Farm Advisory Service

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December 2024

News in brief

Uncertain times ahead

With the 2024 drawing to a close, the ramifications of the UK Budget are expected to be long reaching for the farming community with the controversial changes to Inheritance tax and Employer's National Insurance Contributions. While it is likely that commercial companies will seek to pass on their additional costs to customers, farmers and crofters generally do not have that option as only a small proportion sell direct to the consumer. With inflation rate sitting at 0.3% above the Government target of 2%, and predictions it could rise to 3% next year; hopes for a further cut in the Bank base rate this year are fading fast.

With changes in Inheritance tax taking effect from April 2026 and the UK Government showing no signs of changing its new policies despite numerous representations from farmers and farming bodies across the country; farmers are advised to seek advice from their accountant and solicitor with regards succession planning to help minimise any tax liabilities.

As we very much live in a global economy, our sector focus article this month looks at how might a Trump Presidency influence domestic, European and global agriculture. Closer to home, our second sector focus article is looking at Enhancing Livestock Health through Dynamic Health Planning and our Input article is looking at the cost of extended calving periods.

In the run up to the Festive Season, as our thoughts turn to decorating Christmas trees, our Management Matters article looks at where we are at with carbon markets and our sheep article is talking turkey!

The Agri Business News Team
would like to wish you
a very Merry Christmas

Next month:

- Annual Review
- Global Roundup

Contents

This month's editor:
Christine Beaton

An audio version of Agribusiness news is available on the FAS Website, Spotify and Apple Podcasts

Policy Briefs

Preparing for Sustainable Farming

Preparing for Sustainable Farming (PSF) was introduced in 2022 as part of the first phase of Track 1 of the National Test Programme (NTP). The aim was to help farmers and crofters prepare their farms and crofts to meet the conditions of future agriculture policy and support.

With the claim year drawing to a close on the 31st of December; there is only a relatively short period of time left for farmers and crofters to seek to carry out, one or more of the three options currently being funded namely:

- Carbon Audits
- Soil Sampling and Analysis
- Animal Health and Welfare Interventions

Work must be completed by the 31st of December 2024. To meet the grant conditions, invoices must be paid in full and claims submitted by the 28th of February 2025. **Please note**: claims received after this date will not be eligible for payment.

Woodburning Stoves

Following significant lobbying by the rural community and Rural and Agricultural bodies, wood-burning stoves, bioenergy and peat heating will now be permitted in new homes and buildings following a review of the New Build Heat Standard commissioned by ministers earlier this year.

Under amendments being made under the Building (Scotland) Amendment (No. 2) Regulations 2024, the installation of bioenergy and peat main heating systems and any type of secondary heating system will be permitted in new buildings from 1 January 2025. The prohibition on mains gas and oil boilers as a main heating system will go ahead as planned.

Vacant Crofts

Recognising the significant economic, social, and environmental benefits that crofting provides, the Crofting Commission is committed to maximising the productive use of croft land. As vacant crofts represent a lost opportunity, particularly in areas where demand for crofts outstrips supply; the Crofting Commission has launched a new initiative to bring vacant crofts back into active use, with an overarching aim of creating new opportunities for housing, livelihoods, and community development.

The Commission has implemented new procedures to monitor vacant crofts and investigate reports of non-compliance. This includes a focus on owner-occupiers who may not be fulfilling the requirements of active cultivation or residency. The Commission will take appropriate action to ensure that croft land is utilised in accordance with the law.

Climate Change Bill

To help meet the commitment to achieving net zero by 2045, the Scottish Government passed the Climate Change (Emissions Reduction Targets) (Scotland) Bill on the 24th of November.

The Climate Change Bill will see Scotland moving from annual emission targets to using five year carbon budgets to set climate targets based on expert advice from the Climate Change Committee.

These longer term budgets will aim to provide a more reliable framework for emissions reduction and will introduce limits on the amount of greenhouse gases emitted in Scotland over a five-year period.

Proposed New National Park

NatureScot has opened the formal (statutory) consultation on whether a new National Park should be established in Galloway and parts of South and East Ayrshire. The formal consultation will run until the 14th of February 2025.

While at this stage, no decision has been made to formally establish a National Park in Galloway, Scottish Ministers are keen to gauge the level of support for the proposal and also to hear about alternative options. To have your say, please click on this link: A Proposed New National Park in Scotland - Have Your Say | NatureScot

Launch of Scotland's Natural Capital Market Framework.

A new plan to attract responsible private investment into natural capital markets has been launched for Scotland. The framework provides guidance for investors, land managers and communities on attracting responsible private investment into peatlands, woodlands and nature restoration. Its focus is on maintaining the high standards that have been set by the Woodland Carbon Code and Peatland Code. For more information, please see online at: Natural Capital Market Framework - gov.scot (www.gov.scot)

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Key Dates

Date	Action
31 Dec 24	Scottish Suckler Beef Support Scheme application window closes
31 Dec 24	Deadline for Preparing for Sustainable Farming work to be completed

Slow Europe export pace

The International Grains Council tightened its global wheat outlook on supply concerns, while consumption remains firm. Global grain ending stocks for the marketing year 2024-25 are projected to decline to a 10-year low and a 3.5% decrease from last year. Total grains exports are similarly projected to dip year on year by 8% and, if realized, would be the lowest trade total in six years.

Geopolitics have dominated traders' thinking in recent months, with the conflict in the Middle East joining uncertainty over Black Sea supplies as the Russia-Ukraine conflict rages on, clouding the overall supply and demand picture, and once again, adding 'war premiums' back into the market and firming prices over recent weeks.

The US market too has seen renewed strength, although current market fundamentals remain weak with exports having fallen below the pace required to achieve the current export projection. Additionally, recent rain across the US plains has alleviated the drought area and allowed crop condition ratings to rise above those set at this time last year.

Europe has exported 30% less wheat so far this season compared to last and is expected to export 20% less across the entire marketing season.

The current export pace is clearly too slow and has been worrying markets and thus prices came under pressure through October /early November. One of the major reasons is that demand from Algeria and Morocco has very significantly decreased. Algeria has banned French origins and favoured Russian wheat amid diplomatic tensions and similarly Morocco has also turned to Black Sea wheat.

Gaining competitiveness out of the EU could however happen soon with a lower Euro value and the anticipation of higher Black Sea prices as cheap Black Sea supplies run out of steam. Ukraine and Russia have produced nearly 14MT less wheat between them than last year, however, they have exported record volumes to date (up 58% and 6% respectively compared to last year). Eventually, reducing stocks combined the higher export pace demonstrated to date, should logically, lead to higher freight-on-board prices at port.

Swing back to wheat for harvest 2025

UK wheat prices are now attaining a value sufficient to attract large volumes to 'feed' our domestic shortage. To date, the UK has already imported 600KT from Europe and the expectation is that the UK will import up to 2MT this season.

Malting barley markets remain quiet with slow demand from both brewing and distilling industries. Export markets meanwhile are not providing significant support for malting barley prices with plenty of barley available to maltsters in Europe. New-crop market prospects for '25/'26 may be more promising due to a larger-than-expected winter wheat area planted this autumn (+5%) and an anticipated reduction in spring barley area (-13%) likely to tighten the balance sheet for malting barley.

Thousand hectares	2024 UK area estimates*	Provisional EBS forecast 2025^	% year-on-year change
Wheat	1,530	1,613	+5%
Winter Barley	383	380	-1%
Spring Barley	811	704	-13%
Oats	183	189	+3%
OSR	287	239	-17%

Feed barley prices (currently at a £30/t discount to wheat) are likely to remain stable, as export demand, domestic feed demand and slow farmer selling support the market going into 2025.

Good quality oats and relatively low prices are helping to support milling oat values. Millers are willing to build stocks, as lower hulling losses enhance efficiency and add value to the milling process.

Rapeseed prices have lost some recent gains, breaking the uptrend that had largely been in place since September. While this serves as a cautionary signal, the market still reflects a relatively tight supply situation

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Indicative grain prices week ending 29/11/2024 Source: SAC//United oilseeds/AHDB/Hectare)

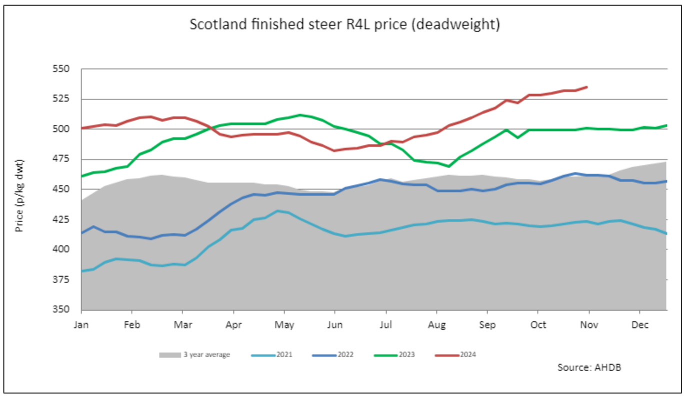
£ per tonne	**Basis**		Nov '24	**Jan '25**	**Nov '25**
Wheat	Ex farm Scotland		195	200	201
Feed Barley	Ex farm Scotland		165	170	171
Malting Barley	Ex farm Scotland			220	
Oilseed Rape	Del Dundee		415	420	379
Beans	Ex farm Scotland		230		

Record Beef Prices

With under four weeks to go until Christmas Day, processors are battling to secure beef to meet demands for Christmas retailer orders. As a result, beef cattle prices in Scotland are continuing at record levels, with the demand for beef ahead of the festive period continuing to outstrip supply, contributing to price momentum.

Kantar retail data from the start of November showed an increase of 2.5% spend on beef products year-on-year, with figures from QMS showing cattle prices to be 26% higher than the five-year average for week ending November 9, again highlighting the current strong consumer demand

For week ending November 16 prices in Scotland, R4L steers were sitting at 540p/kg/dwt, up 6p per kg dwt from the previous week, with Aberdeen Angus sired cattle achieving considerably more to supply premium retail outlets. With Christmas fatstock show and sales taking place across the country; marts are reporting strong demand from butchers and abattoirs ringside.



Post Christmas

Looking beyond Christmas, traditionally, finished prices drop. However, predictions are that values will remain firm into January. Simply, there are not the number of finished cattle out there to bring values down, as the pressures of a reduced 2023 calf crop is looking to peak during spring 2025.

While higher finished prices have led to better returns in the short-term, however the continuing trend of declining cow numbers remains a huge concern for the industry.

Culls Values and Store Cattle Values Strong

Trade for cull cows is also continuing positivity, with strong demand seeing prices remaining on an upward trajectory. Usually, prices drop at this time of year as processors focus on prime cattle. However, demand for processing meat remains strong with cows trading significantly higher than this time last year and well above the 5-year average.

Store cattle trade also remains firm, with many marts reporting an increase in store cattle values throughout November. Store cattle prices look set to remain strong in coming weeks. Phenomenal finished beef prices and lower feed prices are contributing to the current buoyant store trade.

Forward Thinking

Following the recent budget announcement, farming businesses are under further pressure to improve business and herd efficiency. The 2024/25 edition of the Farm Management Handbook (funded by the Scottish Government) is now available to download free of charge on the Farm Advisory Service website. Providing a comprehensive and up-to-date source of information for farmers, including gross margins, now is the time to consider your business needs and plan for the year ahead.

Although the autumn budget focus has largely been on agricultural property relief and inheritance tax; from an employer's National Insurance perspective, we must also consider the implications for abattoirs next April. Abattoirs and Processors employ large numbers of staff. With operating and overheard costs substantially increasing, will the additional costs be passed down to suppliers?. However, with cattle numbers tightening and suppliers going where the price is best, can abattoirs and processors actually afford to pass their costs on?

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Scotland prime cattle prices (p/kg dwt) (Source: drawn from AHDB and IAAS data)

Week Ending	R4L Steers (p/kg dwt)			-U4L Steers			Young Bulls -U3L		Cull cows	
		Change on week	Diff over North Eng.		Change on week	Diff over North Eng.		Diff over North Eng.	R4L	-O3L
02-Nov-24	**531.7**	0.1	6.0	**532.9**	0.2	8.4	524.3	15.2	407.5	378.3
09-Nov-24	**534.8**	3.1	4.3	**535.6**	2.7	5.9	522.1	7.8	408.0	373.5
16-Nov-24	**540.1**	5.3	4.3	**542.5**	6.9	8.7	532.7	10.2	407.6	377.9

Christmas Costs

The American Farm Bureau Federation has recently published their findings for the cost of a thanksgiving dinner for 2024. This is done annually by deploying volunteer shoppers over 50 states to buy specific groceries. The results have found a classic thanksgiving feast for 10 people has decreased in cost to $58.08 - a 5% reduction compared to last year. However, this shows an increase of 19% compared to five years ago. Interestingly, the cost of the traditional turkey has decreased by some 6% on the year, with this centre piece accounting for 44.2% of the meal cost.

Figures from USDA show the US turkey flock to be at the lowest since 1985, with 205 million turkeys recorded this year. Avian Influenza is thought to be the cause for this. Usually when supply is low, demand and price increases, however, it is thought that shoppers are looking to other meats for their thanksgiving celebrations e.g. lamb and ham. Also in the survey, vegetables and dairy showed a decrease in price, while processed foods such as rolls, and stuffing showed an increase compared to 2023.

So why am I talking turkey? Looking at these stats indicates that shoppers are looking for diversification in their Christmas centre piece. In 2022, American consumers only spent 6.7% of their total expenditure on food, the UK marginally higher at 8.5%. But on Christmas day, shoppers are happy to splash out, and they want quality, while many are also thinking of environmental sustainability.

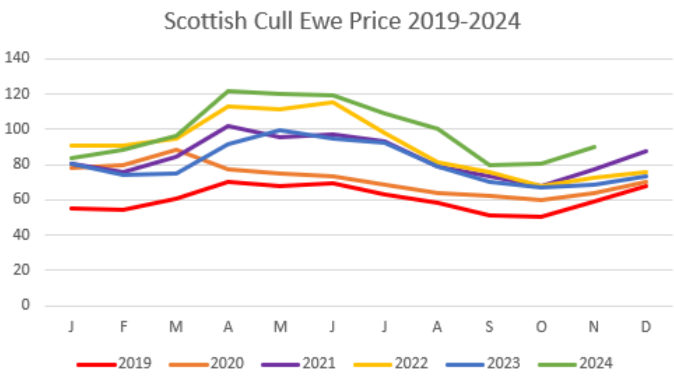
Lamb sales have a huge opportunity for Christmas. In 2023, we saw lamb roasts increasing in volume in the UK by 32.8% compared to 2022. As wages increase and interest rates fall, shoppers will be looking for quality this Christmas. Although, lamb roasts at ~£13/kg are a premium price compared to turkey.

Domestic Drivers

We know the national flock has decreased, which has resulted in less lambs on the ground. However, AHDB have recently shown DEFRA forecasts of ~ 11.3 million lambs slaughtered in 2024 - own 8% on 2023. With a slow start to marketing of the 2024 lamb crop, it is thought there will be more of a carry over into 2025, than we saw in 2024. We will see a rise of demand as we progress into February with Ramadan starting on the 28th of February 2025. Further afield, lamb continues to be at a competitive price point for trading with the EU. With this in mind, it is clear market signals are looking positive for the coming months.

Cull Ewes

Cull ewes have seen a recent upturn in price, with less numbers coming forward. The price point is currently sitting ~£20/head ahead of last November. With a decreasing national flock, there are less ewes on the market, DEFRA have forecasted this decrease in cull sales for 2024 to be 12.1% behind 2023.



2025….

Next year looks very positive – with less lambs in the system, a growing world population and recovering economy. The UK 2025 lamb crop is set to be lower again, due to less breeding ewes. As scanning starts in the turn of the year, we will have a keen eye on losses from Schmallenburg and Bluetongue.

Have a lovely Christmas, find time to put your feet up and enjoy your festive feasts!

Kirsten Williams; 07798617293

Week ending	GB deadweight (p/kg) 16.5 – 21.5kg				Scottish auction (p/kg)				Ewes (£/hd) Scottish
	R3L	Change on week	Diff over R2	Diff over R3H	Med.	Change on week	Diff over stan.	Diff over heavy	All
02-Nov-24	**616.9**	-4.6	-3.0	0.1	**278.10**	3.1	17.1	8.3	89.06
09-Nov-24	**626.7**	9.8	-5.3	-4.0	**295.50**	17.4	20.5	5.7	90.25
16-Nov-24	**651.5**	24.8	-1.9	-2.1	**302.50**	7.0	16.9	9.1	91.71

Deadweight prices may be provisional. Auction price reporting week is slightly different to the deadweight week. Source: AHDB and IAAS
Standard weight 32.1 - 39.0kg; Medium weight 39.1 - 45.5kg; Heavy 45.6 - 52.0kg.
Note: From 11th May, prices transition to new season lambs

Sector Focus: The Trump Effect

On January 20th, 2025, the new Trump presidency will formally start. It promises to be an exciting four years as, for at least the first couple of years, Capitol Hill will also be controlled by the Republican party, which should be supportive of the President's agenda. Looking ahead, how might a Trump Presidency influence domestic, European and global agriculture?

American domestic policy and regulations

For the most advanced economy in the world, agriculture remains a surprisingly important industry and is highly competitive in most sectors except for sheep. While productivity growth is generally high, driven by good take up of R&D and a generally light touch regulatory system; federal government support is significant for crop and dairy farmers.

Agricultural policy is normally updated every five years in what is known as the Farm Bill, which is negotiated by both houses of Congress rather than the President. A stalemate between Democrats and Republicans means that the long overdue new bill will not be set for months yet; perhaps giving the incoming President opportunity to influence it. Trump is pro farmer so this may be reflected in the eventual bill. On the other hand, if Robert Kennedy Jr. becomes the new health minister, US agriculture could face less friendly food and farming regulations.

Tariffs is the most beautiful word

The US economy was built on tariffs - not free trade, which worked well up until the 1930's when the infamous Smoot-Hawley Act sharply lifted tariffs exacerbating the Great Depression. To drive global economic recovery post WW2, the US supported a multilateral reduction in tariffs, under a series of trade agreements that were agreed under what became the World Trade Organisation (WTO). China joining the WTO in 2001 was widely considered proof of the benefits of lowering tariffs and globalisation.

A persistent and large US trade deficit has, however, challenged this thinking. The trade imbalance with China is the main concern as not only has the US lost basic manufacturing sectors to China; the Chinese have also achieved a comparative advantage in key strategic industries like renewables and battery technology through retained use of protective tariffs, non-tariff barriers, subsidies and advantageously weakening its currency. Trump also has a grudge with the EU, which is partly attributed to protection afforded German manufacturers from an undervalued euro.

A US President can change tariffs quickly by executive order. Trump has pledged to slap 60% tariffs on Chinese imports and 20% on all other imports when he regains power to improve the US trade balance. But many trade pundits expect Trump to apply tariffs selectively to get the trading terms he wants. Nevertheless, a redrawing of global trade patterns may well result.

Pick your side

The good news is that the UK may be less harshly affected. We are a close ally of the US on security and intelligence matters, which is increasingly important as the world splits between China and the US. Our trade with China is also very limited compared to that with the US which is our third largest market for food and drink exports. It also helps that Trump's mum was a Scot.

While Trump is also likely to use tariffs to drive a hard bargain with the Mexicans to reduce illegal immigration; it is how he deals with the EU that could most affect the UK. As we are no longer part of the EU, it means that we should not be hit with tariffs targeted at German car exports and high value foods like cheese and wine. Scottish whisky exporters will no doubt be hoping that the UK government remains neutral in any US-EU trade spat.

Of course, China and other countries may well retaliate with their own tariffs. The direct impact of Chinese retaliation on the UK should be small given our limited trading relationship. But if Australia and New Zealand, both big meat exporters to China, are "encouraged" to align with the US, more antipodean beef and lamb could be exported to the UK. This could trigger protests from Irish and French farmers, if this displaces UK meat into the EU market.

Brazil could also be forced to join the Chinese trading sphere given its already deep trade links. Indeed, the impact of Trump's trade spat with China in his first four-year term, has resulted in China now importing far more Brazilian than American soya.

Impact of a strong dollar

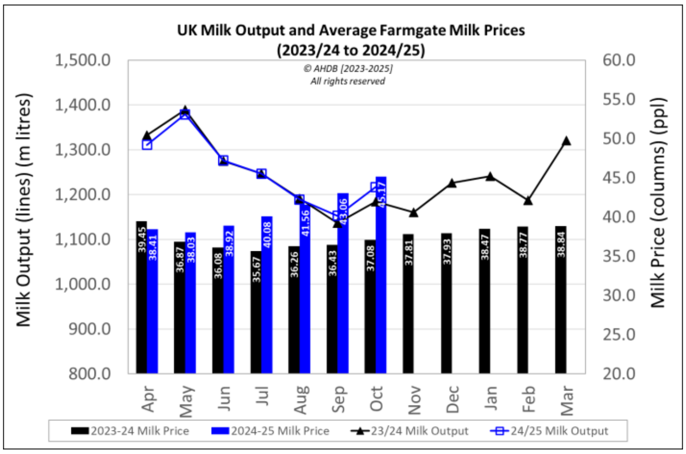
Exchange rates would also be expected to reflect a tariff war and domestic US economic policy possibly stoking inflation. With many global commodities, including inputs like fertiliser, set in US dollars, a strong dollar could create problems.

To end on a hopeful note, Trump's nomination of Scott Bessent for treasury secretary has generally been well received by the (financial) markets. Though a keen supporter of the use of tariffs to rebalance US trade, he is also a strong advocate of prudent fiscal policy. His decision-making will be key.

Kev Bevan 07368 825877

Milk production data

Milk production is full steam ahead, with volumes significantly ahead of this time last year. GB October deliveries were 2.6% more than October last year (1,029 mlitres versus 1,003 mlitres). This increase has been attributed to better grass growth and weather conditions, more autumn block calving herds and a favourable milk price to feed price ratio. For the w/e 16th November, daily deliveries averaged 33.98 mlitres, up 0.5% on the previous week and 4.9% more than the same week last year. The Defra UK milk volume for October was 1,217 mlitres, 64 mlitres more than September and 2.8% up on the October 2023 volume.



Farm-gate prices

The Defra farm-gate milk price for October was 45.17ppl, up 2ppl from the previous month. Despite milk volumes still rising and some negative movement in commodity prices, milk price rises for December are still being seen from some of the main Scottish milk buyers.

Milk Prices for Nov/Dec 2024 Scotland	Standard Ltr ppl	
First Milk[2]	Dec	45.35
Müller - Müller Direct - Scotland [1, 3]	Dec	42.25
Grahams[1]	Nov	40.00
Arla Farmers[2]	Nov	48.54
Lactalis / Fresh Milk Co.[2]	Nov	44.11

1 Liquid standard litre – annual av. milk price based on supplying 1m litres at 4.0% butterfat, 3.3% protein, bactoscan = 30, SCC = 200 unless stated otherwise.

2 Manufacturing standard litre - annual av. milk price based on supplying 1m litres at 4.2% butterfat, 3.4% protein, bactoscan = 30, SCC = 200 unless stated otherwise.

3 Includes 1.00ppl Müller Direct Premium. Haulage deducted depending on band for 2023 vs 2021 litres, ranging from -0.25 to -0.85ppl.

Dairy commodities & market indicators

The wholesale markets for dairy commodities showed little change from October in the average monthly November price, with only butter up 2%, no change to SMP, and cream and mild cheddar down 1% and 3% respectively. Stocks of butter are still tight despite higher milk volumes, but there is still very limited processing of cream into butter due to good export premiums for cream. Butter demand remains strong both for domestic retail and export. Cheese stocks are also tight, with trading activity fairly quiet. Buyers are showing little interest in forward purchases, only buying if required and there is little chance of any discounts from sellers with milk prices still rising. Given the higher butter price in November, AMPE was up 0.73ppl, but with cheddar back on average by £110/t, not surprisingly MCVE fell 1.09ppl from October. The Milk Market Value indicator fell 0.73ppl to 45.64ppl for November, the first negative movement since April.

UK dairy commodity prices (£/tonne)	Nov 2024	Oct 2024	May 2024
Butter	6,630	6,500	5,080
Skim Milk Powder (SMP)	2,100	2,090	2,010
Bulk Cream	3,059	3,096	2,104
Mild Cheddar	4,190	4,300	3,540
UK milk price equivalents (ppl)	**Nov 2024**	**Oct 2024**	**May 2024**
AMPE	46.22	45.49	37.08
MCVE	45.50	46.59	36.40

The two GDT auctions that took place in November resulted in positive movements in price index, up 4.8% and then 1.9% on the 19th of the month, although the cheese mozzarella and cheddar were both down by 6.6% and 3.1% respectively at the latest auction.

New export market for Scottish milk

Fresh, pasteurised Scottish milk could soon be on its way to Morocco. The Scottish Dairy Growth Board has been in discussions with one of Morocco's biggest agricultural and food processing businesses to supply the country with fresh pasteurised milk that will be processed into new premium dairy products and help meet Morocco's growing demand for dairy products, in a country where water scarcity constrains its own milk supply. Trade is expected to start in early 2026, with a target of £150 million worth of fresh pasteurised milk being exported from Scotland annually by 2030.

Further markets are also being explored in other countries, including Tunisia, Egypt, Algeria and the Middle East. In order to fulfil this trade agreement with Morocco, investment will be required in a pasteurisation and milk concentration plant in Scotland so that the milk is more competitively priced for shipping and has a longer shelf life. The milk will be shipped from Grangemouth to Casablanca via Antwerp, an already established shipping route.

Arla farmers to trial Bovaer

Arla has announced a partnership with Morrison' Aldi and Tesco to trial the methane reducing additive Bovaer across 30 of its farmer suppliers. Bovaer has been proven to reduce methane emissions from dairy cattle by around 27%. It is hoped that the results of the trial will encourage more farmers to use the product and thereby helping Arla meets its 30% reduction target of CO_2 emissions by 2030.

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Sector Focus: HerdPlan

Enhancing Livestock Health and Productivity through Dynamic Health Planning

Effective health planning is essential for enhancing animal health, welfare, and productivity. This can be achieved through close collaboration with your farm team, vet and other specialist advisers. The focus should always be on prevention rather than cure, and it should be a continuous process.

Implementing appropriate vaccination plans, husbandry, nutrition management, and robust biosecurity measures can significantly improve animal health and welfare, thereby boosting your business's economic revenue. However, because farm conditions can change rapidly due to staff changes, unexpected weather conditions, or sudden livestock health issues, an annual health planning meeting is insufficient.

Regular discussions—ideally 3-4 times a year—with your farm team and vet are crucial. These meetings ensure everyone stays informed about the latest livestock health and performance data information. During these sessions, you can set specific targets for your flock/herd, such as fertility rates, calf survival from pregnancy diagnosis to weaning, and daily weight gain.

Working proactively with your vet, you can identify potential obstacles to achieving these targets and develop plans to prevent this happening.

Regular monitoring and reviewing of your targets during the year will help you identify new risks and adjust your strategies accordingly.

This continuous and dynamic health planning process, through improved health risk management can increase farm resilience and reduce costs.

Prevention pays

By focusing on prevention, which is cheaper than treating diseases, you can improve productivity as healthy animals grow faster and produce more.

Regular checks can catch issues early, reducing deaths and helping you and your vet make data-driven, informed choices, further cutting unnecessary costs.

However, even though most of the UK farms have a health plan, the health planning process is not necessarily seen as continuous or dynamic.

Health planning It is often viewed as just another requirement to satisfy government or farm assurance schemes and other bodies such as supermarkets. This leads to it being treated as a tick-box exercise rather than a process that can you achieve healthier and more productive livestock.

To address this, SRUC Vet Services have created a free forecasting tool called HerdPlan to help you and, your vets value your breeding herd or flock.

Herd Plan

HerdPlan generates three forecasts:

- a hypothetical optimistic “best case,”
- a hypothetical pessimistic “worst case”,
- and a custom scenario where you can adjust the parameters for your own herd or flock.

The forecasts help you to better understand the business opportunities and risks associated with livestock health.

The tool visually presents the potential financial gain from improved health, the financial risk of poor health outcomes, and the difference between the two.

By using farm-specific performance parameters and real market prices, the tool also facilitates informed decision-making on health interventions and planning activities.

Setting the health wheels in motion

To facilitate dynamic health planning, SRUC Vet Services, supported by the Scottish Government have created HerdPlan as a user-friendly, online auditable tool which helps you work with your vet on interventions, setting targets, managing diseases, biosecurity measures, and policies.

HerdPlan is designed specifically for farmers and vets to make health risk management more efficient, collaborative, and proactive and complies with farm assurance schemes like Red Tractor and QMS.

For more information on HerdPlan, or our free Forecasting tool visit HerdPlan or contact us at herdplan@sruc.ac.uk

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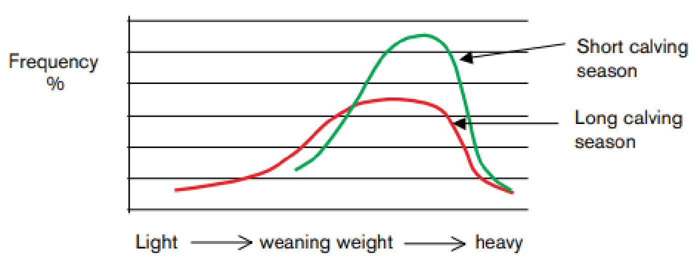
Herd Fertility

Suckler cows are the key input in every suckler cow enterprise so managing and improving the fertility of your suckler herd is one of the keyways to improve cow efficiency and herd profitability. Achieving optimum performance from suckler herds is crucial. The aim for suckler herds is for each cow to rear (at least) one calf each year, with a calving interval as close to 365 days as possible. However, the mean calving interval of the Scottish suckler herd in 2021 was c. 400 days, with only 84% of cows and heifers meeting the 410-day threshold. From 2025, a new calving interval condition of 410 days or less will be applied to the Scottish Suckler Beef Support Scheme (SSBSS).

A further measure of fertility is the number of cows that can get in calf over a short bulling period to achieve a tight calving period. As well as an indicator of herd efficiency and fertility, a shorter calving interval also has a major influence on the herd's carbon footprint. With only a 5-day reduction in calving interval from 400 days to 395 days, greenhouse gas emissions can be reduced by 39.2 kg CO_2e per cow.

Reducing your herd's calving period is beneficial to both cost of production and ease of management. At the same level of calf performance, reducing the calving period from 15 to 12 weeks can increase sale weights by 10kg and sale age by 9 days, assuming the same sale date.

Weight at weaning according to length of calving season



Herds with extended calving periods are more likely to delay weaning for some of the smaller, later born calves, which results in lighter calves at sale or additional days to finish cattle, therefore reducing the herds profitability.

Advantages of a Short Calving Interval

The industry target for suckler herds is 65% of the herd should calve within the first three weeks, with 90% calving in six weeks. A shortened calving interval has several advantages besides the obvious benefit of improved herd efficiency and fertility. Labour requirements can significantly be reduced, with routine tasks such as vaccinating, castration and disbudding, made easier with bigger batches of calves of a similar age and size.

It is easier and more accurate to ration and creep feed youngstock at similar growth stages and allows for improved winter rationing of suckler cows, with cows at similar stages of pregnancy and lactation.

Also, there is less risk of disease spread from older calves to more vulnerable younger calves. A wide range in age of calves is an important factor contributing to calf health problems.

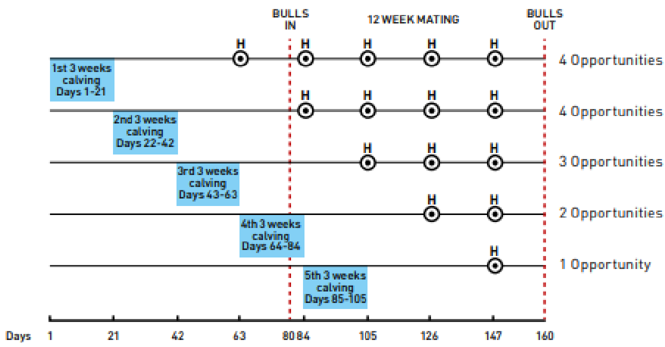
For herds breeding their own replacements, an increased number of earlier born heifer calves, increases the number of heifers which are more likely to be the correct weight at bulling to calve at two years of age.

Understanding the Reproductive Cycle

Although a longer, extended calving period, may lead to more calves being reared, over time this will lead to the retention of less fertile cows and lower conception rates spread over a longer period. Also, some cows may not have calved by the time mating starts.

Cows undergo a period of recovery after calving before coming into season. On average this is approx. 40 days (slightly longer for heifers and considerably longer if there were difficulties at calving). The following graph shows, the number of heats and therefore mating opportunities for cows calving at different times in the calving period (based on a 12-week mating period), assuming cows are the correct body condition score.

Mating opportunities for cows calving at different times of the calving period



(Source – A Guide to Improving Suckler Herd Fertility)

This highlights the advantages of a tight calving period, allowing more time for recovery post calving and increased opportunity for service.

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Carbon & Biodiversity Credits

What is coming down the line for carbon and biodiversity credits for farmers and land managers in Scotland? Recent events and publications continue to build the momentum and infrastructure required to develop a fair and functional marketplace for farmers delivering these public goods.

Scotland level

On 5 November 2024, Scottish Government published their Natural Capital Market Framework, a one-stop-shop for answering the different questions about how a natural capital market is going to function in Scotland. One of the document's three high-level objectives is to '*enable Scotland's farmers, crofters, and land managers to be rewarded for providing nature-based benefits by participating in high-integrity natural capital markets*.' Key actions to support this ambition are:

- Ensuring new rural support works seamlessly with private investment in natural capital
- Exploring ways to cluster small, farm-scale projects together to achieve the necessary scale and share risks and rewards equitably
- An ongoing project to empower crofters to participate in peatland restoration
- Developing standardised contracts, which will be publicly available and include accompanying guidance, to remove this barrier to participation and manage risks for both buyers and sellers of carbon or other units

The Market Framework is based on engagement and these actions are meant to target key barriers experienced by farmers and crofters in accessing carbon and nature markets. While it may not yet be time to dive headlong into these markets, the results of the above actions are meant to be deployed by 2026 and aim to make this a safe and profitable space for farmers to claim rewards for positive environmental stewardship. This is in line with Scottish Government's vision, 'that tenant farmers, smallholders, crofters, new entrants, and land managers have equal access to participate in high-integrity natural capital markets, should they choose to engage.'

UK level

The UK Government is also in support of funnelling as much private investment into regenerating nature as possible and announced the UK Government Principles for Voluntary Carbon and Nature Market Integrity at COP29. These principles are aligned with those already in place in Scotland. Principle 2 is that investors should 'use high integrity credits.' This emphasis on integrity will boost demand for UK nature credits because the credits produced domestically adhere to stringent requirements for measurement, reporting, and verification (MRV) and can be traced back to their source, to make sure that the emissions reduction/removal is permanent.

According to a survey of large UK businesses, nine in ten have purchased carbon credits, spending an average of £2 million per business. Most of the credits these businesses have purchased to date have been from avoided 'cheaper' emissions projects, such as renewables, energy efficiency / fuel switching, and waste management projects. However, many businesses expect to shift their strategy to buy more credits from more expensive carbon removals projects in the future including farmer/crofter accessible projects such as afforestation, biochar, and potentially marine CO_2 removals – expected average investment of £20 million per business.

In addition, the respective governments of the four UK nations are currently deciding whether carbon projects should play a role in the UK Emissions Trading Scheme (UK ETS). While the Woodland Carbon Code and Peatland Code have so far been limited to the voluntary carbon market (where businesses buy credits to meet their own, self-imposed net zero targets), the ETS facilitates trades among businesses with statutory targets set by UK Government. This compliance market achieves some of the highest prices per tonne of carbon in the world and would represent a more consistent base demand for carbon credits from UK farms. Taken together, there should be continued, strong demand for Scotland-grown carbon removals in the coming years.

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KEY ECONOMIC DATA

General Indicators	
Base interest rate	4.75% (5.00% Nov 24)
ECB interest rate	3.25% (3.5% Sept 24)
UK (CPI) inflation rate	2.3% (target 2%)
UK GDP growth rate	0.1% (Q3 2024)
FTSE 100	8,279.23 (28/11/2024)

Price indices for September 2024 - provisional (Defra 2020 = 100)			
Output Prices		Input Prices	
Wheat	114.0	Seeds (all)	107.1
Barley	119.5	Energy	138.4
Oats	116.6	Fertiliser	148.3
Potatoes	196.1	Agro chemicals (all)	111.2
Cattle and Calves	145.4	Feedstuffs	121.6
Pigs	130.7	Machinery R&M	126.8
Sheep and Lambs	134.5]	Building R&M	136.9
Milk	150.6	Veterinary services	117.1

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