



Greening requirements to be removed from BPS for 2021

Defra has announced that all three greening requirements will be removed from the 2021 Basic Payment Scheme (BPS). This means that farmers in England will no longer have to comply with complex rules relating to crop diversification, Ecological Focus Areas (EFA) and permanent grasslands in order to receive BPS payments. The change means that 30% of the current overall BPS payment associated with greening requirements will be reallocated to 2021 BPS entitlements.

In March 2020, the greening requirement relating to the three crop diversification rule was temporarily suspended for farmers in England, following a period of heavy and sustained rainfall that

made it impossible for many farmers to plant and establish crops in accordance with the rules. The NFU, which had been seeking clarification about the 2021 crop diversification requirements for many months, welcomed the decision to remove them permanently from BPS rules. The NFU claims that the greening rules have never been applied with the flexibility that is needed to adapt to the varying weather and farming conditions in Britain.

The withdrawal of the greening requirements is part of an agricultural transition period during which the BPS Direct Payments that have historically been made to farmers in England under the terms of EU schemes will be gradually phased

out. The payments will be replaced with a new Environmental Land Management (ELM) scheme, which is expected to be introduced in 2024.

According to Defra, the EU greening rules have not improved the UK's environmental efforts and the ELM scheme will be more effective in delivering 'public goods' such as tree and hedge planting, flood management and the conservation or preservation of wildlife habitats.

Reacting to Defra's announcement, the NFU is confident that farmers will use their experiences of greening to develop existing approaches to land management. The NFU also believes farmers will build on their invaluable role working to protect and enhance the environment as they prepare for the introduction of a new domestic agricultural policy and the ELM scheme.

Although the greening requirements will be removed from 2021, requirements for the 2020 BPS scheme year remain unchanged, which means that farmers who have committed to growing catch and cover crops in 2020 must establish and maintain them as usual during autumn and winter.

Read more about the greening requirements at:

<https://bit.ly/3iyfto9> and

<https://bit.ly/3hyK6Z4>

Greening



Environmental



Agricultural land values hold steady

The value of agricultural land in England and Wales remained steady during the third quarter of 2020 despite continuing Brexit and Covid-19 uncertainties. The Knight Frank Farmland Index has revealed that land values rose by 0.5% between June and September 2020 and the average price per acre reached £7,000 for the first time in over a year. Due to a small drop at the beginning of the year, 2020 values only slightly increased on 2019.

Land values were kept steady by long term pent up demand and by a shortage of available land. According to the Farmers Weekly Land Tracker, the amount of land

made available for sale so far in 2020 is down 40% compared to 2019, partly as a result of the pandemic. Large blocks of quality land are reaching as much as £10,000 per acre as buyers are bidding more competitively due to restricted opportunities in the land and property market.

The main purchasing groups of bare agricultural land were farmers (41% of buyers), often backed up by rollover funds (business asset rollover relief) following sales of their own farmland for development, or due to a compulsory purchase. The second largest group were 'lifestyle buyers' (36%) then investors (20%).

According to Knight Frank, the outlook over the next 12 months will depend on the details of any future trade deal between the UK and the EU, as well as on the contents of the Government's delayed budget, which is expected in spring 2021. In the short term, land values are likely to remain steady due to a continuing shortage of supply. A no-deal Brexit could increase demand for UK land from overseas investors if the pound continues to lose ground against the euro.

Read more about the reports at:
<https://bit.ly/3nJ6NOM>
and
<https://bit.ly/3nJ6OCk>



Increase in UK red meat exports

UK red meat exports were worth £733 million in the six months to June 2020, which is a 3% increase compared with the same period in 2019, according to data published by HMRC.

The biggest increase was in value exports of pork, which rose by 15% to £311 million. Pork exports to the EU fell by 10%, but this was more than offset by exports of pork and pig meat offal to non-EU countries, which increased by 17% when compared to the same period in 2019 and accounted for 59% of UK meat exports.

The volume of sheep meat exports to non-EU countries also increased sharply over the same period, rising

by 129% due to commodity price cuts in countries such as Ghana and an increase in exports to Canada. Overall, the value of sheep meat exports rose by 2%, to £195 million.

Beef exports declined overall, as a result of strong domestic demand for beef and Covid related challenges faced by the global foodservice market. However, beef exports to non-EU countries increased by 46% in value and by 21% in volume.

One reason for the growth in non-EU beef exports was Japan's decision, in January 2019, to lift the ban on UK beef imports that was introduced in 1996 after the outbreak of bovine spongiform

encephalopathy ('mad cow disease') among cattle in the UK. Almost 1,370 tonnes of beef were exported to Japan in the first six months of 2020, with a value of £4.7 million. UK exports to the Philippines and Canada have also increased.

The AHDB has warned that while the EU remains the most significant market for red meat exports, because of Brexit uncertainty it is imperative that the UK continues to take advantage of export opportunities to non-EU countries.

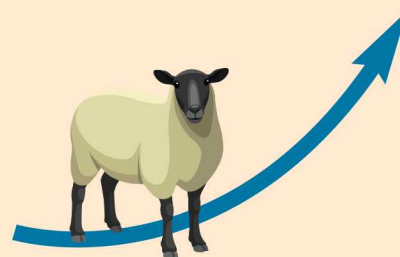
Read more about the figures at:
<https://bit.ly/2H3jDqk>



Exports to Non-EU 17%



Exports to Non-EU 21%



Exports to Non-EU 129%

In brief...

Farmers urged to prepare for green home grants

Farmers who are planning to apply for funding through the Government's Green Home Grant scheme should start obtaining quotes from accredited tradespeople, according to property consultants Strutt & Parker. The scheme provides homeowners and landlords with grants to make their homes more energy efficient. Grants covering up to two-thirds of project costs are available, up to a maximum of £5,000 per household. However, demand for the scheme is expected to be high, and farmers have been encouraged to obtain quotes immediately to ensure they can benefit from the scheme.
<https://bit.ly/33tEPNI>

New sugar beet contracts agreed

British Sugar and NFU Sugar have agreed new one and three year sugar beet contracts that will come into force from 2021. The one year contract will pay growers £20.30 per adjusted tonne of sugar beet, while the three year contract for 2021-23 will pay £21.18 per adjusted tonne. Growers will also receive a bonus when sugar beet prices exceed €375 per tonne for the one year contract, or €400 per tonne for the three year contract. In addition, the new contracts will introduce the Virus Yellows crop assurance fund, which will compensate growers for a proportion of yield losses suffered due to Virus Yellows being present in their crop.
<https://bit.ly/32yzMfI>

Farm workers must self-isolate when returning to the UK

Defra has confirmed that farmers and other general farmworkers who are returning to the UK from countries outside the 'travel corridor' are required to quarantine for 14 days before returning to work. Previously, farmers were on the UK Government's list of key workers and were exempt from the mandatory 14 day quarantine period. The NFU has warned that changes to quarantine rules will make it difficult for farmers to run their farms and could lead to disruption in the food supply chain. However, some seasonal workers are currently exempt from the requirement.
<https://bit.ly/2FyOU3V>

Rural landlords can apply for exemption from new energy efficiency rules

Rural landlords that let listed and heritage properties that do not meet new energy efficiency rules may be able to apply for a temporary exemption. Since 1 April 2020, landlords can only let properties that are covered by the Minimum Energy Efficiency Standards regulations if they have an Energy Performance Certificate (EPC) rating of E or above. However, as it is more difficult to improve the EPC rating of listed properties on farm and rural estates in conservation areas, landlords can apply for an extension. The extensions are usually valid for five years to give rural landlords more time to improve the properties.
<https://bit.ly/2ZHI1Fw>

Wheat crop estimation is lowest since 1981

Defra's first estimate of the UK's 2020 wheat crop is 10 million tonnes, which is 37.5% lower than in 2019. The estimate is the lowest since 1981 and below the five year average of 15 million tonnes. The UK consumes around 15 million tonnes of wheat every year so a smaller wheat crop will result in a deficit and an increase in imports. The total barley harvest is estimated to be 3.9% higher (8.4 million tonnes) than in 2019 and above the five year average of 7.2 million tonnes. The final results of the UK's wheat and barley production will be published on 17 December 2020.
<https://bit.ly/3nFXXBe>
<https://bit.ly/3hwz5HO>

Grants to help farmers increase productivity

The third and final round of the Countryside Productivity Small Grants (CPSG) scheme is open for applications. Under the £25 million scheme, farmers can apply for grants of between £3,000 and £12,000 to buy new and innovative equipment to help improve productivity. Farmers who have already bought machinery in previous rounds of the scheme can still apply for grants in the final round. The deadline for applications is 4 November 2020.
<https://bit.ly/33RMW85>



Woodland Carbon Guarantee scheme

A scheme to tackle climate change by incentivising farmers and land managers to create new woodlands has been introduced in England. Unlike similar schemes, the Woodland Carbon Guarantee scheme does not cover the costs of planning, planting or early maintenance. Instead, it provides farmers and land managers who create woodland with a guaranteed long term income.

In order to participate in the scheme now in its third round; farmers and land managers would have

registered their woodland projects with the Woodland Carbon Code (WCC). Registration only takes between one and two weeks and involves calculating how much carbon the woodland will remove or 'sequester' from the atmosphere. This value is used to calculate the number of 'Woodland Carbon Units' (WCUs) allocated to the project.

On successfully registering a project with the WCC, farmers and land managers take part in an online auction to set the price that the Government will pay for WCUs. The auction price is fixed against inflation and the Government is committed to purchasing WCUs every five or ten years until 2055/56. In addition, farmers and

land managers can sell WCUs at any time to corporate buyers who are looking to address their sustainability and reduce their net greenhouse gas emissions.

The first round of the scheme resulted in the creation of 182 hectares of new woodland. A total of 18 contracts were awarded and the average price paid was around £24 per WCU. The second round resulted in the creation of 1,517 hectares of new woodland. A total of 27 contracts were awarded and the average price paid was around £20 per WCU.

Read more about the scheme at: <https://bit.ly/3hyWZIW>



Grimsby t: 01472 350601
Louth t: 01507 606111
Scunthorpe t: 01724 863105
Skegness t: 01754 761777
Beverley t: 01482 889400
Hull t: 01482 225564

Forrester Boyd Chartered Accountants is a trading style of Forrester Boyd, a partnership operated from Grimsby, Louth, Scunthorpe and Skegness. Forrester Boyd Chartered Accountants is a trading style of Forrester Boyd Robson Limited operating from Beverley and Hull. Forrester Boyd Robson Limited is a company incorporated in England & Wales with company No 08370127 and registered office at Kingfisher Court, Plaxton Bridge Road, Woodmansey, Beverley, HU17 0RT and a wholly owned subsidiary of Forrester Boyd.

www.forrester-boyd.co.uk

If you would like to receive further information on any of the articles in this newsletter please contact our agriculture team at agriculture@forrester-boyd.co.uk



The UK200Group is a modern and proactive professional membership association of independent chartered accountancy and law firms which provides training and business services to enhance the performance of member firms. As well as being focused on the general small to medium businesses, members have specialist knowledge and experience of the agriculture, healthcare, charities, legal and property and construction sectors to provide effective support and advice in the areas of tax, financial management, business planning and legal issues. www.uk200group.co.uk

This newsletter has been prepared for general interest and it is important to obtain professional advice on specific issues. We believe the information contained in it to be correct. While all possible care is taken in the preparation of this newsletter, no responsibility for loss occasioned by any person acting or refraining from acting as a result of the material contained herein can be accepted by the UK200Group, or its member firms or the author.

UK200Group is a trading name of UK200Group Limited and is an association of separate and independently owned and managed accountancy and law firms and as such each has no responsibility or liability for the acts or omissions of other members. UK200Group does not provide client services and it does not accept responsibility or liability for the acts or omissions of its members.

Greening removal to place some farmers at a disadvantage

Farmers affected by the removal of greening requirements from the Basic Payment Scheme (BPS) will be unable to amend their existing Countryside Stewardship agreements. Defra has confirmed that existing agreements are unable to be changed due to the terms of the UK Withdrawal Agreement from the EU.

Defra has also confirmed that as the 2021 Countryside Stewardship agreements will be made under UK regulations, farmers are able to change their agreements to include land that would have been part of an Ecological Focus Area (EFA) under the greening requirements of the BPS. This is land that had previously been excluded from Countryside Stewardship agreements to avoid breaking double funding rules.

Farming organisations and consultants are urging Defra to allow farmers with 2020

agreements to be given the same flexibility as those starting agreements in 2021 to avoid them being put at a disadvantage. However, according to Defra the existing EU CAP (Common Agricultural Policy) restricts its ability to make existing Countryside Stewardship agreements more flexible. The Withdrawal Agreement also means that pre-2021 agreements cannot be amended before they have run their course.

A Defra spokesperson said: "The Common Agricultural Policy currently restricts our ability to make existing Countryside Stewardship agreements more flexible, but leaving the EU means farmers will benefit from reduced bureaucracy as we move towards our ambitious new Environmental Land Management (ELM) scheme."

Read more about the announcement at: <https://bit.ly/3cbKHIF>