



Farms and Landed Estates Review of the Year 2021

Committed to you.

Introduction

by Steven Rudd, Head of Farms and Landed Estates

In uncertain times, focus on what we can control and not on what we can't

Looking back over the past two years, we could never have imagined the impact on our lives of COVID. The changes and sacrifices we've had to make are still having a profound impact and this looks set to continue, with Omicron becoming more dominant and record numbers of infections being recorded. The huge numbers of volunteers and NHS workers that have helped with the vaccination and booster programmes should be proud of what they've achieved, and we can only hope that this will minimise the deaths and patients needing specialist care and the pressure on the hospitals.

The longer it goes on, the bigger the impact will be on our mental wellbeing. I certainly have felt that 2021 has been harder than 2020. The glimmer of things returning to normal has now been reversed and the freedoms that we thought we could enjoy seem to be fading away again; holidays cancelled, sporting events being postponed and many Christmas parties being called off, impacting the hospitality sector.

Once again, I must say a huge thank you to my team (and to our clients!) for being flexible and accommodating to work in these times and to keep the plates spinning. It's been tough, but we're always determined to maintain the quality of our service.

Locus of control

Taking care of yourself – physically and mentally – is important for any business leader. As well as training some of our people to be mental health first aiders, we have a wellbeing programme and training for our teams. One session on mindfulness introduced the concept of 'locus of control'. This can be either internal or external. An internal locus of control means that you will believe that your own actions influence outcome, whereas an external locus of control will mean that you don't believe that you can change your situation through your own efforts.

These are the two extremes and most of us will be somewhere between the two. It's important to recognise where we are on the scale. A person who has a strong external locus of control won't necessarily mean they're driven;

there's a tendency to blame external factors for their failures, or luck for their successes.

A strong internal locus of control can mean that we're highly motivated and goal focused. However, any failures may be taken personally, leading to stress and anxiety, and will have a negative impact on our mental wellbeing and performance.

Research has suggested that a lot of our behaviours are formed as we grow up. However, it's believed that we can retrain ourselves to start to think differently. We can stop focusing on the external factors that we can't control, and start to focus on the internal factors that we can control.

The agricultural sector is going through a huge period of change. The subsidy regime is delinking direct payments from land and we're starting to see more and more schemes and funds come online. There are some further details on the Farming Investment Fund and Future Farming Resilience Fund on page 15 of this review.

Coupled with this, we've seen the impact of significant inflation across the general economy, but even more so in the agricultural sector, with huge price rises in fertilisers and chemicals. I expect this is somewhat out of date as fertiliser prices have continued to rise during the autumn, but "in the 12 months to September 2021, the price index for agricultural inputs increased by 11.9%." (Source: DEFRA). Supply chains are also under pressure, so even if you can afford to buy the goods, can you get them onto the farm?

Climate change has taken up a lot of headlines in the last few months, especially around the COP26 summit. Our main article in this edition, 'Will climate change impact your farm?' explores some of the impacts and perhaps opportunities for farmers and farming.

Of course, there are many factors in all businesses that will impact on performance, but it's important to focus on what we can control and not get hung up on the things we can't.

A measure of certainty

So, to end with some positive news! We've related in earlier editions the Office of Tax Simplification (OTS) reports on inheritance tax (IHT) and capital gains tax. The first report was commissioned back in January 2018 and we've been expecting some significant changes to come.

The Treasury formally responded to the OTS on 30 November 2021 and said in terms of IHT, "After careful consideration of your recommendations, the Government has decided not to proceed with any changes at the moment, but will bear your very valuable work in mind if the Government considers reform of IHT in the future." This will at least ensure some certainty when it comes to will planning and succession – well at least until the end of this current Parliament!

So, in line with the above advice, if you're planning any changes, take control of your decisions!

In the agricultural sector there are a number of charitable organisations that offer help and support, so if you need someone to talk to, please do reach out.

YANA (You Are Not Alone) can be contacted through helpline@yanahelp.org or **0300 323 0400**

RABI (Royal Agricultural Benevolent Institute) can be contacted through help@rabi.org.uk or **0800 188 4444**.



2021 - A challenging year

full of positives and negatives

Larking Gowen Partners, Bruce Masson and Ashley Smith, reflect on a year of mixed fortunes for the farming sector and look ahead to 2022 in an article written at the end of November 2021.



To place 2021 in context, we first need to cast our minds back two years. Most UK farmers were glad to see the back of 2019, which was notable for its terrible weather, and assumed that 2020 would bring better fortunes, particularly the conditions for establishing autumn-sown crops. Unfortunately, hope fell on stony ground as more rain came down in October than the previous year. On 3 October, Britain suffered its wettest day since 1891, with an average 31.77 mm of rain falling across the country.

After the wettest October on record and the difficulties posed by 2020's unprecedented lockdown, throughout the UK farmers were understandably apprehensive going into 2021, but at the same time hopeful that things would get better. It was still too early to tell how the year would turn out, but few could have predicted the situation we find ourselves in now.

Harvest proved a stop-start affair. A good start to this much-anticipated annual event put farming businesses ahead of schedule until about mid-August, then changeable weather saw combines parked for the next two or three weeks. In certain cases, it was well into September before they were able to complete their task, and what had seemed likely to

be an exceptional harvest in terms of yield and quality turned out to be disappointingly average.

The damp, slightly cooler conditions in August, however, provided ideal seedbeds for establishing oilseed rape, but with rarely more than two or three consecutive dry days in the weeks that followed, getting other winter crops in the ground was challenging. Most are where they want to be now in terms of drilling, while warmer-than-average temperatures have allowed crops to develop, so they are well positioned going into the cooler months.

Prices for all arable crops have increased significantly and undoubtedly there will be those who regret selling forward for what, at the

time, may have seemed 'good' prices, only to then see them exceeded by a considerable margin. At the start of 2021, for example, London wheat was £164.85, whereas at the time of writing (November 2021) is £225.45, a 37% rise.

Hindsight is a wonderful thing and with the benefit of it we would often do things differently, but to constantly chop and change strategy in business is a dangerous approach as the base line constantly moves and with it the yardstick by which to compare decisions. Locking in a price that you are happy with, and which generates a profit, is good but if you're uncomfortable with the concept of selling forward, our advice would be 'don't do it.'



The future for food

Food has been too cheap for too long, but it won't reset to true value overnight. According to the Office of National Statistics (ONS), between 1957 and 2017 the share of household expenditure on food halved. As of February 2020, the average UK household spent £41.70 per person, per week on food consumed in the home, representing 8% of outgoings, compared with 30% for India and 59% in Nigeria.

The ONS reported that the Consumer Price Index (CPI) rose by 3.1% in the 12 months to September 2021, but ask most consumers and they would say that grossly under-estimates the real-world figure. Given ongoing supply chain disruption, unprecedented money-printing by the central bank, a huge government budget deficit and interest rate rises heading only one way, it's impossible to predict the future with any certainty.

Standards of food production in the UK are amongst the highest in the world and during the 2020 lockdown, farm shops saw a huge increase in trade as supply shortages became evident in supermarkets and more consumers saw the value of sourcing from local suppliers.

According to a recent article in Food Manufacture magazine (27.10.2021 – Key food trends in

post-lockdown UK: FrieslandCampina Report), "Consumers have become much more health conscious in the wake of the COVID-19 pandemic and begun to turn to healthier choices in their diets. As consumers look to lead healthier lifestyles and maintain healthy habits, food has become a key supporter in these endeavours."

The Soil Association's Organic Market Report 2021 supports this, revealing the highest year-on-year growth in 15 years for the organic sector, an increase of 12.6% in a market worth £2.79 billion.

What consumers say and what they do often differ. They may say that they care about country of origin, food miles, environmental impact, welfare and all the rest of it, but what they do in practice is key. There will always be those with the will and money to buy the best, most environmentally friendly, ethically produced products, but around 83% do not care where their food comes from, and their purchasing decisions are purely price-based.

Therefore, as an industry, we need to be careful about basing investment decisions on opinions and surveys, as they will reflect the demographic and income of those surveyed, so may be misleading.



Higher costs take the shine off higher prices

Higher output prices are good news, but tempering the positive note is the fact that input prices have also risen, often dramatically, fertiliser being just one example.

In January 2021, the spot price of imported ammonium nitrate (34.5% N) was around £245/t, but in September, the average was £395/t. A price for UK produced ammonium nitrate was unavailable in September due to a shortage of product traded, but in the preceding months had been at a premium to imported. The AHDB's latest published figures put the average for October at £587/t, an increase of £192/t from September to October.

Clearly, a key aspect going forward will be to control input costs, so the relationship which farmers have with their agronomist, or nutritionist in the case of livestock, will be key. Using an independent advisor rather than one tied to a particular company will help to make sure that the advice is completely impartial and in your best interests, rather than favouring those of the supplier. Immaculate crops are always nice to see but it might pay to be pragmatic in terms of their appearance when balancing input costs against outputs!

Looking ahead, our view is that despite the often-significant rises in input prices, this will not be a long-term trend. Even so, the rising cost of growing crops has encouraged farms to take less-productive land out

of the rotation to reduce risk in favour of an environmental management scheme which generates a steady income with less inputs and labour. This approach may suit certain farms but not others.

Producers in the dairy and beef sectors are seeing fair prices but, as in the arable sector, there have been other issues to contend with. Although the UK employment rate for July to September 2021 was around 75%, the official unemployment figure was just 4.3% due to the UK economic inactivity rate of 21%. Consequently, labour has often been in short supply and difficult to attract, but for abattoir operators the issue has been critical and has reduced processing capacity.

The situation in the pig sector became critical and in October it was widely reported that 120,000 pigs faced culling 'for humane reasons' due to a lack of abattoir workers; how ironic is that? DEFRA's monthly statistics showed that UK clean pig slaughterings that month were 2.9% down year-on-year at 951,000.

In November, AHDB said that supplies of slaughter-ready pigs continue to exceed available processing capacity and it was difficult to identify signs of progress to reduce the backlog of pigs on farm. With feed costs rising rapidly, average slaughter weights increasing and prices falling, producers were in an exceedingly difficult position. If you're not making money and cannot sell your pigs, something must give,

so certain producers, some with a lifetime's experience in the sector and at the top of their game, were poised to give up.

In East Anglia, where the majority of Larking Gowen's clients farm, sugar beet is a crop extensively grown for rotational reasons, but the difficult autumns of 2019 and 2020 made some reconsider its future role at £20/t and were on the verge of giving up.

Recently, British Sugar raised prices, so growers within 28 miles of its factories will receive a local premium on top of their 2022 guaranteed £27/t one-year zero-crown contract and £25/t multi-year zero-crown upgraded fixed prices. The one-year price represents a 33% increase on the previous year's figure, acknowledging increases in input costs and inflation in alternative crop prices, as well as providing growers with a share of the recent improvements in sugar pricing. The local premium for the 2022/23 crop pays an additional £2/t on top of the base price for growers within nine miles of their contracted factory, decreasing on a linear scale by 10p/t per mile.

Plan for the future

While the sun hasn't exactly been shining on agriculture for the last few years in terms of profitability, some have decided that now might be the time to 'mend the roof' by investing in infrastructure to help keep the business in good condition for the future.

2021 has created and highlighted issues, one being a shortage of HGV drivers to collect and deliver goods, which has caused serious issues for individual farming businesses and those that supply them. One area where clients are planning to invest is in replacing grain storage facilities which have become outdated in terms of age or capacity. This will make sure they have the quantity and quality of storage to keep grain on farm, so it can be sold when market conditions are most favourable. One Larking Gowen client even sells all his grain at harvest and then stores grain for others, creating additional, guaranteed income during the following months.

Others are investing for the long term, sometimes with the assistance of grants, by replacing or enhancing infrastructure. These include drainage schemes to

maximise productivity, reservoirs to make the farm more water-independent, purpose-built housing to capitalise on the growing market for poultry or repurposing unused buildings to generate income. No investment is ever risk free, but certain sectors, such as converting redundant farm buildings into holiday lets or commercial space, potentially reduce exposure to a downturn in commodity markets.

Looking ahead, clearly, the Government must decide whether, after BPS payments cease in 2027, it will support agriculture and, if so, in what form. That may seem a long way in the future, but it will come around very quickly and still catch the unprepared by surprise. Larking Gowen's advice is that, in conjunction with the bank and accountant, farmers should undertake a top-to-toe review of their businesses to plan how they are going to move forward.

For further details, contact your local Larking Gowen advisor or office, details of which can be found at www.larking-gowen.co.uk.



establishing crops. East Anglia-based agricultural equipment manufacturer, Claydon, for example, is European market leader in this technology with its Opti-Till® System for establishing any type of seed that can be air-sown.

Developed by Jeff Claydon in 2002 to increase the performance and profitability of his family's arable farm, it produced high-yielding crops at low cost for maximum profitability whilst also improving soil structure and soil health with huge environmental benefits.

No time to take risks

Given the issues which are endemic in the domestic and global economies, now is clearly not the time to take significant risks, but every farming business is in a different position and has a different view of the future. There will be those that pull in their horns and raise the drawbridge on investments, while others with spare capital or uncommitted assets to provide collateral will see opportunities.

Although interest rates seem certain to rise in the longer term, money remains cheap in historical terms. At the end of 1979, for example, the Bank of England Base Rate – which affects all loan and mortgage interest rates in the UK – was 17%. Even with the Base Rate recently rising to 0.25% there are those who will take the view that while the Basic Payment Scheme (BPS) is still in place they will continue to invest

in projects which future-proof their farming businesses. Some farming businesses run very lean in terms of their fixed-cost base, while others have considerable room for improvement, but even the slickest operations have parts of their operation that are underutilised.

In the past, farming businesses have replaced machinery at frequent intervals, but the trend now is to keep it for longer and instead of simply replacing like with like, invest in equipment which provides a step-change in terms of benefits.

The UK farming sector is having to adapt to a range of pressures, from ever-rising input costs, such as fuel and labour, to increasing legislation and a greater focus on soil health, which are prompting a move towards reducing the time, cost, complication, and risk of



**Bruce Masson,
Partner**



**Ashley Smith,
Partner**

Will climate change

impact your farm?

Climate change together with its potential impact polarises views. Some believe it's caused entirely by human activity and will become the major challenge going forward. Others say it's a natural cycle which humans cannot significantly impact, but provides a convenient excuse for further government regulation and taxation. Whatever the truth, increasing climate-focused legislation is a certainty.



The Meteorological Office (Met Office) defines climate change as a large-scale, long-term shift in the planet's weather patterns and average temperatures. Burning fossil fuels has, it says, contributed to rises in greenhouse gases such as carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (N₂O). Over time, these have built up in the atmosphere, forming a 'blanket' around the planet and causing the earth to heat up. That said, the greenhouse effect is critical, because without it the earth would be so cold that humans could not survive.

Climate change came to the fore in the 1980s and, according to the Met Office, its impact is apparent in rising ocean levels, ocean acidification and damage to marine ecosystems, extreme weather events, flooding of coastal regions, together with conflict and climate migration. It can also lead to food insecurity, with elevated temperatures, extreme weather events, flooding and droughts damaging farmland, making crops difficult to grow while increasing yield uncertainty.

In 1988, the International Panel on Climate Change (IPCC) was established to help governments tackle the issue. The IPCC says that since the Industrial Revolution, the average temperature of the planet has risen by 1°C, but the world is not warming evenly, with higher increases in certain countries. As of 2018, the 20 warmest years on record globally have occurred in the past 22 years.

One-quarter of human-made greenhouse gas emissions come from burning fossil fuels for electricity and heat. Another quarter come from agriculture, forestry, and other land use.

The Met Office points out that livestock produce additional gases, like methane, and eat crops which might otherwise have been needed by humans, requiring more land. Deforestation and land use, aeroplanes, and industrial processes also contribute to carbon dioxide emissions.

Greenhouse gases, the IPCC adds, can live in our atmosphere for tens or hundreds of years while those already present are effectively locked in and will contribute to increasing temperatures.

The UK position

In 2008, the Climate Change Act committed the UK to reduce carbon emissions by 80% relative to 1990 levels by 2050, and in June 2019, we became the first major economy to target 'net zero' by 2050.

Our temperate maritime climate is characteristically cool and mild, with changeable weather, so what will be the impact of climate change here? According to the Met Office's State of the UK Climate report 2021, the 10 hottest years in the UK since 1884 have occurred since 2002. The year 2020 was the third warmest, fifth wettest and eighth sunniest on record for the UK; no other year has fallen in the top 10 for all three variables. The year 2020 was also the seventh consecutive year in which the number of air and ground frosts was below the 1981–2010 average. The most recent decade (2011–2020) had 16% fewer days of air frost and 14% fewer days of ground frost

compared with the 1981–2010 average, and 20–25% fewer than 1961–1990.

The Met Office says that although these records are not a definite sign of things to come (nor can it say that climate change caused them), it does make them more likely. Based on the Representative Concentration Pathway (RCP), a greenhouse gas concentration trajectory adopted by the IPCC, it created probabilistic projections for RCP 2.6, 4.5, 6.0 and 8.5 to show the relative chance of specific outcomes under different scenarios. Under the most extreme scenario, RCP8.5, the UK will experience warmer and wetter winters, hotter and drier summers, plus more frequent and intense weather extremes. It predicts that by 2070, winters will be 1°C to 4.5°C warmer and up to 30% wetter, while summers will be 1°C to 6°C warmer and up to 60% drier.

Don't rush into carbon offsetting

A growing number of organisations, cities, even entire countries are talking about becoming carbon neutral as part of actions to mitigate climate change, and many plans involve carbon offsetting.

The concept is that it negates the same amount of carbon emissions that you, as a business or individual, produce. Even just a year ago, that would have meant planting trees or investing in a reforestation project. Now every action – a new building, vehicle, or flight for example – can be offset by purchasing carbon credits.

Farmers looking to combine environmental benefits with a guaranteed long-term income stream could consider carbon credits by planting trees, restoring peatland, or adapting soil management plans to help both remove and reduce the amounts of carbon dioxide released into the atmosphere.

However, concern is mounting over the selling-off of carbon credits by farmers and its implications for land values, as well as the offsetting of a farm business' own emissions. This has prompted warnings against hasty sales in what is a fledgling market, for example to address cashflow issues or alleviate the upcoming loss of Basic Payment Scheme (BPS). Signing away rights to these before there is greater clarity on a farm business' own need for carbon credits could be unwise as their value can only increase.

In October, Farmers Weekly reported comments from Nick Shorter, managing director of Velcourt, Britain's biggest farm management company, who said that the industry must be careful not to put itself forward as the "poster child" of the solution, before it first addressed its own contribution to climate change. "I genuinely believe this whole area [carbon credits] is going to offer real opportunity and a real value add to land, but I'm cautious that the industry thinks it's in a bit of a gold rush. Everyone's heading off over the hill with a pickaxe and no one's actually quite sure what the gold is going to look like, or how much of it is going to be there." Mr Shorter said agriculture can and should play a significant role in offsetting carbon emissions, but the industry needed to demonstrate its own responsibilities first "before we put our hand up as global saviours."



The impact on farming

Farming is at the forefront of climate change and the first to feel its impact. The Met Office says it will make certain crops easier to produce and extend the growing period, but more droughts will disrupt the season and some current crops may not suit higher temperatures. It could also impact the incidence of pests and diseases, as well as livestock.

A Met Office study, 'Future climate risk to UK agriculture from compound events,' published in the journal *Climate Risk Management* (March 2021), gives examples of how two of the UK's most important farming sectors, dairy and potatoes, are likely to be impacted over the next 30 to 50 years. Based on the RCP8.5, a high emissions projection, heat stress in dairy cattle is likely to increase significantly along with potato blight, which occurs in warm, humid weather.

The study's author, Dr Freya Garry, says in the article: "Given the potentially serious consequences for UK farming, we felt it appropriate to work with a high impact scenario. Even under lower emission pathways, we know that our climate will continue to change, so even if the impacts are smaller than identified, our study provides useful information for adaptation planning. It found that dairy cattle in parts of the Southeast

may be exposed to heat stress for an extra two months per year. Cattle in the Southeast currently experience around a week per year of these stressful conditions."

In 30 to 50 years, the report states, late blight is likely to occur more often across the UK, with the greatest increases in western and northern regions. In east Scotland, a region which currently has a high concentration of potato farming, it might occur around 70% more often. Most potatoes are grown in the east of the UK, where potato blight occurs less often, but there are likely to be smaller increases of 20-30% in key regions for potato growing in England compared with today.

Food for cattle, crops for humans, and potato growing will all be threatened by increased drought, which we tend to experience when we have particularly hot and dry summers. Last year, another group of scientists from the Met Office demonstrated that the high summer temperatures of 2018 may occur every one in two years by the middle of the century. In this work, the scientists also look at how often we're likely to see both hot and dry months during summers through the twenty-first century, and how this is likely to increase.

The European Commission report, 'Climate-smart agriculture, solutions for resilient farming and forestry,' states that a changing climate is increasingly affecting European farming and forestry. Acknowledging that the agricultural sector has already made significant efforts to reduce emissions, it maintains that climate-smart agriculture (CSA) can further help farmers increase productivity and incomes in a sustainable way. It also helps to build resilience and adapt to the effects of climate change, while contributing to climate change mitigation by reducing or removing greenhouse gas emissions.

Another study by Cornell University¹ found that, despite important agricultural advancements in the last 60 years, global farming productivity is 21% lower than it could have been without climate change, equivalent to losing seven years of farm productivity increases since the 1960s.

Per Frankelius, associate professor in business administration at Linköping University in Sweden, recently wrote an opinion piece in *Farmers Weekly* (5 November 2021) entitled 'Agriculture unfairly penalised on climate change'. In it, he argues that conventional assessments of climate change understate the role of consumers and overstate that of agriculture, which he says, is a solution, not the main problem. If you haven't read it, you might like to.



1. 'Anthropogenic climate change has slowed global agricultural productivity growth,' published in *Nature Climate Change*, was led by economist Ariel Ortiz-Bobea, associate professor in the Charles H. Dyson School of Applied Economics and Management at Cornell.



UK beef is not an issue

Well-known farmer and automotive journalist, Harry Metcalfe, operates the popular YouTube channel, Harry's Farm, which highlights life on his arable, beef and sheep enterprise in Oxfordshire, together with farming-related issues.

Prompted by the BBC2 Horizon programme (Feast to Save the Planet - 4 January 2021), he investigated whether the mainstream media truly represent the facts behind farming, particularly beef production, in a video entitled 'What's the true environmental impact of beef farming in the UK'. Posted on 13 January 2021, it has 150,000 views and is well worth watching.



[The media] always look at it from a global point of view to make headlines and never question the data."

Harry says that information in the mainstream media is very confusing. Being 'a farmer', he points out, covers a multitude of operations, which differ vastly from country to country and area to area, so a better definition of how we produce food is required.

Acknowledging that beef farming is under the spotlight over concerns about its potential environmental impact from the release of methane, Harry questions whether that is really the case for grass-fed beef in the UK, which is vastly different from cattle feedlots in the US, for example. The permanent pasture typical for his area has been grassland 'basically forever' and because of its geography and proximity to water cannot be used for arable, so beef or sheep are the only options.

"How we produce beef, with pure-bred cattle grazing permanent pasture and fed hay in winter, is a no-inputs, purely organic system of sustainable agriculture," Harry says in the video. He highlights work by researchers at Oxford University and the Swiss agricultural research institute, Agroscope, who created a comprehensive database on the environmental impact of 40,000 farms and 1,600 processors, packaging types and retailers.

This allowed them to assess how different practices and geographies lead to different environmental impacts for 40 major foods. They found significant differences in environmental impacts between producers of the same product. High impact beef producers create 105 kg of CO₂ equivalents and use 370 m² of land per 100 grams of protein, much higher than the 17-27 kg CO₂ per kg figure for beef from a UK dairy herd and 12-50 times greater than a low-impact beef producer such as his.

The NFU highlights that British beef is produced to welfare and environmentally sustainable standards, which are amongst the highest in the world. Shoppers, it says, are looking to buy local, sustainably produced meat and most retailers are increasingly sourcing British beef and lamb to meet this demand.

British farming with its extensive, grass-based, grazing systems produces beef which is amongst the most sustainable in the world. According to the Government's Committee on Climate Change, greenhouse gas emissions from UK beef are about half the global average.



David Jones, pictured here with the farm's new weather station which collects data 24/7, has been Farm Manager for The Morley Agricultural Foundation (TMAF) for 14 years.

A registered charity which has been established for 110 years, with assets and farmland from The Morley Research Centre, originally known as the Norfolk Agricultural Station, TMAF supports farming in the East of England. It does so by funding agricultural research, student studies, professional development of farmers and others, plus a variety of educational projects for school-age children.

Farmers must consider climate change

"Climate change has been on our radar for a very long time because the goal here is to farm as sustainably as possible," states David Jones, Farm Manager for The Morley Agricultural Foundation (TMAF) in Norfolk.



It is a real issue which has come to the forefront of people's minds during the last few years, particularly since the COVID lockdowns started in March 2020 because many had more time to think about issues other than work."

David continues, "Climate change will be a cornerstone of future legislation and given its significant practical implications for our industry, the issue is one which all farmers should start thinking about now."

David is responsible for managing over 720 hectares (ha) of TMAF's own and contract farmed land within a 10-mile area of its base at Morley St. Botolph near Wymondham. The soil is typically classified grade 2 or 3 and ranges from 'Ashley series' light - sandy loam to 'Beccles series' medium - sandy clay loam. Barley and wheat straw are baled to go to three local farms. Pig and cattle manure return to the farm.

Cropping includes winter wheat, winter malting barley, sugar beet, spring malting barley, spring oats, rye, vining peas, and forage maize for a local AD plant. Typical yields are 10t/ha for winter wheat, 7t/ha for winter barley, 7.5t/ha for winter oats, 7t/ha for rye, 6.5t/ha for spring barley, 6t/ha for spring wheat, 82t/ha for sugar beet and 37t/ha for forage maize.

Manor Farm has various grain stores, which include 3,600 tonnes of on-floor drying capacity and a further 500 tonnes of on-floor storage. The recent investment in grain storage has helped to future-proof the farm because it will meet future grain storage food safety requirements and gives more flexibility in marketing.



The Norwich Institute for Sustainable Development, a new UK centre of excellence being set up on the Norwich Research Park to improve global food security, will focus on developing solutions to enable farmers all over the world to build resilience to variability in rainfall, periods of drought and more extreme and unpredictable weather events. This is the first formal partnership of the internationally recognised expertise in plant science from the John Innes Centre and the social sciences from UEA's School of International Development. The new institute will involve researchers from the Quadram Institute, Earlham Institute and The Sainsbury Laboratory.

Everyone has a part to play

Outlining how climate change is increasingly influencing the decisions which he takes, David Jones states: "There is no question in my mind that we all need to minimise carbon emissions to mitigate the impact of climate change and our aim is to become carbon neutral. That is sensible, but we all must recognise what is vital and what is not."

Explains David, "In the past, most people have done things without thinking twice about the environmental impact. Flying thousands of miles for a weekend break is nice, but hardly essential, so it is something we will have to learn to live without or do less often. On the other hand, food is fundamental to life, so we must make its production and distribution as carbon neutral as possible.

"The mainstream media always seem to focus on negative headlines without mentioning what is good about farming. They highlight issues such as the use of oil-derived inputs and methane from livestock without balancing that with the contribution which crops, pasture, trees and hedges make in sequestering carbon. They should focus on more balanced reporting and companies should stop making inflated claims about what they are doing to 'go green,' as these are often flawed and completely outrageous. Corporate 'greenwashing' may be good for the balance sheet in the short term but is not a long-term solution.

"Artificial fertilisers are one of the biggest contributors to farming's carbon footprint, but the key is not to look at the total amount of nitrogen used but the amount of carbon generated per tonne of crop produced."



Here at TMAF we are research-focused and are careful to do everything by the book to ensure that the results we produce are accurate."

David continues, "Whenever there is a major shift in thinking there will always be those who seek to capitalise on that situation by selling 'solutions,' so we evaluate everything very carefully before making any decision.

"One of the biggest influences on the way we farm is our changing climate, although it has not yet had any significant impact on the crops we grow. Over the last 25 to 30 years the average temperature in the UK has increased slightly but has been barely perceptible. Our maritime climate is characterised by changeable weather, but while the average annual rainfall has remained around 650 mm, what has changed is when it arrives. Any

month of the year can be either the wettest or driest, so we have learned to be flexible in our approach and have the resources available to cope with whatever challenges nature sends our way.

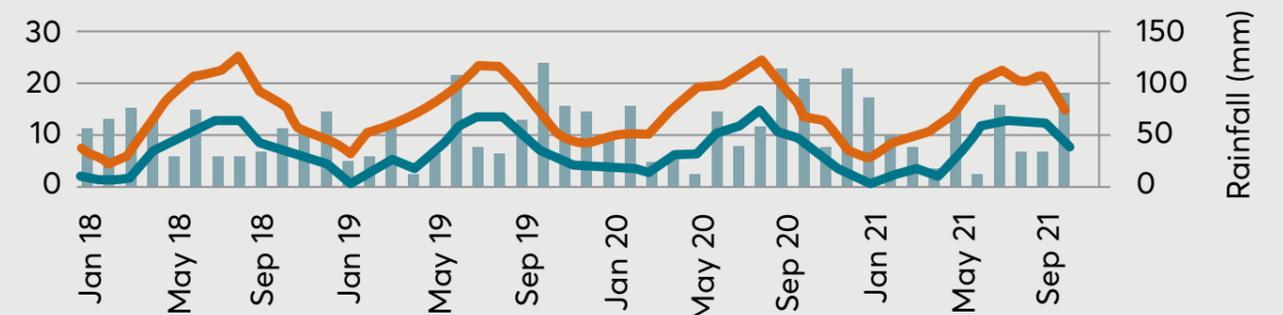
"The lack of frosts is one of the most noticeable weather-related changes in recent years and has had a major impact on soil conditions, as well as pests and diseases. Ploughing the land in the autumn ahead of spring crops has become outdated simply because we no longer get frosts in winter to break down the soil. Instead, we either plough or cultivate in March when the soil is dry and in good condition to avoid damaging the structure, then drill.

"I have to make weather-related decisions all of the time, so having accurate data is important. It is also important for the researchers who work with TMAF at Morley."

Weather data is available free of charge direct from the Morley Farm Weather Station, simply by registering on the website tmaf.co.uk.

Morley monthly averages

Rainfall Min temp Max temp





New weather monitoring at TMAF's farm is providing interesting data for today and fascinating comparisons with previous times to farmers in Norfolk and further afield.

David explains, "I spend a lot of time studying the data from our new weather station which collects it 24/7 using 11 different measurements, from air temperature to windspeed. It's already delivering surprises, one being the way that the temperature fluctuates through the day, but more particularly at night. That helps me to plan the following day's operations, such as spraying and lifting sugar beet."

"It's also interesting to look at long-term data delivered by another weather station on the farm. Operated

by COSMOS-UK cosmos.ceh.ac.uk, it uses cosmic rays to sense soil moisture over 40 hectares and the data has the potential to transform the way we understand and model the natural environment.

"It is often assumed that more data is better, but we know to avoid collecting it for collecting's sake. For most farmers, rainfall and temperature measurements are all we need to know to get going, or not to go at all."

Annual rainfall at TMAF (mm)

2017	2018	2019	2020	2021
680	683	652	696	469

Committed to training



The Larking Gowen Farms and Landed Estates team on their annual training day at Norfolk Showground.

Following the easing of restrictions in the summer we were able to plan for the Farms and Landed Estates (FLE) team to get together for our annual training day in October. The majority of the team were able to attend the training from across our Norwich, Diss and Fakenham offices.

The FLE training day has taken place at Norfolk Showground for many years and it was great for the team to be back there in person. The day is a fantastic chance for all staff to get together in a relaxed environment and to hear from the Partners and our technical specialists, making sure the whole team are up to date on the latest information and changes. There's also plenty of time for catching up with colleagues and welcoming new members of the team.

This year the team had fun getting together for team photos, enjoyed a surprise ice cream and finished off the day putting their knowledge to the test by taking part in Chris Greeves' annual quiz.

FLE currently has 48 members across Norwich, Diss and Fakenham, which will increase in 2022 with new trainees coming on board in January and September.

The Farming Investment Fund

The Farming Investment Fund is one of the ways through which profitability and environmental good can be achieved. Its main aim is to help farmers and landowners to invest in their business, improve profitability and achieve greater environmental benefit. The fund comprises two parts.

- The lower value investment part is the Farming Equipment and Technology Fund (FETF).
- The higher value investment part is the Farming Transformation Fund (FTF).

The FETF provides support to businesses so that they can invest in equipment and technology to improve sustainable agricultural, horticultural and forestry productivity. Based on the Countryside Productivity Small Grant Scheme, it enables farmers to apply for a grant to purchase items from a set list of equipment, technology, and small infrastructure investments.

Grants range from £2,000 to £25,000, although you can apply for a total of £50,000 over the scheme's duration, so for example, if there were two rounds, you could apply for £25,000 in each round.

You can apply online quickly and simply, the approval process being

straightforward, with a clear grant value assigned to each item. If successful, you purchase the item and then claim the reimbursement using the receipt.

Full details are available at gov.uk/guidance/farming-investment-fund#farming-equipment-and-technology-fund.

The FTF provides grants towards large capital items to help businesses improve productivity, profitability, and environmental sustainability in the areas of Water Management, Improving Farm Productivity and Adding Value. Aimed at the larger, more complicated, higher costing investments, the scheme has been based on the Countryside Productivity Large Grant (CPLG) scheme.

Areas where farmers and landowners may be eligible for a grant include:

- On-farm water storage infrastructure, including reservoirs
- Precision agriculture equipment (for example, low emission and variable-rate nutrient or pesticide application)
- Robotic or automated technology
- Equipment and technology for storing, sorting or processing products



Ashley Smith, Larking Gowen Partner

Full details are available at: gov.uk/guidance/farming-investment-fund#farming-transformation-fund.

If you would like to discuss any future opportunities for your business or cashflow implications, or if your bank wishes your accountant to review the financing of a project, we're happy to help.

For further details email your usual Larking Gowen advisor: enquiry@larking-gowen.co.uk.

Alternatively, please visit: larking-gowen.co.uk/insights/blog-farming-investment-fund/.

The Future Farming Resilience Fund

The Future Farming Resilience Fund was set up by the Government and launched in 2021 to help farmers and land managers plan their way through the transition within agriculture and provide support. We'd encourage you to get involved in the scheme, review your business, and prepare for the future. It's fully government funded and free of charge.

There are three phases, but it's the current interim phase, which began in August 2021 and runs until spring 2022, that you must be aware of. To qualify, your business must currently be in receipt of Basic Payment Scheme (BPS) payments.

The £10.7m fund is being delivered in various ways, with many providers offering a tailored approach including farm visits, plus detailed financial and professional advice individual to each business.

You can put yourself forward by contacting one of the approved firms outlined here: defrafarming.blog.gov.uk/2021/07/13/the-future-farming-resilience-fund-providers-named/.

As part of the participation, you would expect to receive a farm visit to enable the consultant to understand you, your business, current challenges, and what opportunities may exist. The aim is to enable advisors to review and scrutinise farming and estate businesses in detail to identify opportunities for change, diversification, and ways to adapt to produce greater output.

For further details email your usual Larking Gowen advisor: enquiry@larking-gowen.co.uk.

Alternatively, please visit: larking-gowen.co.uk/insights/blog-the-future-farming-resilience-fund-agriculture-support.



Laurie Hill, Larking Gowen manager and agricultural specialist



PrimeGlobal
An Association of Independent Accounting Firms

0330 024 0888 | enquiry@larking-gowen.co.uk | larking-gowen.co.uk [@LarkingGowen](https://twitter.com/LarkingGowen)

This document is designed for the information of readers. Whilst every effort is made to ensure accuracy, information contained in this document may not be comprehensive and recipients should not act upon it without seeking professional advice. We will process your personal data for business and marketing activities fairly and in accordance with professional standards and the Data Protection Act 2018. If you do not wish to receive any marketing literature from Larking Gowen please contact business development on 01603 624181 or email bd@larking-gowen.co.uk. "Larking Gowen" is the trading name of Larking Gowen LLP which is a limited liability partnership registered in England and Wales (LLP number OC419486). Where we use the word partner it refers to a member of Larking Gowen LLP. Larking Gowen LLP is an Independent Member Firm of PrimeGlobal, a worldwide association of independent accounting firms. © Larking Gowen 2022. All rights reserved. doc ref 01.01.22



All the expertise and advice you need

Larking Gowen has years of experience in agriculture and the expertise to guide you through investment, diversification, succession, tax planning and more, whatever the size of your business.

We'll be there to see you through the good times and the challenges. We forge long-term relationships, often through generations of families, and deliver timely advice at every stage. All your accountancy needs, with a friendly one-to-one service.

larking-gowen.co.uk

Committed to you.

 **Larking Gowen**