

Food & Farming

Dairy sector confidence dips

A NFU survey of 590 dairy farmers in Great Britain has found 9% believe they are likely to stop milk production by 2025, up from 7% last year. A further 23% of producers were unsure if they would remain in the industry past 2025. Their decision making is being influenced by a combination of regulatory, economic and business challenges. Nearly nine in ten are concerned about the impact of government regulation, whilst 84% are being challenged by feed prices, 83% by energy prices and 80% by cashflow and profitability. The majority said their main barrier to expansion was the scale of investment needed in slurry storage capacity to ensure compliance.

The survey represents a reasonable proportion of dairy farmers in Great Britain as there were estimated to be 7,500 as of April 2023, down 4.8% on last year. Defra's own Farmer Opinion Tracker backs up the potential rate of industry exits, the April 2023 results show 9.75% of dairy farmers intend to leave farming (including succession to the next generation) within the next three to five years.

Bird flu insurance

Egg producers supplying Stonegate, one of the UK's biggest packers, are to be covered by business interruption insurance for up to six months. Stonegate says it has secured an exclusive avian influenza insurance policy scheme with NFU Mutual, believed to be the first example of its kind in the UK. The packing company is paying for the cover on behalf of its organic and free-range egg suppliers. The scheme will cover business interruption if the producers are affected by avian influenza but not other costs such as cleansing and disinfection. The AI Group Insurance policy is one of a number of producer focused risk reduction initiatives currently being developed by Stonegate as it aims to help give farmers the confidence to invest in their businesses.

SFI 2023 handbook updated

In advance of the Sustainable Farming Incentive (SFI) 2023 opening to applicants this month, Defra has published an updated [handbook](#). The legume fallow (NUM3) and pollen and nectar flower mix (AHL1) actions are now 'rotational' meaning their location may rotate around the farm rather than having to remain fixed for the duration of the SFI agreement. Most of the other amendments provide clarity or direct farmers to voluntary guidance on how to complete many of the SFI actions. Guidance includes how to assess soil, produce a soil management plan and test soil organic matter for SAM1 and how to complete a nutrient management assessment and produce a review report for NUM1.

Anglian Water offers training grant

Anglian Water has a Farmer Training Grant available to all farmers in the Anglian Water region to raise their knowledge of farming practices which could improve water quality. Each business can apply for one grant of 50% of the training or event cost, up to a limit of £500. Last year farmers applied for £17,530 of support which influenced 69,210 hectares on 69 farms. [Applications](#) close on 1 December 2023.

Wales Agriculture Act comes into force

The Agriculture (Wales) Act has received Royal Assent and in due course it will provide the legal backing for the introduction of the proposed Sustainable Farming Scheme. The Act also provides AHA and FBT tenant farmers with a route to dispute resolution to ensure they are not unfairly restricted from accessing financial assistance. Our recent briefing note on the development of the Sustainable Farming Scheme can be accessed [here](#).

Countryside Stewardship application deadline extended

The 2024 Countryside Stewardship Mid Tier agreement application deadline has been extended until 15 September 2023. Around 40% of farmers are already in the scheme and so far, 3,900 applications have been submitted for agreements starting 1 January 2024. If you would like to make an application please contact [Georgina Sweeting](#).

Policy

Biomass strategy released

The government's belated [Biomass strategy](#) has now been released after first being promised in October 2020. The purpose of the Biomass strategy is to set out the role biomass can play in reaching net zero in the short, medium and long term, as well as across different sectors of the economy:

- In the short term (2020s), deployment through power, heat and transport will be prioritised
- In the medium term (to 2035), power, heat and transport sectors will remain a priority, but with the aim of moving away from unabated emissions and towards carbon capture
- Biomass use in the long term (to 2050) is difficult to predict but emerging bioeconomy products and markets beyond energy will continue to be reviewed, these could be higher value markets than combustion.

Bioenergy with Carbon Capture and Storage (BECCS) is an engineered Greenhouse Gas Removal technology that captures and stores CO₂ from biomass while producing low carbon energy, including electricity, heat, hydrogen and biofuels. Although BECCS is not currently operating at scale in the UK, the technology is operating elsewhere globally in demonstration plants and at commercial scale. It is a priority technology within the strategy and relevant to both biomass combustion and anaerobic digestion plants.

Biomass opportunities for farmers and land managers include management of existing forestry as well as production of miscanthus, short rotation coppice, short rotation forestry and hemp. For further information see our Rural Research Briefing Note.

Heat strategy for Wales

Decarbonising heat is essential for Wales to achieve net zero by 2050 because heat accounts for approximately 50% of the total energy use in Wales. The government has just published its draft heat strategy for consultation - the policies outlined are similar to England but there are fewer specific dates due to the need to work with the UK government. Electrification has been identified as the main technical solution for space heating and a targeted role is seen for hydrogen to support the decarbonisation of industry in Wales. Firm dates will be set for the phase out of fossil fuel boilers in domestic and commercial buildings. For homes, use of the Boiler Upgrade Scheme grant will be encouraged. Whilst for commercial buildings a ban on gas boiler installations from 2033 is proposed, which is consistent with the Committee on Climate Change's recommendation and more ambitious than the UK government's 2035 ambition.

Environment & Natural Capital

Poultry producers ceases manure sales to protect water quality

Avara Foods one of the UK's largest poultry producers has ceased manure sales in the Wye river catchment in order to reduce diffuse pollution and its impact on the river. The water quality of the River Wye is a cause for concern and centres around algal blooms, which grow quickly in hot weather and lower river levels, reducing the oxygen content, killing aquatic life and impacting on the water quality. Phosphate pollution from agricultural activities and sewage treatment works exacerbates algal blooms. Avara's supply chain involves 120 poultry farms in the catchment which produce nearly 160,000 tonnes of manure each year. It published a road map in January 2023 to reduce its impact on the Wye and has been able to stop local manure sales as more manure is now being exported out of the catchment for use on farms and in anaerobic digestion plants.

Property & Development

Will oil boilers still be banned?

The Energy Bill is moving through Parliament and is due to be used to ban the installation of new oil boilers in off-grid homes by 2026. This plan is attracting resistance from MPs. Its intention is to force households that do not have access to the gas grid to adopt more sustainable alternatives such as heat pumps. Off-grid homes were seen as a viable early target because of their relatively high emissions and expensive fuels. While the ban would only affect around 6% of households, most of these are in isolated rural areas.

Public criticism has been most vocal from former environment secretary George Eustice who compared it to measures designed to curb vehicle emissions in London, saying "rural communities are about to have their own version of London's ultra-low emission zone dumped on them". Instead, Mr Eustice is proposing the supply chain for heating oil should transition towards renewable liquid fuels like hydrotreated vegetable oil. He has tabled a new clause for the Bill which would introduce a Renewable Liquid Heating Fuel Obligation, setting annual obligations on fuel suppliers to ensure the supply of recognised low-carbon renewable liquid fuels for domestic and commercial heating - essentially mirroring the approach used to roll out biofuels for road transport. This

should reduce emissions from more homes as its impact wouldn't be restricted to newly installed boilers. However like road fuels it is possible the volume required, or technological compatibility may require a blended fuel. More than a dozen MPs support his amendment and over 30 have written to the prime minister to raise the issue.

Permitted development rights proposals criticised

The proposed changes to Class Q permitted development rights which we covered in the [last edition](#) of Landscape have attracted heavy criticism from National Parks. Class Q rights allow qualifying buildings to be converted from agricultural to residential use without full planning permission. The consultation proposes allowing these rights to be used in AONBs and National Parks for the first time. A spokesperson for umbrella body National Parks England has said the "special qualities" of national parks "could be put under serious threat by these proposals". Whilst David Butterworth, CEO of the Yorkshire Dales national park said "if I was trying to devise a policy that would essentially lead to the destruction of Yorkshire Dales national park, this would be the policy. These are permitted development rights to convert a property without any planning restriction. This means the 6,500 field barns in the Yorkshire Dales could be converted into homes. The idea they could be homes with no restrictions would decimate the landscapes".

However, the consultation does also propose amending the current rules to require buildings to have an existing highways access. If adopted, this criteria would considerably limit the extent to which the permitted development rights can be used in all areas. In addition to the landscape impact, concerns are also being raised that the policy doesn't help meet local affordable housing requirements.

Business & Economy

Community energy projects encouraged

The government has announced a £10 million fund in England to encourage local people to develop energy projects to benefit their local areas. The Community Energy Fund will open in early autumn to both urban and rural communities to help fund projects including small-scale wind farms and rooftop solar partnerships, as well as battery storage, rural heat networks, electric vehicle charging points and fuel poverty alleviation schemes. It will be delivered through Local Net Zero Hubs, which support local authorities to develop net zero projects and attract commercial investment.

Community-owned renewable energy generation is also being encouraged in Wales where the Welsh government has launched a dedicated company Ynni Cymru - Energy Wales. Eleven projects have been awarded resource grants totalling £750,000 over the next three years. It is not yet clear what role Ynni Cymru will play in the projects but it could involve part ownership.

UK Business Climate Hub launched

The government hub provides small businesses with advice on everything from paying less for electric vehicles, getting a low-carbon heat pump, to generating green energy and selling it back to the grid. There is a dedicated section on [farming and land use](#) which signposts to a range of grants and resources. If you would like to discuss reducing the climate impact of your business please contact [Johnny Campbell](#).

Other Rural News

Promoting heritage crafts

The way buildings are built has evolved massively through the centuries, and that presents a problem. The number of craftspeople who know how to make a stained glass window, thatch a roof or cobble together a cobbled road has dwindled. The same goes for other aspects of our life from creating a cricket ball, a wicker basket or a Cornish hedge. Heritage Crafts is a national charity that has red listed more than 100 traditional skills and, while some are obscure at best, others are essential to preserving heritage property and architecture.

Thankfully, the Hamish Ogston Foundation is committing no less than £29 million to training people in heritage skills, both in the UK and across the Commonwealth. While the foundation will not offer the training itself, it will work with partners such as English Heritage, Historic Environment Scotland and the recently created Commonwealth Heritage Forum to ensure it is offered. Trainees will be able to work on local projects, including cathedral restoration.

And finally... Farming the final frontier

Vertical Future has received a research grant of up to £75,000 from the UK Space Agency to develop a Controlled Environment Agriculture (CEA) facility that can be used in space. The first phase of the project will focus on

researching the design requirements for a fully autonomous agriculture system that can be monitored and operated remotely or through the use of artificial intelligence. The second phase of the project will focus on the implementation of the CEA system on the International Space Station (ISS) and the world's first commercial space station, which is currently in development by project partner Axiom Space. Vertical Future said the research will benefit vertical farming on Earth by helping develop more efficient systems.

If you have queries regarding any of the articles, please contact Andrew Teanby or Joe Lloyd.

Contacts



Andrew Teanby
Associate Director
ateanby@savills.com
+44 (0) 7835 445 458



Joe Lloyd
Associate
joe.lloyd@savills.com
+44 (0) 7790 824 970

This report is for general informative purposes only. It may not be published, reproduced or quoted in part or in whole, nor may it be used as a basis for any contract, prospectus, agreement or other document without prior consent. Whilst every effort has been made to ensure its accuracy, Savills accepts no liability whatsoever for any direct or consequential loss arising from its use. The content is strictly copyright and reproduction of the whole or part of it in any form is prohibited without written permission from Savills Research.
