

Ceres Rural – Farming Update

Introduction

Welcome to the Ceres Rural Farming Update, a publication that provides independent insights on agricultural issues, reports on policy, grant and administrative updates and key market information. To discuss any of the topics raised, contact one of the Team using the details below.



In the Field

Drilling conditions in Autumn 2021 showed a marked difference from the preceding two drilling seasons, a welcome relief! Farmers took the opportunity to drill into good conditions, with the AHDB Early Bird Survey estimating an overall increase in winter crops, largely at the cost of Spring Barley acreage. Other considerations are accounted for within cropping decisions; however, the increased price of fertiliser didn't seem to deter farmers from growing nitrogen demanding cereals— please see the Early Bird Survey below.

Crop	DEFRA June Survey 2021	EBS Forecast 2022	Year-On-Year Change
All Wheat	1,790	1,805	1%
Winter Barley	405	421	4%
Spring Barley	745	687	-8%
Oats	200	187	-6%
Other Cereals*	71	68	-4%
OSR	307	359	17%
Other Oilseeds**	45	42	-7%
Pulses	249	236	-5%
Arable Fallow	265	305	15%
Other crops on arable land***	758	731	-4%
Total	4,835	4,840	-
*crops included rye, triticale and mixed grains			
**crops included linseed and borage			
***crops included sugar beet, potatoes, vegetables, maize (33%) and temporary grass (20%)			
<i>Source- DEFRA, The Andersons Centre for the AHDB</i>			

Cereals

With the improved autumn conditions, most winter cereals have been established well and are looking promising. Surprisingly there has been a minimal year-on-year change regarding wheat area, with an expected 1,805k ha planted. Most farmers have also been able to successfully establish more winter wheat following sugar beet than anticipated.

In East Anglia, rainfall this growing season is slightly down on the 20-year average, with an exceptionally dry January.

East-Anglian rainfall 2021-2022 versus the 2001-2020 average							
	September	October	November	December	January	February	Total
2001-2020	43.80	64.69	62.93	57.95	54.96	45.88	330.19
2021-2022	42.1	77.8	27.9	66.8	16.40	61.20	292.20
% Change	-4%	20%	-56%	15%	-70%	33%	-12%
<i>Source- MetOffice</i>							

Generally, most wheat crops will have now had their second dose of nitrogen, with winter barley nitrogen applications also having been completed on some farms by now. Our advice on total nitrogen rates has been pragmatic but, in general, total nitrogen doses on winter barley's have been c. 180kg/ha, first wheats are generally in the 180 – 220kg/ha range, with second wheats in the 200 – 230 kg/ha range after assessing their establishment and potential. Clearly any applied organic nitrogen sources will have been factored in. After initially taking the stance not to cut this year's nitrogen rates as cereal prices were so good, the current nitrogen price has generally led to a 10 – 40kg/ha reduction in applied nitrogen rates in order to have some stock at the end of the season or to save for Oilseed Rape autumn applications.

The decision changes for crops seeking higher quality specifications. For spring malting barley, it's a relatively easy decision if wishing to conserve nitrogen stocks to reduce nitrogen rates to c.100kg/ha, or possibly less, in seeking malting specification. Determining final doses of nitrogen for milling wheats remains "uncomfortable". Best advice for April and May will be to feed the crop for canopy/yield as required. Decisions on applying late foliar nitrogen top ups can be made after flag leaf where milling premiums can be reviewed. At present, 20% liquid nitrogen for June protein applications is c. £520/cube, applied at 40kg/ha to a crop yielding c. 8t/ha including the spray pass will cost c. £14.50/t.

Hill Court Farm Research (<https://www.hillcourtfarm.co.uk>) do offer in season leaf assessment for nitrogen content. At c. £30/sample, this will offer some guidance as to the crops requirement for a final protein top up application.

Equally important to total dose is application timing to coincide with rainfall as best as possible. If this can be achieved, it will increase the efficiency of the nitrogen so making the most of resource – this should be a particular objective where nitrogen rates are cut to "borderline" levels.

It is also worth noting the early rust that has been seen in some crops. Most T0s have been applied or are being applied shortly, so extra scrutiny should be applied to particularly susceptible varieties before taking decisions on fungicides.

Oilseed Rape

Rape acreage has increased consistently across the country this year— the Early Bird Survey estimates a 17% increase from the previous year to 307kha— however this is still a much-reduced acreage from 2016 (579kha). Rape failure rates also remain high, with the impact of cabbage stem flea beetle larvae coupled with a high pigeon population evident.

Oilseed rape yields recovered slightly in 2021— with yields at 2.97t/ha, according to the Hardcastle Burton yield survey results. This, alongside extraordinary prices, should give farmers a large enough incentive to invest in the current crop.

Currently the better crops look full and are approaching flowering, whilst the pigeon ravaged crops are battling with the CSFB larvae to regrow. With indications of high prices for harvest it is generally worth persevering with the crop, especially if grassweed control is tolerable. Decisions on final nitrogen rates can be made in line with how the crop grows and fungicide spend can be mitigated to provide robust cover relatively cheaply.

The better crops will be worth pushing for yield, using fungicide and nutrition as appropriate to keep the crop as green and as healthy for as long as possible. From our farm records the two stand out highest yielding rape crops over the last 15 years coincides with the highest prices for the crop - indicating the crop is responsive to increased grower focus and inputs.

Sugar Beet

As the sugar beet campaign reaches its' conclusion, it has been a year that's provided some relief to producers— with average yields across the country expected to be greater than 80t/ha (what could be the third highest on record) as well as an increased price for the 2021/22 season and future crops. British Sugar recently announced an uplift for 2022/23 crop to a minimum of £27/t, being applied to all contracts.

On the 1st March it was also announced that neonicotinoid seed treatment (Cruiser SB) would be available. This had previously been awarded a conditional derogation which, under the terms of the Emergency Authorisation, required a threshold of 19% incidence of Virus Yellows. The Rothamsted Model estimated a forecasted incidence of 68.9%, with the first arrival of aphids expected on the 19th April. For context, the 2020 and 2021 forecasted incidences of Virus Yellows were 85% and 8%, respectively. Growers will also have one foliar application of Teppeki (flonicamid), and InSyst (acetamiprid), which has recently received full approval, for the control of aphids in 2022. This will be welcome news for growers, whose memories of 2020 are still close to mind.

Policy and Business News

Russian invasion of Ukraine

On the 24th February 2022, Russian forces invaded Ukraine in an inexplicable act of aggression and complete disregard for lives, livelihoods and the democratic freedoms of 44 million people. At the time of writing, it is estimated 3.5million people have fled Ukraine with a further 6.5 million displaced within the country.

The impact of the war is far reaching, not least on food security globally. Since the beginning of the invasion, feed wheat prices have increased by ~£80 and oilseed rape prices have increased by over £200 to an astonishing £800/t (both old crop). Input costs have also risen astronomically; fuel, electricity and fertiliser prices have all hit record highs.

Currently all export infrastructure in Ukraine is closed, leaving 4mt of wheat, 14mt of corn and 5mt of sunflower still to be exported. A further 3mt of wheat is still to be exported from Russia. The impact of the war on the 2022 harvest remains uncertain. Whilst the war continues, numerous inputs are in short supply on farm, not least of all fuel and labour.

Just as stark is the impact on fertiliser prices. Urea has been quoted at as high as £980/t representing an almost four-fold increase since last spring.

Trade update

UK – New Zealand Trade deal

The UK signed a free trade agreement with New Zealand on 28th February 2022, with the agreement coming into effect after being approved by both governments. Fundamentally the trade deal looks to eliminate tariffs on all goods, with a phased approach for four sensitive sectors (red meat, dairy, cereals and horticulture). New Zealand producers experience a lower cost of production than in the UK, with the NFU reporting the cost of producing lamb and milk being 63% and 25% lower than in the UK. This, coupled with New Zealand’s ambition to be less reliant on Chinese exports, makes the UK an attractive export destination for New Zealand farmers. Minette Batters has been highly critical of the deal, “Once again, there appears to be extremely little in this New Zealand trade deal to benefit British farmers”.

UK – India Trade deal

On the 13th January, the Indian and British trade ministers met for the first day of talks on a potential trade deal. The government reported that an agreement could have huge benefits for both countries and boost our total trade by up to £28 billion a year by 2035. A trade deal

with India could offer many opportunities for British farmers to export more high-quality UK food abroad, however questions have been raised regarding principles of high animal welfare and environmental protection for UK imports.

Urea consultation

DEFRA's consultation on reducing ammonia emissions from urea fertilisers ran from November 2020 to January 2021, with the outcome published on the 30th March 2022.

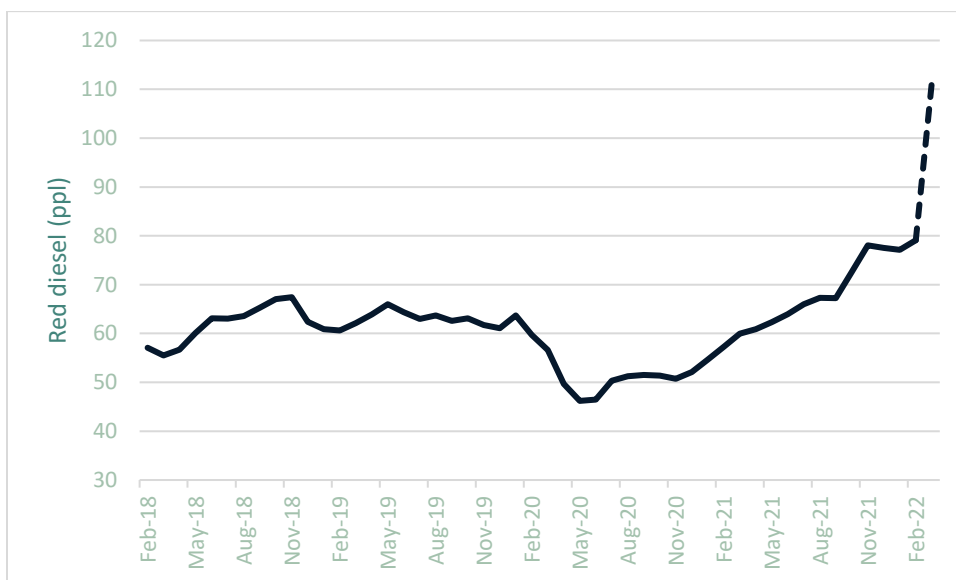
After consultation, the chosen approach is the following:

- only use untreated or unprotected urea fertilisers from 15 January to 31 March each year
- use urease inhibitor-treated or protected urea fertilisers throughout the rest of the year

This approach differs from the 3 proposed for consultation. Furthermore, amidst the context of dramatic increases in fertiliser prices, implementation has been delayed to start in 2023.

Fuel prices

As the graph below shows, since the beginning of the pandemic (where fuel dropped significantly), prices have been consistently rising to now far beyond pre-pandemic levels. The AHDB dataset does not include March, which has been assumed in the graph below to rise to 111p per litre. This stark change over the past 2 years will inevitably impact on-farm decision making.



Source: AHDB



Grants and Rural Payments

Farming Investment Fund

- Farming Equipment and Technology Fund (FETF)

The first round of the FETF opened on the 16th November 2021 and closed on the 7th January 2022 with DEFRA receiving 5,624 eligible applications. A total of 4,376 applications were granted funding, totalling over £48.5 million pounds.

Successful applicants will need to accept their Grant Funding Agreement by the 1st April, with farmers then having until the 31st October 2022 to buy, install and submit their claim. DEFRA have confirmed their intentions to launch a second round later in the year and have also asked for feedback on the items offered in the first round.

- Farming Transformation Fund

The Farming Transformation Fund is made up of three themes: Water Management, Improving Farm Productivity and Adding Value. Each of these require a 2-stage application with an initial online checker stage, followed by a full application. Both the Water Management and Improving Farm Productivity themes have launched, with the Adding Value theme expected to launch in Spring 2022.

The initial application for the Water Management theme closed on the 12th January 2022, with the full application deadline of the 30th June. The initial application for the Improving Farm Productivity theme closed on the 16th March 2022, with the full application deadline of the 14th September 2022.

England Woodland Creation Offer (EWCO)

The EWCO has been established to reward farmers and landowners for establishing new woodland that offers environmental and social public benefits. The grant will cover standard costs for the capital expenditure to establish woodland, annual maintenance payments as well as supporting the cost of installing infrastructure to manage the woodland. The minimum area of an application is 1 hectare, with a minimum block size of 0.1 hectares. Payment rates are as follows:

- Capital costs up to £8,500 per hectare for tree planting
- Maintenance payments of £300 per hectare for 10 years
- Payments available towards infrastructure required to support the establishment and management of woodland
- Further contributions are available if other environmental objectives are achieved, including for nature recovery

2022 Basic Payment Scheme

The window for BPS applications is upon us, with the portal opening on 15th March and submission deadline set for Monday 16th May.

Like last year, 2022 will see the continued phased reductions implemented on a tiered basis, as shown in the table below. DEFRA have only announced the rate of reductions up to, and including, 2024.

There are few substantial changes from 2021 BPS, the most notable being the introduction of the Lump Sum Exit Scheme.

Payment Band	Payment reduction from 2020 (%)		
	2022	2023	2024
£30,000	20%	35%	50%
£30,000 to £50,000	25%	40%	55%
£50,000 to £150,000	35%	50%	65%
£150,000	40%	55%	70%

2022 Countryside Stewardship

CSS opened for applications on 8th February 2022 for agreements starting on 1st January 2023. The scheme offers payments for a suite of land management options and capital grants with the aim to enhance the environment.

- 1) **Higher-Tier Stewardship** – this scheme is aimed at land that requires more complex management tailored to the individual site, including woodland maintenance. The deadline for Higher Tier applications is the 29th April.
- 2) **Mid-Tier Stewardship** – this scheme aims to provide a range of options and capital items that together help to deliver a broad range of environmental benefits. This year it is now possible to apply online for Mid Tier, so there is no longer a requirement to request an application pack. Applications need to be completed and submitted by 29th July.
- 3) **Wildlife Offers** – this scheme is designed to be quicker and simpler to apply for and guarantees an agreement if the requirements are met. Applications need to be completed and submitted by 29th July.
- 4) **Capital Grants** – this scheme offers grants for boundaries, trees and orchards; water quality and air quality. Applications for Capital Grants are open all year from 8th February and will remain open until the funding is allocated. If an application includes options that require approval from a Catchment Sensitive Farming Officer, the Officer will need to be contacted 10 weeks prior to submission. Please also note that DEFRA have widened the Catchment Sensitive Farming approval to both high and medium priority areas for water and air pollution management options.

- 5) Woodland support grants** – this scheme includes grants for woodland creation, maintenance, management and tree health. Applications can be submitted year-round for these grants; however it is important to plan the timing of a Woodland Support application if a woodland is then going to be entered into a Mid or Higher Tier scheme and the dates these involve.
- 6) Implementation Plan (PA1) and Feasibility Study (PA2) grants** – this scheme includes grants that provide funding for more complex agreements and projects. It's a requirement to speak to a Natural England advisor before applying.

DEFRA has announced a change in payment rates from 1 January 2022, effective for new and existing arrangements. George Eustice announced that payment rates will increase by 30% on average, however the reality is the increase in payments will be reflective of the individual agreement.

Sustainable Farming Incentive

In December 2021 DEFRA announced some of the details around how the scheme will work in 2022. From 2022, three standards will be available for application: the Arable and Horticultural Soils Standard, the Improved Grassland Soils standard and the Moorland and Rough Grazing standard. In addition to this, the Annual Health and Welfare Review will also commence in 2022.

Arable and Horticultural Soil Standard Date

There are 3 tiers for soil standards; introductory, intermediate and advanced paying £22, £40 and c. £60 per hectare respectively, with DEFRA announcing a planned start date of June 2022. The requirements become more intensive according to the tier. The advanced level will not launch this year, but is expected to launch in 2023.

Requirement	Introductory level (£22 per hectare)	Intermediate level (£40 per hectare)
Test soil organic matter	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Undertake a soil assessment and produce a soil management plan	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
70% winter cover to protect soil	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> with 20% of total land as multi-species cover
Addition of organic matter to 1/3 of land	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>



Market Update

The March global outlook from the United States Department for Agriculture (USDA) Supply and Demand Estimates show for higher production, decreased trade and consumption, and larger ending stocks. The Russian invasion of Ukraine has significantly increased the uncertainty of supply and demand conditions globally.

Partly offsetting the export reductions from Ukraine and Russia are increases for both Australia and India estimated at 3.5mt, which leave ending stocks at 281.51mt versus 278.21mt in February.

Arable (£ per tonne)	Year Ago	April 2022	November 2022
Milling Wheat	£211	£322	£285
Feed Wheat	£196	£293	£250
Feed Barley	£155	£285	£221
Oilseed Rape	£438	£799	£627
Beans	£223	£293	£280

Source: Merchant East Anglia ex. farm bids



Dates for the Diary – 2022

- LAMMA – 4th to 5th May
- Suffolk Show – 31st May to 1st June
- Cereals – 8th to 9th June
- Groundswell – 22nd to 23rd June
- Norfolk Show – 29th to 30th June
- Farm Business Innovation Show – 2nd to 3rd November
- CropTec – 23rd to 24th November
- Agri Technica – Postponed to 2023

If you would like to discuss any of the topics covered in this issue of the Farming Update, do contact a member of the [Team](#).

Meet the Team



Alex Hall



Alice Montrose



Ben Amos



Ben Bates



Beth Ashley



Beth Speakman



Carol Atkins



Charles
Garrard



Charlie Ireland



Charlotte Judd



Christopher
Monk



Claire Motyczak



Edward Hutley



George Badger



George Hoyes



Holly Farr



Jason Cantrill



Jock Willmott



Katie Arden



Philip Miles



Richard Means



Robbie Brett



Robert Gazely



Seb Young



Shaun Spalding



Tim Isaac



Will Cobley



Will Gemmill



Zoe Brooks

