



Intelligence from the Regions – April 2017

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> will carry the latest collated report. Comments are welcome as well as any queries; please contact the Editor; philip.robertson@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, that is its value in giving 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

- Uppermost in producers and growers thoughts and the forthcoming EU exit negotiations is the availability of EU migrant labour once the UK has left the EU. This is of particular concern to horticulturists and vegetable growers in the Eastern counties, but not exclusively to this region of England.
- Whilst exchange rate related increases in commodity prices have been welcomed by farmers, these have been tempered by rises in input costs; particularly those that have been imported.
- Some farmers have greatly benefitted from higher 2016 grain prices by carrying over grain from 2015.
- The menace of blackgrass to arable farmers continues to grow. Late drilling strategies to counter this problem have been hampered by the slow germination of blackgrass due to dry conditions.
- There is widespread concern about the future of glyphosate as it is an essential part of agronomy plans, especially concerning blackgrass control.
- British growers of seasonal vegetables have benefitted from an increase in demand, due in part to weather related shortages of supply from Spain of courgettes and lettuces.
- Apple growers have expressed concern over increased cider apple imports and the effect this could have on UK cider apple production.
- Recent optimism amongst dairy producers as a result of milk price increases has been tempered by the announcement that a major buyer is reducing prices in April 2017.
- Following the recent outbreak of avian flu when free range hens had to be permanently housed indoors, financial losses due to the loss of 'free-range' status appear to be minimal.
- There is some dissatisfaction with the Mid-Tier and Higher-Tier of the new Countryside Stewardship scheme that commenced in January 2016. Late payments, slow confirmation of scheme acceptance and the competitive nature of these schemes are at the heart of this discontent.
- Banks are continuing to be cautious in lending to the agricultural sector. There is a real concern that if EU support no longer becomes a guaranteed source of income, then banks will consider withdrawing their support.
- Poor rural broadband connections are affecting a large number of farmers with speeds of less than 1mb/sec. being reported.

Summary

❖ **EU Exit**

- With Article 50 being triggered in late March 2017, farmer's main concerns are centred on the future of support payments, the availability of future migrant labour and access to markets.
- Horticulturists and large scale vegetable growers, in particular, are concerned that their demand for seasonal labour will not be met in a non-EU environment.
- Seasonal workers from eastern EU countries are generally regarded by UK farmers as committed and possessing a good work ethic – perhaps more so than British casuals.
- One benefit that has fallen to producers since the EU exit vote, is the weakening of sterling against the euro and the US dollar, which has led to increases in sale prices and an improved income from the Basic Payment Scheme (BPS). However, the cost of imported goods has also increased.

❖ **Arable**

- Disappointing yields for cereals and oilseed rape in 2016 have been tempered by a significant uplift in prices from those of 2015.
- Some farmers have capitalised on better cereal prices by storing and carrying forward 2015 produce to 2016, for sale in a much improved market.
- Some sellers of 2016 grain and oilseed rape feel that they have missed an opportunity by either selling close to harvest or having sold forward some months previously at what turned out to be lower than current market prices.
- The full consequences of Wellgrain going into administration are not yet known but many farmers are numbered amongst the unsecured creditors, with possible significant financial losses in prospect.
- In line with most other sectors, the sustainability of cereals production in a non-supported industry is being questioned by many.
- Cabbage Stem Flea Beetle (CSFB) continues to be a problem for oilseed rape growers, although the issue is regional, with variations of degrees of infestations within regions.
- Poor establishments of 2016 drilled oilseed rape are not solely due to CSFB, but are also the result of very dry conditions immediately before and after drilling.
- The control of blackgrass was not aided by the dry conditions during the autumn drilling season. The blackgrass was slow to germinate and so reduced the effectiveness of some late drilling policies.

- It seems that some farmers cannot resist the urge to drill early if conditions permit, even when a late drilling strategy has been planned for to combat blackgrass.
- Techniques such as min-till, spring cropping and grass rotations are all being used in the battle against blackgrass; however, it is recognised that these techniques may have an impact on farm management and profitability.
- Sugar beet growers are in line for an exchange rate led increase in the price of sugar beet (+£1.32 per tonne). Yields from the 2016 crops are said to be variable with many examples of low yielding, but high sugar content, crops.
- November UK potato stocks were at their lowest since 2013 due to lower supply and increased demand. This has helped prices increase on those from 2015, which in themselves were regarded as good.
- The removal of Linuron, a commonly used herbicide, is of concern for potato growers. Likely successors to Linuron are not thought to be as effective, having demonstrated resistance issues.
- The popularity of share farming and contracting appears to have risen as a response to the need to improve efficiency and address changing labour market conditions.

❖ **Horticulture**

- A regular comment fielded from horticultural farmers is that colleges tend to train students in subjects such as land design but not enough emphasis is paid to teaching about plants and plant husbandry.
- Top fruit and soft fruit growers are optimistic for 2017 yields, following on from the helpful winter frosts and mild spring conditions.
- The rising costs of pack-house regulations, labour, transport and packaging are paramount in top fruit farms becoming unsustainable without the contributions from other income streams.
- Increased cider apple imports are of concern to apple producers with worries over the future of UK cider apple production.
- UK cider apples are in surplus with new orchards significantly contributing to this.
- With labour often being a major cost to horticulturists, the national living wage is of concern regarding the impact it will have.
- What will happen to Producer Organisations (PO) and their assets in a post EU exit world is a question being asked by producers. These POs have been mainly funded by EU grants and the question is will the UK government provide similar funding?

- It appears that the market for fruit and vegetable 'box schemes' is now saturated, although good quality and locally sourced produce is still in demand by restaurants.
- The securing of seasonal staff for hardy nursery stock (HNS) businesses is proving to be difficult for some producers, especially those that sell a high proportion of very seasonal items.
- Whilst the weaker pound has increased the price of imported EU origin inputs, HNS nurseries are finding a benefit in that imports from countries such as the Netherlands are more expensive compared to their own home-grown produce.

❖ **Forage**

- Favourable weather conditions during autumn 2016 provided good conditions for maize harvesting and grass growth which provided a good flush of grass for the tugging period, extended the grazing season and thus preserved stocks of forage.
- There are reports that silage fed during the 2016-17 winter period was of inferior quality with a lack of sunlight during the summer of 2016 being to blame. Meanwhile, 2016 maize silage has shown good feed quality analyses.
- Straw prices of up to £100 per tonne have been recorded, boosted by a shortage of supply and high demand from power stations.

❖ **Dairy**

- Some dairy farmers have negotiated deals whereby payments for inputs are being staged in an attempt to ease cash flow concerns.
- There is some optimism amongst dairy producers following a run of months when milk prices have increased. However, this has been tempered recently by the announcement that a major buying is considering a decrease in the price it pays for milk.
- The high prices on offer for cull cows has tempted some producers to reduce their herd size as a way of mitigating low milk prices.
- Investment appears to be on hold on dairy farms until the outcome of the EU exit and the future for support payments is known.
- Organic milk producers have generally made better margins than their conventional counterparts and have been more inclined to invest in their businesses.

- The gains made from improved milk prices have been somewhat offset by higher feed costs and poor quality silage.
- Long suffering First Milk suppliers received the welcome news that in February 2017 they would be paid a bonus (six week's milk value). Since July 2016, the First Milk price has risen by 11 pence per litre (+68%)
- The range of prices paid to milk producers remains very wide and a great source of frustration for those at the lower end of the scale.

❖ **Beef and Sheep**

- There is concern amongst beef producers that any future trade agreement with the USA could allow for the importation of considerable amounts beef.
- Bovine TB restrictions continue to blight many beef producers who have to endure extra feed costs and negative impacts on sales that stem from long term movement restrictions. The additional labour requirement for routine testing is also cited as an unwanted additional cost to the business.
- The six month period up to March 2017 has generally realised better prices for fat stock than for the previous year's corresponding period. However, fat cattle continue to make very small margins despite the year on year price increases.
- The need to reduce the use of antibiotics is well known by farmers but they are concerned about how herd health and profitability would be affected if less antibiotics were used.
- The cost of straw is becoming prohibitive for livestock farmers without access to their own home grown straw. Animals are not being bedded to the degree that farmers would like in an attempt to save money, which means that animals require clipping before being slaughtered.
- The North West has lost yet another livestock market, resulting in extra costs for farmers who have to drive longer distances to sell their animals.
- Many sheep farmers, particularly in the uplands, are very concerned for the viability of their businesses if the EU exit results in lower or non-existent support payments.
- Other concerns rest with the possibility of increased imports of New Zealand lamb, the trend of young people not eating lamb and how this will impact on demand for UK lamb.
- Farmers note the significant exports of lamb to France and Germany and will this trade continue and if so, under what terms?
- Breeding sheep prices were higher last autumn than in 2015, with shearling hill ewes averaging £125 per head. Mule ewe lambs followed this upward trend and averaged £95 per head.

- Autumn lamb prices were up on the previous year but by the New Year fat lamb prices had declined to levels that were around 20 pence per kg lower than in early 2016.
- More than the normal amount of store lambs were sold during the autumn as higher feed costs were a deterrent to keeping lambs through to the finished stage. Farmers who bought stores in the autumn have made little margin on these animals.

❖ **Pigs and Poultry**

- The use of zinc oxide in pig feed is under scrutiny. Banning it from feeds would concern pig producers in relation to pig health and welfare but environmentalists are concerned about the environmental implications of slurry that contains this heavy metal.
- Pig prices are notably above those of a year ago and considerably more than they were six months ago. Cull sow prices have also increased, in line with the uplift in the cost of replacements. There is a move towards introducing home reared gilts into the herd as opposed to buying expensive replacements.
- The poultry sector is regarded as a growth area of the industry, with multiple new units being constructed across the regions.
- The January outbreak of Asian flu has led to many free range hens having to be housed without access to the outdoors. This has brought the status of some free range eggs into question with some having to be classed as barn eggs. Egg buyers have generally been sympathetic regarding this and have not penalised producers by paying barn egg prices.
- Supermarkets have announced that they will not stock caged eggs from 2025, causing some producers to explore the possibility of converting to barn egg housing. However, many egg producers have incurred high investment costs in recent years and some are reluctant to incur even more.
- The spectre of over supply within the free range sector continues to hover. Prices have fallen by around 15 pence per dozen over the last two years and it is feared that if the current rate of development of new units is maintained, then the market will become saturated and prices will fall further.

❖ **Business Management**

- The increase in spring cropping, blackgrass control and failed oilseed rape crops are some of the reasons why some contractors/managers are looking to renegotiate the terms of their contract farming agreements.
- The new 'workplace pension scheme' is said by some to be too administrative, requiring a great deal of time input to set up. All workers have to be listed even if they are too young for the scheme or wish to opt out.

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

- Farmer opinion is split regarding whether future support payments, if paid at all, will relate to food production or be tied to environmental stipulations. If it's the latter, some farmers are concerned that due to geographical circumstances they may be penalised by not having the right natural features on their farms.
- As at the end of March 2017, a small percentage of LFA farms with common grazing rights have not received any common land BPS payments for 2015 or 2016.
- There are numerous cases of farmers who are in dispute over incorrect 2015 BPS payments still waiting for resolution to their queries, with 2015 queries being put on hold until the 2016 payments have been made.
- Farmers seem to now have a better understanding of the expectations and requirements needed to receive BPS and Greening payments.
- There is much farmer dissatisfaction with the new mid and higher-tier Countryside Stewardship Scheme with lack of payment, slow confirmation of scheme acceptance which has interfered with planned input purchases and field operations and the competitive nature of entering the schemes, being quoted as reasons for the discontent. Some smaller farms consider that the schemes are biased against them.

❖ **Renewable energy**

- Some very high rental incomes are being paid for battery installations that are adjacent to renewable energy projects.
- The demise of many solar and wind turbine installers has left many farmers without access to engineers and unexpected costs that might otherwise have been covered by warranties.

❖ **Rents**

- Herefordshire County Council has gone against its own commissioned report by putting the whole of its farming estate up for sale, which has created uncertainty for around 50 farming families.

❖ **General**

- Poor broadband connections, with speeds of less than 1MB/sec, are a hot topic with a large number of farmers. With an increasing amount of form filling having to be done online, this is both inconvenient and expensive with farmers having to resort to accountants and book keepers to fulfil their form filling requirements.
- There continues to be interest in developing upstream water flow management plans, including porous dams to prevent or minimise downstream flooding problems. Some farmers are concerned about the possible imposition of such plans.

EU Exit

With Article 50 having been triggered, considerable farmer comment has been observed and the main impacts of the EU exit to date have been:

- the weakening of sterling against the euro and the US dollar and the resulting increase in sale prices alongside increases in the costs of purchased commodities and energy
- the availability of seasonal workers

Prior to the EU referendum, farmers were concerned about the expected reduction in the strength of sterling and some brought forward purchases of fertiliser, crop protection materials and machinery. On one particular farm, two quotes from the same dealer to replace the same tractor have risen 14% over a ten month period.

Horticultural producers (both vegetables and ornamentals) have reported that the devaluation of currency following the EU exit vote has not generally led to higher sales prices, but there has been less pressure from retailers to reduce prices. Like arable producers, they are seeing higher input costs.

One glasshouse grower received a letter from 'Styrofoam' packaging stating that they have seen a 50% rise in costs since the UK decided to leave the EU; they are passing 30% of this increase onto growers initially but he expects there will be further increases and the full amount will be passed on eventually.

Employment agencies appear to be meeting current (low season) demand for seasonal labour. However, there is evidence that supply and demand are finely balanced because agencies are not in a position to replace poorly performing staff. Growers are particularly concerned about the availability of summer labour.

Some Eastern Europeans, who have worked in the UK for a number of years, have decided to return permanently to their home countries, having previously benefited from the high value of sterling to buy property there. These individuals are now financially more secure and less motivated to work in the UK, as they now face less favourable exchange rates.

A large vegetable grower in the **East of England** is struggling to recruit Eastern European labour for this season. The weaker value of the sterling is making other European countries a more tempting destination and Germany and the Netherlands are running successful recruitment campaigns at the expense of British growers.

The impending EU exit is raising labour concerns in particular for vegetable growers in the **East Midlands**. Livestock farmers have expressed apprehension over changes in laws regarding the welfare of animals, and worries over inferior quality meat imports. Hill farmers generally seem less concerned about changes in support payments with the assumption that "they will have to continue" and there is mixed views amongst farmers on the virtues and necessity of support payments, going forward.

Another grower, processor and packer in the **North West**, was particularly concerned over the availability of migrant staff as they make up the majority of his workforce and without them his business could suffer. All the staff used to pick last year's pumpkins harvest were from the EU and if this labour wasn't available he doubted he'd be able to grow this crop in the future.

Another **North West** vegetable grower was very concerned about the consequences on his business if exit from the EU resulted in fewer migrant workers. He relied heavily on eastern European workforce and was very happy with their work ethic and commitment.

He used to employ English casuals but they (not all) were unreliable, describing them as 'fair weather' workers.

Cornwall daffodil growers have reported reduced numbers/availability of pickers this season and some producers could have picked more daffodils if they had had more pickers; there are some concerns that the comment "see you next year" will be greeted with - "maybe".

Arable

2016 Crops

Cereals and Oilseed Rape

Some farmers with plenty of grain storage have been able to capitalise on the higher prices for the 2016 crop, by carrying over 2015 produce and selling it along with the 2016 grain. One example is of a Lancashire farmer who increased his 2015 wheat sales by over £35,000 by storing it and selling it in a more favourable market. This went a considerable way to paying for his recent investment in grain storage.

In the East of England, early Farm Business Survey (FBS) farm visits have mainly documented average yields of most crops, including wheat, although wheat yields were reduced on farms with high levels of blackgrass; oilseed rape yields were generally poor.

We have encountered farmers who have made some unfortunate crop sale decisions, as the recent rise in the price of cereals and other crops was not anticipated by most.

Farmers have welcomed the rise in the wheat price from the low £130's per tonne in October 2016 to the low £140's per tonne achievable at the current time (March), though several report they have been forced to sell earlier than they would like to provide much needed cash flow on the back of poor performance in the previous year.

We have also heard reports of ergot in barley, virtually unheard of a few years ago, presumably due to blackgrass and other grass weeds acting as vectors.

The full consequences of the Wellgrain co-operative situation are now in the press and we are learning more. The consequences of Wellgrain going into administration are already a big talking point on farms. These concerns and uncertainties centre not only on potentially unpaid grain but other issues like contracted grain sales that have not been collected, grain that is residing in payment pools, grain that is in stores that were rented by Wellgrain and grain sold through brokers or other third parties that has ended up with Wellgrain.

Sugar Beet

Sugar Beet growers were told they will receive £1.32 per tonne more for the 2016 harvest due to the fall in the value of the sterling. This was good news with one grower commenting that this would add £90 per hectare to his margins on the crop. There was

anger from growers however when Tesco announced they would not be stocking British sugar in some of its stores.

Sugar beet yields seem to be variable across the **East of England**:

- from over 100t per ha in the fens to 35t/ha in Mid Norfolk
- low sugar beet yields in East Norfolk
- one Norfolk farmer who normally yields around 100t per ha was very disappointed with his 2016 yields of about 85t per ha

We are aware of many examples of low yielding crops. However, for the early season, at least, low yielding crops often had high sugar levels.

Potatoes

November reports stated that UK potato stocks fell to their lowest level in 4 years to 2.9 million tonnes, due to reduced production and an increase in demand. It is predicted that the lower supplies could mean increased potato prices.

One farmer expressed the view that growing potatoes without the use of the herbicide Linuron is going to be a challenge. The chemical is due to be withdrawn on 3rd June 2017 and has been the mainstay of their tank mixes over the past couple of decades. Metobromuron is the likely successor, but it has resistance issues.

The potato industry continues to consolidate with fewer potato growers in existence in traditional potato growing areas. Based on experiences gathered during recruiting for the Farm Business Survey, we have observed small producers continuing to leave the market, often letting out land to larger, specialized growers.

In **Lincolnshire and Norfolk**, farmers reported a good year in terms of quality and the price and demand out of store was good for pre pack potatoes.

In the **North West**, the potato harvest started a week later than usual but progressed well due to the favourable weather throughout the autumn. One **Cheshire** farmer was disappointed that his yields were lower than normal due to higher wastage from greening and growth cracks. Other growers in the area were also concerned about bruising potatoes during lifting due to the dry soil so some were irrigating prior to harvest.

Vegetables

Vegetable growers have mentioned that there is so much waste left in the field from crops grown on supermarket contracts that more 'flying flocks' are becoming apparent, some with the farmer finishing lambs for market, and others renting out land to other shepherds.

Rents for high quality vegetable land in **South Lincolnshire** have increased for the 2017 season.

There has been a big expansion in the asparagus area across the country this year. There is concern that the market might become saturated in coming years.

Poor weather and flooding in Spain saw a shortage of courgettes and lettuces in supermarkets; with customers being restricted to the number they can buy whilst the

prices of these goods increased. These shortages have benefitted British growers with increased demand for other seasonal vegetables.

Production levels for **Cornwall** cauliflowers for the Christmas market were met and as a result none had to be imported, which was contrary to the previous year.

2017 Crops

There is general concern across the sector over sustainable cereals production, with a number of producers recognising that at current prices they are only just breaking even. They are mindful that current support payments (BPS) are worth around £30 per tonne, so without this, prospects look bleak, in the absence of a significant increase in commodity values or an alternative mechanism of farm support.

In the **East of England** the dry conditions in the late summer (2016) created difficulties for oilseed rape establishment. Some farms chose to delay drilling whilst others drilled and lost crops. The crop establishment problems were due to a combination of lack of moisture, slow emergence and vulnerability of the emerging plants to CSFB and other pests. CSFB was a major problem in some areas, for example in **South Cambridgeshire**.

In the **East Midlands** autumn's dry, favorable conditions were conducive to timely planting and successful establishment of winter crops. The mild winter has led to good growth, although there are concerns that the winter rape is too far advanced. The recent wet conditions have caused problems for crop protectant efficacy.

The dry autumn has resulted in excellent crop establishment throughout **Yorkshire** with crops of oilseed rape looking good and unlike other years, the cabbage stem flea beetle (CSFB) seems to have had minimal effect. One farmer on the **Yorkshire Wolds** however was not so lucky and lost over 15 hectares to CSFB, even after spraying it three times. The farmer subsequently made the decision to plough up the oilseed crop and re-drill in October with winter wheat.

In the **South East**, reports of damage to oilseed rape crops from CSFB are sporadic and appear highly localised, with some farmers reporting no damage at all, whilst others continue to cite the pest as a major problem, and cause of crop failure. Confusing the issue this year is a relatively high area of crop that has failed due to very dry conditions during the establishment phase immediately after sowing. An agronomist in the **South East** reported that he has lost 16% of his oilseed rape area to this cause. Whilst CSFB larvae have been found in stems, his view is that this has not been the principle cause of crop failure. He is aware among his client farms of CSFB larvae populations resistant to pyrethroid insecticides. He expressed concern at recent proposals to ban neonicotinoid seed dressings in the "non-flowering" crop seed dressings.

Although very localised, some oilseed rape growers in the **South West** have reported severe CSFB damage to some crops and many crops may need to be ploughed up and replaced by spring barley, which could lead to a shortage of spring barley seed.

In the **East Midlands** region, oilseed rape would appear to be going out of favour due to poor yields, legislation change, the rising costs of this high-input crop and poor margin returns. Improved prices for 2016 oilseed rape have done little to boost enthusiasm as these are only making up for poor yields.

In the **South East** there does not appear to have been the reduction in area of oilseed rape being grown to the extent that was expected based on the number of farmers that

reported last year that they would be looking to grow an alternative due to the threat of the cabbage stem flea beetle.

In the **North East**, most arable farms experienced a good 2016 autumn sowing period with good crop establishment. The mild winter weather raised concerns over the increased possibility of yellow rust disease in winter wheat crops.

Manganese deficiency has been noted in wheat in a number of locations and will require treating, which is not uncommon in forward crops, particularly on vulnerable soil types.

In the **North West**, winter wheat and winter barley drilling was well under way during September with good soil conditions being reported. Some farmers on lighter soils took the opportunity to use one pass cultivators in an attempt to reduce establishment costs.

In the **South West** the mild winter has resulted in forward autumn sown crops and high fungal disease pressure. The more recent wet weather has led to weed germination with little chance of spraying.

In the **East of England** the dry conditions caused problems for winter cereal establishment and for blackgrass control prior to cereal drilling. The blackgrass was slow to germinate and so the effectiveness of some late drilling strategies is in doubt. The result was an increased area of late drilled winter wheat. This brought further concerns of poorly established wheat entering the winter with insufficient soil moisture.

Blackgrass continues to be a problem for arable farmers in the **East Midlands** and on occasion some farmers have resorted to spraying and sacrificing the entirety of their crop in order to kill off the blackgrass. Some farmers suggest this ongoing issue is linked to an increase in the use of contractors and share farming, with the subsequent movement of seeds on equipment.

Blackgrass has become a more widespread problem across the whole of the **West Midlands** with it being commented on frequently by farmers. New techniques to counter it are being adopted by farmers in this region such as min-till, spring cropping and grass rotations but these have an impact on farm management and profitability.

A common theme is that some farmers find it difficult to hold off from the early drilling winter cereal crops when the weather is good and thus ignore a pre-planned strategy to late drill as a method of blackgrass control. These farmers have opted to drill early and avoid the risk of unfavourable drilling conditions later in the season.

There is widespread concern about the future of glyphosate as it is an essential part of agronomy plans, especially with challenging blackgrass problems and loss of other chemistry.

Farmers are also concerned that once the UK leaves the EU there will be significant delays over the licencing of sprays for use in the UK.

We have observed that the popularity of share farming and contracting has risen in response to the changing labour market and the need to improve production efficiency.

We sense that there is a further increase in the area of spring crops in 2017.

Greening rules continue to sustain the areas of spring cropping grown which is widely believed will continue to have a negative impact on overall farm profitability. However,

the greater area of spring cropping means more cover crops are being grown which will improve soil fertility and provide better soil structure to aid plant growth in the long run.

Horticulture

Plant Passports – whilst producers recognise their importance, the administration of this system is becoming very onerous and will soon impact on customer prices. The biggest challenge is how to handle movement of plants (out) when they are picked from different batches bought in, which of course they often are.

Horticultural farmers regularly comment that they find it very difficult to recruit staff with any horticultural knowledge. The agricultural colleges tend to train students in subjects such as landscape design, but they leave with only limited knowledge about plants and plant husbandry. They feel that there is a lack of support in this side of the industry with no up and coming people to progress into this sector.

The low prices paid by supermarkets for fruit are not considered to be sustainable for the future of fruit growers in the **East of England**. We know of at least one fruit farmer who is very concerned that the bank is going to call time on his ever increasing overdraft.

Top Fruit

The frosts over the winter and now the mild spring means that the current prediction of yields for both top and soft fruit are good. However, the rising costs of meeting the pack-house regulations, labour costs, transport and packaging means that many fruit farms are becoming unsustainable without the assistance of an alternative means of income such as solar parks.

A **West Midlands'** apple grower expressed concern over increased cider apple imports and the effect this could have on UK cider apple production.

2016 apple yields have been reported as variable, but certainly no better than average.

New orchards are contributing to a surplus over and above that required by cider producers. This has resulted in apples being left on the ground.

The effects of the Russian import ban is still being felt in the apple sector.

Pepsi Co have sold (to Konnings) their pressing business in Suffolk. Konnings wish to negotiate a new contract with each individual producer, with producers fearing that the outcome will be lower prices.

A top fruit producer expressed concern over how the national living wage will impact his business, as labour is a major component of his operation.

Soft fruit

As with the majority of the horticulture sector, the overriding concern at the moment among producers relates to difficulties in securing sufficient labour for the forthcoming harvest season.

One producer questioned what would happen to Producer Organisations and their assets post the exit from the EU, since most operations and facilities have been set up and funded through European grant schemes. "Will funding be available from the UK government for new producer organisations once we are outside of Europe?" is a frequently heard question.

One **Cornish** strawberry producer, in preparation for concerns about the season ahead, is looking at increasing the proportion of PYO sales as opposed to retail, via better marketing and the use of social media to attract families wishing to "educate" their children and buy local.

Glasshouse Production

'Box schemes' for fruit and veg appear to have reached their climax and the market is now at saturation point. A large independent producer in the **South East** confirmed that demand is dropping off, although there is still a demand from the restaurant trade for good quality, locally sourced produce.

Bedding plants and hardy nursery stock (HNS)

Some of the larger scale nurseries producing a high proportion of very seasonal items (e.g. bedding plants) have reported some difficulties in securing seasonal staff for the busy season that is about to begin.

Smaller HNS nurseries with more uniform labour requirements through the year are less affected by difficulties in sourcing seasonal, (unskilled) labour.

One HNS producer commented that he thought that the weaker pound following the EU exit announcement, was on balance, having a positive effect on his trade. Whilst his purchased inputs (originating in the Eurozone) are slightly more expensive as a result, the weak currency is also making continental imports, particularly from Holland, relatively expensive and therefore less competitive compared to his own stock.

Nurseries are generally reporting a brisk start to the season with favourable weather fuelling demand. Much of their profitability hinges on favourable conditions for gardeners and landscapers carrying out planting during this next period between end of March and the Easter.

Forage

In the **North East**, grass growth was good into the late stages of autumn and helped provide a valuable flush of grass towards the ewe tugging period. Good grass growth rates also helped extend the grazing season for those farms that winter house their cattle. Forage stocks were good at the beginning of the autumn and remain healthy due to their reduced use through this winter.

Many livestock have already been turned out (31st March 2017), especially on the lighter soils but even on heavier land turnout is not expected to be too far off if current weather conditions continue; perhaps 2-3 weeks earlier than the long term average. This will potentially lead to savings in feed costs and preserve remaining forage stocks.

There are some reports (**South East**) of new grass leys seeded in autumn 2016 having failed, possibly due to the relatively dry autumn coupled with some physical damage from "frost heave", though this is not widespread.

Some dairy farms (**North East**) that feed predominantly grass silage have experienced lower than expected milk yields during the winter months due to the quality of their forage. Farmers who have encountered this problem have blamed the lack of sunlight during the 2016 grass growing period resulting in a lower than expected sugar content in silage crops. Energy (ME) and digestibility (D Values) are both lower on the whole.

The dry weather in October allowed maize to be harvested in very good conditions making little mess in the fields and on surrounding roads. One **Yorkshire** farmer described it as a huge relief to get it harvested with minimum damage to soil structures. He said fields would be easy to cultivate for a following cover crop which was being used to help him meet his greening requirement.

Maize silage in contrast to grass silage has generally shown good analyses and has matured well over the winter having been harvested in good conditions last autumn.

Straw prices are rising sharply due to a shortage in supply and the ever increasing use of straw in power stations. Delivered straw prices at **Carlisle** auction mart have been in excess of £100 per tonne for wheat and barley straw.

In the **South West**, the value of forage and straw has significantly increased since December 2016, with big bale silage at £25 per bale and barley straw at £100 per tonne. The total forage production in 2016 was lower than the previous year but the mild and dry autumn meant that generally speaking, less forage was fed, with the result that current forage stocks seem similar to the previous year.

Dairy

As a result of the prevailing low average milk price, cash flow issues are forcing some dairy farmers to negotiate deals with suppliers to pay bills in stages, over extended periods of time, with the suppliers being happier to get something rather than find they don't get any payment in the future.

With fertiliser prices increasing and purchased feed costs generally going up on the back of stronger feed wheat prices, producers report that margins are still under great pressure in the dairy sector, though there is generally some optimism that the situation will improve if prices continue to rise, as has recently been the case from the majority of buyers.

Farmers are concerned that some processors, e.g. Arla, are threatening price drops for spring milk production which could impact New Zealand style spring calving herds.

The period from October 2016 to April 2017 saw farmgate milk prices begin to recover from recent lows, with a consequent uplift in dairy cow values.

Some farmers have been trying to offset the low milk prices by reducing herd size and the relatively high price for cull cows has helped support this coping strategy.

Producers have been willing to forego milk output (which has been driven down by low milk prices) by reducing inputs; principally feed costs.

Many producers that are at capacity for buildings, grazing or slurry storage are hesitant about investing in additional infrastructure or taking on new land with the current milk price volatility and the uncertainty of support post the EU exit.

Generally speaking, organic milk producers have produced a more consistent margin than conventional producers and have therefore been more inclined to make investments in their businesses.

Margins have been held back by poor quality forage and increased purchased feed costs over the winter, despite improved farmgate prices.

February saw the eighth consecutive milk price rise by First Milk (of 0.85-0.95 pence per litre (ppl)). Over those eight months First Milk's price has increased by approximately 11ppl to give a price of 26.09-28.25ppl for 'A' quota milk, and 25ppl for 'B' quota milk. This equates to a 68% increase since July 2016. Now that First Milk have secured long term funding, it meant that in February they were able to pay members a double payment (six weeks' worth of money) which was a reversal of the member payment deferral which had been in place since the end of 2014.

There is still a huge difference between the top and bottom of milk prices with some aligned producers receiving over 30ppl whilst others receive less than 18ppl. One **Cheshire** producer was receiving 11ppl less than a neighbouring producer for his November milk which he calculated made him £12,000 a month worse off for milk sales on the amount of milk he was producing. He explained how unfair he felt the industry was when some could make a decent living whilst farmers like him were struggling to make ends meet and it was due to location and type of contract and not the quality of the farmer.

A relatively dry winter and absence of foggy damp days has generally led to lower levels of environmental mastitis and fewer cases of calf pneumonia compared to the long term average.

Beef and Sheep

Beef farmers are generally very concerned about the possibility of a trade agreement with America that allows for the import of beef. Farmers are worried that the government will allow cheap beef imports to help counter the rise in inflation of other imported food products due to the weak pound.

Movement restrictions and shut downs due to Bovine TB reactors continue to be cited as a cause of great concern, angst and increasingly, financial hardship as extra feed costs and reduced sales impact on those suffering long term restrictions. As well as the impact on trade, farmers report that the cost of additional labour input required for routine testing and the knock on effect of delays to core time sensitive farm operations is significant.

Generally speaking, beef producers have realised better prices for fat stock during October 2016 to March 2017, than in the corresponding months of 2016.

Calf prices have recently been good, which has been a boost to dairy farmers but also a concern for buyers of calves for rearing. Whilst fat cattle prices remain relatively good, high calf prices can be accommodated, but farmers worry about what the fat prices will be in 15 to 20 months' time when the animals are slaughtered.

The autumn sales of weaned suckler calves was very favourable, prompting farmers to sell at this time rather than feed through the winter and sell in the spring. Fat cattle are continuing to experience very small margins despite the year on year improvement in prices.

A **West Midlands'** beef producer has highlighted how he has been struggling to produce fat cattle in line with the new carcass classification scheme and as such has lost money (in the order of thousands, not hundreds) due to cattle coming in over the maximum weight. This farmer is very concerned about further reductions to the maximum allowed weight of cattle, as this will mean yet further losses in productivity.

Many farmers in the **East Midlands** are routine TB testing before turning out. Several farms in the region were badly affected last year and as such there is apprehension this year despite many areas being historically TB free.

The Schmallenberg virus has become an issue again nationally and is a major concern for beef herds.

Farmers are aware of the need to reduce use of critically important antibiotics, in particular avoiding prophylactic use where animal welfare is not affected. However, they are worried how this may affect herd health and profitability.

Straw prices continued to be strong during March 2017 with prices up to £80 per tonne for wheat straw. One **Cheshire** beef producer was finding it hard to justify buying bedding straw at this price. His alternative was to use less straw and let the cattle get a bit dirtier but this meant a big session of clipping cattle before sending to slaughter. He also commented that it didn't make sense that second quality hay was £60/tonne; it would be cheaper to buy this for bedding cattle!

Another cattle market is to close with the **North West's Chelford** market holding its final sale in March 2017 after 116 years of trading. The market site has been sold for development and all future sales will move to Wright Marshall's other market site at Beeston, leaving this as the only livestock market in Cheshire. One farm close to Chelford is disappointed with this news which means he will now have to travel a considerable distance to sell his livestock, with inherent additional costs. He has already witnessed the closure of markets at Crewe, Congleton and Chester.

However, **East Midlands'** and the surrounding areas livestock farmers will shortly be benefitting from vastly improved market facilities at Melton Mowbray.

Exit from the EU is still the main talking point for many sheep farmers who are very concerned about future support payments and possible trade deals. One **North West** farmer openly admitted his farm would not survive without some sort of support payment. He was very pessimistic about the future and could not see a future for his family in the hills.

A producer within the **South Down National Park**, commented that he thought it likely that he would receive financial support in one form or another as an incentive to maintain his sheep flock as "lawn mowers" to maintain the traditional grazed landscape of the downs.

Farmers are considering reducing flock sizes due to the uncertainty surrounding the EU exit with the strong possibility of an influx of New Zealand lamb in the future. There is also a lack of confidence in the long term of sheep production due to the reduced consumption of lamb by younger people.

Sheep farmers are very confused over where new lamb markets may be found for lamb sales following exit from the EU. Some feel totally exposed to competition from world imports without tariffs.

One Farm Business Survey co-operator foresees falling lamb prices in the UK post EU exit which may render the industry uncompetitive. One worry concerns exports to France and Germany which are critical in supporting sales from the UK.

Anecdotal reports at the market suggest that the French are not buying in the numbers that they normally do which is reducing demand and creating a slight over supply. One producer commented that of the 40% of lamb that he understand is produced in the UK that is exported to Europe, 90% is exported to France. He is very worried about what may happen to the lamb trade post the exit from the EU, if export tariffs make his lamb uncompetitive in Europe.

As farmers began receiving their Basic Payment Scheme (BPS) money, one **Yorkshire** sheep producer highlighted the importance of the payment to his upland farm and the major concerns he had concerning the exit from the EU. He commented that his farm received £16,900 from the BPS and if he didn't receive this support then his farm would make a £10,500 loss. To replace the BPS income he would have to sell his annual crop of approximately 450 lambs for £103 per head compared to £63 per head he recently received and in his opinion, this just would not happen.

Other sheep producers are being proactive in advance of any support cuts by looking towards some type of diversification enterprise to supplement their income. Location is all important in this regard, with diversification opportunities not open to everyone, but those in tourist areas can look at campsites, barn conversions and bed and breakfast enterprises.

Breeding sheep prices were strong through the autumn period with shearing hill ewes averaging £125 per head. Cull hill ewe prices have been more volatile, typically ranging from £30 to £45 throughout the autumn and winter period. Mid-life draft hill ewes have generally increased in value with typical price ranges from £80-£90 per head, an increase of around £5 per head on 2015 values. Upland farms selling North of England Mule ewe lambs in the autumn generally saw a small increase on 2015 prices to reach a 2016 average of around £95.

Lamb prices in October 2016 were around 170 pence per kg live weight which was higher than the same time the previous year. One farmer commented that whilst the price was better than the previous year, his 40kg lambs were still only coming to £69 per head. However, by January / February 2017, fat lamb prices were around 20 pence per kg lower than in the corresponding months of 2016. One lamb buyer for an abattoir located in **East Yorkshire** blamed the mild autumn and winter period which allowed lambs to thrive on root crops and be heavier and finished sooner than usual, leading to an over supplied market.

Autumn store lamb prices have been firm, prompting some farmers to sell store lambs that had been earmarked for the fat trade. Rising feed prices were a deterrent to keeping lambs through to the finished stage. Farmers that bought store lambs have been disappointed with their returns for the subsequent fat lambs, quoted as being £10 per head lower than in 2016 – “the stores were too expensive”.

The normal seasonal increase in the price of hoggets has not materialised and store lamb finishers are having much reduced margins. Hogget prices remain depressed and are not picking up for the time of year. Exeter market reports a Standard Quality Quotation of 192 pence per kg (11p less than the corresponding sale last year), and this is despite the fact that the pound is much weaker. Reports state that the market seems to be “awash with New Zealand lamb”.

In the **North West**, stubble turnip crops and other winter forages have grown well with many farmers commenting it’s the best crop they have seen in years and as a result will need less concentrate to finish their lambs.

Vets have reported some incidence of Schmallenberg in autumn/winter lambing flocks and have warned at potential problems with spring calvings, with cattle that may have been infected at the same time as early lambing ewes.

Following a recent dog attack on sheep at **Hartpury College**, one farmer commented on the worrying spate of these attacks and how the law needs changing for tougher penalties.

Pigs and Poultry

There has been a concerted effort by the UK pig industry to counter an EU proposal to ban zinc oxide from pig feed on environmental grounds. A National Pig Association survey found the environmental implications of the heavy metal were of low concern and removing it from pig feed would be detrimental to pig health and welfare. It is also argued that slurry containing zinc oxide is often diluted with slurry that is devoid of it and that the application rate of zinc onto UK soils from pig slurry is below the limit published by Defra and the Environment Agency. The EU Committee for Medicinal Products for Veterinary Use is re-evaluating its concerns regarding the use of zinc oxide and its effect on the environment.

One pig farmer in the **South East** has dramatically reduced his herd and is now selling direct to the consumer, with the aim of achieving higher margins on a lower throughput rather than the constant boom and bust cycle of pricing typical of the industry.

The October pig price rose to £1.47 per kg deadweight which was an increase in 15p per kg over 2 months. The fat pig price continued to rise into the New Year reaching 150p per kg deadweight in January which had the knock-on effect of boosting weaner prices. As an example of how these price increase could affect incomes, one weaner producer received £38 per head for his 7 kg pigs (January 2017); this was £10 per head higher than the same time in the previous year. He commented that if he could average 12 piglets per sow per litter it would gross an additional £240 per sow per year. If the weaner price stayed the same for the whole year then farm income would rise by 28,800.

Liveweight cull sow prices increased during November with best sows realising up to 55p per kg. The cost of replacements also increased with some producers relying on transferring in home bred gilts rather than buying in replacements. This strategy ignores the need / desire to introduce new genetics to pig herds but it is seen as a plan to assist short term cash flow.

The poultry sector continues to be viewed as a growth area, with new units continuing to be developed across the regions.

One FBS co-operator is quoted as saying that entering the poultry sector was a viable way for him to expand his business operations without having to acquire additional land.

January 2017 saw an outbreak of avian flu in the **North West** when 10,000 pheasants were slaughtered at premises near Preston. This was followed by further outbreaks and led to restrictions which meant free range birds had to be kept indoors.

It was announced in February that farmers in high risk zones would temporarily lose their free range status. This was bad news for many farmers in the **North West** as large areas were classed as high risk areas meaning hens had to be kept indoors. This also created problems for retailers with egg boxes being labelled stating they were laid by hens kept indoors.

The re-labelling of free range eggs to barn eggs led to concerns among producers that they would be paid less for their eggs. However, most producers in high risk areas have been given a guarantee they would still be paid free range prices even if the eggs were sold as barn eggs.

One consequence of the enforced housing has been an increased incidence of red mite infestation which can lead to other disease and welfare problems within flocks; so far around 10 cases have been confirmed in the UK.

Following the announcement that supermarkets would not stock caged eggs post 2025, some farmers are exploring the option of converting their sheds into barn egg production facilities. One farmer who recently invested one million pounds in poultry housing, was reluctant to consider further investment at this time. He commented that currently none of his eggs are sold to supermarkets and so he would hopefully still have a market post 2025 for caged eggs. He has been quoted that conversion of his sheds from caged to barn would cost around £1.5 million.

In the **East of England**, one producer of turkeys for the Christmas market was very pleased that the avian flu outbreak came no closer than Lincolnshire but as a precaution had started processing a bit earlier than usual with associated extra cold storage costs.

One **South East** producer specialising in turkey production, reported bird theft as an increasing problem which has required investment in perimeter fencing and security systems to deter thieves. The problem was especially bad in the run up to Christmas, but is not exclusive to this period.

One pig farm in the protection zone for avian flu had to dispose of backyard hens as the Animal and Plant Health Agency (APHA) instructed him that he would be unable to move any pigs without getting the all-clear for avian flu in the hens. They have been dispatched as obviously he can't move them off farm in the protection zone!

Free range egg price remained at 85p per dozen for one **North West** producer during November and whilst he was making a margin at this price he had seen a 15p per dozen price drop over the last two years. He calculated that this would cost his business around £150,000 per year. He was concerned that farmers were still investing in free range sheds and he was concerned that in the next five years the industry would be over supplied and prices would fall further.

Business Management

We have heard a number of concerns about the financial returns from contract farming agreements (CFAs) to the contractor / manager in the agreement. A large farming company is looking to renegotiate CFAs to ensure more favourable terms. In another, the working partner is planning to withdraw as he is facing major machinery replacement if he continues. Some of the concerns relate to:

- more spring cropping
- blackgrass
- failed oilseed rape crops

The 2016 / 2017 Farm Business Survey (FBS) includes questions about risk management. One successful potato farmer participating in the FBS explained that the preferred long term strategy for his business was to take risks and accept years of lower prices alongside

current more favourable prices. In his view, risk management schemes were a net cost to producers.

One farming family has differing views about the prospects for the farm business. The older generation are concerned that their successor son is investing too much time and money on diversification and environmental schemes and not enough on growing crops and looking after the farmed land; the son thinks they are just being old fashioned. We suggest that this is not an uncommon scenario on many farms.

The fulltime book keeper on one glasshouse farm has spent an entire month making arrangements for the new 'workplace pension scheme'. She has encountered administrative tasks at every stage of the process. Even workers who will only be on the farm for part of the year, and may not return the following year, have to be offered the scheme and every worker must be listed even if they are too young to qualify or opt out. She wondered how smaller businesses with less accounting expertise will cope and it will almost certainly incur a cost to the business for no return.

We have encountered several large glasshouse businesses that are very worried about the upcoming review of business rates that is described on the NFU website at www.nfuonline.com. The sums involved are substantial, and in one case, around £55,000:

“With a new ratings list due to take effect from 1 April 2017, the NFU has become aware of a change in approach to rating horticultural businesses which grow their crops mainly in buildings or glasshouses, but do not bring these crops on to their final maturity. The Valuations Office Agency class these as nursery grounds, and as such require land to be used in conjunction with the growing buildings in order to satisfy the agricultural exemption”. A likely consequence is that the businesses concerned will need to make substantial and costly changes to their business arrangements to mitigate this cost”.

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

Some farmers expect the UK government to offer subsidies that relate to the production of food rather than the environment, whilst others recognise that future support will come in the shape of environmental “incentives”. Farmers are concerned that if their farm does not fall within an environmental designation, or have particular environmental features that are of interest, that they will be at an unfair disadvantage to those farms, which by virtue of their geography / landscape type, may attract environmental support payments.

A farmer who is also an agricultural contractor commented that although he has made his own business less reliant on direct subsidy payments, most of his customers rely heavily on the payment to allow them to stay in business. He is fearful of the knock on effect to his contracting business (and to other businesses serving farmers) if support payments are withdrawn or dramatically reduced.

Most farmers are starting to think about this year’s BPS application and the May 15 deadline. Some farmers are not happy with the BPS application process with a number

of farmers canvassed having received large penalties with no adequate explanation of why. Other farmers have found it very difficult to claim for a new field(s) purchased the previous year due to errors in the mapping system.

A small percentage of LFA farms with common grazing have not received any common land BPS payments for 2015 or 2016.

A significant number of farmers who maintain they were incorrectly paid for 2015 BPS have still not had these errors resolved – the RPA stating that they would concentrate on getting the 2016 payments out first. Of great concern is that an incorrect 2015 payment will also mean an incorrect 2016 payment; and so it goes on.

There continues to be some public jostling in the bid for managing and delivering future streams of environmental payments. This all rather presupposes there will be a future stream, but most commentators agree that whilst the current BPS will disappear quite quickly there is some degree of public support for payment by results for environmental goods; be they landscapes, wildlife or flood alleviation / prevention. Various corporations, NGOs, and quasi-NGOs, both regional and national, are publicly positioning themselves as the best vehicle to deliver these various environmental goods.

Farmers are continuing to grow beans to meet greening requirements. However, there are concerns for 2018 about news that farmers may not be permitted to use crop protection materials on Environmental Focus Area (EFA) land, which would be of significant concern for farmers.

Notwithstanding the frustration felt by farmers concerning the late payment of the BPS money for 2015, there seems to be a general improvement of understanding, compared to a year ago, of expectations and requirements to receive BPS and Greening payments.

Farmers have reported ongoing concerns with the Mid-Tier and Higher-Tier of the new Countryside Stewardship Scheme that commenced in January 2016. These are:

- A number of farmers retained Entry Level Stewardship (ELS) features on their farms with the intention of including these within Mid-Tier Countryside Stewardship arrangements. Farmer frustration over lack of decisions on applications to the scheme, has led to some margins and field corners being re-absorbed into productive management.
- Farmers who entered the scheme in 2016 still haven't been paid.
- Those that were meant to start in January 2017 still haven't had confirmation of acceptance.
- The late decisions on applications has meant that fertiliser purchases were delayed and farmers have then had to take increased prices. Also some capital projects such as fencing (needed to implement some of the options), might be delayed by several months as we have now entered the closed season for hedge cutting.
- As the application process is competitive, farmers are reluctant to invest too many resources into it.
- Many farms have decided not to apply for the new stewardship schemes because they are so complicated to apply for, prescriptive and onerous to adhere to and administer. The fact that the applications require such specialism to complete favours bigger farms already using agents for similar form filling roles.

- Some farmers believe that the schemes are biased against small farms as many of the options require larger parcels of land – these options are easier to achieve for larger business but more difficult for smaller ones.

Renewable Energy

We are hearing of very high rents for battery installations adjacent to large existing renewable energy projects. In the future these options may also be available for farms near to sub-stations.

We have heard that many solar and wind turbines installers are no longer trading. This has resulted in difficulties in sourcing engineers and unbudgeted costs of repairs that might otherwise be covered by warranties. The 2017 gales also caused damage to wind turbines. Farmers receive no compensation if on-farm generation is out of action due to a technical fault.

There is concern amongst livestock farmers at the increased diversion away from grassland farming to arable / straw and maize production to be used for green technologies. Not only is it reducing the availability of grazing, it is also raising the price of purchased forage, whilst competing with food production for land resources.

Rents

There is concern that **Herefordshire** Council went against the provisions of a report it had commissioned which concluded that they should retain part of their farming estate. Instead the whole farming estate was put up for sale which has created uncertainty for around 50 farming families.

General

A farmer of green belt land near the M25 has learnt that his holding will be subject to compulsory purchase in the near future. This is described as being part of a government initiative to build affordable housing. This had a huge personal impact as the farmer had laid every brick of his house himself and built his business from scratch.

Sometimes it is farmers who benefit from policy to convert agricultural property into other uses. We have encountered several farmers who are planning to use "permitted development rights" to make applications to convert recently redundant farm buildings

for residential use. We sense that agents are now more confident that they can overcome objections made by parish or district councils than was the case under previous governments.

Many businesses accused suppliers of profiteering when exchange rates dropped, by increasing cost of inputs overnight even though they buy stock months in advance.

Banks are continuing to be cautious in lending to the agricultural sector with an increased demand for the production of cash flows and business plans for general overdraft reviews. There is a real concern that if EU support no longer becomes a guaranteed source of income, then banks will consider withdrawing their support.

Poor broadband connection is still affecting a large number of farmers. One farmer situated to the **east of Manchester** described speeds of less than 1mb/sec. He commented that he was 15 miles from the centre of one of the country's biggest cities and yet he could not get a good broadband service. He bemoaned the fact that he couldn't use e-mail and had to rely on his accountant to submit his vat return - for a fee.

There continues to be interest in developing upstream water flow management plans, including porous dams to prevent or minimise downstream flooding problems. Some farmers are concerned about the possible imposition of such plans.

Leader project funding has been launched again in **Cornwall** with some farmers looking into what the requirements are and then considering applying. The details are not clear but there may be a possibility for capital funding in selected areas.