

Land Business Update

Week commencing 5th September 2022

Farming and food

Scotland consults over shape of new Agriculture Bill

The Scottish Government's aims are for the Bill to help secure the delivery of high-quality food production, climate mitigation and adaptation, nature restoration and wider rural development. The main proposals are the announcement of a new four-tier system of farm payments and the modernisation of the agricultural tenancy legislation, including enabling tenants to more easily diversify their activities (especially if those aim to benefit the natural environment), as well as revisions to the rent review and waygo processes. The consultation closes on 21st November. See [our blog](#) for further details and contact [Mary Munro](#), our Head of Farming in Scotland, if you would like to discuss the Bill.

Sustainable Farming Incentive (SFI) is now open to farmers in existing environmental schemes

Farmers who are currently in a Countryside Stewardship (CS) or an Environmental Stewardship (ES) scheme can now apply to SFI, the first pillar under the new Environment Land Management scheme. When the scheme first opened in June, it was restricted to farmers with environmental schemes on their land. Now that Defra has worked out the details around double-funding and options compatibility, farmers in a CS or ES scheme can choose to enter some land into SFI, without waiting for the RPA to invite them to do so, allowing them to stack options and payments. This can be done so long as the SFI options deliver additional outcomes so that no double-funding takes place. Applications are done online via the RPA system, which automatically checks whether a parcel in an existing CS or ES agreement is eligible for further funding under SFI. If you would like further information or some help with applying to SFI, please contact [Paul Dennison](#).

Funding to improve farming and forestry productivity and resilience

£16.5m is now available to fund collaborative projects under two competitions as part of the [second round of the Farming Innovation Programme](#). Farmers, growers, researchers, foresters and businesses in the UK can apply for grants to support projects that aim to improve productivity, environmental sustainability and the resilience of the agricultural and forestry sectors. Funding is available for two types of projects:

- **Feasibility projects** – to enable businesses to test the viability of ideas, capped at £500,000. Apply by **12th October**.
- **Small R&D projects** – to develop an idea through to the commercialisation stage, capped at £1-3m. Apply by **2nd November**.

Farms' lack of business planning highlights risk for agricultural transition

A new large-scale survey of rural businesses by the National Innovation Centre for Rural Enterprise (NICRE) has found that the majority of farmers do not engage in formal business planning or seek external professional advice. NICRE says that this may affect their ability to cope with the challenges of new agricultural policies and the withdrawal of the Basic Payment Scheme. S&P comment: the impact of the removal of direct payments, massive changes in input and output prices, and the need for different approaches to land management make it even more important for farmers to plan ahead and manage risk. The most successful businesses we see are driven by people who have a clear plan with focused objectives and who welcome engagement with all of their 'partners' including staff, customers, and technical and business advisors. The report is [available here](#) and please contact [Jonathan Armitage](#), our head of farming, if you want to discuss the findings or business planning.

Environment

Funding to improve Welsh biodiversity and wildlife now available

The second round of the Nature Networks Fund offers grants of between £30,000 and £1m to improve the condition and resilience of Wales' networks of protected land and marine sites (i.e. Special Areas of Conservation and Sites of Special Scientific Interest). Application deadlines are **19th October** for grants up to £250,000. For grants between £250,000 and £1m, an Expression of Interest (EOI) must be submitted by **20th September**, followed by a full application by **7th December**. Previous projects funded by this scheme include conservation grazing and the restoration of salmon rivers.



National ban on peat use in horticulture

Amateur gardeners in England will no longer be able to use peat from 2024 onwards. With bagged retail growing media accounting for 70% of peat sold in the UK, the ban aims to protect peatland and support the delivery of the goals set out in the government's England Peat Action Plan. Only 13% of UK peatland is in good condition. The government is aiming to extend the ban to commercial horticulture, but this will pose additional challenges due to the scale. Alternatives to peat will be needed and this will require investment and more research. In the meantime, the government is supporting sustainable paludiculture (farming on rewetted land) via the launch of a £5m fund. Defra supports this farming system, which it says combines food production, peatland protection and biodiversity conservation.

Forestry

Woodland Carbon Guarantee Fund

The 6th auction is now open for applications in England. Taking place via a reverse auction process, successful bidders will receive a guaranteed inflation-linked price for their Woodland Carbon units, which is meant to provide land managers planting new woodlands for carbon more certainty on the returns it will generate. Bidders do not have to sell their credits to the government but can sell them on the voluntary market instead. Applications to take part must be submitted by **6th November** and participants need to be registered under the Woodland Carbon Code beforehand. In the previous auction in May 2022, successful bids averaged a price of £23.70/credit, an increase of 27% in price compared with the August 2021 auction.

Property and the rural economy

The cost of living crisis

The cost of living crisis is being reported as likely to hit a wide range of sectors and it is already affecting property markets:

- Businesses - The Recruitment and Employment Federation has warned about the effect of energy cost rises on small businesses. The Association of Convenience Stores, which represents 48,000 local shops, says energy bills have doubled to an average of £45,000 for smaller shops. The businesses may also be hit by rent rises linked to inflation.
- Pubs and hospitality – the companies that operate almost half of the UK's pubs have warned that energy bills are expected to rise by up to fivefold and that tenants were already giving notice. The night-time economy adviser for Greater Manchester said that thousands of businesses will go under unless immediate support is introduced.
- Leisure - leisure centres are facing stark choices about lowering temperatures, operating shorter hours, cutting staff or closing pools.
- Health and hospitals - The British Paediatric Respiratory Society has said that there will be excess deaths among some children where families are forced into not being able to heat their homes.
- Schools and hospitals - The Times has reported that some schools may limit when pupils are in school and increase class sizes to reduce energy bills.
- Farming – AF, an East Anglian buying group, reports fuel prices doubling, fertiliser tripling and electricity costs quadrupling in the past 12 months. It also reports some farmers seriously considering reducing or stopping production of some products.

'Bills Included' has become the most searched-for term by renters

In another sign of the cost of living crisis; 'bills included' has overtaken 'pets', 'furnished', 'balcony' and 'garden' in the top five most searched terms. Rightmove also found that renters are searching for a new home over a much larger area, which they think is due to scarcity of homes, record rents in many places and hybrid working meaning tenants have greater flexibility over where they live.

Government consults on limiting rent increases for social rented tenants

The consultation, which aims to reduce the effect of the rises in the cost of living on the social rented sector, includes a proposal to introduce a tighter rent cap that would limit rent rises at either 3%, 5% or 7% over the next year; social housing rents are already regulated, with the maximum annual increase set at the consumer price index rate plus 1%. Around 4 million households in the UK are housed in the social rented sector. Housing Associations have warned that it will limit their ability to build more social housing. Generation Rent, which campaigns for tenants, has said that similar measures are needed for private sector tenants. It is unclear whether the new Liz Truss-led government will continue with this approach. The Scottish Government has announced an immediate freeze on rents in the social and private sectors and a moratorium on evictions to shield people from the cost of living crisis; the changes will last until at least March 2023.