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agriculture

Edmund Carr
Chartered Accountants

UK farmland prices stabilise

Limited availability of farmland for sale, coupled with a government pledge to maintain farm subsidies post-Brexit until the end of the current Parliament in 2022, have resulted in arable land prices stabilising after two years of falling values.

Commercial property specialists Knight Frank have warned that a two-tier market in farmland appears to be developing in England and Wales. Although some good quality arable land in southern and central England is selling for up to £10,000 per acre, the price of farmland in general has fallen in England and Wales for seven successive quarters.

While the price of arable land appears to be levelling out, figures published by Knight Frank have also revealed that the price of farmland overall in England and Wales fell 1.7% quarter-on-quarter to reach £7,313 per acre in the April to June 2017 quarter, compared to a high of £8,306 per acre in Sept 2015.

However, according to land agency Strutt & Parker, in the quarter from April to June 2017, the average price of arable land in England was £8,400 per acre, which was similar to prices paid in the first quarter of 2017. Strutt & Parker believe that the price of farmland seems to be levelling out after two years of gradual decline and has found that the majority of arable land sold is in the £8,000–£10,000 per acre price bracket, with most selling at the lower end of the range.

According to Knight Frank, farmers' confidence has been boosted by confirmation from the Department for Environment, Food and Rural Affairs (Defra) that current EU agricultural subsidy levels will be maintained post-Brexit until at least 2022, when the current Parliament ends. Knight Frank also highlighted that an increase in farm commodity prices affecting produce such as wheat and beef, due to the weakness of sterling, has also contributed to a feeling of increasing confidence within the agricultural community.

Despite rising demand for farmland, the lack of supply of farmland for sale has continued to be an issue. Knight Frank has indicated that there is a wide range of potential purchasers looking for land, such as farmers intending to expand and investors seeking secure long-term assets.

Andrew Shirley, Knight Frank head of rural research said *"perhaps most importantly, there is still not that much farmland for sale. At the same time a wide variety of potential buyers are looking for land, either farmers seeking to expand, investors hunting for long-term secure assets, or rollover driven purchasers."*

Michael Fiddes, head of estates and farm agency for Strutt & Parker also commented: *"At this point, there are no indications that more farmers are planning to sell this autumn, which would accelerate the amount of land coming onto the market"*.

There is more about farmland prices at: http://bit.ly/2fnZN8z

Agriculture UK 200group

£200 million funding boost for rural economies

The Department for Environment, Food and Rural Affairs (Defra) has launched the latest round of the Rural Development Programme, which will provide £200 million of grants to support business growth and job creation in rural areas across England.

The funding will provide £120 million for projects that improve farm productivity and help farmers, landowners and foresters to manage their land more effectively. Examples of eligible projects include funding to purchase woodland management equipment, create on farm reservoirs and support to use water more efficiently.

A further £45 million of grants will be made available for business growth projects, including investing in new equipment and for diversification projects. Funding will also be available to support business start up and growth in the rural tourism and food production sectors.

Defra has confirmed that £30 million of Rural Development Programme funding has been allocated to improve broadband coverage in rural areas. In particular, it will fund the delivery of faster broadband of at least 30Mbps in rural areas where it is not currently available or planned.

Rural Affairs Minister, Lord Gardiner, said: *"This funding will make sure businesses in remote locations can get online, help farmers install cutting edge technology, create new tourist hotspots and bring high quality jobs to rural communities across the country."*

The Rural Development Programme for England (RDPE) is expected to create around 6,750 new jobs in rural areas by 2020, and more than 1,400 projects have already been agreed. Overall, the RDPE will invest at least £3.5 billion in rural economies across England by 2020.

Defra is currently accepting applications for funding to invest in forestry equipment and create reservoirs. Funding for other projects, including improving broadband speed, rural business support and resource efficiency, will be made available later in 2017.

Read more at: http://bit.ly/2vaMnWi

Government urged to address shortage of seasonal workers

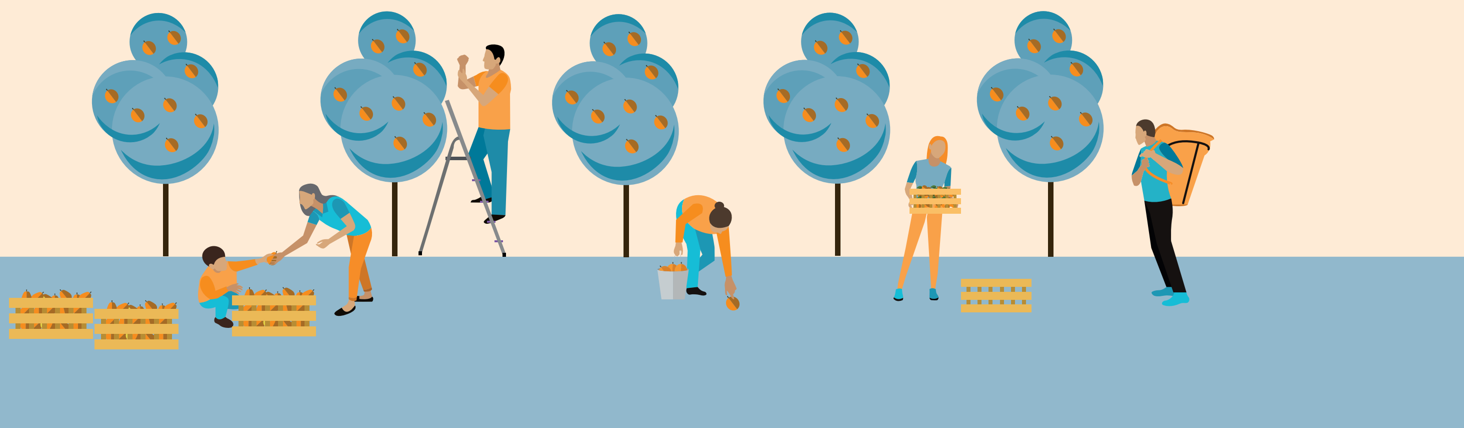
The agricultural sector in the UK is facing a severe shortage of seasonal workers due to the UK's decision to leave the EU, a report from the National Farmers' Union (NFU) has warned. The 'Vision for the Future of Farming' report has revealed that the number of seasonal workers coming to work on British farms from outside the UK fell by 17% in the first six months of 2017.

In the report, the NFU warns that the supply of seasonal workers for the 2018 and 2019 growing seasons is now "in jeopardy", and that the shortage of workers will become even more significant once the UK formally leaves the EU. According to the NFU, a shortage of agricultural workers will undermine the long-term sustainability of the sector, cause farmers to delay investment plans and place jobs in the farming and food production sectors at risk.

In response to the findings, the NFU has made a series of recommendations to Government to address the sector's labour concerns and ensure continued access to workers from the EU.
In particular, the report calls for the Government to explore the impact of any changes to the immigration system on access to labour in the agricultural sector. The NFU is also urging the Government to take a flexible approach to immigration in the forthcoming Immigration Bill so that farmers in the UK can recruit both seasonal and permanent workers from outside the UK after leaving the EU.

NFU President, Meurig Raymond, said: "It is crucial that the Government addresses these concerns immediately to ensure that farming has access to a competent and reliable workforce, now and post-Brexit. A solution, such as a suite of visa or permit schemes, is urgently needed to avoid losing a critical number of workers that could jeopardise future harvests and food production."

Read more about the report at: http://bit.ly/2ybQ2lF



in brief...

Farming income fell by 7.5% in 2016

The Department for Environment, Food and Rural Affairs' (Defra) first estimate of Total Income from Farming (TIFF) for 2016 indicates that UK farming income fell by 7.5% in 2016, a drop of around £292 million in real terms. As a result, the contribution of the agriculture sector to UK Gross Domestic Product (GDP) has fallen by 4.3% (or £366 million) to £8.2 billion from 2015 to 2016. According to Defra, a fall in production and lower prices for wheat, milk and rapeseed contributed to the fall. However, Defra also claims that the drop in the value of sterling against the euro following the Brexit vote has increased the value of basic payments to UK farmers by 18%, which has helped to offset some of the fall in income. http://bit.ly/2vYvlYC

New training body for UK food industry

A new training body to support the long-term sustainability of the food industry in the UK has been launched. The AgriFood Training Partnership (AFTP) will bring together six leading universities in the field of agri-food research, and will provide a single entry point for professional training in the food industry. It will also offer more than 150 courses and workshops covering agricultural production, environmental protection, food manufacturing and scientific research and development. The AFTP has received initial funding from the Biotechnology and Biological Sciences Research Council (BBSRC) for five years. Carol Wagstaff, Director of the AFTP, said the training body will help to *"deliver the skills the industry needs to drive increased productivity, profitability and sustainability for both pre- and post-farm gate agri-food businesses."* http://bit.ly/2tUcmR3

European Parliament agrees new rules for organic farmers

The European Parliament has agreed a series of reforms to EU rules covering the production and labelling of organic products. The new rules will help guarantee fair competition for organic farmers and food business operators. For example, all importers of organic products into the EU will have to satisfy production and control rules, while the European Parliament will also develop new trade agreements to support organic food producers and operators to expand into new non-EU markets. In addition, the rules will introduce new measures to tackle fraud and unfair practices, and improve consumer trust in organic products. The reforms will also standardise rules covering organic production and the labelling of organic products across the EU. The new rules are expected to come into force from July 2020. http://bit.ly/2ulpStN

Consumers back British farming post-Brexit

The latest 'Farmer Favourability' survey from the National Farmers' Union (NFU) has revealed that 90% of consumers believe farming is important to the UK economy and 68% have a favourable or very favourable opinion of British farming. The survey, which is the first annual survey by the NFU since the EU Referendum, has also indicated that consumers believe farmers should receive additional support from Government post-Brexit. Of the 2,000 consumers surveyed, two thirds said the Government should support farmers to produce food and protect the environment. In addition, 75% of respondents believe farmers need more support to deal with climate change, invest in their farms and guarantee a fair standard of living. http://bit.ly/2h6273V

Latest round of Woodland Creation Grant announced

The Forestry Commission has announced that the next round of the Woodland Creation Grant will be open to applications in January 2018. It will provide capital grants of up to £6,800 per hectare for farmers and other land managers to plant, weed and protect trees. The Woodland Creation Grant also provides funding for land managers to invest in equipment used for woodland creation, such as tree shelters, fencing and water gates. Annual maintenance payments of up to £200 per hectare will also be available for a maximum of 10 years. Eligible maintenance activities could include replacing any trees that die, maintaining fences or separating newly planted trees from competing vegetation. Application forms and guidance will be available later in 2017. http://bit.ly/2h8EuLX

Farmers face penalties for over-payment of BPS claims

Basic Payment Scheme (BPS) claimants could face financial penalties as a result of the Rural Payment Agency's (RPA) review of its digital maps, land agents Robinson and Hall have warned. The RPA must review and update all of its digital maps in order to comply with European Commission regulations, which state that all data stored on the RPA's system must not be more than three years old by 31 October 2017. The digital maps will be updated to take into account any new information about the land or farm. Robinson and Hall have warned that if the updated maps are used to verify 2017 BPS claims, farmers could be charged for any over-payments they have received if field sizes have changed since they filed their application. http://bit.ly/2x4Cvw5

smaller farms in England are disappearing

According to a report published by the Campaign to Protect Rural England (CPRE) in August 2017, smaller farms in England are disappearing rapidly, along with the diversity in landscape and food production they provide to the rural economy. In the 'Uncertain Harvest: does the loss of farms matter?' report, the CPRE claims that a mix of farm sizes and types is vital for rural heritage and the environment, and to sustain rural communities through provision of jobs.

While 20% of English farms have disappeared in the past 10 years, the losses are most evident among smaller farms, as a third of farms with fewer than 50 hectares of land were lost to the economy between 2005 and 2015. The CPRE is warning that virtually all small farms in England under 50 hectares in size could disappear by the middle of the century if the current trend continues.

According to the CPRE, smaller farms have faced significant market pressures in recent years, as a result of the EU CAP funding model and due to supermarkets forcing prices down as they control 90% of the retail food market.

After the UK leaves the EU, the Government has indicated that a new funding structure for farmers would be based on environmental benefits rather than on farm acreage. Therefore the CPRE is recommending that the Government should carry out research into the current state of the farming sector, especially in respect of the market, and how any new funding structures can help farms of all sizes prove economically and environmentally sustainable.

Graeme Willis, food and farming campaigner at the CPRE, said: *"Public finance should be designed with tapering to support all farmers for providing public benefits, and smaller farmers should be given a strong voice in the distribution of local funding. We must also make sure markets are fair and support our farmers. We all want a diverse, thriving countryside and wonderful food. Smaller farms are integral to both."* http://bit.ly/2uJmhFu

farm business tenancies increasing in length

The Central Association of Agricultural Valuers (CAAV) has published its findings, which indicate that the average length of Farm Business Tenancies (FBTs) in England and Wales have increased significantly in recent years.

FBTs were introduced in 1995 and since then the Tenant Farmers Association (TFA) has been concerned that average farm tenancies have typically been only three to four years long, because short-term tenancies discourage investment and sustainable use and productivity on farms.

However, according to the CAAV research, the average farm tenancy is now four and a half years long, and when lettings of less than a year are excluded from the calculations, the average figure rises to six years.

In 2015 the TFA launched its FBT10+ campaign, to highlight that farm tenancies are too short and should be held for a minimum of ten years, and so has welcomed the CAAV findings.

The TFA has now called on the Government to take measures to encourage longer farm tenancies, so that tenant farmers can remain resilient and their farms sustainable after the UK has left the EU. The measures include restricting 100% Agricultural Property Relief from Inheritance Tax to landlords who are prepared to let farmland for ten years or more, and enabling landlords to declare their income as trading income for taxation purposes. In addition the TFA has suggested that Stamp Duty Land Tax should be reformed, and landowners who have no management control, or take no risk in the business should be prevented from using agricultural schemes as tax avoidance vehicles.

Read more about the TFA proposals http://bit.ly/2xDCDpp

EDMUND CARR LLP
Chartered Accountants

146 New London Road
Chelmsford
Essex
CM2 0AW

Tel: 01245 261818
Fax: 01245 492812
www.EdmundCarr.com

If you would like further information on any of the articles in this newsletter please contact Ray Crace on the above telephone number or email RCrace@EdmundCarr.com

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