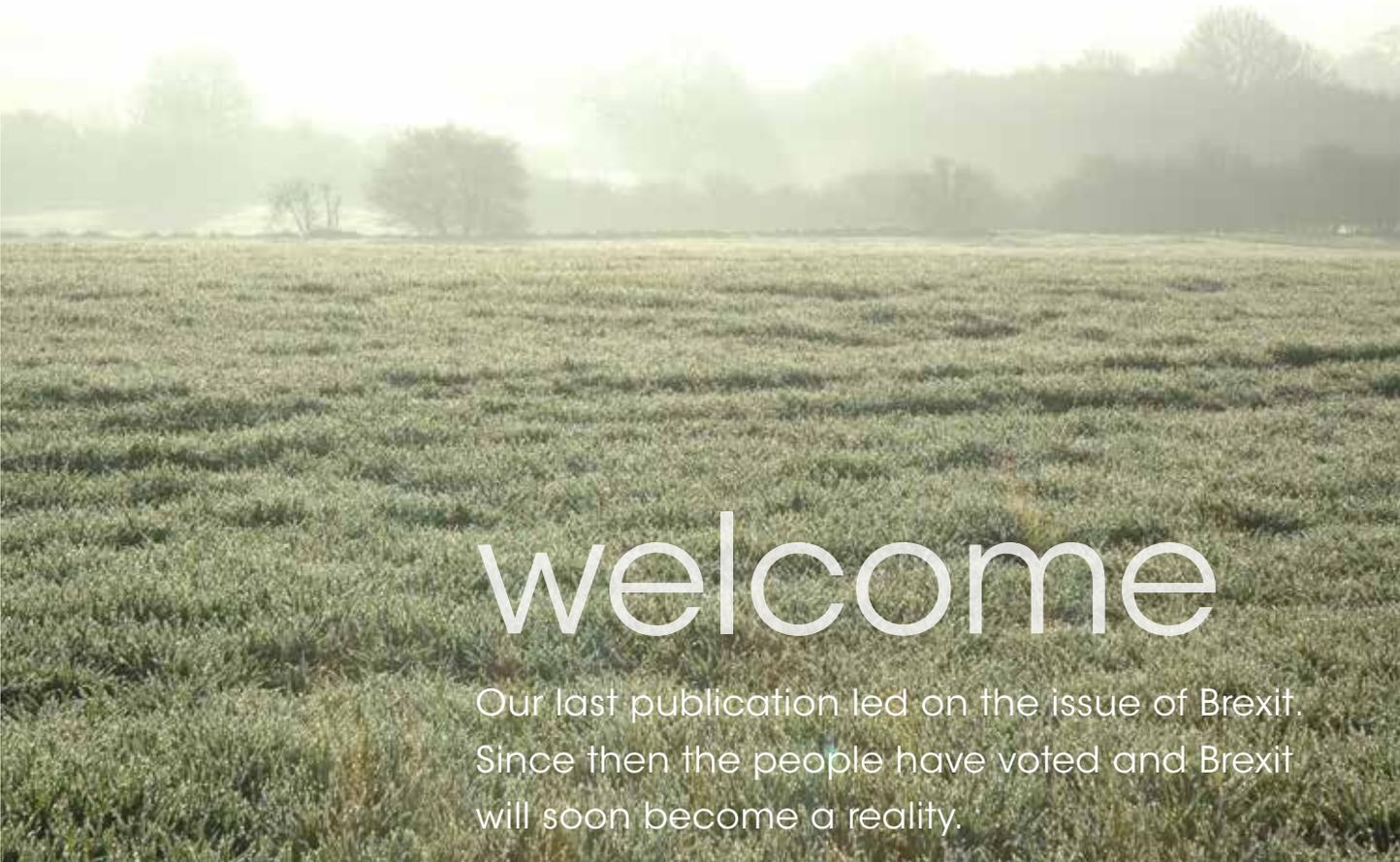




Landscape

THE OCCASIONAL NEWSLETTER OF LAND PARTNERS. EXPERTS IN LAND MANAGEMENT AND FARMING



welcome

Our last publication led on the issue of Brexit. Since then the people have voted and Brexit will soon become a reality.

The impact of the vote is picked up in some of the articles in this newsletter which include commentaries on the agency market and environment schemes. The dry harvest and early autumn has created headaches for cropping as moisture is an issue. We have articles on the farming outlook and the irrigation regime. Alternative income may be available from energy storage barns and we include a brief update on where this technology is going.

The economy has not crashed, despite 'project fear', and there remains an

imperative to build houses for an aspirational and growing population. We consider the issues if you are approached by a developer looking to promote your land.

Land Partners have continued to be busy over the summer with an expanding range of clients bringing us all sorts of interesting conundrums. This has ranged from advising on restrictive covenants to compensation claims for Stansted airport related noise, and energy barn site-finding to post Brexit land purchases.

In addition to working hard, Belinda has

found time to get married and is now Mrs Littler outside the office. We offer her our congratulations and best wishes for the future.

Finally the office team has decided that we should get to know our area better by walking the Essex Way, but only slowly. The first section was completed in early September but at the current rate of progress it will be a couple of years before we walk, triumphant, into Harwich!

We remain at your service and look forward to helping with your land owning and farming needs. ■

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The land market has had a difficult 18 months with low commodity values and a more cautious outlook, resulting in a fall in average values.

Recent evidence suggests a wide range of values are being achieved, from around £7,000/acre at the bottom to over £11,000/acre at the top. Average values are now in the region of £9,000/acre in north Essex. This is the level that was typical around three years ago.

Larger blocks of land continue to attract a premium, but such sales have been few and far between with only three blocks of over 1,000 acres offered across Essex and Suffolk.

volume

Our database suggests that, in blocks of over 50 acres, there have been 4,850 acres of land offered for sale in Essex this year with just over 6,000 acres coming forward in Suffolk. The Suffolk total includes the 2,550 acre Blythburgh estate. Excluding the three sales over 1,000 acres reduces average block size across the two counties to 170 acres across 31 locations.

outlook and buyer profile

Whilst interest rates remain low, the short term increase in commodity prices caused by the weakness of sterling already looks fragile. Land buyers are struggling to get motivated to act now whilst sellers are wondering whether they are prepared to accept current values.

Interest in land from non-farming investment buyers remains but they are really concentrating on land with an angle. This may mean long term development value or



Simon Dixon Smith

the potential to use fixed assets to diversify the income stream.

market polarisation?

The volume of land sales has been low for the last four years with variation largely down to one or two big sales. A continuing cash flow squeeze is likely to bring some land to the market, alongside the usual reasons of death and divorce.

If we see a number of small blocks of land coming to the market for cash flow reasons then we may see the market polarise even more. Where there is little neighbour interest these blocks will be hard to sell at current values but we continue to be surprised at how well some blocks do sell.

new money

Essex and Suffolk are going to see thousands of new houses built over the next 15 years. The majority of these are going to be on greenfield agricultural land. This is going to result in a large amount of money coming into the system. The reduction of headline Capital Gains Tax rates to 20% and the potential to reduce this to 10% with Entrepreneur's Relief will mean that some

sellers will pay the tax and move on. Others, however, will want to re-invest in land.

Rollover funds in many cases are not going to be available for another 2-3 years but these buyers may offer support to the market.

looking forward

Land remains a safe investment asset. Annual cash yields remain low but this has rarely been a motivation for investment. A low volume of sales continues to prevent any large scale reduction in land values and development money coming into the system offers support in the medium term.

Sellers of large blocks of land are likely to find a ready market with limited competition. We are seeing smaller blocks of land sometimes marketed on a more limited basis to local farmers to avoid the risk of a public sale, and possible public failure.

In the absence of an improving outlook for commodities we expect land values to continue to be under pressure but this will be limited by vendor's need to sell and we do not expect to see average values fall below £8,000/acre. We still see cheeky bids below this level and distressed sellers may have to accept such bids.

Local market knowledge is going to be essential to a successful sale or purchase and we would be pleased to discuss your requirements. Early engagement gives the best chance of being in the market at the right time and with the least tax liability. ■

countryside stewardship

If you haven't yet engaged with Natural England over a stewardship scheme to commence in 2017, you are too late!

For the Higher Tier, initial applications had to be submitted before the end of May, with potentially successful applicants then working up agreements in advance of submission before the end of September. For Mid-tier, an application pack should have been requested before 31 August with the application submitted before

30 September. The treasury released a statement in August which confirmed their commitment to fund agreements, even when those continue beyond the UK's departure from the EU. This is good news for those with existing agreements and leaves the door open for applications in 2017 and 2018.

We understand that in 2016, Natural England sent out 6,300 application packs with around 3,700 completed and

Belinda Young



returned. We await confirmation of how many of these applicants are offered agreements. ■

I've been doing a lot of walking recently. Despite his lack of leg length, Fenton (a miniature dachshund) is a keen walker and we are yet to wear him out. Being on foot in the British countryside puts a different perspective on things which I for one think is a wholly useful thing.



footpaths: tread carefully

Now more than ever, the agricultural industry needs the public onside. Public access is an easy way to show consumers how their food is produced and why the rules of the countryside are so important.



Waymarkers – ensure that waymarkers are obvious and there are enough for a walker to find their way with no excuse for being off the path and in your pheasant cover.

Walk your footpaths – rather than travelling by other less onerous means. See what those on your land see and spot potential areas of concern e.g. where land becomes too water-logged to walk on, are you happy if people make a detour (which they have a right to do); or would you rather improve the surface to keep them on the path or re-route them on an approved route?

Work with footpath officers – whether your parish has a footpath officer or it's an Essex County Council representatives, build a positive relationship.

Ensure that you have submitted a **Section 31 deposit** to the County Council to record all your public rights of way and any

permissive paths. This ensures no one can claim a right of way has been established.

Interaction – if you come across people on your land, engage with them. If they are in the wrong place, ensure they know they are off the path and should stick to permitted routes in future. Tell them about stewardship schemes on your land (which you have an obligation to protect against free access), the crops you grow, the wildlife they may see. Public perception of farmers may be promoted by farming bodies but nothing brings the message home more effectively than meeting a real life, friendly farmer.

We are lucky in the UK that we have a fantastic mapping system in the Ordnance Survey, which should mean little excuse for not knowing where you are. Enjoy your footpaths and take pride in the fact that others do too! ■



mixed messages on mobile phone masts

Legislation surrounding telecoms masts has long been considered less than perfect, with a strange and often awkward relationship between the provisions of the Landlord and Tenant Act and the Electronic Communications Code (ECC).

Leases were merrily granted to telecoms operators in the early days with little consideration that the agreement being entered into had none of the conventional niceties of being able to terminate an agreement as landowner. As the years passed, so has the market shifted with greater attention being paid to the terms of agreements as operators stretched what equipment was allowed onto masts and flirted with the definition of site sharing. Rents rose and became a useful additional source of income for landowners but as the number of operators has reduced through mergers, pressures on rents have increased. Market rents therefore plateaued to a degree, although some large rents are paid, especially where there was a provision to review the rents in line with RPI.

The Law Commission undertook a review of the ECC which started in 2011 and concluded in 2014. Prior to this report, there had already been talk of a move from the market rent basis of landowner's 'compensation' for the masts on their land to a system more akin to Compulsory Purchase compensation, given the shift in the use of mobile data to being more of a utility that the general public expects to have access to.

New proposals

These murmurings came to fruition earlier in the summer as the government introduced a new set of proposals for a revised ECC, to be contained within the wider Digital Economy Bill. This followed an initial new ECC, released in January 2015 but which

Belinda Young



The government has estimated that rents under the new system will be reduced by 40%



minding your mees and epc's

was almost immediately withdrawn. The announcement in the Queen's speech surprised people as it had changed somewhat from the January 2015 draft. In the draft Digital Economy Bill, it is proposed that compensation is based on a 'no-scheme' world, whereby the amount due to the landlord is based on the 'diminution in value of the land'.

In addition to the change to how rent will be calculated, legislation is also proposing increasing the rights of operators to upgrade and share apparatus without the prior agreement of the landowner or any additional payment. As drafted, it will not be possible to contract out of the new code.

As it stands, it seems likely that the new legislation will not be retrospective and will only apply to agreements granted once the bill becomes law. The Bill had its second reading in September and will now go to committee.

For the greater good

All of this leaves us contemplating a period of limbo where it is not clear how the operators will approach rent reviews and lease renewals. The government has estimated that rents under the new system will be reduced by 40% but has not shown its workings in coming to this figure but it is safe to assume that we will see rent levels fall from current levels. Whilst it's disappointing to face a reduction in income, this has to be seen in the context of the aims of improving mobile coverage in rural areas which will not happen without infrastructure.

As with anything to do with telecoms, I advise reading the detail and ensuring that you are not agreeing to anything which is not an obligation without appropriate recompense. A new regime under the Digital Economy Bill may well present different issues but landowners should still seek to retain as much control as possible over the siting of assets on their land. ■

Minimum Energy Efficiency Standards (MEES) and Energy Performance Certificates (EPC's). Do you have one or do you need one? What rating is acceptable?

Rachel Chilton



From 1 April 2016 the Tenants' Right to Request Consent to Energy Efficiency Improvements came into effect and allowed a tenant to request consent from their landlord, to carry out 'improvement works' with the hope it would boost the energy efficiency of the private rented property.

At this stage the responsibility lies with the tenant to ensure that any energy efficiency improvement works are funded. There should not be any upfront costs for the landlord, unless they have agreed to contribute. Any private rented domestic property is within the breadth of the tenant's rights regulations.

A landlord can refuse the request on certain grounds. For example if the improvements would reduce the market value by 5% or more shown in a report produced by an independent surveyor or if it would not be beneficial as it would have a negative effect on the property and its core structure.

From 1 April 2018 it will be a requirement for rental property in the private sector to have an EPC with a minimum efficiency rating of E, this regulation will cover all new tenancies and any renewals from this date, unless an exemption applies. These regulations will be enforced by your local Council with fines ranging between, £1,000 to £4,000.

The regulations came into force in June 2016 but an amendment has been made which extends the date to register

exemptions from 1 October 2016 to 1 October 2017, this is to assist and allow landlords to prepare themselves and enable claims for exemptions, if required, be put in place prior to the implementation on 1 April 2018.

If you, as a landlord think that an exemption applies to your property to let it with a rating below the minimum standard required, you will need to provide evidence of why you believe an exemption applies.

Claims and evidence is submitted and stored on a PRS (Private Rented Sector) Exemptions Register. Failure to register your exemption claim can also result in an enforcement penalty being issued against you.

Some examples of properties exempt from EPC are:

- Listed buildings
- Agricultural occupancy
ie farm workers cottages
- Holiday lets
- Temporary property
- Churches

From 1 April 2020 this law, as it is now, will also cover all existing tenancies including statutory tenancies, protected tenancies under the Rent Act 1976 and any assured agricultural occupancies.

Land Partners can assist with the management of your property and also keep you up to date with all the latest legislation. ■



water wars

Many commentators have said that future wars will be started over water. Many areas of the world are experiencing water shortages, only to be exacerbated by climate change and population growth.

Simon Dixon Smith



The maritime climate of the UK has protected us from the worst of any drought but as I sit here I look out over parched fields as East Anglia has had less than 60% of average rainfall in July and August after a very wet June. This hides significant variation with Essex missing most of the rain that has crossed the region in July to October, with many areas having seen less than a third of average rainfall.

Abstraction reform

The Government is in the midst of a review of the water abstraction regime. This is partly driven by the need to adhere to EU directives (particularly the Water Framework Directive and the Habitats and Birds Directive) but is particularly a reflection of the need to maintain public water supplies without causing environmental damage.

Whilst water use for agriculture is only around 1% of the total this hides significant regional variation. In East Anglia irrigation is a requirement for 30% of potato production and 25% of all vegetables. This supports

thousands of jobs and billions of pounds of 'Gross Value Added'.

In order to get a better picture of total abstraction it is proposed that currently exempt abstractors, particularly trickle irrigators, are brought into the system. A process known as 'Restoring Sustainable Abstraction' (RSA) will then be undertaken on a catchment basis to reduce pressure on watercourses and improve environmental standards.

Consequences of this are expected to be:

- Removal of unused licences without compensation.
- Removal of seasonal restrictions on licences in favour of flow restrictions.
- 'Bonus water' will be available in periods of high water flow.
- Removal of time limits on licences in favour of rolling reviews.
- Simplified trading of water volumes within defined catchments.
- Risks to agriculture

In many cases the availability of water has been capitalised into the underlying land value. Removal of licences could have consequences on asset values with no compensation in most circumstances. Lobbying continues to demonstrate that long periods of non-use of a licence may be normal within a particular business's structure.

The removal of seasonal restrictions will create a 'free for all' to grab summer flows, increasing the need to build reservoirs. Farming organisations are seeking permitted development rights for reservoirs and tax breaks for the associated investment.

Timetable

A draft Bill is expected in Spring 2017. SRA appraisals are underway and the new regime should be in place by the early 2020's. ■

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25%

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30%

of potato production





the harvest league table

Harvest has come and gone with relative ease, and cheaply in terms of drying/slug costs, thanks to a great run of weather. It's time to review performance - with some obvious winners and losers.

Michael Chapman



The performance league table might look like this:

1	2nd wheat (milling)	Champions League
2	2nd wheat (feed)	Champions League
3	1st wheat	Playing again
4	Spring barley	Playing again
5	Linseed	Playing again
6	Winter beans	Playing again
7	Spring beans	Playing again
8	Winter barley	Playing again
9	Peas	Relegation zone
10	OSR	Relegation zone

At the bottom are peas and OSR. The wet spring discounted any prospect of a good

'pea year', and the worst yielding rape year for many. This year a 3.0t/ha crop was a good one, with many struggling to get over 2.5t/ha. We can debate the reasons - mild winter, higher than normal disease pressure, massive cabbage stem flea beetle, pigeon problems, damp/soggy weather when what was left of the crop was trying to fill the pods - culminating in the 'perfect storm' for rape. Very high input with very low output - the only light at the end of the tunnel was a slightly better price.

Winter barley suffered too. The main reason for poor performance was poor sunlight during the 'filling stage'. The six rows performed worse than the more conventional two rows, with a sting in the tail to come, many samples are showing

bushel weight claims could be significant.

1st wheat, spring barley, linseed and beans performed well when compared with expectation. Winter beans and early drilled spring beans yielded better than later drilled spring beans. Flowering had finished in the early crop before the rain came. Spring barley performance has been boosted by good premiums.

At the top of the table is 2nd wheat, performing better than expectation/budget, benefiting from a milder winter with generally better seed beds. Quality seems to have held too, with higher yields and better prices. As long as we are 'brave enough', it has also given a good level of blackgrass control.

OSR - to grow, or not to grow?

That was the question, yet by now it will be drilled, so you will be in one of four camps:

- Not growing
- Drilled, sprayed and are praying
- Drilled, re-drilled, sprayed and are praying
- Drilled, failed and now trying to work out what to replace it with.

OSR had a difficult year in 2016. The mild winter and soggy June, together with high disease and cabbage stem flea beetle presence, resulted in the worst OSR crop for years, but is this a reason to stop growing it, especially when you consider that even a poor OSR crop (3.0t/ha) outperforms a good crop of spring beans (4.0t/ha) by £100/ha? The problem with OSR is risk. Many of the costs are up front before the grower

knows if he has a crop worth spending money on - even before cabbage stem flea beetle attacks it.

When it comes to cabbage stem flea beetle control, some OSR varieties perform better than others, particularly those that demonstrate vigour early in the autumn and spring. There is debate about plant population and stem thickness - the larger the stems, the better. Smaller stems with higher cabbage stem flea beetle pressure seem less able to grow away from other pressures (ie pigeons).

Other important factors include the location of this year's rape compared with last year's crop - if close, cabbage stem flea beetle pressure increases. It has even been suggested that grain store location

could be important. New fields sown with OSR close to last year's rape store could see increased pressure. Then it is down to chemical control with lambda cyhalothrin being the best option, but assuming we might only get 50% control at the moment!

If you grow OSR, minimise the negative factors and give it the best chance, with attention to detail at establishment:

- > Variety
- > Seed rate
- > Crop residue management
- > Soil seed contact
- > Consolidation
- > Slug control
- > Fertiliser
- > Moisture conservation
- > Timed spray of first cabbage stem flea beetle
- > Then early pigeon control.

Development prospects

Whatever you might think of immigration it is clear that housing demand is growing, and this part of East Anglia feels the pressure more than most.

Simon Dixon Smith



Edge Analytics produced a report in May 2015 that suggested Essex needs to build 190,000 new houses between 2012 - 2037. These figures, together with other evidence, are being processed by the various District Councils for incorporation into the emerging Local Plans.

Local authorities are rushing to get an adopted Local Plan in place following the Government's announcement in October 2015 that 'if councils fail to produce and bring into force an up to date plan for new homes by 2017, we will work with local people to ensure one is drawn up'. As the local plan review process is a lengthy one it is likely that many authorities will not meet this target but it is assumed that, provided they are making good progress, Government will not immediately intervene.

The anticipated Local Plan adoption timescale for adjoining authorities are:

Braintree	Spring 2018
Uttlesford	Winter 2017
Colchester	Autumn 2018
Chelmsford	Winter 2018

One of the key provisions of the Local Plan is to demonstrate a 5-year land supply for housing. The lack of this supply increases the chances of a planning consent on appeal for 'sustainable development'. Whilst Councils will generally insist they have a 5-year supply, this has been successfully challenged in some cases on the basis that the identified sites are not deliverable within 5 years.

Approaches from developers

The lack of an up-to-date Local Plan and the question marks over the 5 year land supply has led to many landowners being approached from developers offering option or promotion agreements over land areas. Most landowners would welcome the chance to realise a significant uplift in value but we would caution against simply signing the terms that you are initially offered.

Particular points to consider include:

Reputation. Does the developer have a good track record?

Price. What share of the value uplift is the developer looking for?

Timescale. How long is the agreement and when will a planning application be submitted?

Premium. What payment is offered to the landowner for entering into the agreement?

Costs. Will the landowner's costs be met, whether or not a final agreement is reached?

Conflict of Interest. Does the developer have any competing schemes?

Value. Remember that an option holder may want to minimise land value whilst a promoter wants to maximize it.

There are a host of other issues that must be covered. Land Partners can help you in this process which will be essential to maximizing the short and long term returns from your potential development land. ■

Call out

Work experience

Our newsletter seems a good opportunity to invite applications from anyone with an interest in any aspect of Land agency or ecology/environment who may like to join us for **work experience**. We'd be happy to speak to anyone about opportunities – belinda@landpartners.co.uk

Generator Barn sites

We are working with an operator to secure sites for **Peak Demand Generation barns** and would welcome the chance to discuss this with you. Our clients are looking for sites in close proximity to a sub-station and ideally close to a gas pipeline. They propose to erect a standard-looking steel portal frame building which will house generators to produce electricity at times of peak demand. The land would be leased for a period, likely to be 25 years, and at the end of the term, the generating equipment would be removed, leaving the landowner with a useful building.

Do contact us if you have any potential sites or have been approached by an operator and want to be sure that the terms being offered are appropriate.



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