

Farm For the Future

Tenant farming through the transition



Dartmoor
Hill Farm Project

George Dunn
TFA Chief Executive



THE PRINCE'S
COUNTRYSIDE
FUND

About Me

- Economist
- MAFF
- CLA
- TFA
- Extra Curricular



About TFA

- Who, When and Why?
- Dual Aims.
- Original Objectives.
- Development of Objectives.



What does the TFA Provide?

Advice when you need it

Information when you want it

Supporting you all the time



Recommended Professionals

“TFA +” scheme

TFA Membership rates 2023

Full £249 (£235)

Friend £85

Student – Online only £10

How do you occupy land?

Different types of tenancy:

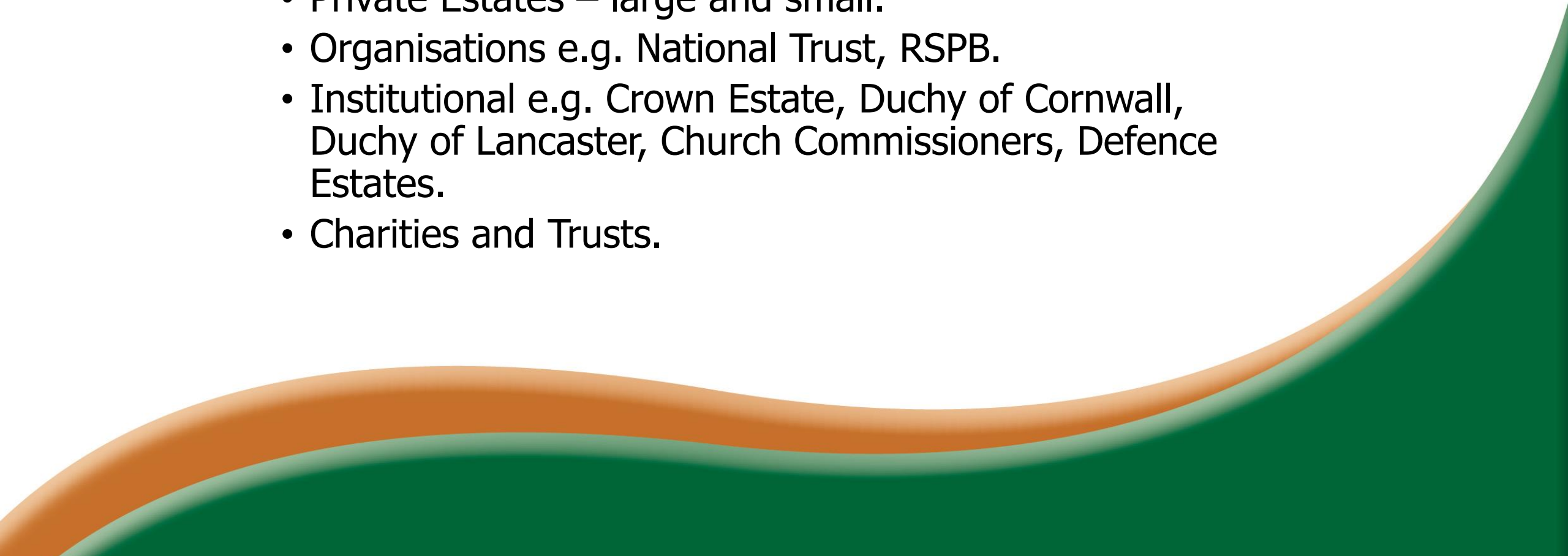
- Agricultural Holdings Act 1986
 - County Council, lifetime and succession tenancies.
- Farm Business Tenancies (Agricultural Tenancies Act 1995)
 - Fixed term (less than 2 years)
 - Fixed term (more than 2 years) – average 3 years; 87% 5 years or less
 - Year-to-year.
- Other opportunities/routes

Other Non-ownership models

- Common Grazing
- Contract farming
- Share farming
- Grazing licenses
- Partnerships/Joint ventures



Different types of landlord

- County Councils.
 - Private Estates – large and small.
 - Organisations e.g. National Trust, RSPB.
 - Institutional e.g. Crown Estate, Duchy of Cornwall, Duchy of Lancaster, Church Commissioners, Defence Estates.
 - Charities and Trusts.
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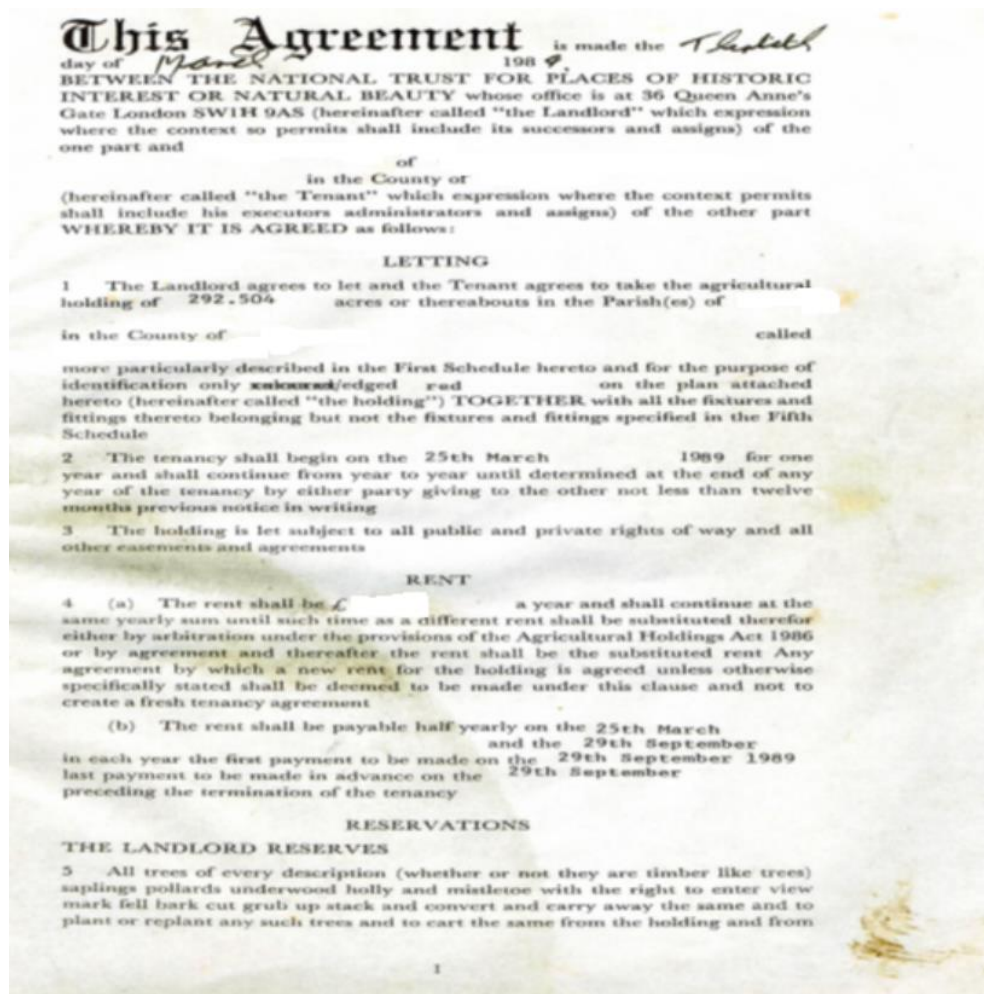
The role of agents





Understand
your tenancy
agreement...

...and do you
know where it
is?

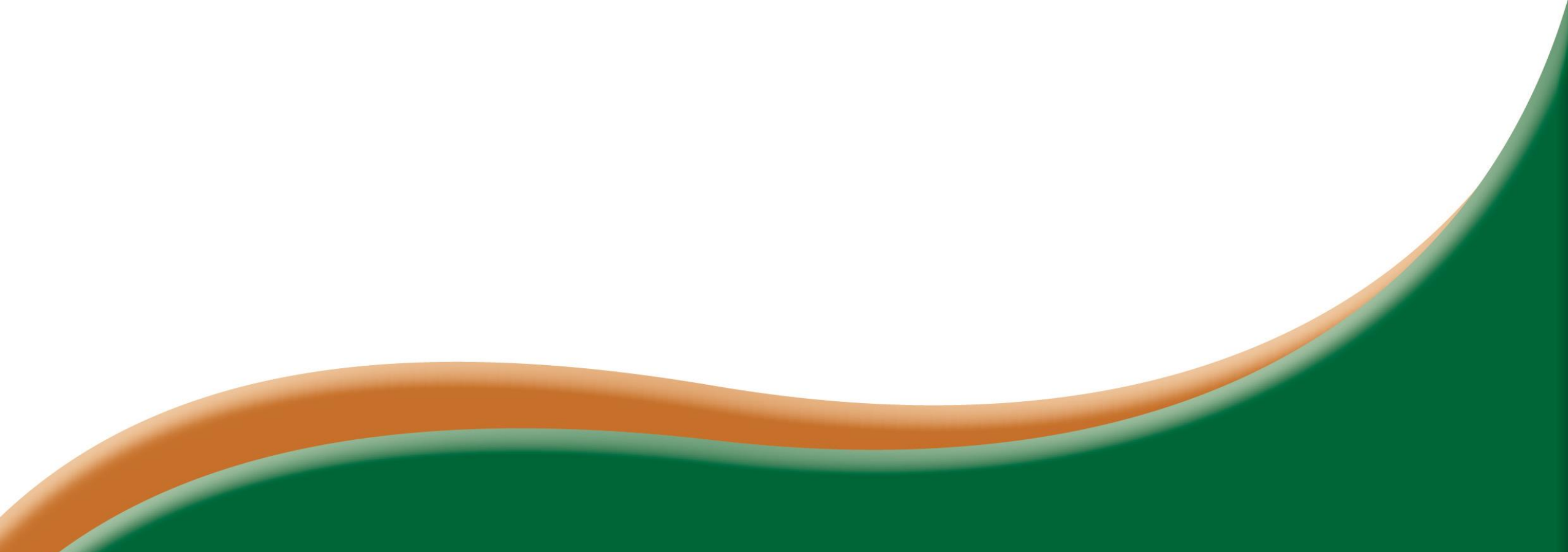


...preferably
before you
sign it...

Is it oral?

Issues to watch out for.....

Agriculture use only clauses



Issues to watch out for.....

Definition of Agriculture

AHA 1986 Section 96 (1)

Agriculture includes horticulture, fruit growing, seed growing, dairy farming and livestock breeding and keeping, the use of land as grazing land, meadow land, osier land, market gardens and nursery grounds, and the use of land for woodlands where that use is ancillary to the farming of land for other agricultural purposes and “agricultural” shall be construed accordingly.

Issues to watch out for.....

Rules of Good Husbandry - Agriculture Act 1947 Section 11

For the purposes of this Act, the occupier of an agricultural unit shall be deemed to fulfil his responsibilities to farm it in accordance with the rules of good husbandry in so far as the extent to which and the manner in which the unit is being farmed (as respects both the kind of operations carried out and the way in which they are carried out) is such that, having regard to the character and situation of the unit, the standard of management thereof by the owner and other relevant circumstances, the occupier is maintaining a reasonable standard of efficient production, as respects both the kind of produce and the quality and quantity thereof, while keeping the unit in a condition to enable such a standard to be maintained in the future.

Issues to watch out for.....

Rules of Good Husbandry - Agriculture Act 1947 Section 11

Permanent pasture is being properly mown or grazed and maintained in a good state of cultivation and fertility and in good condition

The unit is properly stocked where the system of farming practised requires the keeping of livestock, and an efficient standard of management of livestock is maintained where livestock are kept and of breeding where the breeding of livestock is carried out;

Issues to watch out for.....

Agriculture use only clauses

Alienation clauses

Landlord's reserved rights

Clauses defining the farmer

Working off the holding

Repairs and maintenance

New or additional fixed equipment

Entering into schemes

3rd party stock

Meeting statutory standards

Taking on additional land

Ulterior motives to grant consent



Record all
variations
in writing

Environmental Land Management Update – January 2023

Sustainable Farming Incentive Standards

- Arable and horticultural soils (I+I)
- Improved grassland soils (I+I)
- Moorland (I)
- Hederows
- Integrated pest management
- Nutrient management
- Arable and horticultural land (A)
- Improved grassland (A)
- Low and no input grassland

£20 per ha management
payment on the first 50 ha but
not applicable to Commons and
Moorland.

All I+I+A by 2025

Future SFI Standards Expected

2024

- Agroforestry
- Water body buffering
- Farmland biodiversity

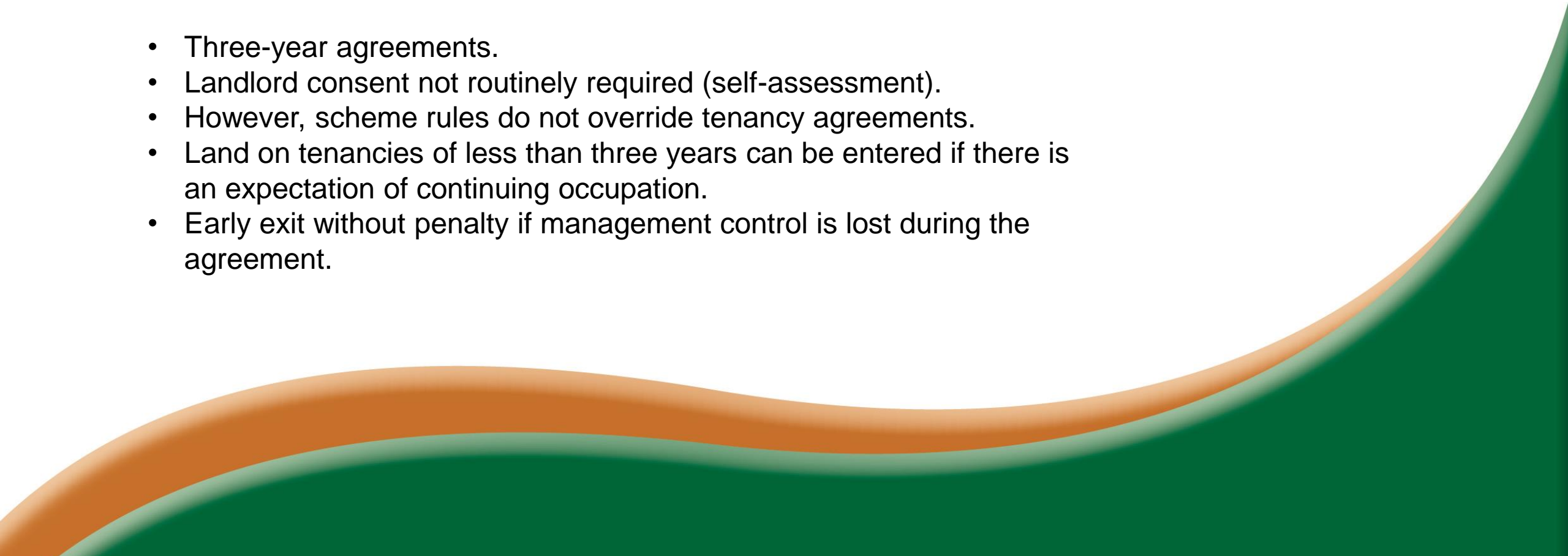
2025

- Organic
- Farm Woodland
- Orchards and specialist horticulture
- Heritage
- Dry stone walls

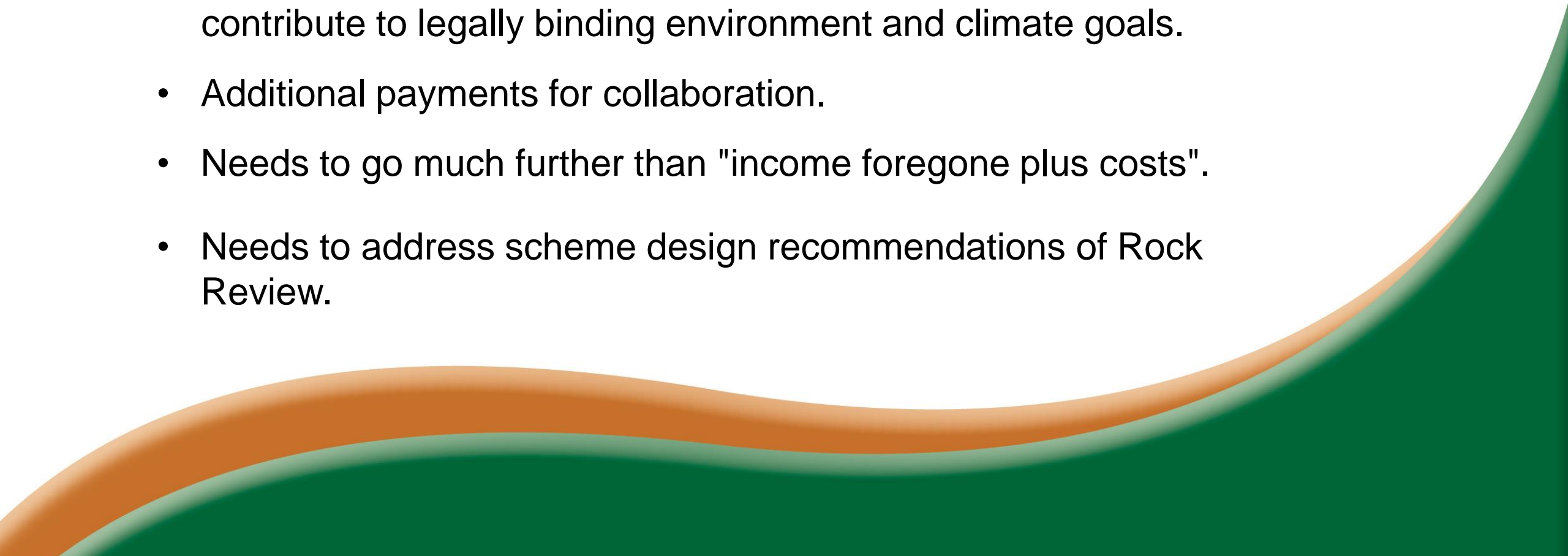
Sustainable Farming Incentive principles

The aim is for a flexible "pick and mix" approach.

Built to be accessible to tenants.

- Three-year agreements.
 - Landlord consent not routinely required (self-assessment).
 - However, scheme rules do not override tenancy agreements.
 - Land on tenancies of less than three years can be entered if there is an expectation of continuing occupation.
 - Early exit without penalty if management control is lost during the agreement.
- 

Countryside Stewardship “plus” instead of Local Nature Recovery.

- Intended to deliver a wider range of targeted, specific actions to contribute to legally binding environment and climate goals.
 - Additional payments for collaboration.
 - Needs to go much further than "income foregone plus costs".
 - Needs to address scheme design recommendations of Rock Review.
- 

Farming in Protected Landscapes.

Up to 100 per cent funding for projects that:

- Support nature recovery
- Mitigate the impacts of climate change
- Provide opportunities for people to discover, enjoy and understand the landscape and its cultural heritage
- Protect or improve the quality and character of the landscape or place

The programme will run until March 2025

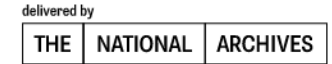
“Stackable” so long as there is additionality

Some Rock Review “Scheme Design” Recommendations

- Tenants should not need landlord consent to enter tenanted land into schemes.
- Landlords should not be allowed to enter tenanted land into schemes unilaterally.
- Where schemes require timelines longer than tenancies, tenants who expect to retain occupation should be able to unilaterally enter tenanted land into schemes.
- Landlords should only be allowed to enter tenanted land into scheme options that require permanent land use change jointly with the tenant and then only with consent of the tenant.
- There must be adequate protections to stop land being taken back in hand and subsequently entered into schemes by landlords – the need for a “quarantine period”.
- Tenant farmers who have multiple occupation agreements should be able to enter part of the farm business into ELM schemes.
- The schemes need flexibility to add or remove land without penalty to reflect tenancy changes.
- Agreements should be assignable to incoming tenants.
- Landscape Recovery must not adversely impact tenants.

What if my landlord says no when I need consent?

Agricultural Holdings Act 1986.



Cymraeg

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Advanced Search

The Agricultural Holdings (Requests for Landlord's Consent or Variation of Terms and the Suitability Test) (England) Regulations 2021

Agricultural Tenancies Act 1995.



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Advanced Search

Private Markets

- Carbon storage – Public good?
- Carbon sequestration/offsetting
- Supply chain issues & carbon insetting
- Biodiversity Net Gain
- Nutrient neutrality
- Conservation Covenants
- Corporate Social Responsibility
- Public access



Good Regulation

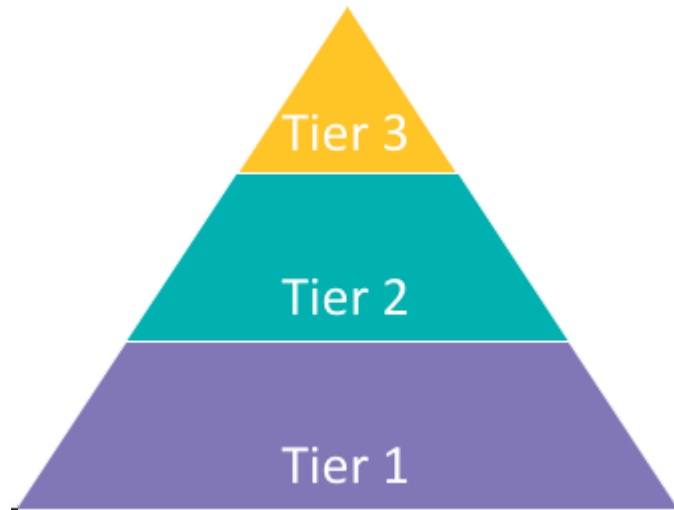
Baselining

**Avoiding a halo effect locally, nationally
and internationally**

Basic metrics eg global price for carbon

Insurance? (fire risk, weather)

Hierarchy of natural capital actions

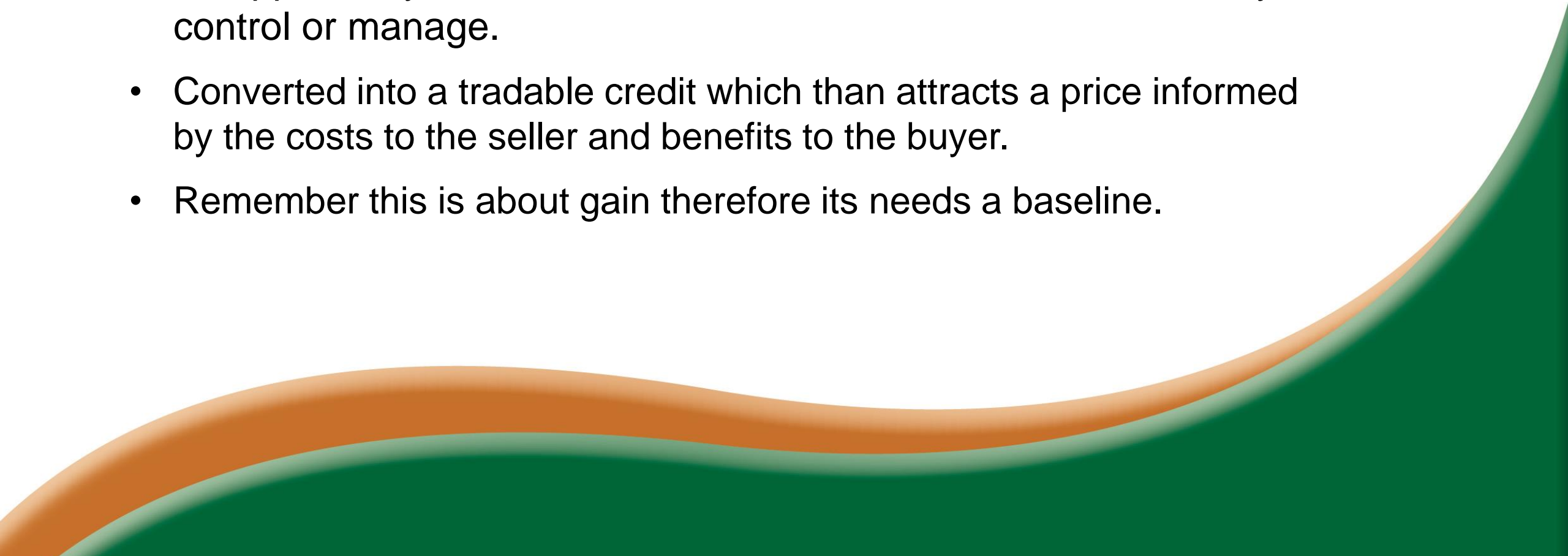


Offset negative impacts.

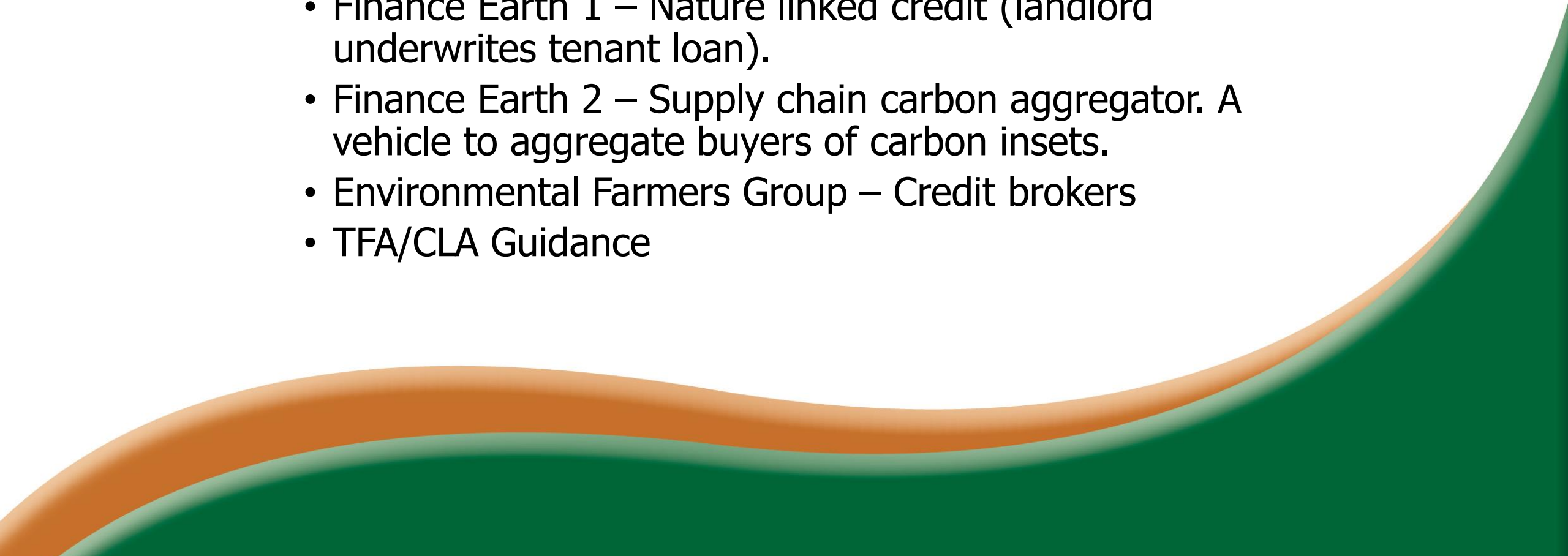
Reduce negative impacts.

Prevent negative impacts.

Offsetting

- An opportunity for those that can enhance the environment they control or manage.
 - Converted into a tradable credit which then attracts a price informed by the costs to the seller and benefits to the buyer.
 - Remember this is about gain therefore it needs a baseline.
- 

Current Private Sector Models

- Environment Bank – lease and contract back.
 - Finance Earth 1 – Nature linked credit (landlord underwrites tenant loan).
 - Finance Earth 2 – Supply chain carbon aggregator. A vehicle to aggregate buyers of carbon insets.
 - Environmental Farmers Group – Credit brokers
 - TFA/CLA Guidance
- 

Issues for Tenants

- Length of term (even secure year to year agreements)
- Limitations by terms of tenancy agreements.
- User clauses/Management control
- Alienation clauses
- Landlords Reserving Natural Capital.
- Definition of Agriculture
- Rules of Good husbandry
- Dislocation (Tree planting, Solar, BNG, Rewilding)

Reaching an agreement

- Length of term.
- Rent, financial split – risk and investment.
- Impact on Succession.
- Is ELM an entry point (Stacking)?

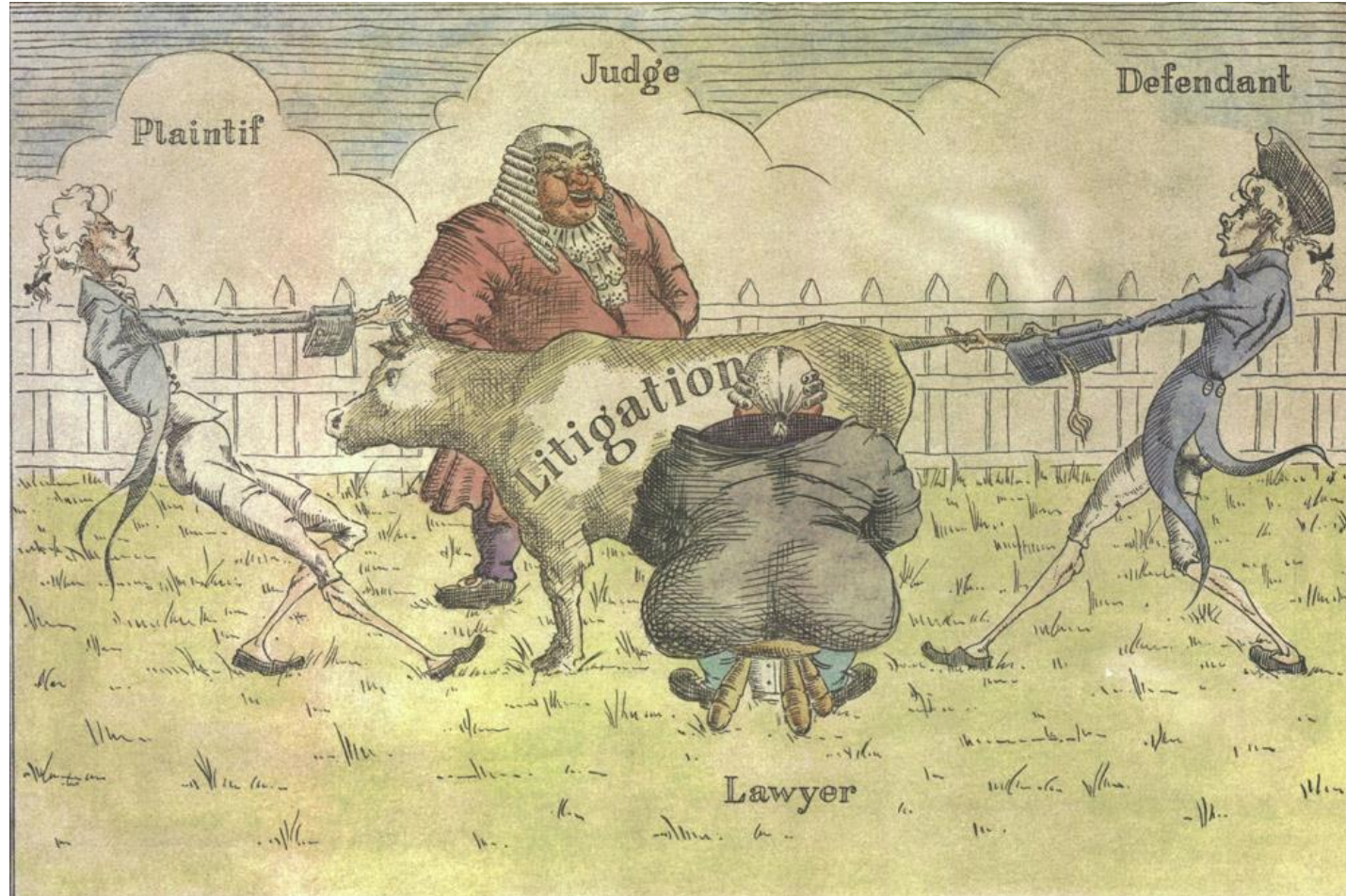
Watch out for:

- Clauses reserving Natural Capital to the landlord
- Break clauses
- Double counting (good baselining)
- Dilapidations (rules of Good Husbandry)
- Is it too good to be true?

Relationships



Communication



THANK YOU!

Questions?