

UPDATE

CLM
NEWSLETTER
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Limited availability mars CS Higher Tier rollout



E alex@c-l-m.co.uk T 07825 581613

Defra has released details of its new Countryside Stewardship Higher Tier (CSHT) scheme, which is pencilled in to open for applications in September.

But it will only be available to those “invited” to apply, so many farmers who might have been keen to seek an agreement have been left excluded from this as possible solution to their financial difficulties.

This iteration of CSHT offers 132 actions and 142 capital items in a bid, according to Defra, to “make it easier to plan and deliver environmental benefits while running resilient, productive farms”. It follows Defra having closed the window to apply for a CSHT agreement in autumn 2023.

Defra has trumpeted its “new and improved” CSHT offer – highlighting some of the options, such as:

- A new species-rich floodplain meadow action to help protect and expand habitats that support wildlife and biodiversity, provide natural floodwater storage and offer potential for carbon capture and greater climate resilience
- A range of waterbody actions to help connect river and floodplain habitats, manage riparian and water edge habitats and prevent downstream flooding
- Four new agroforestry actions to help reduce soil erosion, improve water and air quality on agricultural land, provide shade and shelter for crops and livestock, and reduce the risk of flooding.

But the limited numbers of invitees (effectively it only extends to those who don’t have an ongoing CS or HLS agreements on their land), combined with a seeming lack of resources at Natural England to implement it, means the scheme will not offer an answer for most of those facing a ‘black hole’ in their finances.

It comes at a time when dramatic falls to BPS revenues are taking effect, with some larger businesses seeing their payment drop from

many tens of thousands of pounds to the capped maximum of £7,200 this year.

Defra claims the new invitation-only process, together with its provision of pre-application advice and support, will ensure the scheme “works”. Its approach, it says, has been to “gradually bring people into CSHT by rolling out invitations every month” throughout 2025.

But the word ‘gradual’ is certainly an understatement. Right now, it’s only a small number who can apply and we know many, many others who would if they could.

It’s worth farmers contacting Natural England – or asking us to do it on their behalf – to get a sense of where they might be in the pipeline and when they might be able to apply. Don’t make the assumption Natural England will contact you!

Given there are a lot of people with HLS agreements who would have wanted to transfer to the new CSHT (on the basis that their payment rates, though revised, are substantially lower than those in the new CSHT), but Defra →

instead extended their existing agreements, there will potentially be a tidal wave of demand in 2028 when they end.

Sadly, Defra doesn't seem to have heeded the warnings from farming groups about disruption. The Nature Friendly Farming Network (NFFN) has criticised government for not devising a coherent transition plan, saying it has "failed to provide a joined-up approach to moving farmers into new agreements, leaving an enormous gap that now needs bridging."

Even as long ago as last year, the NFU said it was "extremely concerned" about the rumoured delay to the CSHT scheme,

Examples of payment rates under CSHT

- Manage grassland for target habitats, species or feature (CGS21) £528/ha
- Manage wet grassland for wintering waders and wildfowl (CGS19) £547/ha
- Manage species rich floodplain meadows (GS18) £1070/ha
- Manage priority habitat species-rich grassland (GRH6) £646/ha

suggesting it would represent "another hammer blow for a fragile farming community many of whom have held conservation agreements for decades".

Defra has said it aims to have about 1,200 new Higher Tier agreements in place by March 2026.

It's understandable why farmers are interested, with some of the payment rates favourable – those connected with priority habitats, for example. However, we are again seeing a scheme that, although attractive in principle, is being stymied in practice by delivery and implementation shortcomings.

South East on high alert for spruce bark beetle

Woodland owners are being warned about the risk from the eight-toothed spruce bark beetle, which has caused devastation in Europe and has the potential to cause significant damage to the UK's forestry and timber industries.

The pest, which is found across mainland Europe and northern Asia, first appeared in the UK in Kent in 2018. All 'host' trees in the area were removed and incinerated, but it is thought to have arrived again in 2021 and is now thought to be present in multiple locations in the South East.

It is predominantly a pest of spruce, so plantations with only one species planted are particularly vulnerable to attack.

According to the government, heavy rain and waterlogging throughout 2024 followed by an extended period of dry weather this spring, has put lowland spruce on clay soils at heightened risk of stress,



THE FORESTRY COMMISSION IS DOING A LOT OF MONITORING TO IDENTIFY INFESTATIONS, INCLUDING USING DRONES AND EVEN SNIFFER DOGS."

ANTHONY WESTON
CLM Director



Felling organised by CLM at a wood in Sussex.

which can lead to reduced resin pressure, which is its main defence mechanism against bark beetles.

The government announced in early September the pest had now been eradicated from all 13 outbreak sites in England identified in 2021. It also said there was "no evidence of spread – or of impacts on healthy spruce – in the UK", but urged all land managers to continue to check the health of spruce trees.

CLM Director Anthony Weston has been working with one landowner to deal with an infestation, helping them navigate the tight statutory timetable, securing grant money to cover some of the infrastructure costs associated with felling, plus arranging felling contractors.

"The Forestry Commission is doing a lot of monitoring to identify infestations, including using drones and even sniffer dogs," says Anthony.

"If a notifiable tree pest or disease has been found on land you own or manage, you will receive a Statutory Plant Health Notice (SPHN), but many landowners are unaware of what this involves, the timeline for responding and the support available. We can help you navigate this complex and potentially expensive process."

- Contact Anthony at anthony@c-l-m.co.uk



Landowners focus on water management

CLM is working with a group of landowners to develop a pioneering Landscape Recovery project focused on water management.

Five estates in Shropshire hope to collaborate in a bid to access nature markets and drive investment in nature restoration, funding co-ordinated improvements to water quality and low flow resilience in the region.

Severn Trent has provided funding for an application to Defra's Landscape Recovery Scheme which supports large-scale, long-term projects that restore nature, improve biodiversity and deliver environmental benefits across landscapes in England.

"Water resilience is very important to the group, and it will become more important across the whole of the UK as the effects of climate change become more

impactful," says CLM Farm and Environment Consultant Kirstie Speed (below), who will be helping them shape their proposal and application. "Managing water quality, scarcity and flooding can be a huge challenge in agriculture these days."

Some of the project's potential options include:

- Building irrigation reservoirs which can slow the flow of rivers during wet periods and discharge water during periods of water scarcity
- Floodplain restoration
- Creation of wet woodlands
- Creation of riparian buffers
- The potential for regenerative agriculture – particularly how such methods might fit within horticultural units.

"This year's heatwaves have made people think more about drought, but water management in all its guises is critical. We're pleased to be able to help this group of market-focused and environment-conscious landowners develop a project that will benefit their agricultural operations and provide solutions to the environmental challenge affecting local businesses, communities and wildlife," says Kirstie.

"It's great to be able to play my part fostering and facilitating collaboration among a group of such progressive and innovative landowners. We hope the group's shared aims will be supported by Landscape Recovery, but we also have the option of looking to other emerging funding streams."

Defra recently announced the first two Landscape Recovery projects had secured funding and are beginning on-the-ground delivery, following two years of development work. They are:

- Boothby Wildland – a nature recovery project near Grantham in Lincolnshire, spanning about 620ha of former Grade 3 arable farmland.
- Upper Duddon – a project bringing together farmers, environmental organisations and the local community to manage 2,800ha of uplands in West Cumbria.

The Landscape Recovery team is currently working to assess the deliverables submitted by other Round 1 projects, guiding them through the assurance process.

And with the government having reaffirmed its commitment to Landscape Recovery in the Spending Review, a new round of applications is expected to be opened soon.



CLM set to play its part in supporting new entrants



CLM is one of the consultancy firms selected by Oxbury Bank to potentially support new entrants in farming.

Founded in 2021, Oxbury launched 'New Gen' the following year, a facility which can provide up to 100% of the finance, as well as consultancy for new entrants between 18 and 40 years old.

The initiative also offers business advice to the farmers paid for by Oxbury – and CLM's Oli Pilbeam is set to become one of the consultants.

The bank launched New Gen, aware of the "demographic challenge" the farming industry faces, with Defra figures showing farmers aged 65 and over form the largest group, while just 3% are under 35.

"At the same time, the challenges of running farm businesses are becoming ever greater as the sector transitions to a new economic and low-carbon reality," points out Oxbury's Chief Commercial Officer Matt Ryan.

"This creates an opportunity for entrepreneurs to bring innovative ideas and fresh ways of working to the sector. However, a lack of access to funding and the historic reluctance of banks to back the new generation restricts young people from entering farming," he adds.

Farm business consultant and agronomist Oli has seen the difficulties faced by would-be farmers. "There are many barriers to entry, including the price of land, along with

the cost of machinery, livestock and arable inputs" he points out. "It's vital we encourage more new entrants, as we are an ageing industry. The country needs food, so we need people to produce it.

"Although ambition, enthusiasm, energy and drive are found in people of all ages, the younger generation sometimes think differently to their parents, especially when it comes to new technology. They have a different mindset because they grew up in an agricultural climate that was unlike the one which shaped their parents. The opportunities, pressures and legislation that every generation faces vary."

Without collateral or cash reserves, new entrants need to be even more clinically focused on cashflow, says Oli. "You need to have an incredibly clear, realistic plan. That doesn't mean you have to be pessimistic, but you certainly shouldn't inflate expected revenues.

Decide your five-year average for yields and returns, then run sensitivity analysis with yields and prices. Stress-test your business plan.

"Don't just think about the next 12 months, but also have an eye on next year and the next three and five years."

According to Matt, banks need to be impressed by a business plan for them to approve a loan, but an element of "character lending" is involved, too.

"People have to present themselves professionally, they have to have good references and a good track record. You've got to have credibility and demonstrate progression in your area of expertise. It's all about being on a journey of self-improvement, development and broadening your skillset. That journey can be arduous and time-consuming and requires patience."

“THE CHALLENGES OF RUNNING FARM BUSINESSES ARE BECOMING EVER GREATER.”

MATT RYAN
Chief Commercial
Officer, Oxbury



New Gen eligibility criteria:

- Be a start-up business
- Have agriculture as the core business activity in the business plan
- Be aged between 18 and 40
- Have relevant practical experience working in the agricultural sector
- Must not be earning an economic wage from their own farm

Get more from your money by smart cashflow planning

Detailed figures facilitate strategic 'whole-farm' decision-making, says CLM Director Oli Pilbeam

Farmers should look at their businesses in a more joined-up way and not take spending and investment decisions in isolation.

There's still a temptation, for example, to buy a machine outright if the capital is available to avoid hire-purchase charges. However, the decision shouldn't solely be based on a comparison of the two – it should also consider the other uses to which that money could be put.

If it costs 20% more to buy a machine on hire-purchase across three years than to buy it outright, their instinct will probably be to opt for the latter, but spending the extra might release money from the bank account in the shorter term which could be put to an even better use. Could it pay off another debt? Or save you having to ask your bank if

you can borrow more? Or kickstart another project?

Think more strategically and laterally about what you want your money to do for you and view it in the context of the whole business.

This means thinking across a whole year, rather than 'in the moment'. Farming bank balances are constantly rising and falling, but cashflow has become increasingly critical as working capital requirement have risen.

Ten years ago, you could grow a crop of wheat for £120/t, whereas you're looking at £160/t-plus now, yet the price you're getting for it might be no higher, so the margins are tighter. A four-month-old dairy calf might cost you twice what it did not so long ago and, even though the sale price might have

gone up correspondingly, you need to invest more initially, which puts pressure on cashflow over the months that follow.

Farmers should have a detailed, accurate and well-managed cashflow budget so they know exactly what the consequences of decisions will be in three, six and 12 months' time.

Most farmers have a sense of what they have in the bank and of any big bills or income due in the next few months, but that's not sufficient. Cashflow budgets give you a structure and you can revisit them as likely returns and costs vary, along with your evolving investment needs.

Such budgets also give you an opportunity to 'play' with risk through sensitivity analysis, adds →



Oli. “You can see what would happen, for example, if you lost 20% of your beef price or wheat values dropped £30/t.

In this volatile world, there’s a temptation to say there’s no point in budgeting, but it’s needed more than ever. Your financial plan at the start of the year identifies peaks and troughs in cashflow so you can work around these, rather than having to make knee-jerk reactions.

If you’re crunching these figures for the first time, it’s a good opportunity to ask the bigger questions about the enterprise mix and how you spend your time, too, which might turn the key on some more strategic changes.

Considering contract-hire options will be key to many. With new

“
YOU NEED TO MAKE DECISIONS IN THE CONTEXT OF THE WHOLE BUSINESS AND YOU CAN’T DO THIS WITH BACK-OF-A-FAG PACKET FIGURES.”

OLI PILBEAM

tractor registrations down, dealers are offering some competitive deals so, rather than buying a £150,000 tractor, you might be able to spend, for example, £15,000/year on contract hire and have that £135,000 to do something else with, not to mention you will be sheltered for unexpected repair costs. Converting and renting out a farm building, for instance, might yield a 15-20% return on investment.

In the current climate we will only get through by sweating assets. We need to be reducing the per hour charge on our tractors, and this can only be done by making them work harder. There’s

no point in having three tractors doing 300 hours/year sat on your balance sheet. You’re far better rationalising and putting 900 hours on one tractor or hiring in one shorter term if needed.

In terms of debt repayments, look at whether you can renegotiate with your lender. Different banks will offer different deals. Maybe do a ‘beauty parade’ which may highlight more preferential terms and give you an opportunity to refinance, or even just to renegotiate better terms with your existing lender. Often people stay with the same bank just because they’ve always been with that bank, but there are some new players and new deals (some, for example, with no early repayment fee and no arrangement fees).

It’s also worth analysing your private / family drawings to assess if you are taking too much or too little out of the business. It depends what your end goal is. Many farmers aren’t paying themselves enough and it might be a decision they’ve made, that the money is better off in the farm bank account, which is a perfectly legitimate choice. But, if the business can afford it, perhaps they should be taking more? And if the business can’t, you have to ask why are you putting all that time into it?

Farmers have always been great negotiators, but in these days of tight and volatile cashflows, just negotiating hard may not be enough. You need to make decisions in the context of the whole business – and you can’t do this with back-of-a-fag-packet figures. You need detailed cashflow plans and budgets. Only then will you be able to be more clever with your cash and be confident your money is making you the most money it can.

• Contact Oli at oli@c-l-m.co.uk



CLM is a land, business and property management consultancy.

It helps clients protect and grow their income and assets, improve their quality of life and create sustainable legacies. The 20-strong team includes land agents, business consultants, planners, valuers, environmental experts, agriculturalists, ecologists and property experts. From its headquarters in East Sussex, it supports clients nationwide as varied as family farms, landed estates, property developers and international investors. It offers a range of services relating to BNG and natural capital. As experts on the ecosystem services market and environmental schemes, the knowledge and insight of its consultants is frequently sought by journals such as Farmers Weekly, the Financial Times, Property Week and Inside Housing.

CONTACT US

Sackville House
Sackville Lane, Hartfield
East Sussex
TN7 4AW

Tel: 01892 770339

Email: info@c-l-m.co.uk
www.c-l-m.co.uk



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