

GRANTS Farming & Forestry Improvement Scheme (FFIS) provides up to 40% grants for capital items (50% in SDAs), up to a maximum of £25,000. Improvements must relate to one of the following categories: animal health & welfare, forestry, energy efficiency, water resource management or nutrient management. The first round of applications closed on the 17th January 2012, with further applications allowed every 4 months until the end of 2013 (subject to change).

- Rural Economy Grant** funding up to £1m for micro & SME businesses for forestry, renewable energy, agrifood & rural tourism. Available from February 2012.
- Heritage Management Plan (HMP) Grants** are available for 50% of the cost of preparing a HMP on exceptional heritage land/property already designated as conditionally exempt from Inheritance Tax. Grants operate from 1st April – 31st March annually.
- Renewable Heat Incentive (RHI)** opened for applications for non-domestic generators on the 28th November 2011 & aims to extend support for other technologies & households in late 2012. Available to eligible installations commissioned or completed since 15th July 2009. (Eligible technologies include commercial biomass, CHP, ground & water source & geothermal heat pumps). Recipients will be paid up to 7.9p per kWh for biomass boilers, 8.5p per kWh for solar thermal and up to 4.5p per kWh for heat pumps.
- Renewable Heat Premium Payments** available until 31st March 2012 for the domestic installation of renewable boilers in preparation for the introduction of the RHI for domestic installations in late 2012. Support for a biomass boiler is available at £950.
- Enhanced Capital Allowances** allow the full cost of an investment in designated energy-saving plant & machinery to be written off against the taxable profits of the period in which the investment is made. Application deadline 5pm 29th February 2012.
- Energy Crops Scheme (England only)** is available for farmers who plant miscanthus or short rotation coppice to supply their own fuel needs or those of power stations. Minimum area 5ha over 3 years. Funding is available at 50% of actual costs (suppliers, materials, contractors) &/or 50% of on-farm costs (own labour & machinery).
- Stewardship Schemes - ELS, UELS, OELS, HLS** provide payments for farmers who provide improved environmental management on their holding, through the establishment of buffer strips, hedgerow management and low input grassland, to name but a few of the various options available.
- Feed In Tariff (FIT)** provides support for the producers of renewable energy. Payments are made for every kilowatt hour (KWh) of electricity produced. An additional payment, the export tariff (3p/KWh), is paid for each KWh of electricity exported to the grid. The current tariff levels run to the 31st March 2012, after which the tariff, mainly in respect to solar PV, will be reduced.
- Catchment Sensitive Farming** capital grants (up to £10,000) to farmers in priority waterway catchments, (previously Catchment Sensitive Farming Delivery Initiative) for items that enhance waterway protection & prevent runoff. Eligible capital items include: roofs for silage stores, upgrading tracks, pesticide loading & wash down areas, rainwater storage tanks, relocation of sheep dips etc. 2012 application dates to be announced for a 5-year agreement with Natural England.
- English Woodland Grant Scheme** provides six support mechanisms for landowners wanting to create new woodland and carry out sustainable woodland management: Woodland Planning Grant to produce a woodland management plan; Woodland Assessment Grant to collect information that assists management decisions; Woodland Improvement Grant (WIG) to carry out capital projects in woodlands such as access tracks, uneconomic thinning, coppicing, rhododendron clearance & public access facilities; Woodland Regeneration Grant to re-establish trees after felling; Woodland Management Grant to carry out regular work such as ride management & pest control; Woodland Creation Grant to create new woodland; Woodfuel WIG to support the sustainable production of woodfuel and other timber products.

PLANNING Permitted Development Rights Prior Determination (28 day notice) may be used to avoid a full planning application if development is for the purposes of agriculture & used in connection with an agricultural business, and on separate parcels of land of more than: 1ha on units of ≥5ha; or 0.4ha on units of <5ha; <465sqm (including other development within 90m, constructed in the past 2 years) or for livestock/slurry storage & located >400m from protected buildings; ≤12m high; on a holding of >0.4ha; <25m of a trunk/classified road.

- Certificate of Lawfulness of Existing Use or Development (CLEUD)** may be obtained if a breach of planning policy or conditions has been occurring continuously for: 4 years for the construction of a new building (not a dwelling), 4 years for the change of use of a building to a single dwelling, or 10 years for the change of use of a building to any use other than a single dwelling. This needs to be obtained before new enforcement powers come into effect under the Localism Bill, due to be formally adopted some time in 2012 (see below).
- Do You Need Planning Permission for Equestrian Enterprises & Stables?** In most situations yes, except for some field shelters (District Councils have their own local plans detailing individual restrictions for equine facilities). *Points to Consider* Are existing farm buildings suitable for stabling? If so planning may be difficult for a new building, however a change of use may be required on any existing agricultural buildings that are converted. Is the land currently used for agriculture? If so you may have to apply for a change of use from agricultural land to equestrian (if the change of use is 'material'). Environmental impact of new stabling i.e. manure storage & watercourses, amenity impact on the landscape etc. Site access & access to bridleways.
- When are Horses Agricultural?** *For Single Payment* If riding activities do not take place for >28 days of the year on a parcel & its predominant use is for grazing, it will be eligible. Jumps & Gallops are not eligible. *For Planning - when do you need a change of use (agricultural land to equestrian)?* When there is a 'material change of use' of the land. This is not defined in detail, however the following are examples of activities the planners will look at when assessing each situation on an individual basis: a) Is it intensive (>1 horse/acre)? b) Do you import supplementary feed? c) Are there equestrian buildings (school, jumps, gallops, manege, stables etc)? d) Do you run a business? i.e. a livery, give riding lessons. e) Are there other animals present? f) Are you buying & selling horses? g) Are the horses for private use for personal enjoyment? *For FBT* The grazing of horses will satisfy the business condition as long as they are being "farmed for the purposes of a trade or business". i.e. grazing racehorses will meet the criteria, whilst grazing recreational ponies will not. *For AHA* Similar land used for keeping or exercising (but not grazing) horses does not qualify as 'agricultural land' under the '86 Act, unless they are kept for meat production or used in farming the land. Land predominantly used for grazing horses will qualify as an agricultural holding, providing it is also predominantly used in connection with a trade or business.
- The Localism Bill 2010-11** With Royal Assent granted on the 15th November 2011, provisions are proposed to come into force during 2012, although exact dates are not yet published. The Basics: *Community Right to Build* (expected April 2012) where development is supported by a local referendum no separate planning permission will be required; *Community Right to Bid* (expected April 2012) introduces a freeze on the disposal of assets listed as having 'community value' until the community have made an offer for the asset; *Abolition of Regional Strategies* (expected April 2012) allowing LPAs to determine their own housing requirements; *Neighbourhood Planning* giving communities the right to identify the location of a new development; *Strengthening Enforcement* (expected October 2012) to tackle abuses of the 4 and 10 year rules for CLEUD by extending LPA powers to bring enforcement action against breaches of planning control in cases where

there has been fraud, deliberate concealment (there is no definition of "concealment" in the Act), or other abuses of the planning system. A new Planning Enforcement Order will be available to LPAs through an application to the Magistrates' court. This must be applied for within 6 months of the date the LPA became aware of the breach. The LPA will then have 12 months to take action. However the LPA can invoke this process irrespective of when the breach actually occurred, and could therefore apply for breaches that occurred years ago, but of which they were only recently made aware.

FORESTRY ESTABLISHMENT COSTS Conifers: £200-260 per 1,000; Broadleaves: £380-480 per 1,000. *Fencing*: Rabbit: £5.31-6.49/m; *Stock*: £4.05-4.95/m; *Deer*: £7.02-8.58/m; *Deer & Rabbit*: £9-11/m. *Guards*: spiral & cane (450mm): £23-28 per 100; plastic tubes (1,200mm): £85-110 per 100; stakes: £44-55 per 100.

LAND PRICES AND RENTS AHA Average rent for lowland farms, excluding woodland & rough grazing in 2011 was approximately £185/ha (£75/ac). Large mixed arable farms on very good soil, or well equipped dairy farms were approximately £200-275/ha (£80-110/ac). Rents on moderate, below average, quality farms were approximately £125-150/ha (£50-60/ac).

- FBTs** Average arable FBT rents for England & Wales are reported to be at £249/ha (£101/ac), although rents of £450/ha (£182/ac) were reported in 2011 for 3-5 year agreements. Dairy rents have been reported at an average of £180/ha (£73/ac), with lowland cattle & sheep at £120/ha (£49/ac), & LFA cattle & sheep at £70/ha (£28/ac). Rents for AHA & FBTs however are rising sharply with some bare land AHAs up to £100/ac and FBTs including entitlements up to £250/ac.
- LAND PRICES** are expected to continue to rise in 2012, however the rate of increase may well even out. The 2011 England & Wales RICS Farmland Price Index (transaction based) puts average price at £6,142 per acre.

CAP PROPOSALS - THE BASIC PAYMENT SCHEME (BPS) Allocation Year 2014 or 2015 You will be eligible if you: meet the definition of an 'active farmer' (see below); have the eligible area you intend to claim on 'at your disposal' on a specified date (most likely 15th May); have successfully activated 1ha of entitlement in 2011.

- An 'Active Farmer'** must ensure their annual amount of direct payments is not less than 5% of the total receipts they obtain from non-agricultural activities (it is assumed this will be gross receipts, but the fine detail is yet to be released), and their "agricultural areas are mainly areas naturally kept in a state suitable for grazing and cultivation, and they carry out on those areas the minimum activity required", which is to be set by Member States. However if the claim is less than €5,000, the Active Farmer and 5% income rules will not apply.
- General Rules Crop Diversification** -Where a farmer's arable land covers >3ha (not entirely used for grass production [sown or natural], entirely left fallow nor entirely cultivated with crops under water for most of the year), cultivation must consist of at least 3 different crops. None shall cover <5% or >70% of the land. *Permanent Grassland Areas* recorded as permanent grassland in the allocation year's SP5 claim will remain as such. N.B. If you intend to return Permanent Pasture to arable rotation prior to the allocation year care should be taken to ensure an Environmental Impact Assessment (EIA) is not required. *Ecological Focus Areas (EFA)* 7% of eligible hectares (excluding permanent grassland) should be EFA, such as fallow land, terraces, landscape features, buffer strips & afforested areas. Additional definitions of EFAs are expected to be released.
- Payment Capping Will Apply As Follows** by 20% for tranche of more than €150,000 and up to €200,000; by 40% for tranche of more than €200,000 and up to €250,000; and by 70% for tranche of more than €250,000 and up to €300,000. There will be no payment above €300,000, making the estimated maximum payment €235,000.
- Options for Those Who Did Not Claim In 2011** National Reserve will focus on allocations to new entrant 'young farmers' (under 40). However there is a provision for the EU Commission to establish criteria for using the national reserve to allocate to 'farmers who did not apply for support in 2011'. The extent of this remains to be seen. The Private Contract is aimed at those who purchased farms after 2011 and therefore did not make a claim, this route could allow a farmer's 'right to apply' in the activation year to be transferred to one individual farmer through a contract. The fine detail is still to be agreed and a lot is likely to change!

MANORIAL RIGHTS should be registered with the Land Registry by the 13th October 2013, otherwise any rights that a Lord of the Manor may exercise over the people's land will lapse once conveyed after that date.

RECENT CASES INHERITANCE TAX – APR: HMRC v Atkinson [2010] TC420 - *Golding v The Commissioners* [2011] UKFTT 351(TC) – *Antrobus* [2004] DET 47 • **JOINT OWNERSHIP OF PROPERTY:** *Jones v Kernott* [2011] UKSC 53.

LABOUR National Minimum Wage from 1.10.11 >21yrs £6.08/hr, 18-20yrs £4.98/hr, 16-17yrs £3.68/hr, Apprentice <19yrs £2.60/hr.

- Standard Man Days (SMDs)** per hectare: Wheat & Barley 1.15/1.75 (straw ploughed/inharvested), OSR 1-1.10, Field Beans 0.90-0.95, Early Potatoes 5.5 (exc casual harvest labour), Maincrop Potatoes 9.25 (exc. casual harvest labour), Silage 1 cut 1.6, 2 cut 2.8 (reseeded + 0.6)
- Livestock SMDs per head:** Dairy Cows 4, Bulls 3.50, 18 month beef 1.60, Ewes lowland 0.5, upland 0.45, Store Lambs 0.30.

DRAINAGE & BUILDINGS Field Drainage Cost per metre of excavation, supplying & laying pipe & backfilling: 60mm diameter £1.80-2, 80mm £2.10-2.70, 100mm £3-3.25, 150mm £4.50-5.10, 300mm £12.10-13.60.

- Farm Buildings** *Built costs* General Purpose Portal Frame, block and sheeted walls, concrete floor, 30m long, 4.8m-6m to eaves: 12-18m span, 5 x 6 bays, approx 540sq m = £110-140/sq m. *Insurance Premiums:* Basic insurance for fire, lightning, aircraft, explosion and earthquake at £0.001155 premium per £1 insured.

RESIDENTIAL TENANCY DEPOSIT SCHEME CHANGES Period in which Landlords have to comply will be extended from 14 days to 30 days. Date of this change to be announced.

PERMANENT PASTURE Land within this classification requires permission from Natural England (NE) before it can be ploughed or any work to "increase the productivity for agriculture" carried out. A 'Screening Opinion' should be obtained from NE, which determines either, if the work is allowed, or if further consent is required (an Environmental Impact Assessment (EIA)). Uncultivated Land includes land that has not been physically or chemically cultivated in the past 15 years. Semi-Natural Areas are largely defined by the plants and wildlife they support. One criteria to identify Improved Grassland is if there is more than 25% perennial ryegrass.

GRASSLAND NITROGEN MAX LIMITS WITHIN NVZs & STEWARDSHIP Livestock manure – 170kg N/ha/yr (deposited by grazing animals & spreading). Other organic manure – 250kg N/ha in any 12 month period (not including manure deposited by grazing animals). **Closed spreading periods for organic manures** Grassland 1st Sept – 31st Dec (Sandy/shallow soils). 15th Oct – 15th Jan (All other soils). Tillage land 1st Aug – 31st Dec (Sandy/shallow soils). 1st Oct – 15th Jan (All other soils). **Closed spreading periods for manufactured nitrogen fertilizer** Grassland 15th Sept – 15th Jan. Tillage land 1st Sept – 15th Jan.

- STEWARDSHIP NITROGEN APPLICATION LIMIT** 50kg N = 0.98 hundredweight. 50kg N = 250kg of 20:10:10.

ENERGY PERFORMANCE CERTIFICATE (EPC) REGULATION CHANGES All buildings being sold or let after the 6th April will require an EPC, not just residential properties. Particulars must include a full copy of the EPC, not only the 'asset rating'. Time allowed to secure an EPC will be reduced from 28 days to 7 days.

SOLAR PV FEED IN TARIFF REDUCTIONS The Department for Energy & Climate Change (DECC) proposals to reduce Tariff rates for solar PV by the 12.12.11 were successfully challenged in court. The DDEC are expected to appeal this ruling. The proposal will reduce rates on installations between 4kw and 250kw & will apply to installations which become eligible for FIT payments on or after 12.12.11. Units installed between 12.12.11 & 1.4.12 would be paid the existing rate until 1st April, receiving the new rate thereafter. Despite the ruling these changes are expected to come into effect on the 1.4.12, or slightly before. Alternatively the DECC could accept a later date for the reduction, but reduce Tariff rates even further. There will be further reductions for businesses operating multiple solar PV installations.

ENTITLEMENT TRADING To transfer entitlements an RLE1 form is filled in with SBI numbers, the specific Block IDs of the entitlements and signed by the Transferor (Vendor). The RPA should take no more than 6 weeks to process the RLE1 form and write to both parties. VAT is chargeable unless the transfer is included with a land transfer (sale or lease), or the Transferor is not VAT registered. Sale proceeds are subject to CGT. Entitlements are registered in individuals' names and are not attached/apportioned to land unlike milk quota. However you need land 'at your disposal' in May each year to claim on the entitlements and receive the Single Payment. You can rent in 'naked acres' for this purpose.

- January 2012 Entitlement Sale Values** Non-SDA £230-£235/ha; SDA £200; SDA-Moorland £35/ha; Welsh 1.5 x € value; Scottish 1.5 x € value.
- 2012 SPS Payment Rates** SPS before modulation: £326/ha = £282.53/ha (@ €1 = £0.86665 (2011)); SPS after 19% modulation: £228.85/ha (£91.61/ac); 2012 € exchange rate set on 30th September 2012. Payments are not yet announced for 2013.
- RPA Forms SP9** Agent authorisation form. **SP11** Entitlements Declaration Form. **SP13** Payment assignee details form. **SP19** SPS Entitlements Statement. **CREG 01** Customer Registration Form. **CREG 08** Customer Payment Redirection Form. **CREG 10** Amendment Form. **RLE1** Entitlements Transfer Form & Registered Land Transfer Form & Land Registration Form & Boundary Changes Form.
- 'Dual Use'** -Wales From 1st January 2012 'dual use' will be allowed to continue in Wales. Controls will be applied to ensure that scheme eligibility rules are met. 'Dual Use' is not permitted on Glasir & the Organic Farming Scheme.

KEY DATES 31.10.11 Agricultural Lands Tribunal cases (now Upper Tribunal (Lands Chamber)) were transferred from DEFRA to Her Majesty's Courts & Tribunal Service (HMCTS).

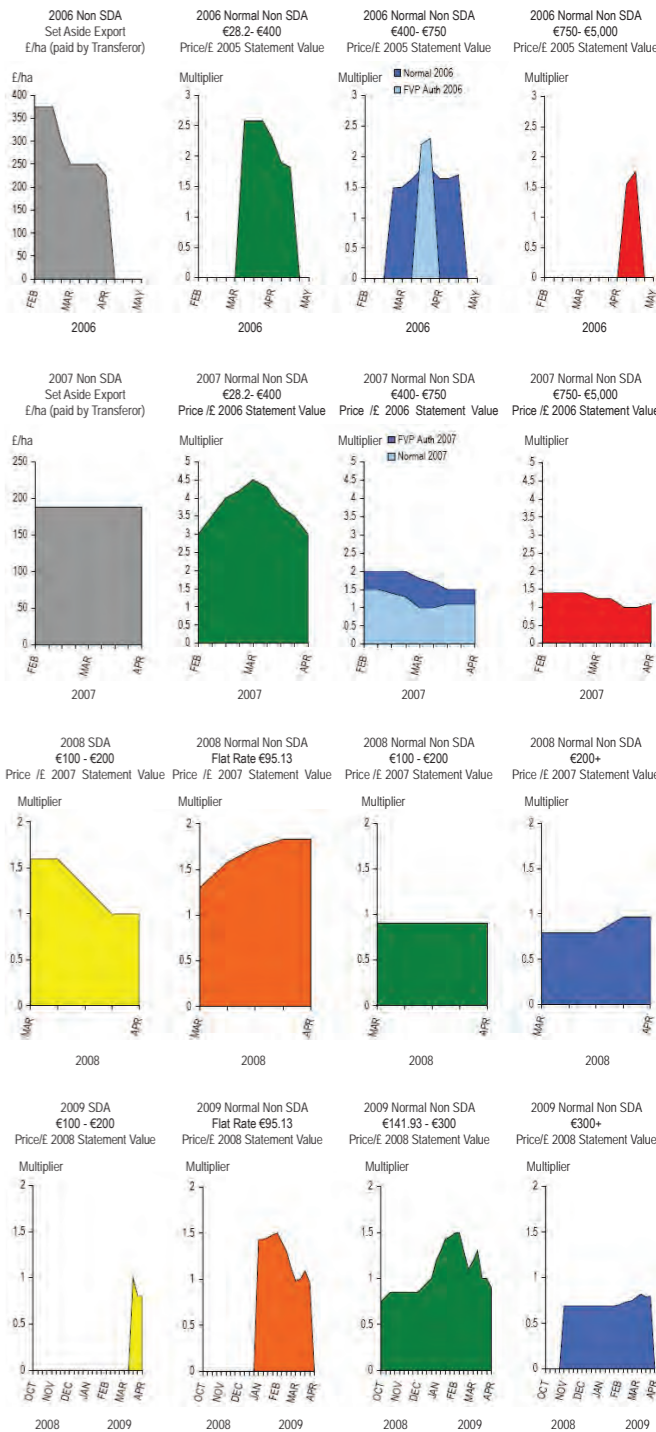
- 1.1.12 – 31.12.12** Single Payment Scheme 2012 year. **1.1.12** Sufficient slurry storage capacity must be in place; 6 months for pig slurry & poultry manure & 5 months for other livestock; slurry spreaders must have a spreading trajectory less than 4m from the ground; N Max Limit for grass falls to 300kg N/ha • **Welfare of Laying Hens Directive** banning conventional 'battery cages' • **GAEC 19** (Good Agricultural & Environmental Condition rule); inorganic fertilizer must not be applied within 2m of surface waters; Organic manure not within 10m of surface water or 50m from boreholes; Farmers spreading organic manure (including FYM) should have a map of nearby surface waters, springs, wells, boreholes and other 'No-Spread Zones' available for inspection - RPA takes on responsibility for the Cross Compliance rules from the Environment Agency.
- 30.11.12** Glasir (AWE) 2013 application window opens & closes on 30.3.12. **2.12.12** Candlemas. **29.2.12** Post-harvest management rules end • **Hedge Cutting Period** closes • **5 month slurry storage period** for specified livestock ends (NVZs only). **25.3.12** Lady Day. **31.3.12** Heather & Grass burning season closes (lowland only) • **Renewable Heat Premium Payment Scheme** closes. • **Milk Quota transfer deadline.** **1.4.12** 6 month slurry storage period for pigs & poultry ends (NVZs only) • **Reductions to Solar PV Feed in Tariff rates** expected. **2.4.12** SPS Entitlement Transfer Deadline. **6.4.12** EPC Regulations Changes. **15.4.12** Heather & Grass burning season closes (upland only). **30.4.12** Must have completed Livestock Nitrogen production calculations for 2011 (NVZs only). **14.5.12** 'Naked Acre' Letting Deadline. **15.5.12** SPS Application Deadline - SPS land must be 'at your disposal' on this date. **31.5.12** Penalties apply to SPS amendments made after this date. **9.6.12** SPS Deadline for Applications & Amendments with Penalties. **1.8.12** Hedge Cutting Period opens. **29.9.12** Michaelmas. **1.10.12** Slurry storage period for specified livestock & poultry manure begins (NVZs only) • **Heather & Grass burning season** opens (upland only). **1.11.12** • **Heather & Grass burning season** opens (lowland only). **1.12.12** SPS Payment Window opens. **31.12.12** Updated Soil Protection Review deadline. **2014 or 15** Expected Basic Payment Scheme (BPS) entitlement allocation year. **15.5.14 or 15** Expected deadline for BPS entitlement allocation applications.

USEFUL CONTACTS Upper Tribunal (Lands Chamber) (Formerly Agricultural Lands Tribunal) 020 7612 9710 lands@tribunals.gsi.gov.uk • Central Association of Agricultural Valuers (CAAV) 01594 832979 enquire@caav.org.uk • CLA 02072 350511 www.cla.org.uk • DEFRA 08459 335577 www.defra.gov.uk • Forestry Commission 0131 3340303 enquires@forestry.gsi.gov.uk • NFU 02476 858000 www.nfuonline.com. • Natural England 0845 6003078 enquires@naturalengland.org.uk. • RPA 0845 6037777, www.rpa.gov.uk. • Welsh Assembly Government 03000 603300, webmaster@wales.gsi.gov.uk. • Business Link www.businesslink.gov.uk • Environmental Impact Assessment (EIA) 0800 0282140.

TAX Income Tax 2012/13 Personal Allowance & Income Limit: £8,105/£100,000; Rates & levels: 20% for £0-£34,370, 40% for £34,371-£150,000, 50% for over £150,000.

- CGT 2011/12** individuals 18% & 28%, Trusts 28% & Entrepreneurs 10%. Annual exemptions for individuals £10,600 & Trustees £5,300. *Business Rollover Relief:* 12 months before and 3 years after disposal.
- Inheritance Tax 2011/12** 40% above threshold of £325,000, exempt spouse/civil partner transfer: £3,000 annual exemption, small gifts £250. *Business Relief:* 50% or 100%. *Agricultural Relief:* 100% 2 years ownership or let 7 years.

ENTITLEMENT SALES

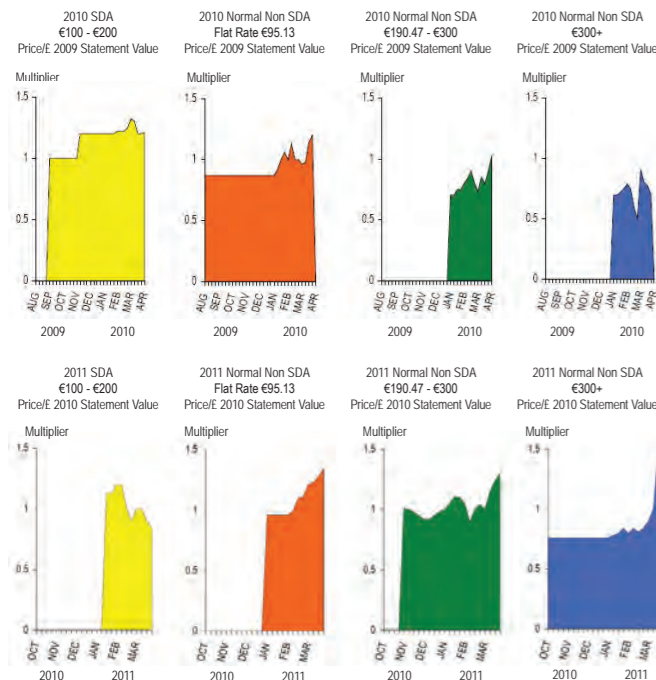


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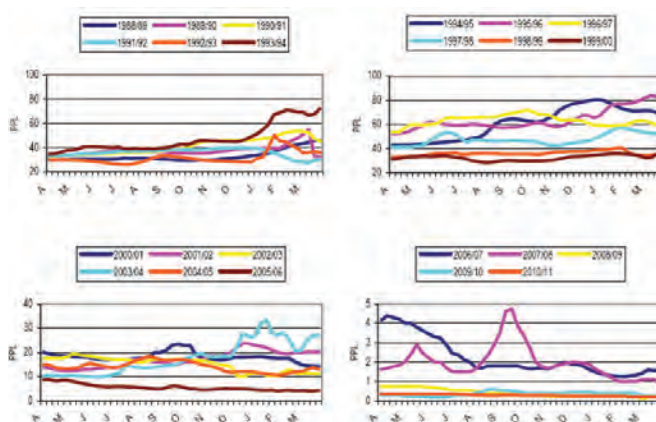
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The multipliers used in the above graphs vary depending on the specific entitlement values and number of hectares being traded, these graphs represent averages and are for illustrative purposes only. Prices of traded entitlements are expressed in £s. Exchange rates used were those set for the previous payment year.

MILK QUOTA SALES



Prices adjusted to 4% b/fat base as at the date the transfer was agreed and includes direct sales quota converted at 3.80% b/f base. No account is taken of uncompleted sales, land rental, contract farming costs, professional fees and VAT.

TOWNSEND CHARTERED SURVEYORS WILL NOT BE HELD RESPONSIBLE FOR THE ACCURACY OF THE INFORMATION CONTAINED WITHIN THIS LEAFLET, WHICH IS DESIGNED AS A BROAD GUIDANCE ON THE 19TH JANUARY 2012 AND SHOULD NOT BE RELIED UPON WITHOUT FURTHER PROFESSIONAL ADVICE.

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estate & farm management day-to-day management & consultancy.
farm & estate agency sales and purchase of farms, land, sporting/fishing rights, country houses, cottages, barns & rural property, valuations, structural surveys and RICS homebuyer reports.
letting agency letting of farms, houses and cottages on ASTs and FBTs.
planning agricultural need assessments, applications, design & drawings, expert witness at appeal, consultancy, and advice on farm diversifications.
renewables wind, solar, anaerobic digestion & biogas, and energy crops.
quota & entitlements sale & lease of milk quota & entitlements, naked acres, apportionment, landlord/tenant arbitration, compensation & expert witness.
agricultural consultancy landlord/tenant, compulsory purchase, pipeline & easement claims, GPS mapping, rent reviews, partnership insurance, IHT, CGT & probate valuations, grass letting, FBTs, mobile phone mast sites, environmental grant schemes and single farm payment claims.



farm facts 2012

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