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## Monitor cost in tandem with pursuing environmental ambitions

*Entering a Sustainable Farming Incentive (SFI) or Countryside Stewardship (CS) scheme provides an ideal opportunity to undertake a whole-farm cost review, says CLM's Oli Pilbeam*

"£673/ha? I may as well put my entire farm down for that."

That's a comment I've heard a lot over the past 12 months. It's true, some of the SFI and CS options do sound financially appealing, especially given the volatility of grain markets, fertiliser prices and increased costs of generating working capital.

Factor in the need to make up for lost BPS payments and it's not surprising that a lot of us here, for example, on heavy Sussex soils are tempted by payments of £673/ha (£272/acre) for flower-rich margins

and plots or £593/ha (£240/acre) for the two-year sown legume fallow.

A lot of farmers are drawn to these schemes because of their desire to enhance the environment, but there's also advantages to receiving these 'guaranteed' payments. It spreads risk. The BPS payment arriving in our bank accounts every December effectively did (and still to a lesser extent for the time being still does) that.

But we need to recognise that these new support schemes are not a direct replacement for BPS. Far

from it. It's important to consider the true costs that result from participation, rather than consider them as an afterthought.

Seed costs from £100-£250/ha can quickly erode the margin on some options. Unlike BPS, farmers have an obligation to perform and a prescription to adhere to. If seed costs are a one-off expenditure, fine, but what if you end up having to spend more in year three or four? It's not impossible you could end up spending two or even three-times what you initially budgeted. →



PAUL BALUKH - STOCK ADOBE.COM

Because seed is a relatively small percentage of overall costs for combineable crops, farmers don't always focus on it as much as they should. Within stewardship schemes, though, there is money to be saved by shopping around and tailoring mixes.

In the past, farmers tended to drill their combinable crops then turned their attention to the stewardship scheme and got the seed in the ground regardless of conditions. Now payments (and seed costs) are higher; it's important to get maximum value by sowing it at the right time into the right seedbed. Slowly, stewardship crops are moving higher up farmers' priority list considering the money that is now involved. Timing in both establishment and management is as critical as it is with conventional cash crops.

These specialist crops are incredibly diverse and require high attention to detail, taking more management for a hectare of flowers than hectare of wheat. These options need to be walked as regularly as any other crop to get the most out of them, both practically, financially and environmentally.

My role as an agronomist for Chichester Crop Consultancy (CCC), which I do in tandem with consulting for CLM, really gives me a 'ground-up' view of progressive agricultural businesses, helping me understand the opportunities and issues that new schemes can bring. The two roles have a real synergy. When I'm crop-walking, I can view agronomy issues in the context of the whole-farm business and my advice can encompass farm business strategy. When I have my consultant's hat on, I find my hands-on crop (and livestock) experience is invaluable.

It's important, for example, to

focus on reducing overhead costs if entering an environmental scheme. It may bring an opportunity to spread workloads, reducing labour hours, as well as providing opportunities to reevaluate and slim down your inventory machinery – selling, say, a tractor if it rarely does more than 200 hours a year.

Focus on what is practically required to manage your commitment. 'Cut and remove' options require specialist equipment, whereas 'mulch and incorporate' require flail mowers and mulchers. Large rotational options may require a more traditional topper, but at

wider widths to get over the land quicker, especially when you would be topping the same option four or five times within the first season for optimum blackgrass control. I have seen some poorly managed AB15 options, which have only increased the blackgrass burden on some farms when not managed at the correct timings.

Ask yourself what you can realistically achieve. Can you manage with your current machinery, or do you need to 'gear up' with smaller equipment? Do you need that big combine, the finance payment on which has risen with inflated interest rates, or can you scale down now that possibly 20% of your land no longer requires combining? Does your contract farming agreement seem the right arrangement now that the goalposts have moved?

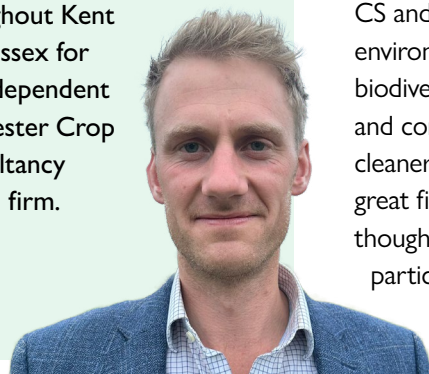
While farmers are contractually obliged to manage the options under CS correctly, to make it pay, we must resist the urge to spend large sums of capital to do so. If you need to add front- and rear-mounted flails or a new fancy tractor with front PTO to your machinery list, the savings made in direct costs can soon become masked in over-expenditure on indirect costs.

Meanwhile, now a proportion of farm is in stewardship there might be an opportunity to reduce your labour bill, as some of the work won't clash with the traditional peak combining period.

Entering schemes such as CS and SFI makes a lot of environmental sense, boosting biodiversity, improving soil health and contributing to such aims as cleaner water; but it can also make great financial sense. It's important, though, to make decisions about participation in the context of your whole business, especially when it comes to costs.

### Meet Oli

**Oli Pilbeam**, who joins the CLM team in October, is an experienced farm manager having run a 2,800ha arable business in Lincolnshire. He also has experience of dairy and sheep enterprises. Originally from East Sussex, he is 'returning home', becoming the fifth generation on the family farm which comprises arable, livestock, commercial lettings and a solar farm. Oli will provide a complete farm management consultancy service to CLM clients, assisting with budgeting, overhead costs analysis, benchmarking, farm business strategy plans and succession planning, in tandem with carrying out agronomy throughout Kent and Sussex for the independent Chichester Crop Consultancy (CCC) firm.





# Insurance cover check could pay dividends as business risks change

Farmers and landowners should check their insurance cover reflects the relevant risks and that they're not over-paying on their premium.

"The nature of businesses – and therefore the risks they carry – is changing rapidly," says CLM Director Matthew Berryman.

Ever-more farmers are introducing new enterprises or diversifying, so if you've converted buildings and run, say, a livery or lease them out for storage, it's vital to tell your insurer.

"Brexit and the Covid pandemic also saw prices of machinery and building materials shoot up, meaning replacement costs can be higher and extreme weather events also present new risks," adds Mr Berryman.

"For any meaningful business, insurance costs are at least £10,000 a year and I have one client for whom it's about £35,000. When a cost runs to five figures, you need to be asking if you're getting value for money."

Set against a backdrop of rising premiums, it's worth getting

competitive quotes, suggests Mr Berryman. While farmers would typically do this for other purchases, it can be tempting to stay with the same insurance provider simply out of habit.

"Times have got tougher – wheat prices, for example, have plummeted – so now is the time to check if you're getting a competitive price. If your instinct is to stay with your current insurer, you could always ask if they will match a more competitive quote.

"In years gone by, insurance discussions typically focused on buildings, machinery and public and employer's liabilities. Nowadays there's more to consider. I'm also

often asked about 'consequential loss', ie to cover the money that might be lost while a building or item of machinery was being replaced or when business activity temporarily ceases. This can be expensive so farmers are sometimes reluctant to insure against it, but it's worth considering if you have a very specialist business or use hard-to-replace machinery and equipment. For 'traditional' farm enterprises, 18 months might have been the period typically considered, but vineyard owners might face an interruption of up to four years if there was, say, a theft of bottled wine or damage to vines which then had to be replaced."

It's definitely important to review your cover, agrees Annie Streeter, a West Sussex-based Senior Agent with NFU Mutual.

"In the agency I'm having a lot of these conversations with farms, estates and vineyards about inflation. We're checking the replacement cost of vehicles, machinery and equipment. The turnover of a lot of businesses has risen because →



**FOR ANY MEANINGFUL BUSINESS, INSURANCE COSTS ARE AT LEAST £10,000 A YEAR AND I HAVE ONE CLIENT FOR WHOM IT'S ABOUT £35,000."**

**MATTHEW BERRYMAN**  
CLM director



their costs and revenues have gone up. We're asking such questions as: Have we got our stock of fuel at the right figure? Are stored crop valuations correct? If you're using a much bigger trailer – and perhaps carting a higher-value crop – is that reflected in your goods-in-transit cover?

"It's important to make sure you're not under-insured, but also that you're not over-insured which could be the case as some costs have fallen from their immediate post-pandemic peak," adds Mrs Streeter.

"I'm also asked a lot about



AS AN INSURANCE PROVIDER WE'RE TALKING ABOUT CYBER-COVER A LOT MORE IN THE PAST COUPLE OF YEARS, TOO. WHAT HAPPENS IF YOU HAVE AN IT RANSOMWARE ATTACK?

**ANNIE STREETER**  
NFU Mutual



indemnity limits on public, product and employer's liability. Often the standard figure is £10m, but where there are lots of people working within a small area – in a packing house for example – or if you have thousands of people visiting an event such as a music festival, it may be prudent to increase this.

"As an insurance provider we're talking about cyber-cover a lot more in the past couple of years, too. What happens if you have an IT ransomware attack? Or pay an invoice which turns out to be a scam? This is particularly important for larger businesses."

## Sussex Section 106 agreement marks key moment in BNG provision

A Sussex estate has signed an innovative Section 106 agreement with the South Downs National Park Authority (SDNPA) marking a groundbreaking step in terms of how developers can provide biodiversity net gain (BNG).

Completed in July, the legal agreement means 31ha of land at Iford Estate – equating to 210 biodiversity units – is the first to

appear on the SDNPA's register of land formally 'dedicated' for BNG provision.

Iford, a beautiful 1,200ha estate near Lewes, has an ambitious 30-year landscape-scale vision with nature recovery at its heart, using BNG as the main vehicle for securing the necessary investment.

The 'Iford Biodiversity Project' will ultimately see about 800ha →





of land permanently dedicated to nature recovery, involving the generation of about 3,000 biodiversity units.

The plan involves the creation of floodplain grazing marsh providing habitat for breeding and wintering waders; species-rich grassland for rare plants, insects and mammals; plus tree-planting on parts of the farm to link up with existing woodland in this more sparsely wooded section of the South Downs National Park.

The BNG Section 106 is the result of a huge effort by a range of experts, including the team at Iford, the SDNPA, the environment and farming consultants CLM, Lux Nova Partners (a law firm specialising in the clean energy and environmental sectors) and Town Legal (a specialist planning law firm).

CLM Director Anthony Weston, who has 20-plus years' experience of habitat work and led a series of studies and modelling exercises at Iford, described this as "one of the biggest and best nature creation, enhancement and restoration projects in the country".

He also dubbed the Section 106 signing "momentous" in the evolution of the ecosystem services market. "Section 106s are, of

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**ANTHONY WESTON**  
CLM Director



course, often used in the planning process, but we believe this is the first time one has been secured specifically for mandatory BNG market readiness. With BNG due to become mandatory in November for all planning applications, this partnership between Iford and the National Park – which is also the Local Planning Authority – will help developers work with the estate to fulfil their statutory BNG requirements.

"It won't, of course, lead to more development in the National Park – but it will mean that development happening elsewhere will benefit nature and people here, by drawing private investment into this very special place.

"Part of the attractiveness of Iford as a venue for providing BNG is how it fits within the wider landscape. It's in a National Park, in the Ouse Valley and adjacent to SSSI and National Nature Reserve land, as well as containing large areas of 'priority' habitats. It's well placed to link those, allowing aggregated gain. It's part of a patchwork of natural and semi-natural habitats, rather than an island. We can create 'bigger, better and more joined-up' habitats, in line with the principles set out in The Lawton Report."

Iford Estate Manager Ben Taylor says: "Our scheme draws on the extensive habitat and species surveys conducted over the past few years, as well as historical mapping to determine land use patterns, soil sampling and hydrological assessments.

"This is already a diverse and inspirational landscape, with recent surveys showing over 1,300 species present on the Estate, many with conservation status, including 155 species of birds of which 87 are of conservation concern.

"We will increase the diversity of species over the whole estate, whilst still retaining food production as the principal land use on the most fertile land."

## CONTACT US

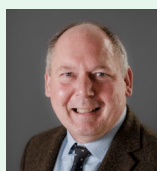
We are a 20-strong team including land agents, business consultants, planners, valuers, environmental experts, agriculturalists, ecologists and property experts. For more information about the topics in this issue, please get in touch with your existing CLM adviser or, for new enquiries, contact one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



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See a two-minute video  
about CLM and how we  
can help you.

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