FBS
Farm Business Survey

Department for Environment Food & Rural Affairs

FARM BUSINESS SURVEY

INTELLIGENCE REPORT SPRING 2025

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Executive Summary

This intelligence was collected over a six-month period (October 2024-March 2025).

The **blue tongue** variant in the EU is causing high mortality which is a concern to some livestock farmers. **Scanning** reports are disappointing with more incidences of culls and singles attributed to poor grazing from wet weather last year. **Lamb** prices are strong with predicted higher returns compared to the previous year.

Beef prices remain high and increasing, with talks of a national **cattle shortage** still being highlighted in farming press. This may pose an issue with farms buying store cattle for fattening.

Bovine Tuberculosis (TB) remains a concern especially in the **Southwest** despite security measures.

Milk prices continue to increase. The anticipated reduction in milk sales due to concerns over **Bovaer** appear to have been unwarranted, milk sales remain strong.

Fat **pig prices** have remained stable; however, a lack of labour has meant that some farms are reducing their number of pigs or shutting down operations entirely.

Poultry farmers were forced to house flocks because of **avian influenza**, this has increased occurrences of smothering in some farms. **Egg** yield and prices remain stable.

Growing conditions for spring crops in the **Midlands** and **North** were improved and cultivations were able to go ahead without issue.

Cultivations in the **South** have started poorly following an especially wet autumn and winter, this has resulted in poor root development and concerns that crops will not be resilient if the weather remains dry.

In the **East**, crops in general have overwintered quite well and the weather has been good for spring plantings, if becoming a little dry now, post drilling.

The recent decision not to authorise the use of **neonicotinoids** to mitigate Virus Yellow Disease in **Sugar Beet**, combined with lower priced **British Sugar** contracts going forward has increased risk. It is also evident that the chemical ban is a big factor of poor **Oilseed Rape (OSR)** establishment, autumn 2024 and predicted yields for 2025.

The **horticultural sector** continues to face challenges sourcing **labour** post **Brexit**, the rise in minimum wage and national insurance has further impacted overall labour cost.

Farmers are feeling anger, surprise and confusion following the **October budget** and then, closure of the **Sustainable Farming Incentive (SFI)** scheme. These pressures have been eased slightly by the weather. Morale is very low; many are struggling to identify what **diversification** methods could be successful with increasing financial constraints due to the removal of SFI funding.

<u>Livestock; Dairy, Beef and Sheep</u>

Beef prices are continuing to increase across the country by as much as 15% in some regions. There is speculation in Cumbria that the prices may not continue to increase much more as the end price for the consumer would be too high, an auctioneer in Yorkshire disagrees, expecting prices to remain strong into the spring. One farmer is concerned that a new rate of **VAT** may be imposed on **meat** and **dairy** in efforts to combat health and climate worries. There is frustration around the beef and dairy industry being used as a 'scapegoat' for climate change. Across the country increased cattle shortages are expected, the **Southeast** reports that store cattle to fatten are expensive as 'even cull cows are making very good prices.'

Milk prices remain strong however, the rapid increase in prices at the start of the year highlighted vast differences in the dairy market with some contracts earning 15 pence per litre more than others. The **Bovaer** issue was a concern, this now seems unwarranted as milk prices remain unaffected. Farmers in the **Southwest** were shocked and concerned when Saputo announced the termination of contracts with 13 of its dairy producers, including smaller herds who fear there is now no market for their produce. In Cumbria the belief is that the combined high prices for milk and cattle will allow dairy farmers to invest in buildings and machinery. In Yorkshire some spring calving dairy herds were turned out in early March (3 weeks earlier than the previous year) due to good grass growth. The drier weather at the beginning of the year has allowed farmers to carry out fieldwork, with one farmer in Lancashire commenting that conditions were almost ideal.

Vets are reporting higher requests for pre-movement tests from farmers looking to capitalise on rising beef prices. **TB** remains a concern despite diligent biosecurity and private testing measures. In the **Southwest,** farmers are sceptical that badger testing will deliver any benefit, anecdotally there is talk of wild deer spreading the disease which has previously been overlooked.

Blue tongue remains concerning, especially the current strain which is causing significant mortality in the EU. Blue tongue zones felt risky for some farmers sending sheep away for wintering with no guarantee they would be returned after Christmas. The reverse of this was dairy farms who normally let out winter sheep keep were unable to do so if they were in differing zones to their grazier and so lost income. Some Eastern farmers were restricted in the markets they could sell at due to the blue tongue zones.

Lamb prices and demand remain strong with a limited supply. Initial sales in March showed a good return compared to the previous year in some regions. Early season price rises haven't been quite as high as first predicted possibly due to Easter falling later in the year. February scanning reports yield disappointing results across the country with all farmers reporting up to a 25% decrease in scanning percentages with more singles and barren ewes to be sold as culls. This has been attributed to a particularly wet previous year and lack of quality grazing. In the **Southeast** younger farmers entering the industry are struggling to increase their flock sizes due to the high price of breeding their own replacements or buying in quality stock combined with land/ rent pressures.

The previous wet spring led to some farmers entering the winter season with reduced **forage** stocks. This wet weather also delayed silage making, with the knock-on effect of pushing back reseeding and fertiliser applications for following crops. In the **West Midlands**, forage sales were higher than usual, with numerous markets holding forage auctions in January and February of 2025

Pigs and poultry

In February, certain regions of the country were placed under restrictions due to an outbreak of **avian influenza**. As a result, free-range poultry in **North** and **Midlands** regions had to be compulsory housed. The **Southeast** remained largely unaffected by the outbreak, with restrictions limited to strict biosecurity measures rather than mandatory housing of birds. Whilst there were few reports of significant impact on egg yield, bird health was reportedly affected, with one farmer noting an increase in cases of smothering due to prolonged housing. Nevertheless, **egg prices** remained strong, with free range eggs trading at over £1.50 per dozen in February.

Pig prices have remained stable and overall demand remains strong. However, investment in the sector remains limited, the availability of **skilled labour** continues to pose a challenge to the industry: as a result, some farmers have been compelled to reduce their pig numbers. One smaller scale pig producer in the **Southeast** has made the decision to cease operations due to consecutive years of financial difficulty and mounting debt. Whilst prices remained stable, profit margins reduced, alongside the volatility of his market, the decision was made that continuing to farm posed a level of risk not worth taking.

Arable

Autumn presented variable weather across the country. Early autumn was characterised by moderate rainfall and mild temperatures which aided early **cultivations**. However, wet weather in late autumn led to waterlogged fields and thus thwarted crop establishment in some regions, particularly the **Southwest** and some parts of the **Southeast**.

The **Southwest** experienced exceptionally wet conditions during their **maize harvest**, leading to significant challenges in establishing cover crops thereafter, with many crops failing to establish. Similarly, in the **Southeast**, the wet autumn impeded good root establishment and raised concerns about future crop resilience if the spring and summer seasons are dry. Additionally, some farms in the **Southeast** reported larger quantities of **straw** to incorporate in Autumn seed beds thus, a heavier tillage was preferred, resulting in increased tillage costs due to the greater amount of fuel and time needed, plus machinery wear and tear.

Autumn in the **North** saw a small improvement in the weather, enabling **cultivations** to proceed. These favourable conditions extended into March which facilitated both drilling and fertiliser applications.

Although Sugar beet yields have varied for the 2024 harvest, some farmers in Lincolnshire have reported production upwards of 100 tons per hectare. There is frustration surrounding the price of **Sugar beet** offered by British Sugar for harvest 2025 causing many growers to reevaluate Sugar beet in their crop rotation. The **National Farmers Union (NFU)** applied to the government for the emergency authorisation of **neonicotinoids** to mitigate **Virus Yellow Disease** in the 2025 **Sugar beet** crop, however, this application was refused. British Sugar has reassured growers that Virus Yellows control is high on their agenda and that they will continue to fund research into gene editing, sustainable spray programmes and various other integrated pest management methods.

Cereal prices have yet to show improvement and remain comparable to those of last year. As a result, many farmers who have retained grain in anticipation of a price increase have been disappointed. Additionally, in January 2025, the difference in price between milling and feed **wheat** narrowed to £23 per ton, a slight decrease from £24 per ton in December 2024 and a significant decline from the £66 per ton difference recorded for the same period the previous year. As a result, some farmers have opted to produce feed wheat rather than milling wheat, given the higher costs associated with milling wheat production and the narrow difference in price per ton between feed and milling wheat.

Oilseed Rape (OSR) production continued to pose significant challenges as numerous farmers struggle to achieve good establishment and potential yields due to the ban on **neonicotinoids**, allowing **Cabbage Stem Flea Beetle** to destroy much of the crop. The national area of OSR continues to drastically reduce for harvest 2025 and farmers are having to consider what other crops to use as a break crop, with no clear alternative currently.

There has also been a report of **Glyphosate** resistance in **Ryegrass** on a farm in the **Southeast** that relies on regenerative farming practices. This development is particularly concerning as farms utilising regenerative practices often rely on Glyphosate to clear the ground prior to replanting in their arable rotation.

Horticulture

Staffing remains a challenge for some horticultural farms. The workforce in this sector is predominantly comprised of migrant workers, with quality and quantity of the labour force both becoming big issues. Moreover, the new **national minimum wage** has led to an increase in labour costs, thus compelling some farmers to reduce their workforce. Labour costs, coupled with increasing input costs such as **compost** and **chemicals** mean that many horticultural farms are unable to invest in their businesses and are struggling to find the additional cost savings needed to remain profitable.

There is growing concern regarding the effects of **climate change** on the length of growing seasons and the subsequent impact on crop sales.

Inheritance Tax (IHT), Sustainable Farming Incentive (SFI) and Farming and Technology Fund (FETF)

Following the **October 2024 budget**, **inheritance tax** and **succession** planning has been the source of stress and anxiety in the industry, with farmers across the country enlisting the advice of consultancy services. This has impacted farmers **mental health**, especially older farmers. One farmer in the **Southeast** feels that they weren't properly consulted by the government on this matter and that the changes did not give them time to implement mitigative measures. Another farmer reported that they 'hoped to die before April 2026', and despite being extreme this type of reaction has been common. Agents across the country are overwhelmed with professional work assessing farm estates and reviewing succession plans to understand the impact of the new legislation adding immediate costs for the industry.

Some smaller family farms feel unfairly affected by IHT legislation, coupled with the delays in **capital grant** payments, the phasing out of the **Basic Payment Scheme (BPS)**, and the sudden closure of **Sustainable Farming Incentive (SFI)** applications. A lack of communication has left farmers across the country dismayed, especially those who had held off from applying for SFI until their **Countryside Stewardship (CSS)** mid-tier ceased. Several farmers feel caught up in a back log of overwhelmed consultants post the end of the **Future Farming Resilience Fund (FFRF)**, and farmers themselves are busy lambing, calving or establishing spring crops. Several people had received the advice under FFRF but now can't action the advice given due to scheme closures.

Farmers in the **Southwest** have reported problems with receiving **CSS** payments and delays in receiving **Farming Equipment and Technology Fund (FETF)** payments, this has been echoed across the country and led to general decreased equipment and machinery sales. A medium sized machinery dealership in the **North** has closed stating that the day after the budget 'it was like someone had cut the phone lines.' A **Lancashire** hedge layer has similar concerns saying '90% of hedge laying work is paid by grants, it would be difficult for farmers to justify the expense outside of a scheme'.

The **Farming Recovery Fund (FRF)** has had mixed views, with some farms viewing it as a welcomed benefit following the poor weather, and other farms feeling that the £2,895 standard figure didn't come close to recouping the inputs on failed crops, lost harvest income and structural damages incurred.

The Future Farming Resilience Fund (FFRF) Feedback from farmers seems very mixed with some suppliers of advice using it in a very tailored and applied way for each business and others having more of a tick list or script to follow. Some farmers were very happy with the advice received and others feeling it was rather general and not specific to their business. Some grants were missed due to late FFRF visits not allowing time to get an application in before SFI closure. This led to farmers feeling the advice given FFRF visit was wasted as they couldn't implement it.

Topical Issues

The push to change **financial year ends** has been causing additional workload for farmers and accountants. With valuations and accounting systems moved to a 31st March/5th April year end, creating a bottleneck for accounting professionals. Farmers that have their valuation done by a third party are now concerned that as their work is now all consolidated to one specific period, these services will be either overwhelmed, unavailable or more costly.

Diversification is viewed as an essential part of farm business survival. Some are finding the implementation of this challenging. Some challenges include planning restrictions, additional taxes (e.g. holiday lets), high upfront costs (e.g. installing renewables) and limited opportunities due to tenure and location. There are some farms however who have had some success by being creative, a farm in the **Southeast** is using land for dog walking.

The positive government stance on **photovoltaics** is leading to a growing market using field scale sites. There have been reports of landowners receiving over £3,000/ha when they provide their land to third parties on a lease basis. Although this income would be subject to business rates.

Export costs have also increased for **wine producers** with one farmer reporting that the only way to make a profit would be to sell bottles at £22 due to duty and taxes.

Availability and cost of **labour** remains an issue throughout all sectors, especially with the increase in **National Insurance Contributions**. **Mental health** challenges faced by those already in the industry brought on by long working hours, isolation and the constant stress and worry of running a modern farm business have only increased. Farmers, through necessity are becoming more open to the conversation around mental health and sign posting to charities such as the Farm Crisis Network.

In general farmers are reporting **low morale** with overwhelming feelings that the UK agricultural sector is currently not a priority or highly valued.

On farm, the good Spring weather has led to a surge of fieldwork leaving farmers feeling hopeful about harvest 2025.

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