



CHAVEREYS

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MONTHLY FARMING UPDATE

July 2018



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I Policy issues

- 1 Defra has announced that it will publish a food strategy later this year to look at aspects of policy which are outside the scope of the Agriculture Bill.

II CAP/Brexit (etc.) support details/payments

- 1 Natural England has extended the deadline for Countryside Stewardship scheme applications to 31 August.
- 2 The Scottish Rural Economy Secretary has indicated there will be a five year transition period for farming and rural support should Scotland leave the EU.
- 3 Those Countryside Stewardship agreement holders who claimed in 2017 but have not been paid by 21 June will receive a bridging payment equivalent to 75 per cent of the estimated value of their claim. It is estimated that 18 per cent of claimants have not yet been paid.
- 4 The Scottish Government is to continue the Less Favoured Area Support Scheme into 2019 paying at 80 per cent of the current rates.
- 5 The Scottish Government has announced that, by 24 June, over 95 per cent of Pillar I payments had been made to farmers.

III Grants/regulations/legislation/environment

- 1 The Water Industry National Environmental Programme, as designed by the Environment Agency, is expected to result in water companies increasing investment to improve the environment by up to £5 billions in the period 2020 to 2025.
- 2 Defra has announced funding of £5.3 millions over 5 years to the John Innes Centre, Rothamsted Research and the Universities of Warwick and York to develop new technologies and environmentally friendly production. As part of the Crop Genetics Improvement Networks the research will focus on productivity for pulses, wheat, leafy vegetables and oilseed rape.
- 3 Reaseheath College has been awarded £15 millions by Santander Corporate and Commercial to expand its educational services and student accommodation.
- 4 Since 1990 the farmland butterfly index has fallen by 27 per cent although there has been some recovery since the low point in 2012. Over the same period, the woodland butterfly index has fallen by 58 per cent, again with some small recovery since 2012. Of the farmland species, those in significant long-term decline include gatekeeper, large skipper, small copper, small tortoiseshell, small white, wall and white-letter hairstreak, only the ringlet increased in numbers. Of the woodland species, those in significant long-term decline include brown argus, common blue, gatekeeper, meadow brown, peacock, purple hairstreak, small copper, small heath, small tortoiseshell, wall and white-letter hairstreak.
- 5 Defra has amended the Countryside Productivity Small Grants scheme to enable livestock farmers to purchase equipment and claim within the 150 day deadline yet take delivery outside the 150 day time limit. The grant will be paid once the equipment has been delivered.
- 6 The Mains of Loirston Charitable Trust has awarded £100,000 to Scotland's Rural College to study the protection of barley against ramularia leaf spot.

- 7 Seven producer groups which supply the Co-op have created 1,000 miles of actively managed hedgerows, 1,400 hectares of native, coniferous and broadleaf woodland, 455 hectares of watercourses and wetlands, 116 hectares of wildflower meadows and 100 devices such as bird boxes, bee hives and beetle banks to encourage wildlife.
- 8 ABP Perth has been awarded a grant of £4 millions by the Food Processing Marketing and Co-operation grant scheme to improve beef processing facilities.
- 9 The Welsh Government has launched 'Woodland for Wales' to encourage an increase in forestry.
- 10 Defra has launched a Call for Evidence on ways to crack-down on Organised Crime Groups who profit from waste crime.
- 11 The Connect Local Regional Food Fund in Scotland has made available £250,000 to provide grants of up to £5,000 to help drive projects that promote locally sourced and produced food and drink.
- 12 The Game and Wildlife Conservation Trust and BASIS registration have created a course for candidates to achieve a qualification in farmland conservation. The course is held at the Allerton Project in Loddington, Leicestershire.
- 13 The Scottish Government has made £250,000 available to help to break down day to day barriers which limit the impact women have in agriculture.
- 14 Sir William Worsely, chair of the National Forest Company, has been appointed Tree Champion to encourage industry and local government to drive forward tree planting rates.

IV Other matters of farm finance and tenure

- 1 The Scottish Government has commenced the process of creating a public register of those persons or bodies who ultimately make decisions about how land is used and managed.
- 2 In 2016/17 there were 62,500 tourist related businesses registered in rural areas accounting for 11 per cent of all businesses. Total employment in tourism in rural areas was 600,000 representing 14 per cent of total employment. In sparse settlements tourism employment accounted for 21 per cent of all employment.
- 3 During April the agricultural price index for all outputs increased by 2.6 per cent compared to a year earlier and by 0.3 per cent compared to March. The index for all inputs increased by 3.3 per cent and 0.6 per cent respectively.
- 4 In 2016/17 the percentage of households in rural areas with an income less than 60 per cent of the median was 16 per cent before housing costs and 17 per cent after housing costs. This compares to 18 per cent and 24 per cent respectively in urban areas. The percentage of working-age people in relative low income was 12 per cent before housing costs and 16 per cent after housing costs. This compares to 15 per cent and 23 per cent respectively in urban areas. The percentage of children in relative low income was 14 per cent before housing costs and 19 per cent after housing costs. This compares to 21 per cent and 34 per cent respectively in urban areas.
- 5 The average house price in rural areas in the fourth quarter of 2017, rose by 1 per cent, compared to the previous quarter, to £324,000.
- 6 The London Stock Exchange Group's 1,000 Companies To Inspire Britain 2018 includes Haygrove and Edward Vinson.

- 7 In the first quarter of 2018, the percentage of rural unemployed rose to 2.7 per cent compared to 2.4 per cent in the previous quarter. The percentage of the working age population on Jobseeker's Allowance remained static at 0.5 per cent. The number of redundancies per 1,000 workers rose from 3.1 to 3.8.

V Product prices

A Market background

- 1 June saw the volatility of the preceding months continue for Sterling but with a general trend of weakness. Against the Euro, Sterling gained and lost with similar frequency and amplitude. Strengthening from an opening position of 87.7p per € to 87.25p and weakening to 88.8p, before eventually closing the month at 88.5p per € (0.8p weaker). Against the Dollar, Sterling initially strengthened to a peak of 74.4p per \$, then weakened to 76.5p before closing at 75.7p per \$ (0.5 p weaker than its starting point of 75.2p per \$). Brent Crude oil prices, after dropping back below \$72.90 per barrel from a starting point of \$77.52, gained traction in the final week and closed at the month's peak of \$79.23 per barrel (price levels not seen since October 2014).

B Crops

- 1 The grains markets continued to improve this month, with some volatility in the mix. The combination of weaker Sterling, concerns the global trade disputes may escalate, the 'speculative trader' effect, and reduced crop expectations for large parts of Northern Europe and Russia, led to marginal increases in the wheat price and further increases to the milling premium. The commencement of barley harvest in France led barley prices to fall back in the switch to new crop, whilst oilseed prices fell back throughout the month in response to the material pressure of the US tariffs on world soya price. LIFFE feed wheat futures were strong for the third month in succession: peaking mid-month and, after dropping back, closing on a positive trend. In late June, deliveries for November 2018 and 2019 stood at £160/tonne (+4) and £158/tonne (+3) respectively, whilst March and May 2020 futures improved to £161/tonne (+4) and £162/tonne (+4) respectively.

Average spot prices in late June (per tonne ex-farm): feed wheat £161 (+3); milling wheat £181 (+8); feed barley £135** (-14); oilseed rape £285 (-11); feed peas £164 (-); feed beans £172 (-). [** New crop]

- 2 The average potato price fell back this month as the new season drew ever closer; the large tonnages of 2017 crop being out-loaded presently from cold storage in good condition are subject to reducing demand. By late June the average potato price had reduced by £16 from its opening position of £165 per tonne to close at £149 per tonne (£35 below the June 2017 closing average). The free-buy average remains under the same pressure as has been the case for the full season so far and, despite this, improved by £2 to £98 per tonne over the course of the month (£68 below the June 2017 close). Despite the strong canopy development of the 2018 crop to date, this month's hot and dry weather has been difficult for potato growers: at best, frantic irrigation movements have been required; at worst, crop stress has been evident, where irrigation is not available. Blight programmes are operating in full force but concern is increasing, as the hot weather continues, that thunderstorms may, at some point, deliver too much water. 2017 crop prices for grade I in late June (per tonne ex-farm): Maris Piper had fallen back to between £185 and £275; Desiree, with limited movement, had dropped to between £80 and £90; King Edward had dropped back to between £150 and £180, whilst Estima and other white varieties had remained steady at between £50 and £100.

C Livestock

- 1 Cattle prices, by contrast, were fairly flat throughout June. The average finished steer price, from its opening position of 199p/kg lw, dropped back to 198p/kg lw where it stayed and closed the month (1p lower and 1p/kg above the closing average a year earlier); whilst the average finished heifer price, from an opening position of 204p/kg lw, bounced back to 208p only to relax over the remainder of the month to close at 206p/kg lw (2p up in the month and 1p above the price a year earlier). The average dairy cow price improved from its opening position of £1,056 per head to a peak of £1,259 mid-month before dropping back to close at £1,127 (£71 higher than May but £103 below the average a year earlier).
- 2 Lamb prices remain volatile. The average new season finished lamb price (SQQ live weight) opened at 255p/kg lw and peaked early at 262p/kg but the price deteriorated thereafter to close at 221p/kg lw (down 34p in the month to sit 1p/kg below the average a year earlier).
- 3 The average UK all pig price (APP) continued to improve by a further margin over the course of June, opening at 150.1p/kg dw and gaining throughout the month to close at 152.9p/kg dw (up 2.8p/kg, to sit 12.7p/kg below the closing average a year earlier).
- 4 The UK average 'all milk' price for April, published in June, reported a drop of 1.14p to give an average of 27.43ppl (0.51ppl above the price a year earlier and 0.59ppl below the rolling 5 year average of 28.02ppl). The most recent update of the UK's ranking against the 'EU28' farmgate milk price, also for April, placed the UK 19th (down three places) against a weaker EU28 weighted average of 29.31ppl.

VI Other crop news

- 1 A study conducted by the London School of Hygiene and Tropical Medicine, funded by Wellcome Trust, has suggested that vegetable crop yields could reduce by 35 per cent and legume yields by 9 per cent by 2050 as a result of climate change.
- 2 During April the agricultural price index for crop products fell by 1.3 per cent compared to a year earlier but rose by 2.2 per cent compared to March; the index for barley rose by 9.8 per cent and 2.3 per cent respectively; the index for potatoes fell by 28 per cent compared to a year earlier but rose by 12 per cent compared to March; the index for oilseed rape fell by 16 per cent and 1.2 per cent respectively; the index for forage plants rose by 42 per cent and 1.5 per cent respectively; and the index for fresh fruit rose by 50 per cent and 20 per cent respectively.
- 3 In the fourth quarter of 2017 the milling, starch and bioethanol industries used 1.701 million tonnes of wheat, down 9.5 per cent on a year earlier. Of the total, 1.48 million tonnes was home produced. Brewers, maltsters and distillers used 470,000 tonnes of barley, an increase of 1.1 per cent on a year earlier, and 211,000 tonnes of wheat, an increase of 5.3 per cent.
- 4 Asda has introduced Goutine, a tomato grown in Lancashire which has, at 7 per cent, the highest amount of natural sugar for a tomato of its size.

VII Other livestock news

- 1 Defra has announced funding of £5.7 millions to help farmers tackle Bovine Viral Diarrhoea. The funding will last for three years and enable farmers to apply for one-to-one farm advisory visits by a veterinary practitioner.

- 2 In the year to March the number of bovine TB new herd incidents in England fell by 5 per cent with a fall of 6 per cent in the High risk area but increases of 1 per cent and 4 per cent respectively in the Edge and Low risk areas. There were increases of 8 per cent in Scotland and 13 per cent in Wales. The number of herds not officially TB free increased by 2 per cent in England with increases of 14 per cent and 27 per cent respectively in the Edge area and Low risk areas. There was a fall of 3 per cent in Scotland but an increase of 16 per cent in Wales.
- 3 During April, UK dairies processed 1,211 million litres of milk, 1.4 per cent up on March but down 0.1 per cent on a year earlier. Liquid milk production fell by 4.1 per cent but rose by 0.1 per cent compared to a year earlier; cheese production rose by 10 per cent and 1.4 per cent respectively; butter production rose by 12 per cent compared to March but fell by 0.3 per cent compared to a year earlier; and milk powder production fell by 5.8 per cent and 11 per cent respectively.
- 4 During May, slaughterings of prime cattle fell by 0.7 per cent, compared to a year earlier, to 174,000; beef and veal production rose by 0.8 per cent to 78,000 tonnes; sheep slaughterings fell by 7 per cent to 910,000; mutton and lamb production fell by 8.9 per cent to 21,000 tonnes; pig slaughterings rose by 1.6 per cent to 898,000; and pigmeat production rose by 2.2 per cent to 77,000 tonnes.
- 5 During April the agricultural price index for animals and animal products rose by 4.7 per cent compared to a year earlier but fell 0.7 per cent compared to March; the index for sheep and lambs rose by 36 per cent and 8.6 per cent respectively; and the index for milk rose by 1.9 per cent compared to a year earlier but fell by 3.7 per cent compared to March.
- 6 First Milk has increased the price of a standard litre by 1.2ppl to 27.2ppl.
- 7 Average butterfat content in May fell by 3.4 per cent to 3.99 per cent but was 0.9 per cent higher than a year earlier. Average protein content fell to 3.26 per cent but was up from 3.24 per cent a year earlier.
- 8 Production of milk in May rose by 6.8 per cent to 1,373 million litres and by 0.7 per cent compared to a year earlier.
- 9 In December 2017 animal feed production rose by 10 per cent for sheep, 66 per cent for cattle and 3.7 per cent for pigs, compared to a year earlier, but fell by 0.2 per cent for poultry. The usage of wheat increased by 2.5 per cent and by 17 per cent for barley.
- 10 The National Fallen Stock Company has reported lamb losses of 250,000 this Spring, up 30 per cent on the yearly average, the worst on record. Adult sheep losses were the worst for five years.
- 11 The National Animal Disease Information Service and Elanco Animal Health has advised that the risk of emergence of blowflies is high although it is considered the risk of strike is lower than might be expected because it is too dry for the maggots to survive and it is too hot for the parasitic worm larvae on pasture.
- 12 The poultry sector has reported a 40 per cent reduction in antibiotic use in 2017 taking the reduction since 2012 to 82 per cent. The reduction in the use of fluoroquinolones, which are considered important to human health, reached 92 per cent.
- 13 During May, commercial layer chick placings fell by 8.5 per cent, compared to a year earlier, to 3.2 million chicks; broiler chick placings fell by 0.9 per cent to 82.6 million chicks; turkey chick placings rose by 3.1 per cent to 1.1 million chicks; turkey slaughterings rose by 1.2 per cent to 900,000 birds; broiler slaughterings rose by 3.8 per cent to 82 million birds; and total poultry meat production rose by 2.3 per cent to 137,600 tonnes.

- 14 Avian influenza H5N6 has been found in a wild greylag goose in County Armagh, Northern Ireland.

VIII Inputs/Supply businesses

- 1 The European Food Safety Authority and the European Chemicals Agency have published guidance on how to identify substances with endocrine disrupting properties in pesticides.
- 2 During April the agricultural price index for energy and lubricants rose by 6.4 per cent compared to a year earlier and by 1.6 per cent compared to March.

IX Marketing

- 1 China has lifted its ban on imports of beef from the UK after 20 years. It is estimated that exports could be worth £250 millions over the next 5 years.
- 2 The Welsh Government is to provide funding of £2.15 millions to help develop the red meat industry following departure from the EU.
- 3 The EU has revealed that nuts, fruit and vegetables accounted for 40 per cent of food recalls in the first quarter of 2018 compared to only 20 per cent for meat and fish.
- 4 Morrisons has revealed that 11,028 tonnes of food was recorded as out-of-date stock in 2017/18.
- 5 Waitrose is to use packaging made out of dry tomato vines combined with recycled cardboard.

X Miscellaneous

- 1 With effect from October 2020, all owners must microchip their horses, ponies and donkeys. A new Central Equine Database will enable the owners of discarded animals to be tracked.

Postscripts

An Obituary printed in the London Times

Today we mourn the passing of a beloved old friend, Common Sense, who has been with us for many years.

No one knows for sure how old he was, since his birth records were long ago lost in bureaucratic red tape. He will be remembered as having cultivated such valuable lessons as:

- Knowing when to come in out of the rain;
- Why the early bird gets the worm;
- Life isn't always fair;
- And maybe it was my fault.

Common sense lived by simple, sound financial policies (don't spend more than you can earn) and reliable strategies (adults, not children, are in charge).

His health began to deteriorate rapidly when well-intentioned but overbearing regulations were set in place. Reports of a 6-year-old boy charged with sexual harassment for kissing a classmate; teens suspended from school for using mouthwash after lunch; and a teacher fired for reprimanding an unruly student, only worsened his condition.

Common Sense lost ground when parents attacked teachers for doing the job that they themselves had failed to do in disciplining their unruly children.

It declined even further when schools were required to get parental consent to administer sun lotion or aspirin to a student; but could not inform parents when a student became pregnant and wanted to have an abortion.

Common Sense lost the will to live as the churches became businesses; and criminals received better treatment than their victims.

Common Sense took a beating when you couldn't defend yourself from a burglar in your own home and the burglar could sue you for assault.

Common Sense finally passed away, after a woman failed to realise that a steaming cup of coffee was hot. She spilled a little in her lap, and was promptly awarded a huge settlement.

Common Sense was preceded in death,

- by his parents, Truth and Trust,
- by his wife, Discretion,
- by his daughter, Responsibility,
- and by his son, Reason.

He is survived by his 5 stepbrothers;

- I Know My Rights
- I Want It Now
- Someone Else Is To Blame
- I'm A Victim
- Pay me for Doing Nothing

Not many attended his funeral because so few realised he was gone.

Does a pre-nup work? Hmm, maybe!

Do pre-nups work? That is often the question raised when such an agreement is proposed in advance of marriage.

The legal firm Boodle Hatfield has recently considered the case of KA v MA (2018) in the Family Division of the High Court.

In 2016 the wife had successfully argued that she should not be held to the terms of the prenuptial agreement entered into in 2008 on the grounds it failed to meet her reasonable needs and was therefore unfair.

The judge found that:

a) the figures in the prenuptial agreement originated from the husband and were not based on legal advice as to what the Court might consider appropriate.

b) the wife fully understood the terms to which she was agreeing and intended to be bound by the terms.

c) the wife understood the husband wished to ring-fence his pre-marital wealth for the benefit of his children.

The question arose as to whether the husband had exerted undue pressure on the wife to enter into an agreement in advance of the marriage. It was considered that while refusal to marry without an agreement could amount to undue pressure this is difficult to prove where two consenting adults are involved.

The judge also had to consider whether the agreement was fair in relation to the needs of the wife. It was found that while an agreement is capable of altering what is fair, such fairness does not have to equate to near destitution although, of course, this latter description is relative.

The Supreme Court had ruled in 2010 “the court should give effect to a nuptial agreement that is freely entered into by each party with a full appreciation of its implications unless in the circumstances prevailing it would not be fair to hold the parties to their agreement.”

It is not possible to “contract out” of the Court’s powers by entering into an agreement. The terms must be fair and ideally entered into well in advance of the marriage date.

While an agreement may not be rigidly binding, if proper processes are followed it will certainly act as a drag on the computation of the needs of the claiming party.

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?

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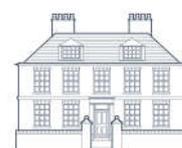
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