

Land Business Update

Week commencing 22nd March 2021

Farming

Sustainable Farming Incentive pilot open for expressions of interest until 11th April (England only)

The SFI, which is the first level of the new Environmental Land Management scheme, is now open for land managers to apply to be part of the pilot exercise which will help with its design. The piloting is expected to last until 2024, when the full SFI will open, although some 'early elements' will be open to all farmers from 2022 onwards.

- An [expression of interest](#) – which is a simple tick box form – must be submitted by 11th April.
- Applicants will find out if they are selected after 24th May. Defra is only looking to recruit a few hundred farmers so it is not guaranteed. Recruitment will be random and anonymous, but with targets for various types of farm and locations.
- If selected, an applicant will be asked to submit their SFI application in June, with agreements discussed and agreed over the summer, with the aim of starting in October 2021.
- Applicants will be paid for the options that they select from eight 'standards':
 - o arable and horticultural: land
 - o arable and horticultural: soil
 - o farm woodland
 - o hedgerows
 - o improved grassland
 - o improved grassland: soils
 - o low and no input grassland
 - o waterbody buffering
- Applicants will also be paid a participation payment, as they will be expected to spend a considerable amount of time providing feedback and for monitoring. We understand that the payments could be £5,000, although it is not clear whether this is per year or for the whole period of the pilot.
- There will be further phases of piloting so, if not selected for phase 1, there will be other opportunities.

NB Land parcels already in an agri-environment scheme cannot take part to avoid duplication of work.

S&P view: Countryside Stewardship has had an enormous resurgence of interest this year and it will be interesting to see the appetite for the SFI pilots amongst farmers entering the environmental stewardship arena for the first time. As always, careful navigation through all the available options is needed to make sure the selected schemes are the right fit for your farm

Economy

Budget 2021: UK Community Renewal Fund

The Government is spending £220m through this Fund to help '100 priority places' in Great Britain to prepare for the launch of the UK Shared Prosperity Fund in 2022. The local authority in each priority area will be responsible for co-ordinating and submitting applications (up to £3m per place and to be spent within one year) to central government for pilot programmes and new approaches that invest in skills, communities, local business and job creation. Government is expected to announce who gets what from late July 2021. The government also announced further details of [two other funds](#):

- Levelling Up Fund. This large fund (£4.8bn) will invest in local infrastructure and regeneration, from 2021 to 2024.
- Community Ownership Fund. Community groups will be able to bid for up to £250,000 matched funding (£1m in exceptional circumstances) to help them to buy local assets to run as community-owned businesses. The total fund is £150m.

Budget 2021: 'Super-deduction' first year allowance on qualifying plant and machinery investments

From 1st April 2021 until 31st March 2023 companies investing in qualifying new plant and machinery assets will be able to claim:

- a 130% 'super-deduction' first year allowance on qualifying plant and machinery investments
- a 50% first year allowance for qualifying special rate assets.



This First Year Allowance (FYA) is not available to unincorporated businesses so many partnerships and sole traders will not be able to apply; this has been widely criticised. It is also only available on plant and machinery falling within the general pool (currently 18%), which already qualifies for Annual Investment Allowances (AIA) on up to £1m of expenditure. Expenditure falling into the special rate 6% pool, would only appear to be relievable at 50% under these new rules, although it is not clear how it will interact with the Annual Investment Allowance, which could actually remain more generous for certain types of expenditure.

The move has been widely welcomed and has been aimed, it seems, mostly at the manufacturing sector, in order to revive the economy by releasing latent investment. The two-year period for the relief is, perhaps, a little disappointing but will not only provide an accelerated timing benefit but additional tax relief on expenditure incurred. Although it is expected to stimulate £25bn in business investment in the UK, care will need to be taken in relation to certain assets, such as vehicles and leased plant and machinery, which may be subject to restrictions. If you would like to discuss this, please contact our director of tax, [Jonathan Smith](#).

Budget 2021: carbon markets, green gilts, VAT and business rates relief

Other announcements in the Budget that are worth keeping a rural eye on are:

- Carbon Markets. The government will establish a new working group with the aim of positioning the UK and the City of London as the leading global market for high quality voluntary carbon offsets.
- Green Gilts. The government will issue its first sovereign green bond this summer, with a further issuance to follow later in 2021. Green gilt issuance for the financial year will total a minimum of £15 billion. The green gilt framework, to be published in June, will detail the types of expenditures that will be financed to help meet the government's green objectives.
- The continuation of the lower rate of VAT for hospitality and tourism businesses and extension of business rates relief will all benefit rural businesses.

Environment

Europe takes further steps on carbon border tax

The European Parliament has voted to put a carbon tax on certain goods imported from outside the EU in a bid to create a global level playing field and raise climate ambition. While positive, 'green' MEPs abstained as they felt last-minute amendments to the report weakened it and allow some polluters to continue polluting. By 2023, the carbon border tax should cover the power sector and also energy-intensive industrial sectors, such as cement, steel and fertilisers (although some sectors will continue to receive substantial free allocations). A proposal is expected to be presented during the summer, as part of the flagship Green Deal, which is expected to include how revenue generated by the tax will be used to finance other spending.

£22m fund launched to restore Scotland's peatlands

This is the next stage of a ten-year £250m package announced by the Scottish Government in February 2020. As well as smaller projects, the 2021 funding round has been expanded to allow large-scale schemes over multiple years, enabling more flexible planning of projects. It is estimated that around 80% of peatland in Scotland needs restoring and, instead of capturing and storing carbon, it releases it into the atmosphere. Since 2012, Peatland ACTION has started restoration of more than 25,000 hectares of peatland; however, this is a tiny proportion of the 1.4m hectares of peat that needs restoration of some form. Applications can be made until 30th September. Please contact [Ralph Smith](#) if you would like to discuss.

Countryside Code 'refresh' expected to be published for Easter

Natural England is working on the refresh which is, at least in part, an attempt to reduce the negative impacts of greater use of the countryside by the public and 'encourage positive behaviours'. Personal comment: the village I live in in south Lincolnshire is struggling with an increase in dog walkers who do not pick up their mess. Any recommendations on what works well to 'encourage positive behaviours' would be [gratefully received!](#)

Property

Ban on evictions of commercial and residential tenants extended

The ban on evictions of commercial tenants has been extended by three months to 30th June, to help support businesses as they re-open. In addition, the ban on residential evictions has been extended to 31st May, as has the requirement to give tenants six months' notice to leave.



Place making - beyond the workplace

Our commercial place making team has published a [new report](#) on society's changing relationship with the physical workplace. The report includes short insights from a large range of experts on places, offices, retail, ESG, building for the future, business incubation and a thought provoking rural example. Please contact [Nick Robinson](#) if you would like to discuss place making.

Telecoms

Improving broadband for very hard to reach premises

The Department of Digital, Culture, Media & Sport (DCMS) is [asking for views](#) and experiences of consumers' broadband connectivity in rural and remote areas of the UK. There is lots of activity on this at the moment:

- BT has committed to investing £12bn in faster broadband connections to 20m UK homes, including in remote rural areas, after agreeing return on investment incentives with Ofcom. However, the deal has been criticised by other broadband operators who say it could raise prices for consumers.
- The government has said that the first public money to be spent on Project Gigabit, which is the £5bn programme to roll out gigabit connections across the UK, will be in Scotland.
- The government's Barrier Busting Task Force, which was set up in 2017, has published a [report](#) on how it is addressing the barriers preventing the deployment of fast broadband.
- [Vouchers](#) worth up to £1,500 for homes and £3,500 for businesses to help cover the costs of installing gigabit broadband to people's doorsteps will be available through the new UK Gigabit Voucher from 8th April. The work can only be done by a supplier who is registered with the scheme.