



CHAVEREYS

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MONTHLY FARMING UPDATE

July 2021



## July 2021

### I Policy issues

- I The UK and US have agreed to temporarily suspend tariffs imposed on a variety of products for a period of 5 years. Areas affected are pork, where sales of £32 millions fell to £19 millions in 2020, cheese, where sales of £54 millions fell to £44 millions, and butter, where sales of £7 millions fell to £5 millions. The product most affected was whisky where sales of £1.4 billions fell to £1 billion.

### II Reform

- I Details of the arable and horticultural soils standard have been published for those farmers who are piloting the Sustainable Farming Incentive scheme. A payment rate of £30 per hectare will apply to the Introductory level, £47 per hectare to the Intermediate level and £59 per hectare to the Advanced level. The standard can apply to all cultivated arable, field vegetables and horticultural land. It does not apply to peat soils with greater than 20 per cent organic matter to a depth of 40cm or more. To claim the Introductory level farmers must carry out a soil assessment to identify the priority areas for delivering water quality improvements, carbon storage, flood mitigation or biodiversity. Across all land farmers must assess soil texture, drainage, slope and connectivity to a waterbody or sensitive habitat. Every year, on at least 20 per cent of the land, the soil structure must be assessed, biological indicators must be assessed and the soil organic matter must be analysed. If a green cover crop is sown on land at high risk of erosion or leaching, an additional £114 per hectare can be claimed. Organic matter must be applied to 25 per cent of arable land every year. At the Intermediate level, organic matter must be applied to 40 per cent of arable land each year and shallow, minimum or no-tillage should be used on 25 per cent of arable land. At the Advanced level, a winter soil cover crop must be sown by 30 September to provide dense over-winter ground cover across the whole field by 1 December; organic matter must be applied to 50 per cent of arable land each year; a soil management plan must be created and reviewed every 2 years; and on high and very high risk land, 50 per cent of the land must be converted to permanent grass, this will attract an additional payment rate of £311 per hectare.
- 2 Defra has updated the Agricultural Transition Plan including four guiding principles being payments to farmers should provide good value for money and achieve ambitious environment and climate change outcomes with payment rates set to encourage wide participation; payments should pay for environmental outcomes by recognising and rewarding the full range of activities that achieve environmental and climate outcomes; payments should recognise the value of existing natural assets and do not unfairly disadvantage those who are already achieving good environmental and climate outcomes; and payments should form part of a market for environmental outcomes where scheme participants can earn income from public and private sector sources.
- 3 Defra has indicated that, from 2028, funding will be split equally between the Sustainable Farming Initiative, the Local Nature Recovery scheme and the Landscape Recovery scheme.
- 4 Details have been published concerning the farm woodland standard where the payment rate will be £49 per hectare. Eligible woodland must be over 15 years old, greater than 20 metres wide and be over 0.5 hectares in area. A woodland condition assessment must be completed for which a payment of £100 will be made. A woodland threats webinar must be attended, this will generate a payment of £25. Temporary open spaces and rides must be created, a minimum of 10 per cent and a maximum of 20 per cent dead wood must be created/managed using a minimum of 20m<sup>3</sup> per hectare.

- 5 Details of the improved grassland soils standard have been published for those farmers who are piloting the Sustainable Farming Initiative. Payment rates of £6 per hectare apply to the Introductory and Intermediate levels with a rate of £8 per hectare applying to the Advanced level. To qualify as improved grassland, the sward composition should include at least 2 of more than 30 per cent cover of rye-grasses and white clover, up to 8 species per m<sup>2</sup>, including grasses, and less than 10 per cent cover of wildflowers and sedges, excluding white clover, creeping buttercup, docks, thistles and ragwort. Management of the land is likely to include regular re-seeding unless it has been re-seeded within the last 15 years; regular fertilizing with at least 100kg per hectare of nitrogen; boom spraying herbicide to treat weeds; active, well-maintained drainage; and the taking of any conserved forage as silage. A soil assessment must be undertaken to identify priority areas for delivering water quality improvements, carbon storage, flood mitigation and biodiversity. Soil texture, drainage, slope and connectivity to a waterbody or sensitive habitat must all be assessed in the first year. Every year, at least 20 per cent of the land must be assessed for soil structure, biological indicators and soil organic matter. When re-seeding temporary grassland, a minimum of 30 per cent must have ground cover by 1 December on fields at risk of erosion or flooding. Where grassland is deemed to be high risk, stocking density must be reduced when the land is wet, this will qualify for an additional payment of £88 per hectare. Where land is maintained as permanent grassland and is only re-seeded by direct drilling or over-sowing, an additional payment of £56 per hectare can apply.
- 6 Details of the low and no input grassland standard have been published with payment rates of £22 per hectare for the Introductory level, £89 per hectare for the Intermediate level and £110 per hectare for the Advanced level. To qualify the sward composition must include 2 of less than 30 per cent of rye-grasses and white clover, 9 or more species per m<sup>2</sup> including grasses and 10 per cent or more cover of wildflowers and sedges, excluding white clover, creeping buttercup, docks, thistles and ragwort. To meet the criteria the land is likely to not have been re-seeded for at least 15 years, receives no or low amounts of fertilizer, has no or only localised herbicide application to treat weeds, has unmaintained field drains and takes conserved forage as hay or haylage once a year. Improved grassland can enter the standard if it helps to sustainably manage Sites of Special Scientific Interest, protects historical or archaeological features, targets ground-nesting wading birds when in-field scrub is less than 1 per cent, or is on parcels next to a permanent water course. At the Introductory level, no more than 50kg of nitrogen per hectare can be applied; weeds and invasive species must be managed by hand pulling, cutting, grazing, weed wiping or spot treatment; buffers must be created around in-field trees, this will precipitate an additional payment of £3 per tree; at least one-third of margins must be left uncut; supplementary feeding must not cause poaching or overgrazing; ditches must be managed between 1 September and 1 April to avoid disturbing wildlife; and fields must be managed so as to allow wild or sown flowers to flower and produce seed. At the Intermediate level additional requirements are to manage without nutrient inputs on grazed pasture and only use farmyard manure on fields cut for forage; manage non-jointed rushes to limit cover to 30 per cent; maintain areas of tall vegetation, scrub and wet features to provide shelter for wildlife; and manage 50 per cent of conserved forage area as hay meadow. The Advanced level additional requirements are to manage 75 per cent of conserved forage area as hay meadow and provide habitat for wading birds. The latter can either be by blocking drains to create small wetland areas or managing floodplain grassland to keep water on the fields over winter, both options will result in an additional payment of £127 per hectare.

- 7 Details have been published of the Farming in Protected Landscapes programme, which is not an agri-environment scheme. It is open to farmers and land managers within an Area of Outstanding Natural Beauty or National Park in England, or the Broads. The programme covers four themes, climate, nature, people and place. The climate theme covers projects whereby more carbon is stored or sequestered; flood risk is reduced; a better understanding of what different habitats and land uses can deliver for carbon storage and reduced carbon emissions is created; and whereby the landscape is more resilient to climate change. The nature theme covers projects which create a greater area of wildlife-rich habitat; make a greater connectivity between habitats; enhance the management of existing habitats; and increase biodiversity. Projects under the people theme will create more opportunities for people to explore the landscape; allow more opportunities for diverse audiences to explore the landscape; and will encourage public engagement in land management. Projects under the place theme will enhance the quality and character of the landscape; will conserve historic structures and features; and will increase the resilience of nature-friendly sustainable farm businesses. If there is no commercial gain to the applicant, up to 100 per cent of the project costs may be funded.

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

- 1 The Surrey Hills and Chilterns Areas of Outstanding Natural Beauty are to be extended and similar status is to be considered for the Yorkshire Wolds and the Cheshire Sandstone Ridge.
- 2 The February 2021 Farm Practices Survey in England reveals that 56 per cent of holdings have a nutrient management plan; 8.9 per cent process waste by anaerobic digestion; 56 per cent are taking action to reduce greenhouse gas emissions; 79 per cent spread manure or slurry on grass or arable land; 72 per cent store solid manure in temporary heaps in fields; 71 per cent have a Farm Health Plan; 76 per cent of livestock holdings sow at least some temporary grassland with a clover mix; and 69 per cent of livestock holdings use a ration formulation programme or nutritional advice.
- 3 The UK recycling rate of Waste from Households in 2018 was 45 per cent, down from 45.5 per cent in 2017, the EU target being 50 per cent by 2020. The recycling rate fell for all UK countries except Northern Ireland with rates of 54.1 per cent in Wales, 47.7 per cent in Northern Ireland, 44.7 per cent in England and 42.8 per cent in Scotland. Biodegradable municipal waste sent to landfill fell from 7.4 million tonnes in 2017 to 7.2 million tonnes in 2018. As regards packaging waste, 70 per cent was recycled in 2017 compared to 71.4 per cent in 2016, exceeding the EU target of 60 per cent.
- 4 A partnership of Future Food Solutions and BCarbon Inc, based at Rice University, Texas, has formed The Sustainable Futures Carbon Bank, a certified soil carbon credits scheme designed for farmers.
- 5 The Government is reportedly supporting the Glue Traps (Offences) Bill which seeks to prohibit the use of glue traps in the control of rodents.
- 6 Five farmers from the UK will join 20 others from across Europe to participate in Bayer's global Carbon Initiative to investigate how to decarbonise the food value chain.
- 7 The Forestry Commission has opened the England Woodland Creation Offer for applications. £15.9 millions is available in the first year.
- 8 Defra has announced the creation of the Plymouth and South Devon Community Forest. Up to 500 hectares of woodland will be planted by 2025, increasing to 1,600 hectares by 2034.
- 9 Under the Welsh Government Business Innovation and Tourism Escalator Scheme, £3 millions has been granted to Mona Island Dairy's new cheese factory at Holyhead.

## IV Other matters of farm finance and tenure

- 1 In 2019, Gross Value Added from Predominantly Rural areas in England contributed 15.3 per cent of the total, or £260 billions. Predominantly Urban areas contributed 44.7 per cent, London 27.5 per cent and Urban with Significant Rural areas 12.5 per cent. The Gross Value Added per workforce job in Predominantly Rural areas was £45,500 compared to £50,900 in Predominantly Urban areas. Productivity in Predominantly Rural areas was 83 per cent of that for England as a whole.
- 2 In the year to March 2020, households in Rural Villages in England had the highest weekly disposable incomes at an average of £855, £113 more than the Urban average. However, they also had the highest average weekly expenditure at £634, £128 higher than Urban households, excluding mortgage payments. Average household expenditure as a proportion of disposable income was lowest, at 66 per cent, in Urban areas and highest, at 73 per cent, in Rural Town and Fringe.
- 3 In 2018, Gross Value Added from tourism in Predominantly Rural areas contributed 4 per cent, or £11.5 billions, of total Gross Value Added in those areas, compared to 6 per cent in England as a whole. In 2019/20 there were 66,800 tourist related businesses in rural areas, making up 11 per cent of all rural businesses. This compares to 12 per cent in urban areas. Total employment in tourism related businesses is 600,000 in rural areas compared to 2.5 millions in urban areas. This represents 15 per cent of all employment in rural areas compared to 11 per cent in urban areas.
- 4 As at June 2021, 17 per cent of the population in England live in rural areas. At the end of December 2020, the average house price has risen by 3.6 per cent, compared to the previous quarter, to £358,800. In urban areas the increase was 2.4 per cent to £324,400. In the first quarter of 2021, 3 per cent of the rural population was unemployed, unchanged from the previous quarter, but there was a fall of 0.5 per cent in urban areas to 5.2 per cent.
- 5 Strutt & Parker has reported that the proportion of farms bought by non-farmers rose to 47 per cent in 2020.
- 6 The Agricultural Price Index for April for outputs rose by 1.5 per cent compared to March and by 12.5 per cent compared to a year earlier. The index for inputs rose by 0.8 per cent and 7.5 per cent respectively.
- 7 Knight Frank has reported that prices of standing timber plantations have reached £29,652 per hectare with the highest prices being paid for younger plantations.

## V Product prices

### A Market background

- 1 Sterling held steady against the Euro but lost ground against the Dollar this month. The Euro / Sterling exchange rate opened the month at 86.0p per €, fell to 86.3 and peaked at 85.4p before falling back to close at 85.9p per € (up 0.1p). Meanwhile the US Dollar, which opened the month at 70.4p, gained strength against Sterling to peak at 72.4p and, after dropping back, it recovered in the final week to close the month at 72.3p per \$ (down 1.9p). Crude oil prices remained volatile this month but with an overall trend of improvement. Brent Crude, from a starting position of \$69.46 per barrel, went through some peak/trough cycles before closing the month at \$74.62 per barrel (up \$5.16).



## B Crops

1 Cereal prices opened the month with improvements but fell away in the latter half of the month, largely following the news on crop development in the northern hemisphere. Concerns that dry conditions in the US would lead to suppressed yields buoyed prices early on but this was soon overtaken by the strong crop development in the EU, UK and the Black Sea region; expectations for the 2021/22 season are now favourable. Milling premiums regained some strength to between £12 and £14/tonne. LIFFE feed wheat futures, with varying degrees of volatility, closed close to opening levels across the board. By late June, deliveries for November 2021 and 2022 were £173/tonne (-2) and £167/tonne (+1) respectively whilst March 2023 deliveries remained at £171/tonne (-) and May 2023 deliveries were £172/tonne (-1). Oilseed rape prices reached rarely-seen highs this month, peaking at £513/tonne, but the longer-term view became less bullish as the month progressed with pressure on the US soya market reduced by the arrival of rain in some areas, exaggerated by speculative trading. Prices therefore fell back. Average spot prices in late June (per tonne ex-farm): feed wheat £191 (-4); milling wheat £205 (+1); feed barley £175 (-9); oilseed rape £498 (+6); feed peas £220 (+8); feed beans £230 (+12).

2 The average potato price for 2020 crop closed up this month; despite the generally flat demand and latterly the beginning of the shift to new crop, trade picked up marginally over the course of the month. The development of the 2021 crop has been brought back on track by rain, warmer temperatures and sun, although such conditions encourage blight. The 2021 harvest is still thought to be a week behind. By late June the average potato price had risen from its opening position of £181/tonne, having peaked early at £198, to close at £197/tonne (up £16 and £3 below the June 2020 closing average). The free-buy average, having opened at £135/tonne, was highly volatile peaking at £175/tonne mid-month and falling to £146 before recovering to a closing average of £164/tonne (up £29 and £44 below the average a year earlier). 2020 crop prices for grade 1 packing, in late June (per tonne ex-farm): Maris Piper had dropped at the lower end, increasing the spread to between £250 and £360; insufficient reds had moved for a price spread to be quoted but some samples had moved at an average of £300; whilst white varieties had improved to between £70 and £150; there were no reported sales of salad variety.

## C Livestock

1 Cattle prices gained marginally at the start of the month then held steady for the remainder. The average finished steer price opened at 217p/kg lw, rose to 223p/kg early on and closed at the same level (up 6p, to sit 30p above the closing average a year earlier). The average finished heifer price tracked that of steers but with an added level of volatility, opening at 222p/kg lw and increasing to 231p/kg where it closed (up 9p, to sit 28p above the price a year earlier). The average dairy cow price rose marginally early on but fell away as the month progressed: opening at £1,321, it peaked at to £1,365 before falling to a close of £1,168 (down £153 to sit £33 below the closing average a year earlier).

2 The average finished lamb price (SQQ live weight, new-season) fell heavily overall this month as demand was exceeded by supply to the marketplace. The average, from an opening position of 324p/kg lw, rose to 328p/kg before falling for the remainder of the month to close at 269p/kg lw (down 55p, to sit 47p/kg above the average a year earlier).

3 The average UK all pig price (APP) continued to track upwards throughout June. Opening at 153.9p/kg dw, the average improved week on week to close the month at 159.6p/kg dw (up 5.7p to sit 7.9/kg below the closing average a year earlier).

- 4 The UK average 'all milk' price for April, reported this month, recorded a further fall of 0.28ppl to an average of 29.41ppl (2.06ppl above the average in April 2020 and 1.13ppl above the rolling 5-year average of 28.28ppl). The EU (ex UK) average for April, published this month, was 2.17ppl above the UK average at 31.58ppl (0.48ppl up).

## **VI Other crop news**

- 1 The International Grains Council has increased its forecast for global grain supply in 2021/22 by 9 million tonnes to 2,301 million tonnes with demand increasing to 2,299 million tonnes, the first surplus for 5 years.
- 2 NIAB EMR has teamed up with Yara UK to develop high-performance irrigation and moisture sensing technologies in commercial horticulture.
- 3 A trial carried out by the National Association of Agricultural Contractors has revealed that larger seed sizes of typical UK varieties of winter wheat and spring barley result in higher emergence rates, increased initial vigour, longer initial root and shoot lengths and shoot mass, greater initial tillering and greater initial leaf numbers.
- 4 During May, flour millers milled 443,400 tonnes of wheat of which 324,700 tonnes was home grown. The milled amount was 2.4 per cent down on the same period last year while the home-grown usage was down 19.2 per cent. In the brewing industry, barley usage was 160,600 tonnes, up 42.1 per cent, and wheat usage was 74,900 tonnes, up 17.8 per cent.
- 5 The University of Greenwich and Rothamsted Research is calling for farmers to participate in a study of the spread of rat's tail fescue.
- 6 The French winter oilseed rape harvest is forecast to be 2.95 million tonnes, down from 3.25 million tonnes in 2020 and the lowest for over 20 years.
- 7 The Agricultural Price Index for April shows rises of 39.2 per cent for wheat, compared to a year earlier, 27.6 per cent for barley, 8.5 per cent for oats, 38.1 per cent for oilseed rape, 149.7 per cent for forage plants and 1.3 per cent for fresh vegetables while there were falls of 14 per cent for potatoes and 30.2 per cent for fresh fruit. Compared to March, there were rises of 1.9 per cent for barley, 3.1 per cent for oats, 7.1 per cent for potatoes, 4.7 per cent for oilseed rape, 5.9 per cent for fresh vegetables and 50 per cent for fresh fruit but a fall of 2.3 per cent for wheat.
- 8 Jackson Distillers is to build a new distillery at St. Boswells in the Scottish Borders at a cost of £46 millions.
- 9 Puffin Produce is taking part in a 9-month research project, funded by Innovate UK and conducted by Emerald Research, to secure a sustainable increase in vegetable yields, quality and cropping area in Wales.
- 10 Hutton Criteria has warned that potato growers across the East, South East, South West, Wales and South West Scotland are on Blight Spray red alert.
- 11 Bishop Burton College has launched a new centre for precision agriculture.
- 12 As part of its Global Sustainability report 'Together, Towards Planet-Friendly Food', McCain has pledged to implement regenerative agricultural practices across its entire global potato acreage amounting, in total, to 150,000 hectares.
- 13 The Labour in Horticulture survey for the first quarter of 2021 shows that approximately 30 per cent of respondents required seasonal labour; the average shortfall was 10 per cent; and the average shortfall ranged from 17-person days in January and March to 28-person days in February.

## VII Other livestock news

- 1 The Animal Reporting and Movement Service for sheep, goats and deer is to be replaced in November with the Livestock Information Service. The British Cattle Movement Service for cattle and eAML2, the pig movement licence, are to be replaced in 2022 and 2023 respectively.
- 2 In the quarter to March, the number of new herd bovine TB incidents fell by 2 per cent in England, compared to a year earlier, with a fall of 5 per cent in the High Risk area but a rise of 10 per cent in the Edge area. There were falls of 12 per cent in Scotland and 2 per cent in Wales. The number of herds not officially TB free rose by 1 per cent in England with rises of 9 per cent in the Edge area and 20 per cent in the Low Risk area but a fall of 2 per cent in the High Risk area. There were rises of 7 per cent for Scotland and 2 per cent for Wales.
- 3 During May, UK prime cattle slaughterings were down 2 per cent, compared to a year earlier, at 165,000 head; beef and veal production rose by 1.2 per cent to 74,000 tonnes; sheep slaughterings fell by 6 per cent to 833,000 head; mutton and lamb production fell by 7.1 per cent to 19,000 tonnes; pig slaughterings rose by 15 per cent to 916,000 head; and pigmeat production rose by 17 per cent to 83,000 tonnes.
- 4 The Agricultural Price Index for April shows rises of 21.1 per cent for cattle and calves, compared to a year earlier, 49.2 per cent for sheep, 3.8 per cent for poultry, 7.4 per cent for milk and 8.5 per cent for eggs but there was a fall of 16.1 per cent for pigs. Compared to March, there were rises of 4.1 per cent for cattle and calves, 3.5 per cent for pigs, 6.8 per cent for sheep and 1 per cent for poultry but a fall of 2.2 per cent for milk.
- 5 As at 1 April, the number of youngstock under 24 months old in the female dairy herd rose by 4 per cent, compared to April 2020, to 902,000 head. It is suggested the reason is an increase in the use of sexed semen.
- 6 During May, 1,342 million litres of milk was available to processors, an increase of 3.8 per cent on April. Liquid milk production rose by 4.7 per cent to 531 million litres; cheese production rose by 1.2 per cent to 45,900 tonnes; butter production rose by 4.1 per cent to 21,700 tonnes; and milk powder production rose by 3.7 per cent to 13,000 tonnes.
- 7 Organic milk deliveries in May rose by 1.4 per cent, compared to a year earlier, to 47.3 million litres.
- 8 Dairy Partners is to open a new cheese production headquarters in Strood, Gloucestershire in 2022.
- 9 Average butterfat fell by 1.9 per cent, compared to April, but was up 2.3 per cent on a year earlier, at 4.08 per cent. Average protein fell by 0.1 per cent, compared to April, but was up 1 per cent on a year earlier at 3.35 per cent.
- 10 For the first time in over 20 years, in the period January to April, the UK had a 470 tonne trade surplus with the EU in cheddar. Including Non-EU trade, the surplus was 7,400 tonnes.
- 11 GB milk production is forecast to be up by 0.3 per cent in 2021/22 to 12.58 billion litres.
- 12 First Milk has increased its price by 0.5ppl taking the manufacturing standard litre price to 31ppl.
- 13 In 2020, the UK organic pig herd totalled 27,000 head, 20 per cent down on 2019 and the lowest for over 10 years. Organic sheep totalled 731,000 head, 7 per cent down on 2019 and also the lowest for more than a decade. Organic cattle numbers were stable at 304,000 head while organic poultry increased by 11 per cent to 3.8 millions.



- 14 Antibiotic use in pigs in the UK fell by 5 per cent in 2020 making a reduction of 62 per cent since 2015.
- 15 Amber Real Estate Investment, a subsidiary of 2 Sisters Group, has lodged two Proposal of Application notices with Pentland Kinross District Council to upgrade an existing chicken processing plant and to build a new plant at Coupar Angus.
- 16 During May, UK commercial layer chick placings fell by 6.4 per cent, compared to a year earlier, to 3.3 million chicks; broiler chick placings rose by 6.7 per cent to 94.4 million chicks; turkey chick placings fell by 41 per cent to 600,000 chicks; turkey slaughterings rose by 73 per cent to 900,000 birds; broiler slaughterings fell by 1 per cent to 85.5 million birds; and total poultry meat production rose by 3.4 per cent to 156,000 tonnes.

## **VIII Inputs/Supply businesses**

- 1 New season 34.5% N ammonia prices are up 19 per cent on a year earlier at £280+per tonne.
- 2 In 2019/20, 24 per cent of farm businesses carried out precision farming techniques to guide fertilizer application. Usage was most likely on cereal and general cropping farms and those with land in Nitrate Vulnerable Zones. Soil nutrient software packages were used by 27 per cent of farms. Clover, or another legume, was used by 50 per cent of farms in their grass swards, most commonly on mixed and dairy farms and those in the South West. 18 per cent of farms used green manures in their arable rotations, most commonly on cereal, general cropping and mixed farms, with usage particularly high on organic farms. Where clover/legumes or green manures were used, 72 per cent of farms made adjustments to their fertilizer application rates. 45 per cent of farms relied on their own non-FACTS qualified advice for nutrient planning, 28 per cent relied on independent FACTS advice while 22 per cent were advised by a FACTS-qualified fertilizer supplier. The average amount of nitrogen applied per hectare was 109kg for manufactured fertilizers and 9kg for organic fertilizers. The average amount of phosphate applied per hectare was 19kg for manufactured fertilizers and 10kg for organic fertilizers. The average amount of potash applied per hectare was 26kg for manufactured fertilizers and 29kg for organic fertilizers.
- 3 The Phosfield project, funded by ERDF's Agri-Tech Cornwall programme, has designed an in-field soil test kit for phosphate levels which gives precise results within 20 minutes.
- 4 The Agricultural Price Index for April shows increases of 4.9 per cent for seeds, compared to a year earlier, 15.4 per cent for energy and lubricants, 17.1 per cent for fertilizers, 0.3 per cent for veterinary services, 11.3 per cent for animal feedingstuffs, 3.3 per cent for vehicle maintenance and 9.5 per cent for building maintenance while there was a fall of 3.1 per cent for chemicals. Compared to March, there were increases of 4.3 per cent for energy and lubricants, 2.1 per cent for fertilizers, 0.7 per cent for chemicals, 0.1 per cent for maintenance but a fall of 0.7 per cent for animal feedingstuffs.
- 5 The Weed Resistance Action Group has published practical glyphosate application guidelines to help growers reduce the risk of glyphosate resistance developing in grass-weeds.

## **IX Marketing**

- 1 Under the new free trade agreement, Australia will have an immediate duty-free quota of 25,000 tonnes of sheep meat, up from the present 15,349 tonnes. This will rise in equal instalments to 75,000 tonnes in year 10. In the ensuing 5 years, there will be a tariff of 20 per cent on imports in excess of agreed volumes with a tariff-free quota of 125,000 tonnes by year 15.

- 2 The UK has secured market access to Japan for poultry meat which is estimated to be worth £13 millions a year for the poultry industry.
- 3 During April, the UK exported 7,100 tonnes of beef, 18 per cent less than in March and 16 per cent down on a year ago. The fall was partially offset by a 6 per cent increase in prices resulting in a value fall of 11 per cent. In the year to date exports have totalled 27,200 tonnes, down 36 per cent.
- 4 UK exports of pigmeat in April fell by 5 per cent, compared to a year earlier, to 31,000 tonnes. Exports to China fell by 26 per cent and to Germany by 81 per cent. Despite this, the value of exports increased by 3 per cent to £54.3 millions.
- 5 UK sheep meat exports totalled 5,250 tonnes in April, down by 18 per cent on a year earlier and 14 per cent on March.
- 6 In the 12 weeks to 16 May, grocery sales fell by 0.4 per cent but sales were still up by £3.8 billions on the same period in 2019. Convenience stores have lost some of the market gained last year at 12.5 per cent, down from 14.9 per cent in May 2020. Online sales fell from 13.9 per cent in April to 13.4 per cent in May.
- 7 Exports in April of milk powder, yoghurt and butter increased by 87 per cent, 5 per cent and 22 per cent respectively, compared to March. However, exports of milk and cream, cheese and whey fell by 27 per cent, 29 per cent and 35 per cent respectively.

## **X Miscellaneous**

- 1 The Kept Animals Bill has been introduced to Parliament. Measures include increasing the scope of livestock species and locations covered by the law; increased powers of the police to seize dogs; the power for the police to take samples from livestock and dogs suspected of an offence; the power for the police to enter premises to identify and seize a dog; and making dog control, disqualification and destruction orders available to the courts.
- 2 The Environment Agency has reported that 15 per cent of farmers made an insurance claim last year to cover the cost of fly-tipping. The national crime waste survey found that 73 per cent of respondents had to meet the cost of clearing dumped waste and 30 per cent incurred costs in excess of £50,000.
- 3 The Government is supporting the Animals (Penalty Notices) Bill which proposes fines of up to £5,000 for individuals who commit offences against animals.
- 4 NFU Mutual has reported that the cost of dog attacks on livestock rose by 51.3 per cent in the first quarter of 2021 to £686,015.

## Postscripts

### Good definition of a politician

While stitching a cut on the hand of a 75-year-old farmer, whose hand was caught in the cattle crush while working cattle, the doctor struck up a conversation with the old man.

Eventually the topic got around to politicians and their role as our leaders.

The old farmer said, “Well, as I see it, most politicians are ‘Post Tortoises’.

Not being familiar with the term, the doctor asked him what a ‘post tortoise’ was.

The old farmer said, “When you’re driving down a country road and you come across a fence post with a tortoise balanced on top, that’s a post tortoise.

The old farmer saw the puzzled look on the doctor’s face so he continued to explain. “You know he didn’t get up there by himself, he doesn’t belong up there, he doesn’t know what to do while he’s up there, he’s elevated beyond his ability to function and you just wonder what kind of dumb a\*se put him up there to begin with.”

# Monthly Farming Update

## My castle may not be my kingdom!

Stamp Duty Land Tax is payable on the purchase of property, a well-known fact. However, the rates for residential property differ from those of non-residential and mixed-use property.

Ignoring the existing temporary relief, first-time buyers' discount and other complications, a house-buyer pays no tax on the first £125,000, 2 per cent on proceeds between £125,000 and £250,000, 5 per cent on proceeds between £250,000 and £925,000, 10 per cent on proceeds between £925,000 and £1.5 millions and 12 per cent thereafter.

For non-residential or mixed-use property the rates are 0 per cent on the first £150,000, 2 per cent on the next £100,000 and 5 per cent thereafter.

In simplified terms: a house is residential; 100 acres of farmland is non-residential; and a farm (comprising a house and 100 acres of farmland sold together) is mixed-use.

It is not difficult to see that the tax payable on high value non-residential or mixed-use property may be significantly less than that payable on residential property of the same value.

But where is the dividing line between residential property and mixed-use property?

The matter was recently considered by the Upper Tax Tribunal. The purchaser bought a property comprising a house plus 3½ acres of land. The land consisted of a cultivated garden around the house, a large dilapidated barn, a further garden and a meadow including a bridleway. The purchaser contended the barn, meadow and bridleway were not part of the grounds of the house and therefore the purchase was of a mixed-use property.

The First Tier Tribunal assigned the definition of the word 'grounds' to be any non-commercial land attached to or surrounding a house that was occupied with the house and available for use by the house-owners. The appeal by the purchasers was dismissed by the Upper Tax Tribunal.

The message is, if property adjoining a house is to be deemed mixed-use, its occupation and use must be considered carefully, ideally ensuring it is used commercially by you or a third party.

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:

**Karen Blackiston**

**Nick Holmes**

**Iain Morris**

**Ben Wilkinson**

**Chavereys**  
2 Jubilee Way  
Faversham  
Kent  
ME13 8GD

Tel: 01795 594495  
Fax: 01795 594499

E-mail: [mfu@chavereys.co.uk](mailto:mfu@chavereys.co.uk)  
[www.chavereys.co.uk](http://www.chavereys.co.uk)

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 Farm Business Management at Imperial College London



**CHAVEREYS**