

INSIDE THIS ISSUE:

POLICY & BUSINESS

SFI Cap - 25% of farm limit on non-productive options.	1
BPS Claims 2024 - No BPS claim in England this year; Usual 15th May deadline in rest of UK.	1
Scottish Conditionality: 2025 - New peatlands protection, calving interval requirement, and initial Whole Farm Plan.	2
FETF Grants Open - Both strands now available.	2
Hedgerow Protection - New legislation will keep old Cross-compliance rules on buffer strips and cutting dates.	3
Budget 2024 - Some tax cuts, but overall burden rises.	3
Land & Capital Taxes - APR extended to cover land in all agri-environmental schemes.	4
Farm Business Incomes - Profits for arable and dairy fall substantially for 2023/24.	4
Farm Rents: England - Latest AHA & FBT figures from Defra show a mixed picture.	5

Land Reform Bill: Scotland - Bill includes restrictions on large estates and new form of tenancy.	6
In Brief - Private nature markets; Welsh Minister; Minimum wages; Farm assurance.	6
ARABLE	
Global Grain Production - Production estimated to outpace consumption for harvest 2024.	7
UK Planted Area Update - UK winter planted area declines significantly; Spring area and fallow should increase.	7
DAIRY & LIVESTOCK	
Dairy Update - Production lacklustre; Milk prices inch upwards.	8
Bovine TB - Consultation on badger culling policy and other TB measures.	8
GB Pig Industry Structure Review - Defra responds to Review.	9
Pig Market - Production stable; Prices finely balanced and dependent on consumer demand.	9
KEY FARM FACTS	11

POLICY & BUSINESS

SFI Cap

Defra has announced a limit on the area SFI applicants can put into six specific SFI options. It will only be possible to put 25% of a farm's land into the following actions that take land out of direct food production;

- Flower-rich grass margins – IPM2
- Pollen and nectar flower mix – AHL1
- Winter bird food on arable and horticultural land – AHL2
- Grassy field corners and blocks – AHL3
- Improved grassland field corners or blocks out of management – IGL1
- Winter bird food on improved grassland – IGL2

The cap came into effect suddenly on 25th March. Defra will not now accept applications where the amount of land in total that is entered into any combination of the above actions is above 25% of a farm's total land. Furthermore, Defra has said 'we would expect no more than 25% of a **land parcel** to be entered into IGL1, AHL3 and IPM2'. *It doesn't particularly say whether applications wouldn't be accepted if this was the case.*

The new rules do not apply to;

- existing SFI agreements
- any SFI application that is already in progress
- SFI agreements that have already been offered to applicants

In recent weeks there has been coverage in the media of farmers putting large areas, or even whole farms into these actions. Defra has been saying that there has only been limited evidence to date of this, but it now acknowledges that some of these actions are 'being used more than intended in a small number of cases'. It says the changes 'will ensure the scheme continues to support farmers to produce food sustainably alongside improving the environment'.

BPS Claims 2024

England

Whilst no formal announcement has been made, it seems increasingly clear that farmers (and their advisors) will not have to do anything to claim their de-linked BPS payments this year. Defra and the RPA have been silent

on what might be required. In the absence of information, there was speculation that claimants might, at the least, have to tick-a-box to indicate they still existed. *There was a school of thought that Defra would not want to give up on the information provided by the annual BPS application, and that some sort of field-by-field submission would still be required.* However, whilst there has been no official indication from Defra, 'stakeholders', such as the NFU, are clearly stating that those due delinked payments will not have to do anything. The money will simply be paid into bank accounts. It will come in two tranches – half in August and half in December. Those budgeting should remember that there will be further progressive reductions this year as the BPS phase-out continues. See Key Farm Facts for details.

Farmers in England should remember that the deadline for transferring delinked Reference Amounts is the 10th May. See our article of last month for more details.

One final point is on Countryside Stewardship and Environmental Stewardship revenue claims. The deadline for these is the 15th May. Late claims, up until 2nd September, are possible but penalties will be applied to these. *Agri-environment scheme claims were often done as part of the overall 'BPS process'. With a BPS form to trigger the work, they may get overlooked.* The claims process will be the same as last year. This can be done online via claimants' Rural Payments accounts and there is the option (introduced last year) to use the more straightforward Annual Declaration if no changes have been made.

Scotland, Wales & N.I.

Of course, the BPS carries on unchanged in the rest of the UK for the 2024 year. None of the devolved regions is instituting radical change to their BPS systems for 2024 as all have plans to reform farm support sooner or later. Therefore, for most, the rules and forms remain unchanged from 2023. The deadline for the submission of forms is the usual 15th May. In Wales the entitlement trading deadline is also the 15th May. In Scotland it is 2nd April.

Scottish Conditionality: 2025

The Scottish Government has provided more details of the 'conditionality' that will apply to farm payments in 2025. This is included in an update to its Agricultural Reform Route Map (see <https://www.ruralpayments.org/topics/agricultural-reform-programme/arp-route-map/> for details).

There are three main elements for 2025;

- **New Cross-compliance Rules:** new measures are to be introduced to protect peatland and wetland. These will be included under GAEC6 – Maintenance of Soil Organic Matter (*there were originally plans to have them as a new stand-alone GAEC8*). It will apply to peat soils of over 50cm depth and with a 'near natural vegetative cover' – i.e. unimproved land. There will be prohibitions on fertiliser, pesticides, herbicides, cultivations and any drainage works
- **Calving Index:** for those claiming the Scottish Suckled Beef Support Scheme (SSBSS) headage payment, there will be a new condition on calving index. Payment will only be made on calves coming from cows with an interval of 410 days or less. This will be on a cow-by-cow basis, and not on a herd-average. First-calvers will be exempt from the rules. *The Scottish Government outlines that the calving interval threshold may reduce in future years, but it will not reduce by more than 10 days in any given year.*
- **Whole Farm Plan:** the requirements for this are gradually being phased-in. For 2025, farmers will need to indicate on their Single Application Form that they have done at least two of the following five activities.
 - Carbon Audit – *done within the previous five years prior to May 2025*
 - Biodiversity Audit – *done within the previous five years prior to May 2025*
 - Soil Analysis – *done within the previous five years prior to May 2025*
 - Animal Health and Welfare Plan – *to be updated annually*
 - Integrated Pest Management Plan – *to be updated annually**The Scottish Government points out that there is currently funding for Carbon Audits and Soil analysis through the Preparing for Sustainable Farming programme.*

Detailed guidance on the conditionality rules for 2025 and more information about the actions farmers and crofters will need to take in 2026, will be announced in summer 2024.

FETF Grants Open

The window for applications to both strands of the Farming Equipment and Technology Fund (FETF) in England is now open. The full guidance can be found at

<https://www.gov.uk/government/publications/farming-equipment-and-technology-fund-2024>. Applications are made using the new Farming Investment Fund (FIF) application service – this is separate to the Rural Payments service and requires a complete new registration.

Productivity

The Productivity and Slurry Management grant element of the FETF was the first to open. Our article last month (see <https://abcbooks.co.uk/grants-for-equipment-technology/>) gave details of the grant which, in summary, provides funding towards items that have been pre-identified by Defra to help improve the sustainability and productivity of farm businesses. *It includes for the first time, barn-top solar, as well as the previous automation and robotics items.* The application window for the Productivity and Slurry Management themes runs until midday on 17th April.

Animal Health & Welfare

This element provides funding towards items of equipment and technology that have been pre-identified by Defra to help improve animal health and welfare on farms. There are over 130 items on the list and 29 are new additions. The minimum grant is £1,000 and the maximum is £25,000 and, under the Animal Health and Welfare grant, applicants can receive 50% towards the *lower of either* the cost set out on the list or the actual cost paid for the item.

Applications are scored (each item has a score), so it is possible not everyone will receive a grant, but applicants can increase their score by 20% if they provide evidence that they have discussed the application with a vet. The application window runs until 1st May 2024.

Hedgerow Protection

The future protection of hedgerows in England will be similar to the rules previously in place under Cross-compliance. Readers will recall that, with Delinking of the Basic Payment in England, the Cross-compliance regulatory framework ended in England on 31st December 2023. In most cases, these rules are already in domestic legislation and will continue to provide protection to the environment and animals. But for hedgerows there is no direct domestic equivalent of the hedgerow management measures which were provided for under Cross-compliance and, in particular, GAEC 7a. Defra therefore consulted on these measures back in June last year (see Bulletin <https://abcbooks.co.uk/hedgerow-protection/>).

Following the consultation, Defra has confirmed the proposed Regulations will replicate the approach already familiar to most farmers from the previous Cross-compliance rules including;

- a 2m buffer strip measured from the centre of the hedge where no cultivations can take place or applications of fertilisers or pesticides (apart from spot applications to control the spread of invasive or injurious weeds)
- exemptions to the 2m buffer strips will remain for hedgerows under 5 years old and for fields less than 2 Ha
- ban on cutting hedgerows between 1st March and 31st August to protect nesting birds
- exemptions will remain to the cutting ban in certain circumstances – i.e. for hedges next to footpaths or highways if they are obstructing the view or preventing passage, or where it could result in a human or animal health and safety
- an exemption will remain to allow cutting in August where OSR or temporary grass is to be established in that month, provided the RPA has been notified.

Whilst the rules are familiar, Defra is keen to emphasise the approach to enforcement of the new regulation will be different. In keeping with the message being applied to regulation of other areas such as ELM, it will focus on being 'fair and proportionate'. The RPA believe an 'advice-led' approach will result in the best outcomes. There will be another round of consultation on the proposed enforcement regime. In the meantime Defra has said the new Hedgerow Protection Regulations will be made 'as soon as Parliamentary time allows'.

Budget 2024

The Chancellor, Jeremy Hunt, delivered what is likely to be the last Budget before a General Election on the 6th March. With Government finances constrained, the scope for a pre-Election giveaway was limited. He did find some room for tax cuts however. The main points are set out below;

- The 'headline' measure was a cut in National Insurance (NI) for employees and the self-employed. Class 1 NI will drop from 10% to 8% as from 6th April (it was at 12% until January this year). The Self-employed Class 2 NI will be reduced, as will Class 4 – from 9% to 6%
- There was less good news for employers, with it being confirmed that the National Living Wage would rise to £11.44 from the 1st April
- The Furnished Holiday Lets (FHL) tax regime will be abolished from April 2025 so that short-term lets are treated the same as long-term let properties

- The threshold for VAT registration will rise to £90,000 (from £85,000). The threshold for de-registration will also rise, to £88,000.
- Income tax rates and thresholds remain unchanged. This means that more taxpayers are drawn into higher-rate bands through 'fiscal drag' as wages increase. *Indeed, despite the tax cuts outlined the Budget, the overall tax burden in the UK is set to reach the highest it has been for 70 years, according to the Institute of Fiscal Studies*
- Land entered into environmental management schemes will continue to receive Agricultural Property Relief (APR) for Inheritance Tax – see following article.

Land & Capital Taxes

Agricultural Property Relief

The existing scope of Agricultural Property Relief (APR) will be extended to include land managed under agri-environmental agreements. Qualifying land must be managed under an agreement with, or on behalf of, the UK Government, Devolved Administrations, Public Bodies, Local Authorities or approved Responsible Bodies. The latter relates to the new Conservation Covenants. The extension applies to all parts of the UK and is to be effective for transfers (lifetime or on death) from 6th April 2025. This means farmers and landowners taking part in such schemes, which in England covers the Sustainable Farming Incentive, Countryside Stewardship (Environmental Stewardship) and Landscape Recovery, as well as the England Woodland Creation Offer and other similar schemes will be eligible for APR and exempt from Inheritance Tax.

For land to be eligible, it must have been agricultural land for at least two years immediately prior to the land use change. HMRC will provide guidance on the necessary evidence in due course, but this is not expected to be too onerous as, in some cases, a considerable amount of time may have passed before it is required. The relief will be available where there is an agreement in place for the environmental land management scheme on or after 6th March 2024. This includes an agreement entered into before 6th March 2024 if it remains in place on or after that date. Furthermore, the relief will continue to be available where an agreement has finished. On the conclusion of an agreement it may be possible to return the land to agricultural use, but if this is not the case, it will still be eligible if the land continues to be managed in a way that is 'consistent with that agreement'.

In terms of buildings, including farmhouses, being used in connection with the environmental land, they will qualify for APR where 'that building is occupied with, and that occupation is ancillary to, environmental land'. As currently, they must be of a 'character appropriate to the environmental land' to qualify for the relief.

Business Property Relief (BPR)

There will be no change to BPR. The Government has confirmed if the land is still used in the business and the overall business is not mainly making or holding investments, BPR *could* be available. Furthermore, land that is used to generate Carbon Units via the Woodland Carbon Code or the Peatland Carbon Code should qualify for BPR.

The announcement follows a consultation by the Government announced in last year's Budget. It will remove a significant barrier to Tenant farmers entering schemes by removing the risk that Tenants' participation will endanger Landlord's eligibility for APR over that land. We had been anticipating that APR would extend to cover at least land entered into the SFI in England as this scheme is one that farmers are told can be entered into 'alongside' commercial farming. This announcement goes beyond that and removes the 'APR barrier' for land owners entering longer-term agri-environmental schemes.

Farm Business Incomes

Farm profitability fell considerably for arable and dairy farms in the 2023/24 year according to the latest Defra statistics. Other livestock sectors did rather better with returns similar to the previous year.

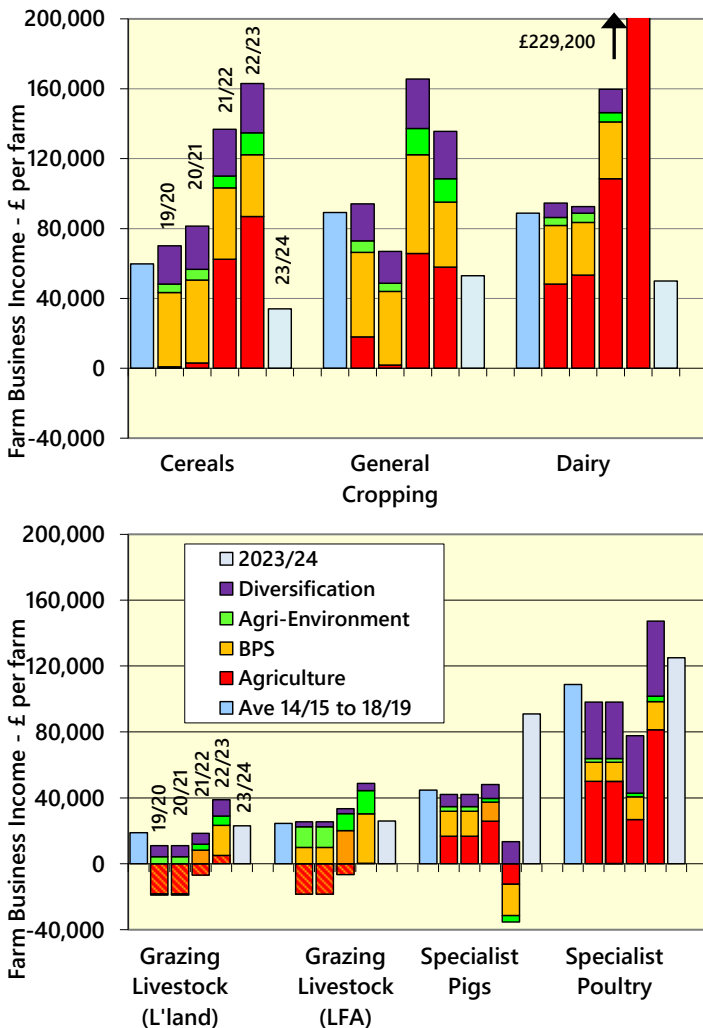
These results come from Defra's first estimates for Farm Business Income (FBI) for the year 2023/24 (March to February). These include the 2023 harvest and 2023 BPS. They are preliminary estimates at present, with more detailed figures due to be published in November. Although titled 'income', what the data shows is average net profit for a typical farm in each sector. The charts below summarises the data for the past few years – all figures are in real terms at 2022/23 prices.

An average is first given for the five years 2014/15 to 2018/19. The data for the four following years has been split into the contribution from each of four profit centres. It shows how important subsidy income (BPS and agri-environmental income) is to the profitability of some sectors of English farming. The light blue columns are the latest figures just released.

There are some big drops in FBI for Cereals, General Cropping and Dairy farms. These fall by 79%, 61% and 80% respectively. However, it can be seen that profits in both the 21/22 and 22/23 years were unusually high for

these sectors. Whilst there is an element of 'reverting-to-the-mean' it can be seen that profits in 2023/24 are estimated to be lower than long-term trends. There was relatively little change in Grazing Livestock returns (beef and sheep). Pig profits rose by 24%. *Defra has not made an estimate for FBI in the Poultry sector, so the figure shown on the chart is our forecast.*

Farm Business Income (Real Terms) – source Defra



For the 24/25 year just starting, it currently looks like being a 'up horn, down corn' year. Low prices in the arable sector will be compounded by low yields in many cases due to the weather. Lower grain prices should help the livestock sector profits due to reduced feed costs.

More details can be found at – <https://www.gov.uk/government/statistics/farm-business-income/farm-business-income-in-england-202324-forecast>.

Farm Rents: England

The latest agricultural rents data from Defra shows a mixed picture. The All Farms rent for Full Agricultural Tenancy (FAT) (i.e. Agricultural Holdings Act (AHA)

agreements) in 2022/23 decreased by 7% from the previous year to £165 per hectare; the lowest it has been in the last 10 years. This is driven by the decline in rents for Cattle and Sheep farms, in particular, those in LFAs, which experienced the largest fall, decreasing by 27% to £52 per hectare.

The All Farms rent for Farm Business Tenancy (FBT) agreements rose marginally in 2022/23 to £228 per hectare (a 1% increase). Other than Cereals and General Cropping farms, all farm types saw an increase in average annual rent per hectare. In stark contrast to AHA rents, LFA Cattle and Sheep Farm FBT rents recorded a significant uplift from £87 per hectare to £108 per hectare (24%).

Some sectors have experienced a rise in AHA rents whilst at the same time seeing a fall in FBT rents; for other sectors it is vice versa. The table below shows a summary of the last three years.

Defra's Farm Rents publication uses data from the Farm Business Survey. Due to the time taken to collect the data, it is somewhat historic. The figures just published are for the 2022/23 year – March to February (shown as '2022' in the table below). The full statistical notice can be found at <https://www.gov.uk/government/statistics/farm-rents/farm-rents-in-england-202223>.

Farm Rents in England – source DEFRA						
£ per Ha	Full Agric. Tenancy			Farm Bus. Tenancy		
	2020	2021	2022	2020	2021	2022
Cereals	225	207	217	261	257	232
General Cropping	215	184	191	367	313	300
Dairy	197	199	238	283	281	292
Cattle & Sheep (LFA)	61	71	52	81	87	108
Cattle & Sheep (L/L)	193	198	185	166	134	137
All Farms	185	177	165	239	225	228

Cereals farms on AHA Tenancies, after quite a large decline in 2021, have shown an increase, although not back up to 2020 levels. In contrast Cereal FBT rents continue to fall. It is a similar picture for General Cropping Farms, with an increase for AHA rents, but a continual decline for FBT rents. Rents for Dairy land remain strong, particularly FBT rents. LFA Grazing rents show a very confusing picture, with a strong uplift in FBT rents but a significant fall in AHA rents. Lowland Grazing Livestock rents also show a fairly large decline for those on AHAs, whereas FBT rents remain fairly steady over the year.

As written previously, data on rents can fluctuate annually and one year's information should not really be taken in isolation. In general, rents have been on an upward trend, but looking to the future it would be expected that, as the BPS is phased-out, then overall rents will fall.

Land Reform Bill: Scotland

The Land Reform (Scotland) Bill was laid before Parliament on 14th March 2024. The proposals include measures which will apply to large rural landholdings of over 1,000 hectares, prohibiting sales in certain circumstances until Ministers have considered the impact this will have on the local community. This could result in large holdings being split into smaller lots to help local communities be able to buy them. In addition, the Bill will introduce advance notices for the sale of some large landholdings; again this would be to give local communities more opportunity to raise funds so they can own their own land. The Bill will also place legal responsibilities on these largest landowners to show how they use their land and 'how that use contributes to key public policies' – i.e. climate change and protecting and restoring habitats. They will also have to engage with local communities about how they use the land.

In other proposals, Scottish Ministers would have a duty to publish a model Land Management Tenancy – Environmental Tenancy to cover;

- regenerative and sustainable agriculture
- uses contributing to achieving net zero
- climate change
- sustaining or increasing biodiversity.

There are also proposals to revise Tenancy legislation in the following areas;

- compensation for improvements, including improvements which enhance sustainable or regenerative agricultural production
- extending Tenant's diversification to cover environmental benefits
- compensation for game damage
- rent reviews – including the productive capacity of the holding, rent payable on similar holdings, economic conditions of relevant agricultural sectors, open market rent for Landlord's fixed equipment not used for agriculture, and open market rent for land not used for agriculture
- the rules for good estate management and rules of good husbandry to include references to sustainable and regenerative practices

The full Bill can be found at <https://www.gov.scot/news/land-reform-bill/>.

In Brief

Private Nature Markets

Defra has provided an update on the development of private nature markets. This involves companies, organisations and individuals paying for improvements to nature, rather than relying on Government funding. Defra has an ambition to have £500 million per year coming from these sources by 2027 and rising to £1 billion by 2030. The paper points to some progress being made – notably the introduction of mandatory Biodiversity Net Gain and the development of Nutrient Neutrality markets. *However, away from these markets created by regulation, we see little evidence of much money being generated for nature from the private sector. The target of £1bn seems some way away.* The report can be seen at – <https://www.gov.uk/government/publications/nature-markets-framework-progress-update-march-2024/nature-markets-framework-progress-update-march-2024#palladium>

Welsh Farm Minister

There has been a re-shuffle of the Welsh Cabinet following the appointment of Vaughan Gething as First Minister. Lesley Griffiths has been replaced by Huw Irranca Griffiths as Rural Affairs Minister, which covers the farming brief. In fact, Mr Griffiths portfolio has expanded, as he is Minister for Climate Change and Rural Affairs.

Minimum Wages

UK Minimum Wages rise as from the 1st April. The main National Living Wage rises to £11.44 per hour from £10.42 – an increase of 9.8%. The Living Wage also now applies to anyone 21 years old or over – previously it was only for those 25+. *All this adds considerably to costs for those farming and horticultural businesses employing a lot of staff.* England no longer has an Agricultural Wages Board, but they continue to operate in Wales and Scotland. These also change their rates from the 1st April. Rates are set to be compliant with Minimum Wage rates, but there are also supplements based on experience etc. The Welsh Wages Order for 2024 can be found at – <https://gov.wales/agricultural-wages> and the equivalent for Scotland at – <https://www.gov.scot/publications/agricultural-wages-scotland-twenty-eighth-edition-guide-workers-employers/>.

Farm Assurance

Red Tractor has officially announced that it will drop its proposed 'Greener Farms' environmental bolt-on to its Farm Assurance standards. This comes after widespread producer concern over additional compliance costs and the way the new standards were developed and announced. *Meanwhile, an independent review has been*

jointly commissioned by the NFU and AHDB along with NFU Cymru, the Ulster Farmers' Union and NFU Scotland. This will be a wholesale review of 'Farm to Fork' assurance and aims to ensure that UK schemes and

practices are fit for purpose. More details can be found at – <https://www.nfuonline.com/updates-and-information/industry-wide-assurance-review-officially-launched/>.

ARABLE

Global Grain Production

Global grain prices have been falling for much of 2024. The main driver of the decline has been ample supplies of grain anticipated to come from South America. Maize and soyabean crops in Argentina and Brazil are still developing, making prices volatile in response to weather conditions. Concerns over excess rainfall in the region prompted some fund managers to cover some of their record sold positions, supporting prices in the third week of March. The role of fund managers in Chicago grain and oilseed futures markets is important for the short-term direction of global prices. If weather conditions turn, or other funds become more or less attractive the price of grain can move quickly.

The International Grains Council (IGC) published its latest update for the 2023/24 season, on the 14th March. Furthermore, the IGC also published its first forecasts for 2024/25. These are shown below.

World Grain Supply and Demand – source: IGC					
Marketing Year –	21/22	22/23	23/24 (2023)		24/25
UK harvest -	2021	2022	Feb	Mar	2024
m tonnes	WHEAT				
Production	780	803	788	789	799
Usage	784	795	803	803	804
End Stocks	272	281	265	267	262
Stocks/Use Ratio	34.7%	35.3%	33.0%	33.3%	32.6%
Stocks: Main Exporters ^①	60	65	60	61	59
m tonnes	MAIZE (CORN)				
Production	1,224	1,163	1,234	1,227	1,233
Usage	1,215	1,179	1,222	1,212	1,230
End Stocks	295	279	286	294	297
Stocks/Use Ratio	24.1%	23.7%	23.1%	24.0%	24.1%
Stocks: Main Exporters ^②	54	51	70	71	78
m tonnes	SOYABEANS				
Production	357	375	391	390	413
Usage	361	369	383	383	404
End Stocks	52	59	65	66	75
Stocks/Use Ratio	14.4%	15.9%	17.0%	17.2%	18.6%
Stocks: Main Exporters ^③	18	14	17	19	25

23/24 figures estimates; 24/25 projections ^① Argentina, Australia, Canada, EU, Kazakhstan, Russia, Ukraine, US ^② Argentina, Brazil, Ukraine, US ^③ Argentina, Brazil, US

Despite cuts to global grain production in the Southern Hemisphere for the 2023/24 season, there is a

greater fall in estimated consumption, resulting from reductions in feed use. As a result global stocks are forecast to increase by 10 million tonnes.

For 2024/25, the global grain and soyabean stocks are due to rise again. Whilst an increase in stocks is likely to move prices lower, the year-on-year rise is fairly small. We are still some months away from the Northern Hemisphere harvest, and it would not take a big reduction in production (forecast or actual) to move global prices higher.

For the 2024/25 season, total grains production is forecast to rise by 28 million tonnes, 10 million tonnes of that rise is wheat. Increases in wheat production are projected for Argentina, Australia, Canada and the USA. Production is expected to fall in the EU, and the Black Sea. However, usage of wheat is set to remain high and global stocks are forecast to fall by 5 million tonnes between 2023/24 and 2024/25. This may provide some specific support to wheat prices.

UK Planted Area Update

Rainfall in the UK between August 2023 and February 2024 is the second highest for the period since records began in 1837. This has caused major challenges for crop planting for the 2024 harvest. In December, AHDB published the Early Bird Survey showing planting intentions for the coming year. With weather issues continuing the Survey has been re-run capturing planting intentions up to the end of March.

Wheat planting is down 15% on the year at 1.46 million hectares; this includes a significant increase in spring wheat planting. In 2019/20, the last seriously wet planting season, spring barley area increased considerably to pick up the slack. The area of spring barley is forecast to increase for harvest 2024, to 881,000 hectares. The oat area is also forecast to increase in response to the challenged winter planting conditions, with farmers seeing spring oats as an option. The oat area is forecast at 208,000 hectares, an increase of 26%. *These spring cereals plantings are only the intentions of farmers. The weather over the next few weeks will determine whether these intentions can be turned into actions.*

Oilseed rape has also been challenged significantly, both by poor establishment conditions and increased pest pressure, notably from slugs, in the autumn. The result is

a 28% decline in the area likely to be taken through to harvest at 280,000 hectares.

One of the most notable increases this year is that of arable fallow, up 79%, to 558,000 hectares. This area includes a proportion of land which will be placed into environmental schemes.

Area figures only give a part picture of the state of cropping in the UK this season. Whilst areas of winter crops are down there are significant areas of crops in poor or very poor condition. Very little of the poorer quality crop will be re-drilled, as such it will be carried forward with lower yield prospects.

UK Crop Areas – source AHDB / DEFRA					
'000 Ha	2021 Final	2022 Final	2023 Final	2024 Est. ①	Change 22-23
Wheat	1,790	1,813	1,720	1,463	-15%
Winter Barley	405	435	455	355	-22%
Spring Barley	745	681	682	881	+29%
Oats	200	176	167	209	+26%
Other Cereals	71	69	65	53	-18%
Cereals Total	3,211	3,174	3,089	2,961	-4%
Oilseed Rape	307	365	391	280	-28%
Other Oilseeds	45	34	26	20	-24%
Pulses	249	269	275	236	-14%
Arable Fallow	265	274	311	558	+79%
Total	4,077	4,116	4,092	4,055	-1%

① from Early Bird Survey

DAIRY & LIVESTOCK

Dairy Update

Production

GB milk production for April 2023 to January 2024 totals 11.23 billion litres; just 0.6% less than in 2022-23. However, deliveries are estimated to have totaled 973 million litres in February (29 days) this would be a 1.1% decline year-on-year. The full year 2023-24 could record the lowest milk production since the 2016/17 milk season. Furthermore, with BCMS data showing only marginal change in the GB herd, the decline in deliveries is being driven by a reduction in yields. Over the past year, lower milk prices and high costs means there has been little incentive to push cows. Currently, the very wet weather means turn-out has been delayed affecting production going into the spring.

Global deliveries were also down during the latest recorded month (December). During that period, daily production was -0.4% lower (3.4 million litres per day) across the main producing regions of Argentina, Australia, the EU, New Zealand, the UK and the United States. EU deliveries in December were marginally behind last year by -0.3%, mostly driven by a significant year-on-year production decline in Ireland, down by 27% (76.6 million litres). Looking ahead, latest forecasts show a modest 0.25% increase in global production in 2024. Growth is expected in Australia, the EU and US but declines in the UK, Argentina and New Zealand.

In terms of trade, demand from China is often the key driver but this has been weak over the last year. Imports of dairy products to China were down by 12% (2.6 million tonnes) in 2023 compared with year earlier levels, with WMP volumes declining by 38% on the year. In contrast, SMP imports were up on the year, although only by 6%.

Prices

The UK wholesale market appears to be waiting for the spring flush. Reports suggest it is fairly quiet and prices are showing a lack of market direction. The GDT average index has declined at both events held in March by -2.3% and -2.8% to average \$3,497. These are the first falls since the beginning of November 2023. Closer to home, UK farmgate prices continue their 'steady' upward trend. March only really saw an increase by Arla, whose 0.88ppl took its conventional milk price to over 40ppl, the highest since April 2023. Milk price updates for April include;

- South Caernarfon Creamery (SCC) has announced an increase of 0.75ppl, taking its milk price to 37.0ppl for its manufacturing litre. However, it has cut the annual bonus from 0.40ppl to 0.25ppl for the year to March 2025.
- Muller UK is increasing its price by 1ppl for farmers who meet conditions of the Muller Advantage Sustainability Programme. This takes the standard milk price to 37.5ppl, including the 1ppl Advantage Premium.
- Belton Farms has also announced a 1ppl increase, this takes its standard manufacturing litre to 37.3ppl.
- Both Wyke Farms and Barbers have announced increases of 0.7ppl and 0.52ppl respectively.

Bovine TB

Defra has opened a consultation on proposals to introduce a targeted badger culling policy. Previously, the Government had announced plans to phase out badger culling and move to vaccination of cattle and badgers. But proposals in the consultation would leave badger culling as an option in areas where there are high

levels of infection in cattle and evidence suggests badgers are part of the local disease problem. These areas would be in the High-Risk and Edge Areas, including most of the southwest and central England. Culling would remain in these areas until the disease situation has been 'deemed to have improved' following annual reviews by the UK's Chief Veterinary Officer. After that, badger vaccination would take over to ensure the results achieved through culling were maintained.

The consultation also seeks views on options to include additional information about animal and herd level bTB risk to help those purchasing cattle. This would be available in the iBTB mapping app and would include the most recent TB test the herd has completed. Further views are sought on Defra taking over the licensing authority role with the aim of introducing a single organisational licence to reduce the administrative burden placed on the farming groups delivering badger culling and vaccination. The full consultation can be found via <https://consult.defra.gov.uk/bovine-tb/bovine-tb-consultation-wildlife-cattle/>. Views are sought by 22nd April 2024.

GB Pig Industry Structure Review

Defra has published its response to the Review of the Great Britain Pig Industry Structure. The review was undertaken by the AHDB and looked at the structure of the industry and also The Pigs, Records, Identification and Movement Order (PRIMO) 2011 legislation. The review concluded back in February 2022 and made 48 recommendations. Defra has responded to each of the recommendations in a Policy Paper which can be found at <https://www.gov.uk/government/publications/pig-industry-structure-in-great-britain-review-government-response/review-of-the-pig-industry-structure-in-great-britain-gb-government-response>.

Defra welcomes the recommendations in the report stating 'many of which are in line with our own ambitions to increase our disease control capability, whilst considering the impacts any proposed changes would have on the industry'. But it also acknowledged that many of the recommendations would take time to deliver as they are dependent on the Government's 'main ambition' to move pig reporting from the current eAML2 to the new multi-species Livestock Information Service (LIS).

In the interim Defra has started work on a couple of recommendations. Firstly, using a public communications campaign aimed at all pig keepers, it is raising awareness of the importance of registration and de-

registration. And secondly, through the same communications channel, it aims to promote awareness of the legal obligations of keepers to ensure they meet strict biosecurity standards to promote disease prevention.

Pig Market

The AHDB is forecasting UK pig meat production to grow marginally, by 0.6%, in 2024 to 933,000 tonnes. The current tight supply is expected to continue through the first half of 2024. The latter half of the year is expected to see throughputs improve as the increase in the number of gilts intended for first time breeding recorded in the June 2023 Survey start farrowing. The clean pig kill is forecast to increase by 0.8% realising 10.14 million head for the year with carcase weights remaining on average at 89kg, similar to 2023. Looking further ahead, there has been some improvement in farm margins, but uncertainty remains. The breeding herd is expected to remain at around 340,000 head with limited growth over the next couple of years.

In terms of trade, 2023 was a year of contrasts. During the first 4 months, imported pig meat volumes were down by 14%. However since May, improved demand and an increase in the price differential between UK and EU product has seen monthly import volumes recording on average a 5% year-on-year growth. This is expected to continue through 2024, with imports forecast to be up by 3% on the year. Exports of pig meat from the UK in 2023 were down by 19% (Jan-Nov) due to lower UK production and higher prices. For 2024, the AHDB is forecasting a 1% increase in export volumes with some new opportunities developing in the USA and Mexico. However the EU remains the most important destination and pricing will be key.

In 2023 demand for pork fell. Total pork volumes declined by 1% year-on-year. In 2024, pork consumption volumes are forecast to decline further by 2% compared with 2023 and by 4% compared with 2019, due to the continuing cost-of-living crisis and eating out still down on pre-covid 19 levels. *This is despite pork being one of the cheaper meats in the UK.*

What does this mean for farmgate prices? UK pig values have been under pressure since last autumn, even so margins have been better as prices are above levels a year ago and input costs have eased. UK pig prices will follow EU markets, but with supplies tight in both regions, this should help stabilise prices. The weakness in demand is the main bearish factor in markets. The willingness of the UK consumer to spend will determine whether prices firm through the rest of 2024 or drift downwards.

The **Professional Update** is available by subscription only from Agro Business Consultants, 3rd Floor, The Tower, Pera Office Park, Melton Mowbray. LE13 0PB. 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.worldpotatomarkets.com).

Whilst care is taken to provide accurate information, no liability can be accepted for any omission or inaccuracy of fact or opinion or any loss however caused.

Professional Update is Copyright © 2024 Agro Business Consultants and shall not be copied, made available, distributed, broadcast or otherwise disseminated either internally within an organisation or publicly, without the prior approval of Agro Business Consultants.

Key Farm Facts (March 2024)

Farm Support Payments *(estimates in italics)*

English Basic Payment Scheme Rates				
£ per Ha ^①	2021 ^②	2022 ^②	2023 ^②	2024 ^②
Lowland (non-SDA)	221.64	186.64	151.65	117
SDA	220.02	185.28	150.54	116
Moorland	60.80	51.20	41.60	32

Scottish Basic Payment Scheme Rates				
£ per Ha ^①	2021	2022	2023	2024
Region 1	222.14	223.08	223.56	223
Region 2	45.09	45.21	45.36	45
Region 3	13.68	13.73	13.76	14

Coupled Payments are approx £103/beef calf; £146 in the Islands; £61/ewe hogg for farms with >80% Region 3 land. 2020 includes Convergence uplift

Welsh Basic Payment Scheme Rates				
£ per Ha ^①	2021	2022	2023	2024
All-Wales Region	121.23	123.08	120	120
Redistributive Payment	111.02	112.42	111	111

Redistributive Payment made on first 54 Ha of claim.

Ag Transition England only (BPS deductions) - source Defra				
Payment Band	2021	2022	2023	2024
Up to £30,000	5%	20%	35%	50%
£30,000 - £50,000	10%	25%	40%	55%
£50,000 - £150,000	20%	35%	50%	65%
£150,000 or above	25%	40%	55%	70%

① includes Greening Payment
② includes lowest payment band Ag. Transition deduction. Larger reductions on bigger claims

Entitlement Trading Values				
prior to 2023 claim	Eng	Scot	Wales	
Multiplier range	0.5-0.6	0.7-1.0	0.5-0.6	

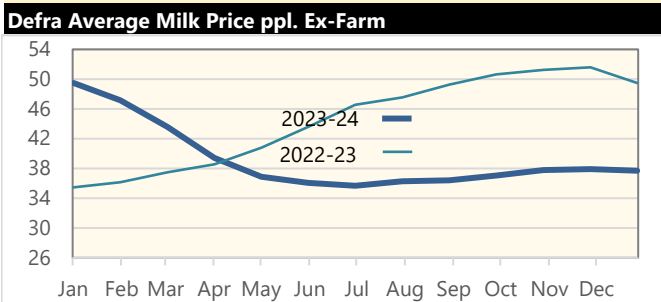
Scottish and Welsh multipliers are on Basic element only

Dairy Prices and Production

Commodity Milk Prices				
	Present	Last Month	12 Mths Ago	
week ending -	22/03/24	23/02/24	24/03/23	
GDT Auction (\$ per tonne)	3,497	3,664	3,361	
Intervention Milk Price Equiv. (ppl)	18.72	18.62	19.24	
Actual Milk Price Equiv. (ppl)	39.07	38.78	38.05	

UK Farmgate Milk Prices (DEFRA average)			
	Jan-24	Jan-24	Jan-23
Price for the month (ppl)	37.68	37.68	49.48
Rolling 12-month average (ppl)	38.49	38.49	45.13

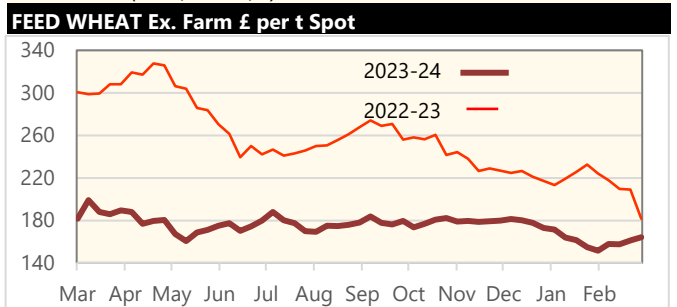
UK Milk Production				
	Jan-24	Jan-23	5-year average	
Monthly	million litres	1,239	1,246	1,249
	butterfat	4.32	4.33	4.23
	% difference - ltrs		-0.6%	-0.8%
Cumulative	million litres	12,379	12,432	12,458
	butterfat	4.22	4.20	4.14
	% difference - ltrs		-0.4%	-0.6%



Crop Prices

UK Ex-Farm Prices - source: AHDB				
£ per tonne	Budget Nov 24	Present	Last Month	12 Mths Ago
spot prices				
week ending -		22/03/24	23/02/24	24/03/23
Feed Wheat	180	164	152	182
Full Spec. Milling Wheat	215	228	225	238
Feed Barley	165	143	136	163
Malting Barley	185	234	234	231
Oilseed Rape	365	356	340	350
Beans	245	237	234	220

Futures			
contract date -	Nov-24	Nov-25	Nov-26
Wheat Futures (UK, LIFFE, £)	194	196	-
OSR Futures (Paris, MATIF, €)	461	462	-



Sugar Beet Contract Prices				
£ per adjusted (16%) tonne	Price	Transp't	Total	
2023 Crop	Contract Tonnage	40.0	5.50	45.50
	Surplus Beet	<i>tbc</i>	<i>tbc</i>	<i>tbc</i>
2024 Crop	Contract Tonnage	40.0	5.50	45.50
	Surplus Beet	<i>tbc</i>	<i>tbc</i>	<i>tbc</i>

Transp't estimated; 2024 price not agreed

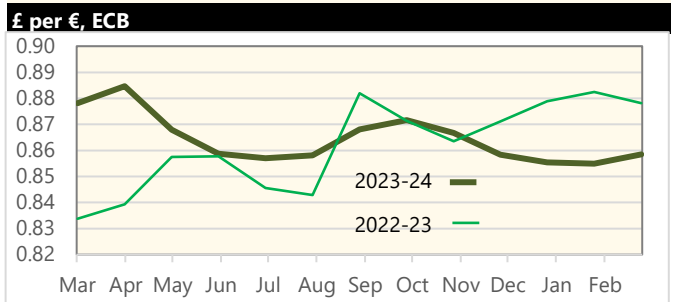
Financial Data

Exchange Rates			
	Present	Last Month	12 Mths Ago
effective date -	27/03/24	27/02/24	28/03/23
Euro: €1 = £ (ECB daily rate)	0.858	0.855	0.878
Euro: £1 = € (ECB daily rate)	1.165	1.170	1.139
Annual Average, €1 = £	0.856		
Dollar: £1 = \$ (market rate)	1.264	1.269	1.227

Base Rates			
	Present	Last Month	12 Mths Ago
United Kingdom	5.25	5.25	4.25
Eurozone	4.50	4.50	3.50
United States	5.50	5.50	5.00

Inflation			
% change on year earlier	Feb-24	Jan-24	Feb-23
United Kingdom (CPIH)	3.8	4.2	9.2

Economic Growth			
% change on same quarter, year earlier	Q3 2023	Q2 2023	Q3 2022
United Kingdom	0.27	0.32	2.07
Eurozone	0.05	0.53	2.58
United States	2.93	2.38	1.71



Livestock Prices

Livestock Prices - source: AHDB (or Ⓞ East Mids markets)				
ppkg deadweight unless stated otherwise		Present	Last Month	12 Mths Ago
week ending -		22/03/24	23/02/24	24/03/23
Finished Steers	Eng. & Wales	492.9	494.4	485.5
	Scotland	50.2	505.1	492.5
Cull Cows	Dairy Bred	171.3	166.2	171.2
	Beef Bred	193.1	179.5	199.4
CalvesⓄ	Cont. X Bulls (£ per Hd)	258	200	115
	Hereford X Bulls (£ per Hd)	201	117	71
	Finished Lambs (SQQ)	789.8	689.9	522.5
	Cull EwesⓄ (£ per head)	115.5	106.4	89.7
	Finished Pigs (SPP - UK)	207.8	207.6	212.5
	Cull sows (ppkg liveweight)	87.8	87.6	84.8

Wages

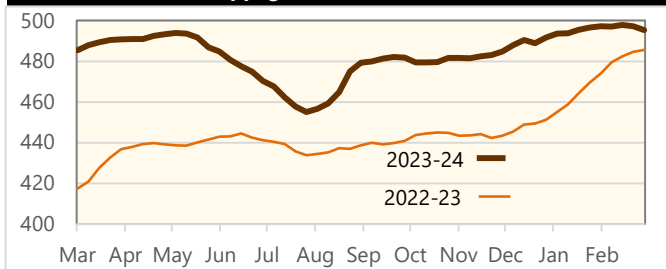
Minimum Wage Rates from April 2024				
£ per Hour	age -	16-17	18-20	Appren.
National Minimum Wage		6.40	8.60	6.40
National Living Wage (21 years+)		11.44		

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

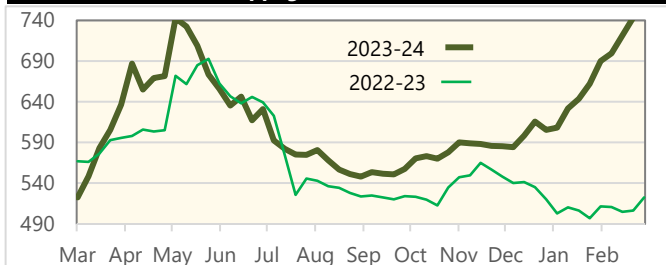
Input Prices

Spray Prices				
On-farm price		Spot	12 Mths	
£ per litre/kg		Price	Ago	
week ending -		22/03/24	24/03/23	
Active Ingredient	Example			
Cereals - Herbicides				
Diflufenican	Hurricane	24.50	27.00	
Flufenacet + diflufenican	Liberator	34.00	50.80	
Flufenacet + pendimeth.	Crystal	11.00	13.63	
Florasulam	Lector	108.40	116.00	
Mesosulfuron iodosulfuron	Atlantis OD	31.80	32.40	
MCPA	Agritox	5.50	5.10	
Pinoxaden + Cloquint.	Axial Pro	65.00	65.00	
Cereals - Fungicides				
Azoxystrobin	Amistar	16.00	25.00	
Folpet	Arizona	7.00	8.04	
Prothioconazole	Proline; Butus	51.00	51.00	
Cereals - Insecticides / Molluscicides				
Metaldehyde (3%)	Gusto	2.75	2.75	
Ferric Phosphate	Sluxx, Ironmax Pro	2.90	2.90	
Lambda-cyhalothrin	Hallamr Zeon, Generi	75.00	75.00	
OSR - Herbicides				
Propyzamide	Kerb Flowable	21.80	22.30	
Metazachlor	Makaila	15.78	16.20	
Quizulofop-P-tefaryl	Panarex	11.80	11.80	
Clomazone	Backrow; Centium	87.00	81.00	
OSR - Fungicides				
Metconazole	Caramba,Metal	24.20	25.20	
Tebuconazole	Deacon, Agate	7.80	9.60	
Arylex	Belkar	123.3	116.70	
Potatoes - Herbicides				
Carfentrazone	Spotlight	49.00	40.20	
Potatoes - Fungicides				
Cyazofamid	Ranman Top	47.58	40.84	
General Sprays				
Glyphosate	Roundup,Gallup XL	3.30	5.50	

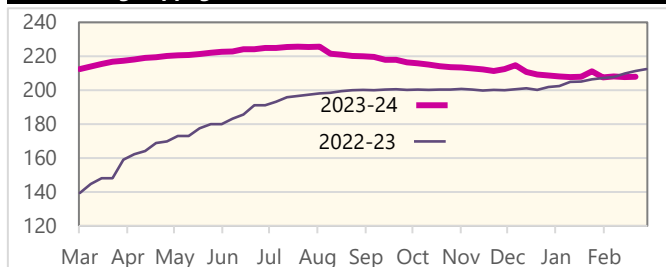
Finished Steers (GB) - ppkg dw



Finished Lambs (SQQ) - ppkg dw



Finished Pigs - ppkg dw



Input Prices (£ per tonne unless stated otherwise)

Fertiliser Prices				
600kg bags delivered, granular	Spot	Last Month	12 Mths	
week ending -	22/03/24	23/02/24	24/03/23	
Nitrogen: 34.5% An (UK) -April delivery	335	325	465	
20-10-10	370	395	570	
0-24-24	380	390	570	
Urea (46% N)	365	370	395	
Triple Super Phosphate: 0-46-0	425	422	575	
Muriate of Potash: 0-0-60	365	365	625	
Ammonium Sulphate: 21%N-24%S	290	295	465	
Fuel Prices				
Oil PriceⓄ (\$ per barrel)	81.3	77.7	72.9	
Gas OilⓄ (ppl)	77.3	76.1	76.1	
Ⓞ West Texas Intermediate Ⓞ > 2,000 ltrs, Midlands (price variable)				
Straight Feed Prices				
Hipro Soya	410	417	522	
Rape Meal	288	285	361	
Maize Gluten	240	290	334	
Compound Feed Prices (bulk delivery unless stated otherwise)				
Dairy Feed (18% CP)	323	323	368	
Calf Starter Cudlets (bags)	430	435	459	
Beef Nuts (16% CP)	295	299	316	
Premium Ewe Nuts	314	314	328	

Crop and Livestock prices are used with the permission of the AHDB. © Agriculture and Horticulture Development Board 2024. All rights reserved.

Accurate, timely and independent data you can trust

AHDB