CHEFFINS

RURAL

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CLIMATE CHANGE IS HERE AND FARMERS ARE ON THE FRONT LINE

You don't need a climate analyst to tell you that the last few years have been 'challenging' for farmers. Since 2022, we've had the UK's first 40 degree day, the wettest winter on record, the hottest and driest spring and hottest summer (twice!).

Some areas in southern England have seen both their driest and wettest calendar month in records dating back to 1836.

As the National Trust – not known for their hyperbole – said at Labour's party conference recently, climate change is here. And farmers are on the front line of what it means for our economy, our food supplies and our way of life.

These extremes are likely to have brought England the three worst harvests on record in the last three years, as wet weather and two back-to-back droughts have reduced output through a combination of lower crop area and lower yields.

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This has cost arable farmers billions in lost revenue, with livestock sectors also hit hard. According to research ECIU commissioned from the team at Grounded Research, 98% of farmers have experienced extreme weather events in the last 5 years, with 84% witnessing a reduction in crop yields or livestock output, and three quarters seeing their incomes reduced. Four fifths of farmers are worried about the impact of climate change on their ability to make a living. It's not hard to see why.

And this is just the beginning. Without faster action to reduce the greenhouse gas emissions that are warming the planet, we are on course to hit 2.8 degrees of warming above pre-industrial temperatures by the end of the century. The impacts we have experienced recently have been at around 1.4 degrees of warming globally, although Europe is warming at near twice the global average.

Future warming and impacts though will not be linear, and next year is likely to illustrate this. We are currently in the early stages of the most significant El Niño on record, what some have described as a 'Godzilla' event.

El Niño is the warm phase of the El Niño Southern Oscillation, and climate change super charges it, bringing the likelihood that 2027 will be the warmest year ever.

"Episodes such as the short lived SFI application window have been corrosive to both farmer trust and their capacity to access the support necessary to build resilience in the face of climate impacts."

It is hard to say what this might mean for UK farmers. The Met Office has suggested that it could lead to a wetter, stormier autumn, bringing the potential of yet more 'weather whiplash' after the current drought. Good news for water supplies perhaps, less so for agriculture and flood risk. A hot 2027 globally raises the prospect of another challenging summer next year. And beyond next year, the trajectory of hotter, drier summers and warmer, wetter winters for the UK is well set, and has been a feature of climate models for decades.

This level of jeopardy has led many farmers to look at what options are available to boost resilience. Regenerative agriculture is all the rage, and the evidence in support is strong. Increasing numbers of farmers are turning to it and other, nature and climate friendly farming methods to improve their resilience to climate shocks and reduce their dependence on increasingly unpredictable inputs. The combination of reducing exposure to both fossil fuel and climate volatility makes a lot of sense, as well as reducing emissions and helping to meet broader environmental outcomes.

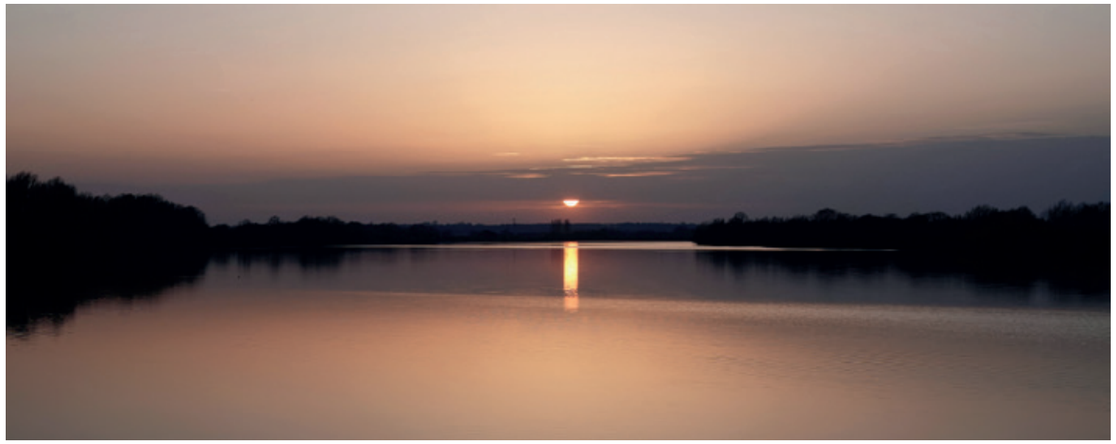
But it's not a silver bullet, and we can't just put the onus on to farmers to fix this themselves. It's not possible for individual farm businesses to adapt to a 3 degree world. Globally, we need to reduce emissions to net zero and tackle the problem at source. This means the UK and all sectors of the economy playing their part, including farming. For this to happen, it will need more public and private investment than we are currently seeing.

Governments across the UK will have to develop a more serious policy offer for farming, and in the short-term fix issues with schemes such as the Sustainable Farming Incentive (SFI) in England. Episodes such as the short lived SFI application window have been corrosive to both farmer trust and their capacity to access the support necessary to build resilience in the face of climate impacts.

The future then is uncertain for farmers. We will see increasingly extreme weather as global temperatures warm and climate impacts increase. Increased instability though is likely to focus the minds of the public, government and business on the importance of agriculture as a strategically important industry, capable of aiding both adaptation and mitigation to climate change. In that will be opportunities for forward thinking farming businesses looking to become more resilient themselves and secure new markets and revenues, from green finance to direct marketing and everything in between.

Tom Lancaster, Head of Land, Food & Farming
Energy & Climate Intelligence Unit





Water resilience and the balancing act of meeting irrigation demands

With an acute shortage of rainfall bringing domestic food supply into sharp focus, Katie Hilton speaks to local farm businesses which are reliant on some form of irrigation. How do they manage their supplies and how are they adopting new strategies to handle their water resources more efficiently?

Robert Smith of Russell Smith Farms, Duxford, Cambridgeshire

This is a large vegetable-producing enterprise which grows potatoes, carrots and onions for all the major supermarkets, as well as continuing to grow cereals, oilseed rape, peas and sugar beet and host field trials for plant breeders.

As a business Russell Smith Farms is constantly striving to expand, adapt and maximise innovation, a philosophy that extends to its approach to water use. With four farm reservoirs in place and planning permission for a further two, the reservoirs serve a widespread area, with 32km of underground mains travelling across 18 different land holdings.

Having successfully secured funding under Round 2 of Defra's Water Management Grant for two new reservoirs with capacities of 250,000m3 and 125,000m3 and associated underground mains, pumps and power, the business plans to start construction in Spring 2027.

However, Robert cautions that whilst he was fortunate to secure a 40 per cent rate of grant funding, the costs of construction have increased significantly since the grant was approved with fuel having a major impact. Robert explains 'We estimate that up to 40% of the total cost is attributed to the fuel used during construction which means it has been challenging both to deal with rising prices and to obtain a firm price from contractors.'

Despite these rising costs, there is a recognition that water storage is paramount for Russell Smith Farms, with Robert noting that the critical difference water storage gives them is security of supply. 'Once water is captured in our reservoirs there are no restrictions on its use, unlike taking water directly from other sources, which can be curbed. In a normal year we would expect to use 200mm of irrigation for a main potato crop, this year we have used upwards of 300mm due to the sustained heat and high levels of transpiration.'

'This year we began irrigating very early and continued throughout the growing season. Unusually, the drought means we are also having to irrigate our main potato crop out of the ground by creating damper soil conditions before we harvest the potatoes to cushion them as they are lifted and travel through the harvester'.

In terms of accessing water, Robert says that at present the business has several licences for winter and summer abstraction, with the bigger licence for winter abstraction. 'However, all the river licences we hold are under Hands-off Flow conditions that place constraints on abstraction when river flow or groundwater levels are below those set for environmental protection. The level of flow is regulated by pumps and meters which tell us when to stop abstracting.'

Looking to the future, Robert says that having studied how other countries such as Spain use their water resources, he believes there are new approaches they can take to improve how they use water, commenting, 'We have introduced trickle tape on our onions which provides a more accurate and efficient way to irrigate crops than the traditional methods, however, the tape can be prone to damage which doesn't make it the perfect solution.'

Robert continues 'The use of booms offers greater accuracy than rain guns and, of course, irrigating at night-time reduces the loss of water from plants through transpiration.'

More widely, Russell Smith Farms are working with the Environment Agency (EA) and Water Resources East to help create new solutions to water management. "We are seeing how we could take more water at periods of high flow with, for example, the use of a variable speed pump that can quickly adapt to maximise abstraction during these peak times."

Other potential solutions include looking at aquifer recharge, whereby water that would otherwise be lost at peak times is captured in specifically designed pits that allow water to trickle down into the aquifer.

"In working with these bodies, I really sense that there is a greater urgency towards achieving a sustainable way forward. Historically, we would have seen a move to cut back on abstraction, whereas now there is a drive to bring long-term solutions forward."

George Hurrell, partner of Newton Farms, Cambridgeshire

Newton Farms has operations across six sites in Cambridgeshire with root crop land at Swaffham Prior and Stretham being most reliant on a resilient water supply. Investment for water storage was initially channelled into the construction of a reservoir in the early 1990s which came at a cost of £30,000 set over a three-year period. George comments, 'We now supplement our reservoir storage by purchasing water from a neighbour and utilising borehole abstraction on land we contract farm.'

With Round 3 of Defra's Water Management Grant on the horizon, George says 'I would like to invest in the infrastructure surrounding water storage to enable us to open up more land to irrigation. Previous rounds of the Water Management Grant have included equipment like irrigation pumps, controls and underground water distribution mains which would be useful for us to apply for.'

'However, under our business model we rent out our root crop land to potato and onion growers, so we are not part of the decision making around irrigation. As landlords, we are currently finding that we are having to make the painful decision to reduce the available area for our tenants growing root crops due to water scarcity and the need for them to budget water use over a smaller area. This in turn reduces the rent we achieve.'

"...the 2026 reopening of the Water Management Grant is expected to provide funds of up to 40 per cent towards the construction of on-farm reservoirs..."

New opportunities for grant funding and better engagement from regulatory bodies such as the EA will hopefully ensure that the agricultural sector can more effectively access the water it needs. With farmers now having a greater understanding of business risk around vulnerabilities to supply, they can identify the opportunities that will make a real difference to their businesses going forward.

With this in mind, Newton Farms are part of the Dernford Reservoir Scheme in South Cambridgeshire which has a plan to store 75-80 million gallons of water for agricultural use which will be taken from the River Cam in periods of high flow, when there is a surplus. George explains 'Being part of the scheme means we would have greater water security and an ability to further diversify our cropping regime.'

'The security of water storage makes it much easier to manage drought conditions. Water from the reservoir can be moved more easily in a year when we are short of rain and there is the certainty of supply which is crucial for maintaining cropping regimes that require consistent irrigation.'

'As a business, we aim to make sure that we have water available to as much of our land as possible so that we maintain the ability to produce high-value crops within a healthy, varied rotation. This, coupled with improving the efficiency of water use as we look to upgrade and expand our irrigated area, is what we think will make our business more resilient to climate change.'

Kier Petherick of F C Palmer & Sons based at Stowbridge Farm, Stretham, Cambridgeshire

The business is one that is spread across the variable soil types of the Cambridgeshire fenland, with areas of highly fertile Black Fen that support a diverse cropping rotation including potatoes, beetroot, celery and turf.

Kier explains 'The business is able to store enough water for the current cropping based on its summer and winter abstraction licences, so essentially, we plan around those volumes. The irrigation capacity we have also means we can move water around to meet the needs of our rotation and if we didn't have that, our cropping would need to change significantly.'

The farm currently has two reservoirs: one with a capacity of 250,000m3 and another with a capacity of 500,000m3. Kier has ambitions to apply for funding for a further 250,000m3 reservoir under the Water Management Grant. 'Constructing another reservoir in a different location on the farm would make water transfer simpler and would provide additional security in the event of a significant drought.'

'This year certainly sharpened our focus, knowing that without the availability of water our yields would have been significantly lower, perhaps by as much as 40 per cent, and our crop quality would have looked very different.'

For grant advice, please contact Katie Hilton.

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Water Management Grant

Under its package of drought support for farmers, Defra announced back in August a funding pot of £15 million towards Round 3 of the Water Management Grant.

With a major focus on improving water security, irrigation efficiency and drought resilience, the 2026 reopening of the Water Management Grant is expected to provide funds of up to 40 per cent towards the construction of on-farm reservoirs for storing abstracted or harvested water and the upgrading of irrigation systems to more efficient technologies such as trickle or boom irrigation.

An update on farming grants: Where does the funding come from next?

"This lack of foresight by Defra – their inability to read the room and recognise an industry in crisis – has led to a government support system that is now wildly unpredictable."

Sustainable Farming Incentive (SFI)

The opening of the second SFI26 application window at 10am on 22nd September heralded a day that no-one in the farming industry would wish to repeat.

The ensuing scramble for the £253 million of Defra funds meant they were allocated at a rate of £673,000 a minute with all applicants acutely aware that the stifling of environmental funds over the preceding 18 months had led to pent-up demand never seen before.

Our delivery team at Cheffins were successful in placing applications worth significantly over £1 million in value on behalf of farming clients, but the focus has quite rightly been on applicants elsewhere that missed out on vital funds.

In 2023 the SFI was introduced on a basis we all welcomed; a steady, sensible approach whereby farm businesses could apply at any time with rolling monthly start dates. The downside, of course, was that SFI agreements did not necessarily align with cropping years.

However, the major flaw with this early approach was the unlimited access to funds that it gave applicants, with some SFI23 but particularly SFI24 agreements soaking up huge amounts of the budget that has led to an unpredictable year-to-year spend and given Defra a dilemma.

This lack of foresight by Defra – their inability to read the room and recognise an industry in crisis that would need to make full use of uncapped SFI24 funds – has led to a government support system that is now wildly unpredictable.

The capping of SFI26 at £100,000 per year, per farm business went some way towards helping more farmers access funding but was too little, too late for a sector whose only access to government support has been heavily diminished.

Industry pressures mean we have seen the focus of arable farm businesses across the Eastern region shift from seeking funds for 'field edge' SFI actions such as grass buffer strips, field corners and hedgerows, and increasingly towards wider-scale rotational actions such as low input cereals and extended overwinter stubbles. Likewise, mixed and livestock scenarios have made SFI work harder on their farms using SFI actions including herbal leys and improved grassland managed for winter bird food.

So, with a greater reliance on environmental funding across the industry at least for the foreseeable future, what comes next?

If Defra is serious in its commitment to the ambitions set out in its Farming Roadmap, published in June 2026, it must provide long-term certainty and stability so that farmers can plan, invest and innovate with confidence.

Beyond the immediate challenges of each season and harvest, there needs to be an underlying support system enabling farms to produce food sustainably; protecting soils, water resources and wider environmental resources for the long-term good. In an effort to placate an industry that is reeling from the poor handling of SFI26, Defra has made hurried assurances that SFI27 will be open as soon as possible next year.

However, farmers need to know now where they stand. There is a particular urgency in instances where Countryside Stewardship agreements are ending in December this year, who missed the SFI26 window and who now have no idea whether to plough up valuable wildlife areas or wait for another round of funding.

These businesses need answers now along with the commitment that SFI27 funds will be allocated to match the ambition of delivery that farmers have.

Countryside Stewardship Higher-Tier (CSHT)

Expressions of interest are being invited from farmers and land managers who have land suitable for more complex environmental projects than other schemes, such as SFI, can offer. Funding of at least £50 million has been made available for 2026, with more expected next year as the rollout of CSHT gathers pace.

This new approach to offering single-focus agreements should provide a quicker and simpler way for applicants to access funding for woodland, agroforestry, species-rich grassland and scheduled monuments. An initial 1,200 single-focus agreements are expected to start in the coming months, with a further set of agreements now becoming available for managing wet grassland and traditional orchards.

Priority will be given to designated sites such as Scheduled Monuments and Sites of Special Scientific Interest, but also to Priority Habitats.

Landowners may unwittingly have pockets of unimproved land including neglected or underused river meadows, pasture or orchards that are listed on the Priority Habitat Inventory. This lesser-known conservation status is a spatial dataset that maps wildlife habitats of significance that could play an important part in nature recovery efforts.

Woodlands are also a key focus, where landowners wish to manage theirs sustainably, including managing important ancient, semi-natural woodlands.

All CSHT agreements can offer access to five-years of annual management payments plus a range of 143 capital grants to support delivery of their environmental aims. For example, the payment under CSHT for CGS22 Managing priority-habitat grassland provides £646.00 per hectare, per year.

With agreement from Natural England, it is possible to secure a further capital grant of £890.02 per hectare to assist with the purchase of native wildflower seed.

For woodlands, an initial payment of £1,500 can help towards the cost of producing a management plan which is then used to inform what type of further annual and capital payments are appropriate under a Woodland Improvement Grant.

Wherever possible, farmers can use CSHT strategically to gain funding for parts of their land holding that can qualify for this funding pot, enabling a greater use of SFI elsewhere on the farm. This approach can enable businesses to make better use of their 'funding quota' for SFI27, which is likely to see further capping as time goes on.

For advise no accessing any of the funding discussed in this article, please contact Katie Hilton.

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Cheffins is marketing a number of biodiversity units for sale:

Oxwillow, Pymoor, East Cambridgeshire

This innovative scheme provides a credible, long-term space for developers to deliver their Biodiversity Net Gain obligations. Oxwillow biodiversity units have already been created, secured by a S.106 agreement with the Local Planning Authority for a minimum 30-year period. Oxwillow are guided by a comprehensive habitat management and monitoring plan to provide ongoing buyer confidence.



Coploe Hill, Ickleton, South Cambridgeshire

Located 10 miles to the south of Cambridge, this 30 hectare scheme is strategically located adjacent to existing sites of ecological significance to provide an opportunity for wildlife to thrive over a large-scale whilst vastly reducing the detrimental impact of habitat fragmentation. Coploe Hill will generate biodiversity units for lowland calcareous grassland, neutral grassland, native hedgerows, watercourses and ponds.

For further information, please contact Katie Hilton on 01223 271959 or email katie.hilton@cheffins.co.uk

Biodiversity net gain: What do the recent changes mean for landowners?

Since its introduction in 2024, Biodiversity Net Gain (BNG) has become an important consideration for anyone looking to develop land. However, recent changes to the rules could make certain development proposals more straightforward and financially viable, while also having implications for landowners considering biodiversity as an alternative income stream.

What is Biodiversity Net Gain?

BNG was introduced to ensure that new development leaves the natural environment in a measurably better condition than before. Under the rules, most developments requiring planning permission must demonstrate a minimum 10% improvement in biodiversity, either through habitat creation and enhancement on or near to the development site or by purchasing biodiversity units from elsewhere.

While the principle is relatively straightforward, meeting the requirements can be costly and fraught with delay, particularly for smaller developments where ecological assessments, habitat improvements and ongoing management obligations can represent a significant proportion of the overall planning budget.

Recognising these challenges, the Government introduced changes to the BNG regulations which came into force on 6th August 2026.

Smaller development sites now exempt

Perhaps the most significant change is the introduction of a new exemption for developments on sites measuring 0.2 hectares (approximately half an acre) or less. Provided that the development does not adversely affect priority habitats, these schemes are no longer required to deliver the mandatory 10% BNG.

For rural landowners, this could be particularly beneficial where they are considering development of their land. The Government has acknowledged that the costs and administrative requirements associated with BNG can be disproportionate for smaller development schemes.

Importantly, the exemption is based on the total area within the planning application's red-line boundary, rather than simply the footprint of the proposed buildings. It applies to new planning applications submitted from 6th August 2026, and the removal of BNG requirements does not remove the need to address other ecological or planning considerations.

Other changes to the rules

The Government has also introduced an exemption for entirely temporary developments granted planning permission for five years or less, provided that priority habitats are not adversely affected.

Meanwhile, smaller developments which remain subject to BNG now have greater flexibility in how they meet their obligations. Rather than having to prioritise biodiversity improvements within the development site, developers can now instead prioritise the purchase of credits to ensure the 10% BNG threshold is met; an approach which is often simpler and cheaper compared to delivering BNG on-site.

One notable change is the removal of the previous specific exemption for self-build and custom-build housing on sites of 0.5 hectares or less. Such proposals must now satisfy the general exemption criteria or meet the BNG requirements.

What about landowners looking to sell biodiversity units?

BNG has also created opportunities for landowners to generate income by creating or enhancing habitats on agricultural land and selling the resulting biodiversity units to developers. This remains a potential diversification opportunity, particularly for less productive land or areas of a holding suited to environmental improvements.

The Government estimates that the new exemptions could reduce demand for off-site biodiversity units by approximately 10%, but there are numerous changes to the legislation that support the continued growth of the BNG market.

For example, the Biodiversity Gain Hierarchy now allows smaller developments that remain subject to BNG to purchase off-site units without first having to prioritise on-site habitat creation.

Furthermore, from November 2026 BNG will apply to Nationally Significant Infrastructure Projects (NSIPs), including major transport, energy and water projects that are critical to national resilience. NSIPs will be able to use the full range of delivery options for their BNG, including registered off-site gains provided by landowners.

The BNG market is still developing, with demand and prices varying considerably depending on location and the type of habitat being provided, but the recent changes give confidence that a pragmatic balance has been struck between simplifying the planning system and ensuring BNG continues to contribute to nature recovery.

Landowners should be aware that selling biodiversity units involves legally binding commitments to create, enhance and maintain habitats for at least 30 years. Such agreements influence how land is managed and restrict future development or diversification opportunities. It is therefore important to consider both the potential financial returns and the longer-term implications before committing land to a BNG scheme.

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Planning update. What the new NPPF means for landowners

Got a question about planning or development on your land?

Cheffins Planning & Development team is hosting complimentary planning clinics during our monthly machinery sales at Sutton. The team will be at the saleground and no appointments are necessary. Head to reception in the main building and ask to see the Planning and Development team. **The next clinic takes place on Monday 7th December.**

The Government published a revised National Planning Policy Framework (NPPF) on 17th August 2026, introducing significant changes to how planning applications are assessed across England.

The reforms seek to provide a clearer, more consistent approach to planning decisions, while placing greater emphasis on housing delivery, economic growth and renewable energy. For farmers and rural landowners, several of the changes could provide opportunities to unlock development potential, invest in agricultural businesses and generate additional income from their land.

A new approach to development in the countryside

One of the most significant changes is the introduction of new national policies distinguishing between development within settlements and development in the surrounding countryside.

Under the revised NPPF, proposals within settlements should generally be approved unless their benefits would be substantially outweighed by adverse effects, when assessed against national decision-making policies.

Outside settlements, the framework now explicitly identifies the types of development that should be supported, subject to the same balance of benefits and adverse effects. These include agricultural and rural business development, the redevelopment of previously developed land, the reuse of existing buildings, limited infilling within groups of houses, and land which is within a reasonable walking distance of a well-connected railway station.

Importantly, the revised framework also provides a route for development that addresses an evidenced unmet need, including housing proposals in areas where a council is unable to meet its housing targets. Such proposals must satisfy relevant criteria, including being physically well-related to an existing settlement and being of an appropriate scale.

For farmers and landowners with land adjoining villages or within existing groups of houses, these changes may provide an opportunity to reconsider sites that have previously been considered unsuitable for development.

However, the revised framework does not provide unrestricted support for development in the countryside, and proposals must still satisfy the relevant planning and environmental requirements.

Stronger support for agricultural development and diversification

The revised NPPF also strengthens the policy support available for agricultural investment and rural business development.

Of particular importance is a new requirement for councils to give substantial weight to the demonstrated benefits of agricultural modernisation, particularly where proposals support domestic food production, animal welfare or environmental improvements. This could strengthen the planning case for investment in modern livestock accommodation, improved agricultural infrastructure and facilities that increase the efficiency or sustainability of farming operations.



The framework also now makes specific reference to developments which support farm viability, including on-farm reservoirs, greenhouses, polytunnels, farm shops and temporary accommodation for seasonal agricultural workers. Although these forms of development were not previously excluded from planning policy support, their recognition within the new framework provides a clearer basis for justifying suitable proposals.

For farmers looking to modernise their operations or invest in diversification, the changes could be particularly helpful where the benefits of a proposal can be clearly demonstrated.

Renewable energy and water infrastructure

The Government has also strengthened national planning policy in support of renewable energy development.

Under the revised NPPF, substantial weight must now be given to the benefits of renewable and low-carbon energy projects, including their contribution to energy security, economic development and the transition towards net zero.

This provides additional policy support for suitable renewable energy schemes, including solar and wind energy developments, as well as associated electricity infrastructure.

For landowners considering renewable energy opportunities, the changes may strengthen the planning balance in favour of development, although matters such as landscape impact, agricultural land quality and grid connection availability remain important.

A further change concerns water infrastructure, with the revised NPPF requiring substantial weight to be given to benefits associated with improving water supply, including for agricultural users.

Alongside the stronger recognition of on-farm reservoirs, this could assist farmers seeking to improve water security and resilience during increasingly unpredictable weather conditions.

A more proportionate planning process

Another important change concerns the information required to support planning applications. The revised NPPF seeks to limit unnecessary application requirements by making clear that councils should only request additional supporting information where justified by relevant planning policies. Such requirements must also be proportionate to the scale and potential impact of the development.

This could be particularly beneficial for smaller rural development proposals, where the cost of preparing technical reports and supporting assessments can be significant. While these changes will not eliminate the need for technical assessments or remove existing planning constraints, they could help reduce unnecessary costs and complexity for applicants.

Time to reconsider your land's potential?

The revised NPPF introduces a more structured national approach to planning decisions, with stronger policy support for several forms of development relevant to farmers and rural landowners.

Crucially, the new national decision-making policies apply immediately, and existing local planning policies which are materially inconsistent with them should generally be afforded very limited weight. This means that proposals previously discouraged by restrictive local policies may now warrant reassessment against the revised national framework.

Whether considering residential development, investment in agricultural infrastructure, farm diversification or renewable energy, the changes provide a timely opportunity to review the potential of existing landholdings.

While securing planning permission will always depend on the individual circumstances of a site, understanding the new policies and how they apply could help landowners identify opportunities to generate additional income or unlock capital value.

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Renewable energy opportunities in the East of England

Renewable energy continues to provide significant diversification opportunities for farmers and landowners particularly at a time when other revenue streams are taking a battering and despite substantial changes to the grid connections process.

Recent reforms introduced by the National Energy System Operator (NESO) and approved by the energy regulator Ofgem are designed to prioritise projects that are both deliverable and strategically required, replacing the previous system which allowed many unrealistic, speculative schemes to secure grid capacity years in advance. As a result, proximity to electricity infrastructure has become increasingly important.

Solar....

The East of England ranks third nationally for overall renewable potential, benefiting from the highest solar radiation levels in the country and strong solar energy efficiency. Whilst large utility-scale solar farms in the region are in demand, developers are showing growing interest in smaller solar schemes located next to primary substations or grid supply points.

These projects can often connect more quickly, require less network reinforcement and may benefit from improved economics under the new connections regime. Consequently, relatively modest land parcels of circa 20-30 acres in the right location can be highly attractive.

Solar farm rents typically range from £900 to £1,500 per acre per annum although rents may vary to some extent depending on distance to grid connection point.

Battery Storage...

The prospects for Battery Energy Storage Systems (BESS) in the East of England are exceptionally strong and play a significant factor in the region's clean energy boom. Because the East of England generates vast amounts of intermittent offshore wind and solar energy, battery storage is vital to prevent wasting this power during peak production times. The market has matured significantly in recent years and the highest rents are now concentrated on sites with exceptional grid attributes, with agreements commonly generating £20,000 to £60,000 per acre per annum or more in strategic locations. These rents are generally negotiated on a £ per MW basis.

Wind...

The market for onshore wind in East Anglia is experiencing renewed interest for land based turbines, with typical payments ranging from £25,000 to £60,000 per turbine per annum, depending upon project size and performance. These rents are generally negotiated on a base rent per MW and an uplift from revenue generated. The location of a wind farm is, however, much more heavily constrained by proximity to highways, footpaths and dwellings.

> **"The outlook for renewable energy in the region remains positive. Grid reform is likely to favour well-located, deliverable projects with particular demand expected for land near existing substations and network infrastructures."**

The above headline rents and securing a connection are, however, only part of the equation. Option agreements and lease terms should be rigorously negotiated.

Whilst the Heads of Terms can appear straightforward at first glance, complex provisions around matters such as exclusivity, access for surveys, decommissioning, assignment and rent reviews need to be fully understood and agreed as they determine the commercial outcome for these schemes - often for decades.

The outlook for renewable energy development in the region remains positive. Grid reform is likely to favour well-located, deliverable projects, with particular demand expected for land near existing substations and network infrastructure. For many farms, renewable energy continues to represent one of the most significant long-term diversification opportunities available.

It's worthwhile getting professional advice at an early stage to ensure the long-term implications are fully understood and negotiated appropriately. Cheffins work closely with experienced legal professionals in ensuring landowners are well advised throughout the process.

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Guest article. From farmland to development land: getting the tax structure right

Realising development value from land can be a lengthy and complex process. It often involves landowners, promoters, developers and professional advisers. Land may be sold directly to a housebuilder, promoted through the planning process, or developed in partnership with others. The decisions made at an early stage can have a significant impact on the eventual tax outcome.

Using a case study, this article explores some of the key tax questions that landowners should consider before committing to a particular structure.

Hillfield Farm Case Study – an unexpected opportunity.

One day a letter arrives at Hillfield Farm which catches your attention. It is from a promoter saying that your family's farmland has been identified as part of a possible site for 500 new homes. The figures mentioned are attractive but there is lots of unfamiliar terminology: promotion agreements, overage, equalisation, land pooling and options to tax.

Hillfield Farm has been in the Aldred family for generations and is currently farmed by you, your wife and your two adult children. The thought of selling it has never arisen but it has been increasingly difficult to make a living and you are concerned about the recent inheritance tax reforms and what else might be coming down the track.

Your neighbours, the Bakers and the Coles, own the adjoining fields which made up the original Hillfield Farm. The developer is interested in assembling all three parcels as part of one housing development to be undertaken in three phases. Your family own the fields nearest the road and expect your land to be included in the first development phase. The Bakers own the middle section. The Coles' land sits at the far end and may not be required until the final phase, several years later.

Each family's circumstances are different. Your family farms in-hand through a partnership. The Bakers recently bought their land; they are seasoned property developers and you suspect they knew it could be of interest to a developer. Currently they are letting it to a neighbour for grazing. The Coles' share of the land is held in a family trust established by the previous generation and is now let on a Farm Business Tenancy.

Recognising that you will need to work together, you get all three families around the table to discuss the promoter's approach and agree to take advice before taking things further. You decide to speak to Cheffins about the options for a collaboration agreement and to PEM about the tax implications for each family.

Sharing the proceeds fairly and tax-efficiently

The first issue is how the families are going to agree to divide up the proceeds between them. The developer will only agree a suitable price for the whole plot, so a simple contractual collaboration and equalisation agreement appears fair. This is where each family agrees to share proceeds according to acreage, regardless of which parcel is sold first. For tax purposes, however, it turns out that this will produce an unattractive result. You are advised that if your family sells its phase-one field and then pays part of the proceeds to the Bakers and Coles, you will be taxed on the full receipt without a deduction for the "equalisation" payments. The Bakers and Coles will be taxed on the amounts they receive from you meaning the equalisation payments are effectively taxed twice.

Your land agent suggests an alternative might be a land pooling arrangement. Under a carefully structured pool, each family exchanges an interest in its own field for a proportionate interest in the whole site, removing the need for later equalisation payments. The agreements need to be carefully drafted to ensure that no dry CGT charge arises and that SDLT is not chargeable.

Capital gain or trading profit?

Another point which all three parties are keen to understand is what rate of tax they will face. The answer isn't necessarily the same for all owners as it will depend on each person's circumstances. For the Aldreds, the starting point is likely to be capital gains tax: the land has been farmed by your family for generations and you have only considered a sale after the promoter approached you. The Bakers, in contrast, bought their field recently, are experienced property developers and acquired it knowing that development was likely. They need to consider whether the acquisition forms part of a trade under general principles. If not, if making a profit from its sale was one of their main purposes, the transactions in UK land rules could still tax their profit as income. The Coles' trustees will be expecting CGT treatment as letting land on an FBT does not constitute a trade. However, Business Asset Disposal Relief (BADR), which reduces the rate of CGT, will not be a consideration whereas you may be eligible because if your trade ceases.

The overage trap.

Overage is a common area of difficulty and overage clauses need separate tax analysis from other payments. Income tax can apply to overage payments even where the initial consideration was subject to CGT. CGT reliefs such as Business Asset Disposal Relief (BADR) and rollover relief would not be available on the overage. This may make little difference to the Bakers if they will be subject to income tax regardless but could result in a much higher tax liability for you. Even where capital gains tax treatment applies, a right to future unascertainable consideration may need to be valued and taxed at completion, before the later cash is received.

Loss of agricultural and business property relief.

For farming families, inheritance tax reliefs will often be a key concern. Agricultural Property Relief (APR) applies to the agricultural value of qualifying farmland, but it does not shelter development or hope value. Business Property Relief (BPR) may help with non-agricultural value where the land forms part of a qualifying trading business, such as a farming partnership. Your family's in-hand farming business would be expected to qualify for BPR but the Bakers' grazing arrangement would not.



The Bakers may still be eligible for APR but only after holding the land for the minimum of seven years which applies to let-land. Once the land is sold, these reliefs will of course be lost and you are conscious of the much greater IHT liability which will apply to your estate as a result which the proceeds remain in unrelievable assets.

Passing value to the next generation.

You have been thinking about when to pass on your partnership interests to your children for a while and the changes to APR and BPR have brought this to the top of your agenda. Currently, you and your wife and two adult children each have a quarter share of the farm. You are questioning whether it would be better to transfer any of your remaining share prior to a sale or if it would be better to hang on.

If land is gifted before planning permission, the value transferred may be lower than after allocation or consent, however your tax advisor alerts you to the fact that whilst a gift eligible for BPR would be relieved from inheritance tax should you pass away within seven years, this would not be the case should the assets have been sold on and not replaced with qualifying assets.

Your tax advisor has suggested making a gift into trust of your and your wife's shares. This would enable to you pass on value which retaining control by acting as trustees. As a gift into trust is an IHT chargeable transfer, doing this whilst you have BPR available will mean more funds can be settled on trust without an upfront tax charge. You are concerned, however that you might still need some of the capital and so settling all of your interest on trust might not be appropriate in order not to fall foul of the gift with reservation of benefit rules.

VAT must be considered.

VAT should also be addressed at an early stage. Bare land is normally exempt from VAT unless an effective option to tax exists. If a sale is exempt, VAT on promoter fees, agents' fees and professional costs will be irrecoverable. On a substantial site, that can be a material cost best avoided by opting to tax the site and charging VAT on the sale. Further down the road, the VAT treatment of any overage will depend on the status of the land and/or the effectiveness of the option to tax as and when overage payments become due.

Ask questions while you still have choices.

Before your family signs heads of terms, you should understand who is selling, whether the proposed structure makes income tax treatment more likely, how any overage will be taxed, whether equalisation creates double taxation, whether pooling is preferable, whether Agricultural Property Relief or Business Property Relief is being preserved or put at risk, and whether an option to tax is needed. You do not need every figure on day one, but you do need a clear direction of travel.

The central point is that development land tax is rarely about last-minute planning. It is about asking the right questions while the family still has choices. Once the contracts have been agreed, many of the most valuable decisions may already have been made.

If you are considering a sale, promotion agreement or joint venture, take tax advice before committing to the route. Early advice can help the commercial deal proceed with greater certainty and fewer avoidable surprises. The tax team at PEM are here to help, you will work with experienced advisers who take the time to understand what matters most to you, providing clear, practical advice tailored to your distinct circumstances.

This article is general guidance and not advice for any particular situation.

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Land & property auction update

Cheffins' most recent property auction took place in September and, as is so often the case, the sale gave a very good snapshot of demand, liquidity and pricing within the wider property and land market.

Land is still a sought-after commodity and there was an excellent trade in land sales with some exceptional prices. Standout results were the sale of 1.57 acres of land in Lode which achieved £57,000 (£36,305 per acre), along with 6.32 acres in Clavering which made £100,000 (£15,822 per acre), while 4.25 acres in Little Downham roared to £105,000 (£24,137 per acre) after extremely competitive bidding from multiple hopeful buyers.

The headline act was 0.94 acres of land in Chrishall which achieved a spectacular price of £215,000 (£228,723 per acre). The parcel had been refused planning permission for a dwelling in recent years, but occupied a fantastic position on the edge of the village with rural views to the rear. Intense bidding swiftly reached the selling price with half a dozen bidders involved and many others not even getting a look-in. The sale price infers that bidders were looking at the land with medium or longer term speculation in mind, but it was a reminder of the premiums that buyers are willing to pay for the "right" thing.

The residential refurbishment market remains resilient but the prices paid in the auction room are tempered with a healthy dose of realism. Refurb properties have been a mainstay of auction rooms for decades and are always the subject of considerable demand, such as the dilapidated bungalow in Horseheath (£260,000) and the renovation property in Fulbourn (£182,000) which both sold well over their guide prices. However, it's also true that buyers have become more sensitive to pricing, taking into account the volatile costs of skilled labour, raw materials and rising interest rates which are squeezing profit margins. Prices of these refurbishment properties (whether sold by auction or private treaty) are therefore reflective of these costs and have realigned over the last couple of years.

If vendors are happy to accept this realignment, they are still able to sell the properties to a wide range of buyers, however if prices are set even a little too high then buyers will look elsewhere. All of this means that buyers are now able to pick up some great projects, at prices that offer the chance to see a return on their investment and insulate themselves from potential market changes. If you are looking for refurb projects and have been frustrated with the lack of margin often seen in the post-COVID rush for project houses, now is the time to buy at auction.

Elsewhere in the sale, buyers were as keen as ever to acquire garaging and these popular lots were available in Cambridge (£32,000) and Newport. Similarly, the income-producing commercial building in Huntingdon performed strongly and witnessed extensive bidding from multiple buyers before finally selling for £310,000. A rarely available former doctor's surgery in Kedington was also subject to competitive bidding from a variety of buyers looking at it from many different angles, before selling over its guide price at £128,000.

Auctions remain a fantastic way to find maximum value for a wide variety of land and property, with the added bonus that contracts are exchanged on the fall of the hammer, avoiding the lengthy conveyances that are currently plaguing private treaty sales.

Our next property and land auction takes place on Wednesday 9th December.

Ian Kitson, Director
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0.94 acres of land in Chrishall, **sold for £215,000**



Forge Cottage, Thetford, **sold for £155,000 at our September auction**

A busy autumn brings renewed momentum to the machinery market

For anyone involved in farming, the third quarter is rarely the time to focus on changing machinery. Harvest takes priority, time is tight and buying decisions are often deferred until the autumn. That familiar seasonal pattern was reflected in our Q3 results, although an exceptionally active September has given us good reason for confidence as we move towards the end of the year.

Across our Cambridge monthly sales, on-farm auctions and vintage sales, we sold more than £15.1 million-worth of second-hand machinery during the quarter. While this was below the £23 million achieved in Q2, it was ahead of the £12.4 million recorded in Q1.

Although the overall value of sales softened, the volume of equipment brought to market remained strong. We offered 10,059 lots in Q3, up from 9,325 in the same period last year. Our Cambridge monthly machinery sales generated £8,344,205 from 5,040 lots, compared with £6,816,496 from 4,855 lots in Q3 2025.

The average lot value across all Q3 sales was £2,251.60, down from £2,658.09 a year earlier. This suggests that buyers remain selective and value-conscious. Many farmers are keeping older machines working for longer and delaying replacement decisions while they assess costs, cash flow and the implications of the Autumn Budget.

September, however, told a different story. It was the busiest month for machinery sales in Cheffins' 201-year history. Our on-site team conducted 12 auctions during the month, generating £5,434,695 from 2,421 lots across Nottinghamshire, Suffolk, Hampshire, Hertfordshire, Norfolk, Cambridgeshire and Essex.

A significant proportion of these sales are a result of a retirement or a decision to leave the industry. This is a sobering indication of the pressures facing farming, but it also underlines the importance of a well-planned dispersal sale in releasing capital efficiently and presenting machinery to the widest possible market.

Overseas demand continues to provide important support. Approximately half of the machinery sold through our Cambridge sales was exported, with buyers from 23 countries participating during the quarter. Ireland, Spain and Poland remained leading destinations, while we also saw demand from New Zealand, Guyana, Hungary and the Netherlands. It was particularly encouraging to welcome Ukrainian buyers back to the sale ground to purchase agricultural and plant machinery.

Good-quality, well-presented tractors, combines and sprayers continued to attract competitive bidding. At Cambridge, leading prices included £92,500 for a New Holland T8.435, £84,000 for a 2022 John Deere 6250R and £83,000 for a 2023 John Deere 6R195.

On-farm sales also achieved strong results, including £165,000 for a 2022 John Deere S785 combine, £156,000 for a 2023 Bateman RB35 sprayer, £125,000 for a 2019 New Holland CX7.90SL combine and £101,000 for an Amazone Pantera self-propelled sprayer.

The vintage machinery market also remains active, with multiple high-profile auctions taking place nationwide so far in 2026, spanning single-vendor collections and our collective sales. Highlights include a 5ft x 4ft Stepney enamel sign achieving a UK record price of £83,780 in March, a 1962 Matbro Mastiff tractor selling for £68,608 in April, and a 1915 Aveling & Porter Showman's engine conversion achieving £81,472 in August.

Taken together, these results demonstrate that there is still depth in the market for the right machinery. Condition, maintenance history, operating hours, specification and presentation all matter. For sellers, comprehensive records and realistic expectations help build buyer confidence. For buyers, careful inspection and a clear understanding of how a machine will meet the needs of their business remain essential.

The market is undoubtedly being shaped by uncertainty over farm profitability, inheritance tax and wider Government policy. The current bottleneck in machinery replacement is unlikely to ease fully until farmers have greater clarity on Government funding. Nevertheless, the calendar for the coming months is strong and buyers will respond when good machinery is available and marketed effectively.

Whether you are planning a retirement sale, rationalising a fleet or looking for a particular machine, early preparation is worthwhile. Speaking to an auctioneer, assembling service records and considering the timing of a sale or purchase can all help avoid unnecessary pressure as the next season approaches.

Oliver Godfrey, Director
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To discuss a machinery sale or valuation, contact the Cheffins Machinery Department on 01353 777767 or email machinery@cheffins.co.uk.



1925 Aveling and Porter Showman's engine conversion **sold for £81,472**



1962 Matbro Mastiff **sold for £68,808**

Farmland market review & update

It has now been two years since the Labour Government announced the 'bombshell' of major changes to Agricultural & Business Property Relief in the October 2024 Budget. At the time of the announcement it was widely predicted that there would be a significant reduction in farmland values across England & Wales, with agricultural land and property no longer being the Inheritance Tax haven that had attracted many investors into the sector since the early 1990s.

Although the past two years has seen a 5% - 10% softening of average farmland values across the UK, the market has stabilised during 2026 demonstrating that the underlying demand and increased pressure on competing land uses is testament to the resilience of the market.

The increase in 100% APR/BPR relief from £1.0m to £2.50 million in December 2025 combined with the ability to transfer any unused allowance between spouses or civil partners, has resulted in far fewer tax-driven sales than originally envisaged and not all of the market adjustment can be attributed to the IHT changes. The continued pressure and volatility on farm business profitability, particularly in the arable sector, together with increased borrowing costs, uncertainty over agri-environment schemes and fewer development tax rollover buyers are all contributing factors.

Throughout 2026, Cheffins has marketed a range of land and farms which have attracted a broad range of buyers from environmental/BNG investors, well-funded agri-businesses and private investors. All farms and commercial blocks of 100+ acres have successfully transacted, and we have continued to see demand from private investors seeking to utilise the £2.50m IHT relief with good demand for high quality and well-located units within this price bracket.

Within the Eastern region Grade 2 combinable crop arable land has remained relatively stable at £9,000+/acre with Grade 1/2 fen land trading at £10,000+ per acre. There has been greater downward pressure on values for lower quality Grade 3 arable land in less accessible locations.

As 2026 draws to a close, the focus will now start to turn towards 2027. Cheffins outlook is that demand and values will remain stable with holdings that offer opportunities for alternative land uses, strategic potential and access to water continuing to command competitive bidding and premium values. Flexible lotting and realistic pricing will be key to maximising buyers interest and achieving a successful sale without a protracted marketing period.

For advice on buying or selling land and farms please contact our Cambridge rural team on 01223 213777 or Ely rural team on 01353 654900.

Simon Gooderham, Managing Partner
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Selection of farmland deals



Fulbourn, Cambridgedshire **SOLD**
161.24 acres of productive Grade 2/3 arable land



Saffron Walden **SOLD**
230 acres Grade 2 arable land with farm bungalow and outbuildings



Four Balls Farm, Pymoor, Ely **SOLD**
A ring fenced fenland farm extending to 178.62 acres of Grade 1 land

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