

## A Monthly Briefing for UK Farmers – October 2023

Defra has announced an 'accelerated payment' for all those with a live **SFI 2023** agreement by the end of this year. The payment will be worth 25% of the annual value of their agreement and will be paid within the first month of the agreement. SFI 2023 applications opened on 18<sup>th</sup> September 2023. Those who have expressed an interest are starting to receive emails in a 'controlled roll-out' inviting them to begin their application. Those who have SFI 2022 agreements will see these terminated with closure payments made. *Speak to one of our consultants if you need any help with an application.*

The application window for the **Calf Housing for Health and Welfare Grant** is now open. Our article in August's FF gave further details on this grant. The Online Checker is now available to make an initial application. This will check an applicant's eligibility and also how well the project fits with the funding priorities. Applicants will need some basic information about the business and the proposed project including building design, calf space, environmental impacts, location, information on Planning Permission and an estimated total cost. More information and access to the Online Checker can be found at <https://www.gov.uk/government/publications/calf-housing-for-health-and-welfare-2023> The Online Checker will be open until 30<sup>th</sup> November 2023. *Please contact one of our consultants if you require assistance in making an application.*

There have been ongoing technical problems with the **Countryside Stewardship** application portal, meaning that some have not been able to submit their applications. For some, these issues are still ongoing even after the second extended deadline of 15<sup>th</sup> September 2023. Defra has confirmed that those with an open CS Mid-Tier application, or those who have submitted an RLE1 form with the intention to apply, will have additional time to complete their application beyond the 15<sup>th</sup> September deadline.

The introduction of the **Biodiversity Net Gain (BNG)** requirement for developers will be delayed until January. This legal requirement to increase biodiversity by 10% during construction was due to come into effect this November.

The Government's plans to scrap the **Nutrient**

**Neutrality (NN)** rules for housebuilding (see September's edition of FF) have been blocked by the House of Lords. The Government is said to be considering its next steps. With the Government seemingly still committed to reforming the NN rules, it seems unlikely any housebuilder is going to invest in NN offsets, in the short-term at least. Therefore, this market will be 'paused', if not ended completely, until the new regime becomes clearer.

Defra has published new Guidance to Local Authorities which should make it easier for farmers to divert **footpaths**. Effective from 1<sup>st</sup> August 2023 it covers public rights of way that go through gardens and working farmyards. Local Authorities are now required to give due weight to the privacy, safety and security of landowners when an application to divert or extinguish a path is made.

The latest edition of the **John Nix** Farm Management Pocketbook has just been published. To order a copy go to – <https://theandersonscentre.co.uk/shop/john-nix-pocketbook-54/>.

The Government has pledged to address the loss of **parallel spray imports**. The HSE has banned the import of equivalent Plant Protection Products (PPP) as from the end of June, as the EU is no longer supplying data to assess whether they are the same products as approved in the UK. Defra has now written to the NFU stating that it is 'committed to addressing' the issue. There is also an associated problem with seed imported into the UK from the EU, which has been treated. This especially affects maize and some root crops. It seems there may be a temporary extension of the approval for these imports put in place this autumn. Defra will then look at options for a more long-term solution.

The **Habitat Wales Scheme** is open for EOIs from 29<sup>th</sup> September to 10<sup>th</sup> November. This is the scheme that will be available to bridge the gap between Glastir finishing at the end of this year and the start of the new Sustainable Farming Scheme. The scheme will be available to all eligible farmers and grazing associations, including those who have a Glastir Advanced, Commons or Organic contract which ends on 31<sup>st</sup> December 2023. More details can be found at <https://www.gov.wales/habitat-wales-scheme>

## Meadow Farm

The Meadow Farm budget has been updated to reflect the most up to date prices. An increase in the lamb price since the previous update earlier in the summer means, even though the arable gross margin has declined, the returns for the current 2023/24 year have improved. However, the farm's margin from production remains negative and with declining subsidy payments the future for the business as it currently operates looks unsustainable.

*Meadow Farm is a mixed lowland farm, typical of many livestock holdings in England, it is a notional 154 hectare (380 acre) beef and sheep farm in the Midlands. It consists of grassland, with wheat and barley for livestock feed. There are 60 spring-calving suckler cows with all progeny finished, a dairy bull beef enterprise and a 500 breeding ewe flock.*

The table below shows the final results for the last two years, an estimate for 2023/24 and a (tentative) forecast for 2024/25.

Meadow Farm Model – source The Andersons Centre					
£/Ha	Year -	2021/22 (final)	2022/23 (final)	2023/24 (estimate)	2024/25 (forecast)
Livestock Gross Margin		895	672	936	806
Arable Gross Margin		926	1,040	706	828
<b>Total Gross Margin</b>		<b>901</b>	<b>748</b>	<b>887</b>	<b>810</b>
Overheads		545	631	650	656
Rent & Finance		82	76	84	83
Drawings		246	249	253	256
<b>Margin from Production</b>		28	<b>(208)</b>	<b>(99)</b>	<b>(185)</b>
BPS & CSS		241	206	172	137
<b>Business Surplus</b>		269	<b>(2)</b>	<b>72</b>	<b>(48)</b>

The 2021/22 year was exceptional as the farm made a margin from production for the first time in many years. For 2022/23, it can be seen how 'agflation' impacted even when livestock and crop prices were buoyant. In that year input prices rose substantially and feed costs were especially expensive for this type of holding. The result being the farm made a loss of £208 per Ha from production. A further cut to the BPS meant overall the farm made a loss.

For the current, 2023/24 year, strong beef prices and an improved lamb price result in a higher estimated livestock gross margin. Meadow Farm markets its cattle in the autumn and lambs from July through to December. It looked likely that the beef price would have to be adjusted downwards as cattle prices had fallen throughout the summer, but over the last month they have made a strong upsurge. The GB deadweight steer overall price has risen from a year low of 455p per kg in the week ending 12<sup>th</sup> August to 477.3p per kg in the w/e 23<sup>rd</sup> September 2023. The lamb price has been at similar levels to last year over the summer, but is now tracking above it. The latest GB deadweight SQQ overall figure for the w/e 23<sup>rd</sup> September 2023 was 553p per kg compared with 525p per kg a year earlier. Whilst lower cereals prices bring down the crop gross margin, the overall gross margin figure is higher than 2022/23. However, overhead costs are drifting upwards and the farm again makes a loss from production, although lower than the previous year.

The budget for the 2024/25 year shows a deterioration in the margin once more – mainly through lower budgeted prices. With another drop in the BPS the farm returns to a loss-making position. Meadow Farm is in the Countryside Stewardship scheme. This agreement ends December 2023 and the proprietors are currently drawing up an SFI scheme to start when the CS finishes to see if some of the 'lost' BPS can be recouped from this scheme.

If you would like to discuss anything in this month's Farming Focus please contact one of our [Consultancy Team](#)

## Biodiversity Study – England Marketing

The Five Bar Gate Farmer Panel at England Marketing is offering English and Scottish farmers the chance to earn £20 for taking part in its Biodiversity research survey. The Panel is undertaking a piece of research in partnership with Osnabrück University and the James Hutton Institute that will seek to understand funding options that work for farmers when it comes to increasing biodiversity on farm. If you would like to share your opinions on Biodiversity, and earn £20, please click the link below.

<https://bit.ly/FarmBiodiversitySurvey>

For further information please visit our website:

[www.theandersonscentre.co.uk](http://www.theandersonscentre.co.uk)

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