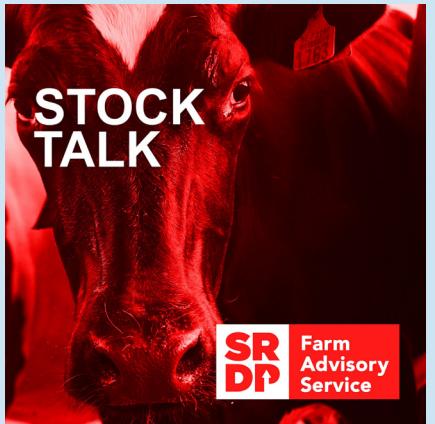


# News from the Farm Advisory Service:



## Financial update



2024 has brought substantial shifts in the UK political and economic landscape. The Labour government Budget represents one of the largest fiscal pivots in decades, with significant tax rises and increased public investment aimed at driving economic growth and public service improvement.

The Autumn Budget echoes a more traditional Labour formula: increasing state investment funded through both higher taxation and borrowing. This has introduced reforms affecting employment costs, capital taxes, and inheritance planning to name a few.

One of the most notable changes is the reform of Agricultural Property Relief (APR) and Business Property Relief (BPR) for Inheritance Tax (IHT). From April 2026, a new cap of £1 million will be applied to the combined value of business and agricultural assets qualifying for full relief. Above this threshold, assets will effectively be charged 20% IHT. While the basic principle of APR and BPR remains, this cap narrows the scope of relief available. With Scottish farming asset portfolios often well above this threshold, businesses should be engaging with professional advisers now to navigate these challenges.

Employment costs are another pressure point. From April 2025, an increase in Employer's National Insurance Contributions and the National Living Wage puts additional upward pressure on wage bills – particularly impacting sectors reliant on seasonal and lower-paid labour such as fruit, veg and poultry.

Capital Gains Tax rates are also on the rise, with standard and higher rates confirmed to increase and Business Asset Disposal Relief rates gradually rising over the coming years.

In Scotland, the devolved budget echoed some of these pressures. While mainstay support such as BPS, Greening, LFASS, and certain agri-environment measures remain broadly the same, there have been no significant boosts. The Scottish Government's approach has been to hold funding steady in cash terms, equating to a real-terms reduction as inflation erodes value.

As a short-term shock, inflation is expected to rise above 2% in 2025, before falling below in 2026/27. Current interest rate forecasts suggest a base rate of 3.5% by 2026.

*Andrew Coalter, SAC Consulting*

This article is part of the January edition of Agribusiness News. To read the full publication, please visit: [www.fas.scot/publication/agribusiness-news-january-2025/](http://www.fas.scot/publication/agribusiness-news-january-2025/)

## Preparing for Sustainable Farming (PSF) Deadline

All claims must be submitted by end of February 2025



## Free Events

At the Farm Advisory Service we run a range of events both online and in-person.

Visit [www.fas.scot/events](http://www.fas.scot/events) to sign up or contact the advice line and we'll help you get booked on.

### Sheep Nutrition Workshop - Keith

Keith, 14th January, 10:00am - 3:00pm

### Crofting Cows - Uist

Benbecula, 16th January, 7:00pm - 8:30pm

### Crofting Cows - Lewis & Harris

Lewis & Harris, 15th January, 1:30pm - 3:30pm

### Crofting Discussion Group - Tiree

Tiree, 20th January, 7:00pm - 9:00pm

### Crofting Sheep - Nutrition and Health Before Lambing

Kyle, 15th January, 6:00pm - 8:00pm

### The Cow of the Future Part 4 - Designing the Future Cow

Online, 21st January, 7:30pm - 8:30pm

National Advice Hub

T: 0300 323 0161

E: [advice@fas.scot](mailto:advice@fas.scot)

W: [www.fas.scot](http://www.fas.scot)

If you need more advice on any topic, the Farm Advisory Service has a range of support and help available:

### Advice line

For free telephone advice on a wide variety of topics including cross compliance, water framework directive requirements, climate change and other technical issues call us on 0300 323 0161 or email [advice@fas.scot](mailto:advice@fas.scot). The advice line operates between 9am and 5pm Monday to Friday.

### Bespoke Advice and Grants

FAS can also help you to increase the profitability and sustainability of your farming business through Scottish Government grants including Integrated Land Management Plans (ILMPs) – worth up to £2,000.

The ILMP will identify opportunities and cost savings for your business, based on an independent and confidential assessment of your business by an experienced farm business adviser of your choosing. As part of your plan you can choose to benefit from up to two further specialist advice plans.

### Online

Our website contains articles, videos and much more at [www.fas.scot](http://www.fas.scot)



## Whole Farm Plan What do I need to do, and by when?

By 15th May 2025:

To claim Basic Payment Scheme support businesses will have to have in place **at least two** out of the five Whole Farm Plan Baselines. The five baselines and their review periods are:

Baseline Plan/Audit	Reviewed
Animal Health and Welfare Plan	Annually
Integrated Pest Management Plan	
Biodiversity Audit	Five yearly
Carbon Audits	
Soil Sampling and Analysis incl. soil carbon (Region 1 land)	

Businesses will need to indicate on their 2025 Single Application Form (SAF) what audits/plans they have and keep a record of any actions under each plan. A biodiversity audit, carbon audit or soil analysis completed any time in the five years prior to May 2025 will be accepted for 2025 support claims.

By 15th May 2028:

- All businesses will need to have a Biodiversity and a Carbon Audit.
- Businesses with Region 1 land that apply artificial fertilisers and/or organic manures to it will need to have a Soil Analysis Plan.
- All cattle, sheep, pig and poultry (350+) keepers will need an Animal Health and Welfare Plan.
- All businesses that apply plant protection products (e.g. pesticides and herbicides) must have an Integrated Pest Management Plan.
- There are also plans to introduce a Nutrient Management Plan which will provide recommendations for crop and grassland.

*Christine Beaton, SAC Consulting*

Scotland's Farm Advisory Service is funded by the Scottish Government. It is delivered by SAC Consulting, part of Scotland's Rural College, and Ricardo Energy and Environment.