

A Monthly Briefing for UK Farmers – January 2024

- The second Round of *Improving Farm Productivity* will open for applications this month (January). This provides capital grants of between £25,000 and £500,000 towards robotic and automatic equipment. This Round will also include grants of between £15,000 and £100,000 towards solar equipment. This is a new element of grant support and will be at a rate of 25%. Funding will support roof-top solar and also solar equipment that can float on irrigation reservoirs. Full guidance can be found at - <https://www.gov.uk/government/publications/improving-farm-productivity-grant-round-2-applicant-guidance> .
- British Sugar and the NFU have finally agreed on a *sugar beet price contract* for the 2024 crop. The headline price is £40 per tonne – the same as last season. There will also be an option for growers to choose a core price of £38 per tonne plus a market-linked bonus. A further option is a contract that links the beet price to the futures price of processed sugar. This will be limited to 35% of a grower's contract tonnage. A yield protection scheme will be offered at a cost of a £1 per tonne reduction on the price. Growers within 20 miles of any British Sugar factory will receive a local premium of up to £2, based on distance to the factory. The cash advance option, late delivery allowance, and frost insurance are on the same terms as 2023 crop.
- The RPA has confirmed as of 4th December 97% of *BPS 2023* claimants had received their payments. For most recipients this will have been a balance payment, worth about 50% of the claim, with the advanced payment having already been received in August. The gross rates remain the same as in 2022, but the net amounts, allowing for the *lowest* Agricultural Transition deductions, are Lowland £151.65; SDA £150.54 and Moorland £41.60/Ha.
- *Cross Compliance rules* ended at midnight on 31st December 2023 in England. However, as most rules are already part of domestic law, this will have limited practical impact on farmers and land managers. Farmers will have to continue to comply with existing legal requirements. These rules are set out in the Rules for Farmers and Land Managers which can be found at <https://www.gov.uk/guidance/rules-for-farmers-and-land-managers>.
- Natural Resources Wales (NRW) has confirmed the second stage of the *Enhanced Nutrient Management* approach has been laid before the Senedd. This only relates to the total nitrogen limit from livestock manures for the whole holding; all other measures under the Water Resources (Control of Agricultural Pollution) (Wales) Regulations 2021 remain in place or are subject to the relevant transition period. The Enhanced Nutrient Management approach will be implemented from 1st January 2024 and run until 31st December 2024 and will mean farms with 80% or more grassland will be able to apply up to 250kg per hectare of nitrogen from livestock manures during 2024. Under the new regulations (the Water Resources (Control of Agricultural Pollution) (Wales) Regulations 2023), where producers expect to exceed the 170kg per hectare limit in 2024, they must email NRW by 31st March 2024 with an accompanying enhanced nutrient management plan for the holding.
- The UK Government has announced a series of changes to its *immigration rules* that it is proposing to introduce from spring 2024. If enacted, these changes could have significant negative implications on the UK agri-food sector, particularly companies which rely heavily on migrant workers.
- The Government has made a series of announcements on '*Protected Landscapes*' in England. These include commissioning Natural England to begin identifying an area which will be considered for designation as the next National Park in England, all Areas of Outstanding Natural Beauty (AONBs) in England and Wales will now be known as 'National Landscapes' and the third round of the Natural Environment Investment Readiness Fund (NEIRF) is now open.

Welsh Sustainable Farming Scheme Consultation

The Welsh Government has provided more details on its proposed Sustainable Farming Scheme (SFS) and opened a consultation on its plans. The three-tier structure for the SFS which has been long-proposed, is retained. This comprises;

- **Universal Actions** – to be undertaken by everyone in the SFS
- **Optional Actions** – additional payments available for doing more than the Universal Actions
- **Collaborative Actions** – working with other land managers to deliver public goods at scale

There will be 17 Universal Actions (UA) that Welsh farmers have to undertake. Most of these are environmental measures, but some relate to business management (benchmarking, CPD etc.) whilst others focus on animal welfare. Of the UA, the most contentious element is that 10% of the farm needs to be in 'habitat' land and a further 10% under tree cover.

Habitat land covers any semi-natural habitats including rough grazing. It also encompasses ponds, hedgerows etc. If there is not enough existing habitat on the farm, new temporary habitats must be created - such as fallow margins, headlands, grass strips, herbal leys, cover crops etc.

For the 10% tree cover requirement, woodland, scattered groups and individual trees will count towards it. Orchards and agro-forestry will also be eligible. The minimum tree cover requirement must be met by the end of 2029.

Agricultural Transition (BPS Deductions) – source Welsh Government
BPS Entitlement Value, Redistributive Payment & Young Farmer Payment

2025	2026	2027	2028	2029
80%	60%	40%	20%	0%

Farmers will be able to choose to continue with the BPS or move onto the SFS. Once they have opted for the SFS they cannot go back to the BPS. BPS payments, including Redistributive and Young Farmer Payment will be phased down over a Transition Period 2025 to 2029 as set out in the

table. For those that choose to go into the SFS, there will be a safety-net during the Transition so that their SFS payment is at least the same amount as their BPS would have been.

No details on actual payment rates have been released as the Welsh Government is waiting to find out the budget settlement for 2025 onwards. The methodology of calculating payments will effectively be 'income foregone'. The Optional and Collaborative actions will not be available in 2025, the document indicates they will be introduced later, but does not specify a precise date.

This is to be the final consultation before the scheme is launched. If most Government consultations are anything to go by, there is likely to be little difference between the proposals set out here and what is finally enacted. Details can be found at – <https://www.gov.wales/sustainable-farming-scheme-consultation>. Responses to the Consultation need to be made by the 7th March.

Sustainable Farming Incentive and Countryside Stewardship Update

Defra has announced a significant update to the agri-environment scheme offering in 2024. This will see:

- The introduction of a combined Sustainable Farming Incentive (SFI) and Countryside Stewardship (CS) Mid Tier offering; designed easier to access with a single application portal
- An increase in the number of SFI/CS actions on offer, with 50 new ones announced
- On average a 10% increase in payment rates for SFI and CS agreements as from 1st January 2024
- Paying a premium for 'high ambition actions' or for delivering packages of actions that deliver greater environmental benefits.

Combined SFI and CS

From summer 2024 there will be a single application service for SFI and CS Mid Tier options (it is unclear at this stage whether this will result in one 'combined' agreement). There will be more than 180 options available, with duplication of actions under the two schemes removed wherever possible. The SFI and new CS Mid Tier (and Higher Tier agreements) will be available through rolling application windows, starting in 'summer' 2024 with the first agreements commencing in autumn 2024. In the meantime, SFI 2023 remains open for applications with an update to some of the payment rates (see table below).

CS Higher Tier agreements, which are more complex, will continue to operate under a separate application process. However, Higher Tier actions will be made available under the other offers so farmers will be able to pick from these options, without having a full bespoke Higher Tier agreement, if this is appropriate.

Existing Agreement Holders

Those already with an SFI 2023 agreement will either be able to add to their existing agreement at their annual review or enter into an additional separate agreement in 2024 when the scheme opens. Existing CS Mid Tier agreement holders will be able to apply for a separate 2024 agreement.

Payment Rates

On average, payment rates for options under both SFI and CS have increased by 10%. For those with a live SFI or CS agreement, payments will automatically be increased where applicable, as from 1st January 2024, agreement holders will not have to do anything. Defra has said it will review all scheme actions and payment rates on a rolling basis. The table below shows the old and new payment rates under SFI 2023.

Sustainable Farming Incentive (SFI) 2023 – source Defra (Jan 2024)			
Payment		Code	Actions
Old	New		
Soils			
£95 + £5.80 per Ha	£97 + £6 per Ha	SAM1	Complete a soil management plan including assess soil and test soil organic matter
£129 per Ha	£129 per Ha	SAM2	Establish and maintain multi-species winter cover crops
£382 per Ha	£382 per Ha	SAM3	Establish and maintain herbal leys
Moorland			
£265 + £10.30 per Ha	£275 + £10.60 per Ha	MOR1	Assess moorland (soil type, vegetation and public goods potential) and produce a written report. Update annually

Payment		Code	Actions
Old	New		
Hedgerows			
£3 per 100m – 1 side	£5 per 100m – 1 side	<i>HRW1</i>	Assess and record hedgerow condition
£10 per 100m – 1 side	£13 per 100m – 1 side	<i>HRW2</i>	Manage hedgerows so there's a range of different heights and widths
£10 per 100m – both sides	£10 per 100m – both sides	<i>HRW3</i>	Maintain existing hedgerow trees, or establish new ones, so there's an average of at least 1 hedgerow tree per 100m
Integrated Pest Management			
£989 per year	£1,129 per year	<i>IPM1</i>	Complete an integrated pest management (IPM) assessment and produce an IPM plan
£673 per Ha	£798 per Ha	<i>IPM2</i>	Establish and maintain flower-rich grass margins, blocks, or in-field strips
£55 per Ha	£55 per Ha	<i>IPM3</i>	Establish a companion crop
£45 per Ha	£45 per Ha	<i>IPM4</i>	No use of insecticide on arable and permanent crops
Nutrient Management			
£589 per year	£652 per year	<i>NUM1</i>	Complete a nutrient management (NM) assessment and produce an NM review report
£102 per Ha	£102 per Ha	<i>NUM2</i>	Establish and maintain legumes on improved grassland
£593 per Ha	£593 per Ha	<i>NUM3</i>	Establish and maintain legume fallow
Wildlife on Arable and Horticultural Land			
£614 per Ha	£739 per Ha	<i>AHL1</i>	Establish and maintain blocks or strips of pollen and nectar flower mix
£732 per Ha	£853 per Ha	<i>AHL2</i>	Establish and maintain blocks or strips of winter bird food
£590 per Ha	£590 per Ha	<i>AHL3</i>	Establish and maintain grassy field corners and blocks
Wildlife on Improved Grassland			
£333 per Ha	£333 per Ha	<i>IGL1</i>	Take grassland field corners and blocks out of management
£474 per Ha	£515 per Ha	<i>IGL2</i>	Maintain improved grassland to provide winter bird food
BufferStrips			
£451 per Ha	£515 per Ha	<i>AHL4</i>	Establish and maintain a 4m-12m buffer strip on arable and horticultural land
£235 per Ha	£235 per Ha	<i>IGL3</i>	Establish and maintain a 4m-12m buffer strip on grassland
Low Input Grassland			
£151 per Ha	£151 per Ha	<i>LIG1</i>	Manage grassland with very low nutrient inputs (outside SDAs)
£151 per Ha	£151 per Ha	<i>LIG2</i>	Manage grassland with very low nutrient inputs (SDAs)
Additional Payments			
£20 per Ha	£20 per Ha	Management Payment: up to first 50 Ha entered into SFI	
£6.15 per Ha	£6.15 per Ha	Commons Payment: if a group of 2 or more people enter SFI agreement on a common.	

New Actions

Under the new combined offer, being made available from the summer, there will also be in the region of 50 new actions. These will include support for precision farming and agroforestry for the first time. There will also be an increase in funding for moorland and the introduction of more 'maintenance' options i.e for farmers who are already maintaining existing habitats, the headline being an increase in the payment for maintaining species rich grassland from £182 per

hectare to £646 per hectare. Under the new offering, more of the actions will be available under shorter 3-year agreements (as opposed to 5 years under current CS). This should benefit tenant farmers. The new options will fall under the following headings:

- agroforestry
- precision farming
- priority habitats and threatened native species
- enhancing and restoring waterbodies and water courses
- protecting lowland peat

The table below includes a sample of the new options.

New Options under the combined SFI & CS 2024 – source Defra (Jan 2024)		
Payment	Duration	Action
Soils		
£73 per ha	3 Years	No-till farming techniques are used to establish crops, so soil disturbance is reduced
£153 to £163 per ha	3 Years	Multi-species spring, summer or autumn cover
Precision Farming		
£27 per ha	3 Years	Variable rate application of nutrients on arable, horticultural land or improved permanent grassland
£43 per ha	3 Years	Camera or remote sensor guided herbicide spraying on arable land, permanent crops or permanent grassland
£150 per ha	3 Years	Robotic mechanical weeding on arable and horticultural land
£101 per ha	3 years	Robotic non-mechanical weeding (e.g laser or electric) on arable and horticultural land
Moorland and Upland Peat		
£20-£66 per ha dependent on stocking density	3 Years	Low grazing on moorland
£33-50 per ha depending on stocking dates	3 Years	Manage livestock grazing on moorland
£160 per ha	10 years	Supplement: Manage non-peat moorland soils for flood and drought resilience
TBC	TBC	Supplement: Maintain features for wildfire management (fire and fuel breaks)
Lowland Peat		
£892 per ha	10 Years	Raise water levels in cropped or arable peat soils
£840 per ha	10 Years	Raise water levels in permanent grassland peat soils
Agroforestry		
£849 per ha/ £595 per ha	10 Years	Maintain high/medium density in-field agroforestry
£385 per ha/ £248 per ha	10 Years	Maintain low/v low density in-field agroforestry on more sensitive land
£385 per ha/ £248 per ha	3 Years	Maintain low/v low density in-field agroforestry on less sensitive land
Boundaries		
£27 per 100m – both sides	3 Years	Maintain dry stone walls
£11 per 100m – one side	3 years	Maintain earth banks
£11 per 100m – one side	3 years	Maintain stone-faced hedgebanks

Payment	Duration	Action
Waterbodies		
£938 per ha	10 Years	Manage grassland for flood and drought resilience and water quality
£1,241 per ha	5 Years	Manage features (e.g sediment traps, bunds, swales) on arable land for flood and drought resilience and water quality
£1,242 per ha	10 Years	Connect river and floodplain habitats
£1,186 per ha	10 Years	Manage riparian and water edge habitats (12-24m)
Up to £257 per pond	3 Years	Simple pond management
£109-£135 per ha	10 Years	Manage lakes and bodies of water greater than 2ha
£4 per 100m – both sides	3 Years	Simple ditch management
Access & Engagement		
£92 per ha	5 Years	Provide and maintain permissive open access to the public on areas of land
£77/£158/£221 per 100m	5 Years	Provide and maintain new permissive footpaths/bridleways or cycles paths/access for people with reduced mobility

A full list of actions can be found in the Technical Annex at <https://www.gov.uk/government/publications/agricultural-transition-plan-2021-to-2024/technical-annex-the-combined-environmental-land-management-offer>

Defra has said it 'intends' to confirm details and timescales around these new actions as part of the full scheme details 'early in 2024'.

Premium Payments

There will be Premium Payments available for 21 high priority actions which Defra has identified as being required to achieve its environmental outcomes and doing combinations of actions that deliver greater benefits when done together and at scale a list of these can be found via <https://www.gov.uk/government/publications/agricultural-transition-plan-2021-to-2024/agricultural-transition-plan-update-january-2024#annex-4-premium-payments>

If you would like advice or assistance with drawing up an SFI application or 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

3rd Floor, The Tower,

Pera Business Park

Melton Mowbray, Leicestershire, LE13 0PB.