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FARMERS WEEKLY

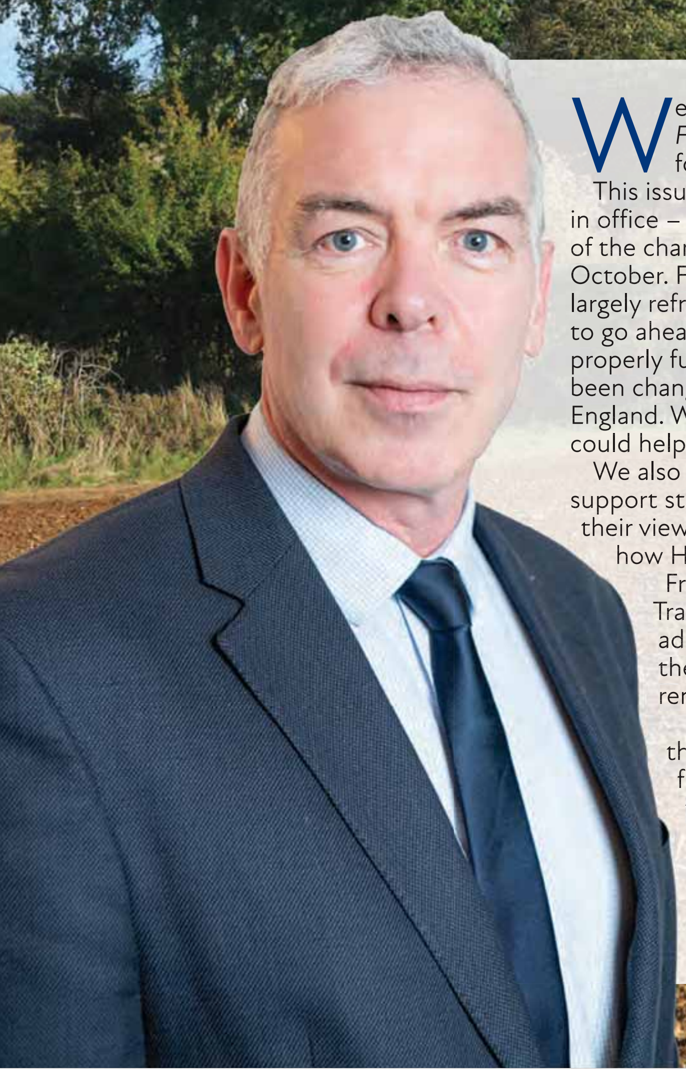
TRANSITION

Securing a sustainable future for your farm business

STRATEGY FOR SUCCESS

Smarter ways to secure a profit

Looking beyond the Autumn Budget



Welcome to *Transition* – the quarterly supplement from *Farmers Weekly* to help secure a sustainable future for your farm business.

This issue comes as the Labour government marks 100 days in office – and farmers across the UK await the outcome of the chancellor's first budget, due to be unveiled on 30 October. Frustratingly – but understandably – Labour has largely refrained from revealing the direction it expects farming to go ahead of the budget. After all, any new policies must be properly funded for farmers to deliver. But there have already been changes to the Sustainable Farming Incentive scheme in England. We examine those changes in an in-depth article that could help you make key decisions for your farming future.

We also look the latest updates to Scotland's fledgling farm support strategy, with experts and Transition Farmers giving their views ahead of the budget that will ultimately determine how Holyrood funds any new schemes.

Friendly tips and pointers are also on offer from our Transition Farmers, who shed light on ways to generate additional income, alongside ideas for direct selling, the benefits of working together and progress on renewable energy.

As always, we are grateful to everyone for sharing their stories as they strive to secure a sustainable future for their businesses. We are equally grateful to our Transition Partners for sharing their expertise and advice along the way.

For more about our Transition initiative, visit our knowledge hub at **fwi.co.uk/transition**

Johann Tasker, *Transition* editor

OUR PARTNERS

The *Farmers Weekly* Transition Partner Network is a UK-wide community of farmers, industry stakeholders and influencers working together to secure a sustainable future for UK agriculture. If you would like to join and want more information, contact Anna Eccleston at **anna.eccleston@markallengroup.com**

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MAIN PHOTO: TIM SCRIVENER

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Tips to help you bounce back from bad weather and drop in farm support See p7

How farms are generating income from the environment See p18

Sustainable Farming Initiative 2024 update: All you need to know See p23

Partner Perspective

COVER CROP TRIALS HELP SCOTTISH FARM FINE TUNE MIXES FOR THE REGION

Brian Pirie and Oliver Pirie

A combined effort to develop cover crop mixes to suit Aberdeenshire conditions is delivering a range of benefits for Gordon Pirie & Son at Castle of Auchry Farm.

“We were initially motivated by cover cropping to improve our soil’s fertility, increase our organic matter levels and help reduce soil erosion, due to the lack of available organic manures to the farm,” explains farmer, Brian Pirie.

Cover crops are integral to the farm’s system overall and account for 100 acres, though Brian’s ambition is to grow this further. While they support the farm’s compliance with regulatory schemes – alongside green manures under the Agri-Environment Climate Scheme (AECS) - ultimately they stem from Brian’s conviction that ‘it’s the right thing to do’.

Of course, cover cropping isn’t always straight forward in Northern Scotland where the window for planting can be short. Working closely with Kings Crops technical advisor, Ed Jones, and Frontier crop production commercial manager, Steven Penrice, Brian is trialling a range of mixes and approaches and inviting other growers to share in his experience.

Ed Jones

“The aim of the trials is to establish cover crop mixtures that can thrive in the region,” explains Ed. “While their inclusion is delivering under Scottish Ecological Focus Area (EFA) requirements, they’re also providing tangible benefits to the farm and give us insights that can support other growers.”

Brian adds: “Working closely with Kings has allowed us to refine the cover crops we use and select options that are able to establish quickly and offer most adaptability to our local climate.”

The trials are also helping the farm to assess the effectiveness of broadcasting seeds into a standing cash crop as a means of early establishment compared to more conventional methods. Initial observations have been positive in the first year for some species in terms of crop growth and biomass, with Brian, Ed and Steven looking forward to gathering more insights over the coming seasons.

Steven Penrice

“It’s fantastic working with Brian,” says Steven. “Using the trials as a demonstration for other growers in the region provides a real-world context for learning, where together we can share practical experiences to support the advancement of more sustainable farming practices.”

frontier

Discover how we’re supporting UK farmers with sustainable crop production

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Meet our Transition Farmers

These 16 farmers are sharing their journeys with us as they adapt their businesses

Karen Halton
Cheshire

P27

Farm size 240ha

Enterprises
530-cow dairy herd

Transition goals
- Recruit/retain staff
- Maintain animal health and welfare
- Increase direct sales

James MacCartney
Rutland

Farm size 162ha

Enterprises
Beef and sheep

Transition goals
- Reduce disease in sheep
- Be better than net zero
- Establish herbal leys

Vaughan Hodgson
Cumbria

Farm size 244ha

Enterprises
Cereals, grassland, broilers

Transition goals
- Support the next generation
- Replace lost Basic Payment Scheme income
- Adapt to uncertain weather

Alan Steven
Fife

P14

Farm size 138ha

Enterprises
Potatoes, brussels sprouts, parsnips, malting barley

Transition goals
- Reduce cultivations
- Improve soil health
- More resilient rotations

Andrew McFadzean
Ayrshire

P13

Farm size 285ha

Enterprises
350 beef cattle, wheat, beans, barley, fodder beet

Transition goals
- Slash finishing time
- Reduce dependence on inputs using solar energy
- Improve grassland

Rachel & Richard Risdon
Devon

Farm size 161ha

Enterprises
300-cow dairy herd

Transition goals
- Secure adequate labour
- Better understanding of Environmental Land Management
- Reduce carbon footprint

Kit Speakman
Essex

P17

Farm size 275ha

Enterprises
Mixed arable, beef and sheep

Transition goals
- Bridge income gap
- Fully diversified business
- Widen the rotation

Eddie Andrew
Sheffield

P17

Farm size 73ha

Enterprises
Dairy, milk delivery service, ice cream parlour and farm shop

Transition goals
- Co-operating to reduce costs
- Establish a new dairy
- Reduce carbon footprint

Irwel Jones
Carmarthenshire

Farm size 375ha

Enterprises
1,500 ewes on owned and rented land, suckler cows and followers, root crops

Transition goals
- Manage natural woodland
- Plant hedgerows
- Rely less on volatile inputs

Andy Bason
Hampshire

Farm size 800ha

Enterprises
Cereals, spring beans, oats, linseed and oilseed rape

Transition goals
- Cut carbon emissions by 30%
- Establish 10ha of agroforestry
- Establish 10ha of woodland

Duncan Blyth
Norfolk

P18

Farm size 2,650ha

Enterprises
Cereals, oilseed rape, sugar beet, pulses, grassland, woodland, wetlands

Transition goals
- Improve soil health
- Develop natural capital revenues
- Achieve net zero by 2030

Fergal Watson
County Down

Farm size 285ha across three units

Enterprises
170-cow suckler herd, beans, wheat, spring barley, oats

Transition goals
- Recruit/retain farm staff
- Restructure suckler herd
- Improve business resilience

Philip Vickers
County Durham

Farm size 1,250ha

Enterprises
Winter wheat, oilseed rape, spring barley, spring beans, lupins, rotational grass; share-farming agreement with tenant sheep farmer

Transition goals
- Maintain margins while changing approach
- Improve soil health and resilience
- Enhance natural environment

Kate and Vicky Morgan
East Yorkshire

Farm size 1,700 breeding sows

Enterprises
Weaning 1,000 pigs a week – finished on-site and through B&B arrangements with local farmers, 140ha rented out

Transition goals
- Facilitate structural change in supply chain
- Establish more influence over own destiny
- Diversify

Ed Shuldham
Wiltshire

P27

Farm size 1,800ha

Enterprises
Cereals, oilseed rape, oats, forage and grain maize, peas, solar, biomass, anaerobic digestion, events and property diversifications

Transition goals
- Help shape Sustainable Farming Incentive through participation in pilot
- Make more use of data
- Take natural capital

Matthew Williams
Shropshire

P9

Farm size 1,100ha

Enterprises
Cereals, oilseed rape, winter beans

Transition goals
- Improve profitability and margins
- Continue to improve soil health
- Control and optimise input use

PARTNER PERSPECTIVE

GSC GRAYS

PROPERTY • ESTATES • LAND

FARM BUDGET DATA COLLECTION IS KEY TO CONTROLLING RISK

Farming is currently under pressure from many different directions and in the North East, we have endured the worst harvest I can remember in my 35 year career.

When you add in the lower grain prices, reduction in BPS payments, high interest rates and the uncertainty about the future direction of the various environmental schemes, many farmers feel like they are no longer in control of their businesses.

As an industry we have always had to deal with factors outside our control – the weather, input prices and sale prices to name a few - and all too often I hear “there is nothing I can do about this.” That thought process needs to change as there are areas where farmers can take back control, reduce their risk, and increase their resilience going forward.

IMPROVING DECISION MAKING ON FARM

First and foremost, the production of a farm budget is an essential tool for business planning in both the short- and long-term. A budget is a forecast as to how the business will perform if you achieve the targets you set for yourself. If the budget indicates you are likely to generate sufficient profit, and (more importantly) cash, to meet your obligations, then you immediately have a structure to work around. It should be a live document that is regularly reviewed and adapted depending on what changes occur over the year.

Secondly, gathering data that is appropriate for your business is key to supporting decision making. However, as most farmers are time poor, gathering data needs to be a simple process and provide information in a form which allows you to utilise it easily.

Bringing both the above aspects together enables businesses to make better decisions when looking at ways to:

1. Increase the income generated from the business, whilst maintaining or reducing the existing cost structure.
2. Reduce the costs incurred in running the business whilst maintaining or increasing the existing income.
3. Generate additional income from new enterprises developed by the business (most likely some form of diversification).

I will always look to points 1 and 2 as the solution to improving farm resilience and profitability before looking at diversification opportunities.

In my experience, most farmers are in farming to farm - many do not have the expertise or enthusiasm to successfully diversify away from the core business, let alone the appropriate location.

Using a budget alongside gathering data provides the structure to make better decisions which will reduce risk and ensure a financially viable business continues.

HOW CAN THIS WORK IN PRACTICE?

If you take livestock as an example, measuring growth rates in suckled calves helps determine which bloodlines achieve the best growth rates from pasture. Utilising these bloodlines will hopefully result in cattle being sold sooner at the same value, and/or reducing hard feed costs, both resulting in improved margins.

For an arable business, using yield and input data will allow you to determine whether the land is generating an acceptable margin for each crop grown. If it is not, then you can look at alternatives such as entering it into a SFI option or dropping a crop from the rotation.

This is where the budget comes in. Feeding in the data generated for ‘what if scenarios’ (such as those above) will immediately show the effect on the profitability of the business and cash availability and allow improved, evidenced based, decision making.

In recent months, many businesses have looked at using rotational SFI options to reduce the risk within an arable rotation. When these changes are fed into the farm budget it is often found that profitability declines. The gross margins generated are often less than the equivalent crop gross margins. Therefore, to ensure profitability is maintained, there is a need to reduce costs elsewhere in the business - normally labour and machinery costs. A decision needs to then be taken as to whether this is achievable and if not, is going down the SFI route the right option?

DATA IS KEY TO CONTROLLING RISK

One of the main objectives of any business is to generate sufficient profits and cash to meet their obligations. To achieve this a business needs to question if what they are doing is appropriate for the current situation. Gathering data and feeding this into a farm budget will help farmers see the likely impact of any change prior to making it. This will allow better decisions to be made and ensure farmers are controlling the business, not the business controlling them.

The free Farm Business Advice Service (FBAS) provided by GSC Grays - which is funded by Defra’s Future Farming Resilience Fund - can provide specialist advice to help you navigate these challenges. To sign up for a free on farm visit with one of our Farm Business Consultants, call 03333 059 059 or email fbas@gscgrays.co.uk.

Please don’t delay, the scheme closes to new applicants at the end of the year.

ROBERT SULLIVAN
DIRECTOR

How to bounce back from bad weather and drop in farm support

UK farming sectors have faced one of the toughest ever years. **Jonathan Riley** asks experts for advice on strategies to help the worst-hit sectors recover

Labelled as a perfect storm, declining support payments, a new government, extreme weather and market disruption have combined to cause uncertainty and put incomes under pressure in 2024.

Transition from the Basic Payment Scheme (BPS) to a system based on agri-environment payments reaches an important milestone in England this year. Payments will be just 50% of the level of 2021 when the previous government set in motion its post-Brexit farm policy.

Although Scotland and Wales are on a different schedule, details of extensive changes to devolved government policy have begun to emerge this year, leading to uncertainty.

The policy impact comes after sharp drops in income for some sectors last year and follows one of the wettest growing periods on record this spring. Swathes of the UK recorded 168% of their normal rainfall and low sunshine levels during key growing periods. And all of that is on the back of the wettest 18-month period since Met Office records began almost 200 years ago.

The disruption is set against political change. As the new government marks 100 days in office on 12 October, farmers and growers await the upcoming budget to gauge the level of support to fund food production and the transition process.

PHOTOGRAPHY: GNP, TIM SCRIVENER, RICHARD STANTON

Here, Jonty Armitage and Jason Beedell at Strutt and Parker, Robert Sullivan of GSC Grays, and Agrovista's Lewis Butlin set out the challenges and offer advice to the four sectors that have been hit hardest.

Challenges

Some farm businesses came into 2024 on the back of a drop in incomes in the previous 12 months. Others, such as combinable crops, fared better last year but have since been battered by bad weather and seen yields slump.

Agricultural input inflation costs are increasing the challenge. While general inflation has fallen over the past 12 months, a number of the agricultural input costs have remained high, making management difficult. With product prices under downward pressure and input costs remaining stubbornly high, farm businesses are seeing a greater squeeze on margins than sectors outside agriculture.

Inflation also affects crucial investment says Jonty Armitage. First, high borrowing rates can make capital investments unaffordable, but a secondary effect is the impact on confidence. Concern over high interest rates means potential borrowers delay their investments in the hope that rates will fall.

Labour costs are also a key concern. Staff and recruitment costs are already high, due to a shortage of good-quality farmworkers. But costs will rise again with another increase above inflation likely as the government sets minimum pay rates for workers in the coming months.

According to Defra income figures and AHDB statistics, the worst-affected sectors appear to be:

- Upland grazing
- Lowland grazing
- Cereals
- General cropping.

Upland grazing

The latest Defra figures published in the spring of 2024 show incomes on upland or less-favoured area (LFA) farms fell by 41% last year to average £25,400.

The drop was blamed on falling output and increased input costs. Statistics also highlight the dependence on government support of upland farms which, on average, made a loss on farming activities of about £10,400.

Profits are only sustained by diversification activities, agri-environment payments, which account for half of income, and BPS support. >

With the BPS income in England diminishing fast from £26,700 in 2021 to just £13,350 by December this year, pressure is mounting on this sector.

Robert Sullivan points out that Defra figures suggest income from agriculture on upland farms needs to increase by 20% for them to get out of the red. Achieving that from farming itself is all but impossible because a shift in market prices of that order is highly unlikely, says Robert.

Intensifying the system and boosting output is not going to happen easily, because these units are constrained by their location and the management obligations from the agri-environment schemes they are already committed to – they simply don't have the flexibility, he adds.

Jason Beedell echoed Robert's points. Agriculturally there are limited options, with even the top 25% of profit-making upland farms making a loss from agricultural activity. However, their losses are lower. What distinguishes the top quarter is their lower farming losses from reduced input costs and higher income from agri-environment payments and diversification, says Jason. These top units have also tightened up their administrative management and are more attuned to profit trends and the balance of income streams within their businesses.

Options

Short term

The way forward could be to carry out a business review to establish those trends and income streams. Then you could focus on the areas that will yield potential cost savings and improved margins. For example, reducing hard feed and fertiliser inputs could be done in tandem with selecting agri-environment scheme income opportunities such as Sustainable Farming Incentive (SFI) options, says Robert.

Medium to longer term

Reduced losses have been achieved through selective breeding of livestock to improve genetics and, over time, developing herds and flocks with better growth rates and feed efficiency ratios, explains Jonty.

Obviously, hefted flocks cannot have large-scale genetic change, but identifying and focusing on the best-performing animals can yield better production performance.

Diversification is another factor on upland farms. Those with the highest incomes let out buildings and bunkhouses, exploit tourism through holiday lets and campsites, and have renewable energy ventures, Jonty says.

Adding value to products through marketing is also a potentially valuable diversification. Farms with better incomes make use of local and regional outlets and have identified a definitive selling point for their produce. Incorporating a more involved (and potentially more financially viable) agri-environmental scheme into the enterprise mix may well be worth considering.

Long term

Forestry is potentially a long-term option for some landowners, but less so for tenants due to timescales. While it is a good investment opportunity, profit per acre is limited in the short term. However, the agroforestry offer for SFI has been updated this summer.

NON-GOVERNMENT FUNDING AND ADDING VALUE

Private funding for natural assets is a developing market that could yield valuable extra income. For example, tying up with water companies to use farmland to reduce upstream pollution sources, planting trees or trading carbon or biodiversity net gain (BNG) units.

Robert Sullivan suggests that the markets have potential, but he advises adopting a cautious, well-researched approach, before signing up to deals.

The first step is to get the farm baselined. Pick a carbon calculator and take advice on how to establish an accurate measure of the farm's emissions, he advises.

This will document the farm's current position and, therefore, any schemes or private funding sources will be able to look at paying for any improvements made.

Because carbon emissions are strongly linked to fuel, fertiliser and food use, review these areas first and begin making efficiencies, if at all possible. These inputs are also key in production performance, which means they will almost certainly be as good for the bottom line of the business as a payment offered by a carbon trader, he says.

That could buy time to research deals and agreements for the improvement in carbon emissions. It may yet prove to be that as markets develop there will be a premium paid by the processor or retailer. If so, keeping control of these assets rather than handing the rights over for carbon offsetting could be a shrewd longer-term move.

Lowland grazing

Lowland graziers continue to record a loss from farming activities. Income figures released in March 2024 were down by 37% to £21,600 as fixed costs surged by 16% and variable costs rose by 6%.

Drops in output were seen for sheep and cattle enterprises as stocking rates were reduced, while cattle throughput was cut as managers kept stock longer to exploit better finishing prices.

Profit was made from non-farming diversification, agri-environment and BPS support. Income from BPS support at an average of £13,800 accounted for about 64% of the total profit, highlighting the gravity of a forecast drop to just £7,750 per unit in December this year.

Farmers in this sector are generally extensive landowners and will be among the most severely affected by the falls in the area-based BPS.

Options

Short term

Many of the options are similar to upland farms, so as a first step, lowland livestock producers could review production performance and adjust inputs such as feed and fertiliser alongside using SFI options to generate more productivity from the grassland.

Any area of the business that potentially limits efficiency should be studied carefully, so a focus on identifying and solving fertility, health and welfare issues will help to maximise margins.

Since Labour took office, more SFI grassland options have been made available, which offer valuable income.

A rain-hit growing period, declining support payments and political upheaval have made 2024 a tough year for growers

Lewis Butlin says options that have potential include wild bird feed on improved grassland which yields a better return than letting land for keep. There is a knock-on effect, however. The sward could deteriorate and will require input before the spring to get it back on track. Knowing your grass sward is essential to whether this option is suitable, and pre-winter management needs to reflect this, says Lewis.

The SFI legumes on improved grassland option works well. Herbal leys is another option with potential. Once again, be aware of the implications, they can increase protein but after a good first cut and an OK second cut, they don't sustain themselves, meaning further cuts are uneconomic.

Medium term

Finishers can study markets to seek out a differentiator for their output. Finding a more direct relationship with processors and retailers is an increasing possibility, suggests Robert.

Retailers are getting more involved across the supply chain as climate change legislation, requiring a greater level of knowledge of their supply-base practices, comes into effect. This could be exploited by farms with documented data on carbon output and flock or herd welfare, for example, he says. Integration with retailer production schemes such as Warrendale Wagyu's contract rearing models can also help lock into a cost-based pricing structure.

Long term

Investments in infrastructure – handling, housing and slurry handling – should be made to ensure the business is running at maximum efficiency. There are grants available for many of these factors, points out Jonty. When making an investment, take advice and study what would benefit the business rather than going for the biggest piece of kit.

Diversifications into both agricultural and non-agricultural ventures should also be considered to spread the business risk. And, he says, because an investment is on a long-term timescale, it shouldn't be delayed. Long-term investment programmes should begin when the timing is right even if the outcome is further ahead, says Jonty.

TRANSITION FARMER: MATTHEW WILLIAMS

Like many UK cereal growers, Shropshire-based Transition Farmer Matthew Williams has had a tough year. In about 10 years, he has built up from scratch a 1,250ha farm business of mostly rented and contract-farmed land. As a new entrant he only receives Basic Payment Scheme support on a 32ha area, making this year doubly difficult without the fallback of the extra income. "It has been relentlessly tough this year – I have never felt as much pressure as I have over the past 12 months," he says.

The weather forced a change to cropping and a planned 160ha of spring corn had to be more than doubled to 400ha because of difficulties through the autumn, winter and early spring.

Yields of spring corn have been OK, but winter crops are down on tonnages, reports Matthew. "We have wet grain in every shed and our batch dryer is struggling to keep up," he says.

But one positive move that looks to have paid dividends is working with low-input grain traders and campaigners for environmental farming practices, Wildfarmed. Matthew drilled 52ha of wheat which will be marketed directly through the company.

The contract stipulates tight limits on nitrogen through the season, no insecticide, no fungicide and no herbicide applications. Nutrients are permissible and the crop was leaf-tested so that applications were matched precisely to address any deficiencies.

As a result, input costs were only £50/ha, and if the crop yields 1.5t/acre, the resulting margin will outstrip those from the malting barley, reckons Matthew. "It's looking like it will be a high point in the year and we have planned to work with Wildfarmed again in this season's rotation," he says. "They have been fantastic to deal with – they are enthusiastic, supportive and forward-looking," says Matthew. "Their approach of regen farming fits with my own so it has been a great move," he adds.

Beyond the success of the Wildfarmed crop, Matthew is looking to reduce other input costs to help maintain margins.

One focus will be a review of machinery costs. "We will look at what we own, hire and lease to assess the costs of each and focus on where we can keep outgoings down," he says. "If I have machinery that has been underused, we will look at selling that on. There's no point in paying for something that is sitting in a yard."

● Turn to p5 for more on our Transition Farmers

Combinable crops

Defra's most recent income figures for cereals production suggest sustainable levels at an average income of £150,400, up 25% on year-earlier levels. But the 2023-24 season has created a harsher reality, and those figures should be viewed as a historical reference only. In many parts of the UK, low sunshine levels and wet weather at key times have left growers facing drops in yields of more than 20%.

There are regional and even local deviations suggesting a still bleaker picture for some. Outside East Anglia, all areas were below the five-year average. Worst hit appears to have been the East Midlands and the North, where winter barley crops were down by more than 20%. Average wheat yields at 7.5t/ha are 7% down on the five-year average, with all UK regions apart from the east of England recording a drop.

For some areas across the North, average yields closer to 5t/ha is more the norm from harvest 2024. Oilseed rape yields have fallen by 9% to average 2.93t/ha. But parts of England saw greater decline, says Robert. Yorkshire recorded falls of 29% against the five-year average, while the West Midlands and south of England reported an average 20% decline. In the North, yields are just 2t/ha in places.

Set against the decline in BPS payments, from an average of £41,800 per holding in 2020-21 to just £20,310 this December, the concerns voiced about financial sustainability have real gravity.

Options

Short term

Some growers are embracing a wide scale of SFI options and making big changes to the way they grow crops. In England, SFI can work with a low-input cereal after a cover crop, and so with the right rotation can be effective, says Lewis.

Options such as no insecticide on arable crops >

is an appealing option with a potentially large uptake. Before signing up, it must be appreciated that the agreement covers a 12-month period. With a spring barley crop in the ground for only six months, a following winter wheat would not be allowed to have a dressing, he says.

There are also geographic implications that must be appreciated. Legume fallow is a potentially popular option, but the cover crop must be established between June and August. It is OK in the south of England, but head further north and this is more difficult to achieve, Robert adds.

Medium term

It is likely there will be more consolidation in the cereals sector as growers take areas out of food production under SFI agreements or the equivalent devolved option, Jonty says.

In the medium and longer term, an approach to optimising production and agri-environment incomes is to collaborate with neighbours. Discussions could begin early with a long-term view to forming clusters on large-scale environmental agreements and developing machinery sharing, he says.

Long term

The longer-term approach includes infrastructure investment into drainage, buildings, tracks, storage and drying facilities, which will improve climate resilience, Jonty suggests. These investments could also be undertaken as part of a collaborative approach with neighbours. In the very long term, sustainability may be achieved through acquiring productive land to farm through joint ventures, share farming, and contract farming, to help with economies of scale.

CAUTION ADVISED FOR AGRI-ENVIRONMENT SCHEMES

Lewis Butlin stresses that although many farmers are considering agri-environment scheme options to replace lost BPS income, the decision must be well thought through.

It is an obvious answer to look to the Sustainable Farming Incentive (SFI) or comparable schemes in Scotland and Wales when they are on stream. A lot of options look good on the face of it. But this must be the right option for the right place, he stresses.

It is imperative that the full requirements and implications that the scheme is asking for are understood; managing them on the ground can be a different thing altogether.

There are constraints and management costs to consider, along with factors over which there is no control such as bad weather, which can add difficulty to meeting scheme requirements. A lack of guidance in 2023 meant farmers made decisions for themselves and saw SFI payments as a cash per hectare figure, not from a management and agronomic point of view.

Lewis highlights a case demonstrating that using SFI is not about maximising the payments, but optimising outcomes. The farm replaced all of its grassland with herbal leys.

Although the payments were good, silage yields from the leys were low, leaving a hole in the winter forage supply, he says.

The option also meant the manager could not dispose of slurry, leading to storage challenges. The option in that case could yet result in reduced herd size and milk yield declines.

General cropping

For general cropping, the outlook is arguably even more difficult. Unlike cereal producers, general cropping farms hit this season's tough conditions on the back of a 14% drop in incomes to an average £125,000 per holding last year.

That was due to reductions in area which hit output and saw a fall in BPS support of 18% on a per hectare basis. Output drops were made worse by last summer's drought, which depressed yields and resulted in a 7% fall in income from agricultural activities.

For these farms, the decline in BPS from £42,100 in 2020-21 to just £20,445 this December is coming at a difficult point. Margins are thin and the sector is vulnerable.

Labour constraints following Brexit have hit the sector hard and units have scaled back production or left altogether, says Jonty.

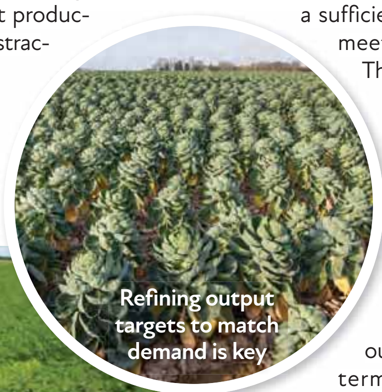
Climate change is already affecting potato, field-scale veg and sugar beet production with water availability, abstraction and drainage.

Options

Short term

Potato growers have made use of winter-sown cover crops ahead of planting in the spring, says Lewis. Some have also used a buffer strip to help reduce run-off and erosion. Using these options provides extra income while improving soil health. The cautionary note is that the length of the agreement is longer than a year.

If there was more flexibility in the scheme and, for example, if beet was taken off late, an area could be nominated for a year at a time and rotated, but currently agreements don't allow for this, which is a shortcoming, he says.



Refining output targets to match demand is key

Medium term

Historically, the approach in parts of the sector has been to over-produce to ensure there is a sufficient proportion of the crop meeting quality requirements. The excesses have then been ploughed in, Jonty says. On units where this is still the case, reviewing and refining targets for quality and volume could be made to match output more closely with contract details. That approach requires more certainty on outcomes, so for the medium term there is also a need to focus on land quality and infrastructure, in particular control of water onto or off the field.

Long term

Further ahead, the strategy is about risk management and resilience. Growers could look to widening the customer base to be less dependent on a single outlet which may be dictating prices and quality in a lack of competition. A single outlet may itself be vulnerable to closure, so having a wider range of customers will spread the risk.

Other long-term changes are investment in infrastructure, particularly for water capture and storage and drainage. Diversification is still an option that can be looked at, with renewables an option that fit well with sugar beet, potatoes and veg production. ■

Infrastructure investments are needed to improve the control of water onto and off the field

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Scottish support scheme changes: What we know

The Scottish government has finally fleshed out its post-Brexit farm support policy. Consultants and policy experts explain what it means for farmers

While England has reached the halfway point in its transition from EU farm support to a UK-based policy, the Scottish government has opted for a more cautious, though still rapid, approach.

The slower release of information has frustrated farm businesses. *Farmers Weekly's* 2024 Transition Project annual survey recorded concerns with Holyrood among 95% of Scottish farmers, and calls for more information.

But MSPs have since backed and passed the Agriculture and Rural Communities (Scotland) Bill, voting it through the Scottish parliament this summer. It was granted Royal Assent and became an Act on 30 July.

Agricultural Industries Confederation Scotland policy manager Ian Muirhead says the Act sets out the framework for a future agricultural support system that retains direct payments while increasing conditionality linked to environmental outcomes – for example, reducing emissions.

"We are still missing some of the details – for example, on funding," Ian says. "That depends on the new UK government and the upcoming Budget [30 October] when the new chancellor will set out allocations for agricultural support budgets across the UK nations."

The schemes will be an evolution of existing support schemes, with no "cliff edges" in financial support, he says.

The scheme is based on the Scottish government's vision for agriculture that was announced in 2022. The resulting schemes aim to encourage farm businesses to cut emissions, enhance biodiversity and produce more food, more sustainably.

Cross-compliance and conditionality

Farms entering the scheme will have to meet existing cross-compliance rules to ensure work carried out reaches minimum standards on sustainable farming activities, environmental protection, animal health and welfare.

They will also have to abide by new conditionality rules to receive payments.

These include:
- Tighter calving intervals to qualify for the Scottish Suckler Beef Support Scheme
- Requirement to carry out Whole Farm Plans
- Additional conditions for peatlands and wetlands

The Scottish government's Fair Work First policy must also be met, so farmer recipients must demonstrate they are paying workers at least the real Living Wage.

Four-tier farm scheme

The scheme itself comprises four tiers
- Base
- Enhanced
- Elective
- Complementary.

PHOTOGRAPHY: JEFF HOLMES, ANGUS FINDLAY

THE SCOTTISH GOVERNMENT'S VISION FOR AGRICULTURE

- Support for active farming and food production with direct payments
- Support for land use change that contributes to climate and biodiversity goals
- New conditionality requirements for at least half of all funding by 2025
- Conditionality targets for biodiversity gain and lower emissions production
- Regulatory and support mechanisms that deliver targeted emissions cuts
- Continued alignment with EU policy developments
- More localised supply chains to add value and cut food miles
- Increased organic production and lower use of agrochemicals on conventional units
- Better business resilience
- Deployment of technology and innovation
- Use of whole-farm approach to develop the skills needed for regenerative and sustainable farming, changes of land use, natural capital funding and adaptation to the changing climate

Tier 1: Base-level direct payment

The aim of the base level is to support active farming and food producers. It is a universal, entry-level payment for undertaking agricultural activity while meeting minimum essential standards on:

- Sustainable farming activities
- Protecting the environment
- Animal health and welfare improvements.

Tier 1 is effectively a rebranded Basic Payment Scheme (BPS), with an enhanced level of cross-compliance. The existing BPS remains in place with enhanced conditionality until 2027, after which it will transition to the base-level direct payment. It will be underpinned by the Whole Farm Plan – a conditionality requirement.

This covers a set of plans and audits designed to help producers farm more sustainably by understanding the environmental impact of their business in relation to carbon outputs and biodiversity.

Farmers will have to confirm on their Single Application Form that, by 15 May 2025, they will have completed at least two baselining activities from a list of five options, including:

- Carbon audits
- Biodiversity audits
- Soil analysis
- Animal health and welfare plans
- Integrated pest management (IPM) plans.

Where existing equivalent plans are in place, for example for quality assurance schemes, they will qualify.

Agrovista rural business and environmental consultant Lewis Butlin says there will be many farmers who need to act between now and next spring in order to receive their BPS in full. But for most, the Tier 1 requirements are not as onerous as they sound. For example, farmers who have taken part in the government-backed National Test Programme, Preparing For Sustainable Farming (PSF) scheme, will already have completed the necessary soil analysis activities, says Lewis.

To qualify for support under the Scottish Suckler Beef Support Scheme, producers will also need to demonstrate they fall within a new maximum calving interval of 410 days. This will be measured on an individual animal basis and is designed to improve sustainability through efficiency, which in turn helps to cut emissions. Again, the target should be achievable for Scotland's suckler producers because the current average at 400 days is within the scheme requirement.

Farmers and growers on peatlands and wetlands will also face new cross-compliance measures to help protect vital carbon stores, Ian points out. The changes impose a ban on a range of activities on peatland and wetland areas including:

- Ploughing, cultivations and reseeding
- New drainage and maintenance of existing systems that cause further drying out of the peatland
- Application of pesticides and fertilisers including manures, lime and soil conditioners
- Creation of new roads and tracks including vehicle rutting exposing the soil
- Activities that cause damage to the vegetation cover exposing the soil
- On wetlands, disruption of connections between rivers/watercourses and wetlands that will lead to drying out.

Tier 2: Enhanced-level direct payment

Tier 2 will be phased in from 2026 and takes over from the existing greening top-up, says Lewis. The second tier builds on Tier 1 and is also a universally accessible payment aimed at drawing in large numbers of farmers, growers and crofters. From 2026, there will be an enhanced list of EFA options building on the existing choices.

This may be expanded over time, but no final decisions have been taken on that yet. The measures are likely to be similar to England's Sustainable Farming Incentive (SFI) options, says Lewis. Initial information has been released on the requirements but, to date, there is insufficient detail to show how it will work on farms, he says.

Some of these measures may be a challenge – for example, reduced tillage options. Many growers in Scotland still rely on ploughing and using the considerable forces of the winter weather to break down soil ahead of a spring crop, says Lewis.

He suggests that while similar to the SFI in England, it is unlikely that under Scotland's Tier 2, farmers will be able to cherry pick options to receive a payment rate for each one. It is more likely that the work done under the options will qualify farmers for the greening payment, says Ian.

>

TRANSITION FARMER: ANDREW McFADZEAN

Transition Farmer Andrew McFadzean expects the move to Scotland's new payment system to go ahead largely without drama on his 285ha Ayrshire mixed farm. But he has expressed concern at the lack of detailed information on the payment system and urges the Scottish government to incentivise food production as the scheme develops.

"We are only just now starting to hear what hoops we are expected to jump through to maintain our payments," he says. "I would like to see more detail in black and white so I can plan better and I'd like to see it quickly."

Andrew understands he will have no problem meeting the requirements for the Whole Farm Plan. "We are already doing the things needed in the first phase of the scheme, such as soil testing and animal health plans. So that should not cause any problems for us," he says.

Those issues are completed under assurance schemes and within contract stipulations of his livestock buyer Dunbia Highland Meats. While Andrew says this phase of the transition is going to be straightforward, he questions whether "a box-ticking exercise" is the right way forward. "I would have liked to see a scheme that really incentivised home-grown food production," he says. "Self-sufficiency is just 60%. Relying on imports to feed ourselves is wrong and I'd like to see our government do more to support Scottish food production in the future."

● Follow Andrew and our other Transition Farmers as they adapt their business for the new environmental schemes. Find out more on p5

Tier 3: Elective payment

The third tier is a criteria-dependent range of payments for targeted actions and undertakings on particular habitats and for defined species, and offers support for wider business sustainability.

Tier 3 includes Scotland's current Agri-Environment Climate Scheme (AECS). Ian says it looks to be quite a specialist tier so only limited uptake is expected. It promotes land management practices which protect and enhance Scotland's natural heritage, improve water quality, manage flood risk, and mitigate and adapt to climate change.

This tier will also help to improve public access and preserve historic sites. The funding for this pot is finite so the tier is competitive, Ian says. The 30 October UK Budget will determine what provision for funding will be made.

Under the current AECS, applicants enter five-year contracts for grass and arable options such as overwintered stubbles, green manure, forage brassicas, late-mown hay and wader grassland options.

Tier 4: Complementary support

Tier 4 is a provision of support for Continuing Professional Development (CPD), advice, knowledge exchange and linkages to wider land management support from Scottish government officials and/or public partners.

The tier is effectively CPD training and advice, and will follow on from a whole host of funding that is currently available until 2026, delivered through the Farming Advice Service (FAS) on issues such as biodiversity, crofting, carbon capture, succession, and integrated land management plans.

Lewis says it is great that this type of support will continue. This will be a very popular option, enabling farmers and growers who have never used advice beyond basic practical information, to learn about the new land management approach, he adds.

Concerns

There are many concerns about the upcoming changes, mainly based around timescales and a lack of information.

Scottish farmers have not had the same system of pilot schemes seen in England. So it may still be that there will be trials for the schemes next year rather than a full rollout, but we do not know, says Lewis.

Likewise, many consultants and advisers across Scotland lack the experience in offering advice on farming in this way, he says. Ian highlights the role of AIC member advice provision in areas such as nutrient management by using Facts-qualified advisers and consultants recommended to provide advice to farmers and growers.

Penalties

Uncertainty still surrounds potential penalties for non-compliance in the longer term. It is expected that in 2025 there will be no penalties applied if farmers and growers fail to complete at least two of the audits and plans that make up the Whole Farm Plan, Lewis says.

Farm records will be checked as part of the on-farm inspection regime, and breaches will trigger the issue of a warning from the government.

Further ahead

As the scheme develops it is suggested the requirements will get tougher. For example, the Whole Farm Plan requires two options to be completed by May 2025. But by 2028, farmers will have to complete all of the options that are relevant to their business to qualify for Tier 1 payments.

There is also mention of a soil standard which may point to a continuation of the PSF test programme. There is further speculation about nutrient management plans which are based on soil test results but may in future be scaled up to whole-farm nutrient plans.

Preparing for change

With a lack of information available and only months left to prepare for sustainable farming changes, farmers must do what they can to ensure they are ready, says Lewis.

Those who have not taken advantage of the funding under the National Test Programme for soil analysis still have time to get this part of the Whole Farm Plan sorted. Funds of £30/ha are available for 20% of a farm's Region One land.

The testing must be completed before 1 January 2025 and funding applied for by the end of February, he says.

Funding also exists for a carbon audit which must have been completed within the past three years and signed off by a Farm Business Advisory Service Scotland accredited adviser. These two things will tick the box for next year's Tier 1.

Through the FAS, there is further funding for biodiversity audits, with up to £1,000 on offer until 2026. Livestock farmers should talk to their vets about animal health and welfare plans to access any financial support and get those ticked off the agenda.

Also through FAS, there is money available for integrated Land Management Plans. This pays for a business adviser to review the finances, strengths, weaknesses, opportunities and threats. Within this funding stream there is £1,000 available for farms to review succession planning and strategies. ■

TRANSITION FARMER: ALAN STEVEN

Fife-based Transition Farmer Alan Steven has called on the Scottish government to continue the development of the scheme with a flexible payment system that dovetails with the vagaries of farming.

Alan has already completed the farm carbon audit required by the Whole Farm Plan and expects to sign off the soil testing element to comply with the first phase of the scheme. But he has concerns about the scheme requirements in the longer term and how they might be out of line with practical farming.

The farm business has invested in a deep tine cultivator to cut down on cultivations, reduce fuel use and improve the carbon footprint. He is worried that the government does not understand that retaining the use of the plough will be a necessity under some growing conditions. The weather, soil conditions and crop rotations mean that ploughing is the only way to grow food under some conditions. And the scheme needs to reflect that, he says.

Alan also says the difference in approaches taken by the devolved governments has left Scottish farmers at a disadvantage in the machinery market. There is no longer a level playing field for certain machinery north and south of the border, he says. The increased uptake of SFI options in England means English farmers and growers have financial support and, therefore, an advantage when buying kit, Alan suggests.

● See p5 for more on our Transition Farmers

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As well as financial benefits, a solar lease can be a bonus for land quality. The disruption to the land from the solar panels is minimal, and land is returned to its original state or better when the lifespan of the project is up. There is also research which suggests the quality of soil under solar panels improves during the duration of the project. Diversifying the energy mix, aiding food production, and delivering long-term income - solar is a win-win-win proposition.

The positive impacts of solar projects don't stop at the site boundaries. Solar projects developed in the UK are subject to business rates, and projects in the Republic of Ireland are subject to commercial rates, which are paid to the Local Authority. This means that the Local Authority will benefit from hundreds of thousands of pounds or euros across the lifespan of each project, potentially even millions, in taxes related to the project. The business or commercial rates paid by the owner of the solar farm on your land could go towards improvements to local services such as schools and community assets, meaning that the project has benefits that go beyond sustainable energy.

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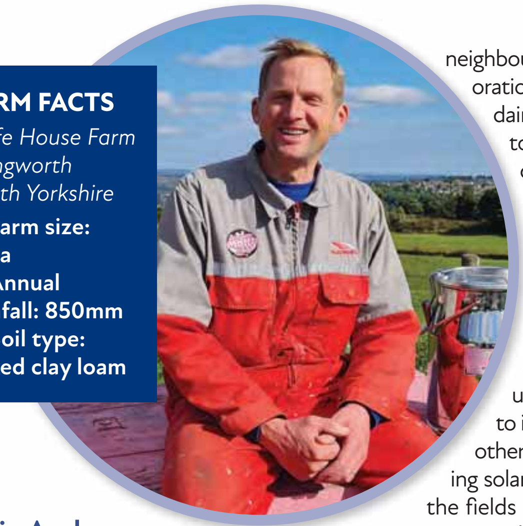
Success is about working together and diversification

Our *Farmers Weekly* Transition farmers are striving to secure a better future for their businesses. **Debbie James** reports from South Yorkshire and Essex

FARM FACTS
Cliffe House Farm
Dungworth
South Yorkshire
- **Farm size: 73ha**
- **Annual rainfall: 850mm**
- **Soil type: Mixed clay loam**



Eddie Andrew

Collaborating with universities by hosting research projects is providing income and other benefits for Eddie Andrew's family farming business. Eddie, who farms with his parents, Graham and Thelma, and his brother, Dan, is an advocate of co-operation – a milk bottling plant was established on the farm in partnership with two neighbouring producers. Although that collaboration ended after both neighbours exited dairy farming, the Andrew family continue to process their own milk for doorstep deliveries and sales to Sheffield's two universities and major retailers, as well as making ice cream to sell at the farm's on-site parlour.

Partnership working continues to be a theme, with the farm hosting trials for the University of Sheffield and research bodies. This is proving valuable in a number of ways as, in addition to income from the agreements, there are other financial benefits. Prototypes of rotating solar panels have been mounted in one of the fields and the business uses the electricity generated for milk processing. It is also hosting three polytunnels, where researchers are trialling leafy green production in an environment that required 90% less water than traditional systems and no artificial heat or light.

Eddie encourages other farmers to make contact with their own local universities. "The message should be that 'we are open and we can work with you'," he says. "Universities will put the kit in and run trials and pay for that, and they will then either leave the equipment for the farm if there is a use for it or take it away."

TRANSITION GOALS
- Co-operating to reduce costs
- Establishing new dairy
- Reducing carbon footprint

When their neighbours quit dairy farming, the Andrew family questioned their own future as milk suppliers, but with the next generation showing a keen interest, they have made a major financial commitment to continue. A 50x60m shed with an underground slurry store has been built to house the 100-cow herd and three milking robots. "I have two children and my brother has three, all as keen as mustard, so we decided to carry on and rebuilt a significant part of our farm," says Eddie. "It is all very well planting crops for bird food and being involved in environmental schemes, but our core job is to produce food. We have a responsibility to do that."

Kit and Beth Speakman

Transitioning to environmental schemes from the Basic Payment Scheme (BPS) has left the Speakmans with a 60% financial gap, so income from their diversifications is vital.

Despite two Countryside Stewardship agreements and payments from Sustainable Farming Incentive (SFI) options, the income is nowhere near receipts when the BPS was paid in full, according to Kit. His daughter Beth, who recently took over the regenerative farming side of the family farming business, says the diversification enterprises provide necessary financial stability in this period of change.

"Income from ground-source heat pumps, fishing lakes and the supply of willow to cricket bat manufacturers, and rents from commercial, industrial and residential lets, are fundamental to secure profitability," says Beth, who also works as an agronomist and farming consultant at Ceres Rural. "We are more reliant than ever on the diversified businesses for the financial stability that we can't get from farming, given the increasingly turbulent weather and fluctuating market prices. But farming is what we are passionate about. Farming takes up 90% of Dad's time and earns around 20% of his income, but that's what he is passionate about, particularly the livestock."

TRANSITION GOALS
- Bridging income gap after stewardship
- Creating integrated farm business
- Growing more grass and widening the rotation

The family haven't embarked on any major land use change under the SFI, selecting options that fit around their farming system. "We are fitting the SFI into our existing business rather than changing the rotation to fit the SFI," says Beth.

Among others, they have opted to grow winter cover crops as winter grazing for the beef cattle, and winter bird food and grassland margins. Growing grass seed is another income earner but care must be taken to widen the rotation to prevent pests and diseases. The ryegrass variety Aberspey is grown in a six-year rotation alongside winter wheat, potatoes and sweetcorn. "We don't grow second wheats, so each cereal crop is a first, to ensure the best soil conditions possible," she says.

Every aspect of the business needs to be self-sufficient but complementary. For example, the cover crops are grown as cattle feed, undersown into wheat or barley, and the straw from that crop is used as cattle bedding. The muck is then spread on arable fields to enhance fertility. "Each area of the business supports the others," Beth explains. "Everything we do has to be financially viable and provide a wider benefit to the land."

FARM FACTS
Little Braxted Hall Farm
Witham
Essex
- **Farm size: 275ha**
- **Annual rainfall: 610mm**
- **Soil type: Loamy clay**

● **See p5 for more on our Transition Farmers**

PHOTOGRAPHY: OUR COW MOLLY, MAG/COLIN MILLER

How farms are generating income from the environment

Environmental income is increasingly important on many farms – but the right skills are needed. **Johann Tasker** reports

Flood-prone land that is difficult to farm productively is being turned into wetland – thanks to a mix of public funding and private investment. Using "blended finance" to fund environmental improvements is becoming increasingly attractive to a growing number of farmers looking to replace lost income as the Basic Payment Scheme phase-out continues in England.

The Stoke Ferry wetland creation project involves almost 120ha of challenging arable peat soil adjacent to the River Wissey, 6.5 miles south-east of Downham Market in Norfolk.

"It's quite difficult to farm consistently," says Mike Edwards, director of Albanwise Environment, a sister company to Albanwise Farming, which is managed by Transition Farmer Duncan Blyth at nearby Barton Bendish. "It's been problematic over the years so we're turning it into a wetland creation project."

The goal for Albanwise Environment is to drive nature recovery, generating revenue streams from the sale of biodiversity units, carbon credits, nutrient credits and providing increased access and recreation. Similar projects were a hot topic at this month's Norfolk Landscapes Conference, a one-day event and exhibition which brought together more than 380 farmers, land managers and environmental experts at the Royal Norfolk Showground, near Norwich.

MAIN ENVIRONMENTAL MARKETS

- **Carbon –** selling carbon credits to buyers wanting to offset greenhouse gas emissions
- **Biodiversity –** including biodiversity net gain to developers legally bound to deliver a 10% improvement
- **Nutrients –** selling eco-system services to water companies or developers to reduce nutrient run-off into rivers or streams

Source: NFU

PHOTOGRAPHY: MATTHEW POWER PHOTOGRAPHY

The Stoke Ferry initiative is one of the latest examples of landscape recovery or nature restoration being undertaken using blended finance – in this case a mix of agri-environment funding and corporate investment.

Funding sources

A Nature for Climate Peatland Restoration Grant has been secured to cover some of the project's initial capital costs, including raising river levels, establishing wetland vegetation and securing fencing for grazing. This has involved the intervention of blocking ditches in targeted locations, effectively rewetting the peat, limiting its oxidisation and protecting the site's carbon store.


Mike Edwards

Given the scale of land-use change involved, Mike Edwards says Albanwise also wanted to secure long-term support for the project. Although in a landscape recovery scheme, having a strong corporate partner too is a bonus, he explains.

That corporate partner is UK law firm Mills & Reeve. Part-funding the project helps meet the company's environmental, social and governance objectives, says Mills & Reeve head of sustainability Jessica Wilkes-Ball. "We wanted to identify a project that gave us the opportunity to give back to the community and nature," she says. "We really see the value in nature restoration, biodiversity net gain and nature recovery."

In a first step towards site restoration, environmental DNA (eDNA) specialists NatureMetrics have extracted genetic traces of the land from soil samples to detect which species live in and around the area.

Soil samples

These soil samples will be compared in global reference libraries that contain the genomes of thousands of species, helping to identify where the land needs to be improved.

The eDNA will also be compared with samples taken from nearby wetland sites to provide clues as to the sort of habitats and landscapes that could develop at Stoke Ferry. More investment is required to cover remaining establishment costs and site management. "Then we can realise the potential benefits and create a new space for nature that lasts for generations," says Mike Edwards.

The establishment of wetland habitats, including reedbed and fen, will support biodiversity. In time, this will sequester carbon back out of the atmosphere. For investors, Stoke Ferry could be used for biodiversity net gain or to offset operational carbon emissions. With all baseline data captured, the project's benefits can be measured and verified, says Albanwise. ■

FARMS JOIN FORCES TO DELIVER ECO-SYSTEM SERVICES

Almost 600 farmers have now joined forces to deliver eco-system services on a landscape scale – while receiving a fair income in return.

The farmer-owned, farmer-led Environmental Farmers Group (EFG) provides natural capital investors with a single point of contact and helps farmers receive fair reward for delivering nature recovery and climate change mitigation.

Founded in 2022, the first EFG cluster group brought farmers together across 2,500ha of the Avon catchment in Hampshire and Wiltshire. Other groups have since been formed, including in the Midlands and north Lincolnshire.

EFG members get access to trading opportunities in natural capital markets, guidance on how to trade, and benefit from farmer buying power in those natural capital markets. Farmers pay a fee of £1.25/ha. When a natural capital deal is struck, the farmer on whose land the trade is based receives 88% of the value, with 9% shared equally among other farmers in the group, and 3% going on overheads.

The EFG's 560 members and registered expressions of interest encompass some 267,000ha – equivalent to 6% of England's farmed area.

It has built a £25m trading funnel and further agreements are in the pipeline.

NEW SKILLS NEEDED TO ACCESS 'GREEN FINANCE'

A roadmap outlining ways to generate revenue by improving the environment could benefit farmers across the country.

The study details the environmental land management skills farmers need to implement successful measures that improve soil health, generate cleaner air and water, help mitigate climate change and reverse biodiversity loss.

It also recommends ways to achieve these skills, including joining or forming a farm cluster – a group of like-minded farmers who share their knowledge of what works and what doesn't when it comes to environmental management.

The *Norfolk Skills Gap Analysis* study focuses on the potential for farmers to generate environmental income in the east of England. But the report's authors say the findings and recommendations apply to farmers elsewhere in the UK, too.

The big lesson for farmers is to go out and learn as much as you can, says report co-author Michael Mack, of Anglia Rural Consultants. This means seeking good advice and measuring your existing environmental assets.

Independent advice

"As a farm business, you need independent advice that gives you clarity– advice that isn't trying to influence you one way or the other – to achieve the best environmental improvement in the most sustainable way."

The report was launched at the Norfolk Landscapes Conference. Home to some of England's largest rural estates, the county is seen as being at the forefront of landscape-scale management. But cluster groups are enabling smaller farmers elsewhere to unlock landscape-based revenue, too.

Environmental skills are vital for the successful implementation of land-management schemes, says the document, ensuring that any chosen options are sustainable and effective in conserving natural resources and biodiversity.

Changing weather patterns are creating unpredictable growing seasons and increasing the likelihood of floods and droughts, says Clarke Willis, of the Norfolk Farming and Wildlife Advisory Group (FWAG), which commissioned the report.

"Land management in Britain is becoming ever more challenging and complex. Farmers must navigate a transition to make their businesses sustainable, utilising various public and private funding streams."

Farm income

As the Basic Payment Scheme (BPS) phase-out continues, public and private environmental schemes are generating an increasing proportion of income on many farms. Yet on others, they remain an untapped revenue source.

The Sustainable Farming Initiative (SFI) is a key component of the government's Environmental Land Management scheme for England. Other public-funded schemes include Countryside Stewardship and Landscape Recovery.

BPS payments are now half of what they were just a few years ago, leaving a substantial hole in farm incomes. Although the SFI can help plug that gap, other revenue generating opportunities are also available.

Multinational food and drink corporations are launching their own bespoke initiatives, encouraging their farmer-suppliers to embrace measures that meet their corporate environmental, social and governance objectives. They include Nestlé's Landscape Enterprise Networks scheme, McCain's Smart and Sustainable Farming initiative for regenerative potato production, and the M&S Farm of the Future network.

Save the date for Transition Live 2025

With the nights drawing in and temperatures dropping, it is time to look forward to the sunnier days of next spring and save the date for Transition Live

After a hugely successful inaugural event, Transition Live is now a key part of *Farmers Weekly's* Transition Project, which aims to help make your farm more environmentally and financially sustainable.

The first Transition Live event took place last May on a warm and sunny spring day – yes, there really was one. Hundreds of visitors descended on the Cambridgeshire venue to hear thought-provoking ideas, learn about research findings and glean practical advice from the experts on hand.

Panel discussions were headlined by senior politicians, farm business leaders, researchers and farmers who set out the issues involved.

Lively question-and-answer sessions followed, with the audience putting the experts on the spot with practical, policy and financial queries. Event-goers were able to select which discussions were most important for their farm businesses from a wide range of topics. Issues covered included:

- Optimising arable margins
- Securing the future for livestock production
- Adding value through collaboration
- Generating revenue from natural capital
- Improving soil health
- Carbon trading
- Making renewable energy profitable.

Also central to the day was the location itself and the chance to take part in a relaxed but informative farm walk around the event host's research and commercial unit. Next year's event will build on this successful format.

Host farm

In 2025 Transition Live will move further north to the University of Leeds' farm unit in West Yorkshire. The mixed farm is owned by the university and managed commercially. It is about 13 miles from the main university campus, with easy access from both the A1 and A64 main roads.

The farm includes arable, grass leys, permanent pasture and farm woodlands, with extensive areas of managed hedgerows. It also boasts facilities for specialist freshwater and plant biology research. Projects at the farm are run by the White Rose Sustainable Agriculture Consortium – a collaboration between the universities of Leeds, Sheffield and York.

Over the past 10 years the consortium has won £4m in grants and support for studentships to study key practical issues to help make farming more efficient and sustainable.

Networking and CPD points

Outside the busy schedule, Transition Live offers visitors the chance to network with farmers, researchers and policymakers.

Everyone is facing business, environmental and production challenges, and Transition Live provides a golden opportunity to meet up, compare notes and trade ideas.

Transition Live is also a Basis-registered event where attendees can collect three continuous professional development (CPD) points. There will be a designated area where you can complete the necessary forms, so remember to bring your Basis account number. ■

PHOTOGRAPHY: PHIL WEEDON

TRANSITION LIVE 8 MAY 2025

Transition Live 2025 will be held at the University of Leeds' Spen Farm, Tadcaster LS24 9GF on 8 May 2025

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Farm resilience & revenue sharing: **How BNG works for landowners**

Environment Bank's Estates Director, Tom Mason, explores essential agricultural principles in schemes like Biodiversity Net Gain (BNG) and discusses revenue sharing to support farm businesses.

What land diversification options are now available?

There are many diversification enterprises, from environmental schemes to tourism. More landowners are considering options that engage the wider public and involve a complete change in land use, like dog walking fields.

Other natural capital options are available, like nutrient neutrality. These typically take land out of agricultural production altogether, and for 80+ years.

But there are also options within the realm of agriculture – providing farmers with other income streams but keeping farming at its core – like the SFI and BNG, where agricultural land use is still associated with it.

How is BNG an opportunity for landowners with holdings of all different sizes?

Most landowners have areas of land that aren't as productive. That's been exacerbated this year, where long periods of poor weather have really impacted farms around the country.

What's appealing about BNG is that there is still some carrying capacity of that land. It might involve low-intensity grazing, so there could be a change in the farming system, but it won't reduce the agricultural productivity of the land to zero or mean that landowners must engage with something entirely outside their wheelhouse.

Also, unlike a lot of rewilding-related projects, BNG doesn't require huge swathes of land being put aside. We typically look at sites around 20ha where habitat creation supports the wider farming business rather than land use changing across the entire holding.

How can Habitat Banks make land more resilient to support agriculture?

Environmental projects of all sizes have helped to build farming system resilience. Things like tree and shrub planting supports flood mitigation, and planting meadows or grass habitats helps with soil erosion and runoff.

In terms of land use itself, BNG can help to make the most of land that's not best suited to farming practices, allowing farmers to focus on areas better suited for intensive livestock management or arable rotations.

Also, having a diversified income stream helps fill the funding gap, providing some secure income to strengthen other areas of their farm business – like livestock enterprises, barn conversion projects, or upgrading machinery.

Above: 20 ha Heacham Habitat Bank

Right: Tom Mason and 34 ha Cornwell Habitat Bank landowner Alex Ward

Why are landowners partnering with Environment Bank on BNG?

The key thing for landowners is having a clear, visible income stream. You might derive higher income from BNG if you did it yourself, but the attraction for our landowners is that they know exactly what their annual payments will be for the next three decades. That's incredibly valuable from a business planning perspective.

> It's rare that we take on a site where hay cuts and grazing don't play a role

We also really prioritise agricultural management. It's rare that we take on a site where hay cuts and grazing don't play a role. One landowner had previously sold their dairy herd because it seemed like the most viable business choice, but partnering with us meant livestock could return to their farm.

We've built a fantastic team here at Environment Bank and like to think that our landowner partners trust us with the ecology, land, and legal aspects of the agreements we undertake with them.

Securing the planning obligations is handled by us, all the capital works are paid for and delivered by us, and the landowner can be as involved as they choose. If they'd prefer a hands-off approach, that's not a problem, but most take an active interest in the ecological benefits and want to get involved, and that's great too.

Why is revenue sharing such an important part of schemes like BNG?

We have a strong Biodiversity Unit sales pipeline from our Habitat Banks. Any revenue from these sales that exceeds our forecast targets is shared 50/50 with the landowner.

> Any revenue exceeding our targets is shared 50/50 with landowners

While our agreements mitigate as much risk as possible for landowners, there is still an element of risk that they are taking, and we felt that this needed to be recognised. They're tying up multi-generational assets for a considerable time so, if the sites perform better than expected, they should share in the upside.

People can be distrusting of private finance entering the rural space; that's exactly why our priority has always been securing land under a leasehold model – working with landowners so we can get that money back into the rural economy.

We also try to use local contractors (or landowners themselves) to deliver habitat creation works. If we used a national contractor to undertake all the work, that wouldn't benefit the local community.

To learn more about setting up a BNG Habitat Bank on your farm, register your land: **environmentbank.com/land**

ENVIRONMENT BANK

What changes to permitted development rules mean for farmers

Farmers now have greater flexibility to convert redundant agricultural buildings to residential and commercial uses

Recent changes to planning rules mean that there are new opportunities for many farmers and landowners in England and Wales under Permitted Development (PD) rights.

"Now is a good time for farmers to consider converting redundant farm buildings using PD rights," says Alice Robinson, a rural surveyor in the Stamford office of Strutt & Parker.

"They are a valuable tool for landowners to convert old barns, sheds and grain stores without needing to apply for full planning permission.

"This might be with the goal of generating a steady rental income or, alternatively, so the building can be sold to raise capital to invest elsewhere in the business."

Updated rules took effect in May 2024 concerning the change of use of agricultural buildings to residential (Class Q) and commercial (Class R). There have also been increases in the allowances for new agricultural buildings (Part 6 Class A and Class B).

Buildings which were erected on or before 24 July 2023 may now be eligible for Class Q, if certain criteria are met.

There has also been an extension of Class Q to cover former agricultural buildings which are no longer part of an established agricultural unit. This gives owners the opportunity to convert outlying buildings which had previously been against the rules.

Other changes include allowing a single-storey rear extension of up to 4m to be added to a building as part of the change of use.

"There are conditions, such as the extension must be located on an existing hard surface, but this will provide new opportunities for smaller buildings to be converted, and in most scenarios could result in an additional bedroom, adding extra value," says Alice.

However, PD rights are not available to farmers in 'protected landscapes', which covers Conservation Areas, Areas of Outstanding Natural Beauty and National Parks.

The revised rules allow for the creation of up to ten dwellings with a maximum cumulative floor space of 1,000m2 (previously the number of dwellings was limited to five with a maximum floor space of 865m2).

However, there has been a reduction in the maximum floor space for any one property. Previously, it had been possible to have one property with a floor space of up to 465m^2, but a maximum limit of 150m^2 has now been introduced for any of the houses created.

However, transitional arrangements are in place to enable a property owner who would prefer to apply under the old Class Q guidelines to do so until the end of 20 May 2025.

Class R is the PD right which allows landowners to convert buildings from agricultural to commercial use.

In addition to being able to convert to general industrial, storage, distribution, hotel and commercial use, farmers are now able to diversify into sport and recreational uses.

The maximum floor space has also been increased from 500m^2 to 1,000m^2.

The revised size limit for new agricultural buildings is 1,500m^2 for farms over 5ha (where Class A PD rights apply). For farms of less than 5ha (covered by Class B) then the size limit has been increased to 1,250m^2.

To find out more
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SFI 2024 update: All you need to know

Incentive scheme has undergone a further update since the Labour government gained power. **Louise Impey** reports on the changes

Starting your Sustainable Farming Incentive journey is becoming an increasingly urgent task for farm businesses looking to increase resilience and improve cashflow.

Designed for mass uptake and to deliver the right outcomes for farmers, food production and nature recovery, the Sustainable Farming Incentive (SFI) has been through multiple revisions since it was first piloted in 2021 with a further update released since the Labour government took over in July.

This constant state of flux has left some farmers lacking confidence in the scheme and reluctant to enter into agreements that subsequently become unworkable or too complex. But with farm incomes falling, weather conditions becoming unpredictable, Mid Tier Countryside Stewardship discontinued and the Basic Payment Scheme (BPS) on track to be completely phased out by 2028, the need to replace some of the shortfall with SFI payments is pressing.

What's new?

The latest move is the expanded SFI 2024 offer, which was unveiled in July and is undergoing a controlled rollout. As such, expressions of interest must be submitted to the Rural Payments Agency by farmers, before they are invited to apply.

For those wondering about the best timing for setting up an SFI 2024 agreement, or even considering starting another agreement to increase their involvement, it is important to note that the expanded SFI 2024 offer does contain some potentially significant changes. Farmers must be alert to these, stress advisers, who highlight that the costs and management implications of any proposed scheme should be considered in the planning stage – not just the headline income figures – as some will be expensive to deliver.

What's changed?

Expanded SFI 2024 has 102 actions to choose from, with the pick-and-mix approach continuing so that farmers can tailor their agreements accordingly. Of those actions, 22 were carried over from SFI 2023, 57 come from Mid Tier Countryside Stewardship and 23 are new actions. Among the new actions are payments for no-till, precision farming and variable-rate application of nutrients, as well as dry stone wall maintenance and moorland options.

The latest update also includes new capital items, the first endorsed action, some technical changes and voluntary advice around what Defra considers to be good practice. As a result, it is now much clearer what farmers must do to get paid for each action, as well as how they should go about it.

A significant change is that CNUM3 legume fallow and CSAM3 herbal leys can now be either rotational or static – having originally been rotational and then changed to static in 2023, before being changed back again. The wording surrounding the legume fallow action has been tightened up, so that it must be established by the autumn and remain in place for longer than was previously possible.

It also clarified that it is possible to add supplementary actions to the 23 actions that made up the SFI 2023 offer, as well as SFI 2024, adding to the extra income potential. In addition, another four actions were added to the six which are restricted to 25% of the farmed area, taking the total to 10. Known as limited area actions, this move was made to prevent too much land being taken out of production. A further four remain under review.

Less welcome was the confirmation that land and actions cannot be added on the anniversary of existing SFI 2023 agreements, meaning that farmers who wish to do more will need to start a new, separate agreement.

Why enter now?

Despite the chop and change of the past few years, the fundamentals of the SFI scheme remain the same, confirms Georgina Wallis, head >

< of environmental services at Hutchinsons.

The rolling application window, quarterly payments, flexible rotational actions that allow a 50% decrease annually, and an SFI management payment are all still features, Georgina says, while many of the actions will be familiar to those who were in Countryside Stewardship.

"Mid Tier stewardship has been rolled into the SFI, which is why there is now a broader range of actions on offer, most of which have been reduced in length from five to three years. It means there are more opportunities for a wider range of farm types, which is why it is a good time to be embracing all that it has to offer."

Another factor is speculation surrounding the farming budget, which is believed to be under threat as new chancellor Rachel Reeves looks for department cuts. That adds to the urgency to get an agreement approved, before an estimated £100m is removed from the farming pot.

What's been popular?

According to Defra, 83% of the farms that are in the SFI have at least one of the plan actions included, having produced an integrated pest management (IPM), nutrient management or soil management plan. Of the management actions, the most popular are the zero-insecticide action, the establishment and management of herbal leys and the use of winter cover crops.

Strutt & Parker has taken that a step further and looked at the three most popular actions in 2023 agreements by farm type, along with the proportion of farms with an SFI agreement taking them up:

Arable
- **IPM4** No use of insecticides – 54%
- **AHL2** Winter bird food on arable land – 29%
- **SAM2** Multispecies winter cover crops – 28%

Lowland grassland
- **LIG1** Manage grassland with very low nutrient inputs – 85%
- **NUM2** Legumes on improved grassland – 42%
- **IGL2** Winter bird food on improved grassland – 23%

Upland grassland
- **LIG1** Manage grassland with very low nutrient inputs – 85%
- **NUM2** Legumes on improved grassland – 42%
- **IGL2** Winter bird food on improved grassland – 23%.

The SFI 2023 codes have changed for the SFI 2024 offer. The latest update means that the detail attached to some of these actions has also changed, so the rankings are likely to evolve as new agreements are finalised and the inclusion of others gives greater choice for a wider range of farm types.

What are the risks?

Including too many options, failing to keep the required records and underestimating the

AGROFORESTRY FUNDING BOOST

The unveiling of new capital items to support tree planting in the latest Sustainable Farming Incentive (SFI) update has been welcomed and makes the business case for trees on farms much stronger.

It means there are now specific agroforestry capital items to plant trees and create new agroforestry systems, as well as annual revenue grants to support maintaining and managing the trees, explains Jim O'Neill, agroforestry development manager of the Forestry Commission. "Of the capital items available, the agroforestry plan at £1,268/plan has been designed to help with the planning and creating of agroforestry," he says. "It takes a whole-farm approach and looks at how agroforestry might fit, both on the farm and within the local landscape. It also outlines how it will support the business objectives and what contribution it will make to biodiversity."

For those who want to put agroforestry into practice, the specific capital items and grants are as follows:

Capital grants
- **PA4** Agroforestry plan – £1,268/plan
- **AFI** Plant an agroforestry woodland tree – £5.40/tree
- **AF2** Plant an agroforestry fruit tree – £17.83/tree
- **AF3** Supplement: species diversity bonus (at least five species) – £1.16/tree.

Revenue grants
- **AGF1** Maintain very low density in-field agroforestry on less sensitive land, 30-50 trees/ha – £248/year (renewable after three years)
- **AGF2** Maintain low density in-field agroforestry on less sensitive land, 51-130 trees/ha – £385/year (renewable after three years).

The ability to stack these on top of other actions, across the whole field, shouldn't be ignored, say experts, who cite examples of farmers growing low-input spring cereals or herbal leys between the rows of trees. Soil carbon is another potential income stream.


Agroforestry requires commitment from farmers

They also highlight that agroforestry requires real commitment from farmers, so the same is needed from the government with a long-term approach to funding. "Three years is disappointing – it needs to be more like 10 years," says one expert.

As Jim points out, the science behind agroforestry is sound, but there have been challenges in the past in terms of the upfront capital required and the skills and confidence involved. "This latest update goes some way to solving those," he stresses. "There is other help and support, too – the Forestry Commission has 10 new agroforestry woodland officers across England to help potential applicants," he says.

PHOTOGRAPHY: TIM SCRIVENER, RICHARD LAIDLER/ALAMY STOCK PHOTO, RICHARD D STANTON

Pest, soil and nutrient management plans are proving to be popular SFI options

costs involved in delivering the environmental outcomes are all potential pitfalls with the SFI 2024 offer.

The impact on the farm's rotation is another watch point, agree advisers, who stress the importance of maximising farming returns in the longer term. Taking land out of production may have an impact on the fixed-cost structure of the business. To this end, changes made for 2024 schemes mean that some of the actions that were being used to replace risky break crops are now non-rotational, and are less likely to feature for that purpose. Making sure that actions complement the cropping plan rather than compromise it is key.

Another relevant factor is that high payment actions can be high risk – careful and time-consuming management can be required to get the desired outcome.

Strutt & Parker has produced some standard costings for popular SFI actions, to help farmers understand what the returns might be:

- **CSAM3 herbal leys** Payment of £382/ha – establishment costs in the first year of £291/ha, including a seed cost of £204/ha. If used for grazing, management costs in subsequent years will be much lower.
- **CAHL2 winter bird food** Payment of £853/ha – annual establishment and management cost of £310/ha, which reduces the average return to £543/ha. However, it can be combined with other actions.

What are the rewards?

Unlike the situation with BPS, income from SFI agreements is not profit. There are costs associated with carrying out many of the actions, so these must be considered. On average, arable farms can expect to receive £102/ha from SFI 2023 agreements, some 45% of the BPS received. For lowland grassland farms, the figure is £95/ha, and for upland farms, the amount is £51/ha. This is expected to rise as new actions are taken up and supplementary actions are added to existing agreements.

In terms of environmental reward, it is early days. It is widely accepted that existing farm habitats will be the most valuable in terms of biodiversity, so actions which can expand or buffer them – or provide connectivity – will deliver more. The stacking of actions can lead to greater financial rewards, too. Work done by the AHDB suggests that arable farmers in particular will be able to benefit from stackable, well-paying options, with higher revenues being generated by more ambitious schemes.

Of course, the greatest financial rewards will come where the SFI is combined with private funding. Land that attracts private money – such as for carbon or flood management – can be included in the SFI, Defra has confirmed. This is as long as the actions are compatible and there is no double-funding – if in doubt, consider whether you are taking additional action over what is already being done. ■

CASE STUDY: SFI STACKS UP TO BRING REVENUE AND RESILIENCE

Getting the Sustainable Farming Incentive (SFI) to exceed the £220/ha income previously received under the Basic Payment Scheme has already been achieved by a south Oxfordshire family farm, which can see further opportunity for the business from the government scheme.

RJ Rose and Son at Village Farm – a 150ha mixed arable and beef farm at Emmington – is looking forward to adding to the farm's current income of £310/ha from agri-environment schemes with an SFI 2024 agreement, which is pending. "If we stretch ourselves, the total could exceed £500/ha," says Tom Knowles, who handles the farm's agri-environment work. "And that's just from these schemes – we've only just started to look at what private funding sources could bring on top of that."

Starting point

Prior to 2021, the farm had undertaken occasional small-scale Countryside Stewardship (CS) schemes, taking field corners out of production. In autumn 2021, a more significant 25ha CS scheme was approved for integrated pest management purposes. It included pollinator and bird food margins, grassy strips and corners, herbal leys and winter bird food, all around the edges of fields.

"They have worked well for both us and the environment," he reports. The farm also made good use of capital grants for fencing and other infrastructure projects.

The farm's involvement with the SFI started in 2022 with its first version and the now-closed soils standards. Undeterred, a new agreement was started in 2023, as well as joining the local cluster, Ock and Thame Farmers Landscape Recovery bid. In the SFI 2023 agreement, they went for in-field, low-input arable and grazing actions, covering soil testing, cover crops, companion cropping, zero insecticide use, low-input grazing and herbal leys – initiatives that the farm was already doing. Putting all of that together, with the additional educational visits they host, the farm business gets £310/ha – which is more than it received under BPS.

Game changer

"The game changer for us will be the low-input cereals action, AHW10," reveals Tom. "We've grown bicrops for Wildfarmed since 2022, so the current CIPM and CIPM4 actions complements it perfectly and brings us £100/ha. However, in the SFI 2024 offer, AHW10 pays £354/ha. We are asking the [Rural Payments Agency] to agree to let us change them over – they've always said early adopters won't be penalised, so fingers crossed it gets sorted."

Looking ahead, the business has already worked out what the rest of SFI 2024 has to offer. With payments for actions such as no-till (£73/ha), summer cover crops (£153/ha), ponds (£257-£424/pond), ditch management (£4-£38/100m) and maintaining heritage features (£5/sq m), he can see more opportunity.

Exceeding £400/ha

"We can get our SFI income up to £420/ha by adding in some new actions that are relevant to what we are doing here. With our educational visits, it goes up to £480/ha," says Tom. By pushing the boundaries, that total could be higher. "If we then decided to go for agroforestry, or did more on access and engagement, we could get to £558/ha."

Tom says the actions have to fit the farm system, so they may hold back on some of these. For a resilient farm business, the £400/ha-plus level is reachable, he stresses, while the £500/ha-plus target is possible. "We are stacking SFI actions and practices, to get to these levels."

Private funding

His view on income from private sources is that the farm would have to become part of a bigger group to get the most benefit. "When you look at opportunities such as biodiversity net gain, it's clear that, for a small farm, it's more tricky. So joining our local cluster's successful Landscape Recovery project puts us in the frame for that and it will be interesting to see what opportunities emerge."

The farm is involved in other initiatives, including carbon and biodiversity accounting trials with Wildfarmed for baselining and comparing regenerative and conventional techniques, as well as the Oxfordshire Treescape project and the Protect, Improve, Expand, Sustain project, concerned with woodland.

"We've also partnered with our local Friends of the Earth group on successful bids to host seasonal farm activities for people at risk of isolation and social prescribing. We see further opportunities here, too."

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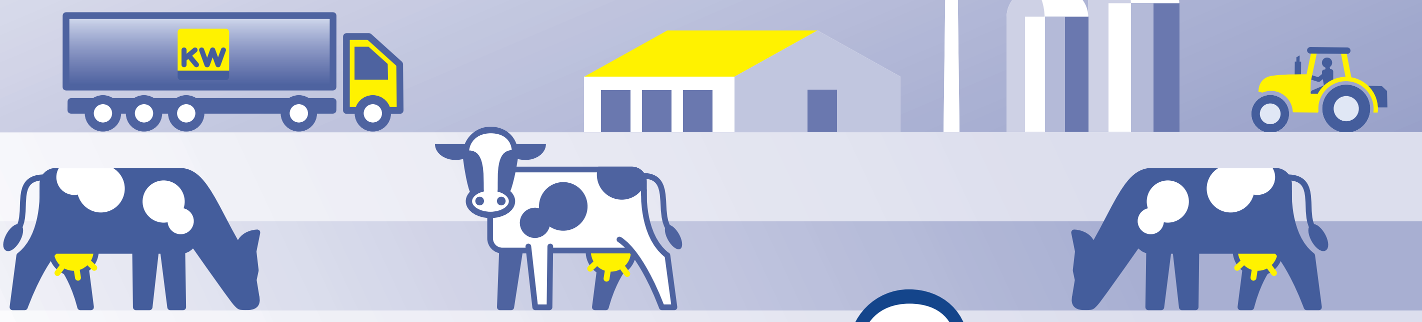

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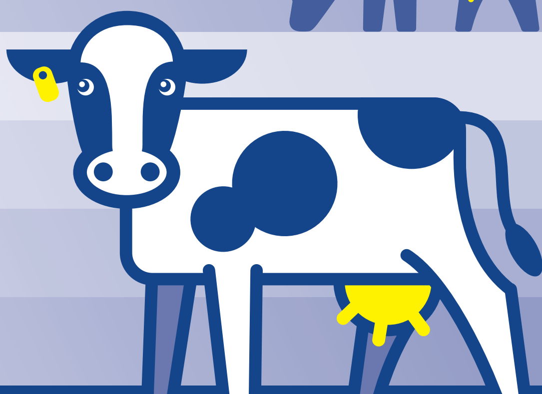

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SFI pilots and the benefit of part-time work opportunities

Our *Farmers Weekly* Transition farmers continue to work towards making their businesses more sustainable. **Debbie James** catches up with two of them

FARM FACTS

JM Stratton & Co, East Farm, Codford, Wiltshire

- **Farm size: 1,800ha**
- **Annual rainfall: 900mm**
- **Soil type: Light to medium chalk with clay cap patches**

Ed Shuldham

JM Stratton & Co is going "all in" with the Sustainable Farming Incentive (SFI), but while the family-run business is capitalising on some of the options, its farming system rules it out of others.

The business has embraced companion cropping and the variable-rate actions, but Defra's decision to fix no-till standards to a specific land parcel for three years, instead of making it rotational, makes the option unfeasible, says business development manager Ed Shuldham. Oats are grown for an oat drink manufacturer and, as these need to be gluten-free, the crop must be preceded by a stale seed-bed.

Also, Ed says cultivation is needed before drilling winter malting barley to prevent wheat volunteers, and that there is always good rape establishment if the field is cultivated first. "In our seven-year rotation we have three years when we are cultivating, so it means we can't enter anything into the no-till option," he explains.

The business has helped shape the SFI as it has been involved in all the pilots and has applied to be part of the next, he adds. "Each year has brought new iterations with different options so the reasons have become clearer."

It is growing oats with beans as a companion crop under SFI, while also gathering data as a Hutchinsons Helix demonstration site. Ed admits that, historically, the farm hasn't made good use of data, which was a catalyst to the decision to host field-scale trials on 160ha. It is trialling novel ideas such as bicropping while benefiting from data collection. "We are using the expertise at Hutchinsons and allied company Farmacy to analyse some of that data to work out how we can do things better, like optimising nutrients, satisfying SFI standards without negative consequences while hopefully producing some beneficial ones," says Ed.

The farm is making the most of natural capital opportunities, too. Managing partner Josh Stratton is a founder member of the Environmental Farmers Group, a natural capital trading co-operative formed to deliver scale for facilitating natural capital opportunities. In every agreement secured, the farmer whose land the action applies to receives most of the payment, but other members get a share, too. "It might be that some farmers aren't in the right location for nutrient neutrality or biodiversity net gain, but this model allows everyone to get involved," says Ed.

TRANSITION GOALS

- Help shape SFI through pilot schemes
- Make more use of data
- Take natural capital opportunities

Karen and Tom Halton

Average direct sales of 140 litres a day is a drop in the 16,000-litre ocean of milk produced daily at Tom and Karen Halton's dairy farm, but that market is not just about adding value.

The Haltons were among the first to install a vending machine when they established the Milk Shack nine years ago, and have not only gradually increased milk sales but also the range of products sold, from chocolate brownies to coffee. It is profitable because, as Karen points out, "we wouldn't have set it up to lose money". But the motivation to diversify wasn't profit, and still isn't. "The drive to do it was to get product to the public and to show people where milk comes from," she says.

TRANSITION GOALS

- Recruit and retain the right staff
- Maintain animal health and welfare
- Increase direct sales to more customers

Although it is very much secondary to the principal dairy farming enterprise, it is a growth business. "We host lots of visits from schools, as well as Scouts and Beavers. The children see the cows being milked and the calves being reared. It's about education," says Karen. "Even adults are blown away by the enormity of what goes into producing milk. We have three builders here on the farm doing some work at the moment, and they have been genuinely surprised by it."

Increasing direct sales is one of Tom and Karen's Transition goals, and it has helped facilitate another, too, around recruiting and retaining the right staff. Codie Stubbs, a sixth-former they employed at the Milk Shack at weekends, expressed an interest in trying her hand at milking. The Haltons gave her that opportunity and she was excellent at it. She then started helping Karen with the calf rearing. Codie is now their full-time calf rearer. "She is absolutely phenomenal at it," says Karen. "She has been doing it for a couple of months and has really taken to it."

Karen says providing part-time work opportunities for young people in school or further education is a good route to nurturing future workers who might otherwise not have considered farming as a career. "It's a great way for them to engage with farming and appreciate what a good career it can be."

FARM FACTS

Halton Farm, Congleton, Cheshire

- Farm size: 240ha tenanted
- Annual rainfall: 1,000mm
- Soil type: Clay loams

● **See p5 for more on our Transition Farmers**

PHOTOGRAPHY: KATHY HORNIBLOW, RICHARD STANTON

Grassland dairy unit adopts low-input strategy

Dairy farmer Tim Morrow provided an insight into his low-input grazing and nature-friendly methods during a Transition farm walk in Northern Ireland

Farmers, agricultural advisers and supply chain specialists recently attended a *Farmers Weekly* Transition Project farm walk at Streamvale Farm, near Belfast. The farm uses a multispecies herbal ley made up of two clovers, plantain, chicory, timothy and perennial ryegrass.

Tim is part of the Nature Friendly Farming Network and uses very little pesticide on farm and no nitrogen at all. The land is no longer ploughed – instead, fields are disced several times at about 25mm deep and then rolled. Seed is then broadcast before it is rolled again. "I reckon I saved £10,000 this year in fertiliser. It is much better for wildlife and insects, but is much worse for weeds," he said.

Every 20 days, cows move between paddocks on a rotation in mid-season. The first year the cows went into the mixed species herbal leys, Tim noticed that milk yields went up by two litres to 22 litres a day, while fat and protein levels both increased as well. "You are getting more milk and better solids while using no fertiliser, and yet hardly any farmers will look at this method because of the weeds. As a grass farmer, who feeds very little meal, I am after very high quality grass, and when the cows get plenty of high quality grass, they give me plenty of high quality milk."

He calculates that on his farm, grass works out to be seven times cheaper than feeding meal and four times cheaper than silage.

Dairy herd

Tim has been using New Zealand dairy genetics for the past 25 years and has moved from a six-month calving window to calving all the cows in a 12-week period. "We have all our cows in a New Zealand-style farming system and we get the cows out to grass as soon as they calve. Our system is a very low-input system – we are feeding half a tonne of meal and we are getting 5,300 litres a cow."

He said the past few years had been the most difficult due to the wet winters, but he was still able to get the first cows out after calving in February. The farming system focuses on getting the highest percentage of grass possible in the cow's diet, with a target of more than 85%.

Cows typically come indoors for two to three months during winter, where they are fed on a silage-based ration. In a particularly wet year, the cows would be let out for a smaller window of three to four hours after milking in the day to encourage them to graze quickly and minimise damage. The herd would then return for evening milking.

Farm system

The Jersey-cross cows are bred to be small, which allows them to be more manageable, create less soil compaction, and have relatively low veterinary costs.

Daily yields in early September were low at about 17 litres a cow. However, they were receiving only 1kg of meal a day and the remainder of their diet was grass.

Sexed semen is used on heifers, which the farm wants to breed from using a Jersey-Friesian cross and the rest getting continental beef semen.

The farm has also installed 2.4ha of reedbeds, which are used to filter dirty water from the dairy. ■

PHOTOGRAPHY: PAUL LINDSAY

CLOCKWISE FROM TOP LEFT: **1.** Visitors were shown the different growth stages of the mixed species herbal ley **2.** Reed beds were installed to filter dirty water from the dairy **3.** Dairy farmer Tim Morrow talked through his enterprise **4.** *Farmers Weekly* Transition project editor Johann Tasker kicked off the farm walk with an introduction **5.** Indoor and outdoor beds are used for cows during winter **6.** An open farm attraction and glamping pods provide additional income **7.** The cows were out grazing as farm walk visitors toured Streamvale Farm

PHOTOGRAPHY: GNP

Precision farming benefits, costs and developments

Practical pointers on new technology were the focus of a Transition Project event in our webinar series. **Jonathan Riley** listened to the advice

Precision farming techniques are already used across about 60% of UK farmland, according to experts on a Transition Webinar panel. Often the term precision farming is applied to satellite-guided arable machinery and equipment, which provide operations data to the driver to hone field work, the panel suggested. But it also covers weather data, pest and disease monitors and livestock production information. On livestock farms, data collars and tags can communicate with weigh crates and handheld readers while animal health monitors can detect diseases earlier.

Rupert Harlow said that on arable units, real-time tracking of crops and pest monitors helped identify which fields were ahead or behind in the difficult growing conditions of 2024 and allowed growers to optimise inputs.

Using precision tools

With so many different options, research into precision farming can be bewildering and it is difficult to know where to start. Dr Trisha Toop said it was key to focus on the particular challenges the business was trying to solve. There are so many precision tools and technologies that failing to identify the problems at the outset could lead to a scattergun approach and waste time and money. Trisha added that farmers and growers should seek advice and tap into independent support. Max Dafforn said it was vital to benchmark the business to establish a baseline. "From that position you can measure how the technology is helping you to progress towards those targets," said Max. Rupert agreed and added that producers must also monitor the financial returns on the investment. "Then you can understand what value it's contributing over time. If it's not contributing positively, reassess the situation and try a different approach."

EXPERT PANEL

Transition Project editor and webinar host Johann Tasker was joined by three experts on precision farming to discuss how new technology can boost profitability, efficiency and productivity.

- **Dr Trisha Toop** delivery director at the UK Agritech Centre
- **Rupert Harlow** marketing manager for Yagro
- **Max Dafforn** digital campaign manager with Bayer Crop Science

Changing mindsets

Trisha also highlighted the importance of educating staff. Precision farming needs a team-wide approach and that must be instilled in staff from the outset. She had visited farms where there had been some reticence towards new technology, so the data collection had been patchy. "So you must demonstrate the value and the aims otherwise staff will feel they are just being asked to do more work without understanding why."

Max pointed out that without staff buy-in, the processes required might not be understood and tasks left incomplete. "Telematics from equipment needs collating carefully and organisation, otherwise the data can get very messy, very quickly," he said. Rupert predicted that as technology improved, operating precision tools would become simpler, making it an easier sell to team members. "The technology will allow them to do other parts of the job better. A GPS system will allow the driver to follow tramlines accurately. They can then better monitor what the drill is doing and refine that operation, whereas they couldn't before."

Costs

Questions from the webinar audience highlighted concern over new technology costs. Equipment cost can be prohibitive, especially for small-scale farmers who could perhaps see the most benefit.

Rupert suggested that some were taking a wait-and-see approach in the hope that technology would become cheaper in a few years. "But if clear objectives and financial targets are set out now, it may be an investment that will still yield returns so the adopting farm could have a valuable head start on competitors," he noted.

Trisha said Agritech was pushing companies to bring prices down and pointed to financial support from Defra grants and other help from bodies such as Innovate UK. Max said financial support was also available through government schemes such as the Sustainable Farming Incentive (SFI) in England. "Targeted crop nutrition is encouraged and this can be better managed through precision technology so there is some extra financial reward already," he said.

Key challenges and developments

Undoubtedly, artificial intelligence (AI) will play a big role. Max said a big challenge with precision tools was analysing and interpreting data. Data was only useful if it could be understood and applied effectively. Too frequently different platforms did not work together and a farm may have all of its detailed mapping sitting on a USB stick on a shelf, he said. AI-driven programmes could help to solve some of this by interrogating the data better and setting it out for the farmer in a useable format, he said.

Trisha said consultants and farmers wanted to be able to use a single app to see all the data in one place, and AI advances could help. She said there were exciting developments for precision farming, which was moving from field and herd level monitoring to individual plants and animals.

For livestock, better disease detection is a major goal, with efforts focused on developing faster pen-side detection for diseases. ■

WATCH THE WEBINAR

Watch the discussion in full at **fwi.co.uk/transition**, where you'll also find the other webinars in the Transition series

Where to find project articles

The Transition initiative offers a vast bank of practical articles, which can be downloaded for free

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- Advice on building climate resilience into business plans – Winter 2023-24 (p7)
- How to stress-test your farm business – Summer 2022 (p10)
- Advice on planning ahead to combat ag inflation – Autumn 2022 (p35)
- How to build resilience into a livestock system – Spring 2023 (p36)
- Tips for planning ahead to reduce business risks – Autumn 2023 (p7)
- Why better planning can reduce machinery costs – Winter 2023-24 (p30)
- How TCFD rules will hit farming – Spring 2024 (p36)
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