

Food & Farming

Chancellor sees environmental management first hand

Farming Minister Victoria Prentis and Chancellor Rishi Sunak visited two Environmental Land Management (ELM) tests and trials in Richmond, Yorkshire. The ministers visited the Wensleydale Payment by Results pilot, which launched in early 2016, and the Barningham Estate Farmers Group's trial which is exploring ways to encourage farmers to collaborate to deliver environmental goals. The 18 farmers participating in Wensleydale have been given the freedom to choose how they manage their land to enhance the environment. Initial results are encouraging according to an assessment published last year. It stated that the project is boosting local wildlife and motivating farmers to develop nature-friendly practices. Mr Sunak, also local MP for Richmond, said "giving farmers freedom over how they manage their land, can lead to better environmental results". He added "I will do everything I can to help our farmers capitalise on the great opportunities ahead". It is encouraging to see the Chancellor visiting these projects given that the budget for farm and environmental support now falls under the Treasury's control and a comprehensive spending review is underway. The size of the farm support budget is of course protected until 2024 by the government's manifesto commitment.

Sustainable Farming Incentive

Defra is working on plans for a new scheme in England to smooth the transition to Environmental Land Management. It is hoped the proposed Sustainable Farming Incentive will attract farmers who are not already involved in an agri-environment scheme. The details are yet to be revealed, but if the scheme is introduced it would be expected to launch in 2022 and run alongside current agri-environment schemes until ELM launches in 2024. Farmers are likely to be required to contribute towards the government's environmental and net zero goals to qualify for funding. Given the size of the farm support budget is guaranteed until 2024 and direct payments will start to be cut in 2021, Defra will need a mechanism to distribute the budget released. Expansion of existing agri-environment schemes is one option but would not benefit all the farmers whose direct payments are being reduced, whereas the goals of the Sustainable Farming Incentive scheme suggest larger numbers of farmers may be able to participate.

Natural England's vision for ELM

Natural England recently set out its proposed approach for ELM at the Westminster Food & Nutrition Forum's conference on the future for agricultural land use. Natural England is an advisory body to Defra, so its views will be influential but are not guaranteed to be adopted. Its vision is based on the observation that despite 15 years of agri-environment schemes, farm wildlife is yet to respond on a national scale. However, targeted action which ensures specific species have the habitats they require for both food and shelter has delivered results. For example targeted action successfully increased the population of curlew from 120 pairs to around 1,000 pairs. There are three key elements to its proposed approach:

1. Farm Wildlife Packages - To deliver basic resources for key groups of farm wildlife covering around 5% of farm area
2. Targeted Species Recovery - Bespoke management for the most threatened species across a third of their current distribution
3. Nature Recovery Farms - A network of farms to boost wildlife populations and deliver other public goods to make a major contribution to the wider Nature Recovery Network. The suggestion was for one farm per rural parish, upon which 15-20% of the farm area is used for nature recovery habitats.

Scottish payment by results trial launches

A payments by results scheme may replace traditional agri-environment schemes in Scotland. The pilot will launch this month, and has been developed based on contributions from more than 60 farmers. It aims to be less prescriptive than predecessor schemes and will incentivise the management of flower-rich meadows, the conservation of wading bird populations and restoration of peatlands. NatureScot, formerly Scottish Natural Heritage, will lead the pilot on behalf of the Scottish government. It will run until 2023.

Conventionally farmed soils are thinning

Data from 255 locations has shown that soil erosion is a critical threat to the future of food production. The researchers calculated how long it would take for the top 30 cm of soil to erode at each location, known as the soil

lifespan. In more than 90% of cases they found that the conventionally farmed soils in the study were thinning, and 16% had lifespans of less than a century. The study spanned 38 countries and showed the problem to be a global issue. Lead author Dr Dan Evans, of Lancaster University, said "This study provides the first evidence-backed, globally relevant estimates of soil lifespans."

There was some good news to come from the study however. It showed that soils managed with conservation strategies tended to have longer lifespans, and in some cases these practices promoted soil thickening. Only 7% of soil under conservation management had lifespans shorter than a century, and nearly half exceeded 5,000 years. The researchers said converting arable land to forest was the best way to lengthen soil lifespans but there are other approaches that allow farming to continue. The ploughing of land along contours rather than down slope, and hillslope terracing were similarly suggested.

Metaldehyde use banned on farms

The outdoor use of metaldehyde slug pellets will be banned in Great Britain from the end of March 2022. Sales will be permitted until 31 March 2021 followed by 12 months in which the product must be used up. Use of the product was due to be banned in 2020, but that ban was overturned by a legal challenge based on Defra's decision-making process.

Covid-19

Covid-19 business interruption insurance judgement

The High Court has handed down its judgment in the Financial Conduct Authority's (FCA) business interruption insurance test case which has the potential to affect 370,000 mostly small businesses. The FCA argued on behalf of policyholders that the 'disease' and/or 'denial of access' clauses in a representative sample of policy wordings provide cover in the circumstances of the Covid-19 pandemic, and that the trigger for cover caused policyholders' losses. The judgment says that most, but not all, of the disease clauses in the sample provide cover. It also says that certain denial of access clauses in the sample provide cover, but this depends on the detailed wording of the clause and how the business was affected by the government's response to the pandemic. The test case has also clarified that the Covid-19 pandemic and the government and public response were a single cause of the covered loss, which is a key requirement for claims to be paid even if the policy provides cover. Whilst the judgement brings welcome news for businesses, it does not say that the eight defendant insurers were liable in all cases and does not directly cover other insurers. The case can be appealed, but it is hoped that the clarity it has provided on some common clauses and points of dispute will allow the principles to be applied elsewhere and benefit businesses by speeding up the settlement of their claims. [Click here](#) to view a summary of the judgement by the FCA's legal team at Herbert Smith Freehills.

Country sports exemption to England's 'rule of six'

As of 14 September, social gatherings of six or more people are illegal, with fines of up to £3,200 possible. Rules apply to private property, indoors and outdoors, and public outdoor spaces. Schools, universities, workplaces, weddings, funerals and organised team sports are exempt. Like other team sports, shooting and hunting are allowed to operate under social distancing guidance. This means that where the organiser or a participant holds a valid shotgun or firearms certificate, there is no limit to the number of people who can gather for the purpose of the relevant activity whilst outdoors. The organiser is required to have undertaken a health and safety risk assessment and put in place all reasonable measures to limit transmission of Covid-19. The exemption does not apply indoors where the "rule of six" will apply. Employees, such as beaters, pickers-up and loaders are also exempt from gathering limits, both indoors and outdoors, where their gathering is necessary for work purposes. The British Association for Shooting and Conservation (BASC) has produced this [guidance for game shoots in England](#). BASC has also concluded that the additional Covid-19 restrictions which came into effect in the north east of England on 18 September will not have any impact on shooting within the affected areas.

Green Recovery Challenge Fund opens

The £40 million Green Recovery Challenge Fund is now open for applications. Grants from £50,000 to £5 million are being made available for up to 100% of project costs to help the nation build back greener from the Covid-19 pandemic. According to the government, the fund will help create up to 3,000 jobs and safeguard up to 2,000 others in areas such as protecting species, finding nature-based solutions to tackling climate change and employing conservation rangers. The fund will be delivered by the National Lottery Heritage Fund in partnership with Natural England and the Environment Agency. Projects must contribute to at least one of the following themes:

- Nature conservation and restoration
- Nature-based solutions
- Connecting people with nature.

Example projects could include improving SSSIs, installing fish passages, environmental surveying work and restoration of priority habitats. The [application](#) deadlines are tight, applicants for over £250,000 must submit expressions of interest by 24 September and if successful full applications by 26 October. The deadline for applications under £250,000 is 2 October.

Policy

Savills Webinar: Tax and the rural sector – why now's the time to plan

We are delighted to invite you to our Savills and Falcon Chambers webinar: Tax and the rural sector - why now's the time to plan taking place on Tuesday 6 October at 2.00pm. Since July 2019 the office of tax simplification has been called upon to review capital and inheritance taxation. Whilst the outcome of this review is known, its ramifications are not. With the Autumn budget approaching this begs the question what if change is implemented?

Jonathan Karas QC, Falcon Chambers and Clive Beer TEP, Savills will, via a Q & A discussion chaired by Philip Gready Chairman of Savills Rural, seek to provide legal and practical solutions to the potential ramifications of possible change and how rural businesses will need to adapt. Click [here](#) to register your attendance.

UK strikes first trade deal

The UK has secured a free trade agreement with Japan, the UK's first major trade deal as an independent trading nation. It is estimated that it will increase trade with Japan by £15.2 billion. The deal will largely replicate the existing EU-Japan free trade agreement, which will cease to apply to the UK at the end of the Brexit transition period. One of the biggest sticking points was agricultural tariff rate quotas, which let European farmers export a limited amount of sensitive foodstuffs to Japan at a lower tariff. Tokyo's position was that it was up to London to argue with Brussels for a share of the existing quota and it could not offer more. As a compromise the UK will be able to use any quota left over by the EU for 10 of the 25 affected products.

The UK has also taken a step towards membership of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). UK International Trade Secretary, Liz Truss, opened negotiations with all 11 members alongside the current chair of the CPTPP Commission, Mexican Economy Minister Graciela Márquez. It is the first time the UK has met with chief negotiators from all 11 members of the partnership to discuss UK accession. It is also the first instance of a country seeking to join the CPTPP since it was created in 2018. The free trade area removes tariffs on 95% of goods traded between its members. Since 2009 trade between the UK and CPTPP countries has grown on average by 6% every year and was worth over £112 billion in 2019.

Positive trading news also emerged from North America where the UK is set to resume trade talks with Canada, also a member of the CPTPP. Canada withdrew from trade talks early last year after the UK outlined a temporary regime that would have cut tariffs on almost all imports. The government revised its tariff strategy in May, meaning a deal with Canada may once again be possible. Ministers are hoping one can be struck by the end of the year. Meanwhile, shipments of beef from the UK will soon arrive on US shores for the first time in 20 years after four processing sites were approved for exporting to the US. The agreement follows an extended negotiation and consultation period that began in 2016.

Latest on EU negotiations

Brexit negotiations have been thrown into turmoil with the announcement of the Internal Market Bill. The Bill seeks to change the law to ensure goods can move easily between the UK's four nations after Brexit. However, these changes could contradict parts of the Withdrawal Agreement which came into effect at the beginning of 2020. The Bill will also break international law by the government's own admission. Northern Ireland Secretary Brandon Lewis said that "this does break international law" but only in "a very specific and limited way". Boris Johnson said the "protective" measures were necessary. He accused the EU of trying to "leverage" the Northern Ireland protocol in trade talks by threatening to ban the sale of UK agri-food products anywhere in the EU.

The Bill has received widespread criticism. The government feels such a bill is necessary owing to the proposed third country classification of the UK after the end of the transition period. Businesses in a third country have to fill in customs declarations, for example, when they trade with the EU, irrespective of whether there is a trade agreement in place or not. The withdrawal agreement states that Northern Ireland will remain within the rules of the EU single market but the rest of the UK will not. There is therefore the possibility that food could be restricted from passing from Great Britain to Northern Ireland. As a result, the government wants to change commitments made within the Withdrawal Agreement, such as the need for Northern Ireland businesses to fill out online export declarations and the need for the UK to follow EU state aid rules. Ursula Von-der Leyen, head of the EU Council, tweeted: "Very concerned about announcements from the British government" and added it "undermines trust". The

EU Parliament's president, David Sassoli, said "If the UK government fails to honour the commitments that it signed up to last year, then trust and credibility will be lost." Five former prime ministers have spoken out against the government's proposals, including Theresa May and David Cameron. The UK government's law officer for Scotland, Lord Keen, has also resigned.

Nonetheless, MPs voted on 14 September to give the bill a second reading, with a government majority of 77 although two Conservative MPs voted against it and 30 abstained. With such heavy criticism from his own benches, Mr Johnson has changed his approach slightly, in an effort to win over the sceptics within his party, he promised to give MPs another vote before any of the powers are used, as long as they pass the Bill. Labour's shadow attorney general, Lord Falconer, said the concession "doesn't remedy the breaches of international law" and added "it's getting worse not better."

Negotiators from the UK and the EU had held talks in London only days before as part of the eighth round of discussions. In a statement issued by Michael Gove, the exchanges were described as "useful" but he added that "a number of challenging areas remain and the divergences on some are still significant." He said the government remains committed to reaching an agreement by the middle of October.

New approach to subsidy control

The UK will follow World Trade Organisation (WTO) subsidy rules after the end of the transition period. The rules ban subsidies that are dependent on either how much a company exports, or the use of domestic goods over imports. The government has stated that, unlike EU member states, most advanced economies do not have substantive rules regulating subsidies beyond those set by the WTO. It argues that EU state aid rules are a unique set of comprehensive legislative subsidy controls designed to police against subsidies distorting competition between EU member states. While the UK will soon be able to design its own rules, the government confirmed it does not intend to return to the 1970s approach of trying to run the economy or bailing out unsustainable companies, maintaining that no government of a modern, competitive market economy should stand in the way or prevent adjustment to underlying market conditions. On the face of it this comment could have concerning implications for agricultural businesses given the government's trade deals influence what is or is not a sustainable company, and the lamb sector in particular will face considerable pressure if a deal is not reached with the EU. The government is understood to be working up proposals to help offset the impact on the sheep farmers of losing tariff-free access to the EU market. Based on these comments it would appear that any support is likely to aim to offer a softer landing rather than long term protection from market conditions.

Environment & Natural Capital

Savills UK targets net zero

Savills UK has committed to achieve net zero carbon by 2030, ahead of the government's national 2050 target. The firm will work towards zero net energy consumption, achieving an overall balance between emissions produced and emissions taken out of the atmosphere. The target and means of achieving it will also be aligned with nine of the 17 UN Sustainable Development Goals which align with the wider business strategy of the firm. James Sparrow, Savills UK & EMEA chief executive, said "as a sector we have a huge responsibility to ensure that we act in a sustainable way that safeguards the future for generations to come". He added "committing to achieving net zero by 2030 is an essential part of Savills UK strategy."

Will natural capital ever really deliver for land managers?

Natural capital and the opportunities it may present for land managers has been a source of considerable discussion over the last year, and yet not much seems to have happened in practice with only a few projects underway. Will natural capital ever really deliver for land managers, or will the economic unrest from Covid-19 limit the opportunities? In [this video](#) our panellists Emily Norton, Jon Dearsley, Molly Biddell and Tom Hill discuss the current status of natural capital markets across the UK and offer some useful case studies of lessons learnt so far.

Invest in nature, invest in health

Access to a healthy natural environment could save the NHS billions of pounds a year according to Environment Agency chief executive Sir James Bevan. Sir James called for more healthcare investment to be diverted into environmental projects, including those to expand community access to green space. This could save £2.1 billion a year in treatment costs for a range of mental and physical health issues associated with a poor environment, from anxiety and depression to respiratory illness. Tackling climate change would also save the NHS money, the Environment Agency pointed out. Flooding for example, made more likely by climate change, can cause depression, anxiety and post-traumatic stress disorder.

Sir James' comments come with the release of the Environment Agency's latest State of the Environment report. The report states that there is still a long way to go in improving quality of England's air, land and water:

- Air pollution is still the single biggest environmental threat to health in the UK
- Antimicrobial resistant microbes are becoming more common
- Mental health conditions are increasing and can be exacerbated by environmental issues
- There is growing evidence for the health benefits of spending time with nature, but children are engaging less.

The World Health Organisation estimates that environmental factors like these contribute about 14% of the total burden of disease in the UK. In its new five-year plan, EA2025, the Environment Agency has already laid out plans for a new approach which promotes health, equity and environmental enhancement.

Plans to double nature in Cambridgeshire

Natural Cambridgeshire aims to double nature in Peterborough and Cambridgeshire. Its chair Richard Astle said "The Doubling Nature ambition and the John Clare Countryside project offer the chance to turn the tide and help nature recover" and added "they are all about local people taking action, not wringing their hands". The plan includes making sure the area of land managed for nature rises from 8.5% of the county to 17% by 2050. This will involve engaging landowners and developers to help design schemes with nature at their heart. Objectives between now and 2023 include the creation of new habitats, ensuring that all development contributes significantly to net biodiversity gain and increasing the amount of farmland that benefits wildlife and nature-based carbon storage.

Property & Development

Wildlife protection to unlock housebuilding

Housing growth has stalled in the Solent area for over a year due to concerns that nitrates were causing a range of negative environmental effects. Defra has announced a scheme that will allow development to resume by reducing harmful nitrates and helping wildlife recovery. The government will invest £3.9 million to set up an online 'nitrate trading' auction platform that will be rolled out over the next two years. If successful it is expected that the concept will be extended to other parts of England. Through this, housing developers will buy credits to create new habitats such as meadows, woodlands and wetlands which will prevent harmful levels of nitrates from new housing from reaching the Solent's rare wildlife and habitats. The scheme should also provide more outdoor spaces as an added benefit. Alongside this, a new nature reserve at Warblington Farm opened this week. The site covers 60 hectares and will be funded through the credits which housing developers purchase. The new farm will help remove nitrates through the creation of woodlands and wetlands and in turn reduce pollution impacts on the Solent. The government did not refer to the ELM scheme in its announcement, but there are clearly similarities in the scheme objectives and this project bears many characteristics of the ELM tests and trials which are currently underway. It said that the project will inform its wider work on market-based solutions to environmental issues – such as carbon offsetting, biodiversity net gain, water quality and flood risk management.

Tenant protection in England

Court proceedings for evictions restarted in England on 21 September after being suspended during the pandemic. But housing secretary Robert Jenrick has said if an area is in a local lockdown which restricts gathering in homes, evictions would not be enforced by bailiffs. Mr Jenrick also announced that no evictions will be permitted in England in the run-up to and over the Christmas holiday except in the most serious circumstances such as those involving domestic abuse or anti-social behaviour. Emergency legislation has already increased residential notice periods to six months and will be in place until at least the end of March 2021; the only exceptions are where tenants have demonstrated anti-social behaviour or committed fraud. Similar amendments to notice periods have been made in Wales.

The government has also extended support to prevent business evictions. This includes extending the restriction on landlords using Commercial Rents Arrears Recovery to enforce unpaid rent on commercial leases, until the end of 2020. The government believes this will help those businesses most in need of additional support to remain in their premises and give them the chance to focus on rebuilding their business over the autumn and Christmas period. It stresses that where businesses can pay their rent, they should still do so.

Other Rural News

And finally...

(Better) Farming on Mars

Mars has an average temperature of around -60°C, hard, rocky landscapes and an atmosphere that is 95% carbon dioxide. Nonetheless, humanity seems obsessed with conquering the red planet. To do so, we will need to establish

an agricultural system but the good news is, last year, scientists announced that it could be done. They grew ten different crops in Mars and Moon soil simulators developed by NASA. Not content with that success, researchers have now set about attempting to improve yields by increasing nitrogen levels. Ideas being explored include releasing earthworms which naturally release nitrogen as they move.

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