

Land Business Update

Week commencing 16th December 2019

Headlines

The UK Forest Market Report 2019 by John Clegg & Co and Tilhill Forestry

It has been another extraordinary year for the forestry market. Over £126m of commercial property transactions were completed, which is the second highest figure in the 22-year history of our market report. 81 forests were sold. Demand for this asset class remains high. Strong competitive bidding for land lifted prices to new levels, with average prices rising by over 20% during the year. It also felt like the year when the carbon market started to mature. The Woodland Carbon Code was introduced in 2011 and provides a formal framework for forecasting, validating and verifying carbon sequestered in growing trees. There are now over 70 verified schemes covering 2,400 ha, which have already delivered 1.1m tonnes CO₂e (equivalent), for which the owners have been paid. If UK land use is to fully contribute to the Government's net-zero target by 2050, over a million hectares of new woodland will need to be planted. This amounts to 32,000 ha of new planting a year – a step up in scale, especially in England. The woodland carbon market will need to mature and offer more nuanced opportunities, such as futures and hedging, if land owners are to plant at this scale. Please contact [Fenning Welstead](#) for a copy of the Report or to discuss forestry investment and management.

Businesses focus on social benefits, as well as financial, at CLA Rural Business Conference

Strutt & Parker was delighted to sponsor the 2019 CLA Rural Business Conference on 28th November, which examined the opportunities for rural landowners to grow their businesses by seeking out new markets. What was striking from the presentations was that many business people are not only future-proofing their own businesses, they are also playing a critical role in helping society meet the big challenges of our time. For example, there was a strong emphasis on the potential for landowners to tap into new environmental and social markets, through the delivery of carbon sequestration, biodiversity restoration, or care farming services to improve social outcomes. Click this [link](#) to see our summary of the key messages from the conference.

Farming

Speak to Will Gemmill, our head of farming, to catch up on the crop establishment sessions from Croptec

We had a very busy stand at the Croptec event at Peterborough on 27th and 28th November, with lots of enquiries about how to maintain profit levels post-Brexit once Basic Payments start to be reduced. Will Gemmill chaired two of the main sessions on crop establishment, which has been even more important than usual given the rainfall experienced this autumn. Please contact [Will](#) if you would like to hear what was covered in the sessions or to discuss post-Brexit profitability.

Dutch government starts two-month scheme paying pig farmers to quit the industry

In order to reduce nitrogen emissions from the pig sector, farmers in the south of the Netherlands, which has lots of livestock, are being offered up to £130 per pig to reduce their herd size.

EU moves closer to setting its budget for 2021 - 2027

This remains important as the Scottish Government has said that it will maintain current CAP schemes to around 2025, until it has piloted potential new approaches to rural support. The Finnish presidency has proposed a budget of 1.07% of gross national income, which is halfway between the 1% goal pushed by Germany and others, and the Commission's proposal of around 1.114%. If the proposal is accepted, spending on rural development will increase to just over €80bn over the seven-year period, with at least 25% spent on climate objectives. The long-term policy of trying to equalise the direct payments received in different Member States will continue and capping of payments is now likely to start at €100,000, not the proposed €60,000. NB the way the cap is calculated will exclude labour related costs, so it may not be straight forward.



Environment and economy

European Green Deal announced as EU is pushed to do more on the environment

The new president of the European Commission, Ursula von der Leyen, has announced this new initiative as “Europe’s new growth strategy”. It aims to cut emissions and increase quality of life through a range of policies:

- Sustainable Europe Investment Plan – of €1tn investment over the next 10 years in research, innovation, green technologies.
- A European Climate Law - to make the transition to climate neutrality irreversible.
- Extend emissions trading to all relevant sectors – including a carbon border adjustment mechanism for selected sectors.
- A ‘Farm to Fork Strategy’ – that includes ensuring that the National Strategic Plans of Member States fully reflect the ambition of the Green Deal. The ambition is also to cut pesticide use by 50% by 2030 (to be finalised). It may also include new genomic techniques which can be used to adapt to climate change and improve the sustainability of food systems.
- A Biodiversity Strategy – for Europe and which leads the world towards an ambitious Global Biodiversity Framework.
- A new EU Forest Strategy - with objectives for afforestation and forest restoration.
- A Just Transition Fund - to leave no one behind.
- A new Circular Economy Action Plan.
- An Industrial Strategy and SME Strategy.
- National Energy and Climate Plans – including revising energy legislation by June 2021.

The strategy comes at the same time as the European Environment Agency says that, despite the success of EU environmental policies, the outlook for Europe’s environment is discouraging and that the current rate of progress is not sufficient to meet 2030 or 2050 climate targets. Separately, the European Parliament’s Environment Committee has called for the UN’s biodiversity group to set global targets, like the Paris agreement does for climate change.

Property

Improving a property’s energy performance to meet MEES requirements – cost effectively

From 1 April 2020, the requirement for let homes to have an Energy Performance Certificate (EPC) rating of E or above will apply to existing residential tenancies, as well as new lettings. Any exemptions previously granted under the ‘no cost to the landlord’ rule will end on the same date. Some recommendations to improve energy efficiency can be intrusive and costly and, in our experience, there may be more cost effective ways of getting a property up to standard. Our building surveying team is experienced at critically assessing EPC recommendations and coming up with alternative proposals that reduce costs and increase energy efficiency more. Please contact [Dave Bates](#) for further information.

Changes to the rules for existing private drainage systems in England and Wales

Landowners and householders worried about meeting a pressing timescale for replacing or upgrading septic tanks appear to have been granted a temporary reprieve, following The Environment Agency’s relaxation of its deadline for upgrading or replacing those tanks which discharge directly to a watercourse. Since the introduction of The Environmental Permitting (England and Wales) Regulations 2016, which came into force on 1st January 2017 and incorporated the earlier General Binding Rules for Small Sewage Discharges, the deadline for compliance had been 1st January 2020. By this date, those with septic tanks discharging to a watercourse, or which are otherwise sub-standard, had been faced with the options of connecting to a mains sewer, where available, or installing an effective infiltration system to discharge domestic sewage safely into the ground instead, or replacing altogether with a powered, proprietary sewage treatment plant.

However, The EA has recently removed the 1st January 2020 deadline from its on-line guidance. Instead, as of 25th October 2019, this now requires that septic tanks discharging to a watercourse must be upgraded “as soon as possible” and that owners “must have plans in place to carry out this work within a reasonable timescale, typically 12 months”. Consequently, to all intents and purposes, the 1st January 2020 now appears to have been scrapped as a meaningful date for compliance in most cases. Nevertheless, we recommend that those with non-compliant tanks continue to plan for their upgrading or replacement as appropriate. Furthermore, it remains clear that, where a house is to be sold, the parties are still bound to ensure that any private septic tank or sewage treatment plant is compliant at transfer. This has been the case since 1st January 2017 and there appears to be no change here. Responsibility for making it compliant must be agreed as a condition of sale.



Rural economy

Last chance to apply for 40% grants on food processing, rural tourism and business development

There are two months left to apply to the Growth Programme in England, which offers grants of up to 40% for a wide range of diversification activities. Please contact [Seb Murray](#) for details of the grant and how we can help with submitting an expression of interest by the closing date of 16th February. The minimum grant that can be awarded has been reduced to £20,000, so projects worth £50,000 are now eligible. It is not clear yet whether there will be more grants like this post-Brexit.

Telecoms

Case clarifies right of telecoms operators to survey land for suitability for a communications site

The case of the University of London –v- Cornerstone Telecommunications Infrastructure Limited, heard by the Court of Appeal, provided some clarification on the powers that telecoms operators have to access sites. Ian Thornton-Kemsley of our telecoms team is involved in the case and says that it could be argued that operators now have greater rights than the police to force enter private property! Please contact [Ian Thornton-Kemsley](#) for further details.

And finally... have a happy and healthy new year. See you in 2020.