

UPDATE

CLM
NEWSLETTER
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New scheme payments could fill big part of ‘BPS hole’

The Sustainable Farming Incentive (SFI) and Countryside Stewardship have become considerably more appealing after the government released new information about the schemes. Kevin Jay digests the detail

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Increased payment rates, up to 50 additional ‘actions’ and a single application service for SFI and Countryside Stewardship (CS) Mid-Tier payments were among the promises made by DEFRA Secretary Steve Barclay (pictured right) at the recent Oxford Farming Conference.

Putting aside the fact that no start date was given for these changes (and we all remember the SFI announcement in January 2023 which didn’t end up taking effect until September 2023), the speech was welcomed by farmers.

Some of the new payments represent huge increases and could present exciting opportunities for South East farmers. For those maintaining species-rich grassland on, for example, the South Downs or High Weald, the payment will →



OXFORD FARMING CONFERENCE

jump from £182/ha to £646/ha.

Meanwhile, those opting to manage and restore wet grassland either for wading birds or for wintering waders and wildfowl (say, on Pevensey Levels, North Kent Marshes or in the Adur or Ouse river valleys) will see a similar rise in the payment.

In fact, these updated rates will take some farmers towards a position that environmental schemes previously couldn't do – namely, fill the hole left by falling Basic Payments revenue. For one client on the South Downs, it seems likely that, for the first time since 2020, his total subsidy payment (BPS plus stewardship of all types) will be more in 2024 than it was in 2020 when BPS peaked. As another example, take a 60ha extensive grassland unit which would have been receiving nearly £14,000 BPS in 2020. In 2024, although the BPS cheque will be about half that, putting the grassland into a 'manage with very low inputs' SFI – along with taking a couple of other actions – will net about £11,000/annum, before the diminishing BPS cheque arrives.

As well as those looking to enter an agri-environment scheme for this first time, the increased money on offer through improved CS payments could also tempt people already in other schemes. One client has been receiving £23,000 a year from Higher Level Stewardship on 135ha. Every time the agreement has come up for an extension opportunity, we have reviewed the figures with the latest payment rates, but it's never previously been worth submitting a new application for CS. Now the revenue would more than double from £20,000 under CS to £43,000 under CS Mid-Tier, and that's before adding any additional SFI actions.

Other interesting elements of the DEFRA announcement include a new action, 'connecting river and floodplain habitats', worth £1,242/ha, plus a range of work involving agroforestry – for example, maintaining high-density infield agroforestry at £849/ha. The full detail on these options is yet to be announced, but the payment rates alone make them potentially interesting propositions.

There are now opportunities for farmers – dairy producers, say – who traditionally struggled to see how agri-environment schemes could fit their system, with payments of £102/ha for incorporating clover into intensive grass leys. It's also worth noting the sums on offer annually for variable rate application of nutrients (£27/ha) and no-till (£72/ha). If they are approaches you are already taking, as many are, that's nearly £100/ha for no extra work.

Of course, as is so often the

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case with DEFRA, there are still many unknowns. When exactly will all this take effect? What do the actions actually involve? Currently, there's a distinct lack of detail.

The Government has suggested these changes could go live in the summer, but it's not impossible we'll have a May election (the Prime Minister's hint it will be in the autumn could be a red herring to wrongfoot Labour) and, if so, there'll be the pre-election period – formerly known as 'purdah' – during which the Government can't make new announcements, which could cause a delay. And if Labour comes to power, they might not greenlight everything the Conservatives had lined up anyway.

My advice is to explore what SFI can offer your business right now and submit an application straight away if there are opportunities. If you wait for more detail, you could be waiting for months, if not longer, by which time you'll have missed out on the payments. And because the money's paid quarterly, you would have had it in your cashflow. It makes sense to take what you can now and then tweak your agreement as and when you can, and when you have a better appreciation of how it all fits with your system.

It could be that the Government has suddenly woken up to the value of the environment and realised it needs to pay farmers if all these beneficial changes are going to happen. Or it could be that the Government is simply trying to win the farmer-vote ahead of an election, with DEFRA desperately trying to spend its £3.1 billion agriculture budget so the Treasury doesn't slash it in future. Either way, SFI and CS Mid-Tier are looking a whole lot more appealing and it's well worth considering what this could mean for your business.

Nitrogen testing pays dividends

Carrying out a soil mineral nitrogen (SMN) test this spring could reduce spending on fertiliser, reduce the environment impact and improve nitrogen use efficiency (NUE), according to CLM Director Oli Pilbeam



Farmers typically have a set rate for their nitrogen applications, based on AHDB RB209 data and their knowledge of the land. But this is at best a “broad-brush approach”, with testing providing much-needed information on actual soil nitrogen levels.

“Knowing what’s in your soil and the crop residue will allow you to tailor applications to crop needs,” says Oli.

“If a wheat follows a cover crop, for example, in some cases it could allow nitrogen rates to be reduced by as much as 40kgN/ha, providing savings of between £40 and £50/ha.

Generally after any N-fixing crop, you could be applying less nitrogen – plus there could be more N in your soil than you’ve always assumed anyway. Conversely, with a second cereal, you may require more nitrogen. If you don’t test, you won’t know.”

According to Oli, ever-more farmers are testing routinely for nutrients such as phosphate and potash (with the help of SFI funding under SAM1), but many deem a deep N test to be too costly, prompting only a small number to conduct one.

“You’ll need a few samples from around the farm (ideally a range reflecting varying previous crops and soil types) and it might cost £130/sample, but with fertiliser costing £300-£330/t it makes sense. Fertiliser prices have come back a long way from a year or so ago

when they were £800-£900/t, but they’re still 60% more than three years ago and are still the most expensive input cost.

“Farmers also want to reduce their nitrogen use now more than ever, given their environmental ambitions. Nitrogen has carbon ramifications and, as was explained in a presentation by Southern Water at the recent Association of Independent Crop Consultants (AICC) conference, removing nitrates from water continues to be incredibly costly.”

- Oli supports CLM clients with budgeting, overhead costs analysis, benchmarking, business strategy and succession planning, in tandem with carrying out agronomy throughout Kent and Sussex for the independent firm Chichester Crop Consultancy (CCC). Email oli@c-l-m.co.uk



‘We understand that family and business are often inseparable’

With 2024 marking CLM's 20th anniversary, South East Farmer wrote a feature about the firm and how we help farmers. Here is an abridged version of the piece which appeared in the January issue

CLM's Matthew Berryman has a succinct way of summing up the challenges facing agriculture at the start of 2024.

“If, 25 years ago, you had asked someone ‘what is a farmer?’, they would have thought you were mad,” he says. “Now it’s not such a daft question. Are they a ‘save the planet’ rewilders, an energy producer, a food producer or something we haven’t even thought

of yet?”

He could, of course, have added light industrial unit landlord, glamping site proprietor and a few more career options into the mix, such is the spread of occupations now encompassed by the planet’s longest-standing industry.

Helping farmers find the right mix of occupations and maximise the returns available from their holdings is where CLM, the farming,

environment, property and land consultancy, brings its own broad-based skill set into play.

Founded 20 years ago, CLM has evolved into a sector-leading consultancy that is particularly well known for its groundbreaking work helping farmers and landowners benefit from the new raft of environmental schemes, including biodiversity net gain (BNG).

It was launched in 2004 by



Mark Weaver and the late Tim Calcutt as a partnership providing hands-on farm management services. After leaving Wye College, Mark was working for Tim and his father-in-law Gordon Denniss at GK Denniss Farms in Withyham when the pair encouraged him to enrol on the Worshipful Company of Farmers' Advanced Agricultural Business Management course.

Finishing the course inspired to launch his own business, Mark suggested that he could continue working for the farm as agent/consultant rather than as the employed estate manager. He spent Easter 2004 repainting the farm office, supported by his wife Tam, and putting up a CLM sign. Becca Scrace, who had been the farm secretary, became part-time assistant and CLM's first employee.

Mark's own role has evolved, from advising on arable and beef concerns and "a bit of stewardship" to working with larger estates on critical but less hands-on issues such as succession planning, taxation and protecting family assets.

As the business found its feet, Mark and Tim were joined by Anthony Weston, an expert in the relatively new environmental schemes that were beginning to

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Founder and managing
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play an increasingly large part in farming decisions.

With the workload growing, it wasn't long before Anthony "tapped on the shoulder" of one of his old colleagues and brought Kevin Jay into the fold. Kevin was also skilled at helping farmers get the best out of agri-environment schemes – something which is more necessary than ever in 2024.

Alex Macdonald came aboard in 2011, having notched up over a decade's experience working at Natural England and its predecessors, and Matthew Berryman, who joined in 2007 to strengthen the farm and estate management team, brought 20

years' experience of providing management and business advice in Yorkshire, the Midlands, the Eastern Counties and the South East.

As founder and managing director Mark Weaver concludes: "We understand the issues that matter to clients – and what makes them tick – because we share their values. We know that farming well matters, that looking after the countryside with responsible environmental stewardship matters and that preserving and growing wealth matters.

"We know that, long-term, passing on assets is important but that in the short term cashflow is king. That family and business are often inseparable. That the battle to cut costs never ceases. That diversification brings the possibility of new income, as do natural capital and biodiversity net gain.

"So whether it's securing planning permission, solving a succession conundrum, overseeing a land sale or reducing a tax bill – and many such issues are, of course, interconnected – farmers and landowners need advice that allows them to take the opportunities and navigate the challenges presented by this fast-changing world. And that's what CLM provides."

CONTACT US

We are a 20-strong team including land agents, business consultants, planners, valuers, environmental experts, agriculturalists, ecologists and property experts. For more information about the topics in this issue, please get in touch with your existing CLM adviser or, for new enquiries, contact one of our directors.



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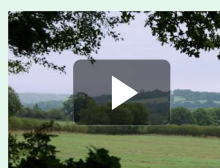
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about CLM and how we
can help you.

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