



# CHAVEREYS

CHARTERED ACCOUNTANTS & FINANCIAL ALCHEMISTS



## Monthly Farming Update

December 2025

## Policy issues

1. Was there any doubt that the current Government does not support the agricultural industry? Of course not and this has been confirmed in the publication of departmental expenditure limits. In 2024/25, the Defra spend was £5 billions; in 2025/26 it is planned to be £4.9 billions; £4.8 billions in 2026/27 and 2027/28; and £4.7 billions in 2028/29. Defra is the only department, other than the Foreign, Commonwealth and Development Office, to be facing a reduction in its funding allocation. Despite this, the Defra Secretary announced at the CLA Conference ‘this Government sees the rural economy as absolutely fundamental to our growth mission.’ This Government clearly has no interest in rural constituencies as it continues to feather the nests of its political strongholds.
2. The All-Party Parliamentary Group on Science and Technology in Agriculture’s 30:50:50 programme has reported that the Government’s targets for house building, nature restoration, renewable energy, tree planting and infrastructure could result in the loss of as much as 25 per cent of farmland over the next 25 years.
3. The European Commission is to open negotiations with the UK on an EU-UK sanitary and phytosanitary standards agreement.
4. The UK and Brazil have announced a global call to action on the use of fertilizers. The Belém Declaration on Fertilizers, which was launched at COP30 in Brazil, calls for more to be done to enhance nutrient use efficiency and reduce emissions from fertilizer production.

## Reform

1. Regarding the Sustainable Farming Incentive:
  - As of 1 October, 44,500 agreements were active.
  - The highest uptake was in Devon, East Anglia and North Yorkshire.
  - The lowest uptake was in the West Midlands.
  - Actions that have had the greatest recent increase are “Assess soil, produce a soil management plan and test soil organic matter” and “manage grassland with very low nutrient inputs”.
  - “Assess soil ...” as above is the most popular in the SFI Expanded Offer, covering 999,000 hectares, while it is also the most popular action in general covering 2,890,000 hectares. In total, this action covers 44 per cent of the utilised agricultural area of England.
  - No use of insecticide on arable and permanent crops covers 738,000 hectares while variable rate application of nutrients covers 534,000 hectares.
  - 340,000 hectares of land has temporarily been taken out of production, 3.9 per cent of the utilised agricultural area.

2. As at 1 April, 4,800 businesses were in the Environmental Stewardship Scheme; 27,200 were in the Countryside Stewardship Scheme without Capital Agreements; 11,900 were in the Countryside Stewardship with Capital Agreements; 23,600 were in the 2023 Sustainable Farming Incentive; and 13,000 were in the Sustainable Farming Incentive Expanded Offer.
3. The Welsh Government has committed £3 millions in support payments for 2026/27 to eligible farmers with organic certified land.

## **Grants/regulations/legislation/environment**

1. The Agri-climate report 2024 has been published and reveals:
  - In 2022, agriculture contributed 12 per cent of UK greenhouse gas emissions, similar to 2021.
  - Agriculture accounts for 70 per cent of nitrous oxide emissions and 49 per cent of methane emissions but only 2.3 per cent of carbon dioxide emissions.
  - In terms of 'million tonnes carbon dioxide equivalent', between 1990 and 2022, total greenhouse gas emissions from agriculture fell by 6.4 MtCO<sub>2</sub>e, nitrous oxide fell by 3.7 MtCO<sub>2</sub>e to 12.6 MtCO<sub>2</sub>e, methane fell by 4.7 MtCO<sub>2</sub>e to 27.8 MtCO<sub>2</sub>e but carbon dioxide rose by 2 MtCO<sub>2</sub>e to 7.3 MtCO<sub>2</sub>e.
  - Between 1990 and 2022, emissions from cattle fell by 4 per cent, dairy by 22 per cent and pigs by 46 per cent although emissions from sheep rose by 5 per cent.
2. Tesco is to help 360 beef and lamb farmers in its Sustainable Farming Group to capture soil, water and nature data to provide farmers with information to build resilience.
3. A second new national forest has been announced for the Oxford-Cambridge corridor while a competition will be launched in 2026 for a national forest in the Midlands or the North.
4. The National Forest for Wales has increased to over 90,000 hectares with the additions of Aberduna Hall in the North-east and Castle Wood in Carmarthenshire.

## **Other matters of farm finance and tenure**

1. Statistics have been published on Farm Business Income in England (FBI) in 2024/25:
  - FBI on cereal farms increased by 20 per cent to an average of £49,700. Net income from agri-environment activities more than doubled to £25,900 while diversification income rose by 28 per cent to £32,600. However, the average agricultural loss increased to £27,400.



- FBI on general cropping farms rose by 3 per cent to £107,700. Net income from diversification increased by 43 per cent to £40,500 driven by food processing and retail enterprises. Agri-environment activities generated £25,200, up 82 per cent. However, the return from agriculture fell by 43 per cent.
  - FBI on dairy farms more than doubled to £153,800. Output from other cattle enterprises rose by 38 per cent while crop output rose by 10 per cent. Income from agri-environment activities increased by 59 per cent to £21,900 but income from diversification activities fell by 25 per cent to £13,100.
  - On lowland grazing farms, FBI increased by 223 per cent to £41,300, the highest since 2009/10. Net income from agri-environment activities more than doubled to £17,000 while income from diversification rose by 42 per cent to £14,300. The return from agriculture was just about in the black, the first time since 2021/22. Output from beef enterprises rose by 37 per cent with sheep output up 27 per cent.
  - For Less Favoured Area livestock farms, FBI rose by 61 per cent to £40,300. Net income from agri-environment activities was up 57 per cent at £23,600 but there was an average loss of £2,700 from agriculture.
  - Average FBI on specialist pig farms fell by 6 per cent to £126,700 although net income from agriculture doubled to £85,700. Diversification income fell by 65 per cent to £21,900 with lower output from food processing and retailing, tourism and building rental.
  - FBI on specialist poultry farms rose by 35 per cent to £235,900 with income from diversification activities up 67 per cent at £54,900 and agri-environment payments up 73 per cent at £11,900.
  - On mixed farms, average FBI more than doubled to £58,000. Gains from food processing and retailing more than compensated for reduced output from tourism and, in total, diversification activities rose by 18 per cent to £24,300. Agri-environment income more than doubled to £22,800. Overall, the agricultural element generated a loss of £4,700.
  - FBI on horticulture farms fell by 1 per cent to £52,700. While output rose by 25 per cent, this increase was completely wiped out by cost increases, notably casual labour, up by more than double, and contract costs, up 75 per cent.
2. Defra has gone on a charm offensive, clearly thinking those involved in agriculture are lacking in intelligence. The following are extracts from a Defra statement following the November Budget:
- ‘The ... unused £1 million allowance for agricultural property relief and business property relief will be transferable between spouses and civil partners ... This makes the inheritance tax rules for those with agricultural and business assets less complex and fairer.’

- ‘It also reduces the complexity and planning for spouses and civil partners seeking to make best use of the allowance.’
  - As a result of the amendment ‘up to 375 of the wealthiest estates claiming agricultural property relief ... are now expected to pay more inheritance tax in 2026/27 compared to the position before the Autumn Budget’s policy changes ...’
  - No announcement has been made of how many deaths of farmers Defra is expecting in 2026/27, it is assumed it is 375!
  - ‘As a result of the allowance being transferable, 190 estates ... will benefit in 2026/27.’
  - This would suggest that 190 married farmers will die in 2026/27 along with 185 single farmers!
  - ‘60 estates will no longer pay any increased tax.’
  - ‘130 estates will pay less additional tax than they would have done.’
3. The Office for Budget Responsibility has reported that, by 2031, 9.3 per cent of all deaths will result in the payment of Inheritance Tax, double the number currently caught.
  4. The Agricultural Price Index for September shows increases of 5.1 per cent for outputs and 2 per cent for inputs, both compared to a year earlier. Compared to August, the index for outputs fell by 1.7 per cent while inputs fell by 0.2 per cent.
  5. A report from McCain Farmdex has revealed that 90 per cent of British farmers feel pessimistic about the UK economy while 86 per cent are worried about long-term food security. 95 per cent of respondents expect a decline in farm numbers over the next decade.
  6. The latest NFU Mutual ‘Voice of the Farmer’ has reported that the proportion of farms with a succession plan in place rose from 27 per cent in 2020 to 38 per cent in 2025. However, 18 per cent stated it was important to put plans in place for the future but had not done so while 32 per cent did not consider it necessary.
  7. The Land Reform (Scotland) Bill has been passed by the Scottish Parliament. It includes:
    - Greater protection for tenant farmers and small landholders, safeguarding fair compensation should they be removed from their holding.
    - Giving Ministers the power to break up land holdings in excess of 1,000 hectares when being sold if it is in the public interest to do so.
    - Modernising how new small landholdings are created and operate, protecting rights and helping new entrants get access to land.

8. Results from Scotland's June 2025 Agricultural Census have been published. They show:
- The total agricultural area was 5.02 million hectares, 64 per cent of the total land area.
  - The area of winter crops rose by 3.6 per cent, compared to the 5-year average, while spring crops fell by 0.5 per cent.
  - The cereals and oilseeds area was 473,700 hectares, up 0.5 per cent.
  - The potato area was 30,400 hectares, the highest since 2011.
  - The area of vegetables rose by 5.4 per cent while the stockfeed area grew by 3.5 per cent.
  - The area of soft fruit fell by 6.7 per cent.
  - Cattle numbers continued to fall, this time down 2.6 per cent to 1.65 million head.
  - Calf numbers fell by 1.9 per cent but were up 1.1 per cent on 2024.
  - Sheep numbers fell by 2.2 per cent to 6.54 million head but were up 1.1 per cent on 2024.
  - Poultry numbers rose by 3.5 per cent on 2024 to 12.42 million birds although the number of birds for egg production fell by 0.7 per cent.
  - Pig numbers fell by 7.3 per cent to 312,300 head.
  - Compared to 2024, the agricultural workforce fell by 600 to 66,800.
9. Figures released by Savills show that, by the end of October, 159,400 acres had been marketed across Great Britain, 11 per cent less than the same period in 2024. The average size of property marketed has remained unchanged at 190 acres while average values were down 0.6 per cent.
10. British Apples & Pears Ltd has joined forces with Oxbury Bank to provide bespoke financial solutions for apple and pear growers. The aim is to help growers invest in orchard planting and specialist equipment for harvesting, grading and packing. Funding can be available for up to 100 per cent of planting and establishment costs.
11. A study, Farming in Wales in 2025: Challenges and Opportunities, has been published by the cross-party Welsh Affairs Committee. As regards the Inheritance Tax changes, the report found that, by failing to address regional variations, the Government had 'created a vacuum that has been filled with estimation and speculation' which had brought 'fear and uncertainty' to those farming in Wales. The report called on the Government to delay implementing the reforms until it publishes a Wales-specific Impact Assessment and it has been scrutinised by the Welsh Affairs Committee.

## Product prices

### A. Market background

1. Sterling closed marginally up against the Euro and the US Dollar this month; both volatile but within a relatively small range. Having opened the month at 88.1p per Euro, Sterling fell to mid-month low of 88.6p and, despite moderate fluctuations, improved again to close at 87.6p per € (0.5p stronger). Against the US Dollar, Sterling opened at 76.0p and fell to 76.8p early on before climbing to 75.7p and falling back to 76.6p; a late-stage improvement saw it peak at 75.4p and close the month at 75.5p per \$ (0.5p stronger).
2. The gold price rose, fell and rose again. Opening at £3,050 per troy ounce, the price climbed to peak at £3,229 mid-month and fell to £3,052 before climbing back to close the month at £3,187 per troy ounce, up £137 overall.
3. Crude oil prices closed down overall, having been lower and marginally higher during the month, reflecting increasing chances that Russian oil exports may be seen once more. Brent Crude opened at \$64.77 per barrel and climbed to peak above \$65 on two separate occasions, dropping as low as \$60.62 before recovering to a closing average of \$62.33 per barrel, down \$2.44 overall.

### B. Crops

1. The cereals market closed broadly unchanged with very little price movement during the month, only a small uptick for barley at the end of the month broke the trend. As global supplies appear plentiful, Forex has played a more substantial part this month, with UK domestic prices hindered by the marginally stronger Sterling. Domestically, confidence remains low. Crop quality predictions for wheat and maize in the US remain high, with further upward revision of global production predictions by the International Grains Council. Feed wheat futures closed down across the board, having been marginally higher and lower during the month; by late November, deliveries for November 2026 and 2027 were £176/tonne (-4) and £186/tonne (-2) respectively. Oilseed rape prices closed marginally up, having also been flat for most of the month. Low crude oil prices are not helping, nor is the improved crop outlook in Western Australia, however, rains in the South American growing regions are hampering crop establishment, so some market upside potential remains. Average spot prices in late November (per tonne ex-farm): feed wheat £166 (-); milling wheat £180 (-); feed barley £148 (+3); oilseed rape £414 (+5); feed peas £213 (+20); feed beans £207 (+5).

### C. Livestock

1. The average live-weight cattle prices for steers and heifers closed broadly unchanged, masking fluctuations during the month. The average steer price, from its opening average of 376p/kg lw, fell in the early days to 368p/kg, climbing gradually back to close the month at 375p/kg lw (down 1p and sitting 76p/kg above the average a year earlier). The average finished heifer price fell from its opening position of 387p/kg to 382p/kg and bounced back to 388p/kg before closing at 386p/kg (down 1p and 67p above the average a year earlier). The average dairy cow price increased its volatility this month, but with a slightly reduced-price swing of £339. From an opening position of £1,945 it dropped to £1,787, rose to £2,088 and fell sharply again to a closing average of £1,749 per head (down £196 to sit £71 below the prior year average).
2. The average finished lamb price (SQQ liveweight, new season) climbed confidently throughout the month in the lead up to the festive period. From an opening average of 308p/kg, it gained week on week to close at an average of 329p/kg (up 21p, sitting 14p/kg above the average a year earlier).
3. The average UK standard pig price (SPP deadweight) fell at the start of the month and continued to fall moderately thereafter with a small final-stage improvement. From an opening position of 203.6p/kg dw, it fell to a closing average of 200.7p/kg (down 2.9p/kg overall, 15.8p/kg below the previous year).
4. The UK all milk prices for September, reported in this month, recorded an increase of 0.86ppl (over the stated August average) to 46.06ppl, sitting 2.58ppl above a year earlier and 6.51ppl above the rolling 5-year average. [In fact, the August average was restated in mid-September from 46.54ppl to 46.06ppl, meaning the September increase was actually 1.44ppl]. The initial estimates for October are a further small rise in price of circa 0.51ppl.

### Other crop news

1. AHDB has published its Cereal Quality Survey for 2025 which shows:
  - Average protein for UK Flour Millers group 1 varieties was 13.4 per cent, up from 12.5 per cent in 2024 and the highest since 2017.
  - 47 per cent of group 1 milling wheat samples exceeded the bread wheat specification, up from 20 per cent in 2024 and the highest since 2003.
  - Barley specific weights averaged 63.7kg/hl, up 1 per cent on 2024, with winter barley up 5 per cent at 66.8kg/hl and spring barley unchanged at 63.2kg/hl.
  - The nitrogen content of all barley was up 11.5 per cent at 1.62 per cent, with winter barley up 13 per cent at 1.78 per cent and spring barley up 11 per cent at 1.6 per cent.
  - Barley screenings fell by 4 per cent to 90 per cent, with winter barley up 8 per cent at 93.4 per cent but spring barley down 5 per cent at 90 per cent.



**2.** Initial results from the AHDB Early Bird survey suggests:

- The UK wheat area will be up 1 per cent at 1.664m hectares.
- Winter barley will be down 2 per cent at 356,000 hectares.
- Spring barley will fall 15 per cent to 610,000 hectares.
- Oats will be down 14 per cent to 170,000 hectares.
- Oilseed rape will be up 30 per cent at 316,000 hectares.

**3.** The first AHDB crop development report of the new season for Great Britain has revealed:

- 83 per cent of winter wheat is rated good or excellent; 10 per cent is rated fair; and 2 per cent is rated poor.
- 89 per cent of winter barley is good or excellent; 10 per cent is fair; and 1 per cent is poor.
- 87 per cent of winter oats is good or excellent; 11 per cent is fair; and 1 per cent is poor.
- 82 per cent of oilseed rape is good or excellent; 14 per cent is fair; and 4 per cent is poor.

**4.** AHDB has released the latest cereal and supply demand estimates:

- Cereals demand for animal feed is estimated at 13.322Mt, unchanged from 2024/25.
- Cereals demand by human and industrial sectors is estimated at 9.308Mt, down 1.176Mt. If correct, it would be the lowest level of consumption since 2009/10. Reductions in brewing, malting, distilling and bioethanol demand are expected.
- Wheat availability is expected to be 16.017Mt, down 957Kt.
- Human and industrial demand for wheat is forecast to be 6.57Mt, down 558Kt and the lowest in 19 years. The bioethanol plant of Vivergo has closed and that of Ensus is not expected to reopen following its September maintenance break.
- Wheat used in animal feed is estimated at 7.042Mt, up 234Kt.
- The balance of total availability and domestic consumption of wheat is expected to be 2.087Mt, down 636Kt.
- The surplus available for export is forecast to be 587Kt, down 43Kt and the lowest since 2020/21.
- Barley availability is forecast at 7.928Mt, down 559Kt.
- Barley human and industrial usage is estimated to be 1.667Mt, down 130Kt and the lowest level since 2009/10.
- Animal feed usage of barley is estimated to be 4.297Mt, down 198Kt.
- The balance of barley supply and demand is forecast to be 1.758Mt, down 227Kt, the tightest since 2012/13.
- Maize availability is estimated at 2.484Mt, down 820Kt, driven by a fall in imports.

- Human and industrial maize usage is expected to be 566Kt, down 500Kt and the lowest level in 10 years. Usage of maize in animal feed is forecast to be 1.574Mt, down 89Kt.
  - The balance of maize supply and demand is estimated at 340Kt, down 231Kt.
  - Availability of oats is estimated at 1.142Mt, up 47Kt.
  - Human and industrial usage of oats is forecast to be up 13Kt.
  - The supply and demand of oats is estimated at 195Kt, down 9 Kt.
5. The Agricultural Property Index for September shows increases of 4.5 per cent for oilseed rape, compared to a year earlier, 25.4 per cent for forage plants and 10.8 per cent for fresh fruit but falls of 11.1 per cent for wheat, 8.5 per cent for barley, 10.2 per cent for oats, 6.6 per cent for potatoes and 4.9 per cent for fresh vegetables. Compared to August, there were increases of 0.2 per cent for potatoes, 1.3 per cent for forage plants and 16.5 per cent for fresh fruit but falls of 1.3 per cent for wheat, 1.9 per cent for barley, 0.1 per cent for oats, 0.4 per cent for oilseed rape and 13.4 per cent for fresh vegetables.
  6. SovEcon has raised its 2025 wheat production estimate to 88.6Mt, above the USDA estimate of 86.5Mt.
  7. Scientists at the University of Aberdeen and the James Hutton Institute are aiming to extract solanesol from discarded potato shaws as it is a compound vital for producing Q10 and vitamin K2, key ingredients in cosmeceutical, nutraceutical and pharmaceutical products. The Scottish seed potato industry generates 51,000 tonnes each year of potato shaws, the stems and leaves of the plants which are discarded.
  8. GB Potatoes has launched the Potato Confidence Survey to glean a picture of grower sentiment, production trends and factors defining the future of the potato sector. The survey is open until 16 January.
  9. Scientists at the John Innes Centre and the Quadrum Institute are launching a human trial of gene edited food to understand whether biofortifying tomatoes leads to higher levels of vitamin D in the blood. The study will enrol 76 participants with low vitamin D levels living within 40 miles of Norwich who will consume a portion of tomato soup daily for 3 weeks to see if this leads to an increase in the active form of vitamin D.
  10. Grodan, Limgroup and the Delphy Innovative Soft Fruit Centres, all in Holland, have achieved a record-breaking harvest of strawberries of more than 20kg/sq.m using F1 hybrid seeds cultivated on stonewool.
  11. Belgium is forecast to produce 355,547 tonnes of pears in 2025/26, a 32.17 per cent increase. According to IndexBox latest United Kingdom Market Overview Report, in 2024, British consumers bought 110,000 tonnes of pears of which only 10 per cent were grown in the UK, as a result of which, 32,604 tonnes were imported from Belgium.

12. The 2026 Berry Congress will be held at The Peligon, London on 19-20 March.

### Other livestock news

1. A survey of more than 3,000 UK households by the University of Reading has revealed that people are prepared to pay more for food produced to high welfare standards. Cage hen production scored 32/100 while free-range systems scored 51/100. The cost of moving 21 per cent of hens still caged would amount to £496 millions or 20p per egg. The researchers have developed a tool which measures the economic value of farm welfare including an animal's physical health, mental well-being and opportunities for natural behaviour.
2. During November, bluetongue BTV-3 has been confirmed in Staffordshire, Leicestershire, Kent, Cornwall, Devon, Herefordshire, Somerset, Isle of Wight, Cheshire, Bedfordshire, West Sussex, Hampshire, East Sussex, Dorset and Derbyshire.
3. European Commission data has revealed that, in the period January to August, EU beef production fell by 4 per cent to 4.1Mt. The Netherlands reported a fall of 11 per cent to 255,000, Germany fell by 8 per cent to 607,000 tonnes and France fell by 3 per cent to 832,000 tonnes. Only Italy registered an increase at 2 per cent. Imports of fresh/frozen beef in the 9 months to September rose by 15 per cent to 223,900 tonnes with Brazil registering an increase of 26 per cent, Argentina 21 per cent and Uruguay 32 per cent. Exports fell 12 per cent to 319,100 tonnes with those to the UK down 6 per cent at 149,900 tonnes.
4. The Responsible Use of Medicines in Agriculture Alliance has reported that, since 2014, there has been a 60 per cent voluntary reduction in the use of antibiotics in UK livestock.
5. During October, with comparisons to a year earlier:
  - UK prime cattle slaughterings fell by 8.6 per cent to 179,000 head.
  - Beef and veal production fell by 6.1 per cent to 83,000 tonnes.
  - Sheep slaughterings fell by 9.9 per cent to 972,000 head.
  - Mutton and lamb production fell by 8.3 per cent to 23,000 tonnes.
  - Pig slaughterings rose by 2 per cent to 946,000 head.
  - Pigmeat production rose by 3.8 per cent to 90,000 tonnes.
6. The Agricultural Price Index for September shows an increase of 3.1 per cent for milk, compared to August, but falls of 2 per cent for cattle and calves, 0.5 per cent for pigs, 8.5 per cent for sheep and lambs and 2.7 per cent for poultry. Compared to a year earlier, there were increases of 31.5 per cent for cattle and calves, 5.6 per cent for sheep and lambs, 2.4 per cent for poultry, 5.8 per cent for milk and 1.3 per cent for eggs but a fall of 1.8 per cent for pigs.

7. As expected, there have been big falls in milk prices in November. Retail aligned liquid contracts bucked the trend with Muller Co-op Dairy Group increasing its price by 0.84ppl while M&S held firm and Tesco only fell by 0.11ppl. However, non-aligned liquid contracts saw falls of 6ppl for Freshways, 4ppl for Payne's Dairies, 1.25ppl for Muller Direct and 1.20ppl for Pembrokeshire Dairies. In cheese contracts, Parkhams Farms was down by 8ppl, Wyke Farms by 5.2ppl, Lactalis by 5.19ppl, Leprino Foods by 4ppl, Barbers Cheese by 2.67ppl, First Milk Manufacturing by 2ppl, Wensleydale Creamery by 2.5ppl, South Caernafon Creameries by 3.50ppl and Belton Cheese by 1.50ppl. Manufacturing contracts followed suit with Meadow down 6ppl, Pattermores Dairy Ingredients by 3.79ppl and UK Arla Manufacturing by 2.63ppl.
8. Arla has reduced its price for conventional milk by 2.63ppl to 42.71ppl but the organic price is unchanged at 57.95ppl.
9. The Global Dairy Trade Auction in early November saw overall auction prices down by 2.4 per cent with cheddar down 6.6 per cent, butter down 4.3 per cent and whole milk powder down 2.7 per cent. The overall price has now fallen 6 auctions in a row.
10. First Milk has reduced its price by 6ppl to 35.85ppl.
11. In the period April to October, GB organic milk deliveries increased by 11.6 per cent, compared to 2024/25 but, compared to 2023/24, deliveries are only up 1.7 per cent and remain 7.8 per cent below the 4-year average. Unlike the general collapse in milk prices, those for organic milk have held up. While volume sales of milk fell by 1.1 per cent in the 12 weeks to 4 October, according to NIQ Panel, organic sales grew by 5.8 per cent. In this period, organic milk volumes grew by 9.5 per cent, cheese by 4.7 per cent and butter by 0.3 per cent but yoghurt fell by 6.3 per cent despite significantly outperforming conventional yoghurt.
12. Muller Advantage producers have endured a fall of 1.5ppl, making the price 40ppl.
13. Barbers has reduced its price by 3.75ppl taking the standard litre price to 37.6ppl.
14. During September, with comparisons to a year earlier:
  - 1,185 million litres of milk was available to processors, down 2.3 per cent.
  - Liquid milk production rose by 2.4 per cent to 505 million litres.
  - Cheese production fell by 4.3 per cent to 39,700 tonnes.
  - Butter production fell by 6.6 per cent to 14,300 tonnes.
15. During October, average butterfat increased by 1.2 per cent, compared to September, and by 0.7 per cent compared to a year earlier, to 4.4 per cent. Average protein increased by 1.4 per cent and 3.5 per cent respectively to 3.59 per cent.

- 16.** In the period July to September, the estimated full economic cost of production of pork was 192p/kg deadweight with margins per slaughter pig of 15p/kg deadweight or £13.27 per head. The estimated cost of production fell by 5p/kg compared to the previous quarter.
- 17.** Following the release of film footage which highlighted unacceptable practices at its Market Rasen plant, Cranswick has committed £40 millions to a 6-point plan to raise animal welfare standards across its pig farming operations.
- 18.** Avian Influenza HPAI H5N1 is having a devastating effect across the country. During November, it has affected large commercial poultry premises in Kings Lynn, Norfolk; Attleborough, Norfolk; East Lindsey, Lincolnshire; Thirsk, North Yorkshire; South Kesteven, Lincolnshire; Wells, Norfolk; Crediton, Devon; Wetherby, North Yorkshire; South Holland, Lincolnshire; Honington, Suffolk; Doncaster, South Yorkshire; Swaffham, Norfolk; Poringland, Norfolk; Woodbridge, Suffolk; Lanark, Scotland; Driffield, East Yorkshire; Milford Haven, Pembrokeshire; Clayden, Suffolk; Wybunbury, Cheshire; Lydd, Kent; Mundford, Norfolk; Dalton-in-Furness, Cumbria; Bedale, Yorkshire; and Ely, Cambridgeshire.
- 19.** RSPCA has announced updated welfare standards for hatcheries which will apply from 16 February. Included are improved requirements for culling; plans to prevent the killing of healthy, viable birds; improved chick handling measures; new emergency planning requirements for fires and floods; improved training requirements for staff; and the introduction of a written Wild Animal Control Plan that prioritises human methods and protects non-target species.
- 20.** Avian influenza continues to spread in Europe with Germany having culled over 500,000 birds since the beginning of September. France is at 'high' risk and has mandated vaccinations in all flocks of more than 250 ducks covering an estimated 64 million ducks in a year. As in England, the Netherlands has implemented a compulsory housing order.
- 21.** During October, with comparisons to a year earlier:
- UK commercial layer chick placings rose by 3.3 per cent to 3.7 million chicks.
  - Broiler chick placings rose by 0.3 per cent to 99.3 million chicks.
  - Turkey poult placings rose by 0.6 per cent to 700,000 chicks.
  - Turkey slaughterings fell by 21 per cent to 500,000 birds.
  - Broiler slaughterings fell by 0.7 per cent to 98.7 million birds.
  - Poultry meat production rose by 2.2 per cent to 181,100 tonnes.



## VIII Inputs/Supply businesses

1. The Agricultural Price Index for September shows falls of 1.5 per cent for seeds, compared to a year earlier, 0.4 per cent for chemicals, 3.9 per cent for animal feedingstuffs and 0.8 per cent for buildings maintenance but increases of 3 per cent for energy and lubricants, 17.9 per cent for fertilizers, 8.8 per cent for veterinary services and 7.2 per cent for equipment maintenance. Compared to August, there were falls of 0.3 per cent for energy and lubricants and 0.7 per cent for fertilizers but increases of 0.1 per cent for seeds, 1.7 per cent for animal feedingstuffs and 0.9 per cent for equipment maintenance.
2. The Health and Safety Executive Chemical Regulations Division has lifted the restrictions on Iblon that limited its use to one application every 2 years following the evaluation of data submitted by Bayer. A label extension has also been granted allowing Vimoy (Iblon) to be used on barley in 2026.
3. Details of pesticide use in Scotland in 2024 have been published:
  - The area of pesticides applied to arable crops per hectare rose by 4 per cent compared to 2022 while the weight of pesticides also grew by 4 per cent.
  - The use of herbicides/dessicants grew by 13 per cent; insecticides/nematicides by 12 per cent; seed treatments by 4 per cent; molluscicides by 1 per cent; and fungicides by less than 0.5 per cent.
  - Herbicides/dessicants were applied to 97 per cent of the crop area; fungicides to 97 per cent; growth regulators to 54 per cent; insecticides/nematicides to 19 per cent; molluscicides to 8 per cent; and 86 per cent of seed was treated.
  - The area of pesticides applied to soft fruit crops per hectare of crop grown was 12 per cent up on 2022 while the weight applied grew by 83 per cent.
  - The use of insecticides/acaricides applied to soft fruit fell by 9 per cent; biopesticides increased by 61 per cent; biological control agents increased by 20 per cent; physical control increased by 18 per cent; molluscicides increased by 28 per cent; and herbicides grew by 5 per cent.
4. Bayer has received regulatory authorisation for Jessico Fusion, the first co-formulation of Iblon and Inatreq active. It will be available to use in the Spring and will be effective against septoria, leaf blotch, yellow rust and brown rust.

## Marketing

1. A survey conducted by Riverford Organics has revealed that 69 per cent of farmers considered the buying relationship between growers and supermarkets had deteriorated over the past 2 years while 68 per cent believed 'it had never been harder to make a living.' 65 per cent of farmers felt they had no choice but to accept terms offered for fear of being delisted while 76 per cent were under pressure from supermarket buying practices. 61 per cent believed their farm was at financial risk due to the behaviour of supermarkets.

2. Research undertaken by Nielsen1Q has revealed that the Let's Eat Balanced campaign run by AHDB achieved £11.9 millions in incremental dairy sales representing a return of £28 for every £1 of levy spent.
3. According to NIQ Homescan POD, in the 12 weeks to 4 October, dairy sales volume fell by 1.1 per cent, compared to a year earlier, but yoghurt increased by 7 per cent, premium yoghurt by 28.2 per cent, cheese by 0.8 per cent and premium cheese by 7.1 per cent. In value terms, total dairy was up 8.2 per cent, yoghurt by 13.8 per cent, premium yoghurt by 34.2 per cent and cheese by 9.8 per cent.
4. According to Worldpanel by Numerator UK, in the 12 weeks to 2 November, beef retail spend increased by 10 per cent while volumes fell by 7.4 per cent, all driven by an 18.8 per cent increase in price compared to a year ago. Primary beef volumes fell by 11.4 per cent with mince down 10.7 per cent. Processed beef volumes fell by 8.2 per cent with burgers and grills down 6.2 per cent. Added value volumes fell by 1.2 per cent although sous vide volumes increased by 7.6 per cent. Ready to cook volumes increased by 8.4 per cent.
5. During October, butter continued its fall in price, down £860 per tonne, following a £500 per tonne drop in September. Bulk cream fell by £600 per tonne while mild cheddar fell by £310 per tonne to £3,110 per tonne. Skimmed milk powder saw the lowest fall at £90 per tonne.
6. According to NIQ Homescan POD Total GB in the year to 1 November:
  - Volume sales of cows' milk fell by 2.6 per cent but spend increased by 1.8 per cent due to a 4.5 per cent average price increase.
  - Whole milk volumes rose by 2.3 per cent while premium milk rose by 16.3 per cent.
  - Cows' cheese volumes rose by 1.7 per cent while spend increased by 5.7 per cent. Cheddar volumes rose by 0.3 per cent, snacking by 2.8 per cent, speciality and continental by 3.5 per cent and other by 7.3 per cent but British Regionals, processed, Stilton and British Blue all recorded falls.
  - Cows' butter volumes fell by 2.2 per cent but spend grew by 9.8 per cent due to a 12.3 per cent increase in average price. Block butter volumes grew by 5.5 per cent but spreads fell by the same percentage.
  - Cows' yoghurt, yoghurt drinks and fromage frais volumes grew by 6.3 per cent with spend up 11.4 per cent. Plain yoghurt grew by 25.5 per cent but fromage frais fell by 8.3 per cent, split pot by 0.1 per cent and standard flavoured by 5.6 per cent.
  - Cream volumes increased by 2.3 per cent despite a 9.2 per cent increase in average prices. Aerosol grew by 1.9 per cent, crème fraîche by 0.1 per cent, double by 3.9 per cent and sour by 3.4 per cent.

7. Imports of wheat in September were 198.5Kt, above the 10-year average for the month of 162.4Kt but well below last year's figure of 279.9Kt. Imports in the period July to September have totalled 648.7Kt.
8. In the period January to September:
- Beef imports fell by 1 per cent to 223,000 tonnes but volumes grew by 2 per cent in the period July to September. Total value has risen by 24 per cent to £1.51 billions.
  - Supplies from Ireland fell by 8 per cent to 141,500 tonnes but imports from Poland increased by 11 per cent to 18,200 tonnes.
  - Imports from Brazil grew by 16 per cent to 18,500 tonnes; Australian beef grew by 150 per cent to 9,700 tonnes; and New Zealand beef grew by 200 per cent to 9,000 tonnes.
  - Fresh beef imports fell by 2 per cent to 115,000 tonnes while frozen beef grew by 9 per cent to 64,700 tonnes. Processed beef imports fell by 9 per cent to 31,200 tonnes and offal by 15 per cent to 12,400 tonnes.
  - Beef exports fell by 4.6 per cent to 102,800 tonnes but values increased by 22 per cent to £592 millions.
  - Exports to France increased by 10 per cent to 25,700 tonnes with offal up 25 per cent and frozen cuts up 61 per cent. However, shipments to Ireland fell by 7 per cent to 27,400 tonnes while those to the Netherlands fell also by 7 per cent.
  - Fresh beef exports fell by 9 per cent to 52,600 tonnes whereas frozen exports grew by 13 per cent to 27,800 tonnes.
  - Processed beef exports grew by 10 per cent to 4,000 tonnes but offal fell by 16 per cent to 18,300 tonnes.
9. In the period July to September:
- Export volumes of dairy products rose by 5.5 per cent, compared to year earlier, to 294,000 tonnes. Exports to the EU were up 12,000 tonnes and by 3,400 tonnes to non-EU countries.
  - Milk powder volumes rose by 14,400 tonnes, whey by 3,500 tonnes, cheese by 1,500 tonnes and butter by 900 tonnes.
  - Exports of milk and cream fell by 2.2 per cent, or 3,900 tonnes, while yoghurt fell by 10.7 per cent or 1,000 tonnes.
  - Exports to the EU made up 90 per cent of the total with the Netherlands up 36 per cent to 23,300 tonnes, Denmark up 65 per cent to 5,500 tonnes, Belgium up 26 per cent to 9,000 tonnes and France up 19 per cent to 10,900 tonnes. However, exports to Ireland fell by 1 per cent to 187,000 tonnes.
  - Exports of cheddar rose by 12.2 per cent but mozzarella fell by 6.4 per cent and other cheeses by 6.8 per cent.

**10.** During the period January to September:

- Imports of sheep meat rose by 7 per cent to 65,100 tonnes with a value increase of 31 per cent to £365 millions.
- New Zealand shipments fell by 1 per cent to 37,900 tonnes while volumes from Australia increased by 39 per cent to 19,200 tonnes. Imports from Ireland fell by 12 per cent to 5,800 tonnes.
- Frozen imports rose by 12 per cent to 49,700 tonnes but fresh imports fell by 24 per cent to 7,500 tonnes.
- Export volumes grew by 15 per cent to 68,300 tonnes with values up 16 per cent to £493 millions.
- Exports to France rose by 20 per cent to 37,400 tonnes while Belgium exports rose by 34 per cent to 8,800 tonnes and the Netherlands took 14 per cent more.
- Fresh meat exports increased by 14 per cent to 59,100 tonnes while frozen exports fell by 15 per cent to 3,900 tonnes.
- Offal exports grew by 60 per cent to 5,800 tonnes.

**11.** During the first 2 months of the new apple season, to the end of October, Lidl sold 22.7 per cent, or 4,313 tonnes, of all British apples sold by supermarkets, with Aldi just behind on 20 per cent. Their respective grocery market shares are 8.2 per cent and 10.6 per cent. However, with a market share of 28.2 per cent, Tesco only managed 15.1 per cent of apple sales, with the tonnage sold only half of that sold this time last year. Sainsbury's sold 13.5 per cent of the total, Asda 10 per cent, Morrisons 6.1 per cent, Co-op 3.7 per cent, M&S 3.5 per cent and Waitrose 3.3 per cent.

## Miscellaneous

**12.** The University of Nottingham has suspended courses including agriculture, agricultural business management and plant biology at its Sutton Bonington campus. Agricultural education at Sutton Bonington dates back to 1892.

**13.** The Family Food report for 2024 has been published. It reveals:

- The average household spent £47.19 per person per week on all food and drink, including alcohol and food eaten out, up by 3.2 per cent on 2023 allowing for inflation.
- £35.94 per person per week was spent on household food and drink, up 2.4 per cent, with £11.25 spent on food and drink to eat out, up 5.9 per cent.
- £32.30 per person per week was spent on food and non-alcoholic drink, up 3.2 per cent in real terms.

**14.** NFU Mutual has reported that fires on farms across the UK cost £102 millions in 2024 while fire damage to agricultural vehicles cost £37 millions. The principal causes were electrical faults, arson and lightning strikes.

- 15. The Health and Safety Executive has reported there were 23 workplace fatalities in agriculture in 2024/25 including 4 members of the public. The total represents 18.5 per cent of all workplace fatalities.
- 16. The National Policy Chiefs Council has unveiled a three-year strategy to respond to the specific needs of rural communities. The policy includes increased focus on intelligence-led policing, advanced data analytics and crime mapping, all used to identify crime hotspots and track patterns of offending.
- 17. Nuffield Farming Next-Gen Scholarships are available for 2026 for 18-24 year olds to gain hands-on experience and insight into the future of agriculture with grants of up to £6,000. One programme focuses on dairy, in collaboration with the Trehane Trust, while another focuses on regenerative agriculture.



## Postscripts

1. At the latest count, 2,951,026 people have signed a petition calling on the UK Government to commit to Rachel Reeves being required to re-sit GCSE Maths on the basis of her understanding of her responsibilities to the general public and to the United Kingdom. A grade 'U' is expected!
2. Rachel Reeves is touring the countryside in a chauffeur-driven car. Suddenly, a cow wanders into the road, they hit it full on and the car comes to a halt. Rachel says to the chauffeur: 'You get out and check, you were driving.' The chauffeur checks and reports that the animal is dead. 'You were driving – go and talk to the farmer.' Five hours later, the chauffeur returns totally plastered, hair ruffled and with a big grin on his face. 'What happened to you?' shouts Rachel. The chauffeur replies 'The farmer opened his best bottle of malt whisky, the wife gave me a slap-up meal and the daughter made love to me.' 'What on earth did you say?' asks Rachel. 'When they answered the door, I said I'm Rachel Reeves' chauffeur and I've just killed the cow.'
3. On the farm lived a chick and a horse, both of whom liked to play together. One day when playing, the horse fell into a bog and began to sink. Fearing for his life, the horse whinnied for the chicken to fetch the farmer to help. The chicken ran back to the farm but to no avail as the farmer had gone to town with the only tractor. Running around the chicken found the farmer's new Harley. Finding the keys in the ignition, the chicken sped off with a length of rope hoping he still had time to save his friend's life. After tying one end to the rear bumper, the chicken drove slowly forward and, with the aid of the powerful bike, rescued the horse! Happy and proud, the chicken rode the Harley back to the farm and the farmer was none the wiser when he returned. The friendship between the two animals was cemented. Best buddies. A few weeks later, the chicken fell into a mud pit and soon he too began to sink. He cried out to the horse to save his life. The horse thought for a moment, walked over and straddled the large puddle. Looking underneath, he told the chicken to grab his willy and he would lift him out of the pit. The chicken got a good grip and the horse pulled him up and saved his life. The moral of the story? 'When you're hung like a horse, you don't need a Harley to pick up chicks!'

## It just proves, hard work and entrepreneurship don't pay!

Well now we know! The Budget measures had one, simple purpose. Not to encourage growth, not to provide financial stability but simply to placate the left of the Labour Party who are paying for the blood of the Prime Minister and the Chancellor.

Here is a summary of the proposals:

- All Inheritance Tax thresholds are frozen until 2031 while the £1m of 100 per cent Agricultural and Business Property Relief, which comes into effect next April, will be transferable between spouses and civil partners on death.
- All personal Income Tax allowances and tax bands will be frozen until 2031 and there will also be no change to National Insurance bands until at least the same date.
- The writing down allowance will be reduced from 18 per cent to 14 per cent with effect from 1 April 2026 for businesses chargeable to Corporation Tax and from 6 April 2026 for business chargeable to Income Tax. This will have an adverse effect on mixed partnerships (those including a company or a trust as a partner) which are unable to claim the Annual Investment Allowance.
- A new 40 per cent First Year Allowance on the purchase of new, but not used, plant and machinery will be available to businesses which are unable to claim the Annual Investment Allowance. This is directed at leasing companies which have long campaigned for improved tax allowances. However, will this let mixed partnerships access a higher rate of tax allowance than has previously been possible? Probably not, but one can hope!
- Personal representatives will be responsible for paying Inheritance Tax on pension funds on the death of a member and will have the right to withhold up to 50 per cent of the fund from beneficiaries until all tax has been settled.
- The tax applicable to individuals on property income will increase by 2 per cent in April 2027 to 22 per cent, 42 per cent and 47 per cent depending on one's overall income. This increase will also apply to savings income. The rate for most trusts will increase to 47 per cent.
- The tax rate applicable to dividend income will increase to 10.75 per cent, if taxed at the basic rate, and to 35.75 per cent if taxed at the higher rate. For those taxable at a rate of 45 per cent, the rate is unchanged at 39.35 per cent. This change will come into force in April 2026.
- A 'High Value Council Tax Surcharge' will apply from April 2028 to residential properties valued at over £2 millions. The charge will start at £2,500 and will rise to £7,500 for those with a value in excess of £5 millions.

As usual, uncertainty remains until draft legislation is published.

# Monthly Farming Update

We welcome feedback on the MFU.  
Does this issue raise any questions in your mind?  
Would you like more information on a particular item?

Please ring one of our agricultural specialists:

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If you would like to add a friend or colleague's name to the mailing list  
please contact Lindsay Glead.

The MFU was edited from 1991 to 2006 by John Nix, Emeritus Professor of  
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## CHAVEREYS

CHARTERED ACCOUNTANTS