

AUGUST 2026

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Food and Farming Newsletter

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England and Wales

- Applications for the 2026 Capital Grants offer opened on 30 July. As anticipated, demand has been very high, with 75% of the £225 million budget allocated within the first 48 hours.
- The first round of the 2026 Sustainable Farming Incentive (SFI) offer opened at the end of June to small farms and those without an existing environmental revenue scheme. More than three-quarters of the £60 million budget was allocated within the first two weeks of opening.
- The second SFI application window is due to open in September. The RPA has confirmed that new IT software should enable farmers with Countryside Stewardship agreements ending on 31 December 2026 to draft replacement SFI applications when the next SFI window opens. For support regarding an SFI application, please contact your [local Food and Farming consultant](#).
- Countryside Stewardship Higher Tier (CSHT) applications will no longer be invitation-only, with farmers able to submit an Expression of Interest (EIO) form. The government has also announced the introduction of single-focus agreements, allowing applicants to access priority actions such as species-rich grassland without the need for a full CSHT agreement. EIO forms can now be submitted for these single-focus agreements.
- Despite a challenging harvest year, farm profits in 2025 increased by 16% on the previous year to £8.42 billion, according to Defra’s estimated Total Income from Farming (TIFF). While the arable sector struggled with a 10% decrease in cereal output combined with low grain prices, livestock farmers capitalised on lower feed costs and strong prices, driving a £1.3 billion increase in livestock output.

Commodity	July 2025	July 2026	
Wheat (feed)	£163/t	£175/t	▲
OSR	£397/t	£429/t	▲
Barley (feed)	£142/t	£144/t	▲
Lamb	754.1/kg DW	803.7 p/kg DW	▲
Beef	642.4 p/kg DW	600.6 p/kg DW	▼
UK Milk	43.55 ppl	34.2 ppl*	▼
Pork	208.04 p/kg DW	178.73 p/kg DW	▼
Wheat Straw	£78/t	£80/t	▲
Hay	£91/t	£94/t	▲
Red Diesel	67.8 p/lt	99.0 p/lt	▲
UK Ammonium Nitrate	£390/t	£430/t	▲

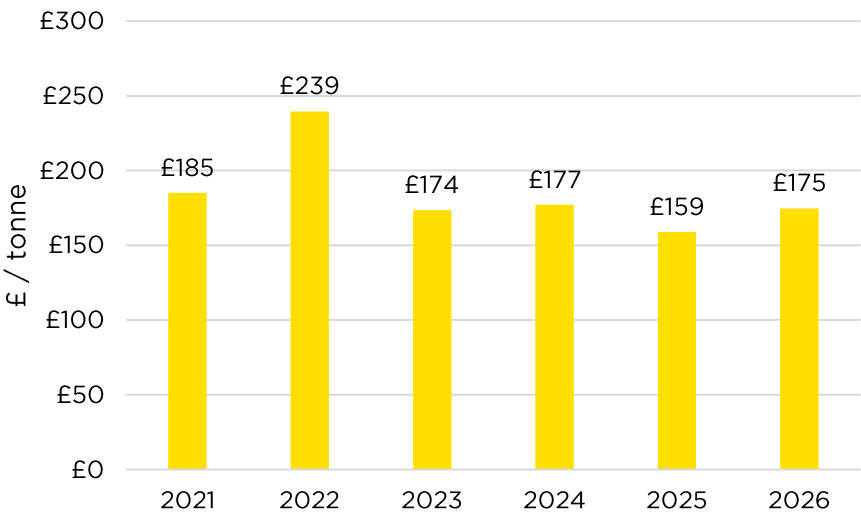
*as per Defra’s most recently published milk price May 2026.

Scotland

- The Scottish Government has announced a £2 million support scheme for independent pig producers to help farms facing severe financial pressure due to falling pig prices. The funding is aimed at producers most at risk, with eligible farmers able to claim support based on the gap between the price they receive and 85% of the UK Standard Pig Price.
- A wildfire in the Cairngorms affected around six square kilometres and took 12 days to bring under control, highlighting the impact of prolonged dry weather in rural areas. Beyond the immediate environmental damage, such fires can have significant implications for farming businesses, including the loss of grazing, damage to fencing and infrastructure, reduced forage availability and disruption to livestock management.
- The deadline for the Future Farming Investment Scheme (FFIS) 2025 grant recipients has been extended to 30 September 2026, providing additional time to complete and submit eligible capital investment claims.

- Prolonged dry conditions this year have prompted an earlier harvest, after crop development and ripening were significantly accelerated by the heatwave. Current reported yields are proving to be highly variable and dependent on soil type and location. However, oilseed rape crops have largely performed well, with farmers reporting yields of over 4.5t/Ha.
- Many malting barley crops are falling short of specification largely due to the prolonged dry conditions. Malting barley premiums are negligible at around £5/t and demand from distillers remains very low. There are concerns over a surplus of feed barley if more malting grain is downgraded. Feed barley prices are already under pressure with ex-farm prices ranging from £140-150/t, with strong competition from the Black Sea and Balkans supplies.
- UK wheat prices have strengthened in recent weeks, with Nov-26 futures reaching £199.75/t on 24 July, supported by escalating tensions in both the Black Sea and Middle East. Concerns over global grain supplies further intensified following Ukrainian strikes on key Russian export shipping routes.
- The summer heatwave has prompted many farmers to combine crops early or late in the day to maximise moisture retention in the crop. This approach has been further employed in a bid to reduce the risk of field fires, following reports around the country of field and combine fires.
- Fertiliser markets remain volatile, with renewed tensions in the Middle East driving an increase in oil and gas prices. The French government has introduced a fertiliser support scheme, with farmers receiving a payment of €50-€70/t, which has increased fertiliser purchases and raised concerns over tightened supplies and reduced availability in the UK as stocks are sent to France.

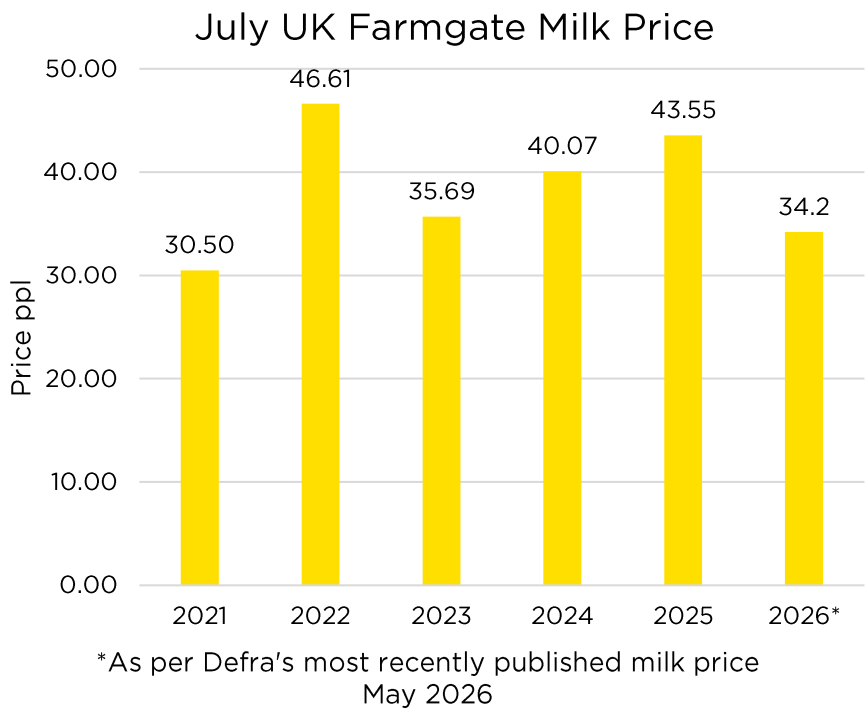
July Spot Feed Wheat Price



Feed wheat prices have strengthened year-on-year, although global supplies continue to limit more significant gains.



- UK milk production is beginning to ease in line with seasonal declines, with output tracking below last year’s levels since mid-April. Tightening supplies, combined with stronger commodity markets and skimmed milk powder values, have prompted some processors to increase their prices, with Arla and Saputo announcing rises to 37p/litre for July and August.
- Tighter milk supplies and rising spot market values have prompted NFU Scotland to call for increases in farmgate milk prices. While spot prices have risen to around 50p/litre, the NFU reports that some producers received as little as 22p/litre for June milk after transport costs were deducted. NFU Scotland argues that stronger market conditions should be more clearly reflected in producer returns.
- The recent heatwaves have impacted UK milk production, with dairy cows particularly vulnerable to heat stress. The high temperatures experienced during late May and June are estimated to have led to a reduction in milk output of around 12.5 million litres. While this reduction in supply is thought to have provided short-term support to the market, strong global production from key export regions including New Zealand and the US is likely to limit any significant sector bounce-back.

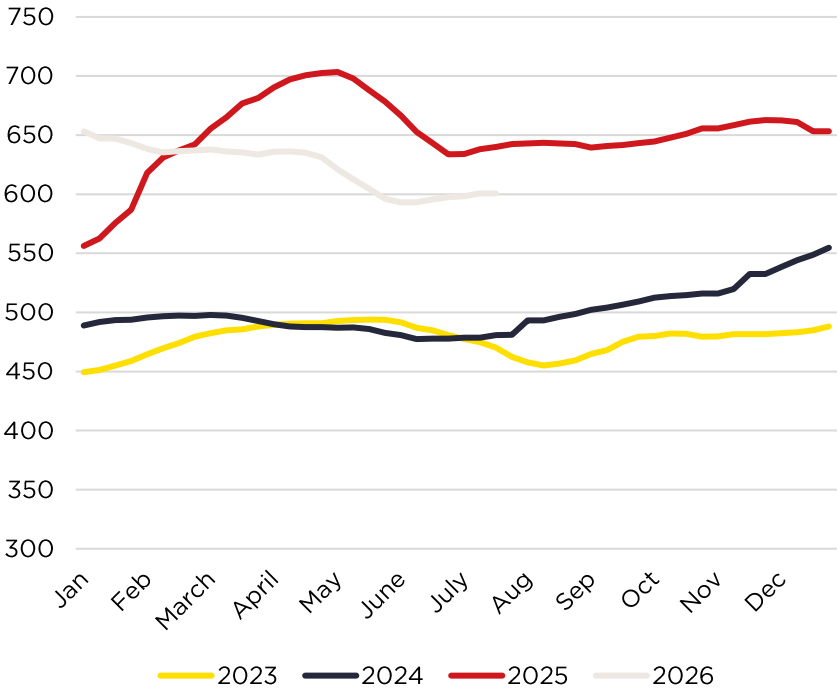


UK farmgate milk prices have shown resilience over recent months despite a modest decline from February levels.



- Finished cattle prices are recovering week-on-week, with deadweight steer prices averaging 605p/kg in the week ending 25 July. Firmer prices have also encouraged higher throughput, following a period of reduced prime cattle slaughter during the initial heatwave.
- Strong demand is continuing to underpin the beef calf market, with prices expected to hold firm until the end of August, when autumn-calving herds begin to increase supply. Auctioneers across the country are reporting prices of up to £700 per head for good quality beef calves. Concerns have been raised over the long-term sustainability of these prices, which are now no longer in line with finished product values.
- In Scotland, after several months of decline, beef prices appear to be stabilising at around 600p/kg deadweight. Scottish R4L prices rose to 597p/kg dwt in late June. Liveweight trade has also strengthened, with auctioneers reporting increased demand and firmer prices in the ring.
- The UK and Switzerland have agreed an updated Free Trade Agreement, which will provide improved market access for several key UK agricultural sectors. UK beef producers will see a 35% reduction in export tariffs on fresh boneless beef, while most lamb exports will be able to enter the Swiss market tariff-free.

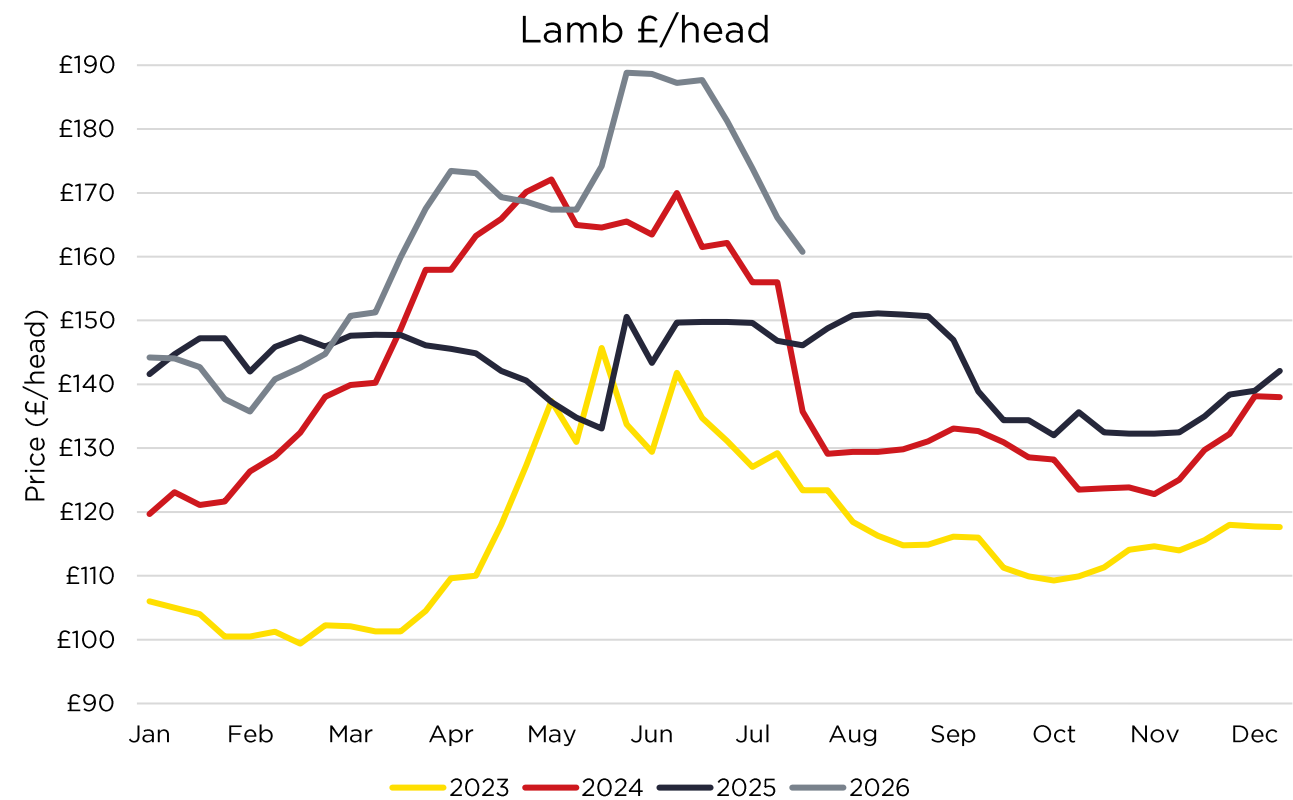
Deadweight Steers Overall Price (p/kg)



Following the seasonal decline seen in April and May, deadweight steer prices have found support and remain well above historical averages.



- Lamb prices continue to fall steadily, in line with seasonal declines as the influx of new season lamb (NSL) puts pressure on the market. Average NSL prices were reported at 809p/kg on 25 July; however, prices are still tracking over 70p/kg higher than the same time last year. Livestock market throughputs are still recovering from the disruption caused by the initial heatwaves.
- Bluetongue virus (BTV-3) cases are continuing to rise across the UK, with 84 cases recorded in the UK since 1 July. Vets and industry leaders are warning that this year's outbreak is proving significantly more severe than in previous years, with sheep showing more serious clinical signs. Predicting the spread of disease has become more difficult as the virus is now successfully overwintering in the UK, and livestock farmers are being encouraged not to delay vaccinations.
- The British Meat Processors Association (BMPA) is developing a new UK Pre-Stun Halal Export Accreditation Scheme, which will provide independent compliance verification with recognised pre-stun halal standards. It is hoped this scheme will create new export opportunities and strengthen the competitiveness of UK lamb in the international market.



Lamb prices have eased from their early-summer peak but continue to trade at historically strong levels.

Dates for the diary

- 31 AUGUST** ENGLAND: Hedgerow cutting/trimming closed period ends
- SEPTEMBER** ENGLAND: SFI application window opens
- 30 SEPTEMBER** SCOTLAND: Future Farming Investment Scheme (FFIS) 2025 claim deadline

Meet the team

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