

## A Monthly Briefing for UK Farmers – March 2024

- Rishi Sunak announced several policy initiatives at the recent **NFU Conference**. With regards to the SFI, the current Management Payment will be doubled to £2,000 for the first year of all agreements starting by March 2025 (this applies to existing and new agreements). He also used his speech to set out the funding amounts that will be available under the various elements of the Farming Investment Fund (FIF) and announced the UK Food Security Report will now be supplemented by an annual Food Security Index. He also made announcements on changes to Permitted Development rights under Planning rules which should assist in converting farm buildings, funds to support the redistribution of surplus food and support for projects to boost mental health in farming. *The NFU Conference also saw Minette Batters stand down after six years. She will be succeeded by Tom Bradshaw. The new Deputy will be David Exwood and Vice-President will be Rachel Hallos.*
- Up until 10<sup>th</sup> May 2024, it will be possible for businesses in England, under certain circumstances, to transfer their **De-linked BPS** Payment. Businesses may want to do this due to a merger, scission, where land has changed hands, or if the business just wishes to sell their 'right to the future support'. In all cases (except inheritance) the business receiving the right to the delinked payment must have made a BPS claim in 2023. In most cases, the transfer can be undertaken via the Rural Payments account of the business transferring the Reference Data. Further information on Delinked payments, examples, can be found at <https://www.gov.uk/guidance/delinked-payments-replacing-the-basic-payment-scheme>. *Please contact one of our consultants if you would like assistance with this.*
- The latest profitability figures from our **Friesian Farm model** are shown in the table below. Friesian Farm is a notional 200+ cow business in the Midlands with a milk contract on a constituent basis. It has a year-round calving system, like much of the UK industry. For 2024/25 Friesian Farm has gone into the Sustainable Farming Incentive (SFI). However, there are costs to the scheme, particularly in establishing the herbal leys; these have been included in the farming margin. Currently milk prices are rising but there is a question over how far and fast any rises may be. Overhead costs drop for 2024/25, due to cheaper fuel and electricity, but also due to unusually high contract costs during the previous year.

| Friesian Farm Model – source The Andersons Centre |                 |                 |               |                  |
|---------------------------------------------------|-----------------|-----------------|---------------|------------------|
| ppl Milk Year –                                   | 2021/22 (final) | 2022/23 (final) | 2023/24 (est) | 2024/25 (f'cast) |
| Milk Price                                        | 32.5            | 47.1            | 36.7          | 38.0             |
| <b>Total Output</b>                               | <b>35.4</b>     | <b>50.2</b>     | <b>39.8</b>   | <b>41.0</b>      |
| Variable Costs                                    | 14.4            | 23.6            | 17.6          | 17.3             |
| Overhead Costs                                    | 10.5            | 14.8            | 15.2          | 14.5             |
| Rent, Fin. & drawings                             | 6.5             | 7.0             | 7.0           | 7.3              |
| Cost of Production                                | 31.3            | 45.3            | 39.8          | 39.1             |
| <b>Farming Margin</b>                             | <b>4.1</b>      | <b>4.9</b>      | <b>0.0</b>    | <b>1.9</b>       |
| Basic Payment + SFI <sup>①</sup>                  | 1.8             | 1.6             | 1.3           | 1.0 +1.5         |
| <b>Business Surplus</b>                           | <b>5.9</b>      | <b>6.5</b>      | <b>1.3</b>    | <b>4.4</b>       |

① SFI payment is shown gross – costs of compliance are in farming costs

- The **Woodland Creation Grant in Wales** will open from 4<sup>th</sup> March until 22<sup>nd</sup> November in 2024, or until the budget has been allocated. However, the Small Grant – Woodland Creation scheme (shelterwoods, alongside watercourses, field corners or small fields, stock shelter, biodiversity and wood fuel) will continue to be open for several rounds throughout the year. The table below summarises all the scheme opening dates in Wales for the coming year.

| Welsh Rural Schemes: – source Welsh Government |                           |                              |
|------------------------------------------------|---------------------------|------------------------------|
| Scheme                                         | EOI Opening Date          | EOI Closing Date             |
| <b>Small Grants:</b>                           |                           |                              |
| Woodland Creation – Round 1                    | 4 <sup>th</sup> March     | 19 <sup>th</sup> April 2024  |
| Efficiency                                     | 6 <sup>th</sup> March     | 16 <sup>th</sup> April 2024  |
| Woodland Creation – Round 2                    | 20 <sup>th</sup> May      | 20 <sup>th</sup> June 2024   |
| Environment                                    | 20 <sup>th</sup> May      | 28 <sup>th</sup> June 2025   |
| Woodland Creation – Round 3                    | 22 <sup>nd</sup> July     | 30 <sup>th</sup> August 2024 |
| Environment                                    | 12 <sup>th</sup> August   | 20 <sup>th</sup> Sept 2024   |
| Woodland Creation – Round 4                    | 3 <sup>rd</sup> Feb 2025  | 14 <sup>th</sup> March 2025  |
| <b>Woodlands:</b>                              |                           |                              |
| Creation Grant                                 | 4 <sup>th</sup> March     | 22 <sup>nd</sup> Nov 2024    |
| Creation Planning Grant                        | 28 <sup>th</sup> Feb 2022 | -                            |
| <b>Growing for the Environment:</b>            |                           |                              |
| Autumn sowing                                  | 3 <sup>rd</sup> June      | 12 <sup>th</sup> July 2024   |

- A reminder the second round of the **Improving Farm Productivity Grant is now open** in England. The Online Checker is available until 21<sup>st</sup> March 2024. This round includes grants for the installation of solar equipment for the first time as well as support for automated and robotic equipment. Full guidance can be found at <https://www.gov.uk/government/publications/improving-farm-productivity-grant-round-2-applicant-guidance>. *Please contact one of our consultants if you require assistance to apply for this.*

## Farming Equipment and Technology Fund (FETF)

Defra has announced the Farming Equipment and Technology Fund (FETF) will be opening shortly. To help applicants prepare, it has already released the guidance for this year's scheme; this can be found at <https://www.gov.uk/government/publications/farming-equipment-and-technology-fund-2024/apply-for-the-farming-equipment-and-technology-fund-fetf-2024>.

### Scheme Rules

To re-cap, the FETF provides funding towards items that have been pre-identified by Defra to help improve the sustainability and productivity of farm businesses. Applicants are able to 'choose' from a set list of available items. This year funding is available under three 'themes' and applicants can apply under each theme;

- Productivity – grants of between £1,000 and £50,000
- Slurry management – grants of between £1,000 and £50,000
- Animal health and welfare – grants of between £1,000 and £25,000

Defra aims to have three rounds open in 2024 and it seems that each theme will be available in every application window. Applicants can, if they wish, apply under all three themes in a single application window, but will only be able to apply for a grant once under each theme in 2024 – i.e. if you apply for a productivity grant in the first window, and are successful, it will not be possible to apply for another productivity grant in 2024. The scheme is competitive and each application is scored, some applications may not receive all or any of the funding asked for.

The amount of grant and the way it is calculated has changed slightly this year. The RPA has calculated an expected average cost for each item, based on costs from a cross-section of suppliers. It will pay successful applicants a grant amount of 50% or 60% (*an increase from 40% last year*), depending on the item, of either;

- the average cost of the item – if an item costs the same or more than the expected average cost in the item lists, or
- the actual cost paid for the item – if an item costs less than the expected average cost in the item lists

Whichever is the lowest. *This was not the case in previous years; if an item cost less than the average cost, successful applicants still received the set grant based on the average cost of an item.*

Applications this year will be via a new online Farming Investment Fund application service. This is separate to the Rural Payments service and will require a new registration when the service is launched. Applications to more than one theme will need to be submitted separately.

### Productivity Theme

In 2024 farmers, foresters, contractors and horticulturalists can apply for 85 different items of productivity equipment this includes 24 new items such as:

- tractor powered electric desiccator for weed and plant control
- combine mounted weed seed reduction system
- drone for spraying whitewash on to glasshouses
- closed transfer system for sprayers for containers
- solar powered water pump
- mobile tractor powered livestock total feed ration mixer
- forestry harvesting head with bark stripping

Popular items from previous rounds remain available including direct drill with fertiliser placement, robotic silage pusher, robotic drill and guided hoe, inter row hoes and weeders, camera guided inter row sprayers, rainwater harvesting tanks and automatic tree planter,

The full list of items available under the Productivity theme, including specification and grant aid can be found at <https://www.gov.uk/government/publications/farming-equipment-and-technology-fund-2024/productivity-items-and-specifications-farming-equipment-and-technology-fund-fetf-2024>.

## Slurry Management Theme

There are now 17 different items of slurry equipment to help improve the collection and spreading of slurry. Following feedback from farmers, Defra has widened the specification for slurry separators to allow screw press, screen press and mobile separators. Popular items of slurry equipment that continue to be eligible for a grant include robotic slurry collectors, flow rate monitoring equipment and low emission slurry spreaders, such as dribble bars.

The full list of items available under the Slurry Management theme can be found at <https://www.gov.uk/government/publications/farming-equipment-and-technology-fund-2024/slurry-items-and-specifications-farming-equipment-and-technology-fund-fetf-2024>.

## Animal Health & Welfare Theme

There are more than 130 animal health & welfare items available in 2024, including 29 new items. These are available to commercial farmers who keep pigs, sheep, dairy and beef cattle and layer and broiler chickens. Applications for animal health & welfare items are scored on their contribution towards the Animal Health and Welfare Pathway priorities. This year, it is possible for livestock keepers to increase their application score by 20% if they can show evidence that the items being applied for have been selected in conjunction with their vet. Keepers are reminded that they can get an Annual Health and Welfare review to have these types of discussions with their vets, for more information see <https://www.gov.uk/guidance/sfi-annual-health-and-welfare-review>.

The full list of items available under the Animal Health and Welfare theme, including specification and grant aid can be found at <https://www.gov.uk/government/publications/farming-equipment-and-technology-fund-2024/animal-health-and-welfare-items-and-specifications-farming-equipment-and-technology-fund-fetf-2024>.

*If you would like to discuss an application to the FETF or would like advice or assistance with anything else in this month's Farming Focus please contact one of our [Consultancy Team](#) .*

For further information please visit our website:

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

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