Executive Summary

This intelligence was collected over a six-month period (October 2021-March 2022).

Across **all regions**, the forage harvest for 2021 of **hay, silage** and **maize,** aided by the warm, late autumn, resulted in a plentiful supply of reasonably priced, quality **fodder** for the winter.

Milk is rising towards 40p/litre in the lead up to peak volume season, however this has been more than offset by costs of inputs, including feed, fertiliser, electricity, fuel and borrowing costs.

Beef prices including cull cows are extremely strong. Tight supplies of cattle have kept prices buoyant, however as cereal prices continue to rise the market has plateaued. **Bovine TB (bTB)** remains a constant challenge.

The **store lamb** trade in late autumn hit record levels. High **cull ewe** prices and **fat lamb** prices are fuelling the breeding stock prices too. **Spring lambing** has experienced good weather, with indoor lambers able to turn ewes and lambs out quickly. There are early indications that lambing percentages are above average.

The **Avian Influenza** Prevention Zone came into force across the country in November 2021 resulting as of March 21st, 2022, in **free range eggs** no longer being available in the UK. There is huge concern regarding the rising feed and fuel costs for the sector.

Pig businesses are facing huge, unsustainable losses due to high input prices, leading producers to seriously consider their future in the industry. Overstocking on some units has resulted in pigs being too big and out of specification and therefore slaughtered on farm resulting in huge financial losses.

Recent increases in **commodity prices** are welcome but not all crops are being sold for high prices. Farmers are concerned about the price and availability of **fertiliser** and other inputs. **Price volatility** and **inflation** together with **supply issues** impact on cropping and investment decisions. **Ammonium nitrate** prices were quoted at £950 - £1,000 per tonne compared to £195/t in August 2020 and **red diesel** has increased to around £1.30/litre from 57p/litre in March 2021.

Weather has been favourable, allowing for timely planting and application of inputs for the **autumn** and **spring crops** that have consequently established well.

A larger area of **Winter Oilseed Rape (WOSR)** has been planted compared with last year which has generally established well but WOSR cropping areas continue to reduce in the **Southeast** due to the level of **Cabbage Stem Flea Beetle (CSFB**).

Sugar beet lifting has gone well producing improved yields compared to 2020/21. Growers have reported that the long-term viability of UK sugar beet production will rely on further price rises.

Labour availability continues to cause significant problems for the **horticultural** sector. **Glasshouses** have benefitted from the milder winter reducing heating costs; however, the cost of gas may make it uneconomical to grow **salad** and **vegetable crops** under **glass** this year. **Fruit**, **bedding plants** and **hardy nursery stock** are looking healthy, following favourable winter conditions.

There is dissatisfaction with the slow release of details on the **Environmental Land Management Schemes (ELMS)** and **Sustainable Farming Initiative (SFI)** schemes and with the BPS being removed, planning for the short and mid-term future is challenging.

More farms are converting their year-end to 31st March to comply with HMRC rules for **Making Tax Digital (MTD)** increasing workflow pressure on accountants and farm secretaries and potentially causing delays in finalising accounts.

Farmers are facing high levels of **stress** within the current climate, including financial issues, working hours, relative isolation, price volatility and uncertainty.

Livestock; Dairy, Beef and Sheep

Across **all regions**, the forage harvest for 2021, aided by the warm, late autumn, for **hay, silage** and **maize**, resulted in a plentiful supply of reasonably priced, quality **fodder** for the winter. Early spring, warm weather in 2022 has seen timely spring operations on the forage crops. However, a subsequent colder spell has restricted growth and thus 1st cut silage may be a little later on grazed ground.

Milk is rising towards 40p/litre in the lead up to peak volume season, however this has been more than offset by costs of inputs, including feed, fertiliser, electricity, fuel and borrowing costs. Producers may reduce the use of concentrates and sell marginal cows in the short term and also look at alternative crops such as lucerne which is a drought tolerant, nitrogen fixing crop and will reduce the farm's carbon footprint. **Organic milk** pricing is of concern to suppliers to Organic Milk Suppliers Co-operative (OMSCO), as the price is below where it should be in comparison to other organic contracts.

Dairy farms are increasing the use of **sexed semen**, as processors, under pressure from retailers, aim to eliminate the need to cull bull calves. Breeding stock and cull prices remain high.

The **power cuts** after **Storm Arwen** caused problems on some dairy farms in the **Northeast**. One farm, whose generator failed, wasn't able to cool their milk so had to pour it away, whilst others struggled to get tankers into yards due to drifting snow.

Beef prices including cull cows are extremely strong. Many are harshly culling their older/problem stock, however some fear this will cause prices to increase for replacements and breeding stock. **Store cattle** trade is widening, with forward stores achieving high prices, however buyers of grazing stock are selecting quality over quantity and as the quality drops away so does the price. Tight supplies of cattle have kept prices buoyant, however as cereal prices continue to rise the market has plateaued.

Bovine TB (bTB) continues to be a persistent problem. Markets such as **Bakewell** and **Melton Mowbray** have started conducting 'orange' sales of TB restricted cattle, providing another option to marketing stock, rather than accepting the low abattoir price. The development of a bTB vaccination for cows is of interest to the industry.

The **store lamb** trade in late autumn hit record levels. Lambs have grown exceptionally, and as a result the heavy hogg trade has become saturated. Many markets have seen 50kg+ lambs making the same £/head as a 40–45kg lamb that suits either export or supermarket specifications. High **cull ewe** prices and **fat lamb** prices are fuelling the breeding stock prices too. **Spring lambing** has experienced good weather, with indoor lambers able to turn ewes and lambs out quickly. There are early indications that lambing percentages are above average, as ewes flushed well in the autumn in dry conditions followed by a kind winter, resulting in ewes in good condition; concentrate use has been kept to a minimum. **Schmallenberg** has been seen in some of the early lambing flocks in the **Southeast.** There are continued calls for action to be taken on the continuing issue of **sheep worrying**.

Pigs and poultry

The **Avian Influenza** Prevention Zone came into force across the country in November 2021 resulting in a legal requirement to house all birds. As of March 21st, 2022, **free range eggs** are no longer available in the UK due to policy allowing for the temporary housing of free-range birds for up to sixteen weeks having passed. There is huge concern regarding the impact of rising feed and fuel costs for the sector.

Pig businesses are facing huge, unsustainable losses due to high input prices, notably feed and electricity, leading producers to seriously consider their future in the industry. A **Norfolk** producer is not prepared to continue working for a loss but is worried about how he will service capital investment charges in the future. One **Yorkshire producer** sold his herd of sows after the bank stopped his overdraft increasing. Another farmer is trying to stay in the sector until prices improve and will then exit; this is the worst pig cycle he has ever experienced. The price per **fat pig** received has remained stable but actually fell in real terms over the past year. **Cull prices** plummeted at the end of 2021. Processors are offering a reduction in price to get pigs off farms experiencing overstocking as a knockon effect from slaughter and processor delays. Overstocking on some units has resulted in pigs being too big and out of specification and therefore slaughtered on farm, resulting in huge financial losses. The rolling backlog of pigs remaining on farms is further compounded by being unable to sell breeding stock across Europe due to the export border control posts not being opened since Brexit.

Arable

Recent increases in **commodity prices** are welcome but not all crops are being sold for high prices, with some sold early or on contract at lower prices. Farmers are concerned about the price and availability of **fertiliser** and other inputs. An increase in legumes and adjustments to application rates are expected. Farmers have welcomed the updated regulations regarding **autumn spreading of organic fertiliser**. Some farmers are choosing to continue to apply fertiliser at the same rate as last year, hoping that the strong market prices hold throughout the season, whilst others are looking to be more cautious with fertiliser and accept lower yields, commenting that if the weather isn't favourable, the high spend on nitrogen would be money wasted. Although many had the fertiliser for the coming cropping year in store, those that had not will certainly notice the increase in costs. Contractors with machinery capable of spreading organic manures from crop tramlines are in demand. Farmers have been exploring options such as digestate and gypsum fertilisers in an attempt to secure a cheaper form of Nitrogen. Wary of future prices of all fertilisers, farms are increasingly reluctant to sell straw off farm; either chopping and incorporating or engaging in swap-for-muck deals with livestock farmers.

Weather has been favourable, allowing for timely planting and application of inputs of the **autumn** and **spring crops** that have consequently established well although the dry spring is now becoming a concern.

A larger area of **Winter Oilseed Rape (WOSR)** has been planted compared with last year in the **Southwest**. WOSR has established well in the **West Midlands**, although there is a marked difference between August and September sown crops with the later fields being hit by the **Cabbage Stem Flea Beetle (CSFB)**. WOSR cropping areas continue to reduce in the **Southeast** due to the level of CFSB damage and crop rotations favour beans or barley instead. With very high costs, some see the benefits of growing more low input crops such as oats but are struggling to find a suitable spring crop. Linseed is too variable, and beans have been discarded by some because in a dry spring the herbicides do not work, resulting in weed issues in the following crop. Also, the drying time and costs are an issue.

Storm Arwen caused significant damage to stored crops and storage facilities in **Northumberland**.

The trend towards **AD Rye** from **AD Maize** on any but the lightest land seems to be continuing, driven by more reliable crop yields and less soil damage compared to later harvested AD Maize.

Sugar Beet

Sugar beet lifting in the **East Midlands** has gone well with good ground conditions. **Beet yellows virus** has not been such a problem this year, so yields have improved. There is lots of discussion about the long-term viability of UK sugar beet production. Price increases from **British Sugar** and their positive attitude towards growers are encouraging but growers feel further price rises are necessary to make it viable. **Neonicotinoids** have been authorised for the 2022 seed. However, as frost levels failed to meet the threshold, this has given rise to adverse, and often inaccurate, publicity.

Horticulture

Labour availability for both permanent and seasonal positions continue to cause significant problems; it's very difficult to attract labour directly. Growers have welcomed the confirmation of **work permits** for up to 40,000 foreign pickers over the next 3 years, but concern is raised over the aim to increase the wages of seasonal workers which would take the rate above the national living wage, squeezing profits of an already struggling sector. Consequently, some producers are expected to make changes in cropping. An asparagus farmer has confirmation that his **Ukrainian workforce** are not coming this year leaving him with 16 hectares of asparagus to harvest; he may decide to plough up the whole crop.

Glasshouses have benefitted from the milder winter reducing heating costs; however, the cost of gas may make it uneconomical to grow **salad** and **vegetable crops** under **glass** this year. In **South Lincolnshire** there are reports that **vegetable** seed sales are lower than previous years indicating a reduced vegetable area. Growers are paying the cost to repair glasshouses damaged by storms rather than claiming on insurance due to the potential premium increase. The cost of replacement materials has steeply increased.

Fruit is looking healthy, following favourable winter conditions. At this stage of the season, there is confidence from the sector of a reasonable harvest. There is anecdotal evidence that fruit farmers are looking at changing the marketing of their fruit as large fruit packing enterprises are just too expensive.

Bedding plants and hardy nursery stock have benefitted from the mild winter with few winter losses and an early start to the season. There is strong demand from the landscape sector**.** Whilst **peat** is acceptable to ban for garden use, it is more difficult for professional use as substitutes are variable, higher cost and are being shipped many miles with questionable environmental benefit**.** Prices and availability issues of imports have increased due to Brexit.

The number of **bulb** producers has continued to decrease as it becomes an increasingly specialist crop, however the surge in home gardeners has increased demand and price for the 2021 harvest.

Vineyards are seeing a record breaking 2021 harvest with sales doubling year on year for vineyards in the **Southeast**.

Christmas trees experienced a strong retail market. There are concerns over pest and disease transfer on transplants sourced from Denmark where pesticide use is restricted; specifically, Rhizosphaera and Silver Fir Woolly Aphid.

The **hop crop** from 2021 was again low due to idling and grubbing of hops leaving growers in a precarious situation regarding the viability of their hops as there is much uncertainty within the hop market. It is probable that more growers will leave this sector. It seems that post Covid-19, real ale consumption is reduced. However, there is positive news in the form of brewers looking at their "hop miles" and so reducing their use of imported hops and there are new varieties which are starting to compete with the American varieties that have dominated the market.

Basic Payment Scheme (BPS) and Environmental Schemes

There is dissatisfaction with the slow release of details on the **Environmental Land Management Schemes (ELMS)** and **Sustainable Farming Initiative (SFI)** schemes and with the BPS being removed, planning for the short and mid-term future is challenging. There is a realisation of reduced income now that rates and options begin to emerge for the new schemes and frustration that such schemes are not actually available yet to help counter the reduction in BPS. **Grassland** farmers are particularly struggling to find suitable options. An onion farmer will not take part in ELMs as he will not benefit financially, instead, he will take on more land and plant more onions to cover the loss of **BPS**. One farmer taking part in the SFI pilot scheme in the **Southeast** is finding it difficult to find help and guidance with issues regarding fields that are classed as ineligible. A big drawback with the new schemes is that the BPS did not have associated costs and could be seen as 'profit' to support existing variable and fixed costs. SFI however, has associated costs and therefore is not a support mechanism. Many are committing to **Countryside Stewardship Schemes (CSS)** in the short term; however, some farmers are still waiting to receive CSS payments due in December, causing cash flow issues.

The 5-year CSS is gladly received, as 10-year schemes are generally not fit for purpose by the end. The **Landscape Recovery Schemes** are being met with scepticism as they can only be delivered by very large landowners (>500ha). Concern has been expressed that tenant farmers could be moved off their land in favour of these projects. Generally, farmers believe that schemes should incentivise sustainable food production based on quality, locally produced food as a public good. Regulatory pressure, an increase in costs and lack of subsidy combined with imported food which does not have the same standards or environmental considerations is a cause of dissatisfaction.

Farmers are not always hearing promptly whether they have been successful for **capital grants** in **Mid-Tier** CSS applications, causing problems when there is a small window timewise for works such as fencing and hedging and the fact that contractors need booking up well in advance due to demand.

There is interest in possible carbon sinking schemes. Whilst many expect the government to bring out schemes, as yet there is little clarity on how carbon is to be treated and allocated in the context of offsets and net zero. The belief that the government wants to provide cheap imported food against a backdrop of UK carbon offset or rewilded farms is causing concern regarding future policy.

Brexit

Farmers feels that the UK presses on with trade deals with seemingly little concession to protecting UK standards; there is concern about the Red Tractor assurance verses imports from countries which do not have the same strict standards which imposes higher costs on UK farm business.

Inputs

Price volatility and **inflation** together with **supply issues** impact on cropping and investment decisions. There are localised issues with obtaining inputs and problems with delayed deliveries.

Farmers have welcomed the government U-turn on plans to tax silage wrap at a rate of £200/tonne.

Red diesel has increased to around £1.30/litre from 57p/litre in March 2021. Farmers are reporting that it is difficult to source gas oil, suppliers are not taking on new customers and when ordering they are not being given a delivery date or price. **White diesel** is used in tractors for non-agricultural activities even if on agricultural land. A farmer who does work for a quarry was anticipating he would have to put white diesel in the tractor which also does farm work. **Farm contractors** are being particularly impacted by fuel prices with either having to raise prices or add a fuel surcharge which is then assessed on a regular basis to cope with the fuel price volatility.

In mid-March**, Ammonium nitrate** prices were quoted at £950-£1,000 per tonne compared to £195/t in August 2020. If arable crop prices fall back, margins will not justify these unprecedented nitrogen prices. For the 2022 season many **upland** farms are planning to not use inorganic fertiliser at the current prices. More lime will be applied, and a greater use will be made of the alternatives; digestate, gypsum and poultry manure. A grower has calculated that the increase in fertiliser costs and fuel will add £600/ha to maize growing and harvesting costs, thus is seriously considering not planting a crop.

Second-hand machinery prices are remaining high whilst there are often 6 –12-month delays in the delivery of new machinery due to parts availability. Farmers undertaking **building** projects have found the costs rocketing as prices of timber, steel and concrete all increase.

Topical issues

The roll out of the **DEFRA retirement scheme** was welcomed by some farmers, however, another farmer said that the amount paid was not significant enough to overcome the imposed restrictions and it was preferable to continue farming with less inputs, whilst others feel that current commodity sale prices make this less attractive in the immediate term.

Farmers started to repay **covid bounce back loans** in June 2021. There has been a mixed response with some repaying the £50,000 in full whilst others are using the credit to run their business.

Shortages of reliable and experienced staff continue to plague the agricultural industry. Pressure on wages and rises in other sectors has resulted in problems trying to retain existing staff and encourage new entrants. A farmer explained that he is moving away from employing people, due to constant tightening of employment law, bureaucracy and availability, and will instead be using more contractors.

There is concern about the renewal of water **abstraction licences** for irrigation in Norfolk; a fall in water levels in one broad near Yarmouth is being blamed on farmer abstractions, but further restrictions would have a negative effect on irrigation capacity and crop yields.

More farms are converting their year-end to 31st March to comply with HMRC rules for **Making Tax Digital (MTD)** increasing workflow pressure on accountants and farm secretaries and potentially causing delays in finalising accounts. Furthermore, this could reduce the level of support to clients towards the deadlines. Some farmers are struggling with the technology, poor broadband, cost and the quarterly reporting throughout the year. There has been a rush by small farmers that need to find help to enable them to undertake MTD online from April 2022.

There is concern about the **grain marketing co-op** in the **South**. With poor harvests for the last two years and more people growing crops for biomass the co-op has made a loss.

The development of **farming clusters** as a useful way of encouraging a more sustainable approach to farming in specific local areas has been reported.

Hare coursing continues to be causing trouble, especially on ground that is left as over wintered stubble for environmental schemes.

Farmers are facing high levels of **stress** within the current climate, including financial issues, working hours, relative isolation, price volatility and uncertainty. There is definitely more awareness of mental health on farms supported by the media and encouragement to speak out about issues. The reduction / loss of BPS is causing **stress** amongst farmers as they try to plan how they will bridge the gap in lost income whilst also planning for the immediate future, particularly with regards to the high input prices.

The return to **agricultural events** and **shows** being attended in person this year are welcomed.

Diversification

One farmer's intention was to reduce exposure to food production volatility, aiming for 49% non-agricultural income, however, whether this is achievable as a tenant is questionable. With a headline wheat price of £300/t, tenants are nervous of current rent reviews.

There is frustration with the complex and costly **planning process**, particularly for enterprises with relatively small economic return, which is limiting small scale, economic, sustainable development.

Diversification activities are being hampered in **Norfolk** due to Natural England raising concerns about **nutrient discharge / loading** from sewerage treatment plants. Planning decisions for residential conversions (including for holiday lets) have been put on hold. The agricultural industry believes that **water authorities** should be more accountable for how they dispose of **sewerage**, particularly discharges into water courses. Nutrients should be better utilised, particularly as sources for P and K.

As energy prices rise, farmers are now being offered some very good prices for **green energy**. This is leading to a resurgence in confidence in the market and focus has been shifted back to bringing these developments to the forefront.

Demand seems to be very high for different forms of **glamping** with one farmer leasing more woodland this year for tree house style accommodation. **Horse Livery** market has plateaued following the 'boom' during the height of the pandemic and seems likely to shrink with the squeeze on cost of living. However, there is a rise in the demand for **dog walking paddocks**.