

Food & Farming

UK the “envy of the world”

British food and farming could become the “envy of the world” with “high standard, high quality, sustainable food production”. Over 60 groups, including the NFU, CLA and Soil Association, have sent a joint letter to the Prime Minister to call for the Government to “enshrine its manifesto commitment in law” and ensure “we will not compromise on our high environmental protection, animal welfare and food standards” in seeking future trade deals. They acknowledged that their organisations may have differences of opinion on the best way to achieve sustainability and it was a “complex issue” with “intense pressure on British negotiators to make significant concessions”. There was unanimous agreement that Brexit can be a potential catalyst for positive change in the UK. Aside from high standards, the signatories believe the UK could pioneer “a global trading system fit for the 21st century”, one that “moves away from the narrow and dated focus on ever cheaper goods, regardless of how they are produced”.

Welsh farms lag behind

Research shows farmers in Wales are lagging behind their English counterparts when it comes to diversifying. The [report](#) suggests Welsh farmers need support to become more entrepreneurial and to diversify after Brexit. Diversification revenues made up only 3.4% of total farm incomes in Wales in 2017, compared with an average of 7.7% in England. The research echoes the findings of our recent [Spotlight on Farm Diversification](#) where rural vibrancy was boosted by diversified enterprises despite a flat base economic performance.

Livestock farming in challenging environments

A £7 million study aims to use genetic selection to improve the resilience and efficiency of sheep and goat breeds in challenging environments. Developing animals which are suited to areas in which no other livestock or crops can be raised is advantageous not only for food production as grazing can have other benefits too such as reducing fire risk. The SMALL RuminanTs breeding for Efficiency and Resilience (SMARTER) project will be coordinated by France's National Research Institute for Agriculture, Food and the Environment. It involves 27 partners from 13 countries around the world and is funded by the EU's Horizons 2020 research programme.

England: Abstraction deadline extended

Farmers have been given an extra six months to apply for an abstraction licence for previously exempt activities, such as trickle irrigation. The original 31 December 2019 deadline has been pushed back to 30 June 2020. Applications submitted after this point will be assessed based upon water availability which, for many parts of the country, would rule out the abstraction of water in summer months.

Policy

What's in the Agriculture Bill?

The 2020 Agriculture Bill was introduced to Parliament on 16 January 2020 and has some key differences from its predecessor. It addresses criticism that the original Bill did not have food production at its heart with the new Bill acknowledging “the need to encourage the production of food by producers in England and its production in an environmentally sustainable way”. Environment Secretary Theresa Villiers said the Bill “will transform British farming, enabling a balance between food production and the environment which will safeguard our countryside and farming communities for the future”. Other new elements include:

- Incentivising investments in soil health
- A requirement for government to regularly report on the UK's food security
- Amendments to agricultural tenancy law
- A requirement for government to report annually on financial assistance given to the rural economy
- The ability to amend fertiliser definitions and enforcement
- Provisions to make livestock traceability more effective
- Commitment to multi-annual finance for agriculture

Large elements of the original Bill remain intact:

- The principle of public money for public goods
- Financial assistance to support productivity outcomes in agriculture, horticulture and forestry
- Provision to intervene in exceptional market conditions
- Supply chain assistance enabled through data gathering and sharing
- Powers to legislate for the UK to comply with the WTO Agreement on Agriculture

The new Bill applies specifically to England and the Government is clear that future policy will respect the devolved status of farming. Certain powers in the Bill will be extended to Wales and Northern Ireland, however the Scottish Government has chosen to introduce its own Agriculture Bill. While many will be relieved to see food production addressed, much remains unknown. The Bill largely provides powers to the Minister rather than detailing specific measures; this means that the detail of future funding schemes such as the Environmental Land Management Scheme and the technical innovation and data collection heralded as a supply chain solution will be found in future secondary legislation.

Net Zero requires land use change

The Committee on Climate Change (CCC) has released its latest advice on how to deliver the UK Government's net-zero greenhouse gas emissions target by 2050. The [report](#) focuses on land use and how it might be managed to help the UK achieve its net-zero target while maintaining other key functions such as food production. Through changes in land use, the CCC estimates emissions from agriculture, land use and peatlands can be reduced by 64% and deliver a net lifetime benefit to the UK of £80 billion. This result cannot be achieved without changes in farming practices and consumer behaviour: one fifth of agricultural land will need to be released by 2050 for emissions reduction and sequestration activities. Suggested suitable new uses for this land include bioenergy crops, afforestation and agro-forestry. Forestry will be responsible for half of all the greenhouse gas (GHG) savings, with forestry cover increased from 13% to 17% by planting at least 30,000 hectares of woodland each year. Only 13,400 hectares were planted in 2018/19 so the target is ambitious.

Low carbon farming practices such as improved livestock health, slurry acidification and controlled release fertilisers also have a role to play. Increasing energy crop production by 23,000 hectares each year could potentially deliver 19% of the GHG savings required. Farmers would also feel the effects of changes to consumer behaviours being encouraged by the report. It recommends government encourages a 20% reduction in the most carbon intensive foods (e.g. beef, lamb and dairy) by "procuring by example", supporting R&D and commercialisation of plant-based meat alternatives. The CCC envisages a 10% reduction in livestock numbers by 2050 as a consequence, a lower figure than the 20% reduction seen in the past two decades.

Utilising Carbon Capture and Storage (CCS) alongside forestry and bioenergy crops is repeatedly mentioned within the report. This technology is not yet widely deployed as it is still viewed as being too expensive. It is recognised as being essential in addressing climate change and is receiving significant attention. Only two large scale CCS facilities are operational in Europe but nine are under development, five of which are in the UK. In response to the report, the Chairs of the Environment Agency, Natural England and Forestry Commission have pledged to work together to deliver nature-based solutions to climate change.

Scotland: Simplifying agricultural regulation

The Simplification Taskforce has [recommended](#) a number of improvements to how the Common Agricultural Policy is delivered during the transition period 2021-2024. They include introducing a new mapping tool, tools for self-assessment and standardisation of capital grant rates.

Environment & Natural Capital

State of Natural Capital

Publishing its latest annual [report](#) on the State of Natural Capital in the UK, the Natural Capital Committee was critical of government and the lack of progress towards the environmental goals set in the 25 Year Environment Plan. The Committee calls for a "comprehensive natural capital baseline census... against which progress can be measured" allowing natural capital to be embedded at the heart of all government decision making and viewed as infrastructure in its own right. It warns that "without a credible statutory underpinning, the 25 Year Environment Plan may end up as yet another interesting document on the shelf". To ensure enforcement it recommends various measures including extending the scope of the new Office for Environmental Protection to include private companies and landowners; adding a general duty to protect and enhance the environment into the Environment Bill; and broadening biodiversity net gain into environmental net gain. In return for such sweeping changes, the NCC promises a "huge economic prize for the next generation" but failure will lead to the environment becoming "a drag on the economy".

To help support and encourage use of a natural capital approach in society and business the Government has published [Enabling a Natural Capital Approach](#) which provides new guidance designed to help decision makers consider the value of natural capital. Savills latest [Spotlight on Natural Capital](#) highlights how natural assets are routinely undervalued in financial decision making. It goes on to outline how natural capital can be used to deliver ecosystem services to benefit society and deliver value beyond simple economic return. Natural capital, biodiversity net gain, rewilding and carbon sequestration are all covered with accompanying case studies.

Emergency Tree Plan

The Woodland Trust has released a [plan](#) for increasing tree cover in the UK to address the climate emergency. It argues “the UK is staring down the barrel of twin existential crises; climate change and biodiversity collapse” and that “this country needs to take urgent action to prevent irreversible damage”. To avoid such a situation it first recommends looking after the trees we have before creating new policies, capacity and funding for woods. It wants to involve local authorities in the drive to increase tree cover and proposes targets including requiring new developments to have 30% tree canopy cover. The plan modelled two potential scenarios across the north of England; one a “Dash for Carbon” and the other “Nature@Work”. The Dash for Carbon would establish a narrow corridor of fast growing plantations to sequester carbon in the Pennines. Similarly, the Nature@Work would act to sequester carbon but over a wider area to deliver social and environmental benefits too. The plan says “the UK does not have the time or resources to tackle the climate and biodiversity crisis separately”, implying the Nature@Work scenario would be preferable.

Maintenance of new and existing woodland is heavily promoted to “avoid passing on the climate problem to the next generation”. By planting trees native to the UK, such as the oak and yew, carbon can effectively be captured and stored for a millennium with correct management. These larger trees when mature can also fix significantly more carbon compared to smaller trees. A mix of approaches is therefore encouraged, including expanding native woodland, sustainable commercial plantations and agroforestry.

Woodland Carbon Guarantee auction begins

The Woodland Carbon Guarantee (WCaG) is a £50 million scheme that aims to help accelerate woodland planting rates and develop the domestic market for woodland carbon. The first auction was launched on 20 January and will run until 14 February 2020 with £10 million being made available. Land managers will be able to sell carbon credits to the Government every five or ten years for a guaranteed price. That price will be decided by a reverse auction. The deadline for applications has been extended by two weeks due to a high level of interest. A Q&A on the scheme is [available](#). If you would like to discuss the scheme please contact [Marc Liebrecht](#).

Scotland: Call for modernised deer management

Scottish Environment Link has published a [report](#) making its case for a series of changes to “bring deer management into the 2020s” in order to benefit the climate, communities and conservation. The group is composed of 15 influential conservation and community bodies including RSPB Scotland, National Trust for Scotland and the Scottish Wildlife Trust. It argues that unnaturally high deer densities are having a significant ecological and economic cost, so reducing numbers would lead to more trees, healthier peatlands and improve the economy both due to more stalking jobs and a reduction in road accidents. Measures proposed to achieve this include statutory regulation to ensure that deer densities are reduced to sustainable levels and phasing out public financial support for deer fencing. It also suggests that to reduce rural inequality communities should become more involved in planning and carrying out deer management, an approach which is used in Norway.

Gamebird releases – renewed challenge

Wild Justice has [renewed](#) its challenge against the release of gamebirds on or near protected sites (Special Protection Areas and Special Areas of Conservation) in England. Defra [conceded](#) in September that such releases require appropriate assessment under the Habitats Directive and committed to hold a review of legislative arrangements. Whilst Defra said that there would not be any immediate changes for owners or occupiers of land until this process was complete, Natural Justice is now arguing that having acknowledged the problem, allowing further releases in 2020 would be unlawful unless the possibility of them having detrimental impacts on the sites has been properly considered and ruled out.

Property & Development

England: Mandatory electrical safety tests

It was announced in July 2018 that private sector landlords would be required to undertake five yearly safety checks of electrical installations in their properties. [Draft regulations](#) to implement the new rules have been recently

published; from 1 July 2020 they would require landlords to ensure electrical installation inspections and testing are carried out before any new residential tenancy is granted. Existing tenancies would need to have had their first five yearly inspection by 1 April 2021. A report of the results must be supplied to any new tenant before they occupy the premises and made available to existing tenants within 28 days of the test.

Information on radiation exclusion zones

Landowners are being encouraged to seek information on radiation exclusion zones by the Central Association of Agricultural Valuers (CAAV). Significant exposure to non-ionising radiation from telecom masts can affect health, so exclusion zones are required to protect the public. Operators self-certify compliance with the regulations and are not required to notify owners, site neighbours or the public of these areas. With the roll out of 5G, these exclusion zones will be expanded significantly as the range of potentially dangerous radio waves is far greater than for 4G. This could lead to unforeseen impacts if an expanded exclusion zone makes buildings redundant or sterilises the development potential of buildings or land.

Business & Economy

Brexit Bill passes and EU trade becomes the priority

Four years on from the referendum, following two general elections, three Prime Ministers, three extensions and four exit days The European Union Withdrawal Act 2019 has now reached Royal Assent and is on the statute book. The UK will now leave the EU on 31 January 2020. This is of course not the end of the story, but the start of the next chapter. The UK enters the 11 month transition period and focus moves to trade negotiations with the EU and other key partners. Chancellor Sajid Javid recently told the World Economic Forum that the UK's "first priority" is a trade agreement with the EU. His American counterpart U.S. Treasury Secretary Steven Mnuchin said he was "a little disappointed" and thought the USA would "go first". Boris Johnson has previously said EU and US talks would run in parallel and officials responded to Mr Javid's speech by reconfirming this position.

The EU's new Trade Commissioner Phil Hogan has warned Boris Johnson they were "certainly" not going to be able to meet Boris Johnson's ambition of having a comprehensive agreement in place by the deadline of 31 December. Mr Hogan and the new European Commission president Ursula von der Leyen reportedly share the view that negotiations should instead prioritise key aspects of the agreement.

Negotiations about regulatory alignment and equivalence are one of the reasons trade deals generally take years to strike. The UK's current alignment with the EU is an advantage which should simplify and shorten the negotiations. However the Chancellor recently told the Financial Times "there will not be alignment" with EU rules on trade in goods, something that the EU warned would limit access to its markets. Brussels has stated that trade and other future cooperation with Britain will be underpinned by a strong set of rules. These measures would ensure that each side can act decisively to protect itself in the event that the other fails to honour its obligations. The Food and Drink Federation has warned that diverging standards would be a "death knell for frictionless trade" and lead to price rises. Mr Javid has since offered reassurance, saying there will not be divergence "for the sake of it".

Other Rural News

And finally...

How to speak 'cow'

Australian research has shown that cows can talk. A University of Sydney study found cows make individual voice cues in different situations. This helps them to maintain contact with the herd and express different emotions. The study recorded 333 samples of cow vocalisations and catalogued them using acoustic analysis programmes. The paper concluded that farmers should integrate this knowledge into their farming practices to recognise individual animals in the herd that may require attention.

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

Contacts



Andrew Teanby
Associate Director
ateanby@savills.com
+44 (0) 1522 507 312



Emily Norton
Head of Rural Research
emily.norton@savills.com
+44 (0) 207 016 3786

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.
