity net gain policy is not explicitly referenced in the draft, the term biodiversity appears 51 times within the document and the mitigation hierarchy, which ultimately requires offsets, is also mentioned. It is made clear that future developments will be expected to facilitate biodiversity enhancement through nature networks, creating new habitats and increasing populations of priority species. The [consultation](#) runs until 31 March 2021.

Business & Economy

Green finance to be ramped up post COP26

The 'finance' day at COP26 in Glasgow focused on how governments and private companies need to scale up their financial commitments to addressing the climate crisis through investments in new technology, but also importantly through investments in nature-based solutions. Nature based solutions and the resilience of the planet's natural capital assets is essential in order to mitigate climate change and restore biodiversity. Carbon markets, sustainable finance, public-private partnerships and ESG funds have been identified as a range of tools available to help mobilise and scale green finance. 'Ultimately, there is no business on a dead planet' explained Lucy Coast, Director of Business for Nature. Ms Coast also highlighted that nature can provide 30% of the solutions to climate change and that key business opportunities can be unlocked by transforming three key systems: food, infrastructure and energy. All of these systems are dependent upon the rural sector, and therefore this appetite for greening finance signals a clear opportunity for food, farming and rural land management businesses to innovate.

Other Rural News

And finally...

Bird of the year is a bat

A long-tailed bat was the unexpected winner of a bird of the year competition in New Zealand. Despite being a mammal the Pekapeka-tou-roa bat swept to victory after organisers decided to include the species to raise awareness of the habitat loss and predation threats it faces. Its inclusion caused some controversy and was likened to Australia's participation in the Eurovision Song Contest, but with just two native bat species, a 'bat of the year' contest would not be very exciting.

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17 November 2021

Landscape | Issues shaping the future of rural estates, agriculture and land management

The Savills logo, consisting of the word "savills" in a lowercase, sans-serif font, with the 's' in a darker shade than the rest of the letters. It is positioned in the top right corner of the page.

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