

FBS
Farm Business Survey



Department
for Environment
Food & Rural Affairs



FARM BUSINESS SURVEY

Intelligence Report

Spring 2026

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EXECUTIVE SUMMARY

This report was collected over a six-month period (Oct. 2025 – Mar. 2026)

English Agriculture is experiencing significant financial pressure, due to the combined effects of static or marginally increasing output prices, rapidly rising input costs, and ongoing policy uncertainty. Many farm businesses are shifting from growth to risk reduction and tighter cash flow management. Rises in inputs costs such as **fertiliser** and **fuel** are being driven by the **Iran war**.

The **Dairy** industry has been particularly affected by **milk price** reductions, up to 8p/litre, and compounded by limited availability of milk contracts. This has led to herd dispersals and exits from the industry. **Forage shortages**, caused by the 2025 drought and a wet winter, have further compounded pressures, increasing feed costs and leading to **culling** of cows.

Beef and sheep sectors are experiencing strong market returns, with high prices for **finished cattle** and **lambs**. However, these gains are being offset by rising input costs, particularly for feed and bedding, alongside ongoing challenges such as **Bovine Tuberculosis (TB)** restrictions.

Poultry farmers remain under strain from **disease** and regulatory pressures. **Avian influenza** has increased costs and labour requirements due to housing measures. Weakening consumer demand impacted seasonal **turkey** sales. The proposed ban on enriched cages by 2032 has introduced further uncertainty, particularly for producers who have recently invested in compliant systems.

Breeding and finishing Pig producers have received increased incomes but continue to face pressure over medicine use, regulation and waste management of high nutrient waste. **Contract pig producers** continue to welcome the regular income this system provides and its impact on cash flow. Supply of labour remains an issue for all intensive livestock.

Arable farming is facing a widening **profitability gap**. Input costs, especially **fertiliser and fuel**, have risen sharply, while **crop prices** have remained flat. Farmers are trying to reduce risk by growing feed crops or anaerobic digester (AD) crops in preference to premium milling wheat. Winter crop establishment for harvest 2026 has generally been good and timely.

Horticultural performance is under increasing pressure, driven by rising input costs, labour availability challenges, and ongoing profitability concerns. Some enterprises, such as **vineyards**, report stable outcomes, many producers are struggling with rising costs, reduced consumer demand, and wider market competition.

Concerns around **inheritance tax**, **rural crime**, and the impact on **mental health** are increasingly prominent, reflecting the cumulative impact of **economic stress** and **uncertainty** on farming communities.

LIVESTOCK; DAIRY, BEEF AND SHEEP

The **Milk price** decreased significantly over the period, with some farmers receiving up to 8p/litre less by the end of March compared to October 2025. Initial cuts began in October, with reductions of up to 3.5p/litre in a single month. One **Midlands** farmer, who received a 3p/litre price reduction reported a £61,000 reduction in their monthly milk cheque, effectively eliminating all profit and pushing the business towards loss if further cuts were applied.

Oversupply in the **milk** market has resulted in some farmers receiving notice on contracts, with limited alternative buyers available, this has accelerated **dairy herd** dispersals across the country. In some cases, **Dairy cows** were sold directly for slaughter due to strong **cull cow** prices, rather than continuing in milk production in another business.

Cull cow trade remained strong despite increased numbers being sold due to the **milk price** decrease. Top animals exceeded £1,800/head in October. However, this reflects forced sales rather than sector confidence. Some farmers are using strong **cull** values to reinvest in higher-performing animals, aiming to maximise output from limited forage supplies. Pressure eased as some milk buyers held the March milk price rather than further anticipated cuts.

Forage availability has been a major issue, varying across regions. The 2025 summer drought led to winter shortages. Some farms ran out of feed post-Christmas; they had fed winter forage during the summer drought. Wet weather delayed turnout, increasing reliance on purchased forage, with **silage** reaching over £60/bale, around double the previous year. **Slurry management** has also been problematic due to limited spreading opportunities and stock being housed longer in a wet winter. **Forage producers** are concerned about the impact of rising fertiliser and fuel prices; they are more likely to buy 'just in time' **fertiliser** and are therefore really exposed to rising prices due to the Iran war. First silage cuts will also be impacted by rising **fuel** costs, but the shortage will mean they must replenish stocks so have limited options other than absorbing cost.

Sheep markets have remained strong with best continental ewes regularly making over £200/head. **Cull ewe** and **breeding stock** prices remained strong, exceptional **shearlings** reached up to £300/head. **Prime lamb** prices continued to rise during the spring with better **hogget's** achieving over £180/head. One **North** farmer who sold Scottish blackface lambs for over £165/head commented that 'they had never achieved such high prices before'. **New season lamb** entered the markets in late March with prices up on last year with some grossing over £240/head. For lambing 2026, productivity has been impacted, with lower scanning results attributed to poor ewe condition following the 2025 drought.

Beef markets have also been strong, with **finished cattle** achieving over £2,800/head and **store cattle** prices rising further. However, rising input costs, particularly for straw (up to £180/t), have offset gains. **TB restrictions** continue to limit movements and create additional pressure, particularly for farms already facing fodder shortages.

PIGS AND POULTRY

Contract pig producers continue to welcome the regular income protecting them from rising input costs although, waste management remains an issue.

Breeding and Finishing herds have seen stronger prices for their stock but remain under the microscope in terms of medications used and struggle to manage the environmental impact of animal waste generated. Supply of pork within Europe is a concern in terms of its future impact on deadweight prices. Tighter regulation is also an issue in terms of its impact on farming systems and investment required to meet any new regulation. Producers fear the impact of the Iran war will push up the cost of feed and reduce profit in 2026.

Egg prices remained relatively stable at 150–160p/dozen, with higher returns possible through direct sales. However, **Avian Influenza** restrictions have increased costs and labour requirements, particularly for free-range systems where birds must be housed. This has led to more **floor eggs**, increasing labour while reducing sale value. The rapidly rising **Kerosene** price, quoted as almost doubling by one farmer is having a massive impact on **broiler** production since the start of the Iran war.

Turkey producers experienced reduced Christmas demand, as consumers opted for alternative meats due to perceived supply issues and pricing concerns linked to **Avian Influenza**. One producer reported selling only 80% of birds at the farm gate, with the remainder achieving significantly lower prices at a dressed poultry sale.

Further **Avian Influenza** outbreaks in spring, including culling of pheasants, have continued to disrupt the sector. While vaccine trials offer some optimism, uncertainty remains high.

The proposed ban on **enriched cages** from 2032 has generated strong concern among producers, particularly those who have recently invested heavily in compliant systems. There are fears that businesses may become unviable without significant compensation.

ARABLE

Autumn drilling generally went well, and crop establishment for harvest 2026 is largely positive. However, regional variations persist, with **Cornwall and West Devon** largely ok, whilst **Eastern** areas are still recovering from drought, with other regions affected by flooding and delayed planting. Spring drilling conditions have been mixed, with wet weather delaying operations in some areas.

Disease pressure has increased due to the mild, wet winter, with reports of yellow and brown rust in **Winter Wheat**, chocolate spot in **Winter Beans**, and Cabbage Stem Flea Beetle (CSFB) in **Oilseed Rape**, raising concerns over yield potential. Some farmers report lower levels of CSFB, citing the summer drought in 2025 as a possible cause of reduced populations. One farmer noted the warmer winter meant it's the earliest he has ever seen chocolate Spot in **Winter Beans**

Input costs have risen sharply, particularly **fertiliser** and **fuel** since the start of the Iran war. Urea prices have increased from around £350/t to over £600/t, adding approximately £150/ha to costs. At the same time, **wheat** prices have only risen marginally, around £5/t, leaving a significant margin deficit.

As a result of increased **fertiliser** and **fuel** prices, farmers are reassessing cropping strategies. **Wheat** prices have remained static over the winter period, not helped by the global **Wheat** surplus, current prices for **feed Wheat** are around £170/t. Other cereals are also under price pressure with **Spring Barley** selling at £120/t. One farmer reporting his **Oats** sold at £120/t he stated, 'What is the point in growing cereals when this is how much I am getting for them?'. Some farmers have switched to growing **cereals** for Anaerobic Digestion to achieve a guaranteed price no matter the yield to aid cash flow and protect against price volatility. The impact of the war in Iran has so far had little impact on the wheat price but farmers have reported a slight uptick in recent days, and this seems to be elevating. One farmer highlighted that oats sold at approximately £120 per tonne were later retailing at around £4.25 per kilogram. This illustrates the well-reported gap between farm-gate and retail prices, reflecting the position of farmers as commodity producers operating within global markets

Oat straw is reported to be selling at £150/t. High demand for straw from the livestock industry has led to robust straw prices with some at £170 to £180 per tonne. **Oat** and **Barley straw** has been doubling up as fodder and bedding to a greater degree this year as **grass** and **maize** based forage prices soar.

Another impact of the Iran war on farm is its impact on contracting rates, with many farms relying on **contractors** with specialist kit, they are exposed to **fuel** price hikes. Farmers report contractors are building in a price index or clause to allow for unlimited price adjustments due to fuel price hikes. Currently **red diesel** has reportedly been quoted at £1.40 per litre in the **Southwest**, others have purchased at £1.27 per litre. Fears of supplies tightening are also becoming reality. With the wet winter delaying some spring fieldwork this has pushed **diesel** purchases to the more expensive end of the season. Farmers are also being asked to pay upfront where they would normally pay one month after delivery, again impacting on cash flow. Farmers are being forced to buy smaller amounts as they can't afford larger volumes.

HORTICULTURE

Performance in the **Horticulture** sector has been mixed. Some **Vineyards** reported good harvests and stable profitability despite rising costs, while newer vineyards have struggled with lower sales and higher production costs.

Plant Nurseries have faced increasing pressure, particularly smaller operators, due to competition from supermarkets selling lower-priced imported plants. Rising costs for **labour**, **fuel**, and **packaging** have further reduced competitiveness. The sector facing continued legislative challenges over visas and importing product and supplies. Scope for reinvestment is also limited.

The mild winter reduced **heating fuel** costs for some producers, providing short-term relief. However, warmer conditions have increased irrigation demand, with some nurseries irrigating earlier than ever before.

Christmas tree producers reported satisfactory sales, although wet conditions delayed planting for the following season.

POLICY, GRANTS, AND INVESTMENT

Demand for **capital grants** has been strong, but funding is limited. A £25,000 cap on water quality grants is restricting adoption of infrastructure projects, such as roofing silage pits or improving slurry systems. This is slowing progress on environmental compliance and farm improvements.

The final transition from the **Basic Payment Scheme (BPS)** to the **Sustainable Farming Incentive (SFI)** has created uncertainty and reduced income for many farms. Some farmers report significant reductions in support payments compared to previous schemes. Delays and confusion around scheme availability and eligibility have further undermined confidence.

Capital grants are hard to obtain. Smaller farms feel disadvantaged by competitive funding processes for grants such as **Farm Equipment and Technology Fund (FETF)**.

It is reported that requests for **Catchment Sensitive Farming** support (for concreting yards, roofing areas etc) are so oversubscribed that requests which went in after 3rd March 2026 will be for 2027 capital grants rather than 2026. This is despite the window to apply for the grants not even being open yet, as of 25/03/26.

Machinery investment has also been restricted due to uncertainty, although some increase in demand has been linked to recent changes in **inheritance tax (IHT) policy**. **Livestock farmers** have shown slightly greater confidence in the market due to stronger returns for their sold stock.

Across all sectors, policy and funding uncertainty is a critical concern. This uncertainty is delaying investment decisions, restructuring plans, and **succession** arrangements on farm.

FERTILISER AND FUEL (RED DIESEL) SUMMARY

Fertiliser and fuel costs have increased significantly in early 2026, driven by geopolitical disruption, placing additional pressure on farm businesses across all sectors. While many farmers have been partially protected in the short term through forward purchasing of fertiliser, concerns are growing around future availability, pricing, and the impact on cropping and forage decisions. Fuel costs are having a more immediate operational effect, with reduced purchasing flexibility, changes to supplier terms, and increased scrutiny of on-farm activities, contributing to wider cash flow and profitability pressures.

FERTILISER AND FUEL (RED DIESEL)

Input costs have increased significantly in recent months, with fertiliser and fuel prices rising sharply following geopolitical tensions in the Middle East. These increases are now influencing farm decision-making across all sectors, although the timing and extent of impact varies depending on enterprise type and purchasing behaviour.

Fertiliser prices have been rising since late 2024, with further increases observed in early 2026. Urea has been most affected, with prices reported to have increased by over 40% compared to last summer, while other products containing nitrogen, phosphate and potash have also seen increases in excess of 30%. Despite these rises, many farms had already secured fertiliser supplies earlier in the season, which has limited the immediate impact on spring applications.

However, there is growing concern around the cost and availability of fertiliser for later applications and the 2026/27 cropping cycle. Several farmers reported that while they are able to proceed with planned spring work, future purchasing decisions are becoming more uncertain. One arable farmer noted that “if I had delayed ordering, prices would now be considerably higher,” while another commented that “the issue is becoming as much about availability as price.”

The impact of fertiliser price increases is most immediate in arable-dominant regions such as the East of England and East Midlands, where farms are highly reliant on purchased inputs. In these areas, farmers are reviewing application rates, questioning the viability of premium crops, and considering lower-input alternatives. There is evidence that some may reduce nitrogen use, which could affect both crop yields and quality, particularly for milling wheat.

In contrast, livestock and mixed farming systems are currently less exposed to fertiliser costs in the short term, particularly where purchases were made in advance or usage is lower. However, concern is increasing around the longer-term impact on forage production and grassland performance. Forage producers, in particular, are exposed where fertiliser is typically purchased closer to the point of use, leaving them more vulnerable to price volatility.

Regional variation is evident, although it is driven more by farming system than geography alone. Eastern regions are experiencing the most immediate pressure through arable margins and input use. The South West also shows significant exposure, particularly where livestock systems rely on forage production and where fuel costs are feeding through into wider farm operations. Northern regions appear less affected by immediate fertiliser decisions but remain exposed through forage, transport and input supply chains.

There is some evidence of disruption to fertiliser supply chains, although this is not universal. Where issues have been reported, they relate primarily to delivery delays, price changes after ordering, and additional transport charges. In a small number of cases, farmers reported having to change product due to lack of availability or experiencing delays where deliveries were contingent on agreeing fuel surcharges.

Fuel costs have had a more immediate and widespread impact across all sectors. Red diesel prices increased sharply over a short period, with many farmers reporting significant increases in overall fuel costs. While some have been able to mitigate this through forward purchasing or sourcing from multiple suppliers, others have experienced reduced flexibility in how and when they purchase fuel.

A consistent theme from farmer feedback is the loss of certainty around fuel purchasing. Several respondents reported that prices are not always confirmed until delivery, alongside increased difficulty in securing short-notice deliveries. There is also evidence of changes to payment terms, with some suppliers requiring upfront payment where credit terms were previously standard. As a result, some farmers are purchasing smaller quantities more frequently, placing additional pressure on cash flow.

The impact of fuel costs is most pronounced in the arable sector due to the intensity of spring field operations, including cultivation, drilling and fertiliser application. Many farmers reported reviewing planned operations more critically, distinguishing between essential and non-essential work. One farmer noted that “everything is being scrutinised now — if it’s not essential, it’s not getting done,” while another commented that “field operations still have to be done, so there is limited scope to reduce usage.”

Livestock systems are also affected, although the nature of the impact differs. Dairy, beef and sheep farms highlighted the importance of fuel for feeding, bedding, transport and forage making, with limited opportunity to reduce usage without affecting productivity or animal welfare. Additional transport-related costs are also feeding through the supply chain, with surcharges reported on feed and other deliveries.

Overall, while fertiliser cost pressures are currently being managed in part through forward purchasing and reduced application strategies, fuel cost increases are having a more immediate operational impact. The combined effect is placing increasing pressure on farm cash flow and profitability. If elevated input costs persist, there is likely to be a longer-term impact on cropping decisions, input use and output across multiple sectors.

TOPICAL ISSUES

The moving of the bands for **IHT** has been welcomed and has eased some fear and anxiety. **IHT** is still on farmers minds, many are seeking professional advice at great expense, sometimes for a second time as policy is amended, to help navigate through the current legislation.

A recent farm noted, their succession planning was previously waiting for the older generation in their 80s to pass on, now they are desperately hoping for them to live for another 6 years. In the meantime, further **succession** planning and business investment is on hold until there is more certainty.

Farmers are also delaying **diversification** projects and improvements amid concerns that increasing the value of their businesses and buildings could lead to higher **IHT** liabilities. Some farms are restructuring to limited companies or at least having the conversation around whether to continuing farming or not. Future generations are unwilling to commit as the

financial return from farming becomes further squeezed and uncertain in terms of the work involved to achieve a profit. Other options such as renewables or housing are commonly being explored.

Rural crime remains a significant issue, with theft of both high-value machinery and essential equipment impacting already pressured businesses.

Mental health concerns continue to be voiced across all sectors, driven by financial stress, uncertainty, and workload pressures. The impact of rising costs due to the Iran war cannot be understated currently.

Amongst the backdrop of rising costs, reduced grant funding and uncertain policy, **winter crops** have been quietly growing in the background giving farmers the potential for a good harvest in 2026, of course, as any farmer will tell you, there is a lot to happen between now and the start of harvest but, as ever, optimism and resilience remain in the farming community.

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