



Coronavirus Impacts on Farm and Horticulture Businesses in England

Intelligence Report: 18th July – 14th August 2020

This is the seventh in an ongoing report series – for earlier insights please see visit www.ruralbusinessresearch/publications - "Latest Publications" - "Intelligence Report from the Regions"

From RBR's delivery of the Defra-funded Farm Business Survey for England

Major Food Supply Chains

Reports of substantial farm-gate milk price cuts have been reported in earlier editions of these reports. Milk prices in some areas are now no longer falling and are **remaining consistent and stable**.

Farm Inputs

While some agricultural merchants are still operating on a limited opening hours' basis due to limited amounts of staff availability, **input supplies** that were problematic due to industrial shutdowns from covid-19 restriction are **now starting to ease**.

Horticulture

A container plant producer who spent March furloughing staff found themselves in a position of very high demand for plants from farm shops and from garden centres operating delivery services.

Covid-19 restrictions have previously led to horticultural crop field trials being difficult to attend for visitors; a tomato virus is feared to become widespread introducing a further restriction on site visitors to a particular research site.

Arable

Restrictions on sale activities in the spring have led to some farmers clearing out grain stores later in the season than normal, and clashing with the start of the 2020 harvest. As with previous reports, the **impact of the weather** on arable farms has been of greater concern than the impacts from covid-19. Reports of exceptionally poor oilseed rape (OSR) yields, with many farmers questioning the viability of this crop moving forward, or having taken the decision to not grow OSR next year, are frequently cited. Cereal crop yields are highly variable, with quality issues in wheat being noted and the expected major increase in spring barley supply now coming to the market. Some farmers are actively baling cereal straw this, when they may not have normally done so, in an attempt to increase revenue.

Livestock

The streaming of live auction sales is still being well received and gives farmers the chance to see their stock sold without the risk of mixing with other people. However, **restrictions in livestock markets** for selling and purchasing stock continue to be of concerns to farmers when looking to buy or sell **breeding stock**, despite the opportunity to be at the

market to see one's own stock sold. Buyers frequently wish to closely inspect breeding animals prior to sale, and the restrictions that only allow one purchaser per business, and the need to register attendance before the sale, combined with limited viewing of the stock, will be difficult for many. There is also concern that **local lockdowns** will force sales to be cancelled in the important autumn breeding stock sale window. Many are trying to arrange private purchases and sales but these are often limited and agreeing prices is very difficult in the absence of an auction.

Despite the challenges of buying and selling livestock, breeding sheep are realising **good prices** in the markets together with high store and finished (up £10/head) lamb prices. There also seems to be a good demand for in-milk cows leading to high prices in region of £2000/head. Finished beef prices increased slowly during the lockdown but have now levelled out. There is a higher demand for older store cattle, driven in part by those farms which have surplus grass, leading to a strong market price for nearly finished animals. There are some reports of sellers marketing cattle earlier than usual. This is due to good prices and the risk of a second lockdown which would see restaurants shut and lower demand for beef, plus concerns of the £:€ exchange rate given continued Brexit uncertainties. Dairy calves have been selling for strong prices recently at auction markets. Reports of the interest-free £50k covid-19 loans helping to drive up store cattle and sheep prices have been noted.

The shearing season appears to have caught up from a slower start due to the absence of New Zealand shearers this year.

Low cull sow prices are being reported, (approx. 50% lower than last year); covid-19 is being cited as the problem due to lower demand from China and various European processing plants.

Straw prices are very strong due to shortage of stocks and poor growth due to the dry spring. Forage stocks appear to have rallied in some areas, but in line with arable crop performance are highly variable and location dependent. Similarly maize crop progress and yield has been variable.

Diversification

The initial and early stage negative impacts of covid-19 on many **farm-based tourism** enterprises has now turned to a situation of **very high demand** for the remainder of this year, and well into 2021. Across England, self-catering holiday accommodation and camp sites are seeing exceptionally high demand and interest, however additional cleaning restrictions and time required between visitors is leading to an increased time commitment required for these enterprises. On some camp sites restrictions on the numbers of visitors are in place, so that shower and toilet facilities can be cleaned in line with covid-19 requirements. Bed and Breakfast facilities are more challenging to operate in order to maintain social distancing with many farm businesses who operate this activity choosing to remain closed or introducing staggered breakfasts to ensure appropriate social distancing. Other diversification activities (e.g. wedding venues) have noted that many bookings are being moved into 2021, with the resultant **lost income for 2020**.

Farm shops continue to report strong sales as a lot of new customers from the lockdown continue to use the shops. One owner reported that there was a small decrease in sales as lockdown was eased but year on year sales will be much higher for this year. Diversified incomes from light industrial rents or residential rents have been, and continue to be, affected by lack of, or late, payments.

Farm Business Management and Financial Operations

Business concerns from arable farmers continue to cite a **No-Deal Brexit scenario** ahead of covid-19 impacts. Advice from some grain merchants has been to sell at harvest rather than wait until later in the year, with a lack of knowledge about potential trade tariffs in part driving this advice.

A large proportion of farmers appear to be taking up the offer of **Loans** available due to covid-19; some of these loans are to prop up cashflow, and some to purchase inputs, using the funds as short term loans.

Multiple reports of **accountants taking longer than usual** to produce accounts are being noted, many accountant firms having had to furlough staff. Farm dispersal sales have started again with covid-19 protocols in place such as one member per farm and 2 metre spaces between buyers.

Social

The increased amount of tourists to the countryside is causing problems for farmers through gates left open, litter, sheep worrying and roads blocked by poor parking. Some holiday makers are reluctant/refusing to wear masks whilst on holiday. One farmer has questioned the rationale for social distancing, given the imminent return of children to schools. Some rural pubs have reported being back to 80% of pre covid-19 trade, with the **Eat Out to Help Out** scheme Monday to Wednesday proving to be very popular.