**Commentary on Yorkshire and Humber Government Office region**

**Nature of Farming in the region**

The following description of the region has kindly been provided by Tim Ashelford, Rural Strategy Team, Government Office for Yorkshire and The Humber. Some of the information relates to both the North East GOR and the Yorkshire and Humber GOR.

Agricultural land represents 69% (1,674,835 ha) of the total regional area (2,412,944 ha). Defra has an Agricultural Land Classification (ALC) system with 5 separate grades depending on physical limitations whereby Grade 1 is the best quality and Grade 5 the worst as shown in Table 1.

Table 1. Agricultural Land Classification system

<table>
<thead>
<tr>
<th>Grade</th>
<th>Quality</th>
<th>% of agricultural land area</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Excellent</td>
<td>1%</td>
</tr>
<tr>
<td>2</td>
<td>Very Good</td>
<td>15%</td>
</tr>
<tr>
<td>3</td>
<td>Good/Moderate</td>
<td>43%</td>
</tr>
<tr>
<td>4</td>
<td>Poor</td>
<td>17%</td>
</tr>
<tr>
<td>5</td>
<td>Very Poor</td>
<td>24%</td>
</tr>
</tbody>
</table>

Excellent quality agricultural land (Grade 1) accounts for only 1% of the agricultural land in the region. It is most extensive on the lighter warp soils found alongside the lower reaches of the Rivers Ouse and Trent but also occurs south east of Barton-on-Humber and on some deep sandy loam soils around Ripon. This land has few, if any limitations and is capable of growing high yields of a wide range of arable and horticultural crops.

Very good quality agricultural land (Grade 2) accounts for 15% of the land in the region. It is extensive in the Vale of York, on the Yorkshire and Lincolnshire Wolds, on the heavier textured warp soils alongside the lower reaches of the Rivers Ouse and Trent, in Holderness and the river valleys of the Tweed, Tyne, Wear and Tees. This land has only slight limitations, principally slight soil droughtiness but also soil wetness/topsoil workability restrictions on the warp soils. This land is capable of growing a wide range of arable and horticultural crops.

Good to moderate quality agricultural land (Grade 3) accounts for 43% of the land in the region. Grade 3 land occurs extensively in the lowlands, often on soils derived from boulder clay, lacustrine clay or aeolian sand. The main limitation on Grade 3 land is soil wetness, but erosion and drought risk are also limiting factors on some lighter soils especially in the Vale of York. Grade 3 land is capable of growing a restricted range of arable and some root crops, as well as producing good yields of grass. Land at the lower end of the grade is likely to produce only moderate yields of a narrow range of crops, principally cereals and grass.

Poor quality agricultural land, classed as Grade 4, accounts for 17% of the land in the region. It is located principally above 300m both in the foothills of the Pennines and the valleys of the North York Moors. Smaller areas of very poorly drained and clayey soils in the Vale of York are included in this grade. In parts of central Durham and south east Northumberland, the natural soil profile has been modified by extensive open cast coal working. When returned to agriculture this land is generally Grade 4. Poor soil conditions due to high rainfall and poor drainage in the uplands are the main limitations on soil of this grade. Severe soil wetness and topsoil workability are limitations in the lowlands. Grade 4 land has severe limitations which generally restrict it to grass production with occasional forage crops.

Grade 5 land is classed as very poor agricultural land and accounts for 24% of the land in the region. It is mainly located on the tops of the Pennine Hills, Cheviots and North York
Moors and the undrained peat soils at Thorne Waste and Hatfield Moors between Doncaster and Goole. The principal limitations are the combination of climate and soil wetness. Grade 5 land is normally limited to rough grazing. Figure 1 depicts the agricultural land classification across the region.

Physical characteristics

The region contains a wide range of physical conditions, which is reflected in the diverse mix of landscape and habitat types found. In Yorkshire and Durham west of the A1, the land is characterised by the carboniferous limestone, coal measures and millstone grit of the Pennines chain. West of the A1 in Northumberland, the volcanic massif of Cheviot Hills rises abruptly to over 800m above sea level. The Pennines are dissected by a series of major river valleys flowing eastwards towards the North Sea. In Northumberland to the east of the A1, land is generally low altitude coastal plain, protected from the sea by sand dunes and low cliffs. East Durham has a magnesian limestone plateau rising to 180m along its west facing escarpment, terminating in 60m cliffs along the North Sea.

South of the Cleveland conurbation the land rises to form the upland landscape of the North York Moors and Cleveland Hills, including sandstone, mudstone and limestone deposits, over 400m at their highest point. In East Yorkshire the extensive chalk deposits of the Yorkshire Wolds, a prominent plateau almost 300m above sea level, with steep sided dry valleys, extend eastwards with spectacular cliffs where the outcrop meets the coast at Flamborough Head. Most of this eastern coast is suffering from extensive erosion. South of the Humber, the northern tip of the extensive chalk deposits of the Lincolnshire Wolds enters the region.

In the south of the region, immediately east of the Pennine Hills, lie the shallow coal measure deposits of the Yorkshire coalfield, the eastern boundary of which is marked by the Magnesian Limestone ridge which bisects the region from north to south along the A1 corridor.

The large central low lying area of the Vale of York constitutes the floodplain of many of the Yorkshires major rivers and is underlain by glacial deposits of sandstone and mudstone.

Climate conditions

Climatic conditions are most severe in the Pennines and Cheviot Hills and to a lesser extent the North York Moors. Land here has the coolest and wettest climate in the region, land is often steep sloping and soils are generally of poor quality. These conditions limit agriculture to extensive livestock farming. The uplands also contain a high proportion of land with special landscape and wildlife designations, including the Yorkshire Dales, Northumberland and North York Moors National Parks.

Recent evidence indicates that climate change will have a significant impact on yields and the range of crops that can be grown in all parts of the region. These changes will also affect the region’s important wildlife habitats and lead to more flooding and drought which will impact directly upon human and economic activity in the region.

---

Agricultural Land Classification

Figure 1. Agricultural Land Classification in Yorkshire and The Humber and North East Region’s

Details of the system of grading can be found in: Agricultural Land Classification of England and Wales: revised guidelines and criteria for grading the quality of agricultural land, Defra, 1988.

---

2 Details of the system of grading can be found in: Agricultural Land Classification of England and Wales: revised guidelines and criteria for grading the quality of agricultural land, Defra, 1988.
Figure 2. Farm Type Classification in The Yorkshire and Humber GOR
Contribution of farming to the region’s economy

- Agriculture in the GOR employs 38,496 people representing 10.6% of the total agricultural workforce in England.
- Agricultural workforce in the region accounts for 1.5% of the total workforce.
- Gross Output generated by the agricultural sector was estimated at £1.789 billion in 2009. This represented 12% of agricultural output in England.

Contribution to output by different business activity

Total output is derived from four separate activities of agriculture, agri-environment, diversification and Single Payment scheme (SPS). Table 2 below shows how different farm types vary in terms of their reliance on a particular output activity. Dairy farms are the most dependent on agricultural output with only 11% of output from other sources, mainly the SPS. In contrast LFA Grazing farms receive 60% of their output from agriculture, 13% from agri-environment schemes, 4% from diversification and 23% from SPS. Mixed farms have the highest percentage contribution from diversification at 12%.

Table 2 Percentage Business Output by sector (2009)

<table>
<thead>
<tr>
<th>Farm Type</th>
<th>Agriculture</th>
<th>Agri-Environment</th>
<th>Diversification</th>
<th>SPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cereals</td>
<td>74</td>
<td>2</td>
<td>4</td>
<td>20</td>
</tr>
<tr>
<td>Dairy</td>
<td>89</td>
<td>1</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>General Cropping</td>
<td>85</td>
<td>2</td>
<td>2</td>
<td>12</td>
</tr>
<tr>
<td>LFA Grazing</td>
<td>60</td>
<td>13</td>
<td>4</td>
<td>23</td>
</tr>
<tr>
<td>Mixed</td>
<td>77</td>
<td>1</td>
<td>12</td>
<td>10</td>
</tr>
</tbody>
</table>
Figure 3 Business output by category (2009)

![Chart showing business output by category for 2009. The chart displays data for various farm types including Cereals, Dairy, General Cropping, LFA Grazing, and Mixed. The chart includes different categories such as Agriculture, Agri-environment, Diversification, and SPS.](image)

Figure 4a Business output by category (2007/8 to 2009/10)

![Chart showing business output by category for 2007/8 to 2009/10. The chart displays data for All Farms, Cereals, and General Cropping. The chart includes different categories such as Agriculture, Agri-environment, Diversification, and SPS.](image)
The importance of hill sheep farming in the region

Hill farming is a significant feature of this GOR region. Land classification data from Defra shows that 29% of the land in the region is classified as DA or SDA holdings compared to a national average of 16%. For comparison the figures are also shown for the other two northern GOR regions – North East and North West. In these regions LFA holdings account for 54% and 47% of total land respectively.

Table 3. Land Classification from the June 2009 Agricultural and Horticultural Survey

<table>
<thead>
<tr>
<th>Government Office Region</th>
<th>Non-LFA Holdings</th>
<th>%</th>
<th>DA Holdings (Without SDA)</th>
<th>%</th>
<th>SDA Holdings</th>
<th>%</th>
<th>Total Area of LFA Holdings</th>
<th>Total Area of All Holdings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yorkshire &amp; The Humber</td>
<td>ha 761339</td>
<td>71</td>
<td>96723</td>
<td>9</td>
<td>211209</td>
<td>20</td>
<td>307932</td>
<td>1069272</td>
</tr>
<tr>
<td>North East</td>
<td>ha 263835</td>
<td>46</td>
<td>73771</td>
<td>13</td>
<td>238636</td>
<td>41</td>
<td>312407</td>
<td>576242</td>
</tr>
<tr>
<td>North West</td>
<td>ha 481313</td>
<td>53</td>
<td>126734</td>
<td>14</td>
<td>293261</td>
<td>33</td>
<td>419995</td>
<td>901308</td>
</tr>
<tr>
<td>England</td>
<td>ha 7492909</td>
<td>83</td>
<td>485493</td>
<td>5</td>
<td>997184</td>
<td>11</td>
<td>1482677</td>
<td>8975586</td>
</tr>
</tbody>
</table>

© Crown Copyright December 2010 - Less Favoured Area data.

Many of the 2.1 million head of sheep in the region are based in the LFA regions. There was a decline in the profitability of sheep farming following the removal of headage payments and this has raised serious concerns about the future viability of hill sheep flocks.
Since the mid 1990s major changes have impacted on the hill sheep sector including the replacement of the Hill Livestock Compensatory Allowance (HLCA) payments with Hill Farming Allowance (HFA) payments and the introduction of the Single Payment Scheme (SPS). A more detailed study of the economic results for hill sheep on the North York Moors (North York Moors Hill Sheep Economic Study, Lewis and Beetham, 2006) has highlighted the difficulties experienced in this sector. Furthermore, many of the issues highlighted in this report would be indicative of the pressures facing all hill farmers in the wider GOR region.

The 2006 study showed that on a sample of farms in the North York Moors with moorland flocks the gross margin per ewe was £27. This contrasted with an average for all hill farms in the FBS of £45 per ewe. A key factor in the lower gross margin was the much lower lambing percentage. Indeed, in this small group of farms it was only 83% compared to 130% for hill farms in Yorkshire as a whole. The margin figure included the Sheep and Wildlife Enhancement Scheme operated in the region. Clearly without this payment the margin would have been even lower. In other words this payment scheme was offering some incentive to farmers to retain sheep on the moor but not at the level previously paid for by central government.

In 2009 there was a significant improvement in sheep profitability with a gross margin of £69 per ewe for hill flocks reported in the region (Askham Bryan data 2010). However, the margin recorded for the hill farms in the North York Moors would have been lower than this for the reasons highlighted above. This was confirmed in a study looking at 2008 data (North York Moors Hill Sheep Economic Study, Lewis 2010). This study looked at the future viability of hill sheep farms in this region and concluded that access to the Higher Level Stewardship schemes was vital if these farms were to survive.

**Contribution of the region’s farming to national farming**

**Land Use**

Agricultural holdings in the region occupied some 1.11 million hectares of land in 2009, representing 12% of the total area in England. Table 4 shows that in 2009 grass and moorland occupied 46% of land use with 47% of land use being used for crops, the remainder being bare fallow, set aside, other land and woodland.

**Table 4. Land Use Census Data for the region**

<table>
<thead>
<tr>
<th>Land Use</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crops</td>
<td>489,282</td>
<td>535,186</td>
<td>526,194</td>
</tr>
<tr>
<td>Bare Fallow</td>
<td>17,178</td>
<td>17,895</td>
<td>28,184</td>
</tr>
<tr>
<td>Grass under 5 years old</td>
<td>54,939</td>
<td>55,601</td>
<td>54,819</td>
</tr>
<tr>
<td>Grass over 5 years old</td>
<td>335,260</td>
<td>338,077</td>
<td>343,011</td>
</tr>
<tr>
<td>Sole right rough grazing</td>
<td>109,657</td>
<td>117,785</td>
<td>116,781</td>
</tr>
<tr>
<td>Set aside</td>
<td>62,825</td>
<td>18,713</td>
<td>17,225</td>
</tr>
<tr>
<td>Other land and woodland</td>
<td>21,759</td>
<td>23,117</td>
<td>26,168</td>
</tr>
<tr>
<td>Total area on agricultural holdings</td>
<td>1,090,900</td>
<td>1,110,375</td>
<td>1,112,382</td>
</tr>
</tbody>
</table>
Cropping

In 2009 the area of arable cropping was slightly lower than the previous year with 526,194 ha compared to 535,186 ha in 2008.

Figure 5 is compiled from the June Survey of Agriculture and illustrates that, during 2009, 13% of the total area of crops in England were within the Yorkshire and Humber region.

With specific regards to cereal crops 14% of the total English crop is grown in the region. In 2009, there were 369,439 ha of cereals which, slightly lower than the previous year. The area of potatoes recorded was 17,110 ha, representing a 6% increase on the previous year. This area represents 16% of the English planted area.

Livestock

Table 5. Livestock Census Data for the region

<table>
<thead>
<tr>
<th>Livestock</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cattle and calves</td>
<td>582,795</td>
<td>561,989</td>
<td>568,344</td>
</tr>
<tr>
<td>Sheep and lambs</td>
<td>2,161,907</td>
<td>2,189,533</td>
<td>2,116,969</td>
</tr>
<tr>
<td>Pigs</td>
<td>1,238,776</td>
<td>1,254,688</td>
<td>1,255,563</td>
</tr>
<tr>
<td>Fowl</td>
<td>14,408,052</td>
<td>12,451,730</td>
<td>13,057,261</td>
</tr>
</tbody>
</table>
The annual livestock census indicates that the numbers of recorded livestock fluctuate from year to year. The biggest change in 2009 is a 5% recovery in poultry numbers following the sharp decline the previous year.

Figure 6 below illustrates that the Yorkshire and Humber region contains the largest number of pigs out of all the regions in England with 32% of the total. It should also be noted that within the region the majority of the pigs are found in the Humberside part of the GOR. Pig numbers in 2009 were very similar to the previous year.

Figure 6. Regional Distribution of all Pigs in England 2009

Weather

The 2009 harvest year was characterised by higher than normal average temperatures throughout the period February 2009 to August 2009. This is shown in the temperature chart (figure 7) below. Sunshine hours were also well above average for the period March through to May 2009. For the period March through to June rainfall was below average with March and April being exceptional dry months with only one-half of normal rainfall. However, in contrast in July there was 136mm of rain recorded compared to a 30 year average of 58mm. By the end of August total rainfall for the previous eight months was 475mm which was in line with the 30 year average for the same period of 481mm.

http://www.metoffice.gov.uk/climate/uk/
Figure 7. Average Mean Temperature for England East and North East September 2008 – August 2009.

Figure 8. Average Monthly Hours of Sunshine for England East and North East September 2008 – August 2009.
Land and weather conditions

- The summer of 2008 had been very difficult in terms of harvesting and September was a much wetter month than normal.
- Where harvesting was complete farmers were keen to get on with cultivation and planting as land work was obviously well behind on a normal year. This meant that original cropping plans were often altered as the optimal time for planting had been passed for some crops.
- Although livestock farmers may not have been as affected as arable farmers by the wet weather there were inevitably knock-on issues. For instance, many found it difficult to obtain bedding straw and that which was available was of poor quality.
- In the period December 2008 to January 2009 the harvesting of vegetables was particularly difficult especially for green crops like Brussels sprouts which cannot be harvested when frozen. It was very difficult especially on those days that the temperature didn't get above freezing. The bad weather also meant high glasshouse heating costs were incurred.
- Snowfall in January meant that livestock farmers started using up valuable stocks of conserved fodder. Also some dairy farmers suffered when milk tankers were unable to collect milk.
- The cold dry weather continued through February and March so that by the end of the winter many farmers reported that they had used up all their forage stocks.
- Lack of rain in March and April was a mixed blessing. Farmers on heavy land that was not planted in the autumn were able to drill spring crops but it was expensive in terms of power and machinery working the rock hard soil. Some crops of spring barley suffered because of a lack of moisture in the seedbed creating problems with germination.
- A dry April meant that most hill farmers enjoyed near perfect lambing conditions.
- By May crop development was generally good but there was some concern that many cereal crops would suffer due to poor root development. Farmers were hoping there would not be extreme weather conditions later in the year that might lead to lodging of crops.
- Conditions were good for first cuts of silage and some early crops of hay were also made.
Rainfall in May and June was normal for the time of year and warmer than average temperatures saw crops doing well. However, cereal prices which had been rising started to fall sharply after June.

July was a very wet month and farmers were fearful for another wet harvest. However, August turned out better than expected and was dry at the end of the month enabling most farmers to get on with the harvest. Whilst the rain that did come was often very heavy it was also mainly localised.

September was dry enabling farmers to progress well with land work and some farmers who had pushed hard with harvesting in August sometimes in less than ideal conditions were perhaps thinking they should have waited a little longer. However the difficult harvest of the previous year was uppermost in their minds.

Warmer weather and high sunshine hours were good for the glasshouse sector as it kept heating costs lower.

Good grass growth in August and September was good for livestock farms – both dairy and sheep and cattle farms.

**Performance of Farms in 2009/10 (harvest year 2009)**

The following commentaries by Farm Type are based on Farm Business Survey data that has been weighted according to farm business population distributions by size and type as recorded by the June Census.

**Cereal and General Cropping Farms**

- In 2008/09, the average utilised arable area (uaa) on Cereal farms was 136 ha with arable cropping accounting for 79% of the area. Wheat accounted for 42% of the arable area.
- General Cropping farms were larger with an average uaa of 199 ha of which 88% was devoted to arable cropping. Potatoes accounted for 6% of the arable area. Sugar beet production is now negligible in the region with only a few farms still growing the crop. Some farms in this group also had outdoor vegetable crop production.
- For Cereal farms Farm Business Income (FBI) averaged £27,299 in 2009 representing a fall of 44% on the previous year. On General Cropping farms, FBI was significantly higher at £58,511. This is largely due to the significant difference in farm area and the much higher area of wheat. Therefore, wheat output is 37% higher than that of cereal farms. In addition, there is a significant output from potatoes and other vegetables. The fall in FBI on General Cropping farms was lower at 16%.
- On Cereal farms in the GOR agricultural output accounted for 74% of Total Output, Single Payment Scheme accounted for 19% with agri-environmental payments and diversified activities together accounting for 6%.
- On Cereal farms income from diversified activities is much lower in the GOR than for England as a whole at £7,224 per farm compared to £18,136.
- On General Cropping farms in the GOR agricultural output accounted for 85% of Total Output, Single Payment Scheme accounted for 12% with agri-environmental payments and diversified activities out of farming together accounting for just 3%.
- The fall in FBI between 2008 and 2009 harvest was generally due to the lower level of agricultural output combined with a higher level of variable costs when examined on a per hectare basis. For instance on Cereal farms variable costs for agriculture rose by £43 per hectare between the two years, a rise of 15%. Fertiliser costs rose by 41% per hectare, a significant increase for the second year running. Fixed costs rose by £32 per hectare (5%). On General Cropping farms the increase in variable costs was greater at 20% with fertiliser showing a 36% increase.
- In absolute terms, income from Agri-environment schemes was higher for Cereals farms at £7,734 per farm compared to £5,807 on General Cropping Farms.
- Interest payments on Cereal farms were £3,836 compared to £6,510 the previous year. On General Cropping farms the fall in interest payments was even more pronounced at £4,539 in 2009 down from £9,302.
- Net investment in machinery was £13,810 on Cereal farms compared to £23,255 the previous year – a fall of over 40%.
- Net investment in machinery was £29,501 on General Cropping farms compared to £33,399 in the previous year – a fall of 12%.

**Dairy Farms**

- In this region 18% of the farms sampled were dairy farms with an average dairy herd of 119 cows on 140.6 ha. These figures are higher than for the dairy sample in the previous year when there were 103 cows on 122.4 ha.
- For England as a whole 17% of the farms sampled were dairy farms with an average dairy herd of 131 cows compared to 124 the previous year. This was on an area of 122.2 ha.
- For Dairy farms FBI averaged £54,959 in 2009 which was similar to the figure for the previous year of £54,258. Interestingly, in previous years dairy farm incomes in this GOR have been considerably lower than those in other GORs. However in 2009 the average FBI on all dairy farms in England was £56,113 which was only slightly higher than the Yorkshire and Humber figure.
- On Dairy farms in the GOR agricultural output accounted for 89% of Total Output, Single Payment Scheme accounted for 8% with agri-environmental payments and diversified activities out of farming together accounting for only 2% of output. In other words these income streams are of very little importance on dairy farms.
- The core activity of milk output was 14% higher than the previous year mainly due to an increase in cow numbers in the sample. This was offset by a 10% increase in variable costs and a 20% increase in fixed costs.
- Net Interest payments averaged £4,797 per farm compared to £5,848 the previous year; net investment in machinery was £23,439 compared to £19,834 in the previous year.
- In the previous year, there had been some optimism in the sector despite increases in the three core items of feed, fertiliser and fuel. However, in 2009 this optimism gradually eroded away even though variable costs had stabilised.
- Heifers and freshly calved cows continued to attract good prices.
- Average output and profitability on dairy farms was depressed in this year by the collapse of Dairy Farmers of Britain which took place in the first week of June 2009. Results for these farms are included in these figures.

**Mixed Farms**

- There were 23 farms classed as Mixed farms in the GOR representing 14% of the total number of farms in the region.
- In 2009, average farm size for this type of farm was 94.5 ha which was considerably smaller than the all England figure of 147.3 ha. Arable crops accounted for 55% of the area. Livestock output, both grazing and non-grazing was a significant feature on these farms accounting for two-thirds of agricultural output.
- For Mixed farms FBI averaged £43,768 in 2009 representing an increase of 15% on the previous year. For this group of farms the all England figure was slightly lower at £39,833.
- On Mixed farms in the GOR agricultural output accounted for 77% of Total Output, Single Payment Scheme accounted for 10% with agri-environmental payments and diversified activities out of farming accounting for 1% and 12% respectively.
- NFI at £31,939 was 9% higher than the previous year. For this group of farms the all England figure was lower at £26,300.
- Interest payments averaged £2,491 per farm compared to £3,551 the previous year; net investment in machinery was £14,145 compared to £15,257 in the previous year.
Grazing Livestock farms (LFA)

- 21% of the farms surveyed in this GOR were classed as Grazing Livestock Less Favoured Area (LFA) farms. Further information on aspects of the economics of sheep farming in the region is given elsewhere in this report.
- Average number of animals on these farms in 2009 was 26 beef cows and 359 ewes which was 9% and 15%.
- Average LFA farm size in this GOR was 169 ha compared to 147 the previous year. Average farm size for all England LFA farms was smaller at 137 ha.
- For LFA farms FBI averaged £26,841 in 2009 which was the highest recorded figure in the series back to 2003. For England as a whole FBI per farm was lower at £22,206. Only one other GOR region recorded a higher FBI for this farm type – the North East GOR.
- On LFA farms in the GOR agricultural output accounted for 60% of Total Output, Single Payment Scheme accounted for 23% with agri-environmental payments and diversified activities out of farming accounting for 13% and 4% respectively. In other words support from Single Payment System and Environmental payments is much more significant as a proportion of income in this farm type compared to the other main farm types.
- Net Farm Income (NFI) at £20,450 was also significantly higher than the previous year. As with FBI, it was higher than the all England figure which was £15,571.
- Net Interest payments averaged £1,839 per farm compared to £2,279 the previous year; net investment in machinery was £8,530 compared to £7,505 in the previous year.
- For hill livestock farmers the lambing period was better than the previous year due to drier conditions compared to that experienced in 2008. Also there was optimism in the sheep sector following the very strong market prices for finished lambs in the first quarter of 2009. This translated into higher gross margins for hill sheep flocks in 2009 compared to 2008. Figures produced by RBR indicate that gross margins were up by £17 per ewe – this was due to higher prices for finished, store and breeding sheep.

Pigs

There are insufficient farms in the sample for GOR North East and Yorkshire and Humber to present regional data for pigs. The following commentary has been provided by RBR Cambridge on the national picture.

The results are from an increased sample of 61 pig farms across England, encompassing all types of producer including breeders, finishers and all through units. The average pig farm in the sample was stocked with 2,283 pigs (2,464 in 2008). The observed change in diversification output is due mainly to a change in the FBS sample.

With a reduced EU pig population, and favourable exchange rates, the market for pig producers improved in 2009/2010. The average Specialist Pig farm FBI improved by 21 per cent to £71,565 per farm. Output from pigs, including finished animals, increased by six per cent to £465,747 per farm due to firmer prices for pig meat. A reduced breeding herd in Europe, was the main driver of improved prices for pig meat at the start of 2009, but weakening sterling also increased prices. From 131 pence per kilogram deadweight in January 2009, prices rose to 140 pence per kilogram in March and nearly 155 pence per kilogram in June³. Higher slaughterings and reduced summer demand brought prices back to 150 pence per kilogram⁴.

During the year, world prices were disrupted by consumer concern about the H1N1 virus, known as ‘swine flu’ in numerous countries. Russia, China, Indonesia and Serbia all banned imports from Mexico in April 2009, despite advice that the disease is not transmitted from eating meat⁵.

³ GB Surveillance Pig Diseases, Veterinary Laboratories Agency, 13 May 2009
⁴ GB Surveillance Pig Diseases, Veterinary Laboratories Agency, 13 November 2009
⁵ Farmers Weekly, 1 May 2009
In response to improved prices, the year saw a seven per cent increase in the English pig breeding herd to 371,030 animals. Despite the increasing domestic breeding population, the harsh weather conditions experienced in January 2010 gave rise to an increase in weaner prices of £52 per head in February⁶.

Taking account of the reduction in farm size, costs were little changed on the previous year. In response to high carry over stocks and plentiful supply of grain from harvest 2009, feed costs declined as the year progressed.

The capital position of Specialist Pig farms was stable in the year with an increase in stock values contributing to the £9,061 valuation change and expenditure on machinery running a little below the depreciation charge. The closing net worth averaged £508,249 per farm and reflected a 17 per cent increase in the valuation of land and buildings.

By the end of 2009, pig processing was effectively controlled by four large businesses in the UK; Morrison’s, Cranswick-Bowes, Vion and Tulip. There are of course independent abattoirs but these handle relatively low volumes of pigs. A favourable development during the year was increased loyalty to domestic pig production as the Cooperative, Morrison’s, Waitrose and Marks and Spencer all committed to stocking 100 per cent British pork by the end of 2009⁷.

**Poultry**

The sample of 67 egg and broiler producers was similar to the previous year but included farms with fewer birds. Their average FBI amounted to £66,326 per farm, and some thirty nine per cent higher than in 2008/2009. Nationally, the change in the poultry population was relatively small. The layer population reduced by two per cent in the year to January 2010 to near 29 million birds, the broiler and broiler breeder population increased by one per cent to 114 million and the turkey population remained static at a little over nine million.

Partly reflecting the lower bird numbers per FBS farm, poultry output averaged £573,884 per farm (£653,298 in 2008/2009). Whilst individual farms in the sample were either egg or table bird producers, about 36 per cent of the measured output related to egg production and 64 per cent to meat production.

Some 24.6 million cases of eggs were packed in the UK in 2009, 0.3 per cent fewer than in 2008. These sold at an average of 72.6 pence per dozen in 2009, nearly three per cent higher price than in 2008⁸.

Lower expenditure on costs of all types is largely explained by the lower number of birds within the survey. Feed costs comprised 54 per cent of the value of output in 2009/2010 and similar to previous year. Both broiler and egg producers incurred additional expenditure on heating and feed in the very cold conditions of January 2010⁹. The estimated cost was five pence per bird on one farm. Those operating high welfare units with corresponding reduced stocking rates faced even higher costs of about 10 pence per bird. The further consequence of the low temperatures was the cost and inconvenience of dealing with frozen water supplies.

Concern was felt within the industry in March 2009, when H6N1 ‘bird flu’ was found at two poultry premises in East Anglia but found to be of low pathogenicity¹⁰. Poultry keepers were advised to be vigilant, but the low risk from this strain of disease determined that major biosecurity measures were not needed.

Ahead of the 2012 cage ban, free range production increased from 16.4 per cent to 37.9 per cent of production between 1999 and 2008 and 2.4 million layer places were converted

⁶ GB Surveillance Pig Diseases, Veterinary Laboratories Agency, 14 May 2010
⁷ GB Surveillance Pig Diseases, Veterinary Laboratories Agency, 15 February 2010
⁸ GB Surveillance Avian Diseases, Veterinary Laboratories Agency, January to March 2010
⁹ Farmers Weekly Interactive, [www.fwi.co.uk](http://www.fwi.co.uk), 30 January 2010
¹⁰ Defra News Release 50/09, 5 March 2009
to enriched cages in the same period\textsuperscript{11}. The British Egg Industry Council expressed the view that the UK was well placed to meet the obligations of the cage ban, but some 30 per cent of the EU flock would be likely to remain in cages.

Oversupply was the emerging problem in free range egg production as the industry responded to the EU cage ban in 2012 and increasing willingness of consumers to pay for premium egg production methods before the ‘credit crunch’. Up to 2009, free range production had increased by nine per cent per year\textsuperscript{12}. Free range production was 14 per cent higher in 2009 than in 2008\textsuperscript{13}. Among the more specialised organic section of the free range market, sales reduced by 34 per cent in 2009 compared to 2008, in response to reduced consumer spending.

Across England, egg packers including Stonegate, Noble Foods, Fridays and John Bowler closed their doors to new free range egg suppliers and reduced the price of eggs payable to farmers\textsuperscript{14}.

Anecdotal reports of retail traditional turkey sales were of increased volumes. Sellers in Essex and Leicestershire reported higher numbers of sales of premium bronze turkeys at the expense of white turkeys\textsuperscript{15}.

\section*{Horticulture}

In all regions of England, horticultural production is carried out by a wide range of businesses, and encompasses the production of a wide range of crops.

Horticultural activity occupies about 16,660 hectares in the Yorkshire and the Humber region (Source: Defra June Survey). This represents about 11\% of the total area of horticultural crops in England and just 1.5\% of the farmed area in the region. The main activities are as follows:

- 15,584 ha Vegetable and salad crops grown in the open
- 519 ha Hardy nursery stock
- 26 ha Flowers and bulbs
- 20 ha Commercial orchards

There are 620 horticultural holdings in the region of which approximately one-half are deemed to be of a commercial size (new criteria applied to 2009 data set onwards).

There were insufficient farms in the sample to present regional data, but some observations for England will be relevant to the horticultural businesses of the region.

The average Farm Business Income (FBI) for horticultural businesses in England was £49,300 per business; this was 68\%, or £19,995, higher than 2008. A total of 76\% of the FBI was generated from horticultural production with just 5\% coming from the Single Payment. Diversification contributed 16\%, or £8,017, on average per holding to the FBI. The total farm output for this sample of holdings fell by 9\% between 2008 and 2009 from £394,352 to £357,428. However, variable costs were down by 22\% and fixed costs by 8\%. Overall, costs were down by 14\% resulting in the increase in FBI in spite of the drop in output.

Within the fixed costs fuel and oil costs fell 26\% as did expenditure on other crop costs within the variable costs total. Labour costs, which represent a third of total costs, fell by 9\%; this would be expected because labour costs tend to track with output on account of the high seasonal labour costs associated with harvesting and processing of crops.

Horticultural businesses experienced an 8\% improvement in net worth to give an average closing net worth of £533,612. This was due in part to the increase in value of property assets.

\textsuperscript{11} Farmers Weekly Interactive, www.fwi.co.uk, 2 February 2010
\textsuperscript{12} Farmers Weekly Interactive, www.fwi.co.uk, 14 December 2009
\textsuperscript{13} Farmers Weekly Interactive, www.fwi.co.uk, 18 December 2009
\textsuperscript{14} Farmers Weekly Interactive, www.fwi.co.uk, 25 June 2010
\textsuperscript{15} Farmers Weekly Interactive, www.fwi.co.uk, 14 January 2010
Policy Developments

The Single Payment Scheme (SPS)

2009 was the fifth year of SPS with a lowland regional payment figure of 191 euros, up from 142 euros the previous year. Despite a slight increase in modulation (up from 18% to 19%) most farmers saw an increase in SPS payments as a consequence of the exchange rate changing from 0.7903 to 0.9093. In 2009 the payment on lowland arable was £242 per ha compared to £216 the previous year. In 2010 modulation has remained stable at 19% but a fall in the exchange rate means a lower SPS payment of £228 per ha.

The improvement in the processing of payments that had occurred for the 2008 claim continued with 78% of funding paid out by the 31st December 2009. This relates to 85% of claimants. Less good news was that the updating of the maps for the 2010 claim seemed to cause a lot of difficulties and frustration at the farm level.

Nitrate Vulnerable Zones (NVZ)

The area in the country designated as NVZ was increased in the Nitrate Pollution Prevention Regulations (2008) which came into force on 31st January 2009. Nationally the designated area increased from 55% to 68% of land area. A very small area was de-designated.

Uplands Entry Level Scheme (UELS)

The government announced the new UELS which is an additional element of Entry Level Scheme available to those with land in the SDA. In the autumn DEFRA and Natural England organised a series of roadshows to explain the scheme to prospective applicants. However, the existing Hill Farm Allowance (HFA) was extended to 2010 whereas it was originally announced that 2009 would be the last payment. The UELS starts from July 2010 with the very first payments expected in January 2011.

Crops for bio-fuels

HGCA Conference at York in November 2010 reported growing demand for grain going into bio-fuel processing. Farmers in North-east, Yorkshire and Humberside are already supplying the Ensus plant on Teesside. This plant was expected to take 1.2m tonnes of wheat per annum and the Vivergo plant at Hull would take 1.1m tonnes when fully operational. In addition new plants were being planned for which would be located at Immingham and Grimsby.