

OCTOBER 2026

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Food and Farming Newsletter

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England and Wales

- The £253 million budget for SFI 2026 Window 2 was fully allocated in less than six hours, after applications opened at 10:00 on 22 September. Those who started an application but faced technical issues that prevented them from submitting may be able to continue their application after the Rural Payments Agency (RPA) investigates, provided they highlighted the issues before the window closed.
- Capital Grant agreements are being offered across the UK following the closure of the application window on 1 September. The full £225 million budget was allocated, with around 17,000 applications made. Approximately 55% of those were first-time applicants.
- Livestock farmers could face fewer Red Tractor assurance requirements under proposed changes to the scheme's standards. The review would reduce requirements by 25% for dairy farmers and 33% for beef and sheep producers, in a bid by the assurance body to be more reflective of modern farming. Some new measures are expected to be introduced, including tighter nutrient management standards for farms in England.
- Temporary rule changes will give farmers in Wales until 15 November 2026 to spread slurry and other manures. This marks an additional one-month concession to reflect a difficult growing season, although slurry applications will still be subject to a limit of 30 cubic metres per hectare.
- Straw and hay prices are holding strong despite an improved national supply, as farmers start looking ahead to the winter season. Prices are subject to significant regional variation, with barley straw prices in mid-September ranging from £80/t in the north to £118/t in the south. High production costs, including fuel and labour, continue to sustain prices; however, autumn weather conditions will be a key factor in determining demand over the coming weeks.

Commodity	October 2025	October 2026	
Wheat (feed)	£162/t	£204/t	▲
OSR	£400/t	£454/t	▲
Barley (feed)	£144/t	£181/t	▲
Lamb	682.50 p/kg DW	724 p/kg DW	▲
Beef	643.20 p/kg DW	623.10 p/kg DW	▼
UK Milk	45.48 ppl	36.89 ppl*	▼
Pork	206.18 p/kg DW	180.80 p/kg DW	▼
Wheat Straw	£81/t	£74/t	▼
Hay	£116/t	£106/t	▼
Red Diesel	75.21 p/lt	p117.70/lt	▼
UK Ammonium Nitrate	£393/t	£472/t	▼

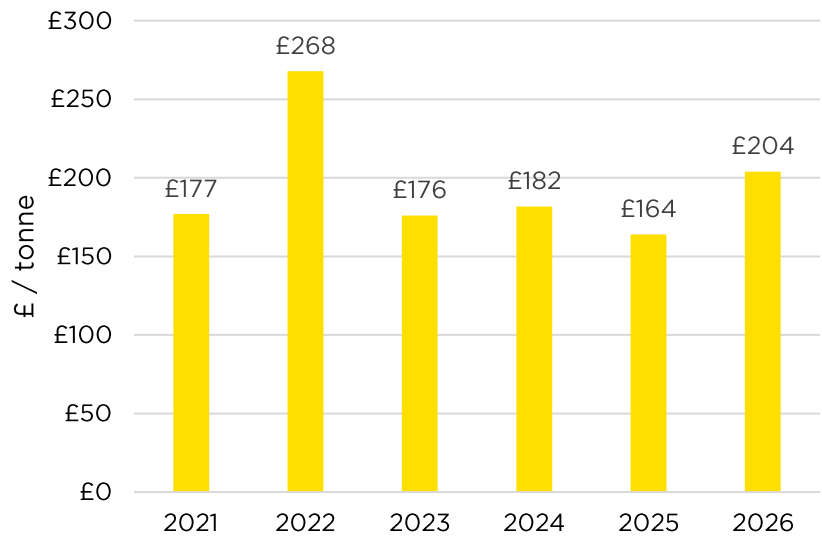
*as per Defra's most recently published milk price August 2026

Scotland

- The payment rates for the 2026 Basic Payment Scheme have been announced, and farmers have begun receiving their 2026 payments. The table below highlights the changes in payment rates between 2025 and 2026:
- | Region | 2025 (£/ha) | 2026 (£/ha) | Change |
|--------|-------------|-------------|--------|
| 1 | £223.02 | £223.10 | £0.08 |
| 2 | £45.27 | £45.21 | -£0.06 |
| 3 | £13.72 | £13.75 | £0.03 |
- Scotland has extended the bluetongue restricted zone nationwide following dozens of confirmed cases. There are currently no movement licence requirements across the country.
 - NFU Scotland has urged the UK Government to reverse recent inheritance tax changes, protect red diesel relief and review the proposed Carbon Border Adjustment Mechanism (CBAM), citing concerns over the impact of rising costs on farm profitability.

- Harvest 2026 has proven to be another highly variable season, with wheat, spring barley and oat yields falling below historic averages across much of the UK. The impact of prolonged dry conditions was highlighted in AHDB's 2026 Harvest Survey, with average winter wheat yields down 11% on the five-year average. Reported yields ranged from 3.9t/ha to 11.5t/ha, with farms further north benefiting from increased rainfall.
- Oilseed rape emerged as the strongest performing crop of the season, averaging 19% above the five-year average at 4t/ha, although once again, there was significant regional variation.
- UK feed wheat futures have come under pressure from weaker global grain markets, with November 2026 contracts falling by £4/t to close at £205.75/t on 25 September. This marks a dip below the 20-day moving average, largely driven by geopolitical factors, including the possibility of a ceasefire in Ukraine and subsequent increased Russian export capacity.
- Winter crop drilling is well underway, with crops largely going into well-prepared, albeit dry, seed beds. Oilseed rape crops are facing renewed pressure from cabbage stem flea beetle, following two relatively easy years, with later-drilled crops proving particularly vulnerable. High pest pressure is thought to be heightened by dry conditions and mild autumn temperatures.
- In Scotland, harvest is drawing to a close, with potato lifting progressing well and generally delivering reasonable yields. Encouragingly, autumn drilling has got off to a positive start, with oilseed rape, fodder crops and cereals being established in good seedbeds and emerging well due to favourable conditions.

October Spot Feed Wheat Price

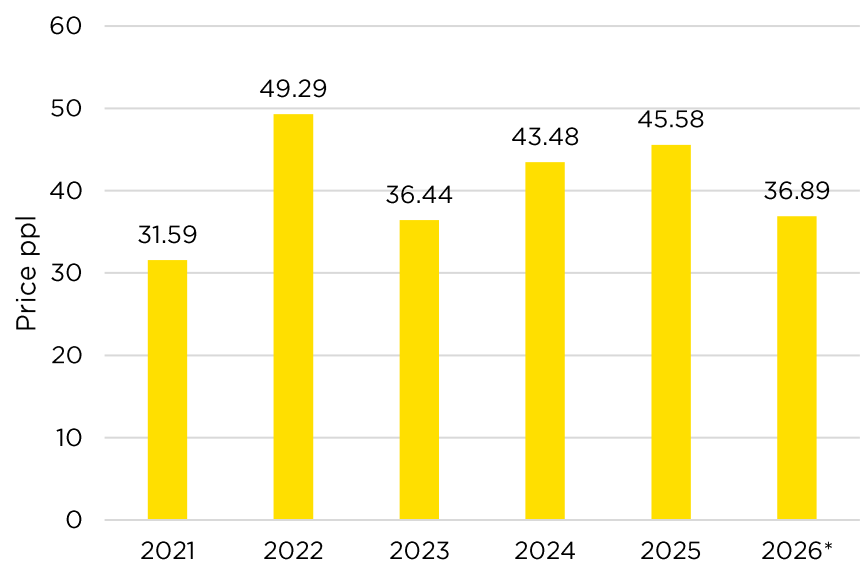


Feed wheat prices are tracking above last year but are subject to geopolitical fluctuations



- British milk production continues to fall, reflecting the effects of the summer heatwave and prolonged drought conditions. AHDB reports production between April and July was 2% lower than the same time last year. Supplies are forecast to reduce further, as farmers face pressure from high input costs and the impacts of bluetongue virus.
- Farmgate milk prices remained relatively unchanged over the summer and have not increased as quickly as hoped. Concerns have been raised that Scottish dairy farmers supplying Müller's Skelmersdale contract are receiving milk prices below the cost of production, placing continued pressure on farm profitability.
- However, several milk processors announced increases in recent months, with Arla offering a 1.76p/litre increase to its suppliers in October, which takes its average price to 39.17p/litre.
- Dairy replacement heifer values remain strong, at over £3,000 a head, supported by strengthening milk prices and limited availability. According to the AHDB, dairy heifers accounted for just 32% of calves registered to dairy dams last year. Increasing use of beef sires may see a tightened supply of replacement heifers in upcoming years, with the British milking herd in April 2026 already down 2% on the previous year.
- Cull cow trade has weakened recently, with a 40-50p/kg reduction in base price over the last five weeks. This decline is largely thought to be driven by reduced consumer spending and increased supply in EU markets as farmers responded to the dry summer and reduced forage availability.

October UK Farmgate Milk Price

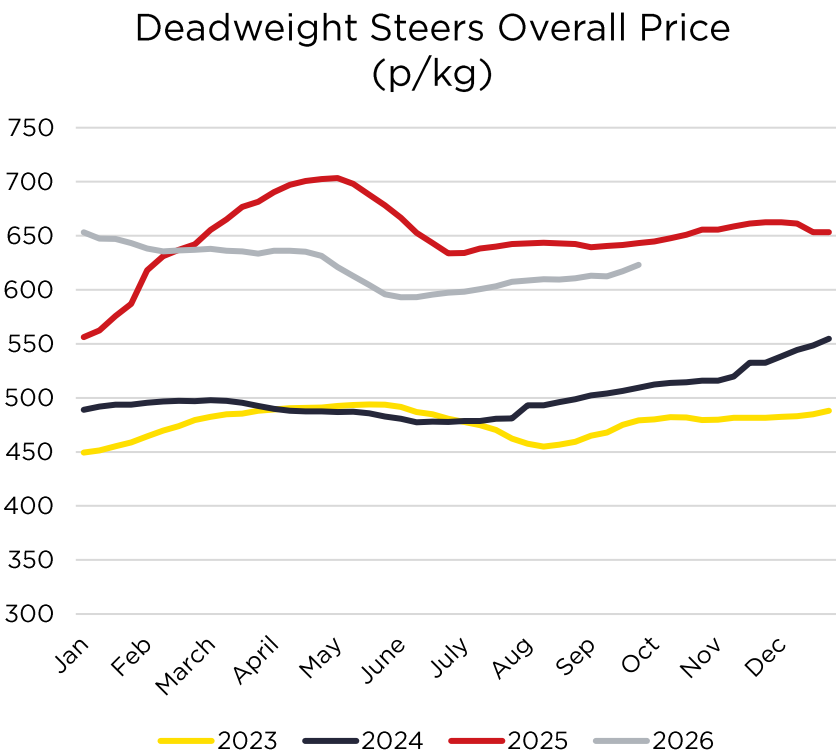


*As per Defra's most recently published milk price August 2026

Milk processors have been increasing farmgate prices as UK milk supply drops



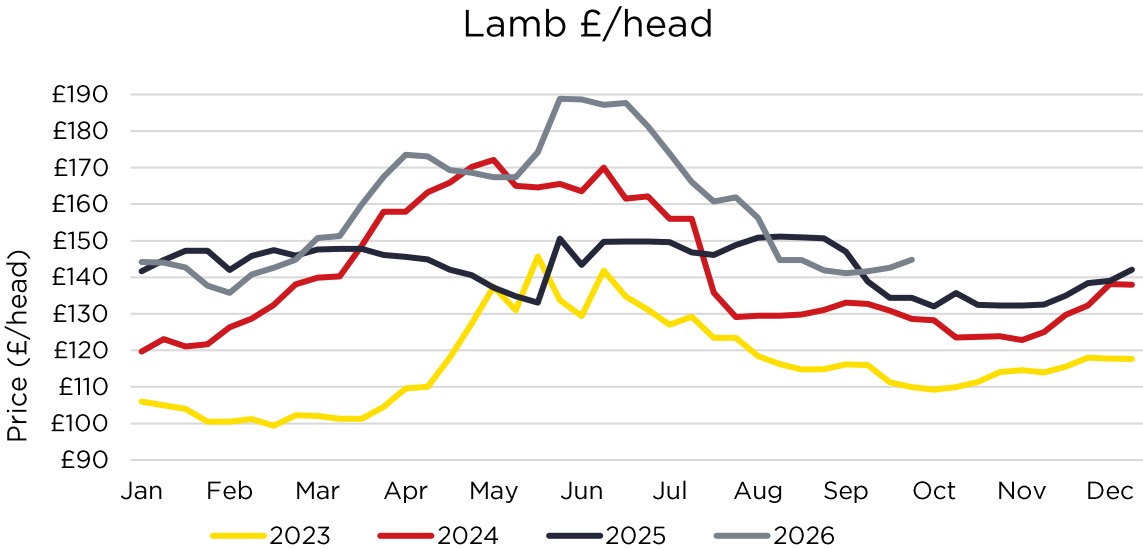
- Seasonal demand and limited cattle availability have been supporting the recovery of the British prime cattle trade, with deadweight prices reaching 620p/kg. While the start of Christmas procurement has triggered some market recovery in line with expected seasonal trends, prices remain 19p/kg below last year's average.
- In Scotland, the beef sector is showing signs of renewed confidence, with cattle numbers appearing to stabilise after several years of decline. Strong cattle prices continue to support the market, with some mixed and arable businesses considering finishing cattle as an alternative way of generating income from home-grown feed and cereals.
- Quality Meat Scotland is showcasing Scotch Beef, Scotch Lamb and Specially Selected Pork at SIAL Paris 2026, one of the world's premier food and beverage trade shows. The presence at SIAL Paris aims to highlight the importance of the sector while promoting the quality, provenance and sustainability credentials that distinguish Scottish meat products.
- The value of British red meat and dairy exports surpassed £2 billion in the first six months of 2026. Red meat exports rose to £1.1 billion, marking a 15% increase from 2025 levels, providing valuable support to UK livestock producers.



Christmas procurement demand has supported prime deadweight prices in recent weeks



- Lamb markets have been strengthening week-on-week, with deadweight new season lamb prices averaging 724p/kg on 26 September. This represents a 54p/kg increase on the same time last year, and 144p/kg above the five-year average. At the same time, abattoir throughput is down 5% on the five-year average, with finished lamb producers facing forage shortages and disease pressure from bluetongue virus (BTV-3).
- The number of confirmed BTV-3 cases in the current season has reached almost 1,700, with the greatest proportion of cases reported in the southwest of England. The hot, dry summer is thought to have exacerbated infections, providing favourable conditions for the virus-carrying midges. Livestock farmers are being encouraged to continue vaccinating their stock against the virus, with vets reminding farmers that annual booster vaccines are crucial to maintain immunity.
- Store lamb numbers have increased sharply over the last few weeks, with live market throughput up 39% on last year. Despite increased supply, prices were 22% higher than 2025 averages, at £120/head as buyers anticipate tight supplies into the autumn.
- Increased demand for British wool has fuelled an increase in auction prices to an average of £1.70/kg across the first four sales of the 2026 season. This marks a 70p/kg uplift on 2025 prices. Around 3,000 tonnes of new season wool has been sold so far, with British wool prices expected to rise further as the season progresses, meaning some producers may receive more than £1/kg.
- The Scottish Upland Sheep Support Scheme (SUSSS) 2026 application window is now open. The scheme provides additional support, on top of the Basic Payment Scheme, to sheep producers in rough grazing areas. Applications for SUSSS close at midnight on Monday 30 November.



Lamb prices are strengthening week-on-week, tracking well above last year

Dates for the diary

- 30 NOVEMBER SCOTLAND: Deadline for Scottish Upland Sheep Support Scheme (SUSSS).
- 14 JANUARY SCOTLAND: Deadline for Scottish Suckler Beef Support Scheme (SSBSS).

Meet the team

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