

Land Business Update

Week commencing 22nd January 2024

Biodiversity Net Gain start date delayed... again... but should now start on 12th February (England)

The start of mandatory BNG, which was already delayed from November to January, was postponed again but the government has now said it will start on 12th February for major development (>0.5 ha or 10 or more houses) and on 2nd April for small sites (fewer than 10 houses or <0.5 ha site size, or <1,000m² commercial development or <1 ha site size). The requirement to deliver BNG will apply to most planning applications, apart from those under deemed permission or a Local Development Order. As might be expected, conservation organisations have been critical of the delays to its introduction, saying that the failure to plan for the policy properly is an indication of how the government is prioritising the environment. Please speak to [Alex Brearley](#), our head of natural capital, if you would like to discuss BNG.

Farming

Medium-term drivers of farm production in Europe

The EU has published a report on the main drivers expected to affect farming in the region in the medium-term to 2035. They are:

- A continuing, but slower, increase in farm size. In the past, this has led to growth in farm productivity.
- Climate change and its impacts on key natural resources like water and soil. It is expected to reduce growth in yields and could lead to changes in crop cultivation patterns.
- Continuing changes in consumer demand. These are expected to include lower meat consumption, especially of beef and pork; dairy product consumption is expected to be stable; and increases in consumption of some plant proteins, such as pulses. These changes are expected to lead to a stable area used for arable production but a switch in the arable crops grown, from cereals to soya beans and pulses. The area used for animal production is also expected to be stable, due to more extensive farming systems offsetting the expected reduction in livestock numbers.

Fairness in the supply chain debate

More than 100,000 people have signed an e-petition asking retailers to treat British farmers more fairly. The petition led to a debate in the Houses of Parliament on reforms to the Grocery Supply Code of Practice and the Grocery Code Adjudicator. The main issues identified are:

- The Code only applies to retailers with a turnover over £1bn or more, with a call for the threshold to be reduced to £500m.
- It does not cover pricing.
- Retailers can circumvent the Code by using intermediaries, as it does not cover the relationship between farmers, processors or intermediaries.
- There is an imbalance of power and risk.
- The Grocery Code Adjudicator is under-resourced and acts as both adjudicator (a formal legal process) and arbitrator (a form of dispute resolution), so these roles should be separated.

It is unclear what the next steps will be.

Carbon Border Adjustment Mechanism to apply to fertiliser

To reduce carbon emissions from some of the UK's main industrial sectors, the government has introduced an Emissions Trading Scheme, which is similar to the one operating across the EU since 2005. In order to avoid production moving to countries that do not have a similar scheme, which is called carbon leakage, it is also introducing a Carbon Border Adjustment Mechanism, so that that goods from abroad pay a charge to equalise their carbon effect. Fertiliser has been included within the CBAM, which means that prices for imported fertiliser may rise, although the effect of CBAM on prices is likely to be reduced by the availability of carbon allowances under the ETS. This could / should encourage more land managers to reduce their reliance on artificial fertilisers by increasing use of manures, legumes and other fertility measures. The CBAM is still being consulted on and, if implemented, is likely to come into effect in 2027, a year after the EU's equivalent scheme.



Energy

New renewable energy capacity 50% higher in 2023 than in 2022 globally

While this is good news in terms of decarbonising globally energy supply, according to the International Energy Agency it is still not fast enough growth to reach the COP28 goal of tripling renewables. Please speak to [Jeremy Dawson](#), our head of renewable energy, if you would like to discuss opportunities.

Environment

Climate resilience in the UK

Two reports have been recently published on the subject. Both identify increased risks from climate change to public safety and to property and both are critical of the government's approach to the matter. The Public Accounts Committee said that the government's six-year, £5.2 billion capital programme running to 2027, which was meant to fund 2,000 flood defence projects, will only fund 1,500. Also, shortfalls in spending to maintain existing flood defences mean that 203,000 properties are at increased risk of flooding. This is more than the 200,000 additional properties that are due to be better protected through the capital programme. In total, 5.7m properties are at risk. The Committee was critical of the government's lack of a definition of what it means when it says that its ambition is to create a nation more resilient to flooding.

A separate report, the *London Climate Resilience Review*, commissioned by the Mayor of London, warned that despite the significant climate adaptation and resilience action already taking place across London, it is not enough to meet the "disastrous consequences" of climate change and that "Londoners now face lethal risks, and a step change is needed." The main climate risks facing London include rising sea levels, surface water flooding, extreme heat, wildfires and drought hitting water supplies. The expected rise in sea level in the Thames Estuary of 1.15m by 2100 means that only 9km of the 126km in flood defences west of the Thames barrier were "sufficiently high to last beyond 2050".

Government failure on the environment is "deeply, deeply concerning", says OEP

The Office for Environmental Protection, which is the official environmental watchdog, has warned that the government is failing to meet the targets it set itself on the environment, with only 4 of the 40 targets currently on track (and with 15 unassessable due to lack of evidence). The OEP said that this was risking an "irreversible spiral of decline" in nature and it will keep taking legal actions against the government, which it is empowered to do, under consideration. It criticised:

- Failure to provide detailed delivery plans on how it will improve the abundance of species such as birds, bats and butterflies.
- Tree planting targets continually missed, despite strong manifesto pledges.
- Failure to release the promised land use strategy.

The OEP was also critical of the government taking almost a year to respond to its previous report, which environmental charities have said is an indication of the low priority attached to the environment. However, the report did recognise improvements in some areas, including reducing some greenhouse gases and chemical and air pollutants.

Forestry

Oak processionary moth pilot grant for householders (south east England)

Householders within the area in which OPM is '[established](#)', which is most of south east England, will be able to apply for a grant to treat / spray trees against OPM in gardens with four or fewer oak trees. The pilot grant is open for [expressions of interest](#) until 9th February.

Rural economy, planning and property

Deer management proposals for nature and animal welfare (Scotland)

The Scottish Government is [consulting](#) on proposals to change the legislation on deer management. It says that controlling deer numbers will have an important role in meeting targets on tree-planting, woodland regeneration and peatland restoration due to the damage that deer can do. The proposals, which are in addition to changes in legislation made in 2023, include granting NatureScot additional powers to facilitate deer management, changes to improve the welfare of wild deer when being controlled and changes to the regulation of the venison market. The proposals have been cautiously welcomed by Scottish Land and Estates, which asked for more detail on when Deer Management Nature Restoration Orders can be imposed by NatureScot. The consultation closes on 29th March.



Contacts



**Jason
BEDELL**
Rural Research
Director

*jason.beedell@
struttandparker.
com*



Alex BREARLEY
Head of Natural
Capital

*alex.brearley@
struttandparker.co
m*



Jeremy DAWSON
Head of
Renewable Energy

*jeremy.dawson@
struttandparker.co
m*

© BNP PARIBAS REAL ESTATE ADVISORY & PROPERTY MANAGEMENT UK LIMITED. ALL RIGHTS RESERVED. No part of this publication may be reproduced or transmitted in any form without prior written consent by Strutt & Parker. The information contained herein is general in nature and is not intended, and should not be construed, as professional advice or opinion provided to the user, nor as a recommendation of any particular approach. It is based on material that we believe to be reliable. While every effort has been made to ensure its accuracy, we cannot offer any warranty that it contains no factual errors. The information contained herein should therefore not be relied upon for any purpose unless otherwise agreed with Strutt & Parker and Strutt & Parker shall have no liability in respect of the same. Strutt & Parker is a trading style of BNP Paribas Real Estate Advisory & Property Management UK Limited, a private limited company registered in England and Wales (with registered number 4176965) and whose registered office address is at 10 Harewood Avenue, London NW1 6AA.