

Honeymoon Period for Agriculture?

All businesses in the UK are having to get used to the uncertainty of Brexit, not only because we do not know what our relationship will be with Europe in the near future but also in trade terms with the rest of the world. As always it is better to have good news or bad news but never no news. For most businesses the Prime Minister's announcement in Florence was a bit of good news, but there is still such a wide range of implications about which we have no news. In agriculture there are real threats but, if you are not selling or renting out a farm, current conditions could be a lot worse.

Since last October most commodity prices are better, other than for potatoes and lamb, and the differential between input costs and commodity prices ([Defra Agricultural Price Index July 2017](#)) is particularly healthy. The devaluation of the pound is helping with exports but not affecting input prices as much as was feared. The weakened pound has increased the Basic Payment for 2017 with the exchange rate now fixed at 0.89470 and the predicted payment, subject to adjustment for the Financial Discipline Mechanism, for Non-SDA at £223, up 5% on last year.

Subsequently, in relative terms, the conditions within which the UK is farming today could be described as a "honeymoon period" or the "lull before the storm". We will have to wait and see how the "divorce" with the EU goes and what follows.

Changing strategy on any farm is a long-term commitment with enterprises commonly having 12-24 month production cycles, and therefore agricultural forward planning has perhaps suffered the most lost confidence due to the ongoing uncertainty. The effect of this has been well illustrated by weak land and rental prices, and the BPS Entitlement market, where we saw the average price last year drop from the previous year's average of £192 per hectare for Non-SDA to £144. Some early tentative 2018 trading has started at £150 for Non-SDA entitlements although this was before the Government's Florence statement proposing a two-year transitional period following March 2019. This may well boost confidence, especially now the market, since the Florence speech, is expecting entitlements to last three years at least.

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5th October 2017

Brexit - Agriculture and Trade



Mrs May's speech in Florence on the 22nd September has thrown future trade arrangements back into the spotlight.

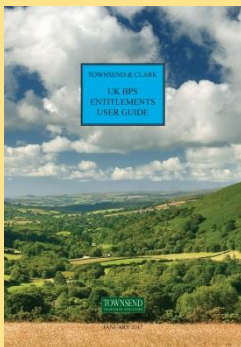
The WTO fall-back option

There are currently a plethora of articles (and MPs) suggesting that, should the UK be unable to negotiate the special customs arrangement it wishes with the EU (or agreement that we could remain part of the Customs Union or Single Market without accepting the free movement of peoples, the jurisdiction of the European Courts, and the resulting payments it would have to make to the EU coffers), then we can always fall back on the World Trade Organisation (WTO) rules, of which we are already a member, until we can agree our own Free Trade Agreements (FTAs) with the EU, and non-EU nations, which would then supersede the WTO rules. And for many of the thousands of traded products this could be true, both for the actual duties charged and for the commitments (more detail below) the independent UK will re-establish in the WTO. However a closer look at the way the WTO works makes it clear this will not be quite so straight forward for agriculture and many other products, even for trade we already do with non-EU countries through the EU under the EU's membership of the WTO, and some complex negotiations will need to take place with all our existing trading partners in order for us to do this. Also Theresa May's proposal for a new bespoke customs partnership cannot be appreciated without an understanding of the existing options already available to the UK.

[Read more...](#)

Future of Entitlements/Subsidies

At the time of writing (October 2017) there is a temptation to be over-influenced by political statements and sentiment as to what may or may not happen after 2019. Those that are aware of past changes in agricultural support, which of course has been around nearly 350 years since the English Corn Laws, 300 years before we joined the EU, know the disinterest in entitlements for 2018 may be premature, as with the UK's history of supporting agriculture, it is the author's opinion that leaving the EU will not automatically mean support will be removed overnight. [Read more...](#)



UK BPS Entitlements User Guide

Having "written the book" on UK BPS entitlements, the User Guide is still available and provides the historic background and current thinking as to how UK governments have dealt with supporting agriculture since the Corn Laws in the 1670s, nearly 350 years ago.

To view sample pages and order your copy click [here](#).

2017 BPS Euro Exchange Rate Announcement

The Euro exchange rate for calculating BPS 2017 payments (which is an average of the European Central Bank exchange rates set in September) was confirmed by the RPA on the 29th September as being €1=£0.89470, a 5% increase on the 2016 exchange rate, which in itself was a 16.5% increase on the 2015 BPS exchange rate. The previous years' BPS exchange rates were (2016) €1 = £0.85228 and (2015) €1 = £0.73129.

This 2017 exchange rate announcement equates to a predicted 2017 BPS payment (subject to the 2017 BPS & Greening payment values remaining the same as in 2016, and the Financial Discipline Mechanism (FDM) remaining the same as in 2016 [1.353905%]) of:

- £223.27 for Non-SDA
- £221.67 for SDA and
- £58.57 for SDA Moorland

In 2015 the combined payment rate for BPS & Greening was €248.02 for Non-SDA, €246.24 for SDA and €65.06 for Moorland (less the FDM of 1.393041% on payments above €2,000), and in 2016 the combined BPS & Greening payment rates increased slightly to €252.98 for Non-SDA, €251.16 for SDA and €66.36 for Moorland (less the FDM of 1.368% on payments above €2,000).

The 2017 payment rate and FDM rate are expected to be announced at the beginning of November 2017, with payments then expected to start being made by the RPA by BACS transfer in December 2017.

2017 UK Entitlement Trading - Market Report

To download a copy of the market report please [click here](#).

If you would like to discuss the trading of 2018 entitlements please call Hugh Townsend, Jake Loftus or Julia Clark.

Crown v Wakley - What lessons are there for tenants?

Judgement in the case of *The Crown Estate Commissioners v Wakley and Wakley* was handed down on the 15th December 2016, where the Crown was found to be in breach of a Farm Business Tenancy and having misrepresented the condition of the farm to the incoming tenant. The Tenant was awarded £1.75 million in damages.

Our involvement

If you google this case there are now a number of commentators sharing the lessons that can be learnt from what was a 285 page judgement. Following a fourteen-day hearing such a lengthy and detailed judgement has naturally aroused a lot of interest from those involved with agricultural tenancies.

Whilst other commentators have pointed out the lessons to learn for landlords, as the agents acting for the Tenant, the Wakleys, soon after they took up occupation, we perhaps are in a unique position for commenting on what lessons there are also to be learnt for tenants. We were involved in trying to sort out the issues that were created following the Wakleys taking up occupation of Staple Park Farm, and in the [judgement](#) Judge Blunt commented that our firm was “conscientious, determined and rigorous in the discharge of our [sic] duties to our [sic] clients”. When acting for tenants taking on long term farming tenancies, our approach generally is to take the same detailed and wide ranging approach one does when buying a farm. [Read more ...](#)

Animal Transport

In 2012 many farmers, livestock and poultry hauliers, and professional equestrian businesses applied for a Type 1 Transport Authorisation to allow them to transport animals and livestock on journeys over 40 miles and up to 8 hours in duration. The authorisations lasted for five years meaning that most are now due for renewal in 2017 and this process is not automatic. There is a requirement to renew this authorisation using either a paper application or obtaining an electronic renewal application available on the [Gov.uk website](#).

The current document has the expiry date printed on it and applicants should ensure that they have renewed the authorisation at the earliest possible opportunity to continue to operate and to avoid any hefty fines. Anybody with queries should contact the Defra Rural Services Helpline on 03000 200 301.

Farm and Land Market - 2017



North Devon – 233 acre dairy farm - 3,500 sqft 6 bed farmhouse • 25,345 sqft modern buildings • 3,900 sqft traditional cob and stone farm buildings suitable for conversion STUC • 92 cubicles & loose housing • Views of Exmoor and Dartmoor • 8 : 16 swing-over herringbone parlour • 1,000 cubic metre above ground slurry tank • 930 tonne (57.5 sqm) silage clamps • 31 acres arable, 23 acres temporary grassland, 158 acres permanent pasture, 18 acres amenity woodland • 71.97 Non-SDA entitlements available by separate negotiation • Legal Pack for Lot 1 available • Lot 1 (194 acres) Guide £1.6m • Also available Lot 2 (39 acres) Guide £245,000 • As a whole or in 2 lots. Guide price for whole £1.845 million



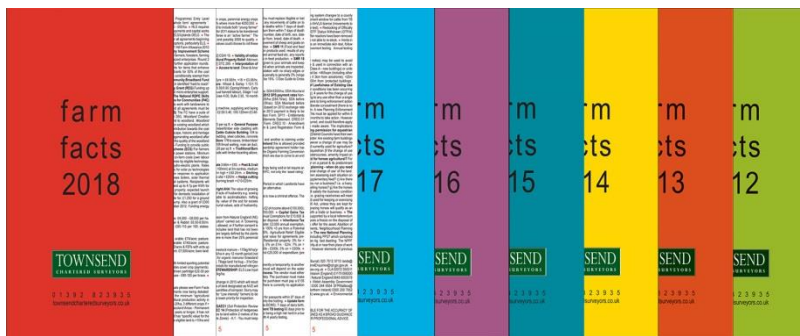
Clapham, Exeter - 9.24 acres of mature broadleaf woodland and river meadow, with beautiful views of the Haldon Hills and Belvedere Tower and a double-bank stretch of the River Kenn. Guide Price £70,000



Bush Bank, Hereford - 3-bedroom cottage set in its own garden and with picturesque views over the surrounding countryside. The cottage features two downstairs reception rooms, is fully double glazed, and benefits from its own enclosed garden and private parking. Guide price £725 per month

Wanted - Mr & Mrs R – Dairy unit with 200 acres and spring calving unit - N. Devon - Up to £2 million. Mr T – Dairy farm with 200-300 acres grassland – SouthWest - Up to £2 million. Mr L – 300 acres for robotic dairy unit – SouthWest - Up to £3.5 million. Mrs R – 20-30 acres of land for beef, sheep and free range chickens. Mr W – Stock and arable farm - Up to 200 acres - Dorset/Devon – Cash buyer. Mr J – 3+ bed dairy farm in the SouthWest - £1-1.2 million. Mr W – 200 acre dairy farm plus pasture for beef/sheep – SouthWest - £1.5-1.8 million. Mr & Mrs E - Dairy farmers. 2/3 families - Robotic milking parlour for 120+ dairy cows - SouthWest.- £1.6 million. Mr C – 3 bed farmhouse with 100-200 acres – Up to £2m. Mr W – One house for two families – 350 beef/300 sheep – Zero grazing – N Devon - £1.4-1.6 million. Mr O – Farm in Devon/Cornwall – House not important – 200+ acres – Cash buyer.





Farm Facts 2018

Pre-order your free copy of our handy pocket size guide. [Email](#) or call Kathy Dean

Key Dates

- 1 October** Pheasant and Woodcock season opens • Heather, rough grass, bracken or gorse can be burnt on land in upland areas from this date. (GAEC* 6). • Closed period starts for applying organic manure with a high readily available nitrogen content (e.g., slurry, poultry manures or liquid digested sewage sludge) to tillage land on soils which are not shallow or sandy. (SMR** 1) • Ecological Focus Areas (EFA) catch crops must be retained until at least this date. ([Basic Payment Scheme Rules: rules for 2017](#)) • 2017 EFA cover crops must be established by this date. ([Basic Payment Scheme Rules: rules for 2017](#))
- 15 October** Closed period starts for applying organic manure with a high readily available nitrogen content (for example, slurry, poultry manures or liquid digested sewage sludge) to grassland on soils which are not shallow or sandy. (SMR 1)
- 20 October** End of Red, Sika and Roe deer stag stalking season in Scotland
- 21 October** Start of Red, Fallow, Roe and Sika deer hind stalking season in Scotland
- 31 October** End of Roe deer buck stalking season in England and Wales • The Environment Agency make actual water abstraction return forms available from this date if a summer water abstraction licence is held (authorising abstraction wholly within the months of April to October). Readings must be sent to the Environment Agency within 28 days. (GAEC 2)
- 1 November** All Hallows • Heather, bracken, gorse etc. in lowland areas can be burnt from this date • Start of Red, Fallow, Roe and Sika deer hind stalking season in England Wales and Northern Ireland • Start of Chinese Water deer buck and doe stalking season in England
- 11 November** Martinmas
- 30 November** Water abstraction licence holders with two-part tariff agreements receive 2nd part charge • Red Grouse season in Northern Ireland closes
- 1 December** The annual inventory for sheep and goats must be carried out in England
- 10 December** Grouse and Ptarmigan (Scotland only) seasons close
- 25 December** Christmas Day
- 31 December** NVZ Derogation deadline.

*GAEC = Good Agricultural and Environmental Condition

**SMR = Statutory Management Requirements