

AUTUMN 2018 NEWSLETTER – 1.11.18



“I hope you will enjoy our new style of newsletter and as Brexit unfolds we can help you make the most of the opportunities and safeguard you against the threats. This edition includes comment on ELMS, which is looking set to be the future for agricultural/rural subsidies in 9 years’ time, as well as our usual update on BPS claims and entitlements, which are set to continue in the interim as ELMS is introduced. We also give you our insights and guidance on other topics affecting land management, rural businesses and the property market.”

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1. 2019 UK Entitlements Trading Update

1.1 *Non-SDA/SDA/SDA Moorland*

The 2018 Non-SDA market kicked off on the 16th September 2017 at £150 plus VAT for English Non-SDA, and this year the first sale was agreed on the 26th September at the same level. Market confidence has increased however after publication of the Agriculture Bill on the 12th September and further sales have now been agreed at £160 plus VAT. Currently we only have availability at £165/ha plus VAT. [Read more...](#)

1.2 *The Regions – Scotland/Wales/Northern Ireland*

In Scotland it was announced on 3rd October by Rural Economy Secretary Fergus Ewing that the RPID was beginning to issue loans of up to 90% of the expected CAP Basic & Greening Payment for 2018 to eligible farmers, following months of adverse weather conditions, and also to counter the criticisms of the previous years' payments arrangements where delays to BPS payments left many farmers struggling. At the time of writing, over 99% of eligible Scottish farmers and crofters had received their loan offers. [Read more...](#)

1.3 *The Agriculture Bill 2018 and Entitlement Market*

The Agriculture Bill is good news for the entitlement market for the following reasons:

- Extra year of “same as we are now” in 2020, which has pushed prices up for Non-SDA to above where we started last year when the market also believed we had two years of payments left.
- Potential for further 7 years although at reduced/reducing rates, meaning we have a total of 9 years of entitlements remaining, which is longer than past Direct Payment EU schemes. This could see values heading towards pre-Brexit levels – 2016 average was £192 for English Non-SDA.
- Delinking may also spark a rush for entitlements to own/claim on as many as possible in the reference period (date to be confirmed) to maximise lump sum delinked payments e.g. Active Farmer test dropped for airports etc. This could increase demand in 2019 and 2020 and also restrict supply as retiring farmers delay sales.
- There is also talk of increasing SDA and Moorland payments in 2021.

[Read more...](#)

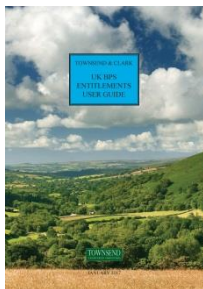
1.4 *2018 UK Entitlement Trading – Market Report*



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

If you would like to discuss the trading of 2019 entitlements please call Hugh Townsend, Jake Loftus or Julia Clark.

1.5 **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](#) or email [Kathy Dean](#).

2 **Basic Payment Scheme (BPS)**

2.1 **2018 BPS Euro Exchange Rate Announcement**

The Euro exchange rate for calculating BPS 2018 payments (which is an average of the European Central Bank exchange rates set in September) was confirmed by the RPA on the 28th September as being €1=£0.89281, a 0.2% decrease on the 2017 exchange rate, which in itself was a 5% increase on the 2016 exchange rate, which was a 16.5% increase on the 2015 BPS exchange rate. [Read more...](#)

2.2 **Commons Update - New Forest/Case Study**

Many commons claimants are still awaiting the allocation of their missing entitlements from 2015-2017 and the subsequent missing payments, although most applicants have now received a payment for the monies from 2009-2014. The RPA have also now agreed to pay interest on the late SPS related payments. [Read more...](#)

2.3 **Errors and Penalties**

As December approaches many BPS applicants will start to consider the payment they hope to imminently receive. This may also be a useful time however, to review what was submitted earlier this year and check that everything is still correct. Following a recent change in the rules governing errors and penalties, here we look at how the penalty system works. [Read more...](#)

3. **ELMS & Countryside Stewardship (CS)**

3.1 **Environmental Land Management Schemes (ELMS)**

The aim of the 2018 Agriculture Bill is to set up the legislative framework necessary to enable the UK Government to administer and regulate its own independent agricultural policy following leaving the EU, and sets out the framework for DEFRA’s future Environmental Land Management Policy. This is a different approach to providing support to farmers/land managers compared to the existing BPS subsidy scheme, and instead focuses on protecting and enhancing the environment (rather than the existing EU CAP policy of direct support payments based on the area of eligible agricultural land farmed). The stated aim of the new ELMS is to give support to farmers/land managers by providing “public money for public goods”. [Read more...](#)

3.2 *Trading of “Public Goods”*

Environmental Land Management Schemes (ELMS) and other different environmental schemes are currently being developed and tested where money will be provided for specific targeted aims in particular areas, with the current suggestion that there will be no blanket support for the production of food. This suggests a multiple zoning of the UK where, if there is a trade in public goods, this will be more similar to the trade in Water Abstraction Licenses where the market is more hit and miss and involves a bureaucratic, involved and slow transfer process. [Read more...](#)

3.3 *CS Changes to mapping and options*

In previous years it was possible to utilise certain CS options as EFA and take a reduction in the option payment. It has been announced recently that 18 Countryside Stewardship options can no longer be used as EFA under the Basic Payment Scheme although hedges included in a CS agreement can still be used as EFA without incurring a payment reduction. Options can be located on the same parcel as EFA providing they do not overlap. [Read more...](#)

3.4 *What will Agriculture “mean” in the Future?*

There are different definitions of “Agriculture” used throughout planning policy and tenancy law through to the Basic Payment Scheme. The definition of “Agriculture” remains largely production focussed in agricultural tenancies (both Agricultural Holdings Act and Farm Business Tenancies,) and also in planning legislation. An introduction of “public goods” in the draft Agriculture Bill 2018 presumably will involve an extension to the current definition to include a wider range of uses given that there is no mention of growing crops or rearing animals for food production. Will tenants be able to claim under the Environmental Land Management Scheme (ELMS) and avoid a breach of the terms of their tenancies and planning legislation? [Read more...](#)

3.5 *Can the Conflict between Landowner and Tenant when Milk Quotas were introduced be avoided when “Public Goods” are introduced?*

The introduction of milk quotas in 1984 created a valuable asset and started a debate about its ownership which the landlord and tenant lobbies (CLA and NFU/TFA) could not agree. As a result the Government produced a “fudged” Agriculture Act which created considerable conflict between landlords and tenants. One wonders whether the same could happen again with the identification and introduction of “Public Goods”. [Read more...](#)



4. On Farm Updates

4.1 *Updated AHDB Field Drainage Guide*

The Agriculture & Horticulture Development Board (AHDB) have recently updated their [Field Drainage Guide](#) which is full of useful information about the benefits of field drainage which can

rapidly remove excess soil water, and which reduces or eliminates waterlogging and returns soils to their natural field capacity. Good on-farm drainage can be used to control a water-table or to facilitate the removal of excess water held in the upper layers of the soil, and will reduce the risk of detrimental waterlogging to acceptable levels. This AHDB cross divisional guide looks at the principles, installation and maintenance and how it can benefit a business.

4.2 Updated Permanent Baiting Guidance for Pest Control Outdoors

The rules on permanent baiting outdoors have recently been updated following various studies which show that not just rats and mice, but also wild small rodents, such as field mice and voles, also go into permanent outdoor bait stations and take bait. These animals are the prey base of a very wide variety of species of mammals and birds in the UK, and this prey base is then exposed to rodenticides and this contamination is passed to our wildlife further up the food chain. The [new guidance](#) seeks to limit the chance of wildlife being exposed to rodenticides, and was issued in September 2018 by the Campaign for Responsible Rodenticide Use (CRRU) UK. The guidance explains in detail the changes and the reasons they have been developed, the situations in which permanent baiting may still be used, the products that can be used, and the precautions necessary when it is employed.

4.3 Animal Welfare Reforms

The Government has recently issued an updated [Code of Practice for the Welfare of Laying Hens and Pullets](#) as part of its continuing reform of animal welfare regulations. This updated Code is intended to help all those who care for laying hens and pullets to practise good standards of stockmanship to safeguard bird welfare. The Government states that without good stockmanship, animal welfare can never be adequately protected, and that adherence to these recommendations will help keepers to maintain the standards required to comply with legislation.

4.4 New Code of Good Agricultural Practice (COGAP)

DEFRA has produced an updated [Code of Good Practice](#) for Reducing Ammonia Emissions in collaboration with the farming industry. DEFRA says farming is responsible for 88% of all UK ammonia gas emissions, which can combine with other pollutants to form particulates harmful to human health. The new Code explains the practical steps farmers, growers, land managers, advisors and contractors in England can take to minimise ammonia emissions from the storage and application of organic manures, the application of manufactured fertiliser, and through modifications to livestock diet and housing. [Read more...](#)

4.5 Safe Use of Pesticides and Herbicides Qualification replacing Grandfather Rights

Experienced pesticide and herbicide users born before 31st December 1964 need to complete “the safe use of pesticides replacing grandfather rights” qualification before 31st December or they will face having to undertake a more expensive qualification. From 1st January 2019, farmers wanting to apply professional use products with a knapsack to control weeds in grass fields or tidy up around the farm will require the full PA1 and PA6 qualifications if they have not already got the relevant qualification. Previously, people born before 31st December 1964 were exempt from the requirement to hold a certificate of competence when applying professional crop protection products to their own land or land they rented because they were deemed experienced enough and had grandfather rights. Farmers wishing to find out more about the course or find a local training centre can do so on the [City & Guilds website](#).



5. Changes to Tax

5.1 *IHT Review - Office of Tax Simplification*

In January this year the Chancellor, Philip Hammond wrote to the Office of Tax Simplification (OTS) to request a review of the current Inheritance Tax (IHT) rules, describing them as “particularly complex” and looking for proposals for “simplification, to ensure the system is fit for purpose and makes the experience of those who interact with it as smooth as possible”. [Read more...](#)

5.2 *VAT - Making Tax Digital*

HMRC has confirmed that from 1st April 2019 it will be mandatory that all VAT-registered businesses with a taxable turnover above the VAT threshold must use the [Making Tax Digital](#) service to keep financial records digitally, and to use software to submit their VAT returns. [Read more...](#)

6. Rural Property News

6.1 *New Report on Rural 4G Connectivity produced*

The results of an enquiry by The All-Party Parliamentary Group (APPG) for Rural Business into improving 4G coverage in rural areas have now been published in their report [4G in Rural Areas](#). [Read more...](#)

6.2 *Consultation on Cleaner Domestic Burning of Solid Fuels and Wood*

[The Clean Air Strategy](#) states that air pollution is the top environmental risk to human health in the UK. Air pollution is usually thought of being caused by transport or industrial level burning of fossil fuels. However now that the emissions from these sources have started to be decreased, the relative importance of emissions from other sources has increased. [Read more...](#)

6.3 *Changes to Class Q Planning*

The policy regarding planning under Class Q (Permitted Development Rights for Conversion of Agricultural Buildings to Residential Use) was updated earlier this year. [Read more...](#)

6.4 *Will Disputes Relating to Farming Estates*

We are seeing more and more cases making headlines involving challenges to Wills, and in farming families these are often interlaced with what is known as “proprietary estoppel” in cases

where a Will or business decision does not pass on property in line with promises made and relied upon. [Read more...](#)

6.5 Farm and Land Market



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. Guide price for whole £1.845 million



Fishing rights on the Exe - Rare opportunity to acquire fishing rights on the River Exe. 233 yards of single bank Salmon and Trout fishing with ownership of the bank and river bed up to mid stream. Guide Price £25,000



Fishing rights on the River Carey - 1,657 yards (1,515 m) of single-bank fishing on the River Carey, running downstream from Heale Bridge to the River Tamar. Guide Price £19,500

Wanted - Mrs P – Smallholding for animal rescue with pond/lake, house not important – Dartmoor/Teign Valley/Totnes area – Up to 20 acres - £850,000. Mr P – Dairy farm for investment - £2m. Mr B – Fully equipped equestrian property including indoor arena/clearspan building & stabling for competition horses - £1.5m. Mr & Mrs G – Sheep and beef farm in North Devon with buildings – 200 acres. Mr B – Dairy farm, flexible on buildings, house not important. – Up to £2.5m. Mr D – Dairy farm to expand current herd of 90 cows – Devon/Cornwall - £1.8m. Mrs L – Fully equipped farm or bare land – up to £4 million. Mr G – Victorian farmhouse with up to 50 acres - £1m. Mr R – Beef/arable farm – 100+ acres – SouthWest. Mr & Mrs R – Dairy unit with 200 acres and spring calving unit - N. Devon - Up to £2m. Mr E - Arable/grassland farm to let out and run at a distance - 200-300+ acres – Devon. Mr T – Dairy farm with 200-300 acres grassland – SouthWest - Up to £2m. Mr L – 300 acres for robotic farming with 260 yearlings and partners – SouthWest - Up to £3.5m. Mr W – Stock and arable farm - Up to 200 acres - Dorset/Devon – Cash buyer. Mr B – 3+ bed dairy farm in the SouthWest - £1-1.2m. Mr W – 200 acre dairy farm plus pasture for beef/sheep – SouthWest - £1.5-1.8m. Mr W – Dairy farm with 2 houses for 2 branches of family – 120+ milkers – Devon/Cornwall. 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-£1.6m. Mr R – Tenant farmer looking to buy – 200 dairy cows – Up to £1.2m.



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