Farm Business Survey
Department for Environment Food & Rural Affairs

FARM BUSINESS SURVEY

Intelligence Report Autumn 2025

Promar™

Executive Summary

This Intelligence Report was collected over a six-month period (April 2025 – October 2025).

Beef prices remain high, however, there is concern in the sector as to whether the prices will be sustained. The lack of **forage** will prove to be expensive in the coming months as the dry weather has meant a reduced forage output for many farmers.

The **milk** price remains stable but has slightly declined compared to previous years. There have however, been significant price cuts by some milk companies in the **North** which will significantly affect dairy farmers involved.

Despite the removal of the import tariff on **lamb** to the UK, the price remains strong for prime and store lambs.

Bovine Tuberculosis appears to be on the rise in different parts of the country despite already strict biosecurity measures. The **Bluetongue** restriction zone now covers the whole of England and poses challenges to farmers wanting to sell and move livestock.

Pig prices remain buoyant although a small decline is being observed. Lower feed prices due to low grain prices suggest healthier gross margins for pig producers.

Egg prices among broiler and free-range poultry producers remain high. However, **Avian Influenza** still poses a significant threat to farms.

The dry and warm conditions have meant that many farmers started and finished **harvest** earlier than usual. **Yields** were variable with crops in more resilient, heavier soils faring better than those in light soils.

The weak **cereal prices** mean that many farmers expect to incur financial losses due to the high cost of inputs eroding their margins.

Disappointing **hay** and **straw** yields were observed due to the dry conditions; however, high straw prices offer some respite.

Rainfall in September across the country has been welcomed after the dry period. This has allowed for a good seedbed to be established and optimised conditions for **drilling** – thus showing signs of a promising 2026 harvest.

Top fruit, soft fruit and **vineyards** have mostly enjoyed increased yields and crop output due to the warm conditions. The conditions have elevated fruit sugar levels and accelerated vine maturity and fruit development, although there has been increased pressure to irrigate during the summer.

Low morale has been felt countrywide among the farming community. Farmers are still suffering due to the ramifications of the unexpected closure of **Sustainable Farm Incentive (SFI)** and **Inheritance Tax (IHT)** reform. Frustration has also been expressed with the roll out of **Capital Grants** and the small window allowed for applications.

Livestock; Dairy, Beef and Sheep

Beef finished cattle prices have declined from their peak levels observed in the spring, however, remain comparatively strong with some finished cattle achieving prices exceeding £3000 per head. Reports from a farmer in the **North** indicate that prime bulls sold for around £3118 in early June, rising to about £3815 by the end of the month, before a subsequent decline in September. **Store cattle** have also maintained robust prices throughout summer. Nevertheless, limited forage availability has compelled some farmers to sell a greater number of store cattle rather than finishing them over winter. Whilst these elevated prices have benefitted sellers, they have simultaneously increased financial burden for farmers purchasing store cattle; there is growing concern as to whether the market will sustain these price levels once the cattle have reached finishing weight. Similarly, **dairy bred calf** prices have remained firm with strong **continental bull calves** selling for over £700 per head and exceptional calves exceeding £900 per head at just six weeks of age. Despite these favourable market conditions, producers remain cautious due to the growing cost of inputs and uncertainty surrounding the long-term stability of beef prices. The dry and hot summer has intensified these challenges. This in turn has led to some farmers considering reducing their herd sizes and **culling** older breeding stock as a means of lowering feed expenses. From a national perspective, such herd reductions could have a significant implication for future production, potentially leading to a reduction in calf numbers and consequently a diminished supply of finished cattle available.

The **milk** price has experienced a slight decline but is still satisfactory compared to previous years. However, in October several milk companies in the **North** of the country announced notable price reductions with some cutting prices by as much as 6 pence per litre. One Northern farmer reported that for his 300-cow herd, this price adjustment would result in an estimated reduction in milk income of approximately £13500 compared to October – an unsustainable loss for his business. Compounding these financial pressures, the summer **drought** forced many farmers to place their cows on full winter rations earlier than usual, significantly depleting forage reserves intended for the forthcoming winter. As a result, numerous farmers will be required to purchase additional fodder or feed additional straights which is expected to adversely affect gross margins and overall profitability. Despite these challenges, **breeding dairy cattle** prices have remained robust across the North of England throughout the summer. This resilience is largely attributed to the continued demand for quality breeding stock and the strength of cull cow prices which have provided some offsetting stability within the dairy sector and otherwise tightening financial conditions.

Prime lamb prices have remained strong throughout the summer months although a slight decline was observed going into Autumn. However, this seasonal reduction is to be expected as it reflects an increased number of lambs going to market at this time of year. The reported removal of a 12 percent **import tariff** on lamb led to an influx of lamb entering the country. Despite this, the domestic lamb sector remains optimistic. **Store lamb** prices have continued to perform well with many continental store lambs regularly achieving average prices of £120 to £130 per head at about 30 kilograms and lighter hill bred lambs regularly achieving £70 per head. Early autumn **breeding sheep** prices have been similarly buoyant with prices showing a year on year upward trend. Recent rainfall in the **South** of the country triggered renewed grass growth, thus encouraged buyers to purchase more breeding sheep, which led to an increase in mule **ewe lamb** sales.

Bovine Tuberculosis (TB) continues to present significant challenges for cattle farmers across the country. A farmer in the **Southeast** reported a high proportion of positive test results within their herd. Similarly, there appears to be a substantial increase in TB in Staffordshire and Cheshire with many farmers reporting being shut down with the disease. As of July 2025, a **Bluetongue restriction zone** now covers the whole of England. These restrictions continue to impose financial and operational strain on affected farms, limiting their ability to sell and move livestock freely. In September the restrictions prohibited the movement of livestock from England to **Wales** which has in turn negatively impacted cattle prices in the **West Midlands** due to reduced buyer attendance at markets. The impact of Bluetongue has been compounded by the high cost of **vaccinations** which has discouraged widespread uptake among farmers. One sheep farmer in the **North** reported that it costs approximately £8 per sheep – thus becoming a significant cost, particularly for larger flocks. These issues highlight the ongoing biosecurity challenges faced by livestock farmers. Disease management and market disruption pose a continued risk to herd profitability and sustainability.

Pigs and Poultry

Finished pig prices remain relatively strong at about 204 pence per kilogram in August although a gradual week on week decline has been observed. Despite this, pig producer gross margins have remained satisfactory, supported by reduced feed costs from lower grain prices.

In the **poultry** sector, concern surrounding **Avian Influenza** remains. **Insurance** premiums aimed at protecting against disease related losses have risen sharply, thus prompting many farmers to reconsider the viability of maintaining such premiums. A recent outbreak in Cumbria led to the culling of a commercial flock exceeding 43000 layers, with further confirmed cases in Durham.

Nevertheless, free range **egg prices** remain high compared to previous years. This combined with cheaper feed costs has resulted in a more profitable enterprise, with similar results being reported for broiler farms.

Arable

The prolonged period of dry and warm conditions country wide allowed for **harvest** to start earlier than usual. However, this also contributed to substantial regional variation in yields and overall crop output. Crops on lighter soils experienced significant water and heat stress. In the **Southwest**, results were mixed – areas severely affected by drought reported poor yields, whilst other parts of Cornwall and North Devon achieved relatively strong harvests with good grain and straw output. Conversely, limited rainfall in certain regions led to poor germination and severely impacted the crop; this prompted some farmers to abandon combining altogether due to the costs incurred. This was particularly evident in spring cropping.

Similarly, the **Southeast** experienced a rapid and early harvest due to prolonged dry weather. While **cereals** yields were variable, overall crop quality is encouraging. One farmer reported that their **wheat** achieved milling grade for the first time in several years. **Barley** performance seemed to be less consistent with quality and quantity outcomes with these factors being largely dependent on soil type, regional conditions and time of drilling.

Some farmers in the **North** were somewhat pleasantly surprised at their yields. One Yorkshire farmer reported unexpected high **winter barley** yields – 7.5 tons per hectare compared to an anticipated 5 tons per hectare on heavier soils. In contrast, crops on lighter land fared poorly under the dryer conditions and farmers reported diminished yields and crop quality. **Vining pea** farmers in the **North** reported particularly severe losses of about 50 percent in their crop yields, some having to bypass the land as the crop had matured too quickly and could not be harvested in time.

The **hay** harvest proved to be disappointing for many farmers nationwide, with some cuts completely non-existent. The dry, hot weather meant that farmers saw drastically reduced yields. **Straw** yields were similarly inconsistent being largely affected by regional rainfall. In the **Southeast**, some agronomists advised farmers to apply growth regulators to prioritise grain development, though this resulted in negligible straw yields. A North Yorkshire straw merchant noted that most arable farms in the area have chosen to bale their straw rather than incorporate it into cultivations, given the dry conditions. Early season straw prices are high at around £85 per ton for barley straw and £74 per ton for wheat straw with further price increases expected as supply tightens over the winter. **Hay** and **fodder** prices are also increasing month by month with an increase of about 46 percent from field prices seen in June. Farmers and merchants are expecting the price to increase further as we head into winter reflecting limited availability and strong seasonal demand.

Potato harvest in the **Southwest** of the country reported an average season, with some wet weather in September in the **West**, harvest has been challenging. Irrigated crops returned excellent yields, but due to the disappointing price, some ware crops were having to be sold as stock feed due to oversupply, a knock-on effect of the high yields. The **Sugar Beet** season has been similarly mixed with both promising and challenging elements. Growers are reporting low yields from crops severely impacted by drought. The impact of the dry, bright summer has however, led to higher sugar levels meaning the adjusted yields will increase returns. Dry spells in the **Southeast** hindered early growth and forced farmers to rely more heavily on irrigation to protect yield. Growers are seriously considering if Sugar Beet has a place in the rotation given the contract prices that are currently being offered.

Cereal markets remain under significant pressure with prices looking distinctly low. Some farmers are opting to store grain in anticipation of future price increases; however, this is not viable for everyone due to cash flow constraints. Futures markets indicate no prospect of improvement in the short term either. Consequently, many cereal farmers are expecting to incur losses this season as high input costs and low sale prices continue to erode their gross margins. Despite these challenges, **Oilseed Rape (OSR)** has emerged as a comparatively profitable crop for some producers in the **Southeast** with some prices reaching as high as £700 per ton on certain contracts with high bonuses. This has offset the high input costs typically associated with OSR production providing some optimism in the difficult arable market conditions.

September bought some much needed rainfall across the country, offering welcome relief from the prolonged dry conditions. This rainfall softened the ground and created favourable conditions for **drilling** new crops. As a result, many farmers reported strong seedbed quality which facilitated timely and effective crop establishment. This has provided a sense of optimism for the growing season and indicates potential for a promising 2026 harvest.

Horticulture

Harvest for **top fruit** commenced earlier than usual driven by the dry and warm summer. These favourable conditions contributed to fruit sugar content, with some **apples** averaging 12 percent but some testing as high as 19 percent. A **vineyard** in the **Southeast** reported they were able to take their first harvest despite their vineyard only being established 2 years prior – this is exceptionally early, however, the warm, dry summer accelerated fruit development and vine maturation thus enabling an unusually early first harvest.

Soft fruit growers also reported good harvests with fruits such as **strawberries** showing elevated sugar levels and increased yields throughout the country. However, the heat and dryness also heightened production challenges. The conditions meant an increase in water and heat stress in the fruit and thus forced many growers to rely heavily on **irrigation** to maintain fruit quality and yield consistency. One grower in the **Southeast** reported substantial losses to his **vegetable** crops due to irrigation bans. This meant a high margin crop became a loss-making crop. This increase in water dependency has in turn added to production costs for horticultural farmers.

Labour availability and cost continue to pose a challenge to the horticultural sector. Rising minimum wage rates combined with the ever-increasing cost of inputs are placing financial strain on many horticultural farms, particularly smaller businesses. These pressures have constrained investment into new technological improvements and machinery thus limiting the sector’s ability to enhance efficiency.

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

Across the country a noticeable decline in **morale** among farming communities can be felt. The unexpected closure of **SFI** applications earlier in the year impeded on many farmers’ financial planning and continues to have ramifications. The uncertainty in policy has created further risk for farmers trying to plan for cash flow and minimise risk in their businesses. Farmers report a slow rollout of **SFI** payments by the **Rural Payments Agency (RPA)** which has exacerbated financial pressures. One farmer in the West Midlands found it challenging to get clear timelines on payment causing further concern over entering new schemes.

Inheritance Tax (IHT) reform remains another source of concern within the agricultural sector. Many farmers have been forced to restructure their business and revise succession plans to mitigate the tax burden. One farmer in the **Southeast**, with only three years remaining on his mortgage, stated he "would have been better off not buying the farm in the first place" given the implications of the new IHT legislation. This highlights the severe emotional and financial toll the changes are having on farmers.

Reopening of **Capital Grants** has been welcomed across the country. However, the short window for application meant that numerous farmers, who had agents visits booked to draft applications, could not get these completed and they missed out on funding. Many farmers across the country feel that policy changes and scheme application windows are challenging their ability to build financial resilience and undermining confidence in an already uncertain marketplace.

<u>Topical Issues</u>

The horticultural sectors' heavy reliance on **seasonal immigration labour** continues to present challenges – particularly under the constraint of six-month work visas. These short-term arrangements create uncertainty as labour availability is then not guaranteed during peak harvesting seasons. Many farmers report that domestic labour proves to be less reliable and efficient. However, with current financial insecurity discouraging investment into automation and mechanisation, access to a stable labour force remains essential.

The exceptionally dry and warm summer has also heightened farmers' dependence on **irrigation**, thus highlighting the importance of water storage and management. A livestock farmer in Cheshire reported that after three consecutive months without rainfall, his water supply ran dry – this forced him to deepen his borehole by an additional thirty metres to secure access to groundwater. Similarly, reservoir levels across parts of Derbyshire have reached critically low levels with some containing as little as 15 percent of their usual capacity. One farmer stated that it could take up to four years of normal rainfall for these reservoirs to be restored. This illustrates the long-term impact of a prolonged drought. A veg produced felt a one month abstraction ban had reduced yield so much the crop was now marginal in terms of profit.

Due to changes with IHT and lack of working capital available to farming businesses, under commodity price pressure, there has been a reduced desire and ability to invest in **machinery**. In situations where investment is needed and would improve efficiency, a lack of capital and confidence in the sector has limited spending. Furthermore, more farmers are considering employing **contractors** to farm their land to reduce their machinery costs and need for new assets. This approach also allows farmers to focus more time and resources on diversification ventures – an increasingly important strategy for maintaining the farm business in the current economic climate.

Amid challenging times, there have been instances of positive developments. Some farmers in the Midlands reported receiving payments from the **Farming Recovery Fund** unexpectantly without any prior notice. These payments have provided some financial relief.

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