

A Monthly Briefing for UK Farmers – December 2023

- The latest **Farm Business Income figures** released by Defra show a mixed picture for farm profitability. The data relates to the 2022/23 year – covering harvest 2022 and the 2022 BPS payment. Although titled ‘income’ what the series shows is average profit at the farm level for a typical farm in each sector. A summary of the results is included in the table below.

Farm Business Income (England) – source Farm Business Survey					
Real terms, 22/23 Prices	2019/20	2020/21	2021/22	2022/23	Change 22 to 23
Cereals	£70,100	£75,900	£128,100	£150,400	+17%
General Cropping	£94,200	£70,800	£155,100	£125,200	-19%
Dairy	£94,600	£97,800	£149,600	£229,300	+53%
Lowl'nd Cattle & Sheep	£10,400	£19,500	£36,300	£21,600	-40%
LFA Cattle & Sheep	£25,500	£35,300	£45,700	£25,400	-44%
Pigs	£42,100	£50,800	£12,600	£67,900	+439%
Poultry	£98,000	£56,000	£147,300	£105,900	-28%
Horticulture	£47,300	£42,100	£64,700	£95,600	+48%

Looking to the current, 2023/24 year, first Defra estimates will be published in the spring. These are likely to show sharp falls in the profits from Cereals and Dairy farms as output prices have fallen considerably. General Cropping farms could well record a rise with better potato returns and high beet prices. Grazing Livestock may well also show a small recovery, as a result of the high beef prices this year and also firm lamb markets.

- With the **Sustainable Farming Incentive** now having been open for a couple of months, the system is starting to bed in. There have been some issues with making applications – especially around the mapping information held by the RPA. As with all new schemes there will be a lot of questions at the start, until everyone gets more familiar with the rules. Furthermore, unlike most of the previous schemes, the rules are less ‘rigid’. For most of the actions the handbook simply says ‘*It’s up to you how you complete this action, as long as you do it in a way that can reasonably be expected to achieve this action’s aim*’. Further help is available in the ‘How to do’ guidance for each action. These are voluntary and can be found via <https://www.gov.uk/government/collections/sustainable-farming-incentive-guidance>. If you would like support in making an SFI application, please contact one of our [Consultancy Team](#). We are expecting a major announcement before Christmas on additional

SFI Standards for 2024 and details of the ‘new’ Countryside Stewardship scheme which is to be introduced next year.

- Round 2 of the **Slurry Infrastructure Grant (SIG)** is now open in England. Initially, those interested must apply via the Online Checker. This will be available until 17th January 2024 and can be found via <https://www.gov.uk/government/publications/slurry-infrastructure-grant-round-2-applicant-guidance/how-to-apply-for-a-slurry-infrastructure-grant-round-2>. Our Spotlight article last month gave a summary of the scheme including the rule changes from Round 1. A third round has been promised in 2024 but there is no guarantee of the scheme continuing beyond that. Those that need to invest in slurry storage may wish to apply whilst funding is certain. *If you need advice, please contact one of our [Consultancy Team](#).*
- The **Welsh Government** has published its Winter Update, giving an overview of the various agricultural policy changes that are happening. The document can be found via <https://www.gov.wales/sites/default/files/publications/2023-11/agriculture-winter-update-2023.pdf>. It has also released dates of when it will be accepting applications to the various schemes:

Welsh Rural Development Support 2023-2024 – source Welsh Government		
Scheme	EOI Opening Date	EOI Closing Date
Small Grants - Environment – Themes tbc	8 th January 2024	16 th February 2024
	20 th May 2024	28 th June 2024
	12 th August 2024	20 th Sep 2024
Small Grants - Efficiency	6 th March 2024	16 th April 2024
Growing for the Environment	6 th November 2023	15 th December 2023
	3 rd June 2024	12 th July 2024
Yard Coverings	6 th December 2023	15 th December 2023
Agricultural Diversification Scheme	6 th November 2023	12 th January 2024
Horticulture Development Scheme	6 th November 2023	12 th January 2024

- The EU has re-approved the authorisation of **Glyphosate** for a further 10 years. Although the UK now has its own pesticides regulation regime this decision makes it more likely that the chemical will continue to be available to UK farmers.

Delinked Payments - England

The RPA has emailed all BPS claimants in England informing them that it will be sending out Delinked Payment Information Statements soon. The Statements have been sent out in batches from early November; if claimants have not received one by early December, they should contact the RPA. The information in the Statement should be checked and any queries need to be raised with the RPA by 29th February 2024.

Delinked payments will replace BPS payments from 2024 – the 2023 claim was the last under the old Basic Payment Scheme. The RPA will pay Delinked payments each year from 2024 to 2027. The amount received will decrease each year as the progressive reductions apply under the Agricultural Transition. Those in receipt of Delinked payments will not need any land or entitlements to receive the payments.

The Statements show the 'Reference Data', this is based on BPS payments received in the 'Reference Period' – 2020, 2021 and 2022 BPS years. The Reference Data determines the 'Reference Amount', basically the average yearly payment received over the three years. This will then be paid in each of the years from 2024 to 2027 to those that are eligible, minus the progressive reductions for that year. To be eligible for a payment, the business must have made an eligible claim in 2023 and have a Reference Amount. Those who received a payment under the Lump Sum Exit Scheme are not eligible.

It will not be necessary to apply to receive Delinked payments – they will come automatically as long as the business is eligible. The value of the payments for 2024 to 2027 will not be affected if the farm size changes, or if there is a change in what the land is used for after BPS 2022. Payments will be paid half from 1st August and the balance from 1st December from 2024 onwards. Where a business receives Delinked payments, these will be taxed as income.

From 15th February to 10th May 2024, it may be possible to transfer some or all of a business's Reference Data to another business. This may be because there has been a change in business structure (mergers, scissions), land has changed hands, or the business may just wish to sell their 'entitlement to the future support'. The business receiving the Reference Data and hence the Delinked payment must have made an eligible 2023 BPS (except for some inherited land cases). Those who have Reference Data (i.e. made a claim in 2020-2022) but did not make a claim in 2023 would not be eligible to receive a Delinked payment but can still transfer their allocation to an eligible business. More information on how to do this is expected later this year. But RPA has made it clear that it is up to businesses if they want to transfer any of their Reference Data and it will not get involved in disputes between claimants.

In some cases, it may only be possible to transfer the Reference Data if eligible land in England was transferred from one business to another. The transfer of land must have happened after 15th May 2020 and before 16th May 2023. A transfer of land is needed where the business:

- has a Reference Amount of more than £30,000 and the transfer is for only part of the Reference Data or is to more than one business – this rule is to stop Reference Data being artificially split between businesses to reduce the progressive reductions
- wants to transfer out Reference Data that has been transferred to it from another business
- wants to transfer Reference Data from a business where the SBI has been closed – the SBI will be shown as 'locked' on the Rural Payments service and RPA will have written to the business to tell them it has closed the SBI

If you would like advice or help checking your Delinked Payment Information Statement or with transferring your Reference Data or you would like to discuss anything in this month's Farming Focus please contact one of our [Consultancy Team](#).

For further information please visit our website:

www.theandersonscentre.co.uk

Or contact a member of the team: 01664 503200

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