

UPDATE

CLM
NEWSLETTER
WINTER 2021OUR SERVICES FARM BUSINESS & ESTATE MANAGEMENT • PLANNING & DEVELOPMENT
• SUBSIDIES & GRANTS • LAND SALES & ACQUISITION • NATURAL CAPITAL AND ECOLOGY

Prepare for biodiversity net gain

The Environment Act finally got Royal Assent last month, bringing into force a raft of new laws.

The Biodiversity Net Gain (BNG) element of the Act is of particular interest in the South East, with so much development expected.

This will require all housebuilding and infrastructure developers to provide at least 10% net gain in biodiversity, either at the location of a project or 'off-site'. This will prompt some to seek deals with

farmers and landowners to provide the 'gain'. Others are likely to fulfil their requirements by purchasing BNG 'credits' from a national register, the money raised will be invested in habitat creation.

Everything from hedgerow planting and wetland creation to heathland restoration and planting nectar-rich species to benefit insects could be paid for under BNG provisions.

CLM are perfectly placed to

answer all your natural capital and BNG questions, having been surveying, creating and managing farm habitats for many years. We are also working on one of Natural England's nine pilot projects, designed to shape the concept's national framework.

"We've been doing a lot of work on farm baselines and are collecting baseline data on a number of farms," says Harrison Anton (pictured), a natural capital expert with CLM.

"Doing this is the key to unlocking BNG and other natural capital opportunities, as farmers and landowners will need authoritative, data-driven evidence when dealing with planning authorities or private companies.

"The government is yet to announce the full details of how BNG will work in practice, but baselining habitats – whether relatively simple ones such as arable ground or more complex ones like chalk grassland – shows both what biodiversity will need to be replaced if you wish to undertake development, plus what the scope is for any increase in biodiversity if you are looking to provide 'gain' on your land for someone else."



5 ways to get
ready for BNG



Here are 5 steps you can take now to best position yourself for future BNG opportunities:

1 Understand what habitats and biodiversity your land currently supports and the potential it has to provide more. If you have credible, authoritative data, you will be best placed to win the confidence of those looking to do BNG deals. Your baseline is effectively the value of your natural capital asset. Remember, though, you can put this asset to various uses, so consider BNG in tandem with other revenue-generating opportunities.



2 Discuss plans with your likely successor(s) as BNG agreements look likely to be for

30 years or longer. Such long-term guaranteed revenues have advantages, but you need to be comfortable tying up ground for this long and possibly in perpetuity.

3 It's important a project dovetails well with your current and future farming enterprises. There are great synergies to be had – a biodiverse-rich environment could turn the key, for example, on recreation and tourism opportunities. But consider the knock-on implications – what might farming fewer acres mean for your fixed costs, for instance, or might you need to introduce a livestock enterprise to graze a new meadow?

4 Scrutinise the Local Plan. Local Authorities will increasingly refer to BNG in their local plans. This document is in the public domain, so check if it makes any specific commitments. An initial informal conversation with a planning officer can be useful to gauge their position. Some LPAs are already requiring BNG at up to 20%.

5 Engage with as many interested parties as possible when your idea is still at the formative stage. Whether it's local wildlife trusts and archaeology groups or parish councils and water authorities, understanding their position will help you shape your plans and could help avoid potential objections.

New 'productivity schemes' offering cash support

The government is offering farmers a total of more than £25m in grants to fund new equipment and infrastructure.

Two schemes were launched last month under the banner of the Farming Investment Fund – the Farming Equipment and Technology Fund, and the Farming Transformation Fund.

The Farming Equipment and Technology Fund is giving farmers the chance to claim between £2,000 and £25,000, with the first application window deadline set at January 7, 2022.

There are 120 items potentially eligible for support, focusing on kit that improves efficiency and brings environmental benefits, such as direct drills, slurry application equipment and solar-powered electric fences.

Meanwhile, the Farming Transformation Fund is offering



between £35,000 and £500,000, initially for water management projects such as irrigation and reservoirs. An online checker determines eligibility and the likelihood of success, with some projects then invited to make a full application.

The initial deadline is 12 January 2022, with full applications having to be made by June 30, 2022.

The NFU called the launch of both schemes "good news", but raised concerns over the tight application windows and urged farmers to apply quickly.

Take decisions now for a better future

CLM's Matthew Berryman was commissioned by Farmers Weekly to contribute a 'Talking Point' article, helping farmers navigate some of their decision-making conundrums. Here's what he had to say:

A question that's worth asking yourself if you run a farm is: 'Who's the boss – me or all the circumstances around me to which I am reacting?'

It can sometimes feel as if it's the latter, especially given how many unknowns there are at present. Farming is facing a pandemic of uncertainty – not least surrounding government policy – which can make decision-making feel almost impossible.

Faced with such a situation, sometimes the right answer is to do nothing. Indeed, an expression I've often used in my consultancy career is 'If in doubt, do nowt'.

But for many farmers at the moment, this isn't the best approach because there is something you can and should do. You can decide what you want your business to be – and that, in turn, will help you make more informed decisions, rather than reacting to circumstances as they arise.

Ask: Where do I want to be in 10 years? What are my long-term objectives? It can involve asking such huge questions as: Do I actually want to farm? What do I want to farm? What (if anything) would I like to do in tandem with my farming business? How hard do I want to work? Are my sons or daughters going to come into the business? How much debt am I comfortable with?

Identify what is important to you – and, as importantly, what isn't. Be honest about which enterprises lose money – and which you don't enjoy. Are you only doing something because dad always did it? Or is it part of the future of the business for you and your successors?

The right decision may be to carry on doing what you're currently doing (in other words, to do nowt) but you will only know that – and be able to have confidence in that decision – if you review your whole business critically.

In many ways, farming is driven by government policy, events and the weather so it's easy to get into a situation where you're constantly firefighting. A lot of farmers simply don't have the headspace to think and this can be particularly so with enterprises such as dairying which

can involve 16-hour days, 365 days a year.

If you're in that situation, an important step is to recognise you're in that situation. It might be that you'd benefit from someone outside the business to ask the questions that you may find difficult to ask (or perhaps don't even realise you have to ask).

This might not necessarily be a consultant – it might be an accountant, a lawyer, an agronomist, a contact or colleague or friend, just as long as you can trust them to give you an independent, objective opinion and to constructively challenge you.

If you don't review where you're going, however, you'll be left on an indecisive path and this will just compound the worry.

My advice to clients is to not waste time and money half-heartedly exploring options that aren't going to work anyway. Instead, they should properly consider the genuine, realistic opportunities.

There are some decisions you can make right now that will put you in the best position to make sound decisions in the future when more information is available and this pandemic of uncertainty passes.



IDENTIFY WHAT IS IMPORTANT TO YOU – AND, AS IMPORTANTLY, WHAT ISN'T."



Generate power – and profit from renewables

The recent COP26 gathering once again put climate change and global energy provision in the spotlight.

While many questions remain unanswered, it's clear that renewable energies will become ever-more prevalent.

For farmers and landowners, the viability of large-scale solar projects has returned, even without subsidies, as equipment and installation costs have plummeted, and electricity prices have risen.

A project's viability depends on the availability and size of the grid connection – but typically it would need to be at least 60 acres of south-facing land.

Providing land for battery storage installations (which hold electricity, making it available at periods of peak demand) is another way landowners can earn revenue.

Such storage units might be large-scale ones next to a sub-station or, more typically, on a smaller scale where there is spare capacity on a network and a viable grid connection. Often, 1–5 acres is all that's needed.

So far, so straightforward... but what should landowners do if approached by a developer or contractors, as they often are, suggesting there's an opportunity on their ground for battery storage or solar or both?

How do you differentiate between a credible developer/contactor and one that isn't? Do they have the experience and know-how? Will they actually deliver?

Leases might vary in length from 25 to 40 years, but what should rent levels be and how should they increase during that period? Annually? Every three years? Every five years? Or perhaps linked to the CPI or the RPI? Or is there a profit-share arrangement?

It can be difficult to make prudent decisions, especially when tempted by promises of very high rents – and there are some very high rents being paid – but part of our role at CLM is to ensure the right developer or contactor is in place and that the lease terms are the most advantageous for you and your business.

And finally...

...Graduate surveyor Jack Sadler has been busy studying for an MProf in Rural Estate and Land Management (REALM) at Harper Adams University in tandem with his role at CLM.

Jack is doing the two-year, part-time postgraduate course which, validated by the RICS, will provide a great first step to qualification as a chartered surveyor.

Having completed a Biology degree, Jack worked for a sporting agency providing shooting opportunities on UK estates and overseas before joining CLM last year.

"The part-time Harper course involves six one-week study blocks per year. During lockdown, we did them over Zoom, so the November week was the first one I've actually been to the Shropshire campus.

"They're intense, with a lot of information to absorb, but I really enjoy the challenge," he says.

When he's not working or studying, Jack likes shooting and fishing and – as a former member of the Sale Sharks Academy – is a big rugby fan.



CONTACT US

We are a 20-strong team including land agents, business consultants, planners, valuers, environmental experts, agriculturalists, ecologists and property experts. For more information about the topics in this issue, please get in touch with your existing CLM adviser or, for new inquiries, contact one of our directors.



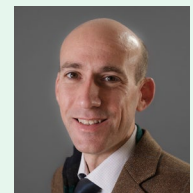
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See a two-minute video about CLM and how we can help you.