

# Land Business Update

Week commencing 8<sup>th</sup> November 2021

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## Farming

### Launch of the Farming Innovation Programme

The government opened the first round of the [Farming Innovation Programme](#) on 20<sup>th</sup> October 2021, in partnership with UK Research and Innovation (UKRI). A total of £17.5 million is available to fund and support ambitious and innovative projects aiming at improving agricultural and/or horticultural productivity, environmental sustainability, decarbonisation of food production and resilience. Through the programme, actors within R&D, academia, companies in the private and public sectors, entrepreneurs, farmers and growers are encouraged to work collaboratively to put research into practice. The funds are split into three competitions:

- [Research Starter Projects](#) (project costs\* between £28,000 and £56,000) – Farmers and growers can get funding to explore early-stage ideas addressing major problems impacting their businesses. Only those who haven't previously received Innovate UK funding are eligible to apply. Deadline for EOIs is 24<sup>th</sup> November 2021.
- [Feasibility Projects](#) – (project costs\* between £200,000 and £500,000) – Funds are available for collaborative applications led by UK registered businesses to investigate whether an idea / solution could work in practice. Deadline for applications is 1<sup>st</sup> December 2021.
- [Small R&D Partnership Projects](#) – (project costs\* between £1 and £3 million) – Funding is available for R&D projects to develop new farming products / services that have substantial potential to improve productivity, sustainability and resilience within the agricultural sector. Deadline for applications is 1<sup>st</sup> December 2021.

(\*eligible costs)

### Scottish Government to invest £51m to support sustainable farming methods

The National Test Programme will invest up to £50 million between 2022 and 2025 to support transition to sustainable farming methods and reduce greenhouse gas emissions. The programme is split into two components:

1. Helping farmers and crofters better understand current farming practices with regards to environmental performance and efficiency. It will give them the tools to improve sustainably performance whilst receiving financial support to carry out carbon audits, nutrient management plans and livestock data systems.
2. Designing and testing policies that will reward land managers for the climate and biodiversity outcomes they deliver.

### UK government says it is backing British farming

In its response to the Trade and Agriculture Commission report, the UK government reiterated its support for British farming. It said that growing export opportunities is a priority for UK agri-food as well as maintaining animal welfare and food production standards in the UK. The government stated that there is a variety of support in place for local food and drinks businesses wanting to grow their export market, including Regional Food Groups in Scotland and Local Economic Partnerships and the Export Academy in England.

### UK Government working on a new carbon tax system for the meat and dairy sectors

Although many economists support a carbon tax or 'carbon border adjustment mechanism' as a significant tool to change consumption and reduce greenhouse gas emissions, this announcement will be of concern to many farmers. If implemented properly, it could support livestock farmers with the lowest emissions per unit of production, such as grass-fed production, and encourage those who don't to make improvements. Recent reports by Rothamsted Research and the National Food Strategy have highlighted the potential harm to businesses and the wider economy that such a tax could have.



## Autumn Statement announcement

Key points from the Chancellor's announcement:

- **Tax relief on buildings and equipment** – the increase in the Annual Investment Allowance extension (AIA) to £1m has been extended to 31<sup>st</sup> March 2023. S&P comment from Jonathan Armitage, our head of farming: This is positive news for farming businesses as the ability to claim 100% tax relief on qualifying plant and machinery helps support investment, which is likely to be required as part of a strategy to develop robust, sustainable businesses for the future.
- **Improving rural digital connectivity** - with £5 billion investment towards rollout of broadband to hard-to-reach areas and targets to deliver 4G mobile coverage to cover 95% of the UK within the next three years. It is unclear whether this is new spending or has been previously announced.
- **New temporary business rates relief** - 50% relief, up to a £110,000 per business cap, for eligible retail, hospitality and leisure properties for 2022-23.
- **Simplification of the alcohol duty system** - including a new small producer relief, which will benefit the UK wine sector. S&P comment from Nick Watson of our viticulture group: This will encourage consumers to choose UK wine, as imported wines are often of higher alcohol content and so will pay more duty in future.

## Environment

### Soil Health Action Plan for England (SHAPE) expected in Spring 2022

The first draft of the plan is expected in spring 2022. It is expected to provide a legal framework on sustainable soil management through a natural capital approach, and it will (in part) be implemented through the Sustainable Farming Incentive (SFI) part of the Environmental Land Management schemes. The development of other measures such as a health soil indicator, soil health monitoring scheme and soil structure methodology will create new tools to support farmers and land managers in monitoring and improving soil health.

## Forestry

### Tree disease reported for the first time in Europe found in Cornwall

*Phytophthora pluvialis*, a tree pathogen previously found in the USA and New Zealand, was discovered in a woodland of western hemlock and Douglas fir trees. The pathogen is known to cause needle cast, stem lesions and shoot dieback. It can affect other pine species and tanoak. It has been classified as a GB quarantine pest for regulatory purposes and any suspected sighting of the disease can be reported using the [TreeAlert](#) system. Please contact our forestry team if you would like to discuss this.

## Property

### Heat and buildings strategy published

This long awaited strategy was published 12 days before the COP 26 climate summit. It includes a number of policies and actions, the main one for rural property owners is that they will be able to apply for a £5,000 grant to install a heat pump from April 2022 under a £450m boiler upgrade scheme. It is part of an overall package worth £3.9bn between 2022 and 2025 to cut emissions from buildings, which includes supporting carbon capture projects. The government has claimed that the package means it is on track to meet its carbon reduction pledges; however, the funding will only pay for 90,000 heat pumps in total and the government has pledged to install 600,000 a year by 2028.

The government has delayed a decision on whether to fully back hydrogen as a practical and cost-effective alternative to natural gas and it will also consult on whether to remove 'green taxes' on electricity and impose them on gas, which is less taxed and more polluting. The government's aim is to 'move away from fossil-fuel boilers in an affordable, practical and fair way.'