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INSIDE THIS ISSUE:

POLICY & BUSINESS

Future English Farm Support

Consultation

As previously written, the Defra consultation on the detailed workings of the Agricultural Transition was expected ‘in November’. Indeed, Theresa Villiers, the Defra Farming Minister, wrote in the Farmers Guardian in mid-November that the consultation would be out ‘later in the month’. However, at the time of writing (26th November) nothing had appeared. It seems highly likely that this will be released early next week. it may now be more of an ‘announcement’ covering aspects of the Agricultural Transition and ELM, with some of the consultation aspects dropped. We encourage readers to keep an eye on our website where we will publish details and analysis of the proposals when they appear.

Policy Summary

We have been reporting on English future agricultural support as it has been announced. We appreciate this has been rather piecemeal and have therefore prepared a two-page summary so readers do not have to go back through a year’s worth of Bulletins. On the Professional Update website (https://abcbooks.co.uk/) the summary can be found under the ‘Bulletins’ tab at the top of the page, titled ‘Agricultural Policy Summary’. We expect this to be a ‘living’ document i.e. it will be updated when the consultation finally comes out and as other announcements are made.

2020 BPS

Payments

The payment window for the 2020 BPS opens on 1st December. However, in Scotland, the National Loan scheme which has been running since 2016, means many farmers and crofters have received a 90% advance on their payment already; these started in September. For England and Wales, the beginning of December sees the earliest they will receive their monies. Wales has a good record for paying on the first day of the window, but for those claimants who do not receive their payment in the first week of December it is possible to get 90% of their estimated payment via the 2020 BPS Support Scheme as long as this has been previously applied for; the deadline for applications was 27th November.

England does not have a 'support' scheme, but anecdotal evidence suggests more payments will be made in the early tranche. Claimants are reminded they can check the progress of their claim via the Rural Payments website. On the 'Basic Payment Scheme' page of a claimant's account, go to 'Apply for BPS or view status of your application'. As the claim progresses it moves through three stages 'Claim validation', 'Final checking' and 'Preparing for Payment'. Once the claim has reached the latter stage, this means it is ready for payment.

English Rates

English farmers will see a slight increase in their BPS payment rates this year. This is largely because there will be no Financial Discipline deduction from 2020 payments. This was previously used to fund the EU Crisis Fund. 2020 lowland payments will be just over 1% higher than last year.

The calculation of entitlement values is undertaken from scratch each year and the rate can vary depending on how many entitlements are claimed in each region. However, this year the Standard payments in Euros are exactly the same as last year, with the Greening amount up just a few pence, meaning there has been little change in the number of entitlements claimed. BPS payments for England are still set in Euros, for 2020 the exchange rate has been locked at the 2019 level; €1=0.89092. The table below shows the published rates in Euros, our estimates and the actual payment that farmers will receive in Sterling and a comparison with last year.

BPS Entitlement Values 2020 – source RPA

	Gross Payments - € per Ha				Net Payments £ per Ha	
	2020 Standard	2020 Greening	**2020 Total**	*2020 Est.*	2019	**2020***
Lowland	182.70	79.07	**261.77**	261	229.54	**232.5**
SDA	181.34	78.58	**259.92**	259	227.84	**230.7**
Moorland	49.76	22.02	**71.78**	71	62.52	**63.42**

* Converted at € = £0.89092

Scottish Rates

Scottish farmers and crofters will also see an increase in their BPS payment rates this year for the same reason – no Financial Discipline deductions, but also a budget review. This means Region 1 will see a 3.1% increase compared to standard 2019 payments as shown in the table below. *However, 2019 claimants also received £90m worth of Convergence money via top-ups to their BPS and coupled payments. There is a further £70m which the Government has indicated will be made available from January to April 2021. But in the announcement, there was no mention of the Convergence funding and it is unclear how this will be distributed. In the past, there have been strong hints it would be used to top-up the Less Favoured Areas Support Scheme (LFASS), but there was no reference to this in the News Release earlier this month which announced LFASS payments would be increased back up to 2018 levels (see article below). NFU Scotland has always maintained that the Convergence money was obtained through Pillar 1 payments (i.e. BPS) and should therefore be used to top-up these and not be used to resolve the shortfall in LFASS.* We will endeavour to keep readers up to date with the situation.

Scotland BPS Entitlement Values 2020 – source Rural Payments & Services

	Gross Payments - € per Ha				Net Payments £ per Ha	
	2020 Standard	2020 Greening	**2020 Total**	*2020 Est.*	2019	**2020***
Region 1	163.75	84.61	**248.36**	249	214.61	**221.27**
Region 2	35.99	14.29	**50.28**	49	42.51	**44.77**
Region 3	10.41	4.77	**15.18**	15	12.71	**13.52**

* Converted at € = £0.89092, 2019 payments include FD at 1.43265%

Farm Bill & Food Standards

The Agriculture Act 2020 received Royal Assent on 11th November. The Act enshrines into law the phasing out of the BPS over the seven year 'Agricultural Transition' in England. There had been strong lobbying for the Act to also include minimum standards for food imports to the UK. This resulted in the House of Lords and the House of Commons going through the 'ping-pong' process over amendments.

The Government eventually tabled a new amendment. This means the newly formed Trade & Agricultural Commission would be put on a statutory footing, with its reports on future trade deals put before Parliament. *Previously, the Commission was only to operate for a limited period and would just advise Government. The new proposal didn't exactly incorporate the Lords' amendment, but was enough of a concession that they stopped trying to amend the Agriculture Bill.* On the 9th November, the Lords agreed to the final Commons amendments, with Lord Grantchester, shadow Defra Spokesperson withdrawing his amendment to the Bill. However, he did call on the Government to ensure that amendments to the separate Trade Bill address three issues:

- Ministers must ensure Parliament and devolved Administrations are aware in a 'timely manner' if future trade deals are likely to contain measures that change legislation relating to current standards,
- both Houses, Select Committees and devolved Administrations are provided with draft objectives,

progress reports and the final text of any future trade agreements; and

- sufficient time is provided by Government for Parliamentary committees and devolved Administrations to consider all matters relevant to future trade agreements and that Parliament itself has time to debate and vote on all such treaties.

To this end, some lobbyist groups are already turning their efforts to try and get amendments into the Trade Bill.

Spending Review

The Chancellor, Rishi Sunak, delivered the Comprehensive Spending Review (CSR) on the 25th November. Originally, this was meant to set out the budgets for Government departments for the next three years. However, the economic uncertainty generated by the Covid-19 outbreak has seen the budgeting period reduced to just one year.

The general economic news is grim. The economy is set to shrink by 11.3% this year (2020-21) – this is the largest fall for 300 years. A recovery is then forecast with 5.5% growth in 2021-22 and 6.6% the following year. Unemployment is forecast to increase from 1.62 million (4.4%) currently to 2.6 (7.5%) million by the middle of 2021. It will then decline. In terms of public finances the UK is forecast to borrow £394bn this year – a peacetime record. *For some context, the maximum borrowed in the wake of the Financial Crisis was around £150bn, and the average in recent years has been below £50bn. Whilst this money has been raised at low interest rates, the books will have to be balanced at some point – indicating future tax rises. The Chancellor gave no real indication in the CSR what these might look like – putting-off such decisions until the planned Spring Budget, by which time the Covid situation may be more stable.*

Key Points

Below is a list of some specific points from the CSR with relevance to farm businesses and rural areas more generally. (However, as the CSR runs to 122 pages, we may have missed one or two relevant issues);

- ***Defra's budget 'settlement'*** will 'ensure total farm support in England of £2.4 billion in 2021-22 to meet the government's commitment to maintain the current annual budget to farmers in every year of this Parliament'.
- Under the Barnett formula, this should mean that farm support funding has also been maintained at current levels in Scotland, Wales and Northern Ireland. *However, a row has broken out with the* ***devolved administrations*** *claiming that their funding has actually been cut. It is claimed that the Treasury has used a 'flawed methodology' that bases the payments on a single year when some funds went unspent. Also, inter-Pillar transfers have not been properly accounted for and amounts have been 'netted-off'. In total Farm Ministers in Wales, Scotland and Northern Ireland believe that they will lose almost £400m of funding between 2021 and 2025.*
- Defra's ***capital budget*** will increase by £0.6 billion in cash terms next year, taking the total to £5.8 billion. There will be additional investment in flood prevention and science capability.
- The CSR outlines a lot of new ***infrastructure spending***. This will affect many landowners in specific locations where new roads etc. are being planned. There is a new National Infrastructure Strategy (NIS) – see https://www.gov.uk/government/publications/national-infrastructure-strategy. Also, there will be a New Infrastructure Bank to catalyse private investment in infrastructure projects across the UK
- There will be a £4bn ***'Levelling-up Fund'*** in England for local infrastructure (e.g. town bypasses). Amounts for Scotland Wales and NI through the Barnett formula.
- ***Digital infrastructure*** will also receive extra funding including Shared Rural Network for 4G coverage, and better rural Broadband connections
- More details of the ***Shared Prosperity Fund*** were announced which is set to replace EU funding (including Rural Development funding). This will be £1.5bn per year but looks unlikely to be available until 2022; pilots will take place in the meantime. More details are promised in the spring but it is headlined as supporting 'ex-industrial areas, deprived towns and rural and coastal communities'. *The focus seems to be more on training than on business grants. Given this, and the focus on other areas aside from rural ones, the level of 'diversification grants' looks set to be much lower than it was under Rural Development programmes.*
- The ***National Living Wage*** (NLW) will rise by 2.2% from £8.72 to £8.91 per hour from April 2021. It will also now apply to those 23 and above. Other Minimum Wage rates will also increase.
- ***Income Tax*** Personal Allowance and Higher Rate Thresholds for 2021-22 will be increased in line with the September CPI figure. This figure will also be used for setting National Insurance thresholds
- The ***Business Rate*** multiplier will be frozen for 2021-22.

10-Point Green Plan

The Prime Minister has set out a ten-point plan for a 'green industrial revolution' which aims to create and support up to 250,000 British jobs. The Green Plan, which is intended to set the UK on the road to net zero emissions by 2050, whilst 'levelling-up' the economy and creating jobs. The full plan can be seen at https://www.gov.uk/government/news/pm-outlines-his-ten-point-plan-for-a-green-industrial-revolution-for-250000-jobs. It covers clean energy, transport, nature and innovative technologies. *The commitment to plant 30,000 hectares of trees every year in England is reiterated and there is a headline promise to banning the sale of new petrol and diesel-only cars by 2030*

Whilst full of ambition, critics point out that the plan is being backed with only £4bn of new money which will be insufficient to achieve many of its aims. This contrasts with £27bn being earmarked for new roadbuilding schemes.

Covid-19 Support

The Chancellor, Rishi Sunak, has announced a further extension to the Furlough scheme. The programme (officially titled the Coronavirus Job Retention Scheme) had already been extended to run until the 2nd December to cover the second 'lockdown' in England. It will now operate until the end of March 2021. It covers the whole of the UK. The Government will pay 80% of employees' wages (up from 55%) with employers having to fund just NI and pension contributions. The next Self-Employed Income Support Scheme (SEISS) grant which covers the period November to January will be increased to 80% (from 55%) – up to a maximum of £7,500. Another SEISS grant to cover the period Feb to April 2021 is promised. There will also be the ability to top-up Bounce Back Loans and there will be cash grants of £3,000 per month for businesses in the hospitality sector.

Brexit and Trade

As has seemed to be the case for several months, the Brexit negotiations are at a crucial stage and, although the EU side believes that 95% of the text for the trade deal has been agreed, three stubborn sticking points remain. These are the so-called level playing field provisions, State Aid and fisheries. Given that several deadlines have now passed and the Transition Period *will* end on 31st December, time is now the biggest threat.

Addressing The Remaining Issues

Of the three outstanding issues, the level playing field is deemed to be the most problematic. On one side, the EU is adamant that the integrity of its Single Market and its competitive position must be protected. It wants an agreed set of baseline environmental, climate change and labour protection standards to be agreed. The UK, on the other hand, is resisting such moves as it sees its sovereign right to diverge as one of the key gains from Brexit. *Food standards were once closely linked to the level playing field requirements, but they tend not to be mentioned recently - a tacit acknowledgement by the EU that the UK could diverge in this area in future. However, that will come at a price in terms of Single Market access for UK agri-food producers.*

Well-connected sources believe that if the level playing field issues can be overcome, that will be the key to unblocking the impasse. This because progress has been made on State Aid recently. That would leave only fisheries, which is likely to come down to a last-minute trade-off at a political level involving the Prime Minister, the President of the EU Commission and EU Member State leaders, most notably Emmanuel Macron.

Time Constraints

Although there are signs that both sides are inching towards a deal, it increasingly looks like whatever will be agreed between the UK and the EU will be a bare-bones agreement. As previous articles have noted, this should mean zero-tariff and zero-quota free trade in agri-food goods but non-tariff measures (NTMs) will be significant.

On 24th November, the French Customs Authorities tested their customs and Border Control Post facilities in Calais and it caused severe queues in Kent. This indicates that in the first weeks and months of 2021, there will be significant delays at the border. Concerningly, the UK authorities have not begun testing their arrangements, because in many cases the infrastructure and systems are not in place yet!

Time will also be an issue in terms of ratifying any trade deal, particularly on the EU side as it normally requires a vote at the European Parliament. An extra session between Christmas and New Year is being mooted or having any deal 'provisionally apply' from 1st January with the ratification process coming later. Either way, the EU Council scheduled for 10th-11th December will be crucial and it is thought that a deal will need to have been agreed by then.

If a trade agreement can be reached between the UK and the EU, any initial agreement can be improved over time as is the case with trade deals elsewhere. That said, the prospect of a No Trade Deal remains significant.

Trade Continuity Agreements

Good progress continues to be made on the UK finalising continuity agreements to replicate the trade deals that it was party to as an EU Member State. To date, such deals have been put in place covering 53 countries and, importantly, on 21st November, a rollover agreement was reached with Canada. This agreement essentially replicates the provisions of the EU-Canada 'CETA' agreement, including specific tariff rate quotas (TRQs) for various agri-food commodities (e.g. imports of Canadian beef). It is anticipated that this continuity agreement will form a prelude to a more bespoke UK-Canada deal which will begin to be negotiated in 2021.

Getting these rollover agreements has been a major effort for UK trade negotiators. Some agreements remain outstanding, most notably with Turkey, Egypt and Mexico, but discussions with these countries and 11 others are ongoing.

LFASS Payments

The Scottish Government has announced that payments under the Less Favoured Areas Support Scheme (LFASS) will continue in 2021 and will be increased back to the levels paid in 2018. For the last two years, under EU rules, the LFASS has had to be paid at a reduced rate of 80% and 40% respectively of the 2018 value. *However, it is not clear if the funding to pay at 2018 levels is guaranteed yet as the announcement says 'we continue to push for assurances that the UK Government will fully replace all lost EU funding so that we can provide assurance to the rural economies of Scotland'*. But if it is the case, then it will be a big boost to farmers and crofters working in the Less Favoured Areas of Scotland.

In addition, regulations are being put before Parliament to allow LFASS to continue to 2024. The further extension comes via a draft Scottish Statutory Instrument (SSI) laid under the new Agricultural (Retained EU Law and Data) (Scotland) Act 2020. This provides the legislative basis for continuing the LFASS for 2021 to 2024, and also fixing payments at (the higher) 2018 rate.

Also being laid before the Scottish Parliament, to come into force on 1st January 2021 are regulations which will allow the Scottish Government to make changes to the previous CAP schemes. This will mean for inspections of former CAP schemes in 2021 the focus will be on improving compliance through 'support, enhanced guidance and better targeting'. The number of routine visits should also reduce. The Scottish Government has already announced the Crop-Diversification rule will be abolished from the 2021 scheme year. Ecological Focus Areas (EFAs) are to be retained for 2021, but will be part of a short-term 'wider farmer-led review' for the period post 2021.

Frustration at Scottish Policy Vacuum

The Scottish farming sector is getting increasingly frustrated by the lack of a clear direction for farm support. Speaking at the online AgriScot event, the President of NFU Scotland, Andrew McCornick stated that the Scottish Government needs to '*stop dithering and start delivering*' on future policy for Scotland's farmers and crofters. He went to add '*The Cabinet Secretary and Scottish Government must have desks that are buckling under the weight of commissioned reports and stakeholder input, promoting policy and a way forward. With still more reports in the pipeline to come'*. The latter point is almost certainly referring to the Farming and Food Production Future Policy Group which is set to deliver its recommendations before the end of the year. *The NFUS has been a big supporter of the 'Stability and Simplicity' approach of not making any major support changes until 2024. However, even the Union now seems concerned about the lack of progress on what support from 2024 onwards might look like.*

Farm Business Grant Wales

The first round of the new 'Farm Business Grant – Yard Coverings' scheme opened in Wales for Expressions of Interest (EOI) on 9th November. A General Rules Booklet with a list of the eligible items can be found at https://gov.wales/sites/default/files/publications/2020-11/farm-business-grant-yard-coverings-rules-booklet_0.pdf. All applications have to be made via RPW Online and guidance on how to do this can be found via https://gov.wales/farm-business-grant-yard-coverings-using-rpw-online-apply

The minimum grant threshold is £3,000 per application and the maximum £12,000. This FBG – Yard Coverings Scheme is separate to the main Farm Business Grant Scheme, meaning any funds received under the main scheme do not affect the Yard Covering scheme thresholds and vice-versa. The grant provides a maximum 40% contribution towards standard costed capital investments in equipment which have been pre-identified. The closing date for this first round of EOIs is 18th December. A further round is expected to run from 18th May to 25th June 2021. Contracts will be offered to successful applicants via RPW Online, these must be accepted within 21 days.

Welsh BPS in 2021

Crop diversification will be abolished in Wales and the other 'Greening' requirements moved to the Cross Compliance regulations from 2021. The Welsh Government has published its response to the consultation on changes to the current CAP regulations until the new Sustainable Land Management scheme is introduced. Titled *'Sustainable Farming and Our Land: Proposals to Continue and Simplify Agricultural Support for Farmers and the Rural Economy'*, the changes will apply to the new domestic BPS and Rural Development Programme, which will commence in the next scheme year (2021).

A summary of the proposals was set out in our August article. Almost all of these have been accepted, including the 'headline' measure of scrapping Crop Diversification. Another notable change is the removal of the 'Negative List', which means operators of railways, waterworks, real estate services or sports and recreational grounds will be deemed eligible to apply for BPS. Also, advance payments will be introduced, so that 70% will automatically be paid in October following basic checks and then a balance payment after the 1st December. The response also included additional information on the BPS entitlement trading window which will be extended from 30th April and remain open all year round. For entitlements to be available, transfer and lease forms must be submitted by midnight on 15th May in a scheme year.

The full set of changes can be seen at https://gov.wales/sites/default/files/consultations/2020-11/sustainable-farming-summary-of-responses.pdf.

In Brief

ELM Test & Trial

An Environmental Land Management (ELM) Test & Trial project, focused on Net Zero emissions has been approved by Defra. The project, which has been fully designed by the NFU, will explore practices that can be included in the new ELM scheme which will contribute to farmers reaching the NFU's 2040 Net Zero ambition. The trials will be conducted on 200 farms across England throughout 2021; with NFU regional offices having selected members to participate. The object of the project is to:

- demonstrate a broad range of activities that could be included in ELM, including productivity measures
- ensure land management plans are farmer-friendly and include Net Zero practices
- look into appropriate levels of advice. The trials will include one-to-one, virtual facilitated workshops and no support.

One key part of the project will see whether using a carbon calculator to benchmark progress is a useful tool to help farmers transition to Net Zero. A final report will be submitted to Defra in Autumn 2021. ADAS will be managing the project on behalf of the NFU.

Annual Investment Allowance

The Government has announced an extension to the temporary increase in the Annual Investment Allowance (AIA). In the 2018 Budget, the cap was increased from £200,000 per annum to £1 million. It was due to revert back to £200,000 on 1st January 2021 but will have a year-long extension until 1st January 2022. The AIA provides businesses with 100% same year tax relief on qualifying capital expenditure which includes plant and machinery. *This extension will help those businesses looking to invest in new pieces of machinery, but unfortunately not for investment in agricultural buildings or infrastructure.*

Combinable Crop Markets

Whilst the barn is not as full as most years, because of low cropped areas and poor yields, those whose wheat remains unsold have been making money from it. In fact a tonne of wheat has risen by £25 per tonne since harvest. This means, for an average yielding hectare of a meagre 7.2 tonnes this year, a rise of approaching £200 per hectare. That sounds easy, but of course, a large percentage of the wheat never got drilled, and probably, a greater percentage of it than usual was forward sold. Nevertheless, it is some comfort for those holding stocks. The AHDB's Cereal Quality survey confirms the proportion of quality wheat (full specification) is lower than usual too at 32% compared with the 5-year average of 37%.

The UK wheat market may have risen in a straight line since August, but prices elsewhere have been up then down. The spread between UK and US comparable prices has grown from about £13 per tonne in mid-October to almost £30 per tonne now. A price differential like this is unusual and not likely to last long. UK wheat (standard UK wheat is a feed specification) will not be cost effective to export. Not a problem, I hear you say, as we don't have a surplus, but on the basis that a million tonnes of high protein hard wheat from North America is imported every year, the shortage closes quite a bit. Exporters have the contacts, skills and infrastructure to become *importers* and whilst it will be less easy than their traditional exports, for £30 per tonne, they will find a way for sure. This suggests that unless the world price is about to rise too (not much evidence of that) then the UK wheat values are teetering on a price spike. Clearly we could be wrong, but selling feed wheat at not far short of £200 per tonne is not a bad price to be wrong at. For new crop, UK wheat is at a discount to Chicago prices, but the gap is closing.

Feed barley remains at a hefty discount to feed wheat of over £40 per tonne, with lots sloshing around the system. Not only did the total barley area come close to the wheat area, but the malting varieties in East Anglia averaged high nitrogen levels (1.89%), slightly above the standard for export brewing (1.85%) meaning much is feed barley grade. Nitrogens were lower in Scotland. French malting barley is excellent this year.

China has been busy buying up lots of French malting barley, and the European malting market has been active, with some good prices. In the UK, it is quieter, with the Brexit tariff uncertainty interfering with trade decisions. Barley and malt prices for the 2021 crop are already looking more promising than old crop values, as we would have expected.

There are lots of reports of drilling progress around the world (including the UK – see below), plus updates of old crop harvest tonnages and weather conditions, each one pushing global prices up and down. The fall in the likely size of the EU exportable surplus is concerning UK processors, not knowing where their balance will come from, and indeed yet, what the tariff might be, come 1st January.

Crop Establishment

The This time last year, we reported how the British drilling season had halted with only half the winter crop in the ground, many farmers having shut up shop till spring, and many with serious concerns about flea beetle in their oilseed rape. Conditions have been substantially better this year, but still not great. Whilst not as wet as 2019, rain has caused several disruptions and drilling is a few percentage points behind where farmers would ideally like to be. Some establishment has been slow because of waterlogged soils, especially in the heavier land areas.

We also mentioned some farmers had publicly stated they would not grow oilseed rape again. This does appear to have been carried out, with perhaps even less OSR planted than was harvested in 2020 (quite a drop, because as much as a quarter was written off before harvest). Establishment is quite good, but on the basis that every year now, some will be lost, we could have an OSR harvest smaller than we have had since the 1980's. In terms of planted area, it will remain larger than oats, pulses and maize, but OSR is of less importance in the UK rotation now than just a few years ago. Pulses appear to be compensating for the lost area, but only partially, with other changes such as increases in second wheats and oats (particularly spring).

Pulses are have a small surge in popularity, both on the back of the point made in the previous paragraph, but also as new crop prices are strong, especially peas. Both Blues and Marrowfats are offering excellent prices for those who can get a contract and a half decent clean yield at circa £270 and £320 per tonne respectively. Old crop premiums are not as good though.

Sugar Beet Harvest

British Sugar is forecasting a reduction of 'well over' 10% in sugar production for the current campaign compared to last year's 1.19m tonnes. The update was announced in its parent company, Associated British Food's, annual results. The 103,000 hectares of sugar beet grown in England this year, struggled when planted due to the dry spring and has suffered from virus yellows throughout the growing season. Without neonicotinoid seed treatments, there is very little in the chemical 'tool box' to control virus yellows.

It is a similar story in continental Europe. EU sugar prices have been on the rise this year, due to a reduction in stocks following two years of decreased production. Looking ahead, EU sugar production for the 2020/21 campaign is forecast to decline again due to reduced yields. As in the UK, this is due to a combination of adverse weather conditions throughout the growing season and the prevalence of virus yellows. EU production is estimated to be below consumption for the next marketing year.

In France, where there are reports yields are down between 25-50%, there has been an easing of the neonicotinoid ban to try and save the sector. In the UK, industry has been lobbying Defra to try and get a similar derogation, but there has not been any response yet.

Glyphosate

The use of Glyphosate is likely to be extended until 15th December 2025 in Great Britain after Brexit. According to Darren Flynn, head of the Chemical Regulation Division (CRD), all active substances due to expire between 1st January and 31st December 2023, will be given a 3-year extension under the new GB pesticides regulations. As the current EU expiry date for Glyphosate is 15th December 2022, the three-year extension should apply to it.

The three-year extension is being allowed so the new GB Active Substance Renewal Programme has time to be developed. But it should be noted, the Health and Safety Executive continues to have the power to review approvals at any time if new evidence shows a substance is harmful to human health or the environment. *The extension only applies to Great Britain and not Northern Ireland as the NI Protocol to the Withdrawal Agreement means the EU's Plant Protection Regulations will continue to apply.*

In Brief

Pick For Britain

Despite widespread publicity through the Pick for Britain campaign, UK residents made up only 11% of the seasonal workforce in the fruit, vegetable and flower sectors this year. This figure comes from the NFU 2020 Seasonal Worker Survey, completed by 244 horticultural growers who employ over 30,000 temporary staff. Whilst the caricature is of the 'workshy' Brit, in reality many of these jobs are in remote rural areas only offering guaranteed work for three to six months – not always an attractive proposition. There is thus a tendency for UK residents to leave if they get a 'better offer'. The Survey found that first-time UK resident workers stayed for nine and a half weeks on average, compared to just over 14 weeks for first-time non-UK workers and 18 weeks for returnee non-UK workers. The latter category are the most valuable to growers – as well as staying the longest and so minimising re-recruiting costs, they will also already have the skills and knowledge to be productive from day one, and not require extensive training and supervision. With the end of the Transition Period on the 31st December, free movement for EU national will cease and the 89% of seasonal workers coming from this source will no longer be an option for growers. The NFU and other industry bodies are campaigning for a massive increase in the Seasonal Agricultural Workers Scheme (SAWS) from its current 10,000 per annum to 80,000.

Ban on Urea Fertiliser?

Defra has launched a 12-week consultation on reducing ammonia emissions from urea fertilisers. The consultation, which is open until 26th January 2021 sets out three policy options which it has identified will lead to reduced emissions from solid urea fertilisers:

- A ban on solid urea fertilisers
- A requirement to stabilise solid urea fertilisers with the addition of a urease inhibitor, to slow the conversion of urea to ammonia
- Restricting the spreading of solid urea fertilisers so it is only allowable from 15th January to 31st March, when the soils are cold, which reduces the ammonia loss.

Defra's preferred option is a ban on solid urea fertilisers as this will give the greatest ammonia emission reductions. Liquid urea fertiliser is not affected. The full consultation can be found at https://www.gov.uk/government/consultations/reducing-ammonia-emissions-from-urea-fertilisers

DAIRY & LIVESTOCK

Avian Influenza Identified

Avian Influenza (Bird Flu) has been detected in England and restrictions imposed.

The first cases were found on the 2nd and 3rd of November at Deal in Kent and Frodsham in Cheshire. These were two different strains – the first being H5N2 which is low pathogenic, but the second is H5N8, a highly pathogenic variant. Subsequently, a further H5N8 case was found in a broiler breeder farm in Herefordshire on 11th November and then in captive birds at a wetland centre near Stroud in Gloucestershire, and also in poultry and captive birds at a premises near Melton Mowbray, Leicestershire.

Defra and the Animal and Plant Health Agency (APHA) introduced a national Avian Influenza Prevention Zone (AIPZ) on 11th November. This means it is a legal requirement for all bird keepers to follow strict biosecurity measures, these can be found at https://www.gov.uk/guidance/avian-influenza-bird-flu#biosecurity-advice. Those with over 500 birds, must also restrict access to non-essential people on their site, workers will need to change clothing and footwear before entering bird enclosures, and site vehicles will need to be cleaned and disinfected regularly.

Public Health England has said the risk to public health is very low and according to the Foods Standards Agency avian influenzas pose 'a very low food safety risk'. The most likely source of the outbreak is from wild birds migrating from mainland Europe during the winter period. Defra and APHA have advised that Avian Influenza is in no way connected to the Covid-19 pandemic which is caused by the SARS-CoV-2 virus which apparently is not carried by poultry.

Dairy Markets

The dairy industry appears to be coping better in the second lockdown, proving once again how resilient the industry is. Commodity prices have remained fairly stable. However, the middle ground liquid processors who supply the food service sector have once again been hit the hardest, but with schools and universities remaining open and also some of the big coffee chains still available for takeaways, the situation has been better than during the first lockdown. There has also been an upturn in demand from the retail sector as people buy more dairy products for home consumption. And of course, this lockdown comes at a time of year when production is lower and there is more processing capacity.

Nevertheless, the spot price has eased as overall demand is weak, but, cream and cheddar prices have remained stable and, if anything, are firming, perhaps helped by Christmas preparations. Demand for butter is said to be weak due to the uncertainty still surrounding Brexit; the additional costs of trading have reduced interest in UK-sourced butter.

Farmgate prices have also remained stable, with a number of processors announcing prices to remain unchanged until the New Year, these include:

- Arla, Medina, Muller Direct, Meadow Foods, Saputo, Freshways, Yew Tree Dairy, Graham's Dairy, Crediton Dairy and Belton Farm

There have also been some price increases announced, mainly from cheese processors and these include:

- A 0.5ppl increase from 1st December for suppliers to Helers
- 1ppl increase for those delivering to Barbers from 1st December

Further afield, the Global Dairy Trade (GDT) average index finished the month marginally down from where it started. At the event held on 3rd November the index dropped by 2%, but at the latest auction it rebound by 1.8% to average $3,157.

Pig Market

The UK pig market continues to weaken, mainly caused by an oversupply of pigmeat across Europe.

The finished pig price rose significantly throughout 2019 and increased further in 2020, albeit more slowly, until mid-July. Since then prices have fallen by nearly 10p per kg deadweight. By the end of October the EU-spec SPP had fallen below last year's value for the same week (although it was still in the region of 10p per kg above the five year average). Prices have been struggling across Europe and this is having an adverse effect on domestic pig meat values. Values were already declining before Germany reported its first case of African Swine Fever (ASF) but, with an over-supply now in the EU (see September's article) downward price pressure has increased further.

The Second lockdown is not expected to have such a severe impact on markets as seen in the first. The retail sector is more 'ready' and has learnt from the previous lockdown. According to the AHDB, pork actually performed well in the first lockdown, with sales of pig meat up by 13% in the 24 weeks ending 9th August. This was helped by a significant growth in barbeques this summer; an increase of 44% year-on-year, with total pork consumed at BBQ occasions up by 56% on the previous summer period (April-August). It may be difficult to replicate this consumption in a winter lockdown. Even so, prices are still expected to be more vulnerable to the weak EU market than a second lockdown.

But the second wave of the virus could affect processing capacity; there could be disruption to supply chains and even plant closures although this was not prevalent during the first lockdown. This may mean pigs have to be kept on farms and the AHDB is advising producers to ensure they have the capacity to hold pigs in case of such closures.

In Brief

Seasonal Poultry Workers

Those coming to England for seasonal poultry work will be able to start work immediately. Unlike other international travelers, those arriving to work on farms from countries subject to the 14-day isolation rule, will not have to self-isolate as long as other rules and guidelines are adhered to. Before traveling, workers will have to complete a Passenger Locator Form with their journey, contact details and address of the farm on which they will be living and working. At UK border controls, workers will have to prove they are a seasonal agricultural worker. On arrival into the UK, somebody from the farm where they will be living and working must collect them and take them straight there, face masks must be worn. During the first 14 days, workers will need to follow social distancing rules and will only be able to leave the farm under strict circumstances, such as an emergency or to get essential supplies and medicines, only if these can't be delivered. The Government has produced strict guidelines for employers and workers to follow, these can be found at https://www.gov.uk/guidance/coming-to-england-for-seasonal-poultry-work-on-farms-and-processing-sites

Dairy Tech Online

The RABDF's Dairy Tech 2021 event has been moved to a two-week online event due to Covid. Running from 3rd-17th February 2021, there will be daily online sessions which will commence after milking has completed at 10.30am. According to the RABDF, the online event gives the chance to access some of the leading experts from across the world, but the plan is for Dairy Tech to return to Stoneleigh in 2022. More details are expected in due course.

The **Professional Update** is available by subscription only from Agro Business Consultants, Old Bell House, 2 Nottingham Street, Melton Mowbray. LE13 1NW. Tel. +44 (0)1664 567676 Email. enquiries@abcbooks.co.uk

Professional Update is compiled by The Andersons Centre's Research Team. The Editing team gratefully acknowledge the input provided by Cedric Porter of World Potato Markets (www.potatomarkets.com).

Key Farm Facts (November 2020)

Farm Support Payments *(estimates in italics)*

English Basic Payment Scheme Rates				
€ per Ha①	**2018**	**2019**	**2020**	**2021②**
Lowland (non-SDA)	259.52	261.39	261.77	*249*
SDA	257.53	259.45	259.92	*246*
Moorland	70.23	71.19	71.78	*68*
L'land Payment (£ per Ha)	228.43	229.54	232.50	*221.8*

Scottish Basic Payment Scheme Rates				
€ per Ha①	**2018**	**2019**	**2020**	**2021**
Region 1	215.37	266.30	248.36	*249*
Region 2	42.15	80.70	50.28	*49*
Region 3	12.68	28.10	15.18	*15*
Reg. 1 Payment (£ per Ha)	214.34	233.80	221.27	*221.8*

Coupled Payments are approx €110 per beef calf; €160 in the Islands; €76 per ewe hogg for farms with >80% Region 3 land. 2019 includes Convergence uplift

Welsh Basic Payment Scheme Rates				
€ per Ha①	**2018**	**2019**	**2020**	**2021**
All-Wales Region	118.16	135.29	*135*	*135*
Redistributive Payment	102.00	127.54	*127*	*127*
Payment (£ per Ha)	135.69	118.81	*118.8*	*120.3*

Redistributive Payment made on first 54 Ha of claim.

€ Conversion and Deductions				
	2018	**2019**	**2020**	**2021**
€1 = £	0.8928	0.89092	*0.8909*	*0.8909*
Financial Discipline %	1.412	1.4327	-	-

Entitlement Trading Values			
prior to 2020 claim	**Eng**	**Scot**	**Wales**
Multiplier range	0.4-0.6	0.9-1.1	0.4-0.6

Scottish and Welsh multipliers are on Basic element only

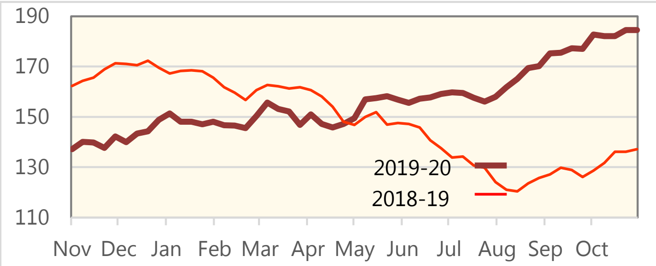
① before Financial Discipline deduction; includes Greening payments

② includes 5% Ag. Transition deduction. Larger reductions on bigger claims

Crop Prices

UK Ex-Farm Prices - source: AHDB	Budget	Present	Last	12 Mths
£ per tonne spot prices	*Nov 21*		Month	*Ago*
week ending -		20/11/20	23/10/20	22/11/19
Feed Wheat	*155*	**185**	183	*137*
Full Spec. Milling Wheat	*165*	**206**	200	*153*
Feed Barley	*140*	**140**	137	*119*
Malting Barley	*160*	**n/a**	145	*n/a*
Oilseed Rape	*340*	**353**	347	*322*
Beans	*200*	**208**	204	*176*
Potatoes *(BPC ave.)*		**146**	133	*158*
Futures contract date -		Nov-21	Nov-22	Nov-23
Wheat Futures *(UK, LIFFE, £)*		160	158	-
OSR Futures *(Paris, MATIF, €)*		394	387	-

FEED WHEAT Ex. Farm £ per t Spot



Sugar Beet Contract Prices				
£ per adjusted (16%) tonne		Price	Transp't	**Total**
2020 Crop	Contract Tonnage	19.6	*5.30*	*24.90*
	Surplus Beet	*15.0*	*5.30*	*20.30*
2021 Crop - note	Contract Tonnage	20.3	*5.30*	*25.60*
change in sugar scale	Surplus Beet	*15.0*	*5.30*	*20.30*

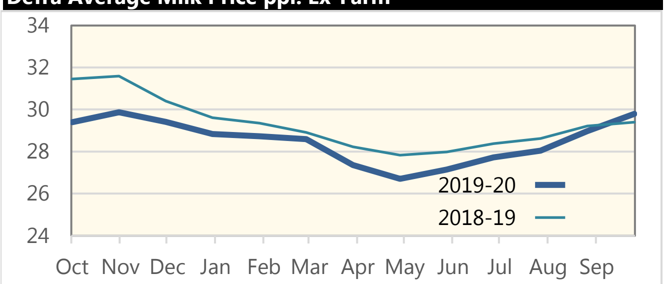
Dairy Prices and Production

Commodity Milk Prices	Present	Last Month	12 Mths Ago
week ending -	20/11/20	23/10/20	22/11/19
GDT Auction ($ per tonne)	**3,157**	3,159	*3,481*
Intervention Milk Price Equiv. (ppl)	**19.59**	20.02	*18.68*
Actual Milk Price Equiv. (ppl)	**28.88**	29.57	*30.77*

UK Farmgate Milk Prices (DEFRA average)	**Oct-20**	Sep-20	*Oct-19*
Price for the month (ppl)	**29.78**	28.96	*29.40*
Rolling 12-month average (ppl)	**28.39**	28.36	*29.09*

UK Milk Production		**Oct-20**	*Oct-19*	5-year average
Monthly	million litres	**1,213**	*1,192*	1,179
	butterfat	**4.28**	*4.24*	4.17
	% difference - ltrs		*1.8%*	2.9%
Cumulative	million litres	**8,829**	*8,844*	8,665
	butterfat	**4.08**	*4.05*	4.02
	% difference - ltrs		*-0.2%*	1.9%

Defra Average Milk Price ppl. Ex-Farm



Financial Data

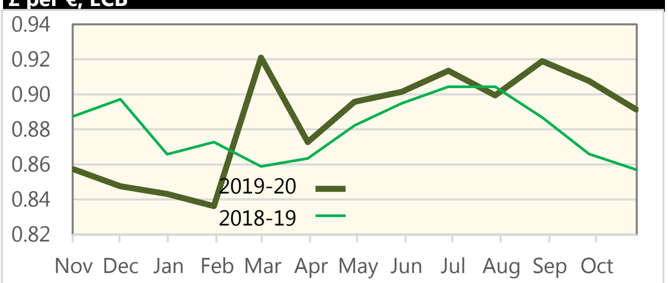
Exchange Rates	Present	Last Month	12 Mths Ago
effective date -	26/11/20	27/10/20	26/11/19
Euro: €1 = £ *(ECB daily rate)*	**0.891**	0.908	*0.857*
Euro: £1 = € *(ECB daily rate)*	**1.122**	1.102	*1.167*
Annual Average, €1 = £	**0.887**		
Dollar: £1 = $ *(market rate)*	**1.334**	1.302	*1.286*

Base Rates			
United Kingdom	**0.10**	0.10	*0.75*
Eurozone	**0.00**	0.00	*0.00*
United States	**0.25**	0.25	*1.75*

Inflation			
% change on year earlier	**Oct-20**	Sep-20	*Oct-19*
United Kingdom (CPI)	**0.9**	0.7	*1.5*

Economic Growth			
% change on same quarter, year earlier	**Q3 2020**	Q2 2020	*Q3 2019*
United Kingdom	**-9.6**	-21.50	*1.00*
Eurozone	**-4.30**	-13.90	*1.70*
United States	**-2.90**	-9.00	*2.08*

£ per €, ECB



Livestock Prices

Livestock Prices - source: AHDB (or ① East Mids markets)		Present	Last Month	12 Mths Ago
ppkg deadweight unless stated otherwise	week ending -	20/11/20	23/10/20	22/11/19
Finished Steers	Eng. & Wales	**368.4**	363.1	*325.4*
	Scotland	**389.7**	384.6	*343.4*
Cull Cows	Dairy Bred	**121.6**	119.4	*100.6*
	Beef Bred	**111.9**	130.3	*110.5*
Calves①	Cont. X Bulls (*£ per Hd*)	**231**	219	*142*
Hereford X Bulls (*£ per Hd*)		**141**	177	*82*
Finshed Lambs (SQQ)		**462.9**	441.6	*407.3*
Cull Ewes① (*£ per head*)		**62.9**	60.3	*59.8*
Finished Pigs (SPP - UK)		**154.1**	157.6	*158.3*
Weaners (30kg) (*£ per head*)		**n/a**	57.0	*n/a*

Wages

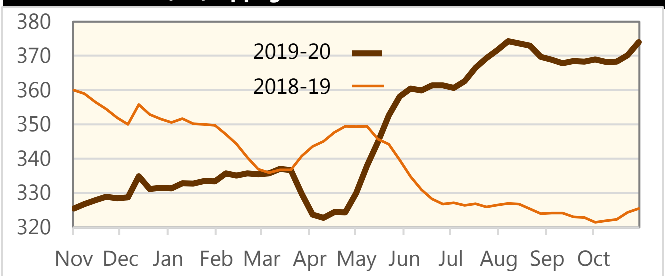
Minimum Wage Rates from April 2020				
£ per Hour age -	16-17	18-20	21+	Appren.
National Minumum Wage	4.55	6.45	8.20	4.15
National Living Wage (25 years+)		8.72		

Agricultural Wages Boards continue to operate in Scotland and Wales, but wage rates now largely aligned with Minimum Wages

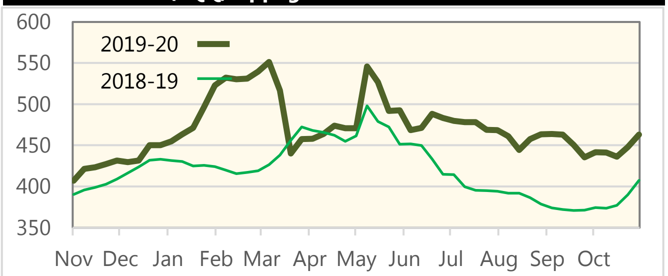
Input Prices

Spray Prices		Spot Price	12 Mths Ago
On-farm price £ per litre/kg	week ending -	20/11/20	22/11/19
Active Ingredient	Example		
Cereals - Herbicides			
Diflufenican	Hurricane	**25.50**	*22.23*
Flufenacet + diflufenican	Liberator	**44.00**	*49.60*
Flufenacet + pendimeth.	Crystal	**10.20**	*10.50*
Florasulam	Lector	**118.00**	-
Mesosulfuron iodosulfuron	Atlantis OD	**30.00**	*33.44*
MCPA	Agritox	**3.70**	*3.62*
Pinoxaden + Cloquint.	Axial Pro	**54.33**	*56.18*
Cereals - Fungicides			
Azoxystrobin	Amistar	**21.00**	*22.00*
Folpet	Arizona	**7.90**	*6.40*
Prothioconazole	Proline; Butus	**44.80**	*45.10*
Cereals - Insecticides / Molluscicides			
Metaldehyde (3%)	Gusto	**1.80**	*1.83*
Ferric Phosphate	Sluxx, Ironmax Pro	**2.55**	*2.73*
Lambda-cyhalothrin	Hallamrk Zeon, Generi	**65.00**	*68.00*
OSR - Herbicides			
Propyzamide	Kerb Flowable	**27.00**	*21.90*
Metazachlor	Makaila	**10.20**	*10.30*
Quizulofop-P-tefaryl	Panarex	**10.90**	*10.90*
Clomazone	Backrow; Centium	**78.00**	*82.80*
OSR - Fungicides			
Metconazole	Caramba,Metal	**25.43**	*25.43*
Tebuconazole	Deacon, Agate	**8.40**	*6.80*
Arylex	Belkar	**113.3**	*120.00*
Potatoes - Herbicides			
Carfentrazone	Spotlight	**39.00**	-
Potatoes - Fungicides			
Cyazofamid	Ranman Top	**39.60**	*38.60*
General Sprays			
Glyphosate	Roundup,Gallup XL	**1.95**	*2.08*

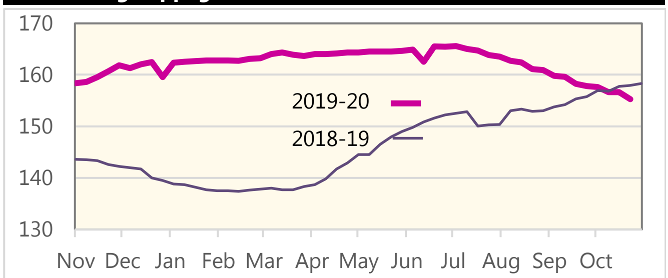
Finished Steers (GB) - ppkg dw



Finished Lambs (SQQ) - ppkg dw



Finished Pigs - ppkg dw



Input Prices *(£ per tonne unless stated otherwise)*

Fertiliser Prices	Spot Price	Last Month	12 Mths Ago
600kg bags delivered, granular week ending -	20/11/20	23/10/20	22/11/19
Nitrogen: 34.5% An (home)	**220**	213	*250*
20-10-10	**230**	220	*252*
0-24-24	**235**	235	*270*
Urea (46% N)	**250**	250	*260*
Triple Super Phosphate: 0-46-0	**245**	240	*299*
Muriate of Potash: 0-0-60	**240**	240	*270*
Ammonium Sulphate: 21%N-24%S	**190**	195	*220*
Fuel Prices			
Oil Price① ($ per barrel)	**45.9**	39.2	*57.9*
Gas Oil② (ppl)	**43.6**	40.6	*55.1*
① West Texas Intermediate ② > 2,000 ltrs, Midlands			
Straight Feed Prices			
Hipro Soya	**410**	396	*309*
Rape Meal	**297**	290	*197*
Maize Gluten	**243**	236	*201*
Compound Feed Prices (bulk delivery unless stated otherwise)			
Dairy Feed (18% CP)	**244**	239	*229*
Calf Starter Cudlets (bags)	**330**	*326*	*302*
Beef Nuts (16% CP)	**222**	*216*	*204*
Premium Ewe Nuts	**243**	*238*	*230*