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## JANUARY 2020 NEWSLETTER – 9.1.2020

Thank you for your business in 2019, which sadly was another year in limbo while waiting for Brexit. However 2020 could be the year in which this changes, and certainly with the Agriculture Bill starting again in Parliament we may soon have more detail as to the UK's future agricultural policy. From recent indications, there is little risk of an overall "removal" of economic support for the sector when new trading arrangements remain to be negotiated with the EU and other countries. From a practical point of view we don't think there will be many changes that quickly to the current BPS system, which remains the same for 2020. We believe it will take many years yet to bring out the New Environmental Land Management Scheme (NELMS) (see 2 below) and we do not see de-linkage as a realistic political option. Therefore we would be surprised to see area payments, using the RPA's established online BPS system, being removed for some time. Michael Gove's vision for the UK's agricultural policy and a government with a strong majority gives them plenty of flexibility, especially as they have "reintroduced" the Bill so that it can be comprehensively revised if they wish, rather than continuing with the Bill as it was before the election.

Following new government initiatives recently introduced, however (see 11, 12, 13, 14 & 15 below), we are sure environmental considerations will continue to compete for a larger share of available funding. However we are not yet convinced that the financial support promised for the industry for the life of the current Parliament or beyond can be delivered solely with NELMS as originally proposed, which would be complicated and costly, without a need also for some form of long term standardised subsidy paid on an area basis for "public goods", as all farmer/landowners, we believe, provide these. The uncertainty of what trading environment we will be operating under in the future, and the need to control carbon emissions, may well mean that there will be an increased demand for UK-produced food, and this perhaps is not yet the time to remove the support for basic food production and concentrate solely on supporting the environment.

We believe with a newly-invigorated government which is focussed on ensuring the UK is ready for any eventuality following Brexit, the future for agriculture now looks increasingly hopeful. There is the promise of current funding for direct payments and RDPE continuing until the new schemes proposed in the Agriculture Bill are in place (see 8), with new possible sources of money, and the development of exciting new trading markets for Woodland Carbon Units (see 12) and increased trading of Water Abstraction Licences (see 9).

We look forward to working with you in 2020.



Hugh Townsend  
FRICS. FCI Arb. FAAV.

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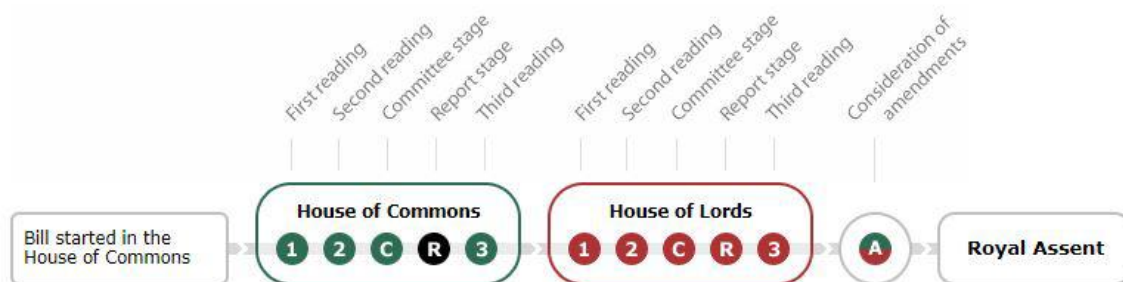
## 1. UPDATE ON AGRICULTURAL AND ENVIRONMENTAL BILL

After a ‘wasted year’ for the Agricultural Bill, progress was halted in 2019 as Parliament was prorogued, and the election was held. In the Queen’s Speech on the 19<sup>th</sup> December the government re-introduced the Bill and it is hoped this will be fast-tracked to give farmers and the rural community some clarity and a better idea on how to plan their future. There has been some reassurance since the election that the current farm support budget is guaranteed for the duration of this parliament, which could be until 2024 (although the new Conservative government is expected to amend the Fixed-Term Parliament Act due to problems this caused in calling the most recent election).

Discussions between the Scottish Government and Secretary of State are ongoing as they try to reach an agreement for a Bill that satisfactorily covers Scottish concerns.

Likewise the Environment Bill failed to pass through Parliament before dissolution, but has been reintroduced and it is hoped progress will now commence once again following the general election.

The process however will take time, given the many other issues Parliament has on its agenda, and any new Bill is required to pass through many stages in both Houses of Parliament, as illustrated below, before it is given Royal Assent and becomes law.



## 2. BPS 2020 AND BEYOND

On the 23<sup>rd</sup> December the RPA confirmed that “BPS, greening and the young farmer payment will continue to operate for the 2020 scheme year”. On the 30<sup>th</sup> December 2019 the Home Secretary (Sajid Javid) issued a [press release](#) confirming that nearly £3 billion of funding is allocated by the UK government to support farmers once the UK leaves the EU. He stated that this will “allow the level of funding for Direct Payments for 2020 to continue at the same level as 2019” (i.e. with the payments presumably at the same sterling rate as paid in 2019), plus also the ongoing RDPE schemes (i.e. CSS etc. into 2021 and onwards). This is necessary as even though the UK does not technically leave the EU until the 31<sup>st</sup> December 2020, the EU BPS funds for 2020 come from the 2021 budget (when we are no longer in the EU).

At present Mr Johnson is adamant in his intention that the UK will leave the EU on 31<sup>st</sup> January 2020, and that the “implementation period” will end on 31<sup>st</sup> December 2020. Mr Johnson has confirmed in the EU (Withdrawal Agreement) Bill that the Government will not extend the implementation period beyond 31<sup>st</sup> December 2020, and the Bill actually prohibits Ministers from agreeing to an extension in the Joint Committee. Until then, EU rules and regulations will continue to have effect in the UK, and at the end of the implementation period the EU laws and regulations will then be saved into domestic law. After the end of the implementation period there is then an up to two year “transition” period allocated for reviewing and amending the laws and regulations for the UK.

Parliament knows it cannot simply withdraw all direct support before any new system for claiming and distributing “public money for public goods” beyond 2020 is agreed, set up and running. Therefore unless the Agriculture Bill passes through both Houses of Parliament in record time, and the RPA is able to consult, design, create and implement the necessary

processes to distribute farm support to the approx. 84,000 BPS claimants based on whatever new system is agreed in good time to enable them to continue to make a living beyond 2020, then we believe payments will continue to be made in 2021 (and possibly beyond) on the same basis as 2019 and 2020.

This then leads to the question of how farmers can apply for, and the UK governments can calculate and distribute, the payments from 2021 onwards, other than using the computerised BPS claims system on the RPA online. Although not perfect, it has successfully (according to the [RPA Annual Report for 2018-2019](#)) paid out 99% of BPS claims (83,371 separate claims) within 4 months of the payment date, we believe the only sensible and cost effective way of continuing to make direct payments would be through utilising the current BPS system, albeit with some minor changes. Once the “transition period” starts (i.e. from 2021 onwards), the RPA may continue to pay annual sums (reducing perhaps each year leading up to whatever date is agreed in the new Agriculture Bill), or calculate any de-linked one-off lump sum payment for the whole transitional period for each claimant.

Common sense would suggest that DEFRA would not be able to invest in re-working the direct payments system in such a short time (given all the problems we know they experienced in 2015 and onwards) particularly if it is then to be phased out. One is still left with the nagging doubt as to whether NELMS will be as comprehensive a replacement for area payments due to the potential cost of administrating it, as has been illustrated already by stewardship schemes. In our view the only possible way of area payments not being used in 2021 is if the de-linkage option is made compulsory nationwide, which politically increasingly seems unlikely with the amount of money that would be needed, and the spectre of farmers being given lump sums for doing what appears to be nothing. Plus there are still many questions on whether farmers would wish for a capital lump sum, such as: what are the tax implications, i.e. would the sum be treated as capital, or income?; would it be capped at a certain level?; the eligibility date for such a sum?; would it be calculated based on historic claims or on a future date?; implications for landlords and the value of their property if tenants took the sum and then retired?; etc.

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### **3. BPS WALES & SCOTLAND**

The Welsh Minister for Environment, Energy and Rural Affairs, Lesley Griffiths, has confirmed the intention that “a form” of the Basic Payment Scheme in Wales will continue as it is until 2021, subject to sufficient funding being provided by the UK government ([see statement here](#)). Thereafter Wales proposes to “directly support the economic, environmental and social contributions of farmers, foresters and other land managers” through a proposed “Sustainable Farming Scheme” which it is suggested will be more based on the inputs required to produce certain outcomes, rather than the outcomes themselves.

The Scottish Parliament has also introduced a new [Bill](#) which “seeks to maintain the operation of current CAP schemes beyond 2020, but would also allow the Scottish Government to make amendments and improvements to these schemes over a five-year transition period following the UK’s anticipated departure from the EU as well as piloting potential new approaches to rural support.”

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## 4. BPS ENTITLEMENTS

The process and payment value of claiming BPS continues in 2020 as it was for the 2019 season, and as such buying entitlements, if you can claim on them, remains a great investment, even for one season.

### 4.1 England

The average trading value of Non-SDA entitlements across the 2019 trading year was £111.65 plus VAT. The 2019 payment rates including the greening payment came to £232.88 before the financial disciplinary mechanism was applied. This resulted in a £121.23 profit on each entitlement purchased in just the first year of claim. Whilst there will be a phasing out of direct payments over a number of years, as discussed elsewhere in this email newsletter, each entitlement should be claimable for the next few years even if the amount paid is gradually reduced.

SDA entitlements averaged a trading value of £156.49 over the 2019 season. With a payment value of £231.15 per ha including greening, this produced a profit of £74.66 per entitlement in this first year.

Moorland entitlements averaged £39.10 across 2019, and when claimed upon in 2019 they gave a payment of £62.50 to the holder, with a profit of £23.40 in the first year.

For a simple up-to-date summary and background on Non-SDA, SDA and Moorland entitlements, please click [here](#).

### 4.2 Scotland

Scottish entitlements for Region 1 traded at between £200-210 plus VAT in 2019. Including the Greening payment the amount paid out was £217.73 per entitlement. For Region 2 the average entitlement sold between £32.50 - £35.00 plus VAT and paid out £43.13. Whilst Region 3 had low demand, they were available for £12-15 per unit with a pay out of £12.71. All types of Scottish entitlements sold at close to face value in 2019 with the profit coming from repeated claims once the entitlements are owned. For a simple up-to-date summary and background on Scottish entitlements, please click [here](#).

### 4.3 Wales

Wales operates a one region scheme for BPS. In 2019 entitlements traded between £41.50 and £82 depending on the size of the lot being transferred. Each entitlement is equivalent to one hectare, and pays out £87.31 with the first 54 ha of each claim being topped up by a redistributive payment of £91.97/ha. For a simple up-to-date summary and background on Welsh entitlements click [here](#).

### 4.4 Northern Ireland

Northern Ireland has all land in a single region, however due to being in the process of convergence from a historic value to a flat rate the entitlements have a variety of values. In 2019 they traded at close to face value with the average payment value of £201.33 per

entitlement. For a simple up-to-date summary and background on Northern Irish entitlements please click [here](#).

#### 4.5 UK BPS Comparison Fact Sheet for 2020

	PAYMENT VALUE	PAYMENT REGIONS	TRANSFER METHOD	PAYMENT CAPPING	ENTITLEMENT USAGE RULE	ANTICIPATED TRANSFER DEADLINE	GREENING RULES	MINIMUM CLAIM AREA	YOUNG FARMER PAYMENT	YOUNG FARMER & NEW ENTRANT APPLICATIONS
<b>ENGLAND</b>	2019 Payment Rates including Greening: NON-SDA = £232.88 SDA = £231.15 MOORLAND = £63.42  Once total value over £2000 apply FDM reduction @ 1.432635%. NON-SDA = £220.54 SDA = £227.84 MOORLAND = £62.51	NON-SDA SDA MOORLAND	Online and paper	5% reduction of Basic Payments over €150,000 (excluding greening and Young Farmer payments).	*At least once in every 2 years, farmers must use all of their entitlements in a single application. They won't be able to 'rotate' entitlements by swapping from year to year.*	15 <sup>th</sup> May 2020	<10ha of eligible arable land automatically must meet greening rules. 10-30ha of eligible arable land – minimum of two different crops. >30ha eligible arable land – minimum of three different crops. >15ha eligible arable land not to grass – must meet EFA requirements.	5ha	YF payment continues in 2020 and is available to claimants aged 40 or under, 25% top-up payment on up to 50 ha. Young Farmers can apply each year for a maximum of 5 years starting from the year of their first successful YF application.	Must apply by 15 <sup>th</sup> May using 'Basic Payment Scheme Young and new farmer form'. Can receive a maximum of one entitlement for each hectare of eligible land on BPS application minus entitlements already held. Can only apply for more entitlements once. A 'young' or 'new' farmer application for entitlements may be rejected if the applicant has sold entitlements previously.
<b>SCOTLAND</b>	2019 Flat Rates including Greening Payment: Region 1= £217.73/ha Region 2= £43.13/ha Region 3= £12.90/ha Less FDM @1.441101% Region 1= £214.58/ha Region 2= £42.51/ha Region 3= £12.71/ha	Region 1 = Better quality agricultural land. Region 2 = Rough grazing. Region 3 = Rough grazing with an LFA grazing category A.	Paper forms Siphon has no impact on Flat rate for 2020	Payments over €150,000 are subject to a 5% reduction, excluding Young Farmer payments.	Same as England.	2 <sup>nd</sup> April 2020	Same as England.	3ha	Same as England.	Same as England. No paper application. The application is within the online Single Application Form.
<b>WALES</b>	2019 Flat Rate: £87.16/ha plus approx. 30% Greening Payment for a total of £87.31/ha Less FDM @1.432635% = £86.06 inc. Greening Redistributive Payment of approx. £91.97/ha paid on the first 54ha of each claim, to be confirmed.	Single region.	All transfers online	Reductions: €150,000-€200,000 by 15% €200,000-€250,000 by 30% €250,000-€300,000 by 55% €300,000+ by 100%.	Same as England.	30 <sup>th</sup> April 2020	Same as England.	5ha	Same as England except top-up on up to 25 ha.	Same as England. Use the 'BPS National Reserve - New Entrant' or 'Young Farmer Details - National Reserve and Payment' sections of the SAF to apply.
<b>N.IRELAND</b>	The 2019 regional average per hectare was £204.26. Less FDM @1.432635% = £201.33 Value of individual entitlements varies depending on historic element. Phasing out of historic payments to reach a flat rate of €229/ha in 2021/2022.	Single region.	Online for sale/lease/gift and paper for inheritance/change of business	Payments are capped at €150,000, excluding Greening and Young Farmer payments.	Same as England.	4 <sup>th</sup> May 2020 (due to 2 <sup>nd</sup> May being a Saturday)	Same as England.	3ha	Same as England.	Applicants use 'YFRRR Form' to receive an allocation of entitlements at the regional average value and/or have the value of entitlements already held increased to the regional average value.

This fact sheet applies as at 18.12.19 and is subject to further changes. All figures are strictly for guidance purposes only and should not be relied upon without taking further professional advice. Townsend Chartered Surveyors cannot accept any responsibility to anyone who may seek to rely upon this as a whole or any part as such. If formal advice is required this will be explicitly stated along with our understanding of limitations and purposes and provided only in writing.

EN706 2019/2020 UK BPS Comparison Table

To download/print click [here](#)

#### 4.6 Entitlement Trading

If you are new to, or would like further information on, the entitlement and BPS market please see our UK BPS Entitlements User Guide [here](#) where you can also see how to order a free copy of our book or the £25 paperback version.

You will find our most recent entitlement trading updates by clicking [here](#). You can view/download the 2019 UK Entitlement Trading Market Report [here](#).

Please use these links to find what is [available](#) and [wanted](#), however for the most up-to-date prices and offers do contact us.

If you sell entitlements through us, you will need to authorise us on the appropriate Rural Payments online system. This is a simple process, details of which can be found [here](#) for the RPA and you can also find our English seller's guide [here](#), which will explain the process of selling your English entitlements. For more information on the other regions please contact Alasdair Squires.

If you are buying entitlements through us, the process is explained in our buyer's guide, which can be found [here](#). Please ensure first you have taken advice as to whether you qualify for the New Entrants or Young Farmers scheme.

Other services we offer, including formal valuations, which may interest you include:

[RPA dispute resolution](#)

Maladministration

Underpayment

Inspection results

[Commons network](#)

“Minchinhampton” case

Compensation claims

Managing ongoing BPS claims

Common right issues

[BPS claims](#)

Advising on and submitting BPS claims

Advising on Landlord/ Tenant entitlement issues

Chasing payments

Checking previous BPS payments/claims

New Entrant/Young Farmer applications

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## 5. ENGLAND: RETROSPECTIVE CONFISCATION OF BPS ENTITLEMENTS

It has recently been reported (18.12.2019) that some BPS claimants in England are receiving letters from the RPA notifying them that entitlements had been awarded to them improperly in 2015, and that they will be recovered (and presumably any claim payments based on these improperly allocated entitlements would therefore be clawed back).

Such retrospective action by the RPA could potentially cost not only the originally allocated claimant, but also claimants who have bought and subsequently claimed upon entitlements that are then recovered from the original seller. If you have received such a letter it would be advisable to obtain professional advice.

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## 6. BASIC PAYMENT SCHEME AND FARM BUSINESS TENANCIES

Ownership of subsidy payments has long been a point of negotiation in agricultural tenancies, and this situation has been complicated by uncertainty about the BPS's future. Following a [press release](#) by gov.uk on the 30<sup>th</sup> December it is confirmed the UK government that the Direct Payments will continue at the same level as 2019 for the 2020 claim year (this may be extended if Brexit is delayed further of course), and thereafter we will enter a transition period lasting at least 7 years. We are less certain what this will entail, but we do know that the intention is for BPS-type area payments to be reduced to zero by the end of this period, and support will move to towards providing landowners “public money for public goods” (NELMS).

This phasing out of BPS/area payments has serious implications for tenancies. The extent to which the BPS is reduced each year will likewise reduce the capacity of claiming tenants to continue to pay rent which was calculated assuming they would be receiving BPS payments. Therefore, it may be worthwhile to write triggers into new FBTs lasting more than two years for rent reviews if BPS drops below a certain minimum threshold.

Likewise, there is some incentive for landlords to attempt to block their tenants from claiming the possible de-linkage £750/ha lump sum to which they may be entitled in lieu of future payments, particularly if the tenancy is due to expire prior to 2027, as this may devalue the rental value of the holding. We can expect that DEFRA would prefer to discourage this behaviour, but it is not clear what tools they might use for this purpose, which adds an additional layer of uncertainty.

There is no reason why either of these issues should be insurmountable if a willing landlord and tenant are eager to enter an agreement. However, it is important to be aware of these issues to prevent costly disputes in the future.

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## **7. CROSS COMPLIANCE 2020**

On the 13<sup>th</sup> December Defra confirmed there would be [no changes to the rules for 2020](#). They confirmed that the rules set out in the 2020 guidance apply for the whole of 2020 and therefore, you must meet the rules throughout the year.

Defra further stated that the EU regulations will continue to apply directly in the UK until we exit the EU or until the end of any implementation period. After this time, the EU regulations will be brought into UK law by The European Union (withdrawal) Act 2018.

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## **8. COUNTRYSIDE STEWARDSHIP SCHEMES UPDATE**

On the 30<sup>th</sup> December the Chancellor confirmed £3 billion support for 2020, which will mostly be used to top-up UK farmers' direct payments that they would previously have received from the EU under Pillar 1 of the CAP. However this sum also includes a top-up to the Pillar 2 funding that will continue to be received from the EU for 2020 and beyond, ensuring that CSS and other rural development and environmental projects currently being funded will "until the current EU funding is used up or 2023, whichever is earliest". For an over view of the scheme please click [here](#).

For further information please contact Mark Burton.

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## **9. TRADING WATER ABSTRACTION LICENCES**

The Environment Agency's "restoring sustainable abstraction policy" which aims to reduce environmentally unsustainable water abstraction, has been in place since 2012. Essentially it has seen the EA reduce 270 abstraction licences which it deemed environmentally harmful. The policy was stepped up in 2017, which also saw 253 unused or underused licences removed entirely. The policy is ongoing as part of a continual drive to reduce pressure on the national water supply while also improving ecology.

While the principles behind the policies may be noble, this presents problems for water users in general, and landowners and the agricultural sector in particular. The key reason for this is compensation. The Water Act (2003), which gives the EA power to reduce or revoke licences, specifies in section 25 that compensation is not payable to the licence holder if their licence is modified (e.g. reduced) to protect the water supply. This is stated in the policy's initial guidance and has been reaffirmed in the "Improving our management of water in the environment" consultation this July.

These licences are acknowledged by the EA themselves to be a tradeable commodity. Therefore regardless of the purity of the EA's motives, landowners subject to such a change,



despite potentially having fully complied with the legislation, will have lost something with real, capital value. It is fortunate, then, that a process is in place for appeal.

If the EA wishes to reduce or remove your licence, they will first serve you with a notice. You will then have 28 days to respond. You will be given the option to a) accept the decision; b) object purely to request compensation for the change; or c) object to the change itself, while requesting compensation if the change occurs. If you choose either of the latter two options, you will be required to prepare written representations, and/or a hearing or an inquiry in which you (or your professional representatives) and the EA will each demonstrate their case to the Secretary of State. You will then receive written notice of what changes, if any, will still occur and if any compensation is to be received.

If you are interested in buying or selling a licence please contact Mark Burton. If you wish to discuss claiming compensation please contact Hugh Townsend.

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## 10. GET TO GRIPS WITH WATER ABSTRACTION

There are a variety of reasons why businesses and individuals might need access to water outside of the mains system. Vegetable growers need to irrigate their crops; factories use water for a variety of industrial purposes from cleaning to use as a solvent; utility providers such as power stations require water for cooling; livestock farmers have troughs to fill. All of these are regular water uses which, at mains rates, represent a significant cost which varies by water provider and volume of usage. These types of water use, where the water is not for human consumption, do not require the extensive costly treatment in the mains water system. For example, South West Water charges business users from £0.8438 to £1.8259 per cubic metre, which when using thousands of cubic metres daily could represent a significant cost. Therefore many businesses benefit from drawing water directly from land they can access. In legislative terms, this is known as “abstraction”. Likewise, when the water has been abstracted, often it then needs to be stored, perhaps in a pond or reservoir. This is known as “impoundment”. [Read more...](#)

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## 11. WOODLAND CREATION - FUNDING AND GRANTS

The Government updated their [Create Woodland: overview](#) page on 20 Dec 2019 to assist English landowners in finding information and support on woodland creation in England, including new funding to create woodland, the legal requirements (including the ongoing regulation and monitoring), and the best practice for sustainability. This is no doubt part of the Government’s 25 year [Environment Plan](#) (first published in January 2018) and the target to hopefully achieve the target of net zero greenhouse gas emissions by 2050 which was announced in the Queen’s Speech in December.

The Forestry Commission has produced a [woodland grants and incentives](#) table setting out which schemes are available, and what funding is being offered. Otherwise further information can be found by speaking to your local Forestry Commission Woodland Officer.

There are 3 major funding schemes available for woodland creation in England (plus funding for carbon sequestration and urban tree planting):

#### *11.1 Woodland creation funding to improve biodiversity and water quality*

You can apply for capital funding to establish new woodland, including planting trees and installing tree guards, fencing and gates. You could receive up to 80% of the standard costs for these items and a contribution of 40% of the cost of roads and tracks needed to support the woodland's establishment (including agent fees and VAT, where applicable). Payments are capped at an average £6,800 per hectare across the area for planting and protection (not including forest roads and tracks).

#### *11.2 Funding to plan and design a new woodland*

This grant contributes to the costs of gathering and analysing information needed to make sure that your proposal for productive multi-purpose woodland (over 10 hectares) considers all relevant impacts, and also ensures the tree species you want to plant are productive today and in the future to mitigate climate change, and help to meet timber productivity thresholds in England. You can apply for up to £150 per hectare, capped at £30,000 per project.

#### *11.3 Funding for woodland creation to support carbon storage*

The Woodland Carbon Fund supports the planting of productive, multi-purpose woodlands to store carbon. It also provides opportunities to work in partnership on landscape scale projects and open up public access to woodland and increase environmental benefits. The scheme offers capital funding for the creation of new woodland. This includes the planting of trees and costs of protection items including tree guards, fencing and gates. You can also get funding for the installation of forest roads and recreational infrastructure. A one-off capital payment of £1,000 per hectare is available in year 5 following successful establishment of the trees.

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## **12. TRADING CARBON CREDITS - WOODLAND CARBON GUARANTEE SCHEME**

In addition to the above, the new £50m Woodland Carbon Guarantee Scheme was launched on the 4<sup>th</sup> November 2019, and the difference with this scheme compared to previous schemes is the ability to sell your 'captured carbon' to the Government in the form of credits called Woodland Carbon Units (WCU) every five or 10 years, up to 2055/56. This is not a grant or fund, but can provide a long-term income based on the units your woodland creates. WCUs are to be allocated after checks are carried out assessing how much woodland has grown and what carbon dioxide has been captured. The Government will decide on a price set by 'reverse' auction and guaranteed up to 2055/56.

To apply for this scheme land managers need to register with the UK Woodland Carbon Code, they will then be invited to participate in an online auction to agree the price at which their WCUs will be sold to the Government. This price will be based on what the Land Manager considers is sufficient to make the project viable and worthwhile. The bids will be accepted if the Government considers the offer good value compared to other submitted

bids. If successful a conditional 30-35 year contract will be offered and woodland planting can then begin.

Townsend Chartered Surveyors as the prime UK-wide farm subsidiary trading agent are taking a leading role in trading carbon credits under this scheme, pending issue units and other carbon storage/credits relating to land use.

If you are interested in trading carbon credits ensuring you get the best price please contact [Mark Burton](#).

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### **13. RDPE GROWTH PROGRAMME**

On the 4th November 2019 the government announced a new round of funding available for the Growth Programme. As a result, eligible rural businesses could gain access to £35-50 million in funding to boost productivity and create local jobs. Rural firms can claim up to £750,000 in grants for Food Processing (i.e. the purchase of state-of-the-art equipment and machinery to grow the business, open up opportunities, create jobs, encourage economic growth, etc.) and £175,000 in grants for Business development & tourism infrastructure to boost tourism. In previous rounds of funding this scheme has had great success, with £99 million being distributed since 2017.

The minimum amount claimable has been reduced from £35,000 to £20,000, opening up the grant threshold to smaller businesses and projects. Interested applicants are required to submit an [Expression of Interest](#) form to the Rural Payments Agency, and the deadline for receipt is Sunday 16<sup>th</sup> February 2020. Information on what projects are eligible and how to apply are found in the RDPE [Growth Programme handbook](#) available on GOV.UK.

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### **14. HELPING FARMERS TO WORK MORE EFFICIENTLY**

On the 20<sup>th</sup> December the Government has launched a [new £15m fund](#) to encourage research into producing food in a more sustainable and efficient way. It is believed that better ways of working the land can lead to reduced emissions and pollution, less waste and improvements to the soil, and UK companies are global leaders in technologies that could assist, such as environmental land management, robotics, sensors, artificial intelligence etc. However there is often a “disconnect” between the farmers, agronomists and vets, and the developers of these technologies, which means that the results are not always practical on the ground, or do not give the benefits intended.

Therefore Innovate UK has made available up to £15m to invest in feasibility studies and demonstration projects that could turn these technologies into working, practical solutions, and to get them to the farmers/producers who could benefit from them.

The deadline for applications to be received for projects ranging between £400K to £4m is the 26<sup>th</sup> February 2020.

For further advice please contact [Mark Burton](#).

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## 15. CLEAN AIR STRATEGY

A recent study by the Royal Association of British Dairy Farmers found that 40% of farmers were completely unaware of DEFRA's 'Clean Air Strategy'; what is required of them and the funding available to help. Agriculture produces 87% of the country's ammonia emissions and the [Clean Air Strategy](#) sets out guidance on how to reduce this, some of which farmers need to start complying with by 2025.

Key measures of control include; a requirement to use low emission techniques for spreading slurries and digestate on land (for example by injection, trailing shoe or trailing hose) by 2025, covering slurry and digestate stores or using slurry bags by 2027, switching from urea-based fertilisers to ammonium nitrate which has lower emissions, and injecting or incorporating urea into soil or applying it alongside a urease inhibitor.

There are several schemes available to help farmers invest in equipment to achieve these targets. The [Farming Ammonia Reduction Grant Scheme](#) focuses on funding slurry store covers and also provides on-farm advice. Farmers can receive help from the Countryside Productivity Scheme to purchase manure management equipment including low-emission spreaders whilst the Countryside Stewardship Scheme can provide for slurry tank and lagoon covers if located in priority water catchments. Farmers are recommended to contact their local [Catchment Sensitive Farming Officer](#) (who can give advice on sourcing training, obtaining professional advice and grant support for meeting these targets) for further advice on what actions need to be taken and by when.

For further advice please contact [Mark Burton](#).

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## 16. FLOODING SUPPORT

Following "extreme rainfall events" in North Yorkshire and Wainfleet in June and July 2019 where farmland, roads, bridges and homes were badly flooded, it was confirmed by the Government that £5.25m of emergency funding was being made available to support victims. Of this, on the 10<sup>th</sup> August 2019 it was announced £2m is from Defra specifically ring-fenced for farm businesses in those areas, and on 3 September DEFRA set up the [Farming Recovery Fund 2019](#) inviting applications from eligible farming businesses, with a deadline of 30 March 2020 for applications to be received.

On the 5<sup>th</sup> December 2019 the Environment Agency confirmed this [scheme would be extended](#) to include farming businesses in South Yorkshire, Nottinghamshire, Lincolnshire, Derbyshire, Worcestershire and Gloucestershire following two further "exceptional flood incidents", in November 2019. On the 6<sup>th</sup> January 2020 the scheme was extended once again to recognise further exceptional flood incidents in November across the catchments of Dove, Derbyshire Derwent, Don and Rother, Lower Trent and Erewash, Witham, Torne and Ancholme, and along the river Avon, all of whom experienced overtopping of rivers, flood banks and several breaches in flood defences.

The Farming Recovery Fund will provide financial assistance up to 100%, with a minimum grant of £500, and a maximum grant of £25,000, to those in the affected areas. The guidebook and application form for the extended scheme have not yet been published online, as at the date of writing.

The scientific community tells us that climate change will likely lead to other such incidents. Quite apart from the emotional and financial damage and loss of property for the people harmed, this will also mean significant ongoing cost to the taxpayer if successful actions are not taken to protect farmland, livestock, equipment and property from future flooding.

This commitment from the Government highlights the very real and practical benefits of farmers working on environmental schemes to improve national flood management. Evidence suggests strategic woodland planting and proper maintenance of moorland habitat features, plus better drainage and river/stream management help reduce this kind of harm to the farming community at large. Landscape wide schemes such as the Countryside Facilitation fund are a new tool in providing funding to make sure these efforts are properly co-ordinated.

This clearly matches the mantra of “public money for public goods” which underpins Defra’s current policy.

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## **17. ELECTRONIC COMMUNICATIONS CODE: EVOLUTION (SHINFIELD) LLP V BRITISH TELECOMMUNICATIONS PLC (2019)**

The Upper Tribunal has concluded that the landowner who wished to create a new access must pay for the removal of a communications cabinet which would have impeded access to a new development, rather than company who installed and owned the cabinet. This is because the access did not exist when the cabinet was originally installed. Although a relatively unusual situation, this highlights another potential cost to landowners affected by the Code.

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## **18. NATIONAL LIVING WAGE & MINIMUM WAGE RISE**

On the 31<sup>st</sup> December 2019 the [UK Government announced](#) substantial rises to be implemented from 1<sup>st</sup> April 2020, as follows:

The National Living Wage (for over 25 year olds) will increase 6.2% from £8.21 to £8.72.

The National Minimum Wage will rise across all age groups, including:

- A 6.5% increase from £7.70 to £8.20 for 21-24 year olds
- A 4.9% increase from £6.15 to £6.45 for 18-20 year olds
- A 4.6% increase from £4.35 to £4.55 for Under 18s
- A 6.4% increase from £3.90 to £4.15 for Apprentices

## 19. PLANNING CLASS Q DEVELOPMENT

Class Q is governed primarily by Part 3, Schedule 2 of the Town and Country Planning (General Permitted Development) (England) Order 2015. This use Class allows the conversion of agricultural buildings to residential dwellings with some limitations. The limitations, amendments and case law surrounding Class Q are varied and sometimes quite complex. [Read more...](#)

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## 20. STAYING IN THE KNOW ON GREENING

What is Greening?

In England, there are a number of rules that must be followed to claim BPS. For some, these include a set of three rules intended to promote sustainability and environmental preservation. These are known as the “greening” rules, and are outlined below.

Crop Diversification

This rule states that the larger a claimant’s area of arable land, the greater the variety of crops they must grow. Note that temporary grass and fallow areas qualify as arable land, but other types of agricultural land such as permanent grassland and permanent crops do not. Generally, if an applicant manages 10 ha or less of arable land they can grow only a single crop; if they manage 10 to 30 ha of arable land they must grow at least two crops with no single crop covering more than 75% of the total arable area, and if they manage more than 30 ha of arable land they must grow at least three different crops with no one crop covering more than 75%, and no two crops covering more than 95%, of the total arable area. [Read more...](#)

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## 21. MANAGE HEDGEROWS TO UNLOCK SUPPORT PAYMENTS

Hedges have received legal protection in some form since the Enclosure Acts dating back to the early 17<sup>th</sup> century. Since then, rules surrounding hedges have gathered increasing complexity. With the current political focus on environmental concerns – especially discussion surrounding “natural capital” – this trend appears likely to continue, and hedgerows properly managed may be a valuable source of future support payments. [Read more...](#)

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## 22. 2019 PROPERTY MARKET - ENGLAND

2019 has been a relatively slow year for property prices in England due to ongoing Brexit uncertainty and the resulting economic concerns. Residential property has consistently increased in value nationally, perhaps due to the low interest rates, but at a somewhat subdued level relative to previous years. Up to the final quarter, reported increases have varied from 0.5% to just 0.2%. This compares unfavourably with 2018, in which house national price growth over the same period was generally reported at around 1.7%.

Sources suggest the average house in England now has a market value of between £249,000 and £252,000.

Farmland has continued to show negative growth, but the extent of this is disputed. Some sources show just a 1% annual fall in national values in 2019, significantly less than the 4% drop in 2018. However, other sources suggest a year-on-year value decrease in average land value approaching 5%.

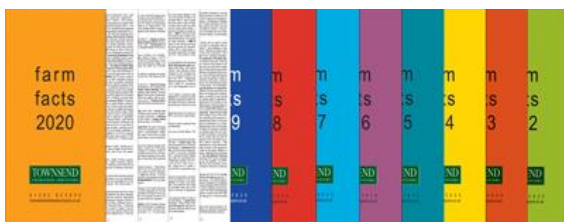
Volume of farmland sales are reported as relatively low by all sources, which reduces precision, but data seems to suggest an average pasture value of £6,800/acre and an average arable land value of between £8,500 and £9,500/acre.



*Herefordshire – 201-acre arable farm – Six bedroom Georgian house, 37,400 sqft modern and extensive traditional farm buildings (suitable for development, subject to the usual consents) with planning permission for a new additional access and two three-bedroom Victorian entrance lodges. 70 acres Grade 1, 87 acres Grade 2, 36 acres of Grade 3.*

*Brick House Estate was sold in June last year off a guide of £3.9 million.*

## 23. FARM FACTS 2020



To order your FREE copy of Farm Facts 2020, which is due out shortly, please contact Kathy Dean on 01392 823935 or email [kdean@townsendcharteredsurveyors.co.uk](mailto:kdean@townsendcharteredsurveyors.co.uk).

## 24. UK BPS ENTITLEMENTS USER GUIDE



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