

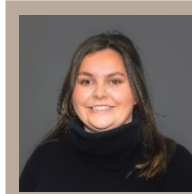
**Winter
2023**

English Farming Update

STRUTT & PARKER'S KEY POINTS AND SUMMARY

FARMING OVERVIEW

Welcome to this quarter's Farming Update, which is produced by our Farming Research Group and reports on market and administrative issues that affect farmers' business decisions and on which they may need to act.



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According to Defra's national statistics, all the main cereal crops saw reduced yields in 2023 compared to 2022 (see overleaf) with areas also falling, apart from winter barley, which saw a 5.2% increase in area in 2023. The figures show decreases in both wheat yield and area, yield decreased by 5.2% to 8.1 t/ha and area decreased by 5.3% to 1.58 million ha. The figures indicate that every region within the UK had a reduced area of wheat for 2023 apart from the North West, which had a marginally higher area. Poor weather starting in late September and continuing through to December has affected autumn arable operations, and in particular the establishment of winter crops and the harvesting of potatoes, maize, brassica, and other crops. Flooding has affected all areas of the UK causing significant losses of unharvested crops and of recently sown cereals.

In farm business news, Basic Payment claimants are receiving statements of how their Delinked Payments for 2024 to 2027 have been calculated by the RPA. The second round of the Slurry Infrastructure Fund is open for any farmer in England whose farming systems already produce slurry to improve or expand their slurry storage capacity. The average price of Woodland Carbon Units has increased to £25 / tonne in the first half of 2023 from £15 in 2021, with a spread between the highest and lowest price of £37.50 / unit.

Please contact our team for further information on anything you read here.

DATES FOR THE DIARY

- **20 November 2023 to 2 February 2024** – Industry-wide consultation on the business case for implementing a digital passport for combinable crop movements
- **1 December 2023 to 30 June 2024** – RPA makes final 2023 BPS payments and CS/ES revenue payments
- **5 December 2024** - FETF Animal Health and Welfare claim deadline
- **15 January 2024** - Countryside Stewardship Facilitation Fund deadline
- **31 January 2024** - Deadline for Slurry Infrastructure grant online checker

Commodity	November 2023	November 2022
Beans	£225.8/t	£265/t
Oilseed Rape	£352.4/t	£497.7/t
Feed Barley	£156.5/t	£225/t
Milling Wheat	£242.7/t	£295.5/t
Feed Wheat	£178.9/t	£244.3/t
Beef Cattle (deadweight R4L)	492.9p/kg	455.2p/kg
Lamb (new-season deadweight R3L)	592.3p/kg	551.5p/kg
Pigs (SPP deadweight)	217.2p/kg	200.7p/kg
Milk (Defra Farmgate milk price Sept 23/22)	36.36ppl	49.27ppl
Red Diesel (Nov 2023)	90.74p/lt	114.49p/lt
UK Ammonium Nitrate (Aug 23/Jul 22)	£370/t	£841/t

Source: FW, AHDB & Defra

ARABLE GLOBAL GRAIN MARKET

- Overall global supplies of grain – due to large harvests and forecast higher ending stocks – are sufficient to satisfy current demand and as a result prices have been trending gradually lower over the past few months.
- Global wheat supply and demand is relatively finely balanced (with estimated 2023/24 production of 785 million tonnes being allocated to estimated use of 790 million tonnes). Maize on the other hand appears to be more plentiful, with estimated production of 1,216 million tonnes against use of 1,200 million tonnes.
- Grain markets are no longer reacting with such vigour to changes in the Ukrainian export progress, as Ukraine is managing to expand export routes outside of its major Black Sea ports.
- Despite the increase, grain exports are still forecast down 27 percent from the previous year and 28 percent from the pre-war 5-year average owing to limited seaborne export capacity following the end of the Black Sea Grain Initiative (BSGI).

UK PROVISIONAL CROP PRODUCTION ESTIMATES FOR HARVEST 2023 (DEFRA OCTOBER 2023)

WHEAT	<ul style="list-style-type: none"> ▪ UK wheat production is estimated at 14.1 million tonnes (mt) for 2023; this is down from 15.5mt in 2022. However, this is above the five-year average (2018–2022) of 13.8mt. ▪ The UK wheat production figure is in part due to a lower area for 2023 of 1,720 thousand ha, down 5% on the year. ▪ All areas within the UK had a reduced area of wheat for 2023 apart from the North West, which marginally increased (+1%). 	OSR	<ul style="list-style-type: none"> ▪ UK OSR production is estimated at 1.2mt for 2023, down by 154 thousand tonnes compared with the 2022 harvest. ▪ Despite an increase in area, OSR production has reduced due to poor yields nationally. ▪ Yields were highly variable, with yields averaging as low as 2.6 t/ha in the Eastern region of England but as high as 4.0 t/ha in Scotland
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Barley

- UK total barley production is estimated at 7.0mt for 2023. This is down from 7.4mt harvested in 2022 and is below the five-year average (2018–2022) of 7.4mt.
- Total barley area for harvest is provisionally estimated at 1,126 thousand ha, up 2% year-on-year. However, production is down overall, notably due to lower spring barley yields caused by a very wet spring followed by the hot, dry weather in May and June.

Oats

- UK oat production is estimated at 841 thousand t for 2023; this is down by 166 thousand t from the 2022 harvest and is below the five-year average (2018–2022) of 1mt.
- This will be the lowest oat crop since 2016. Prices in 2022 incentivised a switch back to planting oilseed rape (OSR), reducing the oat area for harvest 2023.

UK WEATHER

Rain, storms, and more rain! A sequence of storms has brought intense local downpours across much of the UK during the autumn. Rain has resulted in surface flooding and waterlogging.

The poor weather has affected autumn operations, establishment of winter crops and the harvesting of potatoes, maize, brassica, and other crops, has become difficult, expensive and at some points impossible.







Met Office statistics show that 13 areas had broken their daily rainfall records for October. These areas include: Derbyshire, Suffolk, South Yorkshire, North Yorkshire, Humberside, Lincolnshire, Wiltshire, Kincardineshire, Nottinghamshire and Northumberland. Source: AHDB & Met Office National Information Centre

S&P COMMENT

As discussed in our autumn issue, harvest 2023 was challenging. The dry and warm weather in late spring/early summer meant that crop growth was accelerated. However, the rain arrived in the summer, and it significantly delayed the start of harvest for many, and required much of this year's crop to be dried using expensive diesel and gas.

The weather has continued to be a challenge. Autumn drilling has been difficult this year, with the continued wet and stormy weather. Early drilled crops seem to be coming on ok, and in particular oilseed rape in many places is looking well. However, most crops drilled into late September/October are struggling and are at risk of failure due to waterlogged soils. There is still a large number of hectares undrilled across the country, a series of frosts in late November enabled some to catch up with some wheat drilling but nevertheless many growers will be forced to plant more spring crops than initially planned, meaning that spring is going to be a busy time. The AHDB initial survey of planting intentions published in November estimates that the wheat crop area will be 1.3% lower in 2024 than in 2023, making the 2024 crop area 1,698 thousand hectares - the lowest since 2020. Spring barley is expected to increase 13% to 764 thousand hectares and most merchants have already run out of the main seed varieties. The oat area is also expected to increase significantly, by 12% to 186 thousand hectares, in part due to attractive milling oat premiums on offer.

LIVESTOCK

 <p>LAMB</p>	<ul style="list-style-type: none"> • The GB deadweight SQQ grew to 564p/kg for the month of October 2023, an increase of 14p from September 2023, and growth of 44p from the same time last year (2022). • Defra clean sheep slaughter numbers for October 2023 sit at 1.1m head. This is an increase of 102,000 head from September 2023, as we move closer to seasonal production peaks. Throughputs for October 2023 are, however, the lowest in the past five years, indicating a general tightness of supply • Lambs may be ready for slaughter earlier this year due to good grass growth through the summer and autumn. • Increases in lamb consumption have been seen, due to consumers recognising the health benefits. Lamb showed the greatest increase compared to both last summer within the total meat, fish, and poultry (MFP) category, with consumption occasions up 17% compared with 2022 – good news for producers.
 <p>BEEF</p>	<ul style="list-style-type: none"> • Prices peaked in mid-October 2023 and have eased into November 2023 with the all-prime average price at 476.6p/kg for the week ending 4 November 2023. This was 34p higher compared with the same period in 2022. • GB retail demand data shows that in the 12 weeks to 1 October 2023, household beef purchase levels have declined by 1.0% (in volume) compared to 2022 figures. The rise in prices and the unpredictable weather is thought to have impacted steak and burger sales. • Beef production increased in October 2023, as we began to see increases in slaughter numbers to meet Christmas demand. Production grew to 82,100 tonnes for October 2023, still down slightly on last year as we see some tightness in the supply chain.
 <p>DAIRY</p>	<ul style="list-style-type: none"> • In October 2023 the Defra UK average milk price stood at 37.03ppl, up 0.60ppl (1.7% on the previous month). However, a drop of 13.63ppl compared to the same month in 2022 (50.66ppl). The fall, is due to high milk availability and reduced market returns. There is also a strong link found between movements in the value returned to manufacturers from market (MMV) and movements in farmgate milk price. AHDB has reported that on average, a 1ppl change in the MMV will lead to around 0.5ppl change in the overall GB average milk price, approximately three months' later. • GB milk production for the 2023/24 season is forecast to reach 12.22 bn litres, 1.3% less than the previous milk year. Reductions have been driven by yield rather than herd size. High rainfall in September resulted in cows been brought into sheds sooner which has affected production. • Global milk deliveries averaged 817.1 million litres per day in September, a decline of 5.3 million litres per day, across the selected regions, compared to the same period last year. All regions except Australia recorded year-on-year volume decline. • Expectations for the rest of the milk year are to continue at the lower milk price, however there are concerns for cash flows, due to high input costs, higher interest rates and large tax bills following 2023 high milk cheques.
 <p>PIGS</p>	<ul style="list-style-type: none"> • The volume of pig meat purchased through retail fell by 2.6% for the 52 weeks ending 1 October 2023. More expensive products such as roasting joints and chops and steaks experienced the biggest falls, which has not been offset by growth in bacon, sausages, and mince • GB pig prices have eased over the last two months. Prices are still well above the 5-year average and above last year's (2022) levels. • UK pork production continues to be impacted by the poor market conditions of the past two years as domestic supplies remain tight. The English pig population is currently at its lowest in over a decade as many producers reduced numbers or left the sector entirely over the past couple of years due to low sale values and exceptionally high feed and other input costs.

Source: AHDB & Defra

S&P COMMENT

The increased demand for lamb is good news for producers and the livestock sector in general. Consumers are regularly presented with negative messages around red meat production as we all try to consider and reduce our carbon footprint. UK producers must continue to argue the case for the benefits of grass-fed beef and lamb, as the carbon footprint for meat reared in this way is completely different to the stats on global meat production which are often published in the media.

On 13 December 2023, new rules came into force for farmers who produce livestock or livestock products that end up in the food chain and may be exported to the EU. From this date, you will need proof that an annual vet visit has taken place on your premises - unless you are part of a specified assurance scheme (Red Tractor, QMS, FAWL, WLBP, Lion Quality and Poultry Health Scheme). As most producers, and the vast majority of S&P clients, are members of assurance schemes this is unlikely to cause many problems for the industry, but it reinforces the need to ensure that membership of the relevant scheme is kept up to date. Source: Defra

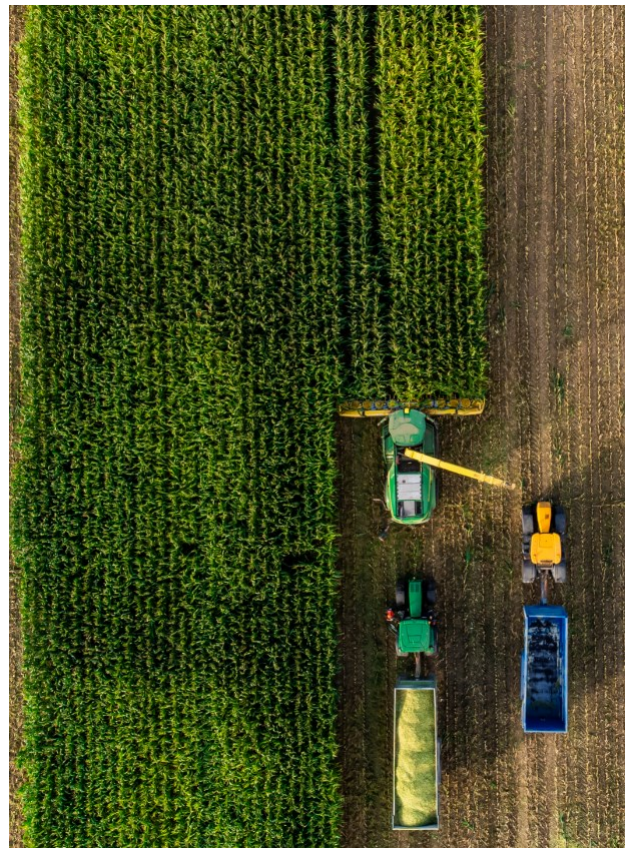
FERTILISER & FUEL

Fertiliser

- In recent weeks the cost of fertiliser has increased due to rising oil and natural gas prices as well as tighter global supplies. However, fertiliser prices are still far below the highs seen this time last year.
- From 1 October 2023, under the Control of Poisons and Explosives Precursors Regulations 2023, buyers of Ammonium Nitrate fertiliser will need to provide photo ID to the supplier. If fertiliser is not ordered in person, then proof of identity must be provided beforehand.

Fuel

- The average price of oil stands at \$91.78/barrel (October 2023), a \$1.84/barrel reduction compared to October 2023.
- Red diesel prices have continued to increase since our previous autumn update (Aug 2023) to 90.74p/l in November 2023, however this is a 23.75p/l decrease compared to November 2022 (114.49p/l).
- Source: FW & AHDB



Farm Business News

Basic Payment statements and delinking

Basic Payment claimants should receive a statement of how their delinked payments for 2024 to 2027 have been calculated by the RPA. Statements should be received by all businesses which claimed BPS in 2023, because the 2023 claim makes them eligible for the delinked payments. The calculation is based on the payments they received in 2020, 2021 and 2022. Defra has not confirmed how the delinked payments will be apportioned during 2024-2027. The S&P calculator makes the assumption that there will be a straight-line reduction from the 2023 value down to nil in 2028, but this will be updated as soon as we have confirmation from Defra. Please contact your local S&P farming team if you would like to check that the delinked reference value is correct, or if you would like a projection of the estimated payment values during 2024-2027. The process for transferring delinked payments to another party is expected to open in early 2024.

Slurry grant scheme now open in England

The second round of the Slurry Infrastructure Fund is open for any farmer in England whose farming systems already produce slurry to improve or expand their slurry storage capacity. Under the Water Resources (Control of Pollution) (Silage, Slurry and Agricultural Fuel Oil) (England) Regulations farmers are required to have at least six months of storage for beef and dairy animals and eight months for pigs. The grant can fund reception pits, slurry pumps and agitators and, new for this round, slurry separators. You can use the [Slurry Wizard](#) to help you find out more about your current and future slurry storage requirements, before submitting an online application. The maximum grant is £250,000 and the minimum £25,000. Please contact [Alice Johnson](#) if you would like help with submitting an application.



Woodland Carbon Code and Peatland Code carbon price data published

The average price of Woodland Carbon Units has increased to £25 / unit in the first half of 2023 from £15 / unit in 2021, with a spread between the highest and lowest price of £37.50 / unit. For peatland units, the average price was £24 in 2022, with a high to low spread of £25 / unit. NB The majority of woodland and all peatland units are pending issuance units (PIUs), not verified credits. The trade data was collected from market participants who are project developers and resellers through the Ecosystem Marketplace Global Carbon Markets Hub. It is based on 684 transactions and includes just over 200,000 woodland PIUs in 2022 and 11,000 peatland PIUs. (UK Carbon Prices)

Unlocking borrowing solutions for the rural sector

Whether you want to diversify, purchase new land, invest in a major capital project, or restructure loans to improve affordability, Strutt & Parker's rural brokerage team can help you to explore your finance and debt options. If you would like to know more about our rural brokerage service, contact [Karl McConville](#).
<https://rural.struttandparker.com/article/unlocking-borrowing-solutions-for-the-rural-sector/>

Grant funding on offer for repairs to heritage buildings

Owners of heritage assets are reminded they may be eligible for government funding under the Repair Grants for Heritage at Risk Scheme. Grant funding is available to support individuals and organisations with urgent repair work intended to reduce the risk of loss or damage to important architectural, archaeological or landscape features.

<https://rural.struttandparker.com/article/grant-funding-on-offer-for-repairs-to-heritage-buildings/>

Commercial forestry transactions shrink, but values holding

Activity in the commercial forestry market in Great Britain has slowed during the first nine months of 2023, with the amount of land traded significantly down on levels seen during 2021 and 2022. According to John Clegg & Co's interim Forest Market Review 2023, the amount of forestry land sold so far this year totals 2,300 hectares, which is 80% lower than in 2022. Most of the activity has been in Scotland (as is usual). The average selling price was £21,900/stocked hectare which is 6% higher than in 2022 (£20,800/stocked ha), although below 2021's record levels (£26,600/stocked ha).

<https://rural.struttandparker.com/article/commercial-forestry-transactions-shrink-but-values-holding/>

Government is now legally required to assess impact of policy on nature, pollution, and waste

The Environmental Principles Policy Statement, which is a requirement under the Environment Act, was implemented on 1 November. It is the fourth and final element of the new environmental governance system; the other parts are legally binding targets, the Environmental Improvement Plan and oversight by the (newish) Office for Environmental Protection. The statement requires the government to integrate five environmental principles in the design and implementation of all new policies.

Farm Innovation Grant from Anglian Water

Farmers located in one of [the priority catchments](#) in Anglian Water's area are being invited to [submit proposals](#) on how they can protect water from pesticides, nutrients or soil erosion on their holding. There are no set options or payments, so applications are assessed on their merits, with a maximum grant of £7,500 per holding. Successful previous bids have included direct drills, strip till cultivators, precision fertiliser trials and water bowsers with integrated drinking troughs. This is just one example of grant funding opportunities from water companies; others include Thames Water, Southern Water, Severn Trent, and Portsmouth Water. In our experience these grant schemes are well worth engaging with as they can unlock some helpful annual management payments, or capital grants, to sit alongside existing CS or SFI schemes.

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