

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](#).



In the Field

Cereals

As the majority of agronomic decisions are complete for most winter crops, there is cautious optimism surrounding the 2021 crop condition and yield potential. The rainfall received throughout May and June gave an important boost to winter and spring crops, which had been held back by the cold conditions in April, with the Met Office reporting the highest number of air frosts in 60 years during the month. This rainfall will have increased the Septoria pressure, however with buoyant commodity markets and good ex-farm prices achievable, most crops received a robust T2 fungicide application on the flag leaf with many using the new chemistry available (Revysol and Inatreq). As a result, disease control has generally been good and most crops are relatively clean except for the occasional yellow rust on susceptible varieties such as Skyfall, Kerrin and Zyatt. Most wheat crops will have received a T3 fungicide application on the ear to protect against fusarium and top-up the T2 to prevent the loss of green leaf area to foliar disease. The final decision for winter wheat crops destined for milling being whether to apply a final dose of nitrogen to boost grain protein.

Spring crops have progressed rapidly, thriving off the combination of consistent warm conditions and rain in May and June. With weed and disease control completed in most crops, eyes turn to the weather forecast in the hope of high levels of radiation to enable carbohydrate production and grain fill.

Oilseed Rape

The variability in oilseed rape crops can often be seen within fields and blocks, with some suffering patches of crop loss due to flea beetle larvae pressure and the hard frosts in March/April. The extended flowering crops should improve yield potential but will also test

whether sclerotinia sprays were sufficient when it comes to harvest. As harvest draws closer, those planning to roll the dice again with oilseed rape will be considering the tactics to employ to get the crop off to the best possible start in the hope it will withstand adult cabbage stem flea beetle feeding in the early autumn. Setting aside soil moisture as a key component, early drilling, seedbed nitrogen and phosphate, pungent organic manures, long stubbles and companion cropping are the main cultural controls suggested to give the crop the best possible start.

Sugar Beet

Crops previously held back by dry conditions have been spurred on by the regular rainfall events in May and June. Generally, peach potato aphid numbers have been low this season, although the threshold was exceeded at a number of trap sites in early June. This was seen on farm and triggered some to control populations with an application of Teppeki (flonicamid) to prevent the spread of virus yellows, which significantly impacted yields in 2020. As crops now pass the 12-leaf stage, they move out of the high risk period for virus yellows and the need for further aphid control is unlikely.

The inclusion of a new sugar beet variety, Maruscha KWS, on the 2022 BBRO recommended list (RL) with partial tolerance to beet mild yellowing virus was welcome news and highlighted the continued progression in plant breeding. The breeder, KWS, noted that as a conventionally bred variety, it only has good levels of tolerance to one of the three viruses that form the virus yellows complex and to be expected with a variety with a new trait, there is a yield lag (93.5% of RL control yield). The 2022 BBRO recommended list contained six new varieties and 11 were withdrawn, thinning it down to 17 varieties. The top three yielding varieties in the 2022 list are BTS1915 (107.3% of RL control yield), Katjana KWS (102.7% of control) and BTS3020 (102.2% of control). In addition to yield performance, when selecting varieties for next year the BBRO highlight the importance of considering bolting resistance for land capable of early drilling, disease resistance for those planning on late lifting and beet cyst nematode tolerance if it is a known issue on the farm.

Growers have been given an indicative 2022/23 minimum contract price of £25/t from British Sugar for new 1-year and 2-year contracts. Although this is only an early indication and yet to be agreed with NFU Sugar, it can now be used to compare the potential gross margin of sugar beet to other break crop and Countryside Stewardship options when preparing budgets for harvest 2022.



Policy and Business News

Environment Bill

During the Third Reading in the House of Commons, amendments were included to the Environment Bill to introduce legally binding target on species abundance for 2030 to halt species decline and measures to reduce sewage discharge into rivers. The ambition of the Bill is to improve air quality, restore natural habitats and increase biodiversity. Additionally, it intends to outline how the government will reduce waste, utilise resources better and improve the management of water in the context of a changing climate.

The Bill seeks to implement the actions stated in the 25 Year Environment Plan and deliver the commitment of net-zero carbon emissions by 2050. This will be felt on farm as it will underpin the priorities and objectives of the Agricultural Transition Plan funding channels, such as the Environmental Land Management Scheme (ELMS) and the Farm Prosperity and Productivity schemes.

UK–Australia Trade Deal

The announcement of the new Free Trade Agreement between the UK and Australia on the 17th of June represents the first trade deal negotiated from scratch since departing the EU. The numerous trade agreements signed since Brexit have been rollover deals based on the previous EU terms. The UK-Australia deal is also seen as a step closer toward joining the wider Asia Pacific free-trade agreement, known as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). If the UK joins this partnership, it would be the second largest economy in the group, behind Japan and it would provide access to 500 million consumers across the 11 Pacific nations.

The UK-Australia deal allows products, such as whiskey and cars, to be sold to Australia tariff free and also enables under 35s to work in Australia more easily. From a farming perspective, there is concern over the impact this deal will have on farm, despite the inclusion of safeguards to protect farm businesses, such as the cap of 35,000 tonnes of Australian beef allowed into the UK before tariffs are applied. The lack of clarity on the impact of the deal further highlights the need for the Trade and Agriculture Commission to be set-up to assess the influence of the deal and report to Parliament before ratification. The greater concern is the precedent the UK–Australia deal sets for negotiations with other large agricultural commodity exporters, such as New Zealand, USA and Canada. The NFU highlights the cumulative impact of these deals could significantly undermine UK farm businesses if handled poorly.

Plans for Oat milk Processing Plant

The Sweden-based oat milk company, Oatly, recently announced plans to build a facility capable of producing 300 million litres of oat milk a year, with capacity to increase to 450 million litres. Once built in early 2023, it will be one of the largest dairy alternative factories in the world. The demand for oat milk has continued to grow, with Oatly reporting almost a doubling of sales in the UK over the past 12 months, with revenue reaching £84m during the 12 months to January 2021, an increase of £41m over the previous period. As the brand intends to source the oats from local growers, the factory will provide another route to market for UK arable farmers.



Grants and Rural Payments

England Woodland Creation Offer

Extensive woodland creation is being promoted globally to help mitigate climate change and recover biodiversity loss. In the UK, planting trees is widely agreed to be essential for meeting the 2050 Net Zero target for greenhouse gas emissions. This provides an opportunity for UK farmers and land managers to take advantage of initiatives for woodland creation, as well as management of existing woodlands, and gain valuable support and funding as a result.

Launched on 9th June 2021, the new England Woodland Creation Offer (EWCO) supports the creation of woodland, via planting or natural colonisation, with a minimum size of just 1 hectare per application. The funding includes 100% standard capital costs for tree planting (£1.60 per tree plus other capital items, up to a per hectare cap of £8,500), ongoing annual maintenance payments (£200 per hectare) for a period of 10 years, as well as rewarding farmers and land managers for providing additional public and/or wider environmental benefits. For woodland creation projects of 5 hectares or more, a Woodland Creation Planning Grant is available (£150 per hectare up to £30,000). This grant provides funding to develop a Woodland Creation Design Plan that is UK Forestry Standard compliant and can speed up the application process.

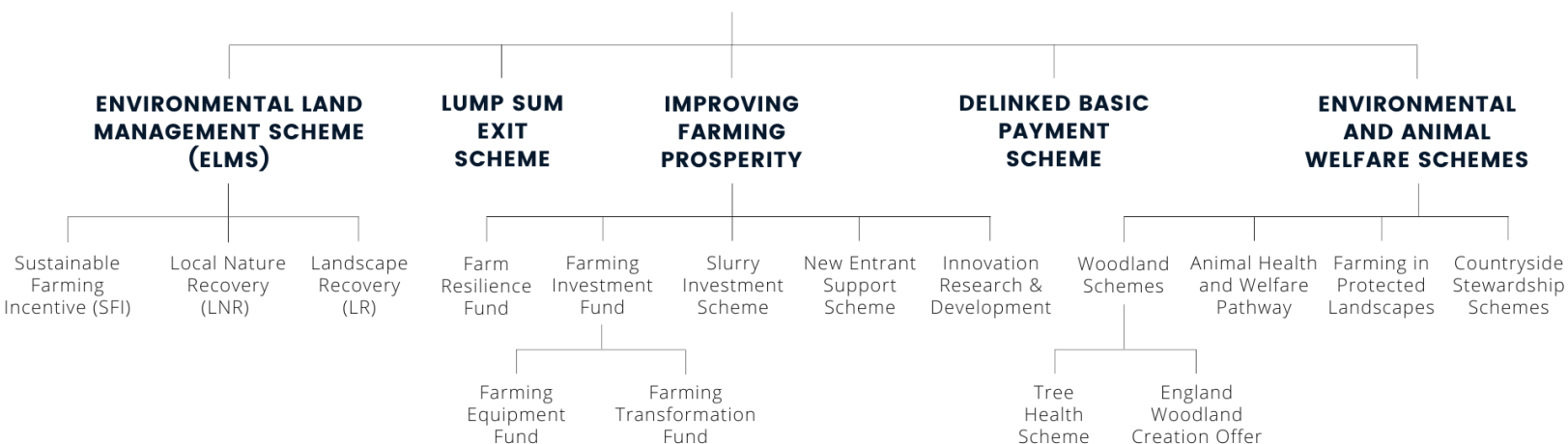
The new England Woodland Creation Offer is a more attractive scheme than the existing Countryside Stewardship option available for capital grants for tree planting and is expected to prove popular. With £16m available in the first year, the maximum area the scheme can cover is relatively limited taking into account the £8,500/ha cap. The England Woodland Creation Offer forms part of the suite of options to deliver the ambitions of the England Trees

Action Plan 2021 to 2024, which has a £500m budget to support the target of 30,000 hectares tree planting per year across the UK by the end of the current parliament.

Agricultural Transition Plan

The frequency of DEFRA updates on the progression of the Agricultural Transition Plan has increased from what was a trickle of occasional publications to what is now a torrent of almost daily blog updates. The majority of these have been focused on the Sustainable Farming Incentive, which sits under ELMS, however more details have also been released on the Farm Resilience Fund and Farming in Protected Landscapes. Before reviewing these three schemes in more detail, the diagram below provides context of the groupings of various funding channels set to be released during the Agricultural Transition.

Agricultural Transition Plan Funding Channels (2021-2028)



Sustainable Farming Incentive

- Objective:** Reward farmers for producing public goods on their land. These include improving water quality, reducing flooding, decreasing greenhouse gas emissions and increasing carbon storage and enhancing biodiversity.
- Actions:** Land management actions have been assigned to eight initial standards, although more standards will be added as feedback from the pilot is received and the scheme is developed. In each standard, there are three levels of involvement, introductory, intermediate and advanced, with the greater involvement receiving a higher payment rate. Complementary standards can be applied for on the same area of land, for example, the arable land standard and soil standard can be layered on the same field, with the hedgerows standard included around the edge of the parcel. Capital items plan to be added as the pilot develops and will likely be similar to those in the Countryside Stewardship list of capital options. The interim scheme is set to open for a larger number of applicants in 2022, with the full scheme coming online for all in 2024.
- Next Steps:** Summer 2021 – Applications open for the pilot scheme
October 2021 – First pilot agreements go live
November 2021 – First monthly payments issued

Farm Resilience Fund

- Objective:** Support farm businesses in navigating the changes of the agricultural transition and the removal of BPS.
- Actions:** DEFRA will use local advisers to provide farmers with free tailored support. The service aims to demonstrate how the removal of BPS will impact individual businesses, provide suggestions to adapt and explain the new schemes in the Agricultural Transition Plan. Ceres Rural have tendered to be one of the local advisers and intend to provide farmers with a specific Farm Resilience Report to enable them to prepare for the removal of BPS and thrive during the agricultural transition period.
- Next Steps:** July 2021 – DEFRA to announce the local advisers delivering support
August 2021–March 2022 – Interim phase for farm business applicants
April 2022 – National Launch opens to applicants

Farming in Protected Landscapes

Objective: Encourage farms in Areas of Outstanding Natural Beauty, National Parks in England and the Broads to support nature recovery, reduce the impacts of climate change, increase public engagement with the countryside and also support farm business resilience.

Actions: Projects that can demonstrate benefit to the protected landscape through delivery of at least one of the four themes (climate, nature, people and place) will be eligible for grant support. Projects that benefit the applicant commercially could receive between 40-80% funding, depending on the commercial benefit to the business. Non-profit projects could receive 100% grant support. Under the place theme, one of the desired outcomes is to support projects that increase farm business resilience, which could provide an opportunity to gain grant support for a range of potential projects. The Farming in Protected Landscapes scheme could provide an avenue for funding projects that may not align with the Farm Investment Fund priorities.

Next Steps: 1st July 2021 – 31st January 2022 – Open for applications

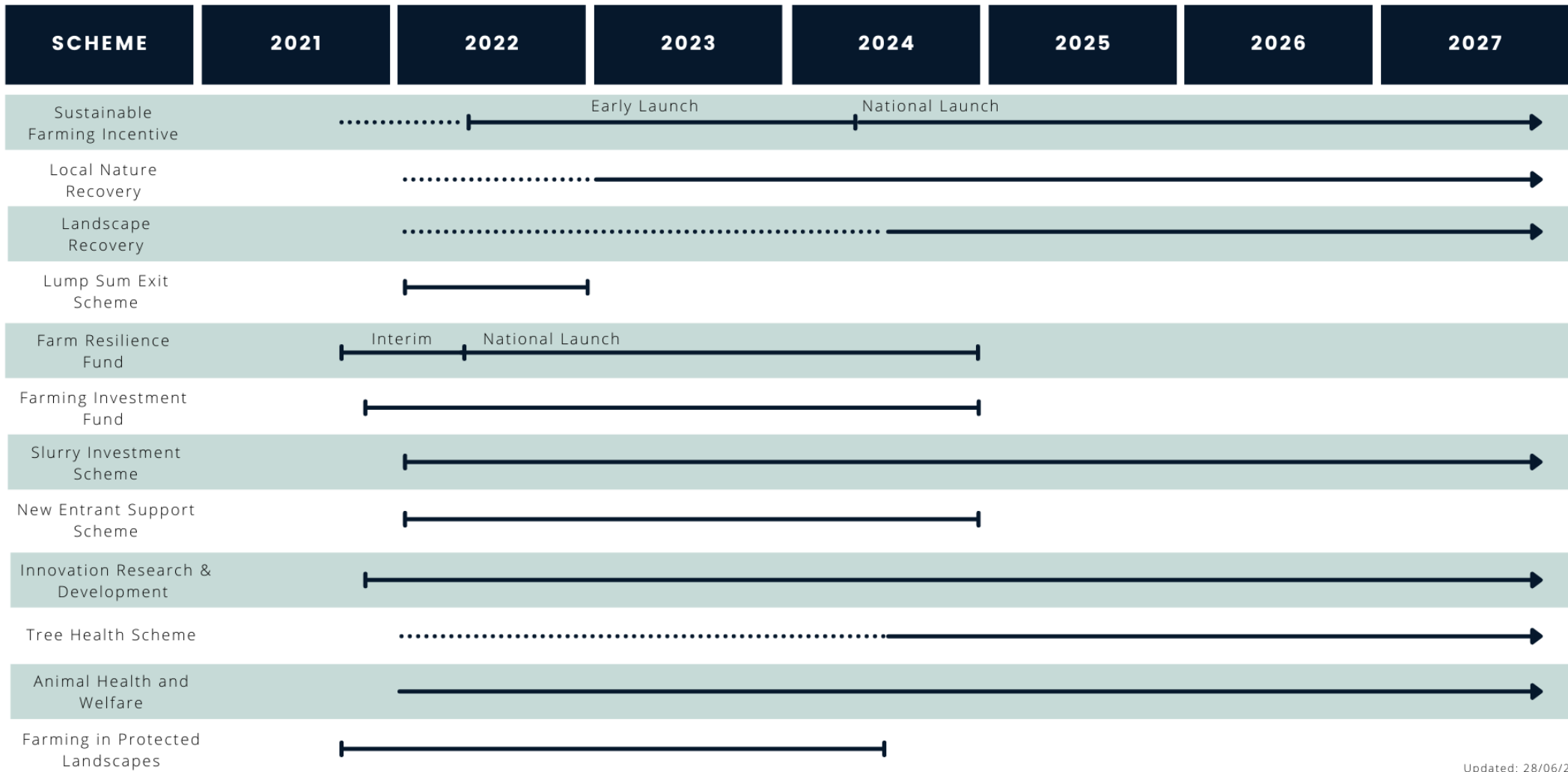
July 2021 – January 2022 – Applications assessed and funding awarded

March 2024 – All projects completed and funding claimed

As the new schemes announced under the Agricultural Transition Plan are in various stages of tests, trials and pilots, a myriad of start dates and deadlines have been announced. The diagram below aims to provide an overview of the timeline for each of the schemes. To discuss any of the schemes in more detail, do contact a member of the [Team](#).

Agricultural Transition Plan Timeline of New Schemes

..... Pilot
— Operational



Updated: 28/06/21



Market Update

Following the peak in wheat futures experienced in late April, prices have eased back as weather concerns are relieved by rain in key exporting regions, with the EU and Black Sea experiencing favorable growing conditions. Increases in production estimates in the EU, Russia, the Black Sea and US led to an expectation for supply to exceed demand in 2020/21. As a result, the ability of the market to rise is dependent on the uncertainty in the maize outlook. The prospect for Brazilian maize remains poor due to dry conditions, which could impact prices going forward as it is usually the second largest exporter of maize behind the US. The next few weeks are critical for maize crops and if poor conditions occur and result in a decrease in production estimates, the market could turn bullish.

Oilseed rape new crop prices remain volatile, reaching harvest movement prices in excess of £460/t in early June before falling below £400/t in mid-June, with daily double digit fluctuations experienced in recent weeks. Concern over lower demand combined with changes to US government policy on biofuels caused the recent decline in prices. The USDA reports on planted areas and stocks will be a key driver on market prices as well as the extreme heat in Canada reducing their exportable surplus.

Due to the live nature of commodity markets, do contact a member of the [Team](#) for the latest prices and to discuss your marketing strategy in more detail.

Arable (£ per tonne)	Year Ago	July 2021	Year Ahead
Milling Wheat	£178.00	£200.00	£187.75
Feed Wheat	£158.00	£186.75	£169.75
Feed Barley	£120.75	£139.75	£135.00
Oilseed Rape	£325.00	£423.25	£460.00
Beans	£230.00	£222.00	£220.00

Source: Merchant East Anglia ex. farm bids

Livestock (£ per kilo dead weight)	Year Ago	June 2021	Year Ahead
Beef Cattle (R4L)	3.60	4.04	Positive Sentiment
Lambs (SQQ overall)	4.69	6.34	Possible Decrease
Milk (pence per litre)	28.58 (Mar. 20)	29.68 (Mar. 21)	Positive Sentiment
Pork (SPP)	1.65	1.55	Positive Sentiment

Source: AHDB



Dates for the Diary

- Farm Business Innovation Show – 10th to 11th November 2021
- CropTec – 24th to 25th November 2021
- LAMMA – 11th to 12th January 2022
- Agri Technica – 27th February to 5th March 2022
- Suffolk Show – 31st May to 1st June 2022
- Norfolk Show – Postponed to 2022

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



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