

A Monthly Briefing for UK Farmers – January 2023

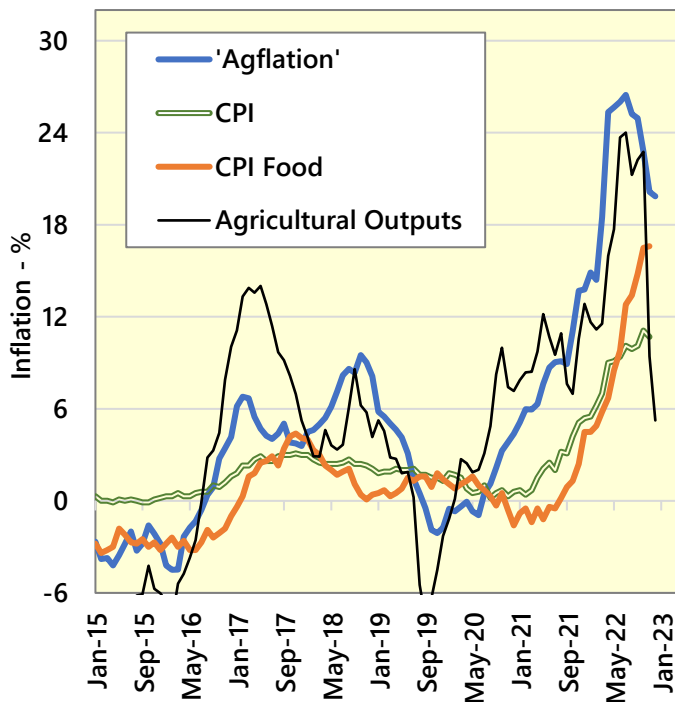
- The Government has increased the number of workers that will be able to come to the UK under seasonal working visas. The **Seasonal Agricultural Workers Scheme (SAWS)** will have 45,000 potential places in 2023 – up from 30,000 in 2022. There will also be the potential to increase numbers by a further 10,000 if necessary. Foreign workers are allowed to come to the UK for up to 6 months under the scheme. Further details can be found at – www.gov.uk/government/news/government-provides-boost-to-horticulture-industry-with-certainty-over-seasonal-workers
- Defra has said it is keen to launch another round of **Landscape Recovery (LR)** as soon as possible. LR is the third element of ELM and supports bespoke agreements to deliver large-scale nature recovery projects. In an update regarding the current projects (see <https://defrafarming.blog.gov.uk/2022/12/08/an-update-on-the-first-round-of-landscape-recovery-projects/>) it has said it is working on the details and will share more information in the New Year.
- A pilot scheme has been launched to help support **new entrants to farming**. Defra has been consulting with the industry and is now trialing one element of this – incubation. This aims to support young businesses through the early stage of development. Defra is looking for around 200 businesses to take part in the Pilot. Applications are open now and the scheme will run through to spring 2023. See – <https://defrafarming.blog.gov.uk/2022/11/24/new-entrant-support-scheme-apply-for-the-pilot/>. The findings from this Pilot will inform the full New Entrants Scheme which will be developed in 2023.
- The **Farming Futures: Automation and Robotics, Industrial Research Fund** opens in England for applications from 9th January 2023. This grant supports collaborative development projects with 'ambitious solutions' for robotics and automation in both agriculture and horticulture. Details of the fund can be found at https://apply-for-innovation-funding.service.gov.uk/competition/1380/overview/2457c13f-ab6a-4a88-9f81-812f5f6e2d52?_ga=2.179995300.1603189312.1670842557-230918486.1663164674#summary. Under this round there is £12.5m available. Total project costs must be between £500,000 and £1m. The deadline for applications is Wednesday 15th March 2023.
- Details are emerging of a new scheme which could provide an additional income stream for some farmers. Defra and the Department for Levelling Up, Housing and Communities (DLUHC) are investing £30m over 3-years to fund the Natural England-led **Nutrient Mitigation Scheme**. Landowners are being approached to offer land to create new wetlands in priority areas. These mitigation schemes will be accredited by NE and the credits will be available for developers to purchase to support their planning applications.
- The Levelling Up and Regeneration Bill going through the Parliamentary process has made some **changes to planning policy** in England which could affect landowners. Firstly, on housing, the proposed mandatory house building targets for Local Authorities are to be made 'advisory'. With regards to onshore wind, the rules will be amended so that the proposed wind farm area does not need to have been pre-identified, and the development has overall 'local support' - *unlikely to herald a 'gold rush' but does represent a loosening of the rules and there may be increased opportunities*.
- The Welsh Government has opened a consultation on introducing a licensing scheme which will allow higher levels of **nitrogen applications** in certified circumstances. Under the current nutrient measures there is a limit of 170kg of nitrogen per hectare per annum from livestock manures across a holding. The proposals in the consultation would allow this limit to be exceeded, up to a maximum of 250kg of nitrogen per hectare per year, subject to crop requirement and conditions to protect the environment. The proposed licence scheme will commence from April 2023 and run until 2025. For more information go to <https://gov.wales/nutrient-management-managing-application-livestock-manures-sustainably>
- The Bank of England has increased **Base Rates** by a further 0.5%. This is the ninth increase in a year and brings rates up to 3.5%; the highest level for 14 years.
- The Rural Affairs Minister has confirmed that **Welsh** farmers will continue to receive the **BPS** at current levels in 2023 and 2024 (subject to budget).

Agflation

Farm costs continue to rise. Andersons 'Agflation' index shows input prices rising by around 20% compared to the same month a year earlier. Whilst this is down slightly on the increases in the summer, it is still well above historical averages.

Earlier in the year, as input costs increased, then output values also demonstrated big gains. However, over the past couple of months the sale prices of farm commodities have shown far less growth. Whilst some product prices, such as milk, have continued rising this has been largely offset by declines in other areas, notably combinable crops. With costs continuing to increase but sale prices flatlining, this puts farm margins under pressure. Both the agflation and agricultural output indices relate to the entire farming industry. The prospects for individual sectors depend on how specific costs and prices are moving.

Our agflation index uses Defra Agricultural Price Indices for agricultural inputs and weights each category of input (e.g. animal feed) by the overall spend by UK farmers. We fill in some gaps not covered by the Defra series and also provide up-to-date estimates for the latest months (the official figures work some months in arrears). The same methodology is used for agricultural outputs.



The chart also shows CPI along with the food-only component of CPI. It can be seen that food is one element driving general inflation in the economy. It is not necessarily the case that higher commodity prices are causing food-price inflation – the cost of the raw materials is often a very small part of the cost of food. It is other elements in the food chain such as electricity, fuel and labour that are pushing up costs. Food comprises a larger proportion of the spending of those on the lowest incomes. Therefore, effective inflation for those people will be even higher than the headline CPI rate.

If you require any further advice on anything covered in Farming Focus, please contact one of our [Consultancy Team](#).

For further information please visit our website:

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