

AUGUST 2024

savills

Food and Farming Newsletter

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England and Wales

- Following labour’s success in the General Election on 4 July 2024, Steve Reed, the newly appointed Secretary of State for Environment, Food and Rural affairs has released his top five priorities:
 - Clean up rivers, lakes and seas
 - Zero waste economy
 - Boost food security
 - Nature recovery
 - Protecting communities from flooding
- Two areas in which there is likely to be significant change to the rural sector are energy and planning. However, while the headline of ‘food security is national security’ made it into the manifesto, no further detail has been released.
- Despite Wales’ First Minister Vaughan Gething announcing plans to quit, the Welsh Labour government says it remains committed to introducing the Sustainable Farming Scheme in 2026. In the interim, five support schemes will be implemented in 2025: Habitat Wales Scheme (HW), extension of existing HWS Commons Agreements, Organic Support Payment, extension of the Farming Connect business advisory service and a new Integrated Natural Resources Scheme.
- Applications for the expanded 2024 Sustainable Farming Incentive (SFI) offer can now be made. For those in an SFI 2023 agreement, the RPA will email reminding you to submit your annual declaration during the last two months of each agreement year. For assistance with applications or declarations, contact your local Food and Farming representative.
- Monday 22 July marked the beginning of Farm Safety Week which aims to raise awareness of farm safety and implementations to make farmers a safer place to work. The Health and Safety Executive (HSE) recorded 27 people losing their lives on UK farms in 2023-2024 and agriculture still accounts for 17% of all deaths in the workplace.

Commodity	Aug 2023	Aug 2024	
Wheat (feed)	£180/t	£179/t	▼
OSR	£385/t	£390/t	▲
Barley (feed)	£148/t	£147/t	▼
Lamb	631.00 p/kg DW	647.2 p/kg DW	▲
Beef	469.7 p/kg DW	480.9 p/kg DW	▲
UK Milk	37.20 ppl	41.00 ppl	▲
Pork	221.01 p/kg DW	205.85 p/kg DW	▼
Wheat Straw	£43/t	£90/t	▲
Hay	£75/t	£71/t	▼
Red Diesel	70.10 p/ltr	70.00 p/ltr	▼
UK Ammonium Nitrate	£344/t	£330/t	▼

Scotland

- The first changes to agricultural support will be implemented in 2025, and reflect Scotland’s commitment to sustainable farming practices:
- Cross Compliance:** new conditions will be introduced for peatland and wetland management under GAEC 6 – maintenance of soil organic matter. These standards prohibit activities such as ploughing, reseeding and new drainage projects. Exemptions are available for activities that are part of a peatland restoration project or have prior approval.
- Voluntary Couples Support:** going forward calves will only qualify for Scottish Suckler Beef Support Scheme (SSBSS) if their dam has a calving interval of 410 days or less or it is the dams first registered birth.
- Whole Farm Plan:** to receive basic payments, farmers must implement at least two of the following: carbon audit, biodiversity audit, soil analysis, animal health and welfare plan and integrated pest management plan. There are currently grants available for carbon audits and soil analysis through preparing for sustainable farming.

- The majority of farmers have started harvest 2024 with many already finishing their oilseed rape harvest. However, continued wet conditions and reduced sunlight are impacting yields. The AHDB’s crop report for the first week of July found that 56% of winter wheat nationally was rated as either good or excellent, compared with 76% last year.
- The GB cereals and oilseeds planted area is at its lowest level for more than 20 years. However, Scotland’s spring barley area is up 4% compared to the 2023 harvest. This could increase the national crop from 1.57Mt to 1.76Mt. Malting premiums over feed, are set to be around £30/t lower than last year and are currently sitting at around £50/t.
- The November 2024 wheat futures increased 15% throughout April and May but they have fallen back down by 12% through June.
- This harvest the UK is expected to import more oilseed rape than it produces for the first time ever due to poor yields and one of the smallest UK harvest areas on record. The increased dependence on imports will likely push prices above £400/t. United Oilseeds has launched a campaign encouraging farmers to plant rapeseed and help reboot the sector by finding ways to address concerns such as cabbage stem flea beetle and poor yields.
- Demand for straw is due to stay high. Low stocks of last year’s straw remain on farm after a long and wet spring kept livestock housed for longer which has further exacerbated the supply. Straw is currently at £90/tonne.

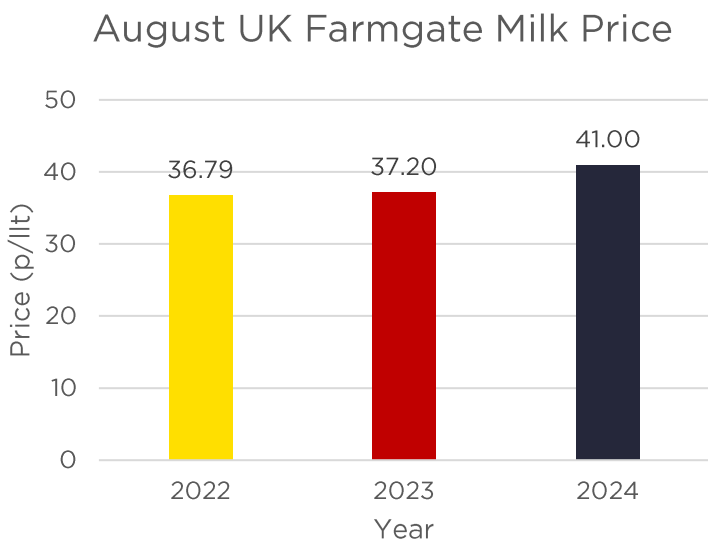
August Spot Feed Wheat Price



The UK spot feed wheat price is trending at year before values



- UK farmgate milk prices climbed in July into August as processors attempted to secure supplies driven by buyer interest in domestic markets, better retail demand and reduced availability. However, many UK dairy farmers are still operating at a loss as total production costs remain above farmgate milk prices.
- The Fair Dealings Obligations (Milk) Regulations 2024 came into force on 9 July and will apply to all new contracts used for the purchase of milk from a producer. Regulations will be fully enforced on all existing contracts by 9 July 2025.
- GB milk deliveries through the milk year to date have contracted as a result of the poor weather in autumn and spring. Milk processor Muller has warned a number of its smaller UK dairy farmers that their contracts will be revoked unless they increase their milk volumes. However, poor margins combined with high interest rates have made it exceptionally hard for producers to increase milk volumes. Recent reports still show that the cost of production for the 2023/24 year is still above 40ppl, with feed cost being the biggest variable cost.
- Despite poor grass growth rates in spring, growth rates have made a recovery due to the recent rain.
- AHDB, in collaboration with Olympian Christine Ohuruogu and Team GB athletes, have launched a new campaign called ‘Milk Every Moment’ which aims to promote the nutritional benefits of milk to consumers.



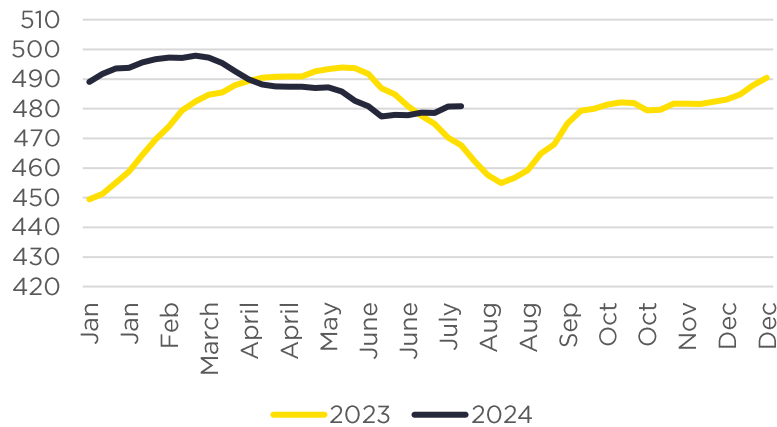
Farmgate milk prices have climbed as processors attempt to secure supplies



- During the first half of 2024, GB deadweight cattle prices have been resilient despite the increase in cattle slaughter and growth in import levels putting more supplies onto the market. Prices have been supported by robust consumer demand and strong cattle prices in Irish and European markets. Towards the end of July, GB deadweight prime cattle prices rose again as supplies dipped slightly.
- According to AHDB, prime cattle slaughter in 2025 is forecast to fall by 3%. This will likely strengthen farmgate prices towards the end of 2024 and into 2025.
- In Scotland the R4L steers increased slightly to 484p/kg dwt, increasing 2p from the start of the month. Finishers are facing marginal price drops as a result of increased short-term supply, poor retail demand and the import of Irish cattle. This leaves little room for margin, especially for those that were purchased as expensive stores in the spring.
- Despite sales of burgers and grill cuts rising into summer, the latest GB retail figures show that this category is underperforming compared to the same period last year. However, total spend on the beef category is up 3.7% with mince sales leading the way.
- Lidl has partnered with meat processor Dunbia to introduce its own Sustainable Beef group after committing to invest £300m annually into the British beef sector for the next five years. Beef farmers supplying Lidl through the group will be financially rewarded for implementing regenerative farming practices, improving grassland management and reducing carbon.

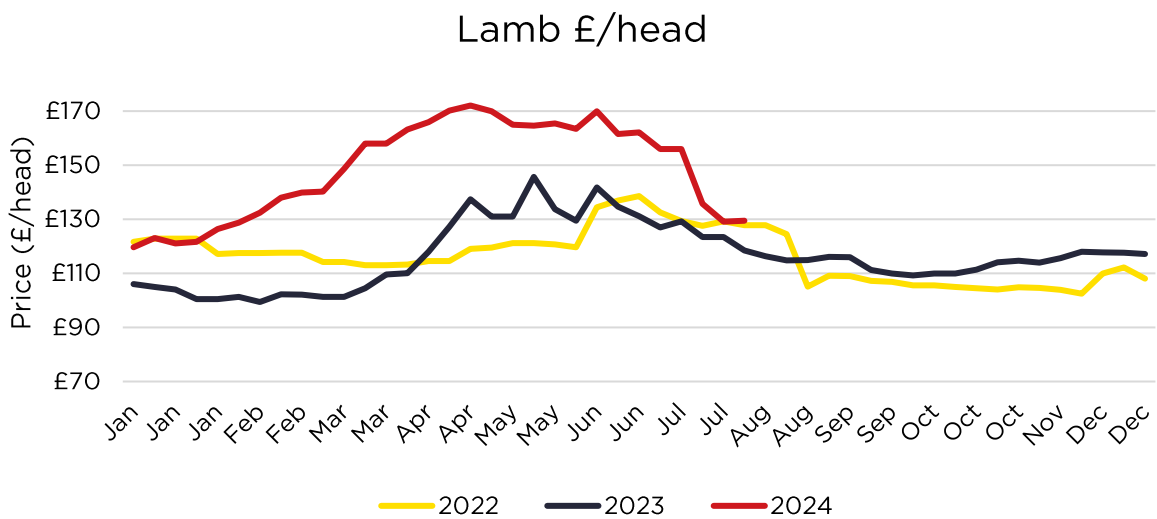


Deadweight Steers Overall Price (p/kg)



GB deadweight steers are rising again as supplies have dipped

- After the historic seasonal highs, lamb prices dropped in June and July due to export demand, higher market throughputs and a weak Euro meaning British lamb became slightly more expensive. However, lamb prices have started to stabilise again as spring lambs have started to come through in greater numbers.
- Sheep slaughter so far in 2024 is down 9% due to a decrease in flock sizes. A slight increase in lamb kill is expected in the second half of the year, however, the wet spring along with disease issues in early lambers is likely to result in lambs coming forwards later in the year.
- In Wales, 100's of sheep farmers are failing to maximise potential returns for their lambs due to price penalties and lost premiums. Free regional training events are taking place to provide practical, abattoir-based demonstrations where live animals and carcasses are assessed to educate producers.
- In Scotland, the lamb price remains in excess of previous years, with the SQQ price showing an increase of 145.5p/kg achieving up to 780p/kg. In previous years there has been a seasonal drop in price due to the number of lambs coming forward for slaughter. However, this year the price is likely to stay above the average as there are 185,000 lambs less coming forward.



After historic seasonal highs, lamb prices dropped in June and July but have started to stabilise again

Dates for the diary

- 01 August** SCOTLAND: End of management period for EFA nitrogen fixing crops
- 31 August** ENGLAND: As part of the new hedgerow management rules, hedgerows must not be cut or trimmed until after 31 August.
- 02 September** ENGLAND: If the CS or ES claim deadline was missed, a claim can be submitted before 2 September with a reduction of up to 25%.

Meet the team

The Savills logo, consisting of the word "savills" in a lowercase, sans-serif font, with the 's' in 'savills' being a darker shade of red than the rest of the text. It is positioned in the top right corner of the page.

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