

Land Business Update

Week commencing 22nd June 2020

Farming

Contract Farming Agreement survey published for harvest 2019

Total income to the farmer averaged £392/ha and income to the contractor was £395/ha - both above the five-year average. The survey is based on the results of 76 agreements covering more than 20,000 hectares. Our [publication](#) also includes our thoughts on how this contract farming agreements will have to become more flexible in response to changes in government support and the introduction of more environmental measures into most arable rotations.

Cereals webinars to review

Our farming team gave a series of webinars as Cereals went online this year. You can rewatch some of them on our [Rural Hub](#):

- Crop Planning, with Jock Willmott
- Contract Farming Results, with Richard Means
- Countryside Stewardship, with Helen Gosling

Agronomy update

The last month has helped poorer and late drilled wheat catch up and the main variability is now straw length. Straw yields will be poor this year so plan accordingly. The majority of wheats are now in full flower and should be receiving their T3 fungicide applications. Disease pressure remains low, despite the showers, with yellow rust a significant challenge. An early barley harvest, potentially starting in early July, is looking likely for some crops. Tiller numbers and ear counts appear low across most winter barley crops so adjust yield expectations and crop sales accordingly. Please contact [Jock Willmott](#) if you would like to discuss day-to-day or strategic agronomy.

Agriculture Bill passes second reading in House of Lords

The second reading was, as expected, dominated by debate about trade standards and food security. Over 100 amendments have been suggested by the peers and, as the government does not have a majority in the Lords, some are likely to be passed although they may be taken out again by the House of Commons. The Lords' committee stages will be held in early July. It looks likely that the Bill will not be passed in the summer as planned but probably in the autumn. We continue to advise clients to expect direct payments to start to be phased out in 2021. The government is also planning to consult on regulation and to reopen the paused consultation on ELMS.

European Parliament increases concerns about environmental and animal welfare matters

It feels like the European Parliament is becoming more concerned, and vocal, about environmental matters. The Parliament's environment committee withdrew from joint work with the agriculture committee as it said that their comments were not being taken on board. In the same week, a committee of inquiry on animal transport was proposed and will be voted on in the next few weeks. The inquiry will cover 'the alleged failure of the Commission to act upon the evidence of serious and systematic infringements of live transport of animals regulations'. Separately, the Parliament also voted to allow Member States to make larger lump-sum payments to help farmers and rural businesses due to COVID-19.

European and world grain harvests expected to rise in 2020 but wheat and barley production will be lower

The latest forecasts (11 June) for the EU27 plus the UK are for a 4.9% increase in the grain harvest, although wheat and barley are both expected to be lower (by 11.5% and 2.4% respectively); maize production is expected to be up by 2.5%. Oilseed rape production is expected to be 3% lower. Across the world, the FAO expects grain production to be up 2.6% in 2020/21.

Total Income from Farming in England rose by 13% in real terms in 2019

TIFF, which represents business profits and remuneration for work done by owners and other unpaid workers and is designed to show the performance of the whole of the agricultural industry, rose by £534 million to £3,995 million, according to the latest figures from Defra. It is now back to the same level as 2010 – 2014, before it dipped in 2015 and 2016. Weather conditions were generally more favourable, with high crop yields boosting production levels, particularly cereals, which helped offset lower commodity prices. Production costs fell by 3% as usage was lower.

Dairy Response Fund and Farming Recovery Fund

The [Dairy Response Fund](#) has now opened for farmers who supply milk to a wholesale purchaser and had a reduction of 25% or more in the average price paid for milk in April 2020 compared with February. The [Farming Recovery Fund](#) has also opened; it provides assistance to farmers affected by flooding in areas declared a natural disaster by the Government.

Forestry

New tree planting in England remains woefully below target and England Tree Strategy consultation opens

Only around 2,000 hectares were planted in England with government grants in the year ending March 2020. 13,000 hectares were planted across the UK, which is a 1% fall compared with the previous year and less than half the target that the government has set itself for 2020 – 2025. A significant change is needed. Linked to this, the government is asking for views on how to hit its commitment to increase tree planting to 30,000 hectares per year across the UK by 2025:

- how to expand, protect and improve our public and private trees and woodlands
- the increased role that trees and woodlands can play in supporting the economy
- how best to further connect people to nature, and
- the most effective way in which trees and woodlands can be created and managed to help combat climate change.

The consultation ends on 11th September 2020 and the Strategy is expected to be published later in 2020.

Property

Electrical safety standards in the private rented sector came into effect on 1 June 2020

These new [Regulations](#) require landlords to have the electrical installations in their properties inspected and tested by a person who is qualified and competent at least every 5 years. Landlords have to provide a copy of the electrical safety report to their tenants and their local authority if requested. The Regulations apply to new tenancies from 1 July 2020 and existing tenancies from 1 April 2021. Please speak to your local office for more details on how to include this requirement in your planned maintenance programme.

Government statements on agricultural and business property reliefs from inheritance tax

The government, in an answer to a question in the House of Lords, has said that, ‘the policy intention behind [agricultural and business property reliefs] is to allow family farms and businesses to be passed on without having to be broken up to pay Inheritance Tax. We think that that is an important aim.’ Please contact [Patrick Beddows](#) for more detail.

Planning: expiring planning permissions for homes extended

The government has given a short extension to around 400 planning permissions for 24,000 homes that were due to expire this year as part of a package to bolster construction following the coronavirus pandemic. The Planning Inspectorate has also been given the ability to use multiple procedures, including written representations, hearing and inquiries, to speed up the appeals process.