



FHL relief for rural industry

The formation of the first ever Conservative-Liberal Democrat coalition government could lead to a continued welcome boost for the rural tourism industry.

Prior to the general election, the new rules to abolish the favourable treatment of furnished holiday lettings (FHL) were deferred in order to pass the 2010 Finance Bill before the dissolution of parliament.

As a result, owners are still eligible to claim for business expenses, loss relief, capital allowances and Landlords Energy Saving Allowance (LESA), as well as capital gains tax relief (including business asset roll-over relief and entrepreneurs' relief).

Both the Conservative and Liberal Democrat parties opposed the new rules, although neither provided any clear commitments on future tax breaks for this area. With an emergency budget to be held within 50 days of the coalition coming to power, we should soon find out whether the letting community can finally breathe a sigh of relief.

Should the new legislation come into force, FHL businesses will be treated in the same way as other property types, which could lead to many of the 60,000 people who rent out holiday accommodation stopping doing so. This would hit the rural tourism industry hard, with a knock-on effect of £200 million each year.

Warning on rural housing costs

For more information, please contact Chris Wright on 01945 465767



By Chris Wright

Rural communities face an uncertain future due to high housing costs and poor quality services forcing young people to leave, according to a leading expert.

The problems were highlighted in a report

to the Prime Minister by the Government's Rural Advocate, Dr Stuart Burgess, who said young people in rural areas were struggling to access housing, jobs and support.

He pointed out that housing costs in the countryside were far beyond the reach of many people, with only 13 per cent of housing stock in rural areas consisting of social housing, compared with 22 per cent in urban areas.

Despite 40 per cent of 16 to 24-year-olds being classed as 'economically inactive', only 80 of England's 573 Jobcentre Plus outlets are in market towns, and just 23 are in rural areas.

The lack of high-speed broadband and mobile phone coverage in some rural areas was also highlighted as an issue which drove away young people, as well as making it more difficult to start up small businesses or work from home in these areas.

The result, according to the report, was around 200,000 young people leaving the countryside every year, resulting in a rapidly-ageing rural population and increased pressure on rural services.

Dr Burgess called for investment in affordable housing, transport and broadband links to help make rural areas more attractive.

Rural communities benefit from Environmental Stewardship

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By Chris Wright

The 'Incidental Socio-economic Benefits of Environmental Stewardship' report from Defra has shown that rural communities receive a much-needed economic boost when local farmers invest in the Environmental Stewardship (ES) scheme.

The land management scheme, which aims to protect biodiversity and the natural environment, has brought additional income and employment to the areas taking part, in addition to developing farmers' social networks and farm business skills.

Key findings in the report include:

- Current ES scheme expenditure has funded around 665 new full-time equivalent jobs in local communities between 2005 and 2009.

- Last year, £249 million was invested in ES, with an additional £64.7 million generated by the local community as a result.
- Much of the work - such as ensuring wildlife, landscape and historic features are created, restored and maintained - is undertaken directly as a result of payments from the scheme.
- Farmers, contractors and advisers have improved their skills and knowledge through participating in the scheme, in addition to attending associated training courses.

Tougher food labelling laws move a step closer

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By Andrew Heskin

The European Union has moved a step closer to new rules requiring that all meat, poultry, dairy products, fresh fruit and vegetables carry clear labelling, stating the product's country of origin.

Previously there were fears that some consumers who intended to buy British were being hampered by misleading labelling - such as giving the last place of processing or the place of packing on the label, rather than where the product actually originated from.

Members of the European Parliament's agriculture committee backed the proposals at a vote in March. They will now be considered

by the full Parliament towards the end of May, before going to the Council, made up of the relevant ministers from each member state, and then back to the Parliament.

The National Farmers Union - which campaigned for the change - welcomed the outcome of the vote, but said there was still a long way to go, as the proposals looked set to be opposed in some parts of the EU.

Sheep decline brings new opportunities for UK producers

The rate of decline in British sheep numbers slowed in 2009, while productivity and margins increased, bringing a new confidence to the industry.

With sheep numbers also dropping across the EU, as well as in Australia and New Zealand, this provides new opportunities for UK producers

to export to Belgium, Italy and Germany, reducing their dependence on the traditional French market.

The UK now exports 38 per cent of its lamb, compared with 31 per cent in 2004.

Stuart Ashworth, head of economics at Quality

Meat Scotland, told the AHDB Outlook 2010 conference that producers' prices were unlikely to fall in the short term.

UK producers' margins are also likely to continue improving, spurred on by improved farm gate prices and a favourable exchange rate against the euro.

Call for action to halt rural unemployment

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By Andrew Heskin

The Government has been urged to invest in rural skills and jobs after official figures showed unemployment was rising faster in the countryside than in towns and cities.

The latest Labour Force Survey showed that there were an estimated 299,000 people unemployed in rural areas in England and Wales at the end of 2009, up from 182,000 at the end of 2007.

Although overall levels of unemployment remained lower in rural areas, this represented a 64 per cent increase over the two years, compared to a 52 per cent rise in England and Wales as a whole. Opposition politicians and rural campaigners said this showed the need for additional measures to help small rural businesses create jobs.

There was also controversy as the body charged with improving the quality of skills and training in the UK ranked agriculture 26th out of 27 in a list of the most important industries for the country's economic future.

The UK Commission for Employment and Skills (UKCES) was criticised for the sector's low ranking, which it was feared could damage investment in training in the future.

Following protests from organisations including the National Farmers Union and Lantra, the skills council for the environment and land-based industries, UKCES has agreed to look at its figures again.

Lantra argued that the food supply chain was the UK's largest manufacturing sector, employing around 3.6million people and contributing £155 billion to the country's GDP.

Fall in organic food sales

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By Bill Creasey

There was mixed news for organic farmers last month as it was revealed sales had slumped by 12.9 per cent during 2009, but the amount of land dedicated to organic farming continued to grow.

The Soil Association report revealed that sales of fresh meat were particularly badly hit, falling by 22.7 per cent. Organic bread and vegetables also took a hit, with only organic milk posting a modest rise.

The decline was blamed on customers cutting spending during the recession, while a Food Standards Agency report playing down the nutritional benefits of organic food may also have played a part.

However, the Soil Association predicted the fall would only prove to be temporary and predicted a modest market expansion of between two and five per cent this year.

The organisation also said the amount of land used for organic farming in the UK had continued to rise, increasing by nine per cent during 2009, with organic farmers now representing 4.3 per cent of total UK farmland.

Soil Association policy director Peter Melchett acknowledged it had been a tough year for the organic market, but urged businesses to continue to promote the benefits of organic food to the public, to achieve long-term growth.

He argued that, after 17 years of unbroken growth up to 2009, the long-term trend remained positive, and called for more government incentives to encourage farmers to switch to organic production.



- ◆ Raising finance
- ◆ Succession issues
- ◆ Taxation planning
- ◆ Outsourcing
- ◆ Land transaction planning
- ◆ Tax legislation
- ◆ Property transaction planning
- ◆ New ventures and diversification

Farmers make the most of broadband access

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By Andrew Heskin

More than half of all farmers (56 per cent) are actively using the internet according to a study by the National Farm Research Unit (NFRU). 86 per cent of these farmers also benefit from access to faster broadband connections.

The figures remain relatively consistent regardless of the type of farm owned. 57 per cent of arable farmers used the internet, compared with 55 percent of livestock ones.

Out of the 11,000 livestock farmers asked, usage was highest amongst dairy farmers (59 per cent), followed by beef farmers (54 per cent) and sheep farmers (52 per cent).

Broadband also proved popular within the farming community, with 87 per cent of the online arable farmers using it, compared with 85 per cent of livestock farmers.

Despite the popularity of broadband, many rural communities are still lacking a decent connection speed. The Government's plans to roll out the next generation of superfast broadband to 90 percent of the population by

2017 have been dealt a blow with the proposed 50p a month duty on landlines becoming another casualty of May's General Election.

However, the 'Final Third First' campaign is dedicated to ensuring people in these areas can access Government services online by 2012.

Dr Charles Trotman, who is head of rural business development at the Country Land and Business Association (CLBA) and chaired the campaign's first meeting, said the Government's target of providing broadband speeds of two megabits per second (Mbps) for everyone by that date would be hard to achieve.



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