



**CHAVEREYS**

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# MONTHLY FARMING UPDATE

# January 2022



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### I Policy issues

- 1 The Free Trade Agreement between the UK and Australia has been signed.
- 2 Defra has published a 12-week consultation with a view to phasing out the sale of peat and peat-containing products in the amateur sector by the end of this Parliament. It is also seeking views on introducing point-of-sale measures for bagged growing media together with mandatory labelling highlighting the environmental damage of peat extraction and mandatory reporting of the volume of peat sold for all sellers of peat and peat containing products.

### II Reform

- 1 Defra is expected this week to unveil a Local Nature Recovery Scheme, which will pay farmers to create new habitats, plant trees and restore peat and wetland areas, and a Landscape Recovery Scheme which will support larger projects designed to return countryside to the wild.
- 2 The Farming Investment Fund opens for applications this month to assist with the acquisition of robotic equipment and slurry acidification equipment. Grants can cover up to 40 per cent of costs with a minimum grant of £35,000 and a maximum of £500,000.
- 3 Defra has committed to include organic farming in the Sustainable Farming Incentive scheme stating that it 'recognises the benefits that organic farming can offer to the wider environment' and that it is exploring the possibility of a 'future organic standard'.
- 4 The Welsh Government has called for parties to register their interest in giving an opinion on the practicality of proposed actions underpinning the Sustainable Farming Scheme. The next design phase will take place this summer.
- 5 Applications have opened for the 2022 Countryside Stewardship Facilitation Fund whereby groups of farmers and land managers can work together to improve the natural environment at a landscape rather than single-farm scale. The deadline is 2 February.
- 6 The Welsh Government has announced a direct payment ceiling of £238 millions for 2022 to provide the same level of direct payments as in 2020 and 2021.

### III Grants/regulations/legislation/environment

- 1 In 2020/21, local authorities in England dealt with 1.3 million fly-tipping incidents, up 16 per cent on the previous year; 65 per cent involved household waste; 43 per cent of incidents occurred on highways; the number of local authority enforcement actions fell by 4 per cent to 456,000; the number of fixed penalty notices fell by 24 per cent to 57,600; and the number of court fines fell by 51 per cent to 1,313 with the value of fines falling by 62 per cent to £440,000.
- 2 The official England 'waste from households' recycling rate was 44 per cent in 2020, down 1.5 per cent on 2019; metal recovered increased from 0.9 per cent to 1 per cent; total 'waste from households' increased from 22.1 million tonnes to 22.6 million tonnes, an increase of 1.8 per cent on the average per person to 399kg; the amount of waste recycled fell by 1.2 per cent to 9.9 million tonnes; residual waste increased by 5.1 per cent to 12.6 million tonnes; food waste sent for recycling increased by 11 per cent to 485,000 tonnes; 'other organic' waste sent for recycling fell by 4.4 per cent to 3.6 million tonnes; and the rolling 12-month 'waste from households' recycling rate fell by 1.7 per cent to 43.8 per cent.

- 3 The Scottish Government has reduced the funding of the Agricultural Transformation Fund from £45 millions in 2021/22 to £25 millions in 2022/23. The fund is used to help farmers reach net zero, pay for land use skills training and purchase low carbon farming technologies.
- 4 Further measures have been introduced to control the spread of the larger eight-toothed European spruce bark beetle in Kent and East Sussex. Woodland managers, landowners, the forestry industry and tree nurseries must notify the Forestry Commission if they intend to fell susceptible spruce material or kill any trees of the genus *Picea A. Dietr* over 3m in height. Following felling, susceptible material cannot be left in situ without authorisation.
- 5 UK-US AgTech company Phytoform has been awarded £4.3 millions by Eniac Ventures to develop new climate resistant crops through a combination of machine learning and genome editing technologies.
- 6 The Non-Domestic Renewable Heat Incentive Tariff Guarantee deadline for a fully commissioned and operational installation has been extended to 31 March 2023 but not for biomethane plants which are eligible for the Green Gas Support Scheme.
- 7 The first case of *Phytophthora pluvialis* has been discovered in Wales. The disease particularly affects western hemlock, Douglas Fir and other pine species.
- 8 Scotland has created the Agriculture, Biodiversity and Climate Change Network to inspire farmers and crofters to highlight and share climate change mitigation actions.
- 9 While offering free advice and practical assistance under the NatureScot Beaver Mitigation Scheme, the Scottish Government has refused to pay compensation to farmers who have suffered financial loss following the reintroduction of beavers.
- 10 Further grants totalling £265,922 have been awarded to 11 crofters by the Scottish Government.

#### **IV Other matters of farm finance and tenure**

- 1 In accordance with the requirement of the Agriculture Act 2020, the United Kingdom Food Security Report 2021 has been published. The report covers global food availability; UK food supply; supply chain resilience; household-level food security; and food safety and consumer confidences. Headline data for global food availability includes the rate of increase in global food production output per capita now outpaces global food demand; growth in cereal yields is keeping pace with overall global food demand although growth has slowed; agricultural commodity prices, in real terms are expected to return to a downward trend once COVID-19 measures have been lifted; and stocks of agricultural commodities are healthy with the exception of soybeans. Headline data for UK food supply includes: the UK produces 60 per cent of domestic consumption by value; 54 per cent of food on plates is produced in the UK; self-sufficiency is 54 per cent in fresh vegetables and 16 per cent in fresh fruit; the UK is self-sufficient in grain production, meat, milk and eggs; the UK produces 67 per cent of its sugar beet needs, 71 per cent of potatoes and 79 per cent of oilseeds; supply chain food waste is estimated to be 6-7 per cent of annual production; and soil degradation is estimated to have an annual cost of £1.2 billions. Food supply chain resistance headline data includes demand for energy in the agricultural sector has remained constant for the past 20 years; and delay times on the Strategic Road Network, responsible for two-thirds of all freight, have increased over the past five years.

Headline data for food security at household level includes: between 2009 and 2020 real term expenditure on food increased by 3.9 per cent compared to 13.4 per cent for housing and 4.7 per cent for transport; and, since 2011, food prices have fallen in real terms, only fresh fruit has recorded an increase; and only 8 per cent of UK households regard themselves as food insecure. Finally, headline data for food safety and consumer confidence includes: a high level of overall consumer confidence but concerns about the levels of sugar in food, food waste and animal welfare; and campylobacter continues to be the most frequently reported bacterial pathogen and has marginally increased over the past five years, salmonella is stable while incidents of both E. coli and listeria monocytogenes have decreased.

- 2 Final figures for UK Agriculture as at 1 June 2021 have been published. The total utilised agricultural area increased by 0.2 per cent to 17.2 million hectares with the cropping area increasing by 2.1 per cent, the fallow area increasing by 27 per cent but the permanent grassland area reducing by 0.8 per cent; wheat production increased by 45 per cent to 14 million tonnes while the average yield increased by 12 per cent to 7.8t/ha; barley production fell by 14 per cent to 7 million tonnes; oats production increased by 8.9 per cent to 1.1 million tonnes while the yield increased by 15 per cent to 5.6 t/ha; oilseed rape production fell by 5.5 per cent to 981,000 tonnes although the yield increased by 18 per cent to 3.2 t/ha; and cattle and calf numbers fell by 0.1 per cent to 9.6 millions, pig numbers rose by 5.3 per cent to 5.3 millions, sheep numbers increased by 0.8 per cent to 33 millions and poultry numbers increased by 4.4 per cent to 190 millions. The number of people working on agricultural holdings fell by 1 per cent to 467,000.
- 3 Defra has reported that, in the year to February 2021, 36 per cent of farms in the Farm Business Survey applied for at least one of the coronavirus related grants, loans and schemes; 4 per cent of farms received an average of £13,200 from the Job Retention Scheme with cereal and horticulture farms being the main recipients; and 18 per cent of farms benefited from the Self-employed Income Support Scheme, mainly grazing livestock farms.
- 4 The Scottish Budget for 2022/23 has allocated £650 millions to support the rural economy in agriculture, fisheries and seafood.
- 5 The Agricultural Price Index for October recorded an increase in outputs of 6.4 per cent, compared to a year earlier, and an increase in inputs of 14.4 per cent.
- 6 AHDB has withdrawn its routine funding to Red Tractor claiming that the assurance body was now 'well established'.
- 7 Defra has announced that the Seasonal Worker visa route will be extended until the end of 2024 allowing foreign workers to operate in the horticultural sector for up to six months each year. Defra is to allow 30,000 visas in 2022 with the potential to increase this by 10,000 if necessary. The overall number will start to reduce in 2023 and the horticulture sector has been told to improve its pay and conditions with compliance requirements being tightened. The sector is also expected to attract more UK workers by offering training, career options, wage increases and more automation technology.
- 8 The review of the 2019 seasonal workers pilot has shown that the operators placed 2,481 workers against the maximum permitted of 2,500; workers completed 1,090,655 hours in the soft fruit sector, 557,962 hours in the vegetable sector, 174,170 hours in the salad sector and 114,972 hours in the top fruit sector. Of those who worked, 68 per cent said they would like to return while 78 per cent would recommend the work to friends and family. Of the total, 77 per cent were placed in England, 23 per cent in Scotland and less than 1 per cent in Northern Ireland.

- 9 Par Equity, a Scottish-based forestry investment fund manager, and Aviva Investors have bought 6,356 hectares of land at Glen Dye in the eastern Grampians. Proposals are for 1,800 hectares of peatland restoration work and 3,000 hectares of planting including 1,000 hectares of productive conifer and 2,000 hectares of native woodland and will involve the capture of 1.4 million tonnes of carbon.

## V Product prices

### A Market background

- 1 Sterling exchange rates remained volatile in the final month of the year; weakening against the Euro and the Dollar for the first half of the month but recovering in the latter half. Opening at 84.5p per €, Sterling fell to 85.9p and rose to a peak of 83.7p near the end of the month before closing the month at 84.0p per € (0.5p stronger). The US Dollar opened at 74.9p and by mid-month Sterling had fallen to a low of 75.9p but improvement over the rest of the month saw a December close of 73.9p per \$ (1.0p stronger).
- 2 Crude oil prices, after a material drop in November u-turned again in December, climbing for much of the month, with a mid-month 'blip' that was soon recovered. Brent Crude opened the month at \$69.23 per barrel and rose to a peak of \$79.53 in the final days of the month but closed the year at \$77.78 per barrel (up \$8.55 overall).

### B Crops

- 1 Feed wheat prices dropped back this month as concerns over the impact on consumer demand of the Omicron variant of Covid 19, combined with the Christmas shut-down and signs of global demand being partially satiated by Southern Hemisphere crop, came in into play. Despite this, milling premiums remained in excess of £40/tonne. However, countering the downward price pressure, Brazilian maize yield forecasts have been reduced due to dry weather, whilst the US and Argentine weather is not playing ball either. Feed wheat futures fell back this month, marginally less so in the longer term, but the true picture was one of volatility with price swings of over £15 in the month. By late December, deliveries for November 2022 and 2023 were £198/tonne (-12) and £184/tonne (-5) respectively. Oilseed rape prices, following a 'wobble' early on in the month, continued to increase as the tight global supply remains. Buoyant crude oil prices have underpinned this increase. With large soya crops anticipated in South America, it is expected that the oilseeds market is likely to relax in the longer term.

Average spot prices in late December, before the Christmas shut-down, (per tonne ex-farm): feed wheat £219 (-14); milling wheat £262 (-12); feed barley £208 (-2); oilseed rape £586 (+14); feed peas £237 (+4); feed beans £245 (+4).

- 2 The main source of potato prices, the AHDB Potato sector, ceased active operation in July 2021. A source of potato prices is being sought but no December average prices were available.

### C Livestock

- 1 Average live-weight cattle prices rose markedly in the lead up to Christmas but fell back again in the final stages, with steer and heifer prices following similar paths. The average finished steer price opened at 228p/kg lw and rose to 250p/kg before relaxing to 235p/kg lw shortly before Christmas (up 7p, to sit 29p/kg above the average a year earlier). The average finished heifer tracked similarly but with a smaller gain: opening at 244p/kg lw, it rose to a peak of 262p/kg before falling back to 245p/kg (up 1p, to sit 28p above the average a year earlier). Dairy cow prices remained volatile but still remained above £1,100. Opening at £1,214 per head, the average peaked early on at £1,439 but fell back sharply to £1,122 before settling at a Christmas close of £1,158 (down £56 to sit £146 below the 2020 Christmas close).

- 2 The average finished lamb price (SQQ live weight, new-season) remained bullish in the lead up to Christmas, capitalising further on the November gains. Supply was further tightened by Covid-related absences at abattoirs. Opening at 268p/kg lw, the average rose to peak at 279p/kg before dropping back marginally to 274p/kg lw (up 6p, to sit 59p/kg above the average a year earlier).
- 3 The average UK all pig price (APP) fell again this month but by a smaller margin than in recent months; the processing of market-ready pigs with limited butchers available remains the pinch-point. Opening at 149.9p/kg dw, and after a small increase early on to peak at 150.2p/kg dw, the average price dropped to a Christmas close of 148.6p/kg dw (down 1.3p to sit 8.0p/kg below the closing average a year earlier).
- 4 The UK average 'all milk' price for October, reported this month, recorded a gain of 0.98ppl, reaching an average of 32.55ppl (2.59ppl above the average a year earlier and 3.12ppl above the rolling 5-year average). The EU (ex UK) average for September remains the most recent publication, being 33.00ppl.

## **VI Other crop news**

- 1 A Bayer Crop Science Dekalb survey of 170 growers covering 15,000 hectares of winter oilseed rape, has revealed that over 60 per cent of plantings are reported to be better established than at the same time in 2020.
- 2 In 2020, 121,000 hectares in the UK were used to grow crops for bioenergy, just under 2.1 per cent of all arable land, 30 per cent was used for biodiesel and bioethanol for road transport with the remainder mainly for heat and power production.
- 3 The Agricultural Price Index for October shows increases of 7.5 per cent for wheat, compared to a year earlier, 35.7 per cent for barley, 13.7 per cent for oats, 46.6 per cent for potatoes and 45.4 per cent for oilseed rape but there were falls of 36.2 per cent for forage plants, 4.5 per cent for fresh vegetables and 21.3 per cent for fresh fruit. Compared to September, there were increases of 5.4 per cent for wheat, 6.5 per cent for barley, 5.4 per cent for oats and 6.9 per cent for oilseed rape but falls of 2.7 per cent for forage plants, 7.1 per cent for fresh vegetables and 6.7 per cent for fresh fruit.
- 4 Cambridge University has applied for consent to carry out a field assessment of arbuscular mycorrhizal contributions using gene-edited and gene-modified spring barley.
- 5 Combinable pea Carrington, bred by LS Plant Breeding, has been included in the PGRO Descriptive List having achieved a yield of 117 per cent in 2021. Yellow pea Rivoli, bred by Senova, has achieved the highest mark, 8, for resistance to downy mildew. Spring bean Lynx, bred by LS Plant Breeding, has topped the list in the category, having achieved a yield of 106 per cent.
- 6 The John Innes Centre has applied for consent to conduct trials of an iron biofortified wheat.
- 7 KWS Ladum has topped the Recommended List for Group 1 spring wheats with a yield of 102 per cent, a specific weight of 78kg/hl and a Hagberg of 324. Its grain protein is 13.2 per cent.
- 8 Bayer Delkab has released three SiloEXTRA maize varieties into the UK market.
- 9 Jensen is new to the Recommended List for spring malting barley varieties with a treated yield of 106 per cent, a high resistance to bracking and mildew and a rhynchosporium score of 6.
- 10 The NFU has warned that the extension of a 260,000 tonne tariff-free quota for raw cane imports for a further three years could lead to a permanent decline of UK beet production.



- 11 Merlin and Lion, both husked oat varieties, have been added to the spring oats Recommended List.
- 12 In the three months to September, 43 per cent of horticultural survey respondents required seasonal labour; the average shortfall was 10 per cent; and the average shortfall ranged from 39 person days in July to 61 in September.
- 13 Indoor farming specialist iFarm has joined forces with Karls Erdbeerhof, the largest producer of agricultural products and strawberries in Germany, to research the indoor production of strawberries using 'aeroponic growing methods'.
- 14 The EU has forecast a fall in the production of tomatoes at a rate of 0.4 per cent per year up to 2031 mainly due to a reduction in overwintered production in Spain and a shift from larger fruited varieties to small varieties which have a higher value.

## VII Other livestock news

- 1 By 24 December, 55 cases of avian influenza H5N1 had been confirmed in England. Disease control zones were in force at Buckfastleigh, Devon; Chester; East Lindsey, Lincolnshire; Bosworth, Leicestershire; North Shropshire; Pocklington, East Yorkshire; Middleton-in-Teesdale, Durham; Washington, Tyne & Wear; South Herefordshire; Sudbury, Suffolk; Barrow upon Soar, Leicestershire; Forest of Dean; Richmond, North Yorkshire; Leominster, Herefordshire; Tutbury, Staffordshire; Clitheroe, Lancashire; Copeland, Cumbria; Willington, Derbyshire; and Fylde, Lancashire.
- 2 In the year to September, the number of new herd bovine TB incidents in England fell by 5 per cent, compared to a year earlier, with a fall of 5 per cent in the High-risk area but an increase of 25 per cent in the Low risk area. There was a fall of 6 per cent in Scotland but a rise of 8 per cent in Wales. The number of herds not officially TB free fell by 8 per cent in England with falls of 8 per cent in the High-risk area and 11 per cent in the Edge area but an increase of 12 per cent in the Low risk area. There was a fall of 22 per cent in Scotland but a rise of 5 per cent in Wales.
- 3 During November, UK prime cattle slaughterings fell by 5.1 per cent, compared to a year earlier, to 166,000 head; beef and veal production fell by 8.3 per cent to 76,000 tonnes; sheep slaughterings fell by 11 per cent to 1,122,000 head; mutton and lamb production fell by 10 per cent to 25,000 tonnes; pig slaughterings rose by 7.9 per cent to 981,000 head; and pigmeat production rose by 11 per cent to 93,000 tonnes.
- 4 Scottish Agricultural Organisation Society has been appointed to carry out assessment and certification processes for Quality Meat Scotland.
- 5 The Agricultural Price Index for October shows increases of 14 per cent for cattle and calves, compared to a year earlier, 18.3 per cent for sheep and lambs, 2.7 per cent for poultry, 8.5 per cent for milk and 8 per cent for eggs but there was a fall of 6.7 per cent for pigs. Compared to September, there were increases of 1.4 per cent for sheep and lambs, 2.1 per cent for poultry and 3.1 per cent for milk but falls of 1.7 per cent for cattle and calves and 5 per cent for pigs.
- 6 UK milk production in 2021/22 is forecast to be 12.4 billion litres, down 1.2 per cent on 2020/21. The reduction in the forecast level is due to lower than expected deliveries in September to November and lower than average milk yields which are expected to persist for the remainder of the season.
- 7 Muller has increased its milk price by 1ppl taking a standard litre to 32ppl and those meeting the conditions for the Muller Advantage premium to 33ppl. Those in the Lidl GB three-year fixed price contract will receive a temporary uplift of 4ppl.

- 8 In October, 1,131 million litres of milk was made available to processors, up 3.4 per cent on September; liquid milk production rose 1.9 per cent to 506 million litres; butter production rose 16 per cent to 16,000 tonnes; milk powder production rose 37 per cent to 4,800 tonnes; but cheese production fell by 2.5 per cent to 39,000 tonnes.
- 9 Meadow Foods has increased its milk price by 3ppl with a standard litre rising to 33ppl and a manufacturing litre to 33.625ppl.
- 10 Dales Dairies, Yew Tree and Payne's have all increased their milk prices by 3ppl taking a standard litre to 34ppl, 33.5ppl and 33ppl respectively.
- 11 Nuffield Council on Bioethics has called on the Government to put animal welfare at the forefront of new gene editing technology regulation.

## **VIII Inputs/Supply businesses**

- 1 The *Plenodomus biglobosus* 'canadensis' variant of Phoma has been found for the first time in the UK on wasabi plants. There is concern it could spread to oilseed rape, cabbage and pakchoi.
- 2 The Agricultural Price Index for October shows increases of 2.5 per cent for seeds, compared to a year earlier, 30.6 per cent for energy and lubricants, 84.1 per cent for fertilizers, 2 per cent for chemicals, 0.7 per cent for veterinary services, 10.1 per cent for animal feedingstuffs and 24.5 per cent for buildings maintenance. Compared to September, there were increases of 3.4 per cent for seeds, 7.7 per cent for energy and lubricants, 16.1 per cent for fertilizers, 0.4 per cent for chemicals, 1.2 per cent for animal feedingstuffs and 1 per cent for buildings maintenance.
- 3 The International Compost Alliance, comprising compost organisations from around the world, has been formed, being a voluntary partnership to advance awareness and understanding of the benefits and use of compost globally.

## **IX Marketing**

- 1 The US has authorised the import of lamb from the UK which has an estimated value of £37 millions over 5 years.
- 2 Defra has launched a consultation on food labelling over concerns about the quality of low standard imports.
- 3 Imports of beef in October rose by 11 per cent, compared to 2020, to 22,600 tonnes but were down 21 per cent on September. Most of the increase arose from Ireland, Germany and Uruguay. In the year to date imports have totalled 194,400 tonnes, up 4 per cent on 2020. Exports in October totalled 10,100 tonnes, up 13 per cent on a year ago and 22 per cent on September. Most of the growth came from shipments to France. In the year to date, exports totalled 82,000 tonnes, 14 per cent down on 2020.
- 4 A survey of 500 farmers conducted by Sustain has revealed that 56 per cent would prefer to stop selling to centralised supermarkets and larger processors while a further 20 per cent would consider doing so.
- 5 Exports of pigmeat in October were down 33 per cent on a year ago, at 25,600 tonnes. Shipments to China were the lowest since December 2018. In the year to date, exports totalled 287,500 tonnes, down 12 per cent on 2020. Imports in October were down 10 per cent on a year ago, at 60,200 tonnes. In the year to date, imports totalled 589,200 tonnes, down 9 per cent on 2020.
- 6 In the 12 weeks to 31 October, grocery sales fell by 1.9 per cent, compared to a year earlier, but were up 7.3 per cent on the same period in 2019.



- 7 During October, exports of sheep meat fell by 12 per cent, compared to a year earlier, to 7,000 tonnes. In the year to date, exports have fallen by 22 per cent to 54,900 tonnes. Imports in October fell by 33 per cent, compared to a year ago, to 2,200 tonnes and, in the year to date, are down 16 per cent at 40,000 tonnes.
- 8 In the year to October, salad sales rose by 1.9 per cent while volume sales rose by 6 per cent. Tomato sales increased by 4.4 per cent but cucumber sales fell by 4.3 per cent. Consumers aged over 55 buy most salad while children eat the least.
- 9 Bayer Crop Science has joined the membership programme of Veg Power which aims to increase vegetable consumption in the UK.
- 10 Farmdrop, the home grocery delivery service which primarily operated in the London area, has collapsed into administration. Up to 450 producer suppliers are thought to be creditors.

## **X Miscellaneous**

- 1 Latest figures show that, on average, people born in Mainly Rural areas are expected to live two years longer than those born in Urban with Minor Conurbation areas. The average life expectancy in 2015-17 in England was 79.5 years for men and 83.1 years for women.
- 2 The Department of Transport has reported that, between 2018 and 2020, rural roads were more dangerous than those in urban areas, recording 1,649 fatalities and 16,055 serious injuries.
- 3 In the year to March 2021, the average house price in England in Rural areas rose by 3.7 per cent, compared to the year to December 2020, to £373,000 and by 3.1 per cent in Urban areas to £335,400; the percentage unemployed in Rural areas was static at 2.9 per cent but fell by 0.1 per cent in Urban areas to 4.8 per cent; and the number of redundancies in Rural areas rose by 2.3 to 2.8 per 1,000 workers and from 3.9 to 4.3 in Urban areas.
- 4 In the New Year's honours list, Susie Warren-Smith of Produced in Kent has been awarded a CBE; Janine Caunt of the Grain and Feed Trade Association an OBE; and Valerie Cockerell of the Official Seed Testing for Scotland also an OBE.

## Postscripts

1. They said a mask and gloves were enough to go to the supermarket. They lied, everyone else had their clothes on.

2. Website: we use cookies to improve performance. Me: same.

3. 'Why is my sister's name Paris?'

'Because she was conceived in Paris.'

'Thanks Dad'.

'No problem Quarantine.'

4. Single man with stock of toilet rolls would like to meet single woman with hand sanitiser for good clean fun.

5. A doctor that had been seeing an 80-year old woman for most of her life finally retired. At her next check-up, the new doctor told her to bring a list of all the medicines that had been prescribed for her. As the doctor was looking through these his eyes grew wide as he realised she had a prescription for birth control pills.

'Mrs Smith, do you realise these are birth control pills?'

'Yes, they help me sleep at night.'

'Mrs Smith, I assure you there is absolutely nothing in these that could possibly help you sleep.'

She reached out and patted the young doctor's knee and said, 'Yes dear, I know that. But every morning, I grind one up and mix it into the glass of orange juice that my 16-year old granddaughter drinks. And believe me it definitely helps me sleep at night.'

# Monthly Farming Update

## Anomalies no more!

It is generally accepted that the Government has to find some money from somewhere. It is a thankless task. 'Higher taxes will stifle growth' is often said. For years successive governments have bucked the issue of social care and yet, when an attempt is made to address the problem there is universal criticism but little by way of sensible alternative proposals. The job of the Chancellor is not an enviable one.

The Office of Budget Responsibility was tasked with modernising the tax raising system but has been largely ineffectual. It has 'tinkered at the edges' but has done little to deal with the numerous anomalies which exist.

The effect of an anomaly is to allow a minority to benefit while the majority do not. Depending on one's political hue, one may or may not agree with various tax laws but it should be fair that an individual law applies to all across the board.

It appears, at least, that one anomaly is to be reviewed.

There are two rates of Stamp Duty Land Tax, namely Residential and Non-residential. The former tends to be higher than the latter. But what happens if a purchase is of both residential and non-residential property? In most cases, the latter rate prevails.

The purchase of a residential property costing £1m by a person who already owns a property will give rise to an SDLT liability of £73,750. If the same person subsequently purchases 50 acres of grazing for £300,000, a further liability of £4,500 arises making a total of £78,250.

However, at present, a similar person may purchase a residence with 50 acres of grazing attached for a total of £1.3m but will only incur an SDLT liability of £54,500 in total. In other words, £19,250 less than if the 50 acres not been included in the purchase.

The HMRC consultation on how best to tax these 'mixed use' property transactions is open until 22 February.

Perhaps it's the start of 'anomaly action' year!

We welcome feedback on the MFU.

Does this issue raise any questions in your mind?

Would you like more information on a particular item?

Please ring one of our agricultural specialists:

**Karen Blackiston**

**Nick Holmes**

**Iain Morris**

**Ben Wilkinson**

**Chavereys**  
2 Jubilee Way  
Faversham  
Kent  
ME13 8GD

Tel: 01795 594495  
Fax: 01795 594499

E-mail: [mfu@chavereys.co.uk](mailto:mfu@chavereys.co.uk)  
[www.chavereys.co.uk](http://www.chavereys.co.uk)

If you would like to add a friend or colleague's name to the mailing list please contact Lindsay Glead

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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