

Executive Summary

This intelligence has been collected over a period of six months from April 2020 to late October 2020 and some observations may have changed in the context of issues arising from **Covid-19**.

Lack of winter cropping in autumn 2019 and an increase in spring crops due to wet weather, combined with reduced yields, have resulted in an increase in the price of **concentrates** and **straw**.

Farmgate milk prices have returned to pre-Covid 19 levels. Milk retailing direct to the consumer using **vending machines** has increased. Milk price **volatility** remains and therefore there is much support for the NFU's initiative for more stability for the dairy industry.

A dry **lambing** season resulted in a higher turnout percentage and low lamb mortality. An excellent late season grass growth has led to good ewe condition at tugging and so a good scanning percentage is expected. Autumn **lamb trade** is at a record high with cull, breeding ewes, replacements and store prices remaining strong despite the concerns about trade tariffs post EU exit.

Finished cattle prices were strong throughout the summer however price remains lower than considered viable in particular with increasing feed and straw prices. **Bovine TB** incidences continue to be a threat to dairy and beef farms across all regions.

African Swine Fever in wild boars in Eastern Germany is a major concern amongst UK Pig producers due to China and other buyers putting a ban on German pork imports which have all been pushed back onto the European market, eroding prices.

Turkey farmers are reporting an increase in direct sales as the public look to buy local. Cases of **Avian flu** of the **H5N2** virus have been reported across the regions causing concern for the industry whilst **egg wholesalers** are offering poor and unsustainably low prices for eggs.

Harvest yields have been variable with many reporting a catastrophic harvest with both reduced yields and quality, mainly due to water logging of winter crops followed by the spring drought. Higher autumn market prices are unlikely to compensate for the reduced yields.

Oilseed rape (OSR) has performed badly due to conditions but also impacted by **Cabbage Stem Flea Beetle (CSFB)** and loss of effective control measures, resulting in many farmers looking for alternative break crops such as rye for digesters, beans or winter linseed.

High **potato** yields and lack of demand from the hospitality sector, have resulted in a fall in potato prices and reports of large tonnages sold for animal feed at £18/t. Lifting of early **sugar beet** is underway but yields and sugar content are reportedly disappointing.

Expected **labour** problems for the **horticultural** sectors have not been reported with labour coming in from Europe by coach rather than aeroplane. **Horticultural producers** who have been able to adjust their businesses to include retail collection or delivery sales have seen profits increase.

The phasing out of the **BPS** is a worry, with lack of clarity and understanding of the **Environmental Land Management Scheme (ELMS)**, business and stewardship planning is difficult. It is widely believed that small farms will struggle without financial support and are unlikely to survive long term.

EU exit is causing concern for farmers, in particular, the threat of cheap imports, lower food standards, and impact on workforce and trade tariffs.

Covid-19 has brought both challenges and opportunities for farmers; for example, farm shops report an increase in trade however trade shows and events have been cancelled or postponed.

Livestock; Dairy, Beef and Sheep

Across **all regions**, the lack of winter cropping in autumn 2019, combined with both reduced winter and spring crop 2020 yields, has resulted in an increase in the price of **concentrates**. Furthermore, less **straw** is available leading to high prices; in the **North West** wheat straw delivered is around £130/t (compared with £55/t in 2019) and is expected to rise by a further £10/t in December.

The warm spring across the regions was followed by a wet august in the **North** and **West** which has resulted in 'normal' winter forage stock levels; this is in contrast to the fairly dry summer in the **South** and **East**, leaving many livestock farmers needing to feed during the summer months and reducing winter stocks. First cut silage was earlier across the regions with many reporting a 50% reduction in first cut yields, however, further cuts saw yields improve. **Maize** grown under plastic harvested in September, and the remaining crop harvested in October, has produced good yields and quality. The wet autumn weather led to cows housed earlier than usual on some farms due to poaching of fields.

Farmgate **milk prices** have returned to pre-Covid 19 levels following the price reduction in the spring by processors that supplied the hospitality industry. **Muller** producers in April were told to reduce production by 3% and similarly many Freshways producers simply disposed of their milk when it was not collected. One farmer who had just calved a batch of cows found it difficult to reduce milk production; he either had to cull the cows or feed milk to calves; he fed the milk instead of buying in powdered milk. **Milk price volatility** remains and therefore there is much support for the **NFU's** initiative for more stability for the dairy industry. In the **South East**, several producers have been able to leave contracts due to poor price; when prices dropped below the basket price set for the group, a shorter, 3 month notice period was triggered rather than the original 12 months' notice.

July saw trade for new calved **dairy heifers** remain strong with animals achieving £2,000/head in the northern markets. One farmer explained that cross bred cows were in demand as they were longer lasting and suited to a mainly forage system, compared to pure Holsteins. October saw a strong trade for **dairy cross calves**, however in contrast a farmer who sold **Jersey bull calves** averaging £7/head was clearly disappointed but didn't want to shoot them; following tagging, transport costs and commission they made a loss.

Milk vending machines have seen a surge in investment as a result of poor prices and local shopping attitudes changing and the pandemic allowing farmers to consider their ability to sell direct.

A **dry lambing season** aided by increased family labour availability to nurse and feed cade and poorly lambs due to the lockdown, resulted in a higher turnout percentage and low lamb mortality. Lamb growth rates were higher than normal and worms did not cause problems until early autumn, due to the dry conditions. An excellent late season grass growth has led to good ewe condition at **tupping** and so a good scanning percentage is expected.

Autumn **lamb trade** is at a record high with **fat lambs** aided by the weak pound. In some of the **northern** markets prices were 30p/kg higher than the previous year which equated to £12/head increase on a 40kg lamb. **Breeding ram** trade has been selective but **cull, breeding ewes, replacements** and **store** prices remain strong despite the uncertainty post the EU exit.

Sheep farmers are concerned about the long term impact of a hard EU exit and the impact of no trade deal. In the short term, farmers believe that the market will remain strong with fewer lambs carried over nationally due to high prices leading to high numbers of fat lamb sales. A **South East** farmer is considering a more simplistic sheep management system; looking to hardier breeds rather than higher meat production to avoid high costs and to suit the '**rewilding**' outlook. **Wool sales** often result in costing more in transport and shearing costs hence several farmers were seeking alternative buyers, however many are dumping or burning it; specifically coarse wool from hill bred ewes.

Beef prices have recovered after a slump during the first lockdown. **Finished cattle** prices were strong throughout the summer however remain lower than considered viable with increasing feed

and straw prices putting further pressure on margins. A **beef finisher** in the **North** who only baled half his usual amount of straw said he would have to reduce cattle numbers as he could not afford to buy straw. The wet October caused further problems for some beef farmers as cows and calves were housed earlier than usual resulting in more cases of pneumonia in housed calves.

Derbyshire livestock farmers have mixed views regarding the county now being in a badger cull area to help tackle the constant threat of **Bovine Tuberculosis (TB)** to both the beef and dairy sectors. In the **South West**, the cull has been progressing for a few years and there seems to be a dramatic decrease in cases although the disease has not been totally eliminated.

Pigs and poultry

African Swine Fever in wild boars in Eastern Germany is a major concern amongst UK **Pig producers** due to China and other buyers putting a ban on German pork imports and as Germany is Europe's biggest pig producer and exporter, this meat was all pushed back onto the European market, to which the UK is a large exporter, eroding prices. **Cull sow** price fell during May due to the impact of African Swine Fever; a farmer saw his sows fall by £40/head in a fortnight to average £72/head. September saw fat pig price reductions combined with rising feed and high straw costs putting increasing pressure on tight margins. One **Yorkshire** pig farmer explained that the reduced straw yield had resulted in an additional £20,000 cost for straw as he would normally swap his pig muck for straw, but only half the straw was available.

Pig farmers are worried that **pig breeding companies** may be forced to move abroad due to EU Exit issues surrounding legislation with live animal export. Effectively, if there are no inspection posts, there will be no export and therefore the trade in live genetics could cease. In terms of pig meat, and the fact that most imported pork is produced in EU systems that are illegal in the UK, that is sows housed in sow stalls, it is believed that butchers, wholesalers and supermarkets will seek to purchase UK produced pig meat which meets the required standards.

Turkey farmers are reporting an increase in direct sales as the public look to buy local. The real challenge will be the size of turkeys required and the uncertainty around Christmas in relation to Covid-19 restrictions on social gatherings in both homes and restaurants.

Avian flu of the **H5N2** strain struck in **Deal, Kent** at a farm rescue centre and cases have since been reported in **Cheshire, Devon, Gloucestershire** and **Hertfordshire** causing concern across the industry. **Egg** wholesalers are offering poor prices for eggs, resulting in an egg producer in the **Midlands** giving notice on his contract, despite not having found another buyer. A large scale egg producer is having to sell below cost due to the fall in demand from the catering sector. There are worries amongst **free range egg producers** that the industry is expanding at an unsustainable rate, exacerbated by new entrants being offered production bonuses that dwindle over time. Data suggests that the break-even price is £1/dozen but many producers are receiving around 88p/dozen.

Arable

2020 **harvest yields** have been variable even within the same farm with many reporting a poor or catastrophic harvest with yields down across cereal, oil seed rape and pulse crops and reduced quality, mainly due to water logging of winter crops followed by the spring drought. Higher autumn market prices are unlikely to compensate for the reduced yields in terms of farm incomes particularly where farmers incurred higher costs due to re-drilling of crops, larger area of spring crops and / or land left fallow. The harvest was stop-start due to wet weather in August in many areas and in the **North** there are crops of oats and beans yet to be harvested in early November. **Seed** producers experienced problems with crops failing germination tests. One farmer's 60 tonne crop of spring barley seed was rejected meaning the value fell from £180/t to £130/t.

Oilseed rape (OSR) has performed badly due to conditions but also impacted by **Cabbage Stem Flea Beetle (CSFB)** and loss of effective control measures. Some farmers are likely to remove this

crop from their rotations considering rye for digesters, oats, beans or winter linseed, none of which though are able to produce the margins of OSR which is considered to be the preferred break crop before wheat. Farmers are also reporting that, due to the loss of neonicotinoids, the rise in the aphid population is causing an increase in **Barley Yellow Dwarf Virus**. Furthermore, farmers are frustrated with the EU ban on the seed treatment neonicotinoid and the fact the EU is now importing 1 million tonnes of OSR from the Ukraine where the neonicotinoid seed treatment is allowed.

Unsettled weather delayed the harvest of **linseed, soya and millet** to the end of September in the **East**. The initial problem was finding weather suitable for spraying a desiccant and then waiting until the desiccant took effect and conditions were suitable for combining.

There are concerns about the reducing number of chemicals available to control disease, particularly **Redigo Deter** for wheat seed dressing and **Flurtamone pre-emergence herbicide**. There are also concerns that as these products are available to producers overseas combined with loss of subsidies and possible poor trade deals, producers could be less competitive on the global stage in the future.

Autumn cultivations were generally completed before the weather turned wetter. In the **North** drilling began early in case the weather turned wet. One farmer admitted there was a greater risk of **black grass** but he did not want to miss the winter cereal planting window. Widespread min-till and direct drilling was reported in the **North** in September but a wet October saw a return to the plough. Some farmers are drilling winter cereals seed that they could not plant last year but storage problems have resulted in unviable seed or emergence has been poorer than expected.

In the **South** and **West**, with October being even wetter than last year, it is likely that once again many crops will be planted in less than perfect conditions or not at all. Planted crops are struggling against volunteer barley and wheat due to the wet ground conditions impacting on timing of spraying. Some spraying has now been done in less than optimal soil conditions resulting in rutting.

Due to a perfect storm of **high potato yields** and lack of demand from the hospitality sector, potato prices have fallen. Potato sales to **hospitality** outlets totally collapsed in April. There are reports of large tonnages sold for animal feed at £18/t. Supermarkets are able to be even more selective in terms of type and size and wholesalers and retailers continue to try to leave contracts. The Eat Out To Help Out scheme eased the problems but market price have not yet fully recovered with prices at £80-£120/t in September compared to £300/t in February.

Lifting of **early sugar beet** is underway but yields and sugar content are reportedly disappointing, many are 20% below average and many fields exhibited signs of yellow virus leading farmers to seriously consider their beet acreage for next year.

Horticulture

Expected **labour** problems have not been reported with labour coming in from Europe by coach rather than aeroplane. Producers who have been able to adjust their businesses to include retail sales have seen increased profits. In the **South East**, there are examples of smaller wholesale producers of **bedding plants** and **hardy nursery stock** providing local communities with plants on a collection or a delivery basis. A **salad producer** reports above average sales over the summer; lost sales to usual outlets were more than compensated by increased retail as customers stayed at home.

Hail damage was significant in the **orchards** in **Kent**, however, a good harvest was achieved in unaffected orchards. A bumper **grape** harvest in the **South East** has been reported with the late September heat wave producing a high-quality vintage with high sugar content. Taittinger have been reported to have bought land in **Chilham, Kent** with their first vintage to be ready in 2023.

A **glasshouse ornamentals producer** who has invested in high stocks of imported horticultural sundries and packaging materials is concerned about transport delays and additional expenditure on an agent to administer imports of plant material following the EU exit; consequently, he is now seeking higher sale prices to cover the additional costs. A **glasshouse salad producer** has made extensive plans ahead of the EU exit and secured large quantities of imported materials as he anticipates problems with imports, however he expects strong sales in 2021 due to potential difficulties for supermarket imports of glasshouse salads.

Basic Payment Scheme (BPS) and Environmental Schemes

The phasing out of the **BPS** is a worry with lack of clarity and understanding of the **Environmental Land Management Scheme (ELMS)**, business and stewardship planning is difficult. It is widely believed that small farms will struggle without financial support and are unlikely to survive long term.

It is hoped that **ELMS**, will be simple to access and administer similar to the Entry Level Scheme (ELS). The Mid-tier scheme has been criticised for its payment structure with farmers reporting that they “are still not paid up to date”. A farmer explained that he may opt for shorter schemes around carbon foot printing and carbon capture as he is looking at schemes in an environment where growing viably commercial crops is harder to achieve.

Environmental scheme payments for **upland farms** in existing agreements appear to be paid in a timely manner. **Hill farmers** participating in the **Higher Level Scheme (HLS)** were relieved to hear that the scheme will be extended on a yearly basis until 2024 providing some financial security in the short term. New schemes for the uplands are proving difficult to enter as grazing prescriptions and entry requirements are difficult to balance with retaining viable agricultural use of moorlands and commons. It is also reported that Natural England are factoring some wildlife into stocking rate calculations, impacting on areas of the Lake District where deer are present, for example.

A farmer proposed that in place of subsidies, support in promotion of home grown produce and educating the public about the importance of buying locally could be targeted. A farmer expressed the view that “public money for public goods” should include food, otherwise it will not be viable to produce food at current values. Short-term, one farmer will not be investing in the farm for purely agricultural reasons however if financially viable he would consider investing for ecological reasons. A farmer feels subsidies should be abolished and the British public should pay a fair, decent price for farm produce. There are lots of strongly held and sometimes opposing views reported.

Brexit

Brexit continues to cause concern for farmers, in particular, the threat of cheap imports, lower food standards, impact on workforce and trade tariffs and the desire for a trade deal with the USA. The NFU has been lobbying for Government to set in law the protection of our food and environmental standards. Setting up of a **Trade and Agriculture commission** has been positively received.

There is concern that the EU will ban the use of **glyphosate**. If banned, domestic production will suffer, however if not banned in the UK, it may not be possible to export glyphosate treated crops.

Topical issues

Tractors without all the technology are increasing in value. Newer technology is costly to run and maintain and given the unreliable weather patterns, owning machinery rather than using contractors with large machinery, increases flexibility.

Farmers are encountering issues surrounding **carbon calculations** and use of standardised data as they are being urged to look at rewilding and carbon emissions as processors start to include these as requirements in farm data collection.

Banks appear to be helpful with extending overdraft facilities at present but for how long is uncertain.

Ash die back is causing increasing problems in the **South East** with a large number of established trees becoming dangerous to the public and farmers alike.

Farmers are becoming increasingly frustrated at the lack of action being taken against **rural crimes**. **Dog worrying** and **sheep thefts** from fields continue and farmers are reporting a rise in fly tipping. Illegal **hare coursing** is also on the rise along with a significant rise in dog thefts with working dogs reported to be targeted. There have been thefts involving high value GPS equipment across the counties of **Staffordshire, Lincolnshire, and Leicestershire**. Police believe that this may be part of an organised criminal gang with equipment stolen to order and may be destined for export.

Farm inspections are being conducted using **Zoom** which can be problematic with poor internet connectivity in remote areas. A farmer explained that he would not want the use of Zoom to become the norm for inspections as he preferred to show inspectors around the farm.

Many farmers have availed of the **Countryside Productivity Small Grants**; purchases include livestock handling equipment, improving both farmer safety and efficiency, and GPS equipment.

Farmers are adapting to the change to **Making Tax Digital**; many either using a new software package or paying accountants to complete their VAT returns.

Lone working, isolation, losing the stability of the BPS payments, ageing farmer population, climate change, high rainfall, flooding and Covid-19 will continue to impact on the **mental health** of farmers.

Farmers rely increasingly on **diversification** to support their businesses; comments include, “we are diversifying more so that the farm becomes more of a hobby” and “diversifications bring in substantial and crucial income”. Location is considered a determining factor regarding options available. However, there is evidence of landlords taking an increasing share of diversified income and fears that a possible recession due to Covid-19 will reduce these diversified income streams.

A farmer reported that obtaining **planning permission** was becoming easier but asked, ‘Do we want to transfer our lovely fields to a concrete jungle for the next generation?’

Coronavirus

Tourism related enterprises were severely affected in the spring, however once Covid-19 restrictions were lifted, the season generally boomed. Despite the November lockdown, there is hope that December bookings will still go ahead. Early signs are that bookings for next year are up on this time last year, re-enforcing the view that more people are booking staycations than “normal”.

Farm shops report an increase in trade due to Covid-19 whilst **PYO farms** struggled due to lockdown and Covid-19 restrictions with footfall vastly reduced.

£10,000 small business grants supported farmers who lost diversified income and many have taken advantage of the **£50,000 bounce back loan** to buy livestock, possibly contributing to the strong autumn livestock prices. It has also been reported that many machinery dealerships have seen increased demand due to this cash injection.

LAMMA has moved from its usual January time slot to May 2021 and the **Midlands Machinery Show** has moved to November 2021. **Fat stock shows**, traditionally a winter show and sale for carcasses, have been cancelled. Many local agricultural shows have also been cancelled for 2021 and there is increasing concern that these shows will no longer be financially viable and not return.