

A Monthly Briefing for UK Farmers – April 2024

- Defra has announced a cap on the area **SFI** applicants can put into 6 specific SFI options. As from March 25th any new applications will only be able to have a maximum of 25% of a farm's land in any *combination* of Flower-rich grass margins (IPM2), Pollen and nectar flower mix (AHL1), Winter bird food on arable and horticultural land (AHL2), Grassy field corners and blocks (AHL3), Improved grassland field corners or blocks out of management (IGL1) and Winter bird food on improved grassland (IGL2). Existing agreements and applications already in progress will not be affected.
- Whilst no formal announcement has been made, it seems increasingly clear that farmers (and their advisors) in England will not have to do anything to claim their de-linked **BPS payments** this year. The money will simply be paid into bank accounts. It will come in two tranches – half in August and half in December. However, Countryside Stewardship and Environmental Stewardship revenue claims need to be made by 15th May. Of course, the BPS continues unchanged in the rest of the UK for the 2024 year. The deadline for the submission of forms is the usual 15th May. In Wales the entitlement trading deadline is also the 15th May. In Scotland it was 2nd April.
- All the strands of the **Farming Equipment and Technology Fund (FETF)** are now open. The Productivity and Slurry Management themes close on 17th April and the Animal Health and Welfare strand closes 1st May 2024. The full guidance can be found at <https://www.gov.uk/government/publications/farming-equipment-and-technology-fund-2024>.
- The future **protection of hedgerows** in England will be similar to the rules previously in place under Cross-compliance. In summary, a 2m buffer strip measured from the centre of the hedge where no cultivations can take place or applications of fertilisers or pesticides and a ban on cutting hedgerows between 1st March and 31st August. Previous exemptions also apply.
- The latest **agricultural rents** data for England from Defra shows a mixed picture. The All Farms rent for Full Agricultural Tenancy (FAT) (i.e. Agricultural Holdings Act (AHA) agreements) in 2022/23 decreased by 7% from the previous year to £165 per hectare; the lowest it has been in the last 10 years. The All Farms rent for Farm Business Tenancy

(FBT) agreements rose marginally in 2022/23 to £228 per hectare (a 1% increase). The table below gives a summary for the different sectors.

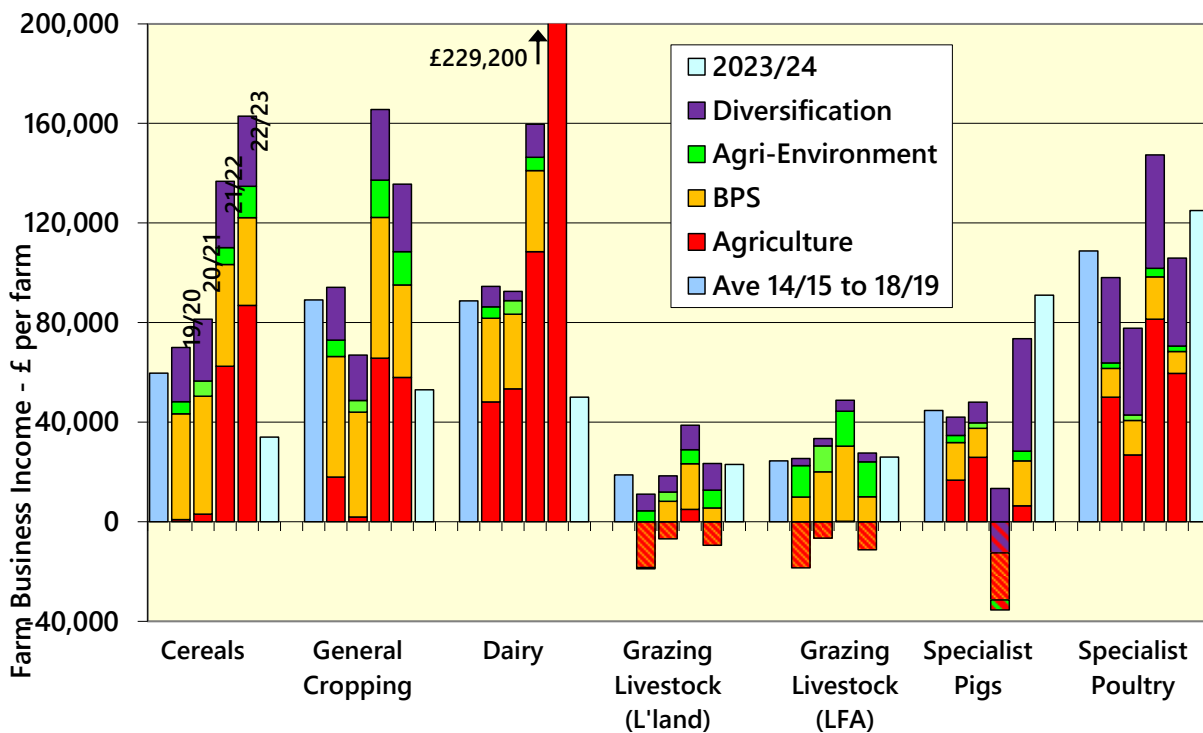
Farm Rents in England – source DEFRA						
£ per Ha	Full Agric. Tenancy			Farm Bus. Tenancy		
	2020	2021	2022	2020	2021	2022
Cereals	225	207	217	261	257	232
General Cropping	215	184	191	367	313	300
Dairy	197	199	238	283	281	292
Cattle & Sheep (LFA)	61	71	52	81	87	108
Cattle & Sheep (L/L)	193	198	185	166	134	137
All Farms	185	177	165	239	225	228

- There has been a re-shuffle of the Welsh Cabinet following the appointment of Vaughan Gething as First Minister. Lesley Griffiths has been replaced by **Huw Irranca-Davies as Rural Affairs Minister**, which covers the farming brief. In fact, Mr Irranca-Davies' portfolio has expanded, as he is Minister for Climate Change and Rural Affairs.
- UK Minimum Wages** rise as from the 1st April. The main National Living Wage rises to £11.44 per hour from £10.42 – an increase of 9.8%. The Living Wage also now applies to anyone 21 years old or over (previously 23+). England no longer has an Agricultural Wages Board, but they continue to operate in Wales and Scotland. Rates are set to be compliant with Minimum Wage rates, but there are also supplements based on experience etc. . These also change their rates from the 1st April. The Welsh Wages Order for 2024 can be found at – <https://gov.wales/agricultural-wages> and the equivalent for Scotland at – <https://www.gov.scot/publications/agricultural-wages-scotland-twenty-eighth-edition-guide-workers-employers/>.
- Red Tractor** has officially announced that it will drop its proposed 'Greener Farms' environmental bolt-on to its Farm Assurance standards. This comes after widespread producer concern over additional compliance costs and the way the new standards were developed and announced. Meanwhile, an independent review has been jointly commissioned by the NFU, AHDB, NFU Cymru, the Ulster Farmers' Union and NFU Scotland. This will be a wholesale review of 'Farm to Fork' assurance schemes in the UK. More details can be found at <https://www.nfonline.com/updates-and-information/industry-wide-assurance-review-officially-launched/>.

Farm Business Income (FBI)

Farm profitability fell considerably for arable and dairy farms in the 2023/24 year according to the latest Defra statistics. Other livestock sectors did rather better with returns similar to the previous year.

These results come from Defra's first estimates for Farm Business Income (FBI) for the year 2023/24 (March to February just ended). These include the 2023 harvest and 2023 BPS. They are preliminary estimates at present, with more detailed figures due to be published in November. Although titled 'income', what the data shows is average net profit for a typical farm in each sector. The chart below summarises the data for the past few years – all figures are in real terms at 2022/23 prices.



An average is first given for the five years 2014/15 to 2018/19. The data for the four following years has been split into the contribution from each of four profit centres. It shows how important subsidy income (BPS and agri-environmental income) is to the profitability of some sectors of English farming. The light blue columns are the latest figures just released.

There are some big drops in FBI for Cereals, General Cropping and Dairy farms. These fall by 79%, 61% and 80% respectively. However, it can be seen that profits in both the 21/22 and 22/23 years were unusually high for these sectors. Whilst there is an element of 'reverting-to-the-mean' it can be seen that profits in 2023/24 are estimated to be lower than long-term trends. There was relatively little change in Grazing Livestock returns (beef and sheep). Pig profits rose by 24%. Defra has not made an estimate for FBI in the Poultry sector, so the figure shown on the chart is our forecast.

For the 24/25 year just starting, it currently looks like being a 'up horn, down corn' year. Low prices in the arable sector will be compounded by low yields in many cases due to the weather. Lower grain prices should help the livestock sector profits due to reduced feed costs.

More details can be found at – <https://www.gov.uk/government/statistics/farm-business-income/farm-business-income-in-england-202324-forecast>.

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

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