FBS
Farm Business Survey

Department for Environment Food & Rural Affairs

FARM BUSINESS SURVEY

INTELLIGENCE REPORT

AUTUMN 2024

Promar International

Executive Summary

This intelligence was collected over a six-month period (March 2024 – October 2024), before the announcement of the Autumn Budget.

Across the country, the wet weather has created difficult conditions for farmers. **Lambing** was more difficult than usual, with hill farmers particularly experiencing higher than normal death rates.

Beef prices remain high with talks of a national cattle shortage still being highlighted in farming press. However, there are concerns about the high cost of inputs for beef farmers. **Dairy farms** across the country continue to be subject to inspections by the Environment Agency, with particular emphasis on slurry and farmyard manure (FYM) storage.

Milk prices are generally recovering and covering costs but are not always high enough to incentivise producers to increase production.

Fat pig prices fell in September to below 210p/kg deadweight on average. This was 15p/kg less than the previous year. The government plan to ban pig imports from some EU countries to prevent the spread of swine flu is welcomed by pig producers.

Poultry farmers experienced poorer egg grading due to muddy conditions. Holders of all flocks including those under 50 birds must register any issues with the computer system crashing have led to delays in completing this. Avian flu has increased insurance costs which continues to cause concern for those with less capital.

Harvest has been challenging across the country this year due to a wet and cooler summer with some farmers leaving combining until late September. Due to the conditions, many farmers experienced lower yields and even crop losses in some instances. Harvesting **root crops** in wet soil has meant that soil may need remedial work such as subsoiling or mole ploughing. There were also reports of maize farmers being unable to harvest their entire crop due to the fields being too muddy. Furthermore, many farmers throughout the country suffered with Ergot this year creating additional strain following particularly wet and mild weather.

Blackgrass has continued to be a perennial problem for **cereal** farmers. **Flea Beetle** has taken a toll on **Oilseed Rape (OSR)** crops, detrimentally affecting the yield. The combination of disease/pest encouraging weather and decreased available pesticides could mean total crop loss for **hop** farmers who have already experienced losses following consumer preference changes and EU favourable market conditions. Torrential rain has disrupted drilling for many farmers across the country, which could cause recently planted crops to fail.

There are early indications of a good **top fruit** harvest**,** despite poor conditions apples have continued to yield well. However, the wet and cool summer has meant poorer harvests for **vineyards**. For **Christmas Tree** farmers, the wet weather has negatively affected and delayed plantings. Furthermore, smaller nurseries are struggling to survive as **labour** continues to be a problem and the constant rising cost of inputs are forcing many farmers to sell up.

Additionally, there continues to be increased interest in **SFI** following the reduction in **BPS** payments, but there is confusion surrounding the number of stewardship scheme options available, the **complexities** in applying and the associated **cost** implications. Concerns have been expressed regarding stress about **financial security** for farmers. Farmers are reporting **low morale** and a feeling that UK agriculture is not a priority for the government.

Livestock; Dairy, Beef and Sheep

Across **all the regions** outdoor **lambing** was reportedly more difficult than usual this year due to the wet weather seen in April and May. **Hill farmers** in the Yorkshire and Lancashire region reported April born lambs were not thriving during June and July with higher than usual rates of death. One farmer in the North found, by blood-testing lambs, that they were short of some trace elements and minerals as a direct consequence of the very wet weather, with grass not able to absorb sufficient minerals at the beginning of the growing season.

Schmallenberg was seen in later **lambing flocks** in the South causing losses and deformities. Lambing percentages were down across the region with outdoor lambers generally suffering the greatest losses. It was reported that fewer lambs on the ground led to higher prices and lessened the impact of the usual late season decline in lamb prices. **Store lambs** destined for the meat market are reportedly achieving good prices with very little change year on year. Store lamb values are driven by prime lamb prices and would suggest optimism within the industry that finishing markets will remain strong as we move into autumn/winter and through into early 2025. **Cull sheep** prices are seemingly remaining strong across all the regions with one farmer in Yorkshire commenting that the cull price would go a good way to buying a replacement ewe.

Wool prices are at highest level in four years, increasing by 20% since start of season in 2024. Despite this many farms say they are still out of pocket post-sale once shearing costs and labour are accounted for.

Blue Tongue Restrictions across the East side of the country have caused widespread disruption to farming businesses. **Store lamb** sales were affected in the Southeast as many would have been sold to the West Country if there had been no movement restrictions. Similarly, restrictions are affecting farmers in the West Midlands with some having to find alternative winter grazing arrangements than their previously agreed Lincolnshire and Nottinghamshire destinations.

The wet weather has resulted in a large worm burden in **sheep** with vets in the East reporting that they have never diagnosed as much Haemonchus as they are at present.

Beef prices remain high with talks of a national cattle shortage still being highlighted in the farming press. Whilst the end price has remained strong, some wishing to buy stores have been finding it hard to justify the investment. High input prices are still a struggle for beef farmers across the country, despite sales prices staying strong. Early August saw straw prices peak at between £90-£100 per tonne due to speculation that crops would be light, this has since come down to £60-£70 per tonne in September/October as many growers made the decision to bale, helping to alleviate shortage concerns. Prices reportedly remain approximately 20% higher than the same time last year. One farmer in Yorkshire who was quoted £120/t for barley straw decided not to restock his yards with fattening cattle as he could not justify the squeeze in margin. **Concentrate feed** suppliers are starting to release winter feed prices, with only modest price increases being reported, which could be welcome news to those buying large quantities of feed grain.

Milk prices are generally recovering and largely covering costs but, in some cases, do not appear high enough to incentivise producers to increase production. Concern has been expressed by some producers that a large processing company is looking to reduce the number of farms, or the price paid for milk, providing uncertainty to farmers on certain contracts.

May saw farmers bringing **Dairy Cows** back inside due to wet weather. One Cheshire farmer reported that yields had slipped to three litres per day as cows were stood in corners of wet fields not grazing. He brought the herd back in and onto winter rations despite financial implications.

Dairy farms are continuing to be inspected by the Environment Agency, with particular emphasis on **slurry** & **FYM** storage, along with silage pit surveys. There is an expectation, from some who have already been subjected to inspections, that **beef** and **sheep** farms will be next in line. As was reported earlier in the year, this is beginning to impact farming practices with some **hill** and **upland** farms reducing, or indeed ceasing suckler cow enterprises as they are unable to meet minimum 4-month storage targets for slurry & FYM.

Bovine TB continues to affect farmers across all regions. The government announced in August that no new badger culls will be granted to the annoyance of some farmers who are affected by the disease and subsequent losses. Many farmers feel that the compensation received is not adequate, particularly when high value pedigree breeding stock are affected. Some farmers expressed their frustrations following a recent documentary aired by the BBC surrounding this subject matter.

Pigs and poultry

Fat pig prices fell in September to below 210p/kg deadweight on average. This was 15p/kg less than the previous year and equated to a loss of £12/pig sold. One Yorkshire producer estimated that the drop in price equated to £5,000/month.

Producers are concerned about the decline in **independent abattoirs**, which help to hold up the price. It is felt that if only large supermarket aligned abattoirs remain, this could lead to a further reduction in the price.

The news that the government had banned **pig imports** from some EU countries to prevent the spread of **swine flu** was welcomed by pig producers.

Frustrations arose with the new requirement for all birdkeepers, including those with flocks less than 50, to officially register their birds by October 1st. Repeated website crashes were reported in the days leading up to the deadline, and because of this, registrations are taking longer because they can only be made via email or paper form.

Avian flu insurance is reported as being expensive and difficult to obtain, this is causing concern for farmers who are unable to afford it. Poorer **egg grading** has been attributed to higher than usual levels of mud from the continual heavy rain. If is felt that inflated wage costs are prohibiting the ability to hire quality labour, there have been no comments pertaining to changing **feed costs**, and **energy prices** are reported to have decreased slightly.

Arable

Countrywide, farmers report harvest has been extremely variable and protracted. Wide-ranging sowing dates due to the autumn weather meant crops ripened over a prolonged period, this combined with catchy weather at harvest impacted the issue.

Some farmers in the Southeast reported lower yields compared to previous years, particularly in late drilled **winter wheat**. On the contrary, some farmers in the Anglia region reported surprisingly good yields of **spring barley**. Conditions at drilling were key with some farmers seeing the seed washed out on lighter land in spring rainstorms hrs after drilling. Farmers felt the wet and cold weather had an adverse effect on the protein content in wheat, meaning more wheat will go for feed as opposed to milling. The wet weather last autumn, winter and spring also reportedly hampered early crop development and led to crop losses in some instances, and farmers were paying increased drying costs due to high moisture content in the crops. **Root crops** also appear lower yielding, due to late planting and lack of sunshine, root crops going into store will also need more drying to stabilise for long term storage and would need further grading to remove excess soil.

Farmers fear that harvesting **root crops** in wet soil could lead to expensive remedial work such as subsoiling and mole ploughing. Some farmers are considering increasing investment in land drainage. **Maize** harvesting has also been difficult this year due to the wet conditions which created fields which were too muddy to harvest. Some farmers in the Midlands reported that they may not even be able to harvest all their maize crop.

Costs of fertilisers have reduced steadily after the exponential rise due to the conflict in Ukraine, however, are not as low as they were before the war. In addition to this, **cereal crop** prices are low, with wheat at approximately £185 per ton and future markets only at £195 per ton. One farmer in the Northwest commented that this was not sufficient to make a living from and that prices needed to be closer to £250 per ton.

In addition to this, many farmers throughout the country suffered with **Ergot** in their crop. One seed cleaning business in the East with optical sorters (used to dress corn and remove ergot) reported they were booked up until January 2025 just for ergot cleaning. Additionally, it has been ideal growing conditions for **Blackgrass** and many farmers missed the window for herbicide control in the autumn. Due to this, farmers have seen a reduction in yield and have incurred added costs for ‘cleaning’ the contaminated crop. Furthermore, **Flea Beetle** has also taken a toll on **Oilseed Rape (OSR)** crops, detrimentally affecting the yield. Many farmers have drastically reduced their area of OSR due to failed crops in previous years and are having to consider other crops for their rotations as they see planting OSR as a risk not worth taking. This means that there will be a significantly reduced output for OSR, and we will be more reliant on imports. Restrictions on neuro-active insecticides has meant there are limited options available to farmers wanting to prevent Flea Beetle from decimating their crops. The wet conditions have also increased the fungus burden in cereal crops and impeded some fungicide treatments.

Farmers have raised concerns regarding Virus Yellows disease and its effect on the sugar content and yields of **sugar beet**. There are fears that the infection rate could be very high (as much as 83%) as emergency authorisation for **neonicotinoid** use on sugar beet seed in March 2024 would suggest. The lower contract prices going forward and the uncertainty over neonics has led growers to question the amount of sugar beet they plan to grow in 2025, but again, options for a non-cereal crop remain limited. Several growers have had an excellent year with **borage** as an alternative break crop but going forward contracts for this are limited and specialist harvesting is required. **Linseed** had a slight resurgence and a few other novel crops such as specialist beans and **soya** has been grown.

Torrential rain has disrupted **drilling** for many farmers across the country, which could cause recently planted crops to fail. In the Southeast and the North, drilling started off well due to better weather post-harvest, however, has slowed down due to rain. There have also been some reports of early frosts in the Southeast**.** Wet weather across the Southwest has led to poor crop establishment and an increase in pest and weed growth – especially affecting organic crops, leading to crop failure in some cases.

Numerous farmers in the Southwest have decided to replace their arable crops with **SFI** funded forage crops such as fallow, whole crop cereals and maize. Although these crops positively impact the environment, this change has negatively impacted the supply of **straw** and may increase straw costs for livestock farmers. The impacts can be felt of farmers putting land into SFI and large areas of productive land no longer being cultivated. One contractor in the Northwest saying he has lost numerous combining jobs due to areas being put to SFI, this has a drastic impact on his income as areas in SFI also require little cultivation work.

Horticulture

Farmers are giving early indications of a good **top fruit** harvest due to large fruit and decent harvesting weather in the Southeast. A reduction in **apples** being imported from Europe due to short supply, has caused the prices for UK growers to slowly rise. Contraction of the **cider** market has reportedly led to increased grubbing of apple trees, the harvest of cider apples has been difficult due to the wet weather, however crops are above average.

The wet and cool summer has meant poorer harvests in terms of yield and quality for **vineyards** due to grapes having a lower sugar content. This weather has also made the prime climate for fungal diseases and mildew in vineyards. Some vineyard owners have also expressed frustration over the great cost involved with purchasing winemaking equipment and machinery, expressing they were charged £32,000 for tanks delivered from Italy while a British Supplier had quoted £54,000 for the same tanks from the same company; there is a call for more British winemaking machinery suppliers. Due to changes in weather, particularly the warmer southeast region, it is expected that there will be an increase in vineyards.

For **Christmas Tree** farmers, the wet weather has once again negatively affected and delayed plantings. The restrictions in pesticides available to use on Christmas trees are causing great concerns and there are calls for a post Brexit review of legislation. It is felt that the decision to include Christmas trees in felling licence regulations was undertaken without understanding how that might affect the industry. Additionally, some farmers have expressed that their nurseries are struggling to survive as **labour** continues to be a problem and constant rising cost of inputs are forcing many farmers to sell up.

Hops have seen a below average crop, this can be attributed to a difficult growing year largely due to excess wet, the quality remains good. The loss of metaldehyde is creating difficulties in managing slug numbers among all farmers. Aphid control is also causing concerns to all growers with the loss of other pesticides, there are fears of total crop loss should a loss of control happen. As a minor crop it is cost prohibitive to register a new pesticide and it is felt that investments to the breeding programme need to be made, a southeast grower reported overnight beer consumption changes during Covid which led to sudden and lasting changes in hop requirements. It is felt that post **Brexit** paperwork has meant that exports into the EU are difficult, imports in (into the UK) are much easier and that this is putting strain on UK production. Growers are asking for the EU advantage to be addressed in favour of a 'level playing field.'

Basic Payment Scheme (BPS), Sustainable Farming Incentive (SFI) and Environmental Schemes

There continues to be increased interest in **SFI** following the reduction in **BPS** payments, there is confusion surrounding the number of stewardship scheme options available, the complexities in applying and the associated cost implications. Some farmers do not have the required cashflow at the outset to commit to schemes or items funded by grants and others struggle to complete the applications for grants and schemes. This is made more difficult as options and payment rates seem to change often.

Agents are overwhelmed and some farmers comment that they cannot afford to employ an agent. One farmer in the East Anglia region is heavily lobbying with their MP to ask for more funding options, without the same level of costs involved.

SFI does not encompass horticulture and permanent crops; and predominantly focusses on arable and temporary grassland. The reduction in BPS is being felt by **hill farmers,** raw input **lowland farms** and small farms with existing environmental features such as hedgerows and high value wildlife areas such as mature woodlands, because of limited options in the SFI. The uptake of **SFI** on **dairy** farms has been slow with some finding the options do not suit their farming systems. However, **arable** farms on poor land have welcomed the increase in rates. The wider range of options is encouraging, with some using it to take out of production poor areas and field corners, rather than whole fields. Many farmers are applying to convert grass and arable land into **herbal leys** as it is considered financially viable. Fertility building options such as **legume fallow** are seen as a potential break crop replacement for OSR growers.

There is interest from farmers across the country in accessing other **grants** however there are frustrations with interdepartmental communication creating delays in applications and other unintended consequences. Examples include securing a **Catchment Sensitive Farming** Officer visit to approve grant applications which have been carried out by the Environment Agency**,** resulting in bottlenecks for those who cannot submit grant applications (roofing over yards, slurry stores, silage pits and concreting etc).

Farmers are reporting an inability to access the **Slurry Infrastructure Grant** due to delays in planning permissions and trade-offs necessary to address concerns, such as **ammonia emissions**, from Natural England. Farmers are left with no choice but to spread slurry in inadequate conditions due to the lack of storage space. Dairy farmers fear they are being pushed out of the industry with prohibitive costs to become compliant with increasing regulations.

A Southeast farmer experienced difficulties surrounding the change of **land use** when applying for entry to the forestry commission new **tree planting** scheme where there may be the potential for archaeological use, leading them to question which land usage was more important?

Topical Issues

Farmers around the country are reporting **stress** surrounding **financial insecurity**. Government talks around tax being a major cause for concern including the removal of agricultural property relief, and capital gains and inheritance tax changes. Farmers who introduced holiday lets as **diversification** enterprises are especially frustrated.

Additionally, farmers who receive tax credits are being transitioned to universal credit and some have reported to have had their benefit income massively reduced and, in some cases, removed entirely, this is especially true from those who remain on low incomes but retain assets.

High interest rates, particularly for those on variable rate lending, are having a significant impact and restricting **investments**. Farmers who borrow heavily are feeling particularly penalised and some are finding this unmanageable. Reports of overdraft extensions taking months to be agreed are perceived as being exacerbated by the lack of local bank teams. Significant differences are reported in fertiliser costs with a feeling that terms are biased dependant on when contracts were secured.

Many farms **fiscal year ends** are now being amended to the 31st of March to tie in with the new tax basis periods, but concerns are felt around how the new tax changes will be applied, and what affect the delays in receiving accounts and tax liabilities will have.

Concerns are raised over **food security** due to increased land entering environmental schemes. This pressure has also been perceived as being caused by continuing issues since Brexit, the Ukraine War, and the national cost of living crisis**. Labour** availability is a challenge shared by most farmers, the lack of reliable and skilled labour combined with increased minimum wages are ensuring that quality labour comes at an increased cost. Farmers are reporting **low morale** with a general feeling that the UK agricultural sector is not a priority for the government.

FBS
Farm Business Survey

Department for Environment Food & Rural Affairs

info@farmbusinesssurvey.co.uk

www.farmbusinesssurvey.co.uk

01270 616800

Promar International