

Land Business Update

Week commencing 7th January 2019

Farming

Gove warns of considerable turbulence caused by no deal Brexit

He said that a no-deal Brexit meant an overall tariff rate of around 11% on agricultural products, with tariffs on beef and sheep meat above 40%, and additional border inspections. While these tariffs could increase the prices that farmers receive, they would cut demand from overseas buyers particularly in Europe. Given this, he called on Parliament to back the Prime Minister's deal.

Europe votes for greater transparency in approving pesticides

MEPs and the European Council are proposing to oblige the European Food Safety Authority (EFSA) to publish safety studies before it authorises a product for sale, in order to make the risk assessment process more transparent and ensure that the studies used to authorise a product are objective and independent. This has been more controversial than might be expected as some MEPs say it goes too far, will make copying of products easier for other countries and endanger product development in the EU.

Total profit from all farming businesses in the UK is expected to fall by 15% in 2018

Defra's first estimates show overall profitability falling as, although output rose (by 1% for the value of crops produced and 3% for livestock), costs rose by 6% due to rising fuel, feed and fertiliser prices. This combined to cut total profits, which is called Total Income from Farming, to £4,900m from £5,700m in 2017. This makes it even more important for farmers to review the profitability of their businesses and look at all options to diversify income before direct payments start being reduced from 2021 onwards. Contact [Will Gemmill](#) to discuss S&P's five steps for preparing farm businesses for Brexit.

Environment and farming

Continue with strong policy to reduce 'nitrate time bomb'

Over use of artificial fertiliser has led to nitrate pollution in many of the UK's waters. The Environmental Audit Committee has said that targets to improve water quality must be enforced, and that this can be done by maintaining the polluter pays principle (which the Government says it supports in the Health and Harmony document) and by supporting farmers to invest in infrastructure and processes to reduce fertiliser applications (which the Government is contributing to through the Countryside Productivity Small Capital Grant Scheme). The MPs also said that leaving the EU allows the UK to create a new joined-up approach to regulation of water, air and soil quality.

Environment

UN Climate Change Conference agrees how countries will implement the Paris Climate accord

The conference in Poland, which ended in mid-December, agreed guidelines on how each country will calculate its own climate actions, which is an important piece of accounting. These are called Nationally Determined Contributions (NDCs). The important next step is for individual countries to propose and deliver ambitious cuts in emissions.

Discussion continues over the power of the proposed environmental watchdog

The Government has said that the watchdog will have the power to sue the government over environmental failings but environmental bodies have said that it will not be truly independent as its chair and budget will be decided by the Government. This is important when set in the context of the outgoing chair of Natural England saying that it has lost its independence from Government. There is also an ongoing debate on whether the environmental targets set by the new Environment Bill will be legally binding on the Government or not – which feels like the most critical element of whether it will have real teeth. The Bill is expected to be published in September 2019.



Planning

Around 6,000 acres of greenbelt to be developed in Greater Manchester's planning strategy

A revised draft of the long-term strategy for development in the Greater Manchester area has been released. It has cut the amount of greenbelt land planned to be used for development from 12,000 acres to around 6,000. The Mayor Andy Burnham had previously said he did not want any greenbelt used but has accepted that some will be needed to meet targets for new houses.

Property

Join us at our Capitalise - Prospects for Property 2019 event

BNP Paribas Real Estate and Strutt & Parker is holding its flagship commercial property event on 31st January in London. Over 300 people have already registered to attend. Please send us an [email](#) if you would like further details or to register.

Rural economy

Provisional Local Government Finance Settlement for 19/20

The Government has announced how much it will fund local authorities in 2019 / 20. Although the headline is that Core Spending Power for local authorities is increasing from £45.1bn to £46.4bn, this includes Council Tax, which is higher in rural areas than in urban ones due to historical underfunding of rural places. The Rural Services Network, which campaigns for fairer funding in rural areas, says that although there are some positives in rural funding, it remains concerned about central government's long-term funding plan for elderly and vulnerable residents with social care needs. The RSN also welcomed the Government's commitment to a Fairer Funding Consultation.

Telecoms

Farms and estates are seizing the initiative in tackling poor mainstream broadband

The Universal Service Obligation means that by 2020 everyone across the UK should have a high-speed broadband connection, but it is unclear how network providers can deliver this within the proposed time-scale. Our experience is that many farms and estates are investing in their own private high-speed networks, including leased fibre connection to the premises, satellite and Fixed Wireless Access networks. For more information about rural broadband systems, contact [Stuart Gray](#).