

Executive Summary

This intelligence has been collected over a period of six months from October 2019 to mid/late March 2020 and some observations may have changed in the context of issues arising from **Covid-19**.

There is pressure on winter stocks of **fodder** and **bedding** due to animals being housed longer due to the wet autumn which has also led to a difficult **maize** harvest. Furthermore, the high rainfall has led to **slurry pits** reaching capacity and a pressure to spread slurry, hampered due to saturated land.

There continues to be discrepancy in **milk price** between companies. Production of **A2 Milk** (that contains only beta-casein to help digestion for those with intolerances) has been discontinued in the UK due to small margins and imports. Milk retailing direct to the consumer using **market stalls** and **vending machines** has increased. Due to **Covid-19**, suppliers of **milk** to retail outlets are seeing a surge in demand, in contrast to processors reliant on the hospitality sector.

Autumn grass growth improved **ewe** condition for tugging. **Breeding** and **cull ewe** trade in the autumn was strong despite the uncertainty surrounding Brexit. **Prime lamb** and **store** prices strengthened significantly through to spring 2020.

Beef prices are at a 5-year low for the 6-month period. Margins on fattened bought in stores have been squeezed more than those rearing their own suckler calves. However, during the initial part of the Covid-19 outbreak, market prices lifted.

Bovine TB and **dog worrying** incidences continue to be a threat across all regions.

Pig enterprise margins have risen over the winter due to the lucrative **Chinese export market**. **Veganuary** saw a number of pig farms targeted by activists and farmers were left dismayed when Channel Four aired a program called, 'How to steal a pig'.

The wet autumn of 2019 followed by a mild but very wet winter resulted in large areas of **winter crops** being unsown. There's concern over a potentially crowded **spring barley** market leading to a fall in price and many are considering leaving their ground **fallow**. The drier conditions in mid-late March across **all regions** has enabled some **spring fieldwork** to commence.

Cabbage Stem Flea Beetle (CSFB) continues to be a problem in the **East Midlands** and the **South East** resulting in less OSR plantings and some drilled crops being decimated.

Sugar beet and **potato harvest** was difficult in the wet conditions, with reports of **damaged soil structure** from lifting root crops which may take several years to repair.

Horticultural sectors are struggling due to the impact of weather combined with the impact of **Covid-19** leading to reduced sales of **flowers** and **hardy nursery stocks** and potential labour shortages at harvest for the **top** and **soft fruit** and **vegetable** sectors.

There remains limited farmer awareness of exactly what the **Environmental Land Management Schemes (ELMS)** might involve and concerns regarding cash flow during a transition period.

Brexit is causing concern for farmers, in particular, the threat of cheap imports, lower food standards, impact on workforce and trade tariffs, hence farmers are eagerly awaiting the latest **Agriculture Bill**.

Farmers continue to feel victimised by the **press** and activists regarding **climate change**.

There is an increase in awareness of **mental health** of farmers within farming media.

Covid-19 has brought both challenges and opportunities for farmers; for example, farm shops report an increase in trade however, lack of **tourism** will be devastating for many farm businesses.

Livestock; Dairy, Beef and Sheep

Across **all regions**, pressure on winter stocks of **hay**, **silage** and **bedding** has been reported due to animals being housed longer as a result of the wet autumn and spring. There could be a **straw** shortage in the summer of 2020 due to the lack of winter crops being drilled and reduced spring crop yields leading to price rises. The predicted fall in grain production in 2020 will increase the price of **concentrates** in the autumn and therefore spring cropping is important for both feed and bedding.

There were reports of farmers losing **fodder** in the autumn floods and being unable to store it favourably, leading to increased waste. Across **all regions**, **grass** growth continued through the winter due to mild temperatures and occasional grazing days for housed stock have been reported in February and March. The wet autumn led to a difficult **maize** harvest; one farmer in **Cheshire** had to leave 30 acres unharvested as the harvester got stuck, whilst others struggled on saturated land.

A **volatile milk price** in 2019, following a difficult 2018 is proving challenging for **dairy** profitability. There continues to be a discrepancy in milk price between companies. **Muller's** basic price is relatively low compared to Arla for example due to an unprecedented 25% surge in production in Scotland in excess of local demand leading to a price reduction impacting on all Muller's producers.

Production of **A2 Milk** (that contains only beta-casein to help digestion for those with intolerances) has been discontinued in the UK due to small margins and A2 milk imports. These producers, many situated in **Shropshire** have now lost their niche market. Milk retailing direct to the consumer using **market stalls** and **vending machines** has increased, however, this is a specialist market and represents a very small percentage of the market.

Due to **Covid-19**, suppliers of **milk** to retail outlets are seeing a surge in demand, however those processors reliant on the hospitality sector have seen their market disappear overnight. **Freshways**, announced on 19th March that it was dropping the price paid to suppliers by 2 pence per litre and delaying the March payment to the 15th May as it is 40% dependent on the service/hospitality sector.

One producer who supplied **Meadow foods** said he was unable to compete with farmers who were supplying **Arla** (averaging 30.2p/litre for the 2019 year) or had an aligned contract. He commented that they were receiving 4-5p/litre more which allowed them to pay more for cows and consequently his herd was beginning to show a reduction in quality of animal and milk produced.

Severe **poaching** resulted in livestock being housed earlier with some extensive producers being forced to 'waste' grass which could not be reached. The wet weather has led to **slurry pits** reaching capacity and a pressure to spread slurry. In the **North**, in desperation some farmers were spreading slurry over walls off mains roads because it was just too wet to travel on the fields.

There is evidence of **dairy** herds in the **West Midlands** struggling to keep **mastitis** under control following a significant reduction in antibiotic options. The low value of **dairy bred calves** has encouraged the use of sexed semen for both organic and non-organic producers.

Autumn grass growth improved **ewe** condition for tugging. **Breeding** and **cull ewe** trade in the autumn improved with markets reporting **mule shearlings** to be £30/head higher than the previous year; surprising given the uncertainty surrounding Brexit and the average autumn lamb trade.

Prime lamb and **store** prices in autumn 2019 were reduced as many farmers were selling lambs before the 31st October Brexit deadline. However, prices strengthened significantly through to spring 2020; one farmer commented that his store lambs were nearly making as much as fat lambs and a store producer was happy with the margin on store lambs. Record **spring hogget** prices driven by demand for lamb from **Europe** following the heavy culling of **pigs** in **China** due to **swine fever** benefitted those that were able to keep lambs through to fattening or bought cheap stores. However,

prices began falling dramatically as a result of the **Covid-19** restrictions in **March**, due to concerns about whether abattoirs and meat processors will be able to continue to operate.

February **lambing** has been wet leading to extra costs for **feed** and **bedding**. Flocks due to start lambing outdoors in March may benefit from drier weather which will also alleviate problems with saturated land. One **Dale's** farmer who grazed his sheep on a lowland dairy farm had been asked to take them off the land due to poaching.

A **South East fallen stock collector** commented that there have been an unusually high number of dead ewes. Due to the wet weather and associated increase in stress on ewes, farmers have reported **fluke** and **worm** burdens and rise in number of abortions and ewes carrying dead lambs.

Beef prices are at a 5-year low for the 6-month period, whilst there are reports of **finished cattle** weight limit before deductions falling by up to 60kg per head, making it harder to achieve bonuses for ideal weight without altering the entire breeding system. For those buying **stores** to fatten, their margin has been squeezed more than those rearing **suckler calves**. **Store cattle** prices have been under pressure due to the uncertainties over the future trading relationship with the EU but began to improve during February. Farmers feel frustrated where maximum effort over months and years to choose specific breeds and stock to achieve the right carcass are met by a change in supermarkets and retailers requirements. However, in recent weeks during the **Covid-19** outbreak market prices lifted and have held strong.

Bovine TB continues to be a threat across the regions, with some **Derbyshire** farmers being disappointed with the decision to reject the **cull** whilst some are sceptical of phasing out the badger cull completely and of a **bovine TB vaccine**, as well as an increase in badgers being vaccinated.

Dog worrying incidences continue to be on the rise partly due to the increase in professional dog walkers. There is also a rise in farmers **diversifying** into 'dog-run fields' where small fields are securely fenced and people pay to exercise their dogs without worrying about livestock. However, planning permission is required and for some it has been surprisingly difficult to obtain.

Pigs and poultry

Pig prices have risen over the winter due to the lucrative **Chinese export market** but this is a fragile market which may not keep the pig industry afloat long term. Price rises, combined with the lower feed prices in autumn/winter 2019 has led to improved margins. Despite this, the sector feels threatened as the pig meat "appeal" to the UK market is struggling to gather pace and there are concerns that consumers will move away from pig meat. **Veganuary** saw a number of pig farms targeted by activists and farmers were left dismayed when Channel Four aired a program called, 'How to steal a pig'. Furthermore, the potential impact of **Brexit**, in particular cheaper imports, compounds their concerns.

A farmer in the **South East** reported that **disease** pressure is high, reportedly due to a concentration of **outdoor pig production** in the **Breckland** which has created a focus for transfer of disease.

November saw a new £11 million **pig research facility** open in **Yorkshire**. The facility will look in to **pig nutrition, behaviour** and **lowering the carbon footprint** of pork production.

One relatively small **egg producer** lost all of their demand from hotels and restaurants in mid-March when the **Covid-19** restrictions came into force; however the impact was negated by demand from retail outlets, although not all producers have been able to switch their markets so quickly and are concerned about the long term impact.

Arable

The **wet autumn** of 2019 followed by a **mild but wet winter** resulted in large areas of **winter crops** being unsown. Farmers attempted to plant winter cereals on any dry days through to February relying on the range of drilling dates for different seed varieties; this was a preferred option to spring cereals compounded by a concern that certain seed dressings may not store well. Unsown winter seed now has to be stored until next year and farmers may also incur the cost of buying spring seed which has seen prices rocket. Thousands of acres of land in **East Yorkshire** were flooded following storms Ciara and Dennis as the river **Aire** burst its banks with sown crops drowned; similar incidences were reported across all regions. Other farmers suffered when grain stores were flooded.

Farmers have expressed concerns over a potentially crowded **spring barley** market, leading to a fall in price coupled with potential market loss from leaving the EU, and are seeking alternatives to spread the risk and protect profits. Many are considering leaving their ground **fallow** due to the reduced grain and straw yields from spring cereals, thus reducing their costs whilst others are keen to drill a crop. Drilled **winter cereals** are 'patchy' in waterlogged areas and where inputs have been reduced an impact on yield and quality is predicted. There are also reports of **failed crops** that have died in the field or will not be viable because it was too wet to apply any inputs.

Modern heavy equipment was often unsuitable for the saturated ground conditions. One farmer in the **South East** purchased lighter equipment to enable them to travel whilst another opted to spread the seed on the surface and harrow in rather than drill, accepting the risk to crop yield. Few crops in **North Cambridgeshire** and **Lincolnshire** were rolled, risking the efficacy of pre-emergence herbicides which has resulted in some winter wheat crops being destroyed with glyphosate, where fields have a history of **black grass**. On lighter land in the **South East**, drilled **winter cereals** and **OSR** have developed satisfactorily; however there is concern that late drilled crops may not adequately complete vernalisation. Farmers were optimistic about 2020 **wheat** prices and **sugar beet** producers in particular have opted to grow wheat after sugar beet where conditions allowed, due to perceived reduction in wheat area and low spring barley prices.

The drier conditions in mid-late March across **all regions** has enabled some **spring fieldwork** to commence, however, those on heavier soils in **Herefordshire** for example are struggling to get on their land, whilst those on freely draining soils such as in **Oxfordshire** and **Hampshire** have been able to cultivate, drill and carry out spraying and fertiliser applications.

Cabbage Stem Flea Beetle (CSFB) continues to be a problem in the **East Midlands** and the **South East** resulting in less OSR plantings and some drilled crops being decimated. Farmers queried why the UK continues to import OSR from countries that use neonicotinoids, whilst the UK's OSR suffers from CSFB attacks. One co-operator noted that the loss of the **neonicotinoid Deter seed dressing** is causing them crop establishment issues and so is impacting on the rotation planning.

Farmers have reported a fall in prices for both straight and blended **fertilisers**.

Some **contractors** have cash flow problems due to the lack of work in autumn and they may struggle to meet the demand for spring cultivations work. Anecdotally, one farmer in **Oxfordshire** has bought an extra drill ahead of spring cultivations, citing the worry that contractors will not be available.

Sugar beet factories increased opening times to allow farmers and contractors to catch up with beet harvesting which has seen a long season. Harvest tonnage was down, however crop quality was favourable. Loading lifted sugar beet was difficult on farms without concrete pads. In late March, sugar beet drilling was progressing alongside spraying and fertiliser applications, where field conditions allowed.

Potato harvest in the autumn was difficult in the wet conditions, with some areas abandoned, leaving unharvested crops in the ground, harvest delays and damaged **soil structure** from lifting root crops. The **potato trade** has been strong with free market and contract prices staying broadly in line. Yield and quality have varied, whilst high rainfall has increased yield others have reported high waste due

to green potatoes where heavy rain had washed the tops off the ridges, a failure to harvest marketable crops and late harvested crops realising a lower sales value. For root crops that have been lifted, the rainfall has caused a delay in moving the heaps, leading to crop deterioration.

The term 'war zone' has been cited when describing lifting **carrots** in January with concerns about the amount of time and fuel needed to return the land to a workable condition for the next crop. Farmers are reporting **soil damage** will take at least two years to recover.

A plant raiser has observed reduced orders or delayed requests for **brassica** plants whilst a large **vegetable** producer was unable to crop their own land in the autumn so will no longer need land that they intended to rent in the spring. A farmer who expected to let out land for vegetable production will now grow **winning peas** and some farmers opted to increase their area of **sugar beet**. There are great concerns over access to **skilled** labour; one **vegetable** farmer in the **East Midlands** commented that if they can't find labour they will have to stop growing vegetables, as the vegetable harvest is time and labour intensive.

Horticulture

Daffodil season in the **South West** has been difficult due to the impact of weather conditions including hail storms coupled with Eastern European workers leaving the UK from the 9th March and the expectation that there will be a fall in sales over Mother's Day and Easter due to **Covid-19**.

Growers report slow **ornamental** and **bedding plant** sales due to the persistent cool wet weather. There are concerns about the rise in labour costs due to the increased living wage and impact on cash flow, however, the mild winter resulted in a lower winter fuel bill in **glasshouses** and favourable plant growth. The dormant period of January/February are the normal times to plant, lift and sell young **trees**, but wet weather has caused practical issues whilst some customers have cancelled their orders. The **ornamental sector** is currently facing a bleak future due to **Covid-19** with limited demand; Mother's Day was subdued and as the busiest time of the year is April and May, the closure of retailers and garden centres and cancellation of garden shows will have dire effects on the sector.

Staff availability for harvest, specifically **soft** and **top fruit** is a major issue for the sector. **Pre Covid-19**, the Government were being asked to expand the labour scheme to allow sufficient **seasonal labour** to enter the country, however current restrictions mean no seasonal workers will be able to enter from the EU, so staff will have to be sourced from within the UK. A **glasshouse** grower has reflected that limited trade imports from **Spain** combined with high fresh fruit and vegetable demand, may result in higher prices for early UK crops.

Basic Payment Scheme (BPS) and Environmental Schemes

BPS 2019 receipts were generally received on time accompanied with **back payments** owed due to mapping issues, however there is no useful breakdown or explanation of the payment. RPA have remapped eligible **BPS** areas following satellite information gathered in January, causing concern for farms with flooded areas which may now be excluded as they appear as 'ponds' or 'lakes'.

Some felt disappointed where **Countryside Stewardship grant** applications were rejected, with larger grants awarded to large-scale projects and smaller projects overlooked. Attitudes towards current **environmental schemes** vary, with some looking to enter schemes to provide income security. Timing of payments can cause cash flow issues and many do not know when payments are due. The **interim** payments made throughout the autumn/winter were welcomed. Further **cash flow** issues may occur during the transition period to new schemes which may not be available until 2025; combined with four years with reduced BPS payments this will be untenable for some businesses. There remains limited farmer awareness of exactly what the **Environmental Land Management Schemes (ELMS)** might involve and frustration about the uncertainty regarding their implementation.

Brexit

Brexit continues to cause concern for farmers, in particular, the threat of cheap imports, lower food standards, impact on workforce and trade tariffs. Farmers have explained that historically UK based staff have not wanted to do the work and if available and recruited they have only worked for a short period of time and have not been as productive as experienced EU labour. Farmers would like clear indication from DEFRA on how they can exploit their land in order to offset carbon and offer this as a business opportunity and are eagerly awaiting the latest **Agriculture Bill**.

Topical issues

Following recent management changes, it has been reported that there are now only two **vets** across the whole of **Central** and **Eastern Kent** that are able to deal with farm animals.

Farmers are adapting to the change to **Making Tax Digital**; some opting for patching software, some using a new software package and many paying accountants to complete their VAT returns.

Farmers continue to feel victimised by the press and activists regarding **climate change**, whilst farmers believe UK farming has much to offer and teach the public; for example, the difference between **intensive farming** and those practising a **grass-fed system** and species rich areas.

Newark Livestock Market is under threat after Newark and Sherwood District Council took steps to terminate its lease for failing to pay rent on the land on which the market is located.

The recent cut in **exchange rates** has resulted in the availability of 'attractive' financial agreements. Farmers were relieved that the **red diesel subsidy** was retained for at least another year for agriculture whereas it was abolished for most sectors in the budget in March 2020.

Diversification continues to be seen as an essential part of farm profitability, with many looking to start or expand an enterprise where they are in a place to do so.

There is an increase in awareness of **mental health** of farmers within farming media. Lone working and isolation, implications of losing the stability of the BPS payments, ageing farmer population, climate change, high rainfall, flooding and Covid-19 will greatly affect the mental health of farmers.

Coronavirus

There are fears for **grain** and **meat export markets** and availability of **imported inputs** and concern that parts for specific machinery (i.e. dairy robotics) will be difficult to source.

Due to enforced restrictions and government advice at the end of March livestock **markets** remain open, but with new **biosecurity systems** in place; drop and go, limited entry in to office, only buyers present, use of gloves and hand washing and no one aged over 70 to attend.

Farmers and farm workers have been classed as **key workers**.

The **EU seasonal fruit** and **vegetable harvest labour** and those involved in processing will not be available, instigating a UK recruitment drive, with reports of thousands of applications within a few days.

Morrisons have moved to making **immediate payments** to some of its smaller suppliers (including livestock and egg producers) to help with cash flow. **Farm shops** report an increase in trade of meat, eggs and vegetables, similarly farms with **milk vending machines** have reported a rise in sales.

Lack of **tourism** at Easter and over the May bank holidays will be devastating for many farms across all regions, specifically reported in the **South West** and **North West**, as a high proportion have diversified into accommodation etc. and are reliant on the income stream to support the farm.