



CHAVEREYS

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MONTHLY FARMING UPDATE

July 2023



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I Policy issues

- 1 The UK and French Governments have launched a Global Roadmap to support companies to contribute to nature recovery and support global cooperation to provide positive outcomes for people and the planet. The joint Advisory Panel will bring together collective thinking on biodiversity credits from around the world.
- 2 The Government has abandoned the Animal Welfare (Kept Animals) Bill.

II Reform

- 1 The Sustainable Farming Initiative will begin accepting applications in August. The revised Initiative will offer:
 - More than twice as many SFI actions as originally planned
 - Payments to be made quarterly
 - A management payment of £20 per hectare for the first 50 hectares to cover participation costs
 - A payment to cover one on-farm vet visit each year to review the health and welfare of livestock
 - Payment rates for farms in upland and lowland areas to be the same
 - An additional annual payment for common land of £6.15 per hectare for groups of 2 or more
- 2 New conditions will be introduced in Scotland in 2025 for farming support payments. Farmers and crofters will be required to:
 - Adopt a 'Whole Farm Plan' which will include soil testing, animal health and welfare declaration, carbon audits, biodiversity audits and supported business planning
 - Protect peatlands and wetlands to help sequester more carbon
 - Meet new conditions to the Scottish Suckler Beef Support Scheme to help cut emissions intensity and make beef production more efficient

III Grants/regulations/legislation/environment

- 1 The UK Plant Health Service has developed an international action plan to protect plants in the UK including:
 - 1 Global pest monitoring including:
 - Supporting the International Plant Protection Convention objective of strengthening pest outbreak and response systems
 - Collaborating with the Botanic Gardens Conservation International to augment the International Plant Sentinel Network
 - Including plant health risks in the International Natural Hazard Forward Look
 - 2 International standards and guidance including:
 - Supporting the IPPC objective of developing commodity and pathway specific standards, with accompanying diagnostic protocols, phytosanitary treatments and guidance
 - Supporting the IPPC objective of developing guidance on the use of third-party entities to perform phytosanitary action
 - Assisting the development of European and Mediterranean Plant Protection and IPPC standards

- 3 Implementation, capacity development and market access including:
 - Supporting the IPPC objective of harmonisation of electronic data exchange by implementing a global system for production and exchange of electronic phytosanitary certificate information by 2030.
 - Supporting the IPPC objective of establishing a network of diagnostic laboratory services and diagnostic protocols.
 - Advancing the plant health systems of other nations
 - Establishing markets and secure trading agreements with other countries.
- 4 Research and development including:
 - Supporting the IPPC objective of assessment and management of climate change impacts on plant health
 - Supporting the IPPC objective of global phytosanitary research cooperation
 - Engaging in global research initiatives
- 2 The second round of the Landscape Recovery Fund is open for applications which must be made by 21 September. This year's application round will fund projects that support net zero, protected sites and wildlife-rich habitat. All projects should provide extra benefits such as improved water quality, helping threatened species to recover, improved soil health, increased resilience to natural hazards and social benefits such as physical access. This round of the scheme has a budget of £15 millions.
- 3 Defra has opened a consultation seeking views on the best way to maintain and improve existing hedgerow protections, how the protections should be enforced and the ambitions for future protections. The consultation closes on 20 September.
- 4 Defra has accepted all the recommendations of the Lowland Agricultural Peat Task Force which include:
 - Peat preservation requires a more integrated approach to water level management
 - New investment is required in water storage, retention and release
 - Authorities responsible for water management must have the legal protection and powers to manage water differently
 - Public money should be available to support wetter modes of farming on lowland peat
 - Viable opportunities should be available to private finance to support those farming peatland more responsibly
 - Technical advice should be available to farmers on how to keep peat soils wetter
 - Policy and legislation must support the delivery of raising water levels on peat
 - The profile of lowland peat soils should be raised
 - There should be more socio-economic assessments of new wetter farming measures
 - There should be a better understanding of the depth and condition of lowland peat
- 5 The latest round of the Farming Equipment and Technology Fund has opened for applications with £31 million available. In the first round, 250 applicants received grants totalling £6.25 million for precision drilling and fertilizing machinery; 10 applicants were awarded a total of £250,000 for robotic drills and guided hoes; 86 applicants shared £110,000 for rainwater harvesting tanks; 113 applicants shared £364,000 for tree shearing machinery; 94 applicants shared £403,000 for slurry dribble bars; and 129 applicants shared £1.555 million for direct drills.
- 6 An independent evidence review is to be conducted into the management of protected sites on Dartmoor. The review will determine why some sites are improving while others are not and make recommendations as to the most effective grazing.

- 7 Defra has launched the Lowland Agricultural Peat Small Infrastructure Pilot with funding of £5.45 millions for the installation of infrastructure and monitoring technology to enable more control of water levels for the preservation and rewetting of lowland peat.
- 8 UPP, the harvesting technology and broccoli protein innovator, has led a consortium of AgriFoodTech researchers and engineers in being awarded a grant of £800,000 from Defra and UK Research and Innovation. The SusProt Project will focus on utilising the 80 per cent of unharvested broccoli biomass to create a low-cost, low-impact, highly nutritious protein.
- 9 Defra has launched the Species Survival Fund with £25 millions available. Funding of up to £3 millions will be available to projects which boost the creation and restoration of natural habitats at scale.
- 10 48 local authorities are to receive allocations totalling £14 millions under the Local Nature Recovery Strategy.
- 11 The UK recycling rate for Waste from Households, including Incinerator Bottom Ash metal, was 44.6 per cent in 2021, up from 44.4 per cent in 2020; the rate for England was 44.1 per cent, for Northern Ireland 48.4 per cent, for Scotland 41.7 per cent and for Wales 56.7 per cent, all showing increases apart from that for Northern Ireland; UK biodegradable municipal waste sent to landfill increased from 6.1 million tonnes to 6.8 million tonnes; and the total of recycled UK packaging waste increased by 0.1 per cent to 63.2 per cent.
- 12 Defra has launched the Lowland Agricultural Peat Water Discovery Pilot with funding of £2.2 millions to help improve the understanding of the lowland peat water challenge.
- 13 In 2021, Scottish source emissions of the basket of 7 greenhouse gases were estimated to be 41.6 million tonnes carbon dioxide equivalent, 2.4 per cent up on 2020.

IV Other matters of farm finance and tenure

- I The results of the Independent Review into Labour Shortages in the Food Supply Chain have been published. The recommendations include:
 - a Implement a comprehensive strategy to enhance sector attractiveness including:
 - Communication campaigns targeted at changing public perception about the sector
 - Developing careers advice provided by schools and training providers
 - Reviewing methods through which pay and conditions can be improved
 - b Access to migrant labour including:
 - Announcing the replacement of the Seasonal Worker Scheme by the end of 2023 with a guarantee period of 5 years; removing the cap on the total number of visas and extending visa length to 9 months; and making employers bear the cost of the NHS health surcharge
 - Widen the criteria for the Skilled Worker route
 - c Invest in domestic workers with businesses providing clear training and development plans
 - d Reform the Apprenticeship Levy
 - e Build on Skills Supply Collaboration
 - f Support Food Career Curriculum Delivery
 - g Produce a Workforce Data Strategy
 - h Incentivise Automation
 - i Advance Automation Knowledge
 - j A Moonshot Approach to Innovation

- 2 During April, the Agricultural Price Index for outputs increased by 0.7 per cent, compared to March, and by 7.9 per cent compared to a year earlier. The index for inputs fell by 2.6 per cent and by 4.3 per cent respectively.
- 3 Bank of England base rate has increased to 5 per cent, the highest rate for 15 years.

V Product prices

A Market background

- 1 Sterling strengthened against both Euro and US Dollar and remained volatile throughout the month. Against the Euro, Sterling opened at 86.7p per € and reached a mid-month peak of 85.2p before falling back to close at 86.1p per € (0.6p stronger). Against the US Dollar, Sterling opened at 80.9p per \$ and improved to a peak of 77.9p mid-month before dropping back to close at 78.9p per \$ (2.0p stronger).
- 2 Gold prices fell steadily for the majority of the month. Opening at £1,577 per troy ounce, the average climbed to £1,580 before falling back for the remainder of the month to close at £1,513 per troy ounce.
- 3 Crude oil prices rose and fell on a number of cycles before closing marginally down. Brent Crude opened at \$76.9 per barrel and fell to lows of \$71.8 and \$72.3 on separate occasions, having peaked at \$77.1 in between, before closing at \$74.9 per barrel, down \$2.0.

B Crops

- 1 The cereals markets gained some ground this month. The market expectation is that the Ukrainian export corridor will not be renewed, meaning global access to Black Sea grain will be reduced. This, combined with a prolonged hot and dry period in Midwest US, accentuated by traders betting on the market and subsequently taking profits, saw the markets rise and then fall back as the month end approached. Volatility in the coming months is predicted. With 2023 harvest in the Northern Hemisphere approaching fast, average milling premiums have fallen back from previous highs but they are still sitting above £60/tonne. Feed wheat futures closed up across the board with the greatest increases in the short term and in all cases having peaked higher in the penultimate week. By late June, deliveries for November 2023 and 2024 were £197/tonne (+10) and £202/tonne (+6) respectively, whilst March 2025 deliveries had increased to £208/tonne (+6). Oilseed rape prices volleyed on the back of the US soyabean market which saw gains as a result of US and EU concerns that yields may not hit budget, although the effect had relaxed by the end of the month. The longer-term outlook looks similar to months past, held back by crude oil prices.

Average spot prices in late June (per tonne ex-farm): feed wheat £177 (+10); milling wheat £239 (+1); feed barley £167 (+14); oilseed rape £332 (+18); feed peas £249 (+15); feed beans £249 (+21).

C Livestock

- 1 The average live-weight cattle prices this month, for both steers and heifers, were marginally less volatile and negative overall. The average steer price rose from its opening average of 272p/kg lw to a peak of 278p/kg, then fell for the remainder of the month to close at 267p/kg lw (down 5p; 19p/kg above the average a year earlier). The average finished heifer price moved similarly, gaining 1p from its opening position of 284p/kg lw only to fall back for the rest of the month to close at 275p/kg (down 9p, to sit 20p above the average a year earlier). The average dairy cow price remained volatile and surprisingly buoyant this month in light of falling milk prices. Climbing from the opening position of £1,576 per head to £1,625 in the first week, it then dropped to £1,372 before climbing significantly to close the month at an all-time high of £1,901 per head (up £198 to sit £103 above the average a year earlier).

- 2 The new season average finished lamb price (SQQ live weight) started from a markedly high opening position of 352p/kg lw and fell for most of the month to close June at 310p/kg, down 42p/kg to sit 8p/kg above the average a year earlier.
- 3 The average UK all pig price (APP) appeared to plateau again this month but after dropping back it eventually closed up. Opening at 220.3p/kg dw, the average price dropped back to 219.5p/kg but promptly recovered to 220.5p/kg where it spent most of the month, before climbing to close at the month's peak of 222.0p/kg dw (up 1.7p to sit 30.2p above the closing average a year earlier).
- 4 The UK average 'all milk' price for April was 39.43ppl, a fall of 4.15ppl from the March average (0.86ppl above the price a year earlier and 5.80p above the rolling 5-year average of 33.63ppl) remains the most recently reported average. The EU average for April was 43.14ppl; 2.51ppl below the March average but 3.32ppl above the price a year earlier.

VI Other crop news

- 1 During 2022, the volume of home-produced vegetables fell by 5.8 per cent to 2.4 million tonnes but the value increased by 4.8 per cent to £1.8 billions. The value of field vegetables rose by 7.5 per cent to £1.4 billions but the value of protected vegetables fell by 4.4 per cent to £371 millions. Volumes of home-produced fruit increased by 13 per cent to 652,000 tonnes while values increased by 9.5 per cent to £1 billion.
- 2 During May, animal feed and integrated poultry unit feed production fell by 0.5 per cent, compared to a year earlier, to 992,000 tonnes, the smallest year on year drop this season. Total cattle feed output was 4 per cent above the 5-year average for the month and 12 per cent above the May 2022 figure with production of compounds and blends for dairy cows being the main driver.
- 3 The Agricultural Price Index for April showed an increase of 71.5 per cent for fresh fruit, compared to March, but there were falls of 3.3 per cent for wheat, 4.2 per cent for barley, 3.9 per cent for oats, 14.6 per cent for potatoes, 3 per cent for oilseed rape and 4.8 per cent for fresh vegetables. Compared to a year earlier, there were increases of 18.7 per cent for potatoes, 38.5 per cent for fresh vegetables and 31.1 per cent for fresh fruit but there were falls of 15.5 per cent for wheat, 25.7 per cent for barley, 11.7 per cent for oats, 39.2 per cent for oilseed rape and 11.3 per cent for forage plants.
- 4 Kent apple grower AC Goatham & Son has agreed to become the sole supplier of British apples to Aldi, the UK's 4th largest supermarket. Figures from British Apples & Pears Ltd suggest that Aldi was the largest buyer of British apples in the year to July 2022.
- 5 NIAB pathologists at East Malling are collaborating with Agrovista and Avalon Fresh in a 30-month project to explore new methods of controlling apple canker.
- 6 American scientists have developed a new edible antimicrobial coating to extend the shelf-life of strawberries based on cannabidiol and sodium alginate.
- 7 The University of California, Davis, has released 5 new strawberry varieties that are resistant to soil-borne Fusarium wilt. California supplies 88 per cent of the strawberries grown in the US.
- 8 NIAB entomologists are collaborating with Asplins PO and WB Chambers to find out why some varieties of strawberry and raspberry are more resistant to spotted wing drosophila.

- 9 The University of Greenwich has joined forces with CE Murch, International Water Systems, Norton Folgate, Storage Control Systems and TerraPrima to research ways of prolonging the storage of fresh cherries.
- 10 Vertical farming company GrowUp Farms has been granted permission by Dover District Council to expand its Pepperness site at Discovery Park, Sandwich by increasing the height of its farm from 18.9 metres to 24.87 metres.

VII Other livestock news

- 1 A new UK Dairy Cattle Welfare Strategy has been developed by Ruminant Health & Welfare. The strategic goals are:
 - Thriving cows – ensuring all dairy animals are bred, reared and cared for to thrive in all systems
 - Healthy feet – ensuring every farm has a proactive lameness management plan
 - Comfortable cows – maximising cow comfort in housing and at pasture
 - Appropriately nourished cows – ensuring a healthy body condition throughout the year
 - Healthy udders – improvements to udder health to reduce mastitis
 - Positive welfare – providing an environment that allows animals to exhibit normal behaviour such as curiosity or play
- 2 In the 3 months to March, according to BCMS data, calf registrations were 403,158, almost identical to a year ago but 4.2 per cent up on the 5-year average.
- 3 In the year to March, the number of new herd bovine TB incidents in England fell by 7 per cent with falls of 5 per cent in the High Risk area and 17 per cent in the Edge area but an increase of 4 per cent in the Low Risk area. There was an increase of 52 per cent in Scotland but a fall of 2 per cent in Wales. The number of herds not officially TB free in England fell by 16 per cent with falls of 16 per cent in the High Risk area, 18 per cent in the Edge area and 13 per cent in the Low Risk area. There was an increase of 84 per cent in Scotland but no movement in Wales.
- 4 The Agricultural Price Index for April shows increases of 2.2 per cent for cattle and calves, compared to March, 2.4 per cent for pigs, 19.6 per cent for sheep and lambs and 0.6 per cent for poultry but there was a fall of 9.5 per cent for milk. Compared to a year earlier, there were increases of 11.9 per cent for cattle and calves, 33.6 per cent for pigs, 6.5 per cent for sheep and lambs, 21.4 per cent for poultry, 2.2 per cent for milk and 31.7 per cent for eggs.
- 5 During May, UK prime cattle slaughterings fell by 8.7 per cent, compared to a year earlier, to 173,000 head; beef and veal production fell by 8.5 per cent to 74,000 tonnes; sheep slaughterings fell by 4.1 per cent to 902,000 head; mutton and lamb production fell by 14 per cent to 23,000 tonnes; pig slaughterings fell by 14 per cent to 842,000 head; and pigmeat production fell by 15 per cent to 78,000 tonnes.
- 6 Data from BCMS shows the milking herd at 1.63 million head, down 0.5 per cent on a year ago, the smallest decline since 2018. The 2-4 year old category saw an increase of 2.4 per cent but there was a fall of 6 per cent in the 6-8 year old category.
- 7 First Milk has agreed with Yeo Valley Production to create a conventional regenerative milk pool in the southwest of England. The 'Naturally Better Dairy Group' will supply Yeo Valley with milk for manufacturing.
- 8 First Milk has reduced its price by 1.04ppl making a manufacturing standard litre 36.85ppl.

- 9 During May, the milk available to processors increased by 3.9 per cent, compared to April, to 1,335 million litres but the rolling annual average was unchanged; liquid milk production rose by 2.6 per cent and 0.9 per cent respectively to 558 million litres; cheese production rose by 6.2 per cent to 46,200 tonnes but the rolling annual average fell by 0.4 per cent; butter production fell by 6.3 per cent and 0.3 per cent respectively to 20,100 tonnes; and milk powder production rose by 0.2 per cent to 10,400 tonnes but the rolling annual average was down 2.9 per cent.
- 10 Barber's has reduced its milk price by 2ppl to 37.04ppl.
- 11 During May, average butterfat fell by 4.7 per cent, compared to April, to 4.07 per cent and by 0.5 per cent compared to a year earlier. Average protein rose by 0.5 per cent and 1.7 per cent respectively to 3.39 per cent.
- 12 Arla has reduced its price for conventional milk by 1.78ppl to 35.21pl and by 0.89ppl for organic milk to 40.88ppl.
- 13 Associated British Foods is to buy National Milk Records for £48 millions.
- 14 Cyprus has reported cases of sheep and goat pox in 35 animals. Outbreaks have continued to occur in Spain.
- 15 New regulations in Scotland will allow male deer to be culled over a longer period in the year; night sights will be permitted; and ammunition which is less damaging to venison products will be allowed.
- 16 The UK pig industry has surpassed the 30 per cent reduction target in total antibiotic use set by the RUMA Targets Task Force between 2020 and 2024. Over the past 8 years antibiotic use has fallen by 75 per cent and there was a 20 per cent reduction in use in 2022 alone.
- 17 Scotbeef's Bridge of Allen and Queenslie plants have been sold to ABP.
- 18 During May, UK commercial layer chick placings rose by 16 per cent, compared to a year earlier, to 2.9 million chicks; broiler chick placings fell by 1.5 per cent to 91.4 million chicks; turkey chick placings rose by 0.2 per cent to 1 million chicks; turkey slaughterings fell by 48 per cent to 400,000 birds; broiler slaughterings fell by 10 per cent to 77.7 million birds; and total poultry meat production fell by 14 per cent to 134,100 tonnes.

VIII Inputs/Supply businesses

- 1 Spot prices for UK Ammonium Nitrate fell by 11.2 per cent in May to an average of £390/t. The average is 45.5 per cent down on 2022 but still 37.2 per cent higher than 2021.
- 2 Corteva Agriscience and Eden have developed Ecovelex, a biological seed treatment to tackle crop destruction caused by birds. The product affects the birds' olfactory system, creating an unpleasant taste or odour which repels them.
- 3 The Agricultural Price Index for April shows increases of 0.1 per cent for veterinary services and 2 per cent for equipment maintenance but there were falls of 0.6 per cent for seeds, 2.7 per cent for energy and lubricants, 9.5 per cent for fertilizers, 0.1 per cent for chemicals and 2 per cent for animal feedingstuffs. Compared to a year earlier, there were increases of 15.3 per cent for chemicals, 3.7 per cent for veterinary services, 8.3 per cent for equipment maintenance and 3.9 per cent for buildings maintenance but there were falls of 1.5 per cent for seeds, 0.7 per cent for energy and lubricants, 39.6 per cent for fertilizers and 0.8 per cent for animal feedingstuffs.

- 4 Defra has granted consent to Wild Bioscience Ltd to release *Triticum aestivum* plants, based on the cultivar Cadenza, that have been genetically modified to enhance leaf-level photosynthetic carbon assimilation, increase vegetative biomass and increase numbers and total mass of seeds per plant.
- 5 The Scottish and Welsh Governments have banned the use of Asulox to control bracken.
- 6 The Scottish Government has reported that the amount of nitrogen lost from farms to the environment was lower on average in 2021/22 than in 2019/20.
- 7 Subject to receiving regulatory approval, Bayer is to introduce Iblon, a fungicide to control yellow rust, brown rust and Septoria.
- 8 An Extension of Authorisation has been granted to Microthiol Special (sulphur) for use against powdery mildew in combining peas, edible podded peas and vining peas.

IX Marketing

- 1 According to Kantar, in the year to 16 April, volume sales of primary lamb in the meat, fish and poultry sector were the worst performer with a year on year fall of 13 per cent. Volume sales of total lamb fell by 11.7 per cent, primary fish by 7.7 per cent, primary beef by 5.8 per cent, primary pork by 3.4 per cent and primary chicken by 0.4 per cent.
- 2 In the period September 2022 to April 2023, Tesco's share of the grocery market was 27 per cent followed by Sainsburys at 14.9 per cent, Asda at 14 per cent, Aldi at 10.1 per cent, Morrisons at 8.7 per cent and Lidl at 7.6 per cent. However, when it comes to the share of British apple sales, Tesco's share is 21.9 per cent, Aldi at 20.6 per cent, Sainsbury's at 15.2 per cent, Lidl at 13.4 per cent, Morrisons at 7.8 per cent and Asda at 5.2 per cent.
- 3 Imports of sheep meat in April fell by 23 per cent, compared to March, to 3,700 tonnes and by 41 per cent compared to a year earlier. Exports in April fell by 19 per cent to 7,200 tonnes but were only down 2 per cent on a year earlier.
- 4 Scottish Food and Drink Partnership has published 'Sustaining Scotland, Supplying the World: a strategy for Scotland's food and drink industry'. The aim is to support the sector to grow faster than similarly sized competitors and actions include restoring promotional activity to pre-pandemic levels and retaining a highly skilled workforce to adapt and tackle skills shortages.
- 5 During April, pork exports totalled 10,100 tonnes making the total 44,800 tonnes in the year to date.
- 6 Arla is to launch a plant-based version of its butter Lurpak.

X Miscellaneous

- 1 The Equipment Theft Prevention Bill, currently in its final parliamentary stages, includes requirements for new equipment to be fitted with immobilisers and be 'forensically marked' with details of ownership to be maintained on law enforcement databases. Originally aimed at quad bikes and ATVs, it is expected it will be extended to cover large farm machinery and GPS equipment.
- 2 The James Hutton Institute has become one of the first recipients of the new King's Award for Enterprise in Sustainable Development.
- 3 Awards in King Charles' first ever birthday honours list include Nimisha Raja MBE, founder of Nim's Fruit Crisps in Sittingbourne; Suzi Wilkinson MBE, a volunteer for the Farming Community Network in Somerset; Dr Zoe Leach OBE, for services to the pig industry; Dr Navaratnam Partheeban OBS, a Nuffield Scholar; William Gray MBE, chair of the Royal Highland Agricultural Society of Scotland; Geoffrey Brown OBE of Ripon Farm Services; and Iain Tolhurst OBE, organic farmer.

Postscripts

And now for the wit of the late Prince Philip

1. At being shown three lavatory cisterns at the Design Centre – ‘This is the biggest waste of water in the country by far. You spend half a pint and flush two gallons.’
2. At the Scottish Dairy Show – ‘It is not a bad idea to remind the people who live in towns and get their milk in tins or bottles and butter in packs that it all starts with the cow ...’
3. At a dairy festival – ‘Don’t be put off by that look on your neighbour’s face when you take as much cream as you really want. It isn’t disgust that’s being registered, but plain envy that you had the courage to do what he has always wanted to and never dared.’
4. Asked if he knew the Scilly Isles off the coast of Cornwall – ‘ My son – er-owns them.’
5. ‘British food is something like a small child. When it’s good, it’s very, very good; when it’s bad, it’s absolutely awful.’
6. ‘Dontopedalogy – the art of opening your mouth and putting your foot in it.’
7. ‘I have had two books of speeches published and one on birds. Needless to say, the one on birds was more successful.’
8. Visiting a Manchester textile group, Prince Philip greeted the chairman of the knitting division – ‘So you’re the head knit!’
9. At the Welsh Guards dinner he and the Queen attended – ‘What is unique about this regiment? I will tell you. It is the only one in which the Colonel is legally married to the Colonel-in-Chief.’

Monthly Farming Update

Nervous moments!

In March, HM Treasury issued a consultation on the taxation of environmental land management and ecosystem markets. The consultation closed last month and the response of the Society of Trust and Estate Practitioners (STEP) makes interesting reading.

STEP has rightly pointed out that the loss of Agricultural Property Relief (APR) on land in environmental schemes should have little impact on those who farm in-hand as Business Property Relief (BPR) should be available. However, the loss of APR will be of concern to non-farming landlords who will not be able to claim BPR and also could affect those engaged in succession planning. This could result in landlords refusing to allow tenants to enter into environmental schemes thereby reducing their impact.

It has been suggested that APR be limited to a prescriptive list of environmental schemes but STEP has rejected this approach in favour of relief applying to all land that provides environmental benefits.

The Government has indicated that APR should be restricted to environmental land that was previously in agricultural use but STEP feels this approach would be fraught with complexities, require detailed recordkeeping and could be subject to abuse thereby necessitating complicated legislation.

Concern has also been expressed at the impact of changes on the relief for farmhouses, cottages and other farm buildings where the land has changed to environmental use. If relief was to be lost, this would be a substantial disincentive not to change to environmental use which would hamper the Government's objectives. In order to create certainty, STEP recommends that the definition of APR remains unchanged but that the scope of BPR is widened to encompass property in environmental use.

On a slightly different subject, the Government has suggested limiting APR to tenancies with a term of at least 8 years. STEP recognises the benefits of long-term tenancies but is concerned that the loss of relief on shorter-term tenancies may result in land being withdrawn from the tenanted sector altogether.

We must await HM Treasury's response to the submissions it has received.

We welcome feedback on the MFU.

Does this issue raise any questions in your mind?

Would you like more information on a particular item?

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The MFU was edited from 1991 to 2006 by John Nix, Emeritus Professor of Farm Business Management at Imperial College London



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