

Welcome

Welcome to the winter issue of Rural Matters, which includes various updates and advice from our team.

In this issue you can find out more about how farming will be changing over the next seven years and learn about upcoming grant opportunities. John Uffold provides an overview of the past twelve months looking at the impact COVID has had on the livestock industry, whilst Tom Carter our Residential Property Chairman explains how he has adapted his approach to rural property sales during the pandemic.

Please do get in contact with our team if you have any questions, or would like any support.

May we take this opportunity to wish you all a very Happy Christmas and New Year.

Gareth Wall
Managing partner and chairman
of the agricultural and rural
professional departments



Farming is Changing

Starting in 2021, the UK government is to set to embark on a seven year transition period, to gradually reduce direct payments and move focus towards a future of sustainable farming.

DEFRA hope that by 2028, farming and the countryside will be contributing significantly to environmental goals. They hope by 2028 we will have a renewed agricultural sector where farms can be profitable and economically sustainable, without subsidy.

Over the next seven years, we will see the phasing out of Basic Payment, the phasing in of the new Environmental Land Management scheme and the introduction of a number of grant support schemes to help farmers maintain and improve productivity.

Basic Payment Scheme (BPS)

From 2021, BPS will begin to change. There will no longer be a requirement to meet crop diversification or ecological focus areas rules, or a requirement to use entitlements once every two years.

The main change will be the start of the phased reduction in payments. Claims of up to £30,000 will be initially reduced by 5% in 2021, increasing to a 20% reduction in 2022 and a 50% reduction by 2024. The phased reductions will continue until 2027 when claimants will receive their last BPS payment.

From 2022 a lump sum option will be offered as an exit scheme to enable some farmers to retire from the industry. It is expected this lump sum will be in place of the direct payments they would have been entitled to during the remainder of the transition period. However the exact details on how the lump sum will be calculated and how this will work in practice, are yet to be finalised. We are expecting to see consultation upon this in early 2021.

Environmental Land Management Scheme (ELMS)

The new scheme which will replace BPS will be called the Environmental Land Management Scheme (ELMS). Currently claimants receive a BPS payment based upon the land area which they occupy or own. ELMS will not pay on this basis.

Instead, ELMS will pay farmers and land managers to produce public goods. Farmers and land managers will receive payment for delivering land management actions which contribute to clean and plentiful water, clean air, thriving plants and wildlife and mitigation and adaption to climate change etc.

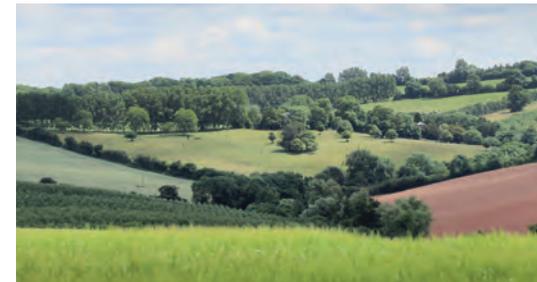
The scheme will comprise of three components;

1. Sustainable Farming Incentive

This will be open to all farmers and provide the chance to be paid for management actions which result in their land being managed in an environmentally sustainable way. The Sustainable Farming Incentive is expected to focus on arable and grassland management, livestock management, hedgerow management, soil and nutrient management, efficient use of water and focus on wildlife and biodiversity. The scheme will allow farmers to choose greater or lesser depths of commitment in return for a corresponding higher or lower payment.

2. Local Nature Recovery

As the title suggests, this component involves options for more significant work on species, habitats and land use change which will be geared to the location in question to meet local environmental priorities. This will involve creating, managing and restoring habitats including woodlands, wetlands and species rich grassland, as well as managing recreation and education infrastructure.



3. Landscape Recovery

This will focus on larger scale landscape and ecosystem recovery and may involve a collaborative approach across a larger land area.

Currently there is no detail on the likely rates of payment for any of the above components. More detail on payment rates is expected early 2021.

DEFRA has indicated that agreement lengths could range from an annual agreement for say a basic Sustainable Farming Incentive contract, to a period of years where there is more commitment and where there is a more substantial change in land management.

A national pilot of ELMS will commence in 2021, in advance of the full launch of the scheme in 2024.

Environmental & Countryside Stewardship

Between 2021 and 2024, Countryside Stewardship, ELS and HLS agreement holders who have an existing agreement, which are providing positive environmental outcomes, will be offered extensions to continue their agreements if they wish.

New Countryside Stewardship applications are set to continue for a further 3 years, with 2023 being the last year to apply.

Prosperity

A range of new capital grants will also be introduced over the transition period. Grants will include funding towards farming equipment, grants to support substantial investments to transform business performance and grants to prevent slurry pollution problems. Support will also be introduced to assist new entrants in the industry.

The forthcoming consultations, trials and pilots are going to be key to shaping the future of agricultural support. Farming is changing, and McCartyneys Rural Professional department is here to help you every step of the way.

Gareth Wall
Based at Kingston Office



Grant opportunities in Wales

Welsh Government have announced the following application windows for farming capital grant schemes under their Rural Development Programme.

Grant Scheme - Expression of Interest submission dates

Farm Business Grant - Yard Coverings

18th May - 25th June 2021

Sustainable Production Grant

1st February - 12th March 2021

Farm Business Grant

1st March - 9th April 2021

Glastir Small Grants

11th January - 19th February 2021

18th May - 25th June 2021

Farm Business Grant - Yard Coverings - a 40% grant available of between £3,000 - £12,000 for covering of existing concrete yards used for livestock feeding, livestock gathering, manure storage, slurry stores and silage stores, plus a range of supporting capital works, such as guttering and downpipes, rainwater harvesting systems, etc. The grant available is based on standard costs, with roofing receiving grant funding at a rate of £36 per sq. m.

Sustainable Production Grant - a 40% grant available of between £12,000 - £50,000 for a wide range of infrastructure and equipment aimed to enhance nutrient management, soil, air and water quality and on-farm water and resource efficiency.

It's an ill wind that blows no one any good

Looking back at 2020 it's the year most of us will care to forget. To those unfortunates who have lost loved ones it's a date that will always remain at the forefront in their minds. Yet perversely for sellers of livestock it's been as kind as it possibly could be despite the drought testing everybody's resources in the summer and now perhaps even more so in the winter with supplies of fodder and straw being particularly short.

The Covid lockdown in the spring resulted in smaller wholesalers having a bumper trade. Buying patterns altered. More home cooking was done. The trade was the strongest it's ever been for finished sheep. The last of the hoggets were hoovered up. Killing ewes were as dear as poison. All of this resulted in large numbers being killed and therefore for the whole of the season demand has been in front of supply. This was further evidenced by a very strong breeding ewe trade and rams being substantially dearer than the previous year.

The same applied to cattle prices with finished cattle and cull cows as dear as we have seen them for a long time. This has impacted on stores all year and despite now high wintering costs beckoning the autumn trade has seen many buyers coming out fit for cattle.

The overall pattern of high returns has had some worrying anomalies however which have entered and left the picture almost as quickly by a political decision one minute and its reversal the next. "Eat out to help out" resulted in those selling to caterers and the type of meat they use - as a generalisation bigger and older animals - having a field day

Items available aim to improve silage and slurry storage systems, manure spreading practice, chemical, pesticide and fuel storage, in addition to yard improvements, roofing and precision farming items also being available. Grant funding is based on estimated and quoted costs you provide. The application comprises a two-stage process;

Expression of Interest confirming the items you wish to apply for and estimated cost

Successful EOI's are invited to the Full Application stage

Eligibility is usually subject to one member of the business having attended a Farming Connect Sustainable Farming Roadshow event

Farm Business Grant - a 40% grant available of between £3,000 - £12,000 for a specified list of farm equipment and machinery for cattle, sheep, pig and crop husbandry, energy and resource efficiency and ICT. The grant available is based on standard costs.

Eligibility is usually subject to one member of the business having attended a Farming Connect Farming for the Future Event.

Glastir Small Grants - grants of up to £7,500 available for hedgerow works and fencing, plus a range of other capital items. Grant funding available is based on standard costs.

If you would like assistance applying for, or more details on, any of the above grants please contact your local McCartneys rural agent.

Katie Davies

Based at Knighton and Welshpool Office



only for the doldrums to hit again as the second lockdown bites.

Livestock markets have continued to trade but without social interaction they have lost much of their atmosphere. It's not all about price. Markets are a vital part of the rural fabric if only many people realised it.

All of this illustrates the demand for livestock is a derived demand. Better consumption: better prices for fatstock: better store prices instantly and better prices for breeding stock as a result.

As long as the better demand doesn't suck in imports from cheaper sources the picture looks more encouraging. From the farming point of view I think we are better off without Donald Trump but there is still the question of a trade deal with Europe which will be critical to the sheep industry in particular.

What will 2021 bring? I have no idea. At times of crisis all you can do is take each day as it comes and keep your head down and hope and for those with belief, pray.

"The winds of change are blowing through agriculture".

John Ufford

Based at Ludow Market Office



Time will tell...

The 11th November 2020 was a momentous day for UK agriculture, as the Agriculture Act 2020 received royal assent. This landmark moment marks a significant milestone in agriculture policy being the first Agriculture Act since 1947.

The Agriculture Act will set how we farm in this country for generations to come. The underlying objectives hope to drive competitiveness, increase productivity and use of technology, and generate fairer returns.

The Agriculture Act includes a focus on food production, food security, soil quality, fertiliser regulation and animal traceability; whilst also providing powers to improve transparency and fairness in the supply chain.

The Act also encompasses future trade agreements. This is where it made the headlines. Despite being approved by the House of Lords, our MPS voted against a vital amendment to the bill to ensure equivalence on agri-food standards in future trade. This amendment would have made it illegal for the UK to import foods that did not meet our high animal welfare, environmental and food standards. Instead farmers now face

being possibly undercut in future trade deals and the public are unprotected from low standard food products.

We can only hope that the Trade and Agriculture Commission (TAC) will do their utmost to protect producers. The TAC will be commissioned to write independent reports advising parliament on the impacts of any trade deals on UK farming, before those deals are scrutinised.

Away from trade deals, food security and supply chains, the act also goes some way in trying to open the door to enable a younger generation to enter into farming, by removing the commercial unit test on Agricultural Holdings Act tenancy succession applications and removing the threshold of serving a retirement notice no earlier than age 65.

The Act is a turning point for UK agriculture, but time will tell if it will deliver.

Beth Hanson

Based at Kington Office



Adapt and overcome



“Adapt and overcome” - a wonderful phrase that someone said to me during early lockdown and probably never more an appropriate time to use it. At that particular time it was not in connection with a property related matter, but it is a phrase that has stuck with me since.

As auctioneers we constantly find ourselves having to adapt and during 2020, and our approach to some rural property and land auctions has been no exception. We have utilised the modern method of auction for the sale of more urban property for a couple of years now, but this year the modern method has come into its own for some rural property and small parcels of land as well.

When advising clients on the best method of sale for their particular property or land we are considering many factors. Not every property suits auction and it is certainly not a magic wand to sell property which has not sold through private treaty. We will only ever recommend auction if it is right for the individual property and client and will achieve the best result for them. Public auctions have of course not been able to take place for a large part of this year so it has been extremely useful to have the modern method of auction up our sleeve as an alternative option where appropriate.

So what is the modern method of auction? Essentially an online auction which offers the best elements of a traditional auction and private treaty sale, giving a greater degree of sale security to both buyer and seller whilst offering flexibility for those who may need to secure finance for a purchase; therefore not precluding large swathes of potential buyers as perhaps traditional auction sometimes does. In addition, as with traditional auction there are set time scales for completion, which for many this year is perhaps as important in some cases as the sale price itself.

There are of course pros and cons to this new method of sale, after all, you cannot beat the buzz and anticipation of a packed room on the night of a public auction, but what the modern method has facilitated is the continued sale of appropriate properties by auction to achieve the best possible result for the relevant clients.

My latest rural instruction being offered for sale by the modern method of auction is a dilapidated farmhouse with buildings and approximately 13 acres on the edge of Newtown in Mid Wales. At the time of writing, I am waiting for the property to go live and for bidding to begin, but based on the interest generated so far in pre auction marketing, I am confident that this will be yet another great result for a McCartneys client!

If you would like to learn more about the modern method of auction then please contact your local McCartneys rural or property office.

Tom Carter - Residential Property Chairman

Based at Newtown Office



New Role in Brecon Market

I was very pleased to be informed by the partners that I have been given a new role to assist Jenny Layton-Mills as the new auctioneers at Brecon Livestock Market together with Tom Pritchard who currently runs the cull ewe section. We will both find the challenge very exciting and look forward to getting stuck in. Both myself and Jenny will continue to sell at Knighton Market.

Having worked in McCartneys for over 4 years I had been based in Newtown mainly working within the property & rural professionals department. I have been working in Knighton market for the last 2 years selling the cull ewes and cull cows, which I will continue to do. When offered the opportunity to work within the livestock market full time, it was a no brainer. I am very passionate about selling livestock and look forward to getting to know the

local farmers and working very closely with them and the rest of the team in Brecon to achieve the best results possible when marketing their livestock.

Originally, I am from Welshpool, Montgomeryshire and went to both primary & high school there. However, the majority of my free time has been spent assisting on the family farm just a few miles outside of Newtown. My Grandfather has taught me to treat people how you wish to be treated yourself and I intend to install this into my daily working life at Brecon.

If you would like to contact me, I can be reached on 07534 532468.



Lloyds Humphreys
Based at Knighton & Brecon

Get Prepared for Countryside Stewardship 2021

Although the Countryside Stewardship application window is currently closed, we nevertheless urge you to prepare in advance and request a Catchment Sensitive Farming Officer (CSFO) site visit.

Many capital items such as concrete yard renewal, roofing over livestock handling areas, manure, slurry and silage stores, sprayer wash down areas and livestock and machinery tracks, to name but a few, all require CSFO approval, prior to submitting an application.

The site visits provide advice on how the scheme can assist you with improving the farm's air and water quality.

The 2021 application period will reopen in early spring. Early engagement with the CSFO's will ensure you have sufficient time to prepare and submit the best application for your needs. It is worth noting that several 2020 applications

had to be deferred due to the CSFOs not being able to visit due to COVID-19 and therefore there is likely to be a larger demand for visits in 2021. CSFOs are now back out and available to do site visits, which should be taken advantage of, in case COVID-19 puts a stop to them again during the coming months.

For the 2021 application period, the available funding under the Water Capital Grant has been doubled. Applicants can now apply for up to £20,000 worth of capital grant funding, subject to CSFO approval where required.

If you would like more information on the scheme options and capital items, together with help in submitting an application, please contact your local McCartneys rural professional.



Joanna Wall
Based at Craven Arms Office

With a long standing heritage in supporting the needs of the countryside economy McCartneys is one of the oldest and largest multi disciplined private practices in the United Kingdom. Offering a wide and comprehensive range of services across the Midlands and throughout Wales, McCartneys has a large dedicated team of professional experts specialising in all aspects of rural property, planning and business advice.

Please contact one of our professional staff for sensible and impartial advice. For any further information about any of the content of this newsletter Please contact the editors Gareth Wall and Beth Hanson.

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