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**Intelligence from the Regions – April 2018**

**Status**

*Twice a year staff of the RBR provide up to the minute information from their Regions on what is happening on farms and local markets together with a summary of current attitudes and concerns. The website;* [*http://www.ruralbusinessresearch.co.uk*](http://www.ruralbusinessresearch.co.uk) *will carry the latest collated report. Comments are welcome as well as any queries; please contact the Editor;* [*helen.mchoul@nottingham.ac.uk*](mailto:helen.mchoul@nottingham.ac.uk)

This information is provided by RBR staff and every effort is made to check its accuracy and validity. It should be recognised that whilst some of the information is anecdotal, it provides a current and real insight into what is happening within the industry. As with all information it should be used with care and in context.

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**Key Points**

* A continuing concern for producers and growers during the EU exit negotiations is the availability of EU migrant labour once the UK has left the EU. This is of particular issue to horticulturists and vegetable growers in the **Eastern** **counties**, but not exclusively to this region of England.
* Late drilling strategies have been employed in autumn 2017 to counter blackgrass problems in many regions. This was partly as a result of the long, drawn out harvest of 2017 and the variable weather conditions in September 2017 resulting in a delayed drilling of autumn cereals.
* The rain, snow and wind in March 2018 have hampered and delayed spring cultivations, drilling and fertiliser and spray operations.
* Sugar beet producers across the regions have achieved high crop yields; some reporting yields over 100t/ha, but difficult harvest conditions have been experienced.
* Potato prices over winter have been significantly lower than the same period last year, due to a good yield and high prices in the previous year resulting in a larger area planted and thus increase in supply.
* Larger horticultural producers appear to be considering opportunities for expansion, whereas smaller producers are more likely to be making plans to scale back, or even cease production.
* Establishment of vegetable crops has been delayed due to waterlogged soils and some small producers of outdoor vegetables are considering not growing any crops due to the ground conditions.
* One of the largest yield of crops in UK history has resulted in lower prices.
* Straw and hay prices have notably increased across all regions and are holding strong in the spring of 2018 due to increased demand and pressure on limited supplies.
* The milk price has fallen back in spring 2018 putting further pressures on dairy producers as they deal with the difficult weather conditions and increase in cost of inputs, in particular bedding and fodder.
* The harsh spring weather has caused challenges across all livestock sectors notably at lambing, delaying turnout of cattle, increasing heating costs for pigs and poultry units, and the impact of frozen and burst water pipes on water supply.
* Production of beans under the new Ecological Focus Area (EFA) pesticide restrictions has resulted in reduced demand for bean seed and a predicted reduction in spring plantings.
* Crime, notably theft of equipment and machinery ranging from bird scarers to farm vehicles was widely reported.

**Summary**

* **EU Exit**
* Following Defra’s announcement and launch of the consultation on ‘Health and Harmony: the future for food, farming and the environment in a Green Brexit’, initiated in February 2018 a wide range of views have been expressed.
* In terms of public support for public goods some farmers are worried that their “run of the mill farms”, won’t attract new “natural capital funding” if they are outside of national parks, Areas of National Beauty (AONB) or other designated areas.

* As farmers are considering their options post Brexit, age and whether or not they have a successor is often noted as an influential factor.
* All sectors of agriculture clearly need a Brexit deal which will allow them to export their produce whilst maintaining and improving margins.
* Horticulturists, large scale vegetable growers and dairy producers, in particular, are concerned that their demand for seasonal labour will not be met in a non-EU environment.
* There is some reassurance from the announcement that BPS style support will continue up to 2022.
* A farmer explained that in his opinion, any reduction in support needs to be considered in relation to input costs and rents as it is not feasible/viable for support to be cut away and ancillary industries to expect to maintain current pricing structures.
* Some believe that large main stream farms will be hit most heavily by the changes to farm payments from the UK version of CAP and therefore it is hoped changes will be introduced gradually to allow farmers time to adjust.
* **Arable**
* Farmers have reported significant issues with quality of winter and spring barleys in storage from the 2017 harvest.
* Cereal prices have been fairly strong although the oilseed rape price has fallen during January to March 2018 to around £290/t.
* More wheat was drilled in mid to late October than usual, due to the impact of weather and also employing late drilling as a method to reduce blackgrass populations by use of stale seedbeds.
* Oilseed rape drilled relatively early in autumn 2017 has established well.
* Autumn sown crops on the lighter or chalk soils are generally looking well. However, on heavier soils there are reports of backward crops and issues of poor establishment.
* The snow and heavy rain in March have contributed to very wet field conditions and waterlogging across England, resulting in both delayed spring cultivations and sowing and delays in spray and fertiliser applications.
* On farms which have largely spring sown crops, the weather coupled with greening rules which incentivise spring cropping have resulted in large areas yet to be drilled this spring.
* Badly damaged tramlines in winter crops have been reported where farmers have decided to apply crop protection materials in conditions that were not ideal.
* Sugar beet harvest has produced high yields in excess of 100t/ha being reported with a high sugar percentage. However, the dry spring of 2017 and uneven germination has left a harvesting challenge in some crops, with further problems caused by the spring weather of 2018.
* The potato harvest was hampered by wet weather in the autumn of 2017 and on heavy land some crops were left unharvested. However, despite problems at harvest in some areas, potato prices over winter have been significantly lower than the same period last year due to supply and demand.

* The cold, wintery weather in spring 2018, whilst frustrating for livestock and arable growers, is being seen in a positive light by the potato sector by potentially reducing aphid populations.
* **Horticulture**
* The shortage of labour has been a major subject of conversation as businesses report growing concerns. Producers have worked to make contracts more appealing to seasonal workers, although margins do not allow producers to carry excess staff out of season.
* A large producer of vegetable seedlings and ornamentals is badly affected by the weak pound as a lot of their seeds come from Europe and consequently they are having to pass on the extra costs to customers.
* Conversations with horticultural producers have been about the changing markets for their crops which have generally favoured larger horticultural businesses.
* Small horticulturalists are concerned by disappearing markets and are experiencing difficulties as they are unable to compete with larger organisations.
* Larger horticultural producers seem be considering opportunities for expansion, whereas smaller producers are more likely to be making plans to scale back or even cease production.
* One of the largest crops of hops per hectare in UK history has put downward pressure on prices, especially for Goldings.
* UK breeders are developing new hop varieties to meet the trend towards more fruity style beers, however it is a slow process bringing them to the farm and then making quantities available for the brewers.
* Chemical/spray availability continues to be problematic with all minority crops as it is felt that chemical companies are not interested in development due to regulations making it prohibitively expensive to apply for minor crop use.
* The cold weather in January and February which assisted vernalisation in the trees (the period of induced dormancy before the trees re-emerge from that dormancy prior to flowering) was welcomed by producers but the later (March) spell of cold weather, whilst buds were forming, could be detrimental to fruit crops.
* Oversupply in the cider apple market is still a problem, with Bulmers leaving over ten thousand tons of their own apples not harvested.
* There is evidence that uncertainty regarding labour availability for glasshouse crops is preventing investment in this sector.
* The cold and wet spring is impacting on bedding plants and hardy nursery stock (HNS) resulting in a relatively slow start to the season as landscapers and gardeners are unable to commence spring planting.
* In the **South West**, problems were reported in terms of planting bulbs due to late cereal harvests and the wet conditions in autumn 2017.
* **Forage and bedding**
* Straw prices are holding firm having increased considerably over the winter period; trading at over £100/t in some regions due to limited supply and increased demand.
* Delayed turn out across England due to weather and ground conditions is further increasing demand on forage and bedding, putting pressure on limited supplies leading to further price rises.
* Livestock farmers, in particular dairy producers, are considering alternatives to using straw such as sand or paper as a bedding material.
* Low temperatures, rain, snow and wind from the east during early March across England has noticeably restricted grass growth putting pressure on conserved forage stocks.
* Whilst quality of home grown forage is key to driving profitability of livestock enterprises, many farmers are not keen to invest in reseeding old pasture and thus could be overspending on inputs to improve yield of forage.
* In late March, limited fertiliser had been applied to forage ground across **England**.
* **Dairy**
* Milk price reductions since December have put increased pressures on margins combined with rising feed, forage and bedding costs and the delay in turnout.
* The profitability of dairy farms for the 2017/18 accounting period will depend on the type of milk contract. The supermarket contracts have taken a bigger price drop, however, they started from a higher level.
* Reduced milk prices are preventing dairy farmers from being able to make some much needed investments on their farms.
* Organic milk is remaining strong with milk prices at the end of 2017 achieving 41-42 p/litre. However, high straw prices and a potential increase in feed costs due to the long winter could erode this premium.
* The recent cold and wet weather has provided challenging conditions for spring block calvers.
* The spring snowfalls have been challenging for milk collections with reports of milk being discarded.
* Frozen pipes followed by the thaw resulting in mains pipes bursting caused further problems for farmers across the regions.
* Cull cows have been in demand with prices being higher than the previous year.
* Dairy cow prices have remained strong despite a mid-winter milk price slump and despite the spells of bad weather, suggesting that farmers have taken on board reports that milk prices have bottomed out and will go up slightly.
* Muller announced that it was to introduce a direct futures contract.
* bTB remains a constant threat and concern across the regions.
* Dairy farmers in particular are concerned about the worsening labour shortage and the impact of Brexit on availability of mainland European labour.
* **Beef and Sheep**
* bTB testing continues to be a concern due to the time it takes particularly during high workload periods which will be compounded by the new 6-month bTB testing regime implemented in some areas.
* Demand for finished cattle is reportedly high, with supply limitation leading to firmer prices and also lifting store prices.
* There is concern that margins for reared cattle could come under further pressure this spring and summer due to the continued high price of buying stores.
* The relatively mild and damp autumn and start to the winter has resulted in an increase in cases of pneumonia in cattle being reported.
* The wet weather in October led to some farmers having to house cows much earlier than usual thus increasing straw and feed costs.
* Sheep at tupping were of mixed body condition; combined with relatively poor quality conserved forage and mixed weather conditions over tupping, scanning percentages were lower than those in 2016/17.
* The cold weather in spring 2018 has proved problematic at lambing across the regions increasing pressure on indoor space and stock having to be turned out into non ideal conditions.
* The spring heavy snowfall has caused some significant losses of sheep and lambs under drifted snow.
* Across **all regions**, lambing percentages are expected to be lower than those of recent years.
* The number of dog worrying incidences is on the rise and concern is growing about plans for ‘open access’ that is expected under the greener BPS strategy.
* **Pigs and Poultry**
* Pig producers report a period of relative stability over the last 6 months.
* There is concern about the proposed ban on the use of zinc supplements in pig feed, used as a gut conditioner to protect against scouring.
* The cold weather in early March caused problems associated with frozen and burst pipes.
* Midland Pig Producers (MPP) has won a large sales contract in the USA for the design of a new revolutionary farrowing crate called the 360 degree Freedom Farrower which improves the way in which the sow can be handled whilst being sympathetic to the animal’s own individual needs.
* Poultry producers have reported that recent significant temperature fluctuations and high humidity air has caused problems namely greater incidence of hock burns.
* The harsh winter has seen a rise in heating costs which has increased energy usage and cost per crop on poultry enterprises.
* Outbreaks of Avian flu in **Wales**, **Yorkshire, Warwickshire, Herefordshire** and **Dorset** in early 2018 left free range producers in all regions on high alert.
* In March 2018, egg prices were very low - approaching a 30% reduction on the previous year’s average.
* It was announced in October that it was safe for vulnerable groups to eat runny or even raw eggs if they were stamped with the ‘lion’ mark.
* **Business Management**
* New VAT regulations will result in some farm business having to employ someone to complete their VAT return, increasing farm costs.
* The minimum wage and pension expenses are causing a problem of increased labour costs for small holdings reliant on a high labour input.
* Some tenant farmers are expressing concerns about their inability to diversify their businesses and create new income - some simply don’t have this as a viable option due to their tenancy agreement.
* **Basic payment Scheme (BPS), Greening and Agri-environment**
* The ban on using plant protection products on Ecological Focus Area (EFA) nitrogen fixing crops has left some farmers with a dilemma of how to meet their BPS greening requirement and concerns about crop margins for legumes.
* Several farmers are concerned about the changes to greening rules preventing them applying fertiliser or manure to wild bird seed plots or pollen and nectar mix if they want to claim them as EFA.
* 2017 BPS payments in part or full have been paid to most farmers although a small number of farmers have reported that they have not received their BPS at the end of March 2018; combined in some cases with late environmental scheme payments this is resulting in cash flow problems.
* The new mapping tool being used by the RPA for current BPS claims has led to frustration as it is very time consuming checking maps and making amendments on areas which shouldn’t have changed.
* Receipt of Environmental Stewardship payments have been ‘variable’.
* Farmers have described continued concerns about the financial incentives offered by environmental schemes, raising further questions about the viability of scheme participation.
* Farmers have commented that acceptance or otherwise into environmental schemes needs to be notified to farmers more quickly to enable them to prepare.
* **Renewable energy**
* Planning issues and complexity of applications were highlighted as a problem and should be simplified with regard to installing on farm bio-digesters.
* A farmer highlighted that green energy development needs to be sensibly co-ordinated to prevent boom or bust support schemes.
* Just over 1000 acres of intensive arable land in **north** **Kent** is expected to be submitted to the planning authorities in May for what would be the UK’s largest solar energy park.
* **Succession**
* Farmers have revealed that succession is an issue that they are looking at very seriously.
* **General**
* Many farmers cite poor mobile phone reception and slow broadband as an issue impacting on business development and poor mobile phone reception causing communication problems.
* Slow broadband in farm buildings converted to offices can lead to letting issues.
* Farmers have heard about the new amendment to the Data Protection Act but the majority are unaware of how this affects them or their farm business.
* Agri-Expo – this has now become one of the largest farmer-owned agricultural business shows in the UK and this year saw record attendance of both exhibitors and visitors.
* Rural crime continues to be a major problem including theft of farm machinery and burglary from sheds. Farmers are being encouraged to put up CCTV and also install dash cams in their vehicles to record criminal activity.
* It has been noticed that the increase in the number of poorly supervised dogs in the countryside is creating damage to both wildlife and livestock.
* The Lincolnshire Agricultural Machinery Manufacturers Association trade event (LAMMA) has held its final show at the East of England Showground in January this year; it will be moving to the National Exhibition Centre (NEC) in Birmingham from 2019 onwards.

**EU Exit**

Farmers have continued to show an approximate equal share of support for ‘remain’ as for ‘leave’ although some have changed their views from being in support of Brexit to ‘remain’ and vice versa, expressing many differing views.

Following the announcement and launch of the Defra consultation on ‘Health and Harmony: the future for food, farming and the environment in a Green Brexit’, initiated in February 2018 a wide range of comments have been reported ranging from strongly developed views both positive and negative to those with a neutral response.

Some farmers that have previously been strong supporters of Brexit are now beginning to think their industry would have been better supported by staying in Europe, not only on funding but also filling labour requirements. This feeling has been exacerbated by Michael Gove’s announcement on his plans for a new greener subsidy recipient plan.

However, other farmers appear quite relaxed about the possible consequences for agriculture. For example, two arable farmers (one with cattle also) said they had no particular concerns that were not part of farming - one said "I could say it’s wet - but that's what you get in winter" the other said "I don't see problems, just opportunities. Not bothered by Brexit and looking forward to farming into the future".

In terms of ‘public support for public goods’ some farmers are worried that their “run of the mill farms”, won’t attract new “natural capital funding” if they are outside of national parks, Areas of Natural Beauty (AONB) or other designated areas; related to this are concerns about potential distortions in rents that might arise by being the “wrong side” of a designation boundary.

As farmers are considering their options post Brexit, age and whether or not they have a successor is often noted as an influential factor. Some, particularly in the lowland grazing sector, cannot foresee how they would survive a reduction in support payments; others are looking hard at benchmarking, opportunities for collaboration and making better use of resources to prepare themselves for change.

All sectors of agriculture clearly need a Brexit deal which will allow them to export their produce whilst maintaining and improving margins. Highlighted as areas of interest are the Irish border and deals with USA noting beef production systems, GM modification and use of growth hormones as areas of concern.

One farmer expressed concern over whether grassroots farmer’s views reach the decision makers and are considered in respect of formulation of a post Brexit agricultural policy.

A farmer expressed his frustration regarding Brexit negotiations by saying, ‘As one of the major contributors to the EU Budget & only a minor recipient of benefits, the UK appears to have adopted a particularly weak attitude to Brexit negotiations’.

Labour supply is the biggest worry for horticultural businesses and highlighted as a problem on dairy farms too; farmers simply do not know where their workforce will come from post Brexit.

**Arable**

**2017 Crop Marketing**

Farmers have reported significant issues with quality of winter and spring barleys from the 2017 harvest; for both, the hot dry June caused low specific weights. In spring barley, the wet August and delayed combining greatly reduced germination.

Cereal prices have been fairly strong with malting barley in February at £185/t (Frontier). Oilseed rape has fallen during January to March 2018 to around £290/t (Farmers Weekly) significantly lower than March last year. At the beginning of the year, feed wheat prices were down to £136/t, but have picked up since then to around £141/t in March 2018. Feed beans and barley have been increasing over the last three months, towards £136/t and £156/t respectively; this may be to do with prospects of a longer housed period and the late grass growth for livestock farms.

A potato producer who sells to both wholesalers and processors is working through a very difficult marketing season with his wholesale customers and thus a substantial proportion of the crop will be sold for stock feed at a low price. The farmer will only sell to the processor customers, who he considers to be more reliable.

**Cereals and Oilseed Rape**

**2018 Crops**

Across **England**, the winter drilling was completed after settled weather in October following a very mixed September, during which work was stop start and so was demanding on farmers and their staff after the prolonged wet harvest of 2017.

Anecdotally, more wheat was drilled in mid to late October than usual, due to the impact of weather and also in certain areas was employed as a method to reduce blackgrass populations by use of stale seedbeds.

In the **North East**, drilling commenced in September but the blackgrass issue was at the forefront of some farmers’ minds. One **East Yorkshire** farmer was ready to drill in mid-September but wanted to leave it as late as possible to miss the main blackgrass germination period.

The continued wet weather during the autumn caused problems for some cereal growers in the **North East**. One **East Lancashire** producer had only sown 50% of his land at the year end.

January saw crops on wet land that was prone to flooding looking poor due to the wet winter. One **Yorkshire** farmer said crops which had been put in during wet conditions were not growing well, while those who had waited for it to get a little drier had better crops as a result.

Oilseed rape drilled relatively early in autumn 2017 has established well.

The autumn pre-emergence herbicides appear to have worked well on winter crops.

In the **South East**, autumn sown crops show a mixed picture with crops on the lighter or chalk soils generally looking well, however on heavier soils in the region that are slower to drain and warm up there are several reports of backward or bedraggled crops coming out of winter.

In the **South West**, winter cereals suffered from poor establishment and are now looking poor.

The snow and heavy rain in March have contributed to very wet field conditions and waterlogging across **England**. This is resulting in both delayed spring cultivations and sowing and delays in spray and fertiliser applications. On heavier land, lying water has begun to cause crop death and tillering is beginning to be affected in winter barley crops. It is also likely that oilseed rape could become affected should the wet weather continue in to April / May and these factors will undoubtedly affect yields at harvest.

The wind, rain and snow has impacted significantly on farms which largely spring sow and coupled with greening rules which incentivise spring cropping have resulted in larger areas than usual yet to be drilled this spring. Furthermore, results from Agriculture and Horticulture Development Board (AHDB) Early Bird Survey suggest a drop in winter barley plantings in **Yorkshire**, with an increase in spring cereal plantings in **North East** and **North West**, which is believed to be due to wet weather making winter drilling difficult.

Arable farmers are concerned over the effectiveness of early top dressing in the saturated conditions.

Badly damaged tramlines in winter crops have been reported, where farmers have decided to apply crop protection materials in conditions that were not ideal. Some sprayers have very high operational capacity, but achieve this because they are heavy machines.

In the **South East**, there is concern about spring planting in ploughed ground which is now completely waterlogged. A significant area of land destined for spring barley will be sown later than is ideal, which is expected to adversely affect yield prospects.

Spring fertiliser applications across **England** are having to be delayed as farmers are unable to get onto wet fields. The east wind did help to start to dry out the waterlogged ground in the **South East** and **Eastern England** but the rain and melted snow has resulted in a high water table.

An arable farmer in the **East Midlands** explained that in late March soil temperature is still too cold for winter crops to start ‘moving away’. Soils are very wet and still above field capacity which is hampering any effort to get on the land to cultivate, spray or apply fertiliser. It looks likely that spring drilling may be delayed till the middle of April on his heavy land if the wet weather continues. He also noted that winter barley crops are showing signs of nutrient deficiency, whilst some winter wheat crops look scorched as a result of the cold weather during late February. Winter oilseed rape crops also look backward due to cold temperature and wet conditions.

There was disappointing news for **East Yorkshire** wheat growers when Vivergo announced it would be closing its Hull bioethanol plant. One grower who supplies the plant was disappointed with the news and commented, ‘This puts a good bottom in the market and wheat prices will fall as a result of the closure’.

**Sugar Beet 2017 /2018 Campaign**

At the start of the sugar beet harvest, early lifted crops produced high yields and sugar percentage. However, the dry spring and uneven germination has left a harvesting challenge in some crops, with beet of different sizes in the same row, with the result that under topping or over topping is unavoidable with the risk of increased losses or tares.

The sugar beet factories opened before the end of September with beet lifted next to standing crops of wheat reported in the **South East**. Early season sugar levels were reported to be good in the **Wissington** area, but not so high in **North Norfolk**. There was variation in the yield, mainly due to the quality of crop establishment, however overall yields were above average where crops had not suffered from poor germination in the dry spring conditions of 2017.

Harvesting conditions have been further hampered due to snow and wet conditions and consequently considerable soil damage in some harvested fields has been reported.

The sugar beet factories were scheduled to remain open well into March which is not popular with most farmers. This follows break downs at the **Wissington** and **Cantley** factories.

As the harvest has progressed, yields and sugars have remained high.

The logistics of the sugar beet harvest proved difficult to manage due to the increase in the scale of the harvest. British Sugar’s overall requirement for sugar beet was 20 per cent lower in the two preceding seasons. So, as the scale of the harvest effectively increased by 20 per cent, it proved difficult for harvesting and haulage contractors to meet the return to greater scale. As a result, haulage contractors from Scotland were engaged to haul beet in the autumn.

On some occasions, farmers had to wait for collection of sugar beet, possibly following the problems with Lincolnshire contractor and haulier M & J Haulage, which called in the administrators in October 2017.

The sugar beet area in the **North** **East Midlands** grown this harvest is larger than in recent years, meaning factories could stay open until March to cope with the supply. The high yields, with some crops achieving 100t/ha (40t/acre), are believed to be due to adequate water during the summer and good autumn growing conditions.

As in the **North** **East Midlands**, sugar beet producers in the **South East** have enjoyed high crop yields but difficult harvest conditions have been reported.

In the **East Midlands**, the 2017/18 sugar beet campaign went well. One producer said “I have never recorded over 100 adjusted tonnes per hectare on any area of my farm before……… but this year I did”. The lower prices for the one year contract (£23/t) option have encouraged this farmer to go for the three year option of £26/t for clean beet and this has also focussed his crop management on yields.

Across **England**, wet ground conditions are hindering cultivations and seed bed preparation for sugar beet drilling of the 2018/19 crop.

Some farmers in the **North** **East Midlands** were left disappointed when it was announced in January that the proposed beet factory proposed near to York had been put on hold. One farmer north of the A59 said he had been looking forward to getting sugar beet back into his rotation.

**Potatoes**

In the **North West**, the potato harvest continued in October but it was stop start due to the weather. One **East Lancashire** producer was 14 days behind with his harvest due to the heavy rain showers. He had 20 hectares on heavy land and was very doubtful if this would get harvested. He explained that the frustrating thing was the rest of the farm had yielded well and he was looking at over 40t/ha, however he could potentially lose 800t of potatoes and an income of £80,000.

One **Cheshire** farmer reported that a lot of potatoes had not been harvested in the area due to very wet weather conditions.

Potato prices over winter have been significantly lower than the same period last year, primarily due to a good yield last year and additional areas planted due to the higher prices received the previous year.

Potato trade continued to be slow in January; down to £74/t for grade one whites, £110/t for bakers and £224/t for grade one Maris Pipers. Bagged potatoes were also all down to below £100/t, with there being little trade with only the minimum quantities being ordered, compared to the increased trade running up to the Christmas period.

In the **North East**, potatoes were storing well, but the price continued to be low with little movement in the free market price due to the high harvest volume and high volume of potatoes still in store.

So far it is too early and cold for potato planting in the **North**, however continued cold weather could begin to impact on plantings across the whole country if conditions do not improve in April.

Whilst the bad weather in early March mainly affected the **East** coast it did benefit some farmers in the **West**. One **Lancashire** grower commented that the **East** wind had dried soils out enough to plough ready for drilling some spring crops.

The cold wintery weather of late, whilst frustrating for livestock and arable growers, is being hailed as a godsend by the potato sector. Mild winters over the last two years have not helped growers in **England** by encouraging a thriving aphid population.

**Vegetables**

In the **South East**, the availability of labour has been a major subject of conversation in recent months. Producers are currently meeting their requirements because of reduced demand at this time of year; however, businesses report growing concerns. Producers have worked to make contracts more appealing to seasonal workers, by offering longer term contracts and by offering full time roles where this is feasible, although margins do not allow producers to carry excess staff out of season.

Growers in **Lancashire** were finding it more difficult to recruit staff to harvest field scale vegetables. One producer had been through 45 different people to fill five positions as some only stayed for a few days. The farmer wasn’t blaming the Brexit effect, commenting that this had started before the referendum and that the Eastern European workers were preferring to work indoors in factories or glasshouses as opposed to out in the fields.

A large producer of vegetable seedlings and ornamentals is badly affected by the weak pound as a lot of their seeds come from Europe and consequently they are having to pass on the extra costs to customers.

Establishment of horticultural crops has been delayed due to waterlogged soils (in particular in **North East Suffolk**). Some small producers of outdoor vegetables are considering not growing this year as the land is so waterlogged.

**Horticulture**

Conversations with horticultural producers have been about the changing markets for their crops, which have generally favoured larger horticultural businesses.

Availability of seasonal labour for horticultural businesses continues to be a growing concern.

Lettuce Fusarium, a soil borne disease, was confirmed in two Lancashire nurseries in October 2017 and growers have been told that rigorous hygiene practices are needed to prevent further outbreaks, particularly when it comes to cleaning greenhouses.

A small horticulturalist in the **South East** is concerned by disappearing markets for his produce; wholesalers are retiring and not being replaced. There are often difficulties in selling through auctions as these are increasingly flooded with unsold produce from larger producers as a result of last minute requirements of supermarkets and other big customers. The small producers lose out as they can't afford to take the knock back in price achieved.

One marketing opportunity for larger producers has been the expansion of out of town discount stores that sell both home wares and plants. These seem to capture a different market to the garden centres, which are increasingly destinations in their own right. We understand that some enjoyed greater turnover from catering on Mothering Sunday than from plant sales.

In very general terms, larger horticultural producers seem be considering opportunities for expansion, whereas smaller producers are more likely to be making plans to scale back, or even cease production.

**Hops**

One of the largest crops of hops per hectare in UK history has put downward pressure on prices, especially for Goldings.

The world crop has the largest effect on price which last year was just about within balance, although some varieties are now in over supply; the US area continues to increase and it is predicted that this will soon bring about a downturn in the spot hop trade.

UK breeders are developing new varieties to meet the trend towards more fruity style beers, however it is a slow process bringing them to the farm and then making quantities available for the brewers.

Chemical/spray availability continues to be problematic, as with all minority crops it is felt that chemical companies are not interested in development and that government bodies gold plate the regulations making it prohibitively expensive to apply for minor crop use. This is a major issue with hop growers who are having to use more sprays to control pests and diseases which has a negative impact on the environment and increases the chance of resistance.

**Top Fruit**

In general, yields in the **West Midlands** this year have been reasonable and more than sufficient to meet the demand.

In the **South East**, the cold weather in January and February, which assisted vernalisation in the trees (the period of induced dormancy before the trees re-emerge from that dormancy prior to flowering) was welcomed by producers but the later (March) spell of cold weather whilst buds were forming could be detrimental to the crops.

Apple producers in the **South East** were concerned about wet conditions that have delayed early application of crop protection materials to growing crops.

Concern is also growing amongst producers about the effect of waterlogged ground on the rootstocks, as many trees are sitting in pools of water.

Oversupply in the cider apple market is still a problem, with Bulmers leaving over ten thousand tons of their own apples not harvested. Depending on the need of each cider mill the price paid for apples varies from £110/t to £145/t, which equates to over £1,000 variability on a 30t load of apples. It is felt that the price needs to be more uniform in the interest of all involved in the production system. This problem has occurred because too many orchards have been planted, alongside growers increasing the yield from existing orchards and a fall in the consumption of cider of 23% in the last five years.

Bulmers/Heineken are currently trying to persuade growers to reduce production via grubbing with financial incentives. Bulmers have embarked on a three year programme to buy some of the acreage out of contract to try to control the supply to their mill.

**Glasshouse Production**

The over-riding concern in this sector is that of labour availability, work permits and seasonal worker arrangements that will be put in place after Brexit. Consequently, there is already evidence that uncertainty with regard to labour is preventing investment in this sector.

Many are concerned that without access to migrant workers they will not be able to grow their business or harvest or pack many of the crops they currently grow, which will put them at a disadvantage compared to their European counterparts.

**Bedding plants and hardy nursery stock (HNS)**

Nurseries in the **South East** are reporting a relatively slow start to the season with the cold inclement weather preventing landscapers and gardeners from commencing spring planting.

In the **South West**, problems were reported in terms of planting bulbs due to late cereal harvests and the wet conditions.

The wet and cold late winter and spring conditions in the **South West** were not ideal for the daffodil season, however cutting only stopped when there was snow or freezing conditions.

**Forage**

Straw prices are holding firm having increased considerably over the winter period due to availability; in the **East** and **West Midlands** in March straw was trading at around £100/t. Furthermore, non-food demand for straw is reported as being as important as demand for bedding, in determining the straw price.

Straw prices have increased by 50% on last year’s value in the **East Midlands** reaching £120/t in **Derbyshire**. It is likely that the price will remain high in to spring, particularly for good quality straw, as grass growth has been prohibited and turnout of stock is likely to be delayed as ground conditions are unsuitable due to recent snowfalls and heavy rainfall.

Straw in the **South East**, is also in very short supply with high prices being sought and paid; straw yields from last harvest were typically low with many producers citing brittle/dusty straw as a result of regular rainfall during the harvesting period.

In the **South West**, in the autumn of 2017 some spring barley crops were very late to be harvested due to the wet conditions and some weren’t harvested at all. Straw was late to bale and of variable quality and as a result has been in short supply and at an all-time high price.

The cold spring and heavy snowfalls in March in the **North West** have resulted in major increases in forage and bedding prices with barley straw reaching £130/t and wheat straw £125/t. Consequently, hay at £105/t is now the cheaper bedding material.

Straw prices in the **North East** continued to rise in to 2018 with good barley straw achieving £130/t; increasing feed prices for farmers who incorporate it into their mixed ration. A large dairy farm which uses approximately 10t per month estimated it would cost him an additional £2,760 this winter due to the increase in straw price.

In the **North West**, the ground remained wet throughout the winter following the wet summer of 2017 and this led to stock being housed earlier than usual which put early pressure on conserved forage stocks and bedding materials and thus reducing supplies.

A dairy farmer in the **East Midlands** has sourced an alternative to using straw as a bedding material for his dairy cows by converting all of his cubicles to be able to use sand. The rising straw prices of over £100/t have prompted him to invest in a sand dispenser along with modifications of the heel stone. Another farmer said “I do not want to pay these prices, but now I cannot even get hold of it to pay these high prices!”

In general, across **all** **regions**, grass growth continued into the autumn of 2017 with silage crops being taken well into October. However, low temperatures, rain, snow and wind from the east during early March has noticeably restricted grass growth and many wind burnt fields have been left brown, putting pressure on conserved forage stocks.

Across **England**, it is widely reported that spring turnout will be delayed and cattle will be housed later than in recent years, particularly on the heavier ground, consequently increasing the need and demand for forage and bedding; forage and straw could prove costly for those businesses needing to buy in stocks.

In the **South East**, hay is generally in very short supply with many forage merchants having run out in **Kent** due to the prolonged cold weather in January along with the March snow fall.

A farmer has said that quality of home grown forage is key to driving profitability of their livestock enterprises. Despite this, many farmers are not keen to invest in reseeding old pasture and thus could likely be overspending on inputs to improve yield of forage. Farmers are also noted to be cutting silage later in the season, around the time of heading, which is sacrificing quality for yield.

Silage has been of low quality for many in the **South West** due to the wet summer and thus the long cold winter has increased demand and reduced supplies. Furthermore, there does not seem to have been the quantity of stubble turnips or other fodder crops available for sheep grazing because of poor planting conditions in the autumn of 2017.

In late March, limited fertiliser had been applied to forage ground across **England** which could be particularly problematic for farmers with low input grassland in the mid-tier environmental schemes due to the 15th of March deadline for applications.

**Dairy**

December brought bad news for some dairy producers when Muller announced it was to reduce its milk price by 1.25p/litre from January 2018.

More milk price reductions were announced in January, with a number of the **North West** processors dropping their price. One Arla direct supplier was disappointed when Arla announced a 1p/litre reduction in January 2018 which reduced his milk price to 27p/litre. He explained that the overdraft had recently reduced and there was the possibility of changing the tractor but the reduction put his plans on hold. One **North Yorkshire** producer explained that his January milk cheque would be £1,000 less than the previous month due to the reduction.

First Milk announced that its milk price would be reduced by 1p/litre from February 2018 to 28p/litre. Whilst this was bad news for suppliers, another farmer was relieved that their price was similar to the average; he commented that a few years ago their price would have been 2p/litre lower than the other non-aligned farmers.

On the back of a weakening of wholesale prices, the farmgate prices have dropped, with Arla dropping prices by 2.16p/litre for March 2018. AHDB have reported: “However, latest wholesale prices have shown an end to that downward movement, for now. Early indications suggest farm prices may settle or even move up again after the spring flush”.

At the milk year end, average milk price is around 26-27p/litre. One analyst, who had correctly predicted the price falls in the autumn, has said “producers should budget for 25-26p/litre, but hope for 27p/litre through the spring flush.”

The slightly improved milk price in the autumn of 2017 has positively impacted on the profitability of larger herds; however the uplift has been short lived with many producers citing their frustration and concern at the significant price falls in the spring. Several producers are worried that they will not be able to withstand a second sustained depression in milk price as their balance sheets have already taken a significant knock.

Some milk buyers have issued new contracts but don’t seem to be keen to expand existing contracts.

The profitability of dairy farms for the 2017/18 accounting period will depend on the type of milk contract. The supermarket contracts have taken a bigger price drop, however, they started from a higher level.

Reduced milk prices are preventing dairy farmers from being able to make some much needed investments in their farms.

Organic milk is remaining strong with milk prices at the end of 2017 achieving 41-42 p/litre. However, high straw prices and a potential increase in feed costs due to the long winter could erode this premium.

The recent cold and wet weather has provided challenging conditions for spring block calvers.

The spring snowfalls have been challenging for milk collections with reports of milk being discarded. The dairy processing companies have varied in their response; some have accepted liability themselves for milk which has been wasted and will be compensating or paying farmers accordingly, whilst others are leaving farmers to claim off their own insurance, if they have any. One farmer had to reluctantly dispose of three days of milk due to his lane being full of snow from the drifting.

Frozen pipes followed by the thaw resulting in mains pipes bursting caused further problems for farmers across the regions. One farmer in the **North East** was so desperate for water he was tanking water from a local river just to keep his cows watered. He noted that he spent three full days just carting water until the mains were mended.

Cull cows have been in demand with prices being 16-18% higher than the previous year in the **South West.** Similarly, in the **North West** there are reports of improved prices with one **Yorkshire** farmer reporting on average £50/head more for his culls this year and another farmer was very happy when one of his cows achieved £964/head.

Dairy cow prices have remained strong despite a mid-winter milk price slump and the spells of bad weather, suggesting that farmers have taken on board reports that milk prices have bottomed out and will go up slightly.

Newly calved heifer prices remained similar into the New Year with averages around £1400/head. One farmer in the **North West** whose business is rearing and selling dairy heifers was disappointed with the prices and couldn’t understand why prices remained low when the milk price was up at 30p/litre in the autumn and cull cows were a good trade; he thought that his £1500/head heifers should have been £200/head more.

In the **North East**, newly calved heifer price remained stable over the winter with averages around £1350/head. A breeder of dairy heifers sold as newly calved heifers was disappointed with trade when the milk prices were reasonably good. He was anticipating his heifers would reach £2000/head but they were averaging £1700/head in the autumn of 2017.

The announcement by Muller that it was to introduce a direct futures contract received mixed responses from the regions suppliers. One farmer in the **North West** signed up to supply 25% of his milk at 28.5p/litre for a year; he commented that if he had the opportunity to sign 50% of his milk up he would have done and explained that it made budgeting so much easier. He bemoaned the fact that other dairy farmers were greedy and unrealistic thinking that they would get 30p/litre for any length of time.

The wet weather caused problems for some of the **North West** extensive herds. One farm with 300 dairy cows was frustrated that he had a lot of grass available to graze but could not get cows to it without causing a lot of poaching. He said that even with tracks, the wettest paddocks resembled a quagmire and as there was no chance of mowing the paddocks, his only option was to get sheep on them to prevent frost damage.

One dairy farmer in the **West Midlands** has gone down with bTB for the first time; he has a completely closed, zero grazed herd and so assumes the issue can only have come from wildlife entering sheds where his animals are kept. If the problem continues this farm will not survive.

Dairy farmers in particular are concerned about the worsening labour shortage and the impact of Brexit on availability of European labour. A fall in interest from non UK-nationals has not been offset by an increase in the availability of UK workers for UK farm jobs. For example, one large, **Cheshire** producer was concerned about the lack of available staff for his large dairy farm. He had historically employed a lot of eastern European workers but recently they had been harder to find and he thought that this was a direct result of the uncertainty surrounding EU citizens’ rights post Brexit.

**Beef and Sheep**

**Beef**

In the **South East**, bTB testing continues to be a concern due largely to the time it takes particularly during high workload periods. Some farmers in the regions are considering whether keeping cattle is sensible if it is a ‘distraction’ from their more significant and potentially profitable enterprises.

There is concern about the new 6-month bTB testing implemented in some areas. The feeling tends to be “when” we are closed down rather than “if” and because of this change some cattle farmers are investing in handling systems, encouraged by the current grants available under the Countryside Productivity and LEADER schemes.

bTB and bTB testing remains a significant problem for many farms across the **West Midlands**. bTB for one farmer in the region is unsurmountable, meaning he cannot plan ahead and his thoughts are that there should be a more reliable skin test developed.

Demand for finished stock in the **South East** is reportedly high, with some supply limitation leading to firmer prices and also lifting store prices.

There is a sentiment that cattle growth rates have been slightly better than the previous year on the back of good quality forage made last season in the **South East**.

There is concern that margins for reared cattle could come under further pressure this spring and summer due to the continued high price of buying stores.

The relatively mild, damp autumn and start to the winter has resulted in an increase in cases of pneumonia being reported. Farmers who housed cows and calves in early October in the **North East** were particularly concerned about pneumonia and reported calves coughing and were anticipating problems.

In the **North West**, wet weather in October caused problems for some farmers who were trying to feed stock outdoors. One suckler producer was worried about the poaching around the creep feeders and was very concerned about failing his cross compliance. He commented that he was in a difficult situation; if he left the cattle out he may get fined but if he housed them they would be susceptible to pneumonia due to the wet and warm conditions.

The penalties for black and white (particularly large) carcasses have been reduced and as a result there seems to have been increased interest in black and white finished cattle which has been seen in the demand for store cattle.

The only **South West** abattoir waiting list for cattle is organic, suggesting that supply is greater than demand.

The wet weather in October led to some farmers having to house cows much earlier than usual. Many producers in the **North**, housed their sucklers a month earlier than the previous year, increasing straw and feed costs.

Across **all** **regions**, the store cattle market remains buoyant. In the **North**, it is reported that store cattle have achieved £975-£1,100 for 12 month old stores (Harrison & Hetherington, Barnard Castle & Penrith Auction Mart sale reports).

In the **North East**, cull sucklers continued at the same trade during October with the best continental cows grossing over £1,000/head. One farmer whose big Charolais cow grossed £1,090/head was very happy with the trade and said this would almost buy a replacement bulling heifer.

Fat cattle trade remained strong through December with Christmas fat stock sales pushing averages up in the **Northern** regions. **Thirsk** market recorded a top price of 475p/kg liveweight for its champion heifer. The trade continued for the commercial cattle with best heifers and steers achieving over 220p/kg liveweight. One **Yorkshire** farmer’s Limousin heifer grossed a pleasing £1,251/head which was £35/head higher than corresponding sales in the previous year. New Year fat price continued at similar levels. Best continentals were over 220p/kg liveweight and grossed over £1,400/head.

The continued wet and wintery weather has caused further problems for some farmers in the **North East**. A producer whose slurry tank was getting full was concerned that land would be too wet to spread on in early February and commented that they usually start the winter with an empty tank but the wet autumn didn’t allow this and so he may have to spread it over hedges via access from the main road.

The very cold weather is likely delay turnout in the **East Midlands**. The long winter coupled with the low ground temperatures are holding back grass growth and with many areas water logged, this is placing further pressure on conserved forages.

**Sheep**

Autumn breeding sheep sale prices were down slightly year on year, particularly horned ewes and ewe hoggs (Harrison & Hetherington, Hawes Auction Mart, Gisburn Auction Mart & Barnard Castle Auction sales reports). Store lamb prices were poor, however prime lamb prices were reasonable throughout the winter and generally in the range of 180-200p/kg, rising sharply in February to 220p/kg and above for continental type lambs, and around 200p/kg for hill lambs (AHDB and Harrison & Hetherington sale reports).

In the **North East**, store lamb sales in the regions markets continued during October with trade similar to the previous month. Best near finished lambs reached £70/head. One farmer was pleased with his mule wethers which reached £59.5/head, £2/head better than the corresponding sales a year previous.

In the **South West**, store hoggs were difficult to finish through the wet winter, and so increased numbers were sold out of the region.

Ewe breeding sales in the **North East** were mixed depending on quality. One farmer whose mule shearlings averaged £115/head was very disappointed and was blaming the Brexit factor for the downturn. He commented that farmers had little confidence in paying higher prices for sheep due to the uncertainty over trade deals and what the future would hold for lamb prices.

In the **North West**, breeding ewe sales continued to be slow during October with trade down on the previous year. One farmer’s mule shearlings were £15/head down on the corresponding sale in the previous year. He had paid £99/head for the ewe lambs in the previous autumn and sold them for £115/head as shearlings thus leaving no margin.

Fat lamb trade fell during October and only just remained above 2016 prices. Averages in the **Northern** markets were around 165p/kg liveweight with best lambs grossing over £85/head. One farmer in the **North West** commented that there were a lot of under finished lambs being marketed that would have been better in the store market, with some of these only making £55/head.

Fat lamb prices in the **North East** continued at a similar level to the previous year at 193p/kg live weight in December with the best over 210p/kg live weight.

Prime lamb prices were reasonable throughout the winter and generally in the range of 180-200p/kg, rising sharply in February to 220p/kg and above for continental type lambs, and around 200p/kg for hill lambs (AHDB and Harrison & Hetherington sale reports).

**Ashford** Market in **Kent** is becoming one of the foremost livestock markets in the **South East** which is taking in sheep from an ever-widening area. Returns on 20th February 2018 were £22/head (50p/kg) ahead of returns at the same period in the previous year. Furthermore, a record week in **Ashford** Market on the 6th March 2018 was reported with the overall price per head of all finished hoggets sold being £97.50 and the demand for hoggets being described as insatiable.

Very good prices were also recorded at **Rugby** Market on Monday 19th March with the average fat lamb price recorded at £107 and the top price of £150.50 for a 75kg lamb. Cull ewe prices also remained strong with a high of £149 being achieved. Similar strong fat lamb and cull prices have been reported across all regions.

In the **North West** and **North East**, sheep at tupping were of mixed body condition; some farms reported ewes being in good body condition, others particularly on the far western edges of the **Pennines**, reported ewes being ‘poor’. Reasons are most likely to have been fluke and worm problems owing to the wet and mild summer conditions, which favour both parasite types. This coupled with relatively poor quality conserved forage, and mixed weather conditions over tupping, have led to scanning percentages being lower than those in 2016/17.

In the **South East**, scanning numbers of lambs are reported to be typically 5% down on last year.

One **West Lancashire** farmer commented on the high number of geld/empty sheep there were during scanning. He believed this was due to the very wet winter they had had, which followed a wet summer; as a result his hill sheep were losing condition and he had been feeding them on the fell most of the winter. One nearby farm had 90 geld sheep out of 500, and it seemed the later the tups went in the worse the scanning results.

There was snow in the **North East** during December and January, with light dustings in the lowlands and several inches of deep snow higher up in the **Dales**. This has led to farmers having to take extra feed to stock and increased work checking stock before the snow thawed.

January saw the wet weather continue making it very difficult for farmers to travel on land. One **West Yorkshire** farmer complained about the mess sheep were making around the feeders. He was feeding fodder beet but needed to feed concentrate soon and was concerned about cross compliance and poaching.

One sheep farmer in **Cheshire** due to start lambing in January was concerned about the cost of straw; he was looking for a small load of barley straw but was put off by the price which was up to £136/t with small bales at £4 each. He couldn’t justify paying that much just for bedding when hay was only £100/t and could not get his head around the fact that it was cheaper to bed his sheep in hay.

**Norfolk** and **Suffolk** were badly affected by the snow at the beginning of March which was particularly problematic for those who were lambing.

The cold weather in February has proved problematic at lambing in the **West Midlands**. Several farms with tight lambing blocks reported indoor space being tight and stock having to be turned out into non ideal conditions.

The spring heavy snowfall in the **North East** has caused some significant losses of sheep under drifted snow and has caused major problems for all flocks lambing or already lambed.

The March heavy snowfall has caused direct losses of sheep under drifted snow (particularly in the **western** **Pennines**) and poor ewe body condition being reported by many farmers, with problems ranging from metabolic issues through to pneumonia and abortions due to the severe weather and its associated stress on the ewes.

Across **all regions**, lambing percentages are expected to be lower than those of recent years.

Poor weather has increased costs but a farmer in the **West Midlands** commented, ‘The last two winters were mild so shepherds must take the average.’

Many spring lambing flocks in the **South West** have in some way been adversely affected by the snowfall in March and it is thought that sheep losses will overall be much higher than usual. The long wet winter has adversely affected ewe condition and the late spring and very wet ground is causing problems with lamb turnout. Lambing problems may well have been magnified due to a grassy wet autumn meaning “flushed” ewes resulted in a greater percentage of triplets.

A farmer in the **East Midlands** reported the direct loss of 28 lambs in snow drifts in March.

No Schmallenberg-affected lambs have been reported in early lambing flocks in the **South East.**

Straw shortages were still an issue into the New Year especially in the more remote areas. One **Dales** farmer did not have any straw in stock and was considering alternatives. He couldn’t justify paying £125/t for straw to lamb his sheep on and was hoping for a dry lambing time so he could lamb as many as possible outside.

Exposed moorland farms in the **Yorkshire** **moors** were particularly affected with strong winds and snow during March. One farmer reported losing numerous sheep in drifts and was still finding them a week after the snow thawed; he described the heartbreak of finding ewe after ewe.

A **Derbyshire** farmer had been forced into bringing his ewes and lambs inside, which he wouldn’t normally do, due to the snow. Ewes’ teats had suffered as lambs had been constantly feeding; however, after a week of being housed and fed, ewes and lambs are looking well and losses were minimal.

News that the trade talks with the EU would begin before Christmas was welcomed by farmers across the regions. There were concerns however that the right deal was struck for UK agriculture. One sheep farmer was concerned that his sector was at most risk and a bad deal could reduce the price of his lambs; he was alarmed that people were quoting that his £60 lambs would be worth 30% less in future years.

Michael Gove announced at the Conservative conference in October that he was aiming for a green Brexit. One **North Yorkshire** hill farm welcomed this as he thought it may secure the future of his farm, he did however question how much more environmental work he could carry out on his farm.

Some farmers had still not received their Basic Payment in February, which led to cash flow problems. One **Cheshire** producer had to sell some gimmers lambs as fat to keep under his overdraft limit; he had intended to keep these for breeding but had to change his plans.

The number of dog worrying incidences is on the rise and concern is growing about plans for ‘open access’ that is expected under the greener BPS strategy.

**Pigs and Poultry**

**Pigs**

Producers report a period of relative stability over the last 6 months with prices hopefully having bottomed out. The Euro exchange rate over the period has been reasonably stable which has kept input prices stable.

One producer in the South East expressed his concern about the proposed ban on the use of zinc supplements in pig feed, used as a gut conditioner to protect against scouring. His concern is that the removal of zinc from the diet will likely result in greater antibiotic usage to treat scour symptoms.

In the **North**, December weaner price was £41/head which was 50p/head better than the previous year. One large scale producer said that even 50p made a huge difference on the amount of pigs he sold. He commented that two years ago he was receiving £31/head for weaners and the jump to £41/head resulted in a good profit.

The pig deadweight fat pig price steadied in mid-January at 148p/kg which ended 21 weeks of consecutive falls. The constant price drops left one farmer struggling to make any margin on his pigs and he estimated he was losing £25/sow. He commented that he was worlds away from having any spare capital for reinvestment in buildings which would improve the farm performance.

The cull sow price was similar to previous months in the regions livestock markets with the worst sows achieving less than 40p/kg liveweight. One producer in the North was disappointed when his 200kg sow only made just over £100 in total.

The cold weather in early March in the **North** took its toll on pig farmers; one outdoor producer spent hours attempting to defrost pipes for the sows. Further south in the region the thaw also caused problems as pipes burst. One desperate indoor producer rang the fire service as a last resort as he had no water on a large pig unit.

There have been no further developments regarding plans from Midland Pig Producers (MPP) in pursuit of planning permission for a 2500 sow unit near Foston in Derbyshire. However, it has won a large sales contract in the USA for the design of a new revolutionary farrowing crate. The crate, called the 360 degree Freedom Farrower has the same footprint as a conventional crate but improves the way in which the sow can be handled whilst being sympathetic to the animal’s own individual needs.

**Poultry**

Some producers have reported that recent significant temperature fluctuations and high humidity air has meant it has been difficult to keep bedding litter in rearing houses as dry as they might like; wet litter can lead to greater incidence of hock burns.

The harsh winter has seen a rise in heating costs which has pushed up expenditure per crop on one poultry business.

Outbreaks of Avian flu in **Wales**, **Yorkshire, Warwickshire, Herefordshire** and **Dorset** in early 2018 left free range producers in all regions on high alert.

One producer was angry at the re-run of Jamie Oliver’s Channel 4 programme - Friday Night Feast, which contains inaccuracies about the ‘Red Tractor’ standards in chicken production.

Poultry margins have come under further pressure due to disease; one farmer thought that disease issues had increased following excessive cleaning reducing background levels of good bacteria.

In March 2018, egg prices were very low and approaching a 30% reduction on the previous year’s average.

In the **North**, caged egg price remained very similar through 2018 and was 53p/dozen in December; this however was 22p/dozen less than five years earlier. For one large producer this reduction in price was equivalent to £426,250.

The egg producer Chippendales, based in the **North** launched new egg packets with local producers on them. One supplier to Chippendale thought it was a good idea and allows consumers to see where their eggs come from.

It was announced in October that it was safe for vulnerable groups to eat runny or even raw eggs if they were stamped with the ‘lion’ mark. This was good news for the industry and whilst one **Lancashire** producer didn’t think it would increase sales dramatically it would help maintain consumer confidence.

The pre-Christmas trade appeared encouraging for turkey producers. One farmer who takes orders commented that all but five of his hundred birds had been sold at a similar price to the previous year.

**Business Management**

A large number of farmers still keep manual books and are becoming increasingly concerned about how new VAT regulations will affect them. That is, in many cases farmers will have to employ someone to complete their VAT return, increasing farm costs.

There is much confusion over the “real time reporting for tax”. It is not understood how it will work, but it is thought to undoubtedly increase administration and accountancy fees.

The pension (Nest) scheme has resulted in HR complications for employers of European workers who don’t want to be in the scheme but are required to opt out for themselves; the employer can’t do it for them.

The minimum wage and pension expenses are causing a problem of increased labour costs for small holdings reliant on a high labour input.

Some tenant farmers particularly are expressing concerns about their inability (due to limited finance or tenancy restrictions) to diversify their businesses and create new income streams, often presented by policy makers as “the salvation of farm businesses suffering hardship”. Some simply don’t have this as a viable option where their tenancy agreement stipulates that a proportion of such income must go to their landlord.

Anecdotal evidence from a number of sources has highlighted the loss of relationships with a bank manager as being detrimental to the farming industry.

An industry participant noted that borrowing money is likely to get more expensive and that farmers will need access to money/borrowings to facilitate needed investment and fund diversifications to maximise income streams.

In the **West Midlands**, there is seemingly a growing opportunity for non-farm income such as commercial lets on both a small and large scale.

**Basic Payment Scheme (BPS), Greening and Agri-environment**

Despite major impending changes to agricultural policy, farmers are at present specifically concerned about changes to the current Basic Payment Scheme (BPS) rather than the impact of future policy on their businesses. In particular, they have raised concerns about changes to the rules that previously allowed applications of crop protection materials to legumes grown on Ecological Focus Areas (EFAs) used to meet greening requirements. Furthermore, seed merchants report a lower demand for spring bean seed for planting in Spring 2018. Some farmers have commented that it won’t be worth growing beans as the yield would be very poor and the crop full of weeds under the EFA restrictions; the potential reduction in beans grown in the future may see a future price rise.

The ban on using plant protection products on EFA nitrogen fixing crops led some farmers into the dilemma of how to meet their BPS greening requirement. One **Lancashire** grower would struggle to meet the requirement without protein crops due to lack of hedges and ditches on the farm. He had never had much success with cover crops so he felt the only option was to plant beans and not use any spray.

Several farmers are concerned at the changes to greening rules preventing them applying fertiliser or manure to wild bird seed plots or pollen and nectar mix if they want to claim them as EFA; they say if they can’t get them well established then this leaves them vulnerable to crop failure and competition from weeds and pest attack and this may prevent them growing the crops. One farmer said he would like to see a derogation to this rule, even if limits on the amount of fertiliser that could be applied were set.

2017 BPS payments in part or full have been paid to most farmers, however a number of **Lake District** farms with commons are yet to receive any 2017 BPS payment.

A farmer noted that their 2017 BPS payment was paid on time, though their claim remained relatively unchanged from last years. They also explained that they were considering changing payment to Euros, however with the exchange rate being favourable this year they aren’t likely to reconsider for the time being.

A small number of farmers have reported that they have not received their BPS at the end of March 2018 and combined in some cases with late environmental scheme payments, cash flow problems are causing problems.

The new mapping tool being used by the RPA for current BPS claims has led to frustration in some cases where it is adding in small fields as a result of reading hedges as separate areas. Farmers have commented that it is very time consuming having to check their maps and make amendments on areas which shouldn’t have changed, but that if they don’t then the claim will be wrong and it will be their responsibility.

A farmer in the **East Midlands** has experienced difficulty in getting his farm mapped for a Countryside Stewardship agreement. He stated that maps had been produced with certain options marked in field parcels (e.g. buffer strips), designated as new individual parcels and this caused confusion.

Receipt of environmental stewardship payments have been ‘variable’. Some **LFA** farms received 75% annual payments in early autumn (as expected) but the majority have received no payment to date. The new tranche of Countryside Stewardship Mid-Tier options have been met with a rather lukewarm reception and as with the original version, the payment rates are perceived to be too low to warrant the cost and hassle of the application.

A farmer in the second year of the Country Stewardship Higher Tier is annoyed that all capital works have to be completed in first two years and is concerned about potential cash flow problems whilst waiting for large claims to be received.

A livestock farmer in the **East Midlands** noted that without funding available through the Countryside Stewardship Higher Tier scheme he would be unable to carry out vital repair work to his stone walls. If funding for this work was to be withdrawn he said he would have no choice but to resort to demolishing damaged walls and replacing with standard stock fencing.

One farmer commented that he was still unclear about environmental schemes in the future and as his HLS is a large part of his income he was worried about whether it will be replaced in the same way after his HLS agreement finishes in 2020.

Farmers have described continued concerns about the financial incentives offered by environmental schemes, including the Countryside Stewardship Scheme (CSS) and are further concerned about late payments for scheme participation, raising further questions about the viability of scheme participation.

Acceptance or otherwise into environmental schemes needs to be notified to farmers more quickly; one farmer reported that despite applying in August 2017 for Mid-Tier environmental scheme, by March 2018 they had still not received notification as to whether they have been successful.

There is some reassurance from the announcement that BPS style support will continue up to 2022.

Constructive reform of agri-environment schemes & BPS is needed to help overcome the failings in the industry. Instead of treating agriculture as separate from the environment some believe they should be treated as one entity and that schemes should be amalgamated, with incentive payments offered along a gradient, from current production with no incentive payments through to farming without the use of inorganic fertilisers for a medium level, to full organic pasture fed livestock schemes. This scheme could operate like the previous IACS scheme and options and incentive levels could be varied as thought necessary. With such a scheme, farmers and land managers could choose options appropriate to the needs of their farms and enthusiasms.

There is a feeling that the new policy framework should be based on trust between government and farmers, not over complicated and should pass a simple ‘common sense’ test; farmers are not out to ruin the countryside and will respond well to the market if the signals are clear and sensible.

There is a general feeling that immediately post Brexit, the BPS will be first capped and then face staged reductions over a reasonably short time period. Generally, the hope is that some portion of the ‘lost’ BPS will reappear as some form of green/environmental support for farmers, but the worry is that the green bar will be set unacceptably high for most commercial operations.

Any reduction in support needs to be considered in relation to input costs and rents as it is not feasible/viable for support to be cut away and ancillary industries to expect to maintain current pricing structures.

One farmer hopes to see an increase in the importance of soil health in future policies and perhaps the inclusion of min till / zero till practices in agri-environment schemes

Some believe that large main stream farms will be hit most heavily by the changes to farm payments from the UK version of CAP and therefore it is hoped changes will be introduced gradually to allow farmers to adjust.

There was anger among farmers when it was announced that Michael Gove supported the ban on neonicotinoids as they felt that no other options in terms of pest control were being made available to them.

New rules were announced in January, designed to help cut water pollution from farming, and were very similar to cross compliance rules. One Yorkshire farmer commented that the rules were a good idea in theory but in practice wouldn’t work in a wet year. He described that his ground was waterlogged and he could only spread muck when it had been frozen for a few days which broke every rule; he commented that every farmer in his dale was doing the same.

**Renewable Energy**

One farmer explained that he supported the use of bio digesters, but he believes that the use of wood chippings has a negative impact on the environment as it takes many years to regrow and the price of timber has doubled.

Planning issues and complexity of applications were highlighted as a problem and should be simplified with regard to installing on farm bio-digesters.

A farmer highlighted that green energy development needs to be sensibly co-ordinated to prevent boom or bust support schemes and should aim to obtain consistent achievable returns above saving rates, which will encourage farmers to invest in on-farm development.

Just over 1000 acres of intensive arable land in north **Kent** is expected to be submitted to the planning expectorate in May for what would be the UKs largest solar energy park. It is forecast that the park will generate more than 350 megawatts and could bring £27.5 million investment to **Swale** and **Kent** over a minimum period of 25 years.

**Succession**

In the **South East**, conversations with farmers have revealed succession is an issue that farmers appear to be looking at very seriously. Not all are keen for their sons or daughters to stay in farming, when there are often other career opportunities available which are deemed to be more financially rewarding and provide an improved lifestyle.

**General**

January rainfall lifted the threat of extraction restrictions on farmers taking water to fill winter storage reservoirs. At the start of December Bewl water was 33% full; by February it had reached levels of over 75% full and therefore South East Water has not needed to extract water from the River Medway system.

Despite relative proximity to **London** and several large urban centres within the region, many farmers in the **South East** cite poor mobile phone reception and slow broadband as a “handbrake” on their business; poor mobile phone reception can make communication between farm staff, who often work in isolation, very difficult leading to inefficiency as well as safety concerns if they can’t be reached.

Slow broadband in farm buildings converted to offices puts off tenants who need good connectivity, making them harder to let and depresses the rental values.

One farmer was frustrated that despite setting aside an afternoon to concentrate on getting his BPS application done, he was hampered by slow broadband speeds making the whole process “tortuously slow”.

Farmers have heard about the new amendment to the Data Protection Act but the majority are unaware of how this affects them or their farm business.

Agri-Expo – this has now become one of the largest farmer-owned agricultural business shows in the UK. It is held annually at the **Kent Show Ground, Detling** at the beginning of March. Farm businesses exhibiting included machinery dealerships, infrastructure companies, professional service providers, landowner amenity and landscape specialists along with other suppliers to farmers; this year saw record attendance of both exhibitors and visitors.

Focus on rural crime in the **South East** has seen local farmers coming together to form task forces against crime being committed in their area, using WhatsApp groups to report suspicious activity or vehicles in the area. Crimes include theft of farm machinery and burglary from sheds as well as hare coursing which is becoming more of a problem. Farmers are being encouraged to put up CCTV and also install dash cams in their vehicles to record criminal activity.

The A27 remains a concern for many producers in the **South East**, especially around the hot spots of **Arundel, Chichester, Lewes** and **Worthing**, where delays and congestion create a headache for producers of perishable, high value salad crops, berries etc., as well as a drain on productivity.

Anecdotal evidence suggest that thefts from farms in all regions is an ever growing problem; significant investment has taken place on farm into lighting and security measures but this has not stopped thefts on farm. Stolen stocks, equipment and machinery included quad bikes, land rovers, bird scarers, fuel and electric fencing.

It has been noticed that the increase in the number of poorly supervised dogs in the countryside is creating damage to both wildlife and livestock; the source suggested the need for dog licencing and keeping dogs on the lead at all times in the countryside

A farmer expressed a view that farm burial of livestock should be allowed.

An industry participant wishes the government to review the inhumane slaughter of animals without stunning, for religious purposes.

A farmer stated that the current state of agriculture, food and the countryside is unsatisfactory in many ways including unsustainable reliance on fossil fuels, excessive use of pesticides, herbicides which is resulting in loss to people and wildlife.

It has been thought that the £7,000 minimum “productivity grant” has been set too high for many small farms. For example, it would have been useful for setting up a simple EID system on sheep farms but the level meant it was not a viable option.

The **Lincolnshire Agricultural Machinery Manufacturers Association** trade event (LAMMA) has held its final show at the East of England Showground in January this year. It will be moving to the National Exhibition Centre (NEC) in **Birmingham** from 2019 onwards.