ANDERSONS

Outlook 2020

ANDERSONS

the FARM *business* CONSULTANTS

Contents

Introduction to Outlook 2020 3

Farm Business Outlook

- Farm Profitability Prospects 4
- Economic Prospects 6
- Farm Policy 8
- Finance and Banking 11
- Land Prices and Rentals 13
- Labour 15
- Topical Issue – Brexit 18

Cropping

- Combinable Crops 21
- Potatoes and Beet 23
- Horticulture 25
- Topical Issue – Climate Change & Cropping 27

Livestock

- Dairy 29
- Beef 32
- Sheep 34
- Pigs 36
- Poultry 38
- Topical Issue – Climate Change & Livestock Farming 40

National Administrations

- Scotland 42
- Wales 44

Contributed Article

- The Future of Food 46

ANDERSONS

Andersons® is a registered trade-mark of Andersons the Farm Business Consultants Ltd

Outlook 2020 has been compiled with contributions from Consultants within the Andersons businesses. It is published by Andersons the Farm Business Consultants Ltd, which co-ordinates the presentation of the Andersons businesses throughout the UK.

Editors: John Pelham, Partner, Andersons Midlands and Richard King, Head of Business Research, The Andersons Centre

Copyright © Andersons 15th November 2019

INTRODUCTION TO Outlook 2020

Welcome to the latest edition of Andersons' annual Outlook publication. We hope you find our 2020 offering informative and stimulating.

The phrase 'Twenty-twenty' is often associated with perfect vision. Clarity of foresight is even more difficult than usual in these turbulent political times. However, it is possible to look beyond the current upheavals and see the big issues that agriculture needs to address in the years ahead.

One of these issues is the need to farm profitably with a lower level of financial support. Whatever form Brexit takes, the trajectory of funding looks set to be downwards and farmers will be expected to 'do more' to receive any support – thus decreasing the profit from the annual subsidy cheque.

If it weren't for Brexit the main agenda item for farming (and perhaps the whole economy) would be the environment. Agriculture has been grappling with the 'local' environment in terms of biodiversity and pollution for many years and will continue to do so. But now a more global factor is in play, with the rising factor of climate change.

The last of these matters we want to highlight is productivity. Whilst there are pockets of excellence in UK agriculture, the statistics indicate that we have been slipping down the league table in recent years. Technology can play a part in addressing this issue, but the need for good people within the sector is equally, if not more, important.

All these themes (and more!) are addressed in this edition of Outlook. They are not going to be solved overnight or, in most cases, by individuals on their own. Collaboration is another area where UK farming needs to improve. Andersons has been working with farmers and the allied industries for over 40 years to help them make the right decisions, whatever the business environment.

We wish you all the best for a successful 2020.

John Pelham   Nick Blake   David Siddle   Richard King
Directors, Andersons the Farm Business Consultants Limited

FARM BUSINESS OUTLOOK

Farm Profitability Prospects

Richard King

With a few notable exceptions, most sectors of UK agriculture will have delivered robust profits in 2019. Without the weather issues seen in 2018, and with Sterling remaining weak due to political and economic uncertainty, the industry has experienced relatively benign conditions.

Every sector and every farm will be different, but the benchmark for looking at the overall profitability environment is Defra's Total Income from Farming (TIFF) series. This has been running since 1973 and shows the aggregate profit from all UK farming and horticultural businesses for the calendar year. In simplistic terms it is the profit of 'UK Farming Plc'. More precisely, it measures the return to all entrepreneurs in the industry for their management, labour and capital invested.

The latest TIFF figures from Defra relate to the 2018 year. As Figure 1 below illustrates, last year saw a dip in profitability compared with the previous year – in real terms TIFF declined by 18%. This was largely driven by the weather, with feed costs, in particular, rising due to the cold wet spring and summer drought. The weather during the 2019 growing season has been less extreme and this should translate into a rebound in profitability. However, output prices for the past 12 months have been a 'mixed-bag', with combinable crop values falling post-harvest, and beef prices being grim for most of the year. This will limit the extent of the recovery. Also keeping a lid on profits will be the general rise in production costs, especially in the overhead categories such as labour and machinery.

> ***With a few notable exceptions, most sectors of UK agriculture will have delivered robust profits in 2019.***

Andersons run a model that tracks the TIFF figures and forecasts their future direction. Given all the factors discussed above, we believe that the UK's aggregate farm profit for 2019 could increase by somewhere around 4% in real terms, compared to the (provisional) 2018 figure. This would leave it just below the £5bn mark. The first Defra official estimate will be published in the New Year.

Looking to the prospects for 2020,

TIFF is forecast to show a small decline [in 2020].

the UK's trading relationship with the EU and the rest of the world and future currency movements will be the main determinants of agricultural profitability. The two are intimately linked; continued uncertainty or a No-Deal outcome is likely to keep Sterling weak, which is generally good for farm profits (under normal circumstances). For the purposes of modelling, it has been assumed that there is no major disruption to trade flows from a 'cliff-edge' Brexit during 2020. In addition, the Pound stays in the range €1 = 85-90p. Given this, TIFF is forecast to show a small decline. Part of this is a result of cyclical movements in markets (notably lower milk prices), with the other main element being the continued upwards creep in costs. At this level TIFF would remain close to its real-terms average for the last decade.

The following articles in Outlook look at the prospects for the various sectors of UK farming in more detail.

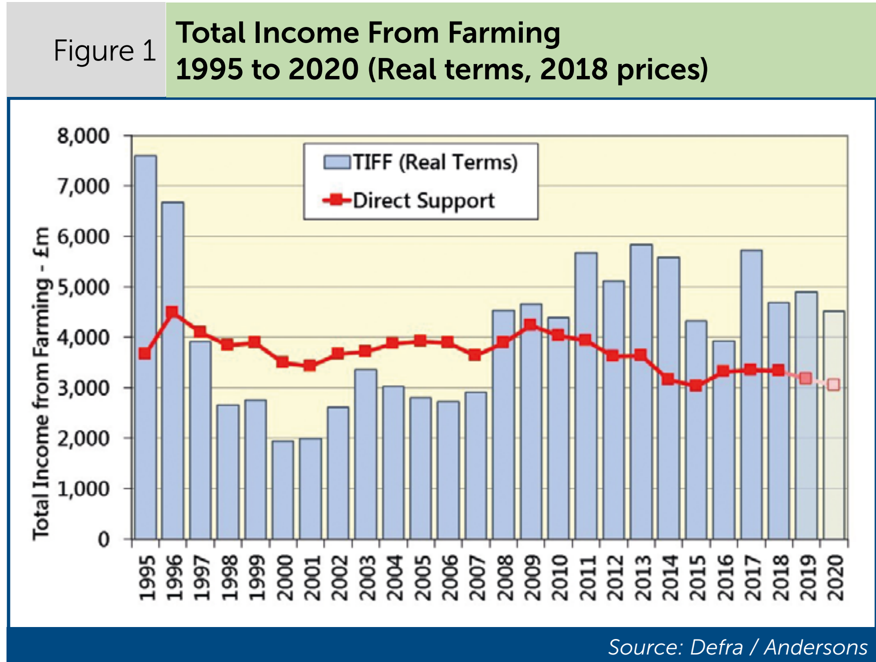


Figure 1 **Total Income From Farming 1995 to 2020 (Real terms, 2018 prices)**

Source: Defra / Andersons

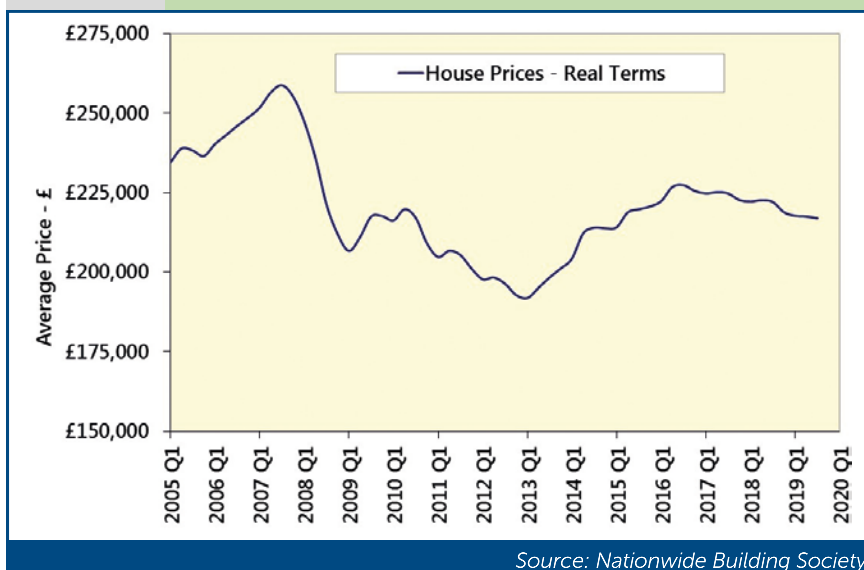
FARM BUSINESS OUTLOOK

Economic Prospects

Graham Redman

When Kristalina Georgieva was appointed Managing Director of the International Monetary Fund (IMF) in September, she instantly announced the world must prepare for an economic downturn. She is not alone thinking such things; the Organization for Economic Cooperation and Development expects the 2020 global economy to grow at its slowest rate since the 2007-08 financial crisis. More locally, the National Institute of Social and Economic Research (NISER), is one of many forecasters that considers the UK economy will slow or contract in 2020, even if No-Deal is averted, but with a minimum of a year-long recession if No-Deal occurs.

Figure 2 **UK House Prices (Real Terms) - 2005 to 2020**



Source: Nationwide Building Society

The bond market, a powerful influence on global inflation and key indicator of future economic performance, has been warning of a pending largescale global recession for the latter part of 2019. Under normal conditions, the return for long-term investments outstrips that of short-term ones because of the uncertainty the future holds. At present, there is an 'inverted yield curve', where short term bonds are offering higher returns than those maturing at a later date. This has not been seen since just before the Financial Crisis of 2007-08. Such an inversion preceded the last seven recessions in the US. This inversion is also established in the UK and the EU bond markets too.

Trade conflicts are an ever-growing issue, with the two largest economies in the world becoming increasingly embroiled in a protectionist wall-building programme, seemingly oblivious that walls and barriers slow movement of trade in both directions, therefore jeopardising opportunities for their own prosperity. Growth in China has fallen to its lowest level in nearly three decades and, in the USA, base

rates have decreased as the Federal Reserve braces for a contraction. These two economic powerhouses lead the way in the global economy, with China gradually but inexorably taking the dominant role.

The European Central Bank has stated it is ready to respond to an economic downturn in the Eurozone. The problem they have is that rates there are already extremely low and cannot fall much further. The Eurozone is not really growing (it is not really contracting yet either) and this will, at least in some part, be because of the UK's decision to leave the trading block.

Globally, the pantomime called Brexit, is virtually irrelevant to the majority of economies around the world (and even Europe to some extent). It's just that when the world economy is sick, the UK becomes infected too. Trying to untangle 40 years of trading ties at a point when the economic outlook is already gloomy is not the most fortuitous of timing.

Notwithstanding the impacts of leaving the cosy arrangement with our closest trading partners, the UK is likely to have a year of slow or (more likely) negative growth. Many forecasters (e.g. PWC) expect property prices to decline in 2020. In real terms, they have been falling for 12 years now already. Very few, if any people have made money out of capital gain of property this decade, especially after maintenance, finance, agents fees and of course, taxes.

Inflation is a sure way of eroding most people's wealth. But inflation also erodes debt, so those who gain are those with high borrowings and no assets. NISER is expecting inflation to rise to a concerning 4% (with a Deal). Any further fall of the value of Sterling would accelerate that, suggesting that a No-Deal might lead to even higher inflation. The Bank of England might be forced to raise base rates at this point, but would pose another challenge to the UK economy with rising costs of finance.

UK employment rates are relatively high, but productivity per worker is poor. Investment by companies is required; confidence to train employees is needed and install tools and machines that raise the return per worker. Lower social payments are encouraging claimants back to work and the workforce is staying on at work for more years now than ever before (it's not just farmers that are getting older). The age of retirement is increasing and likely to continue going up (exceeding 70 in years to come). Whilst the UK's output might rise, the output per worker will not. This reflects directly on the UK farming workforce, much of which is beyond the official retirement age. Some who claim to still work on the farm will become greater liabilities than help. Output per agricultural worker in the UK is very low, a problem that the industry needs to solve.

Consumer spending is likely to fall slightly under a Deal scenario in 2020, and considerably without one. Farming is reassured under these conditions because, as we all require similar calories each day, regardless of wealth or status, we know that consumption of food will not change at the same speed as, say, car sales, holidays, clothes or other unnecessary or less urgent items. Yet food consumption trends may still change. In 2008, bread consumption rose as people made their own sandwich lunches for example, and consumption of lower specification goods became popular (it led to Waitrose launching the 'Essentials' range and other stores did similar things). The currently increasing trend of eating out might take a pause, whilst people stop to save their pennies. New ways of doing things might be led by lower cash in the pocket for a year or two and this might lead to opportunities for those focussed to spot them.

Overall, the UK economy faces headwinds, whatever the outcome of Brexit. These tougher business conditions will affect farming businesses even though agriculture often moves to a different rhythm than the rest of the economy.

FARM BUSINESS OUTLOOK

Farm Policy

Caroline Ingamells

Whatever the outcome of Brexit, it appears unlikely that there will be much change to agricultural support in the UK in 2020, compared to 2019.

Defra and the devolved administrations have all stated that the BPS will continue to operate across the UK next year. Initially there was talk of some 'simplification' (e.g. getting rid of the three-crop rule) for the 2020 scheme year, but with the (Brexit) timetable having slipped so much this is now very unlikely and it seems all the rules including 'Greening' will remain unchanged. All the application processes, timings, and forms look like being retained too.

Unlike many other aspects of Brexit, whether there is a Deal or No-Deal outcome makes little difference. Under a Deal, the rules of the Transition Period will apply, meaning the UK has to comply with all EU legislation until 31st December 2020. But there is a specific clause which states that the BPS shall not apply in the UK for the 2020 claim year. Defra and the devolved administrations have already prepared domestic legislation (under the Withdrawal Act) to ensure the UK has the ability in law to continue to make farm support payments. This can be used during the Transition Period under a Deal scenario, or in the event of No-Deal. The legislation preserves the EU law as it currently stands. All of the rules and processes will remain the same until Defra and the devolved administrations introduce new agriculture policies, either through the Agriculture Bill, or an Agriculture Bill in one or more of the devolved Parliaments.

> ***The ELM scheme may end up much closer to the current Countryside Stewardship and past Environmental Stewardship (or even ESAs) than once seemed the case.***

Although the scheme rules for 2020 are expected to be the same, the mechanism for converting BPS payments once the UK leaves the EU is unclear. There may be a one-off 'renationalisation' permanently converting all entitlements to a Sterling basis. In addition, it is

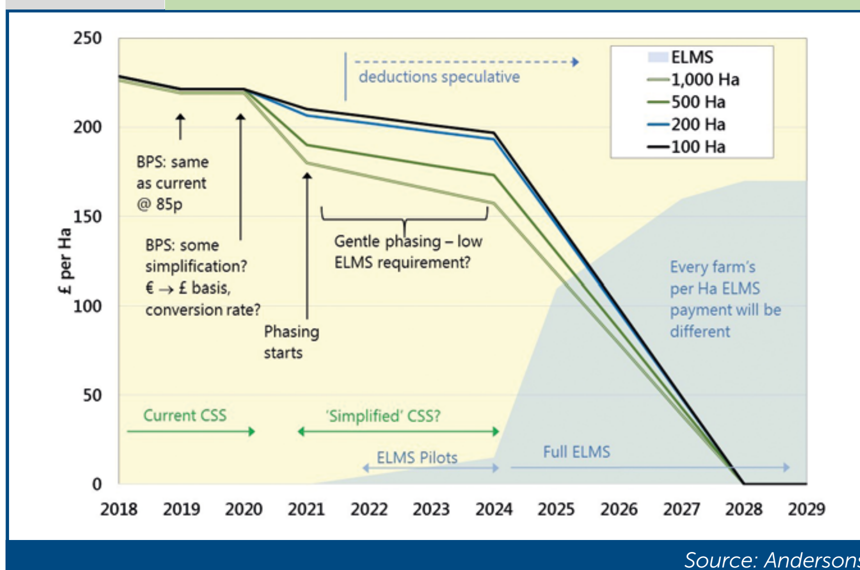
unclear what €/£ exchange rate might be used, but the average September values, as used previously, may not apply.

Looking ahead after 2020, the Policy Statement that accompanied the Agriculture Bill when it was published in autumn 2018 sets out details of the seven-year Agricultural Transition. During this time, direct payments in England would be phased out completely by 2028 and the new Environmental Land Management (ELM) Scheme would be rolled out. These details have not changed since last year's Outlook. Scotland and Wales have both held their own consultations on future farm policy. The details of the Scottish and Welsh proposals for future farm policy are included in the regional articles later in Outlook.

One of the significant proposals was for direct payments in England to be de-linked from production and the possibility of a lump sum payment. Defra is intending to launch a formal consultation on these two proposals by the end of 2019. This is likely to include questions on the reference year to be used, when to introduce de-linking, and how and when any lump sum payment might be made.

With the end of the Parliamentary session in autumn 2019, the original Agriculture Bill 'fell' as it had not been passed in time. The Queen's Speech indicated the Bill would be represented – and largely unchanged, despite some concerns over its content expressed by the farming sector (it gives plenty of 'powers' to Government, but few 'responsibilities'). There have been calls from the industry, particularly by the NFU, for the Agricultural Transition to be delayed by a year (to 2022,) due to the lack of progress of the Agriculture Bill. It should be remembered that, even if the Bill is passed, it does not enshrine in law the current plans for future support.

Figure 3 **Potential English Support Payments - 2018 to 2029**



Source: Andersons

These are just in a Policy Statement that can be changed at the whim of a new Minister or Government.

Defra is busy working on the design of the flagship Environmental Land Management (ELM) scheme. It appears, from the outside, that some of the early aspirations such as incorporating a 'natural capital' approach and paying on environmental outcomes are meeting the harsh reality of producing a scheme that is simple enough to operate. The ELM scheme may end up much closer to the current Countryside Stewardship and past Environmental Stewardship (or even ESAs) than once seemed the case.

In the meantime, Defra has confirmed Countryside Stewardship (CS) will continue to be available in the 'first few years' of the transition period, and applications will certainly be open in 2020. Unfortunately, there is no end date given and it is likely to be dependent on the progress of the ELM Scheme as Defra expects the two schemes to overlap for a 'period of time'. The plan is to launch the new scheme from 2024. Those who are thinking about entering CS should not be put off for fear of being unfairly disadvantaged when the ELMS is available, as Defra has said it will ensure this will not happen.

As well as the ELM Scheme, Defra is looking at other elements of future farm support;

- **Animal Welfare** – an animal welfare grants programme would provide one-off payments to support farmers to provide welfare enhancements beyond the regulatory baseline. A further initiative being explored would see livestock producers being rewarded with on-going payments for signing up to and achieving animal welfare enhancements.
- **Investment support** – during the Agricultural Transition (2021-2027), the plan is to offer support towards equipment, technology and infrastructure which improves farm productivity in an environmentally sustainable manner and provides other public goods.
- **Research and Development** – support will be made available to enable farmers to work with researchers to find new ideas and technological solutions to problems that will really make a difference.

In terms of funding, the Government has guaranteed the same cash total will be available for the lifetime of the present Parliament. At the time this was expected to be until 2022, but as a General Election has been called earlier, the guarantee will lapse. After that point, the funding available is unknown. A phased reduction is expected, given other priorities for government spending.

Of course, 'policy' is not simply about farm support measures. Agriculture operates in a framework of legislation on tenancies, taxation, the environment, employment and many other issues.

Defra and the Welsh Government consulted on changes to the farm tenancy legislation earlier in the year. Although wholesale reform is not proposed, the changes to the legislation would be significant in some circumstances. The legislation covering residential lets also looks set to alter in England. With many farms and estates renting out surplus cottages, the additional protection for tenants may bring issues with the management of let properties.

Far more significant change in land use and ownership (including tax policy) might occur should a Labour Government come to power. Some of the policies put forward are covered in more detail in the following Land Prices and Rents section.

The Government has promised to put forward a new Environment Bill. Partly, this is to put in place a governance framework to replace that previously undertaken by the EU. But there will also be a system of longer-term environmental targets and a specific focus on air and water quality, biodiversity and natural resources. Farming is likely to be affected in some way by all of this. The bill will also be used to legislate for Conservation Covenants – potentially offering new opportunities to landowners. At present it is possible to put legal covenants over land, but only to stop certain things happening (e.g. not being able to build on it). There is currently no mechanism in law to enforce positive action on the owner of land (e.g. maintaining trees) that is binding on future owners. Existing agri-environmental agreements are simply a contract between Government and the occupier for a set period of time. Conservation covenants would bind the occupiers of the land for the long-term or perhaps even perpetuity – the timescales that many environmental actions work over. A payment would have to be offered to the landowner for them to sign-up to such an agreement.

Most farmers would still regard themselves as food producers first and foremost rather than land managers. Defra is producing a National Food Strategy, with a review led by Henry Dimbleby. This should be published in 2020 and may have an impact on the whole food chain. There is increased interest at a policy level as to how diet interacts with the overall health and well being of the population.

Overall, it can be seen that there is plenty happening in terms of policy at both English and UK level. Some of this will reach a conclusion during 2020, but much of it is of a long-term nature and will affect the industry for years to come.

FARM BUSINESS OUTLOOK

Finance and Banking

Jamie Mayhew

I have been asked on a few occasions whether there is still an appetite for lending in the agricultural sector due to current uncertainties. The answer is, of course, yes, but the same key parameters still drive lending decisions. Lending to agriculture is now in excess of £19bn and we project that it will remain at this level despite the downturn in land prices and possible base rate increases.

With the high proportion of farming owner-occupiers in the UK, lending to agriculture is a relatively safe prospect, from a security and loan to value perspective. However, debt serviceability is far more important when assessing the viability of new borrowing. Serviceability will determine the availability of future borrowing, which is why detailed budgets (both P&L & Cashflow) are essential.

Cash is king, and it is essential to assess the cash generation of a business as well as Profit and Loss. In order to do this, one must convert the budgeted (or actual) P&L into cash. The table below lays out those items that appear 'below' the P&L and can be used to calculate the final cash position.

The general rule of thumb, for machinery, is to spend in line with calculated depreciation – i.e. add back the depreciation (as it is a non-cash item) and deduct actual machinery purchases (net of trade-ins) & HP repayment. The assessment of the cash position after paying tax, taking drawings and repaying loans may well show a cash deficit. If so, over the longer term, there will be a requirement for additional working capital (such as overdraft increase). If this is the case, then the business will need to become more profitable. An injection of capital, e.g. from the sale of an asset or from private funds, can also be used to mitigate the overdraft increase, but this is only a short-term solution.

Figure 4 **Profit to Cash**

Profit/(Loss)
Add Back Depreciation (shown in the Profit and Loss account)
Add Machinery Sales
Add Capital Sales
Add HP Loan Income
Less Machinery Purchase
Less Capital Purchases
Less HP Loan Repayments
Less Bank Loan Repayments
Less Private Drawings
Less Tax Paid
Equals Cash Surplus/(Deficit)

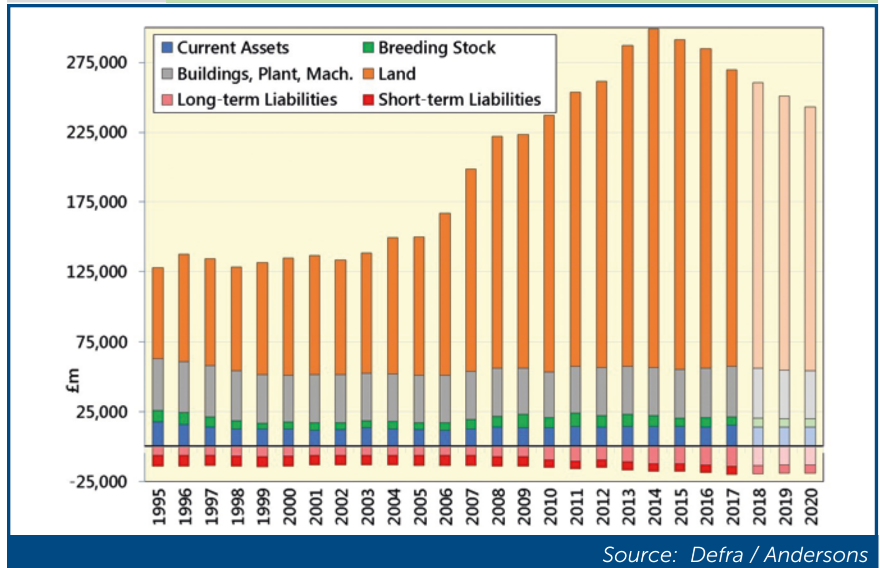
Consideration should be given to the current low interest rates and the impact of any base rate increases on cash generation. A number of lenders 'stress-test' based on a higher base rate, which could make investments which look serviceable at current rates unaffordable in the future.

When reviewing cash flow, consideration should be given to the level of core borrowing rather than the fluctuation in working capital. There is an annual renewal fee on overdraft debt and any overdraft may take some years to trade out of from cash surpluses. Perhaps this 'hard core' debt should be converted to a loan where only one arrangement fee will be due?

UK agriculture will continue to own a large asset base. Although there has been a reduction in land prices, even if they dropped by a quarter or half, UK agriculture would still (on aggregate) have a very strong balance against which to secure future borrowings, as shown by Figure 5.

Given the pending uncertainties in the industry, being cash generative provides the ability to withstand potential downturns in profitability as well as the opportunity to re-invest and develop existing businesses. For the proactive businesses, the future holds great opportunities. It is therefore essential that your business is in a position where it is generating enough cash from trading to service any historic or future debt.

Figure 5 **UK Farming Balance Sheet (Real Terms) – 1995 to 2020**



Source: Defra / Andersons

> ***Debt serviceability is far more important [than the asset base] when assessing the viability of new borrowing.***

FARM BUSINESS OUTLOOK

Land Prices and Rents

George Cook

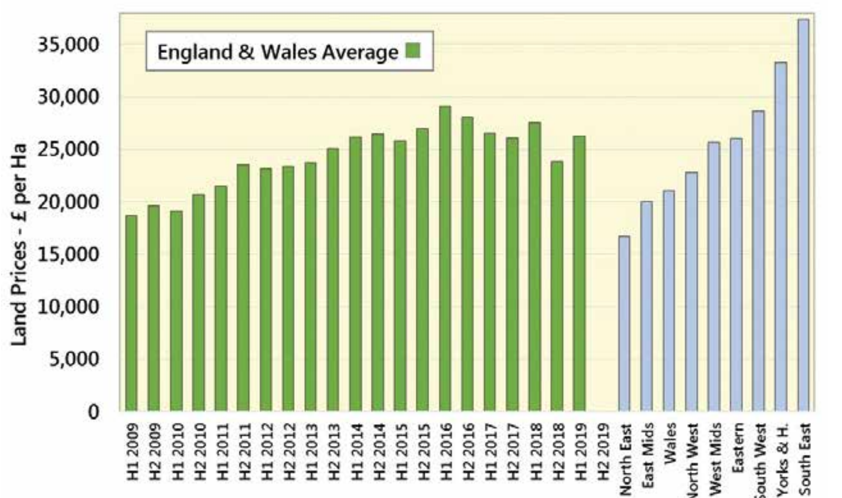
Political uncertainty is at an unprecedented level. Whilst its impact has not yet been widely seen in land prices, it has certainly contributed to a slowing of transactions.

The data on land prices is remarkably patchy considering it is a topic of such interest to the farming sector (or at least to the lenders to the sector). Official 'government' statistics on land prices stopped being published in 2005. The gap was filled by the RICS/RAU Land Market Survey. In 2006, due to the declining volume of reported sales, this moved from a quarterly to half-yearly basis and started to report headline land price movements on the basis of Chartered Surveyor opinion rather than actual sales. The latter (the transaction-based measure) was deemed to be unreliable due to a limited number of sales and the large residential element in many of them.

For the first half of 2019, there will be no opinion-based measure due to the low level of feedback to the survey. Thus, the situation on land prices is even less clear than usual. However, transaction data suggests a small upward movement in the average prices in the first half of 2019 (see chart below). This average masks wide variations according to region within the country. Such variation is also evident within each region, driven by local demand, often fuelled by the current taxation regime (e.g. 'rollover' money).

Evidence indicates that a number of deals are being completed privately, away from the public gaze. So, there may be more activity in the land market than it appears. Even so, the political situation has encouraged the 'pause' button to be pressed in many circumstances. The in-fighting and politicking

Figure 6 **England & Wales Land Prices (Real Terms) – 2009 to 2019, and 2019 Regional Split**



Source: RAU / RICS

of those in Westminster and the political elite provides an unedifying spectre to the majority of us in the real world.

As set out elsewhere in this publication, the Agriculture Bill sets out a path for financial support to shift from an area-based system to one that embraces the splendidly nebulous concept of 'Pubic Goods'. Turning this idea into meaningful and quantifiable criteria on which to base a support system is providing policy makers with significant problems. One can only hope that the policy that evolves is less prescriptive and bureaucratic than the current Countryside Stewardship scheme. Over the longer term the shift in support arrangements will affect the income streams from farmland. Although this will mostly affect rents, capital values may also see some impact.

Farmland values are, of course, driven by a wider range of factors than just what can be earned from farming the land. Tax advantages, capital appreciation and long-term investment all play a part (among other things). Here too politics could play a part. A change of government is likely to trigger greater scrutiny of the land market, land ownership, and the value of development land. An independent report commissioned by the Labour Party and published in June makes some radical suggestions. Entitled 'Land for the Many', some of the key recommendations include;

- *transparency on who owns land,*
- *an explicit goal to reduce house price inflation*
- *restrictions on the private rented sector including security of tenure and caps on rent levels*
- *reform of the tax regime to include a replacement for the Council Tax*
- *a review of the tax exemptions on farmland and the abolition of Inheritance tax to be replaced by a lifetime gifts tax;*
- *reforms to the Planning regime including the possible extension of planning control to farming changes*
- *a Community right-to-buy*
- *a boost to County farms*
- *the creation of a general right-to-roam.*

Overall, though, the immediate prospect for land values seems to be for the current market inertia to continue for a year or two to come. If nominal prices are flat, or drifting downwards, then it should be remembered that the effect of inflation means that values are actually dropping in real terms. This has occurred in the residential market over the past decade, and we may see a period of years where land prices experience a 'correction' through the effects of inflation.

Turning to rents, at present the traditional Agricultural Holding Act (AHA) 1986 market has an element of stand-off in changes to rents. It is apparent that both Landlord and Tenant are playing chicken in terms of timing and serving of notices to review in the current financial situation. This is primarily because the fundamentals in the calculation of 'Earning Capacity' of the holding have remained largely unchanged for the past two or three years.

The next trigger point is likely to come when changes to area payment policy become apparent. It seems evident that the direct income from area-based subsidy will reduce over the next 7 to 8 years with the initial impact being felt first on the larger holdings.

Farm Business Tenancy (FBT) rents continue to reflect local 'Open Market' demand. This demand is in turn influenced by regulatory and anaerobic digestion (AD) requirements. The former is particularly relevant in the livestock sector where larger scale dairy and pig units require sufficient land area to meet NVZ requirements. The AD biomass sector, the influence of the 'double' subsidy for land producing feed stock, together with demand for the extension of rotations for root and cash crops, continues to ensure a strong demand for FBT land and therefore rents payable. Again, an immediate change in such demand seems unlikely and therefore rental values will remain stable in the short-term.

The Government is looking to make changes to the tenancy legislation, with the aim of making it fit better with the modern farming industry. Measures such as allowing the assignment of AHA tenancies, altering the rules on succession, encouraging investment in holdings and encouraging longer-letting terms for FBTs are unlikely, on their own, to produce a renaissance in the tenanted sector.

In conclusion, I have to stress the need for tenants to prepare their figures with care. Landowners in turn must balance the need for short-term return with the longer-term preservation of topsoil. It is the health and continued existence of that top 12 inches of the earth's mantle that is so essential to the longer-term ability of land to continue to remain productive.

FARM BUSINESS OUTLOOK

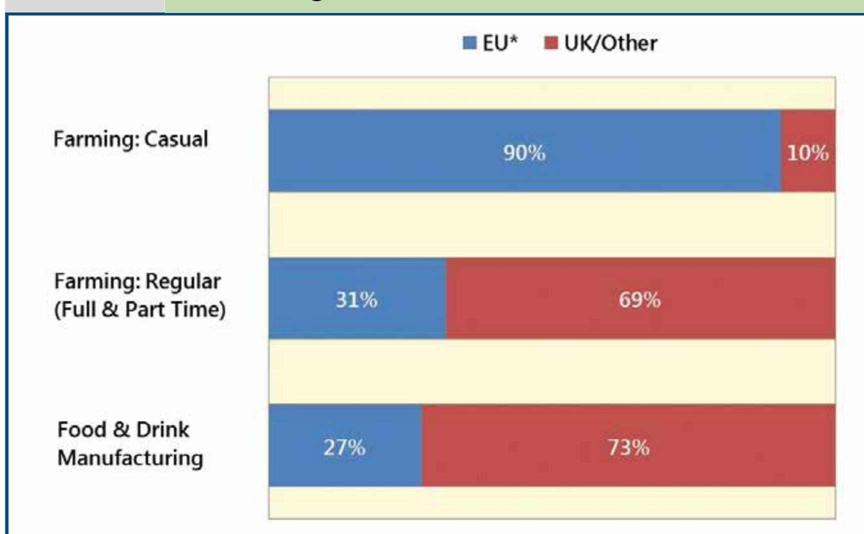
Labour

Michael Haverty and John Pelham

Since 1998, the total agricultural labour force has dropped by 135,000 to around 478,000. The fall is evenly split between farmers (66,000) and employees (69,000). Meanwhile, output has remained stable. This indicates that there has been growth in labour productivity (although other sectors would show far greater improvements). Of the employees in the sector, around 60% are casual labour. Over the past two decades, the UK agri-food sector has become heavily reliant on migrant labour. With Brexit, a sudden change in migration policy will have major ramifications. Here, we assess the importance of EU migrants in UK agri-food and offer suggestions to secure the industry's long-term labour requirements.

"Over the past two decades, the UK agri-food sector has become heavily reliant on migrant labour."

Figure 7 **Proportion of EU Migrants in Farming and Food Processing Sectors**



Source: Andersons estimates derived from Defra, ONS, House of Commons Publications
** Assumed to relate to Continental EU Member States*

Robust statistics on migrant labour in UK farming are difficult to come by. Previous studies on migrant casual labour, particularly in horticulture, have estimated that the numbers employed vary from 64,200 to 75,000. Poultry industry estimates suggest that nearly all of the 13,000 casual workers employed pre-Christmas are migrants. Therefore, migrant casual labour (almost all from the EU) in UK farming probably ranges from 75,000 to nearly 90,000; about 90% of all casual labour.

Whilst the cliché of migrant labour is the seasonal fruit or

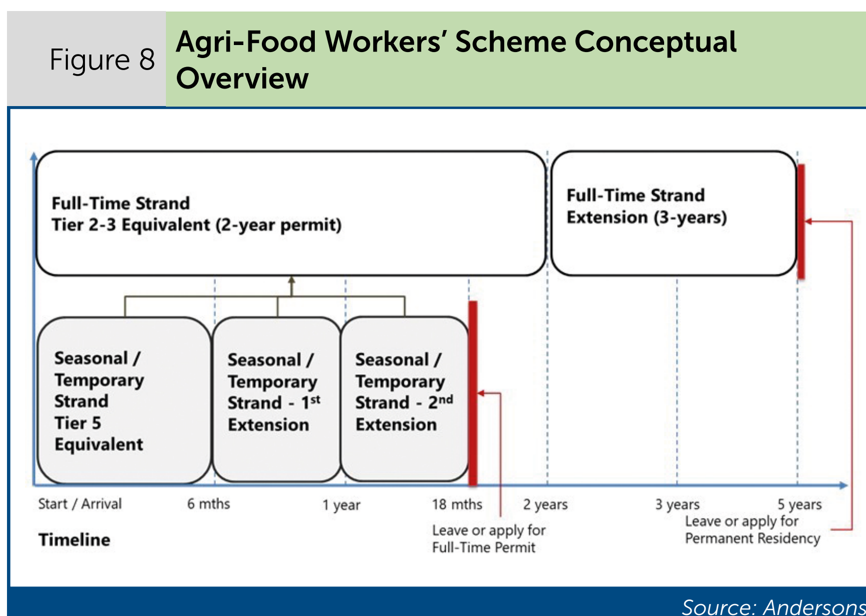
vegetable picker, EU nationals are firmly embedded throughout the food supply chain in permanent jobs too. A House of Commons Briefing Paper estimates that there are around 34,000 non-UK born workers in British agriculture in full and part-time jobs. Again, they mostly originate from the EU, and equate to 31% of the full and part-time workforce. Additionally, there are 116,000 EU nationals working in the food manufacturing sector, 27% of the sector's labour force.

Whilst the Government had previously stated that a No Deal Brexit would end free movement of labour, more recently, it has relented, based on legal advice. Its current plans would allow for EU and European Economic Area (EEA) workers to continue to come to the UK for a limited time. In the immediate near-term, this would help UK labour markets which have already come under pressure due to currency effects and the declining attractiveness of the UK for EU migrants. If there is a Brexit Deal, free movement would continue during the Transition, again, alleviating short-term concerns. Longer-term, however, the issue needs addressing.

In terms of casual labour, it is clear that the UK Government's pilot Seasonal Agricultural Workers' Scheme (SAWS) for 2,500 workers falls way short of requirements, equating to just 3% of the industry's casual labour needs. It does not even begin to address the considerable requirements for full-time migrant labour in agri-food, which the Migration Advisory Committee (MAC) largely ignored in its report last year. Furthermore, the proposed £30,000 salary threshold for bringing in migrant labour is well above the annual wages for most agri-food workers. Apart from veterinarians, there was little recognition of agri-food labour needs in the Shortage Occupation List.

The Government is looking at a controlled immigration scheme, but it remains unclear whether this will adequately consider the agri-food sector's needs, particularly given that the MAC appears to want less 'cheap labour' (in order to drive productivity improvements). The agri-food sector needs to make a strong case for continued access to migrant labour, as automation and indigenous labour cannot satisfy medium-term requirements.

Figure 8 **Agri-Food Workers' Scheme Conceptual Overview**



Source: Andersons

How it Works:

Migrants could enter the UK workforce via two routes. The full-time route (Tiers 2-3) relates to skilled and semi-skilled employees, but would include equal recognition for vocational skills (e.g. butchery) and professional skills. Skillsets in shortage would appear on the Shortage Occupation Lists.

The Tier 5 strand concerns seasonal and temporary workers. Workers entering via this route would initially arrive for 6 months and could change jobs to meet the changing seasonal requirements (e.g. move from fruit picking to plucking poultry). This strand would be similar to the SAWS, but would allow workers to move between farming positions and food processing posts. Migrants could potentially extend their stays up to two times, thus helping employers to limit staff turnover.

After 18-months, Tier 5 workers would then either have to leave the UK or to apply for a longer-term Tier 2-3 Equivalent two-year work permit. To be eligible, applicants would need to have a skilled or vocational qualification which is in shortage. To minimise staff turnover, workers would need to stay with the same employer for the duration, unless there is a permissible reason for not doing so (e.g. insufficient work available, unfair treatment etc.). If an employee is out of work for more than 30 consecutive days, their permit could become void. Students studying in the UK (Tier 4) could also pre-qualify if they have the required skillsets. This scheme would be available to both EU and non-EU workers, potentially on a points basis (based on skillsets).

After an initial two years on the full-time AFWS, the permit could be extended for another 3 years, provided there is sufficient evidence that the worker has fluency in English and can contribute fully to the UK economy. There would be added flexibility to switch employers, but workers must ensure that they are not out of work for more than 90 consecutive days. Once this extended work permit has elapsed, workers would have lived full-time in the UK for 5 years. Based on existing migration rules, they then would become eligible to apply for permanent residency. Workers not applying for permanent residency would leave the UK upon expiry.

To address this problem, we believe that something like the Agri-Food Workers Scheme (AFWS) outlined in Figure 8 should be considered. Its advantages would include;

- *Ability to recruit globally based on the best available skills that the UK agri-food industry requires.*
- *Two strand approach (full-time and seasonal) facilitates a targeted and more manageable migration policy, whilst offering flexibility as requirements change seasonally.*
- *If coupled with a "fast-track" trusted sponsor system, agri-food businesses, particularly SME's, could quickly gain access to the labour required.*
- *Staff turnover would be minimised based on the Tier 2-3 Equivalent strand's criteria. Temporary workers could extend their stays and potentially apply for a long-term permit.*

> ***Whilst the cliché of migrant labour is the seasonal fruit or veg picker, EU nationals are firmly embedded throughout the food supply chain in permanent jobs too.***

- *Workers who are unemployed for a significant period would have to leave the UK, thus minimising the Exchequer burden.*
- *If automation and robotics become more significant across UK agriculture in the future, the numbers recruited via AFWS could be adjusted accordingly.*

Migrant workers make a major contribution to UK agri-food. Ending free movement without addressing the sector's labour needs will make taking advantage of future growth opportunities very difficult, and indeed without adequate labour British production would contract. This would exert greater pressure on UK just-in-time supply chains at a time of additional trade friction. Given the Brexit uncertainties, it is crucial that the agri-food industry and policy-makers work closely together to secure the sector's both immediate and long-term labour needs.

FARM BUSINESS OUTLOOK

Topical Issue - Brexit

Michael Haverty

As with last year, at the time of writing (mid-October), the Brexit process is again in a state of flux. Despite earlier concerns that the UK Government was heading towards a No-Deal Brexit, a new Withdrawal Agreement was reached with the EU. However, as this text has not yet been ratified by Parliament, the PM was forced to request an extension to Article 50. In the event that Parliament ratifies the new Withdrawal Agreement, the UK would enter a Transition Period where little would change in terms of UK-EU trade until at least January 2021, and most likely a few years longer. Ultimately, it is envisaged the eventual end-point would be a comprehensive Free-Trade Agreement (FTA). But, if an agreement on the future UK-EU trading relationship cannot be reached, No-Deal remains a possibility.

Irrespective of what form of Brexit eventually emerges, one area that will need addressing is that of Non-tariff Measures (NTMs), also called Non-tariff Barriers. These would apply both under the eventual UK-EU FTA, or under WTO trade after a No-Deal. Summary estimates of their costs are provided below as well as some thoughts on mitigating their impacts.

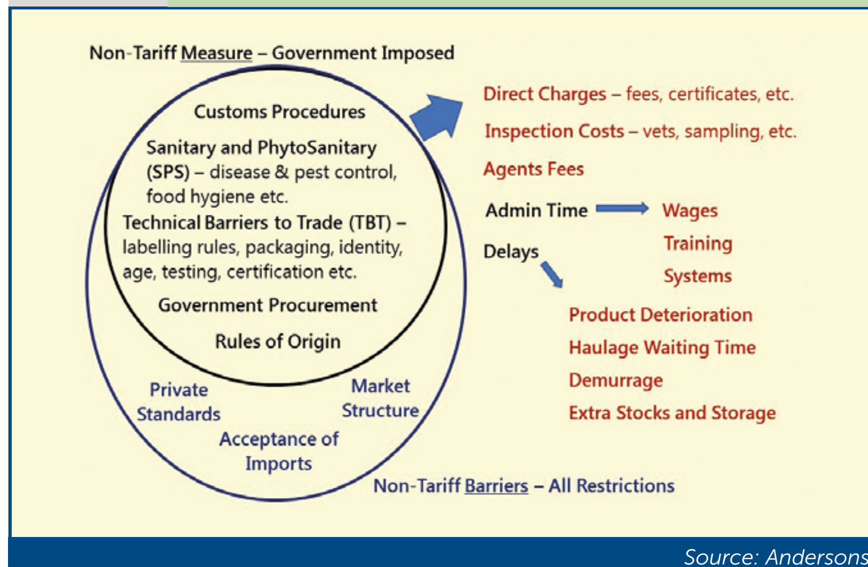
What are NTMs?

NTMs are defined as; 'government-imposed trade regulations, faced by trading businesses, which are unrelated to tariffs or quotas and which place non-price and non-quantity restrictions on cross-border trade.' This definition excludes trade restrictions imposed by the private sector (e.g. private standards), as these non-tariff barriers (NTBs) can be particularly difficult to quantify.

> ***In the event that Parliament ratifies the new Withdrawal Agreement, the UK would enter a Transition Period where little would change in terms of UK-EU trade until at least January 2021, and most likely a few years longer.***

The graphic below summarises what NTMs encompass. They are mostly rules to prevent risks to human, animal or plant health arising from trade. But they also

Figure 9 **Summary of Non-Tariff Measures and Barriers in Agri-Food Trade**



Source: Andersons

increase costs for trading businesses, particularly arising from delays.

NTMs are much more difficult to identify and quantify than tariffs because they are difficult to calculate, sometimes not applied transparently and vary across regions. Despite this, their impact on agri-food supply chains can be significant, especially for perishable goods.

Several studies on NTMs have taken a 'top-down' approach using complex macroeconomic and econometric modelling to arrive at NTM costs. Such estimates frequently have limited relevance to trading businesses, as they are too generic to capture the various nuances at play in individual supply chains. To address these shortcomings, Andersons used a bottom-up approach to quantify NTM costs across various agri-food product categories. This involved the compilation of estimates for 25-30 cost sub-headings within each product area to give a much more granular NTM figure. Two main Brexit scenarios were modelled – a Deal (Withdrawal Agreement followed by a comprehensive Free-Trade Agreement) and a No-Deal.

The table below summarises the results on an ad-valorem equivalent (AVE) basis – this looks at the cost of NTMs as a percentage of the prevailing market price for the good.

The results show that NTMs can be significant. These estimates are probability-based – i.e. they are the average across the whole category. In cases where a specific load was selected for testing, the 'per load' NTM costs would be much higher (>25% in the case of beef). For such 'unlucky loads', product value deterioration becomes substantial, sometimes accounting for as much as two-thirds of the overall NTM cost. Even factoring-in probability, value deterioration frequently remains the key contributor. It is most prevalent in fresh produce (e.g. salads) and chilled meat. These estimates have been compiled on the basis that UK standards are the same as the EU's. If standards diverge, NTM costs on EU trade are likely to rise further. NTM costs are lowest for bulk-shipped products (e.g. sugar - 30Kt loads). For LoLo (Load-On-Load-Off) and RoRo (Roll-on-Roll-Off), load sizes are typically 14t to 18t and impact of regulatory checks is much greater.

> ***[Non-Tariff Measures] increase costs for trading businesses, particularly arising from delays.***

In many agri-food sectors where profit margins are below 5%, NTM costs will erode business competitiveness, particularly for SMEs. That said, if NTMs are applied to imports from the EU, this

Figure 10 **NTM Costs for UK-EU Trade Selected Agri-Food Products (AVE) %)**

Product / Category	Range - Brexit Deal*	Range - No Deal*
Red Meat	1 – 3%	2 – 6%
Poultry Meat	5 – 8%	7 – 11%
Meat Offal	3 – 7%	6 – 12%
Dairy Products (ex. liquid milk)	1 – 4 %	2 – 7%
Composite Meat Products	1 – 3%	4 – 8%
Live Animals	2 – 3%	4 – 7%
Seeds	0.5 – 6%	1 – 9%
Fresh Fruit & Veg	0.5 – 5.5%	1 – 8.5%
Cereals/Oilseeds - Bulk	<0.1%	≈0.1%
Cereals Products - LoLo/RoRo	0.5 – 4%	0.5 – 7.5%
Sugar – Bulk	<0.1%	≈0.1%
Sugar Products	≈1%	1 – 2.5%

Source: Andersons

could present opportunities for UK producers, particularly in areas such as salads and chilled meat where the UK is in deficit. Longer-term, the extent to which UK producers benefit will be determined by free-trade deals that the UK seeks with the likes of the US and Mercosur, and the level of standards applied to such trade. If the UK accepts cheaper products, produced to lower standards, then UK farmers will be rendered uncompetitive.

Mitigating NTM Impacts

To minimise the impact of NTMs, it is clear that a Brexit Deal, with an adequate transition is much better than No-Deal. A transition longer than that currently proposed (for example, 2-3 years) would be sensible. A No-Deal would be particularly detrimental if it eventually resulted in the lowering of product standards in the UK food industry.

Furthermore, if there is a comprehensive mutual recognition agreement with the EU, the need for official controls and regulatory checks could be significantly reduced. Admittedly, this would mean the UK closely following the Single Market rules. However, most industry professionals believe that a robust mutual recognition agreement is essential because it would safeguard existing trade with the EU to a great extent, whilst protecting the integrity of UK produce when marketing at home and overseas. It would also reduce the need for extra storage to mitigate the impact of border-related delays. Whilst technology (e.g. e-certification) undoubtedly has a long-term role to play in reducing regulation, human intervention will still be required in some areas (e.g. veterinary checks) for a decade or so as a requisite technology has not yet been developed.

Finally, as the UK enters this period of change, it is vital that there is clear communication between the regulatory authorities in the UK and overseas, at both a policy-making and operational level. Otherwise, businesses could become tripped up by unexpected delays at ports, if there is confusion over new labelling, for instance. Clear communication is also required between UK regulatory authorities and businesses, particularly SMEs, many of which will be facing additional regulatory hurdles on cross-border trade with the EU for the first time.

CROPPING

Combinable Cropping

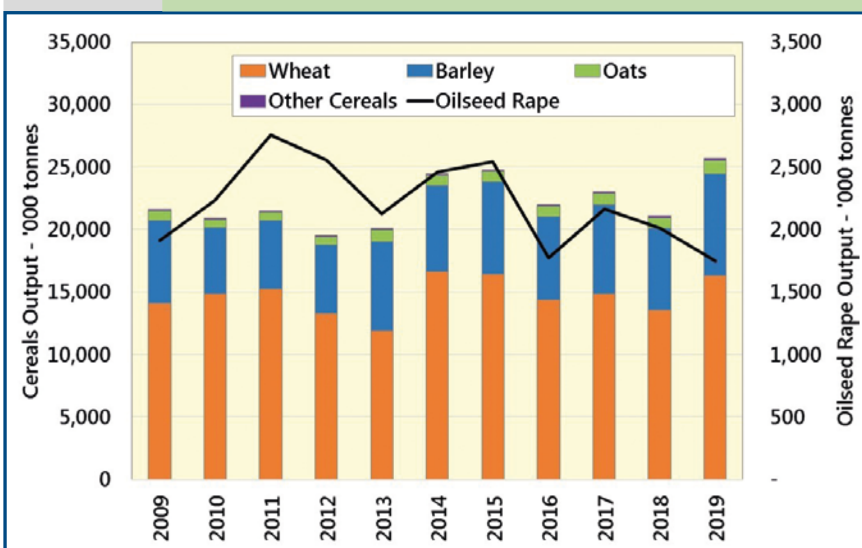
Joe Scarratt and Sebastian Graff-Baker

Despite both the uncertainty surrounding our future relationship with the rest of the European Union and a continued period of autumn wet weather, which for some may be reminiscent of autumn 2012, there are optimistic signs for the UK arable sector.

In the short-term, there will be some excellent financial results for the harvest 2019 year across the country, with wheat yields in particular breaking records on many heavy land farms. Whilst the recording-breaking harvest (see Figure 11) has seen prices slide, those that committed to early sales should see some robust returns.

> ***There will be some excellent financial results for the harvest 2019 year across the country.***

Figure 11 **UK Combinable Crop Output – 2009 to 2019**



Source: Defra / Andersons

For the future, the key opportunity lies in what we elect to plant and where we choose to plant it. Most rotations are organised to maximise profits and therefore the area of winter wheat. If we assume a prospective sale price of £140 per tonne, many farms can only generate profit where yield is more than 7.5t per hectare, if one takes account of all costs (variable and crop related overhead costs) together with an allowance for rent or a rent equivalent (i.e. finance costs of land purchase). The equivalent break-even yield (at a sale price of say £330 per tonne) for OSR which, until recently, has had a dependable place in the rotation, is in the region of 3.1 t per ha. The break-even yield for all crops in the rotation can be calculated simply by

dividing all of the costs (variable and fixed costs) by the anticipated selling price.

Whilst yield maps have been available for some time, we as an industry have not fully grasped the opportunity to apply this information to manage the future arable farm. The reasons for this may include insufficient yield data to properly determine site-specific variation and perhaps the misplaced belief that all operating costs are outside of our control. However, we are now working in an era where the collection of site-specific, soil and crop data is available through the use of autonomous devices and vehicles. This type of information provides the opportunity to reliably identify the location of the land that is producing a yield that is creating either a profit or a loss.

We are already seeing this autumn, robots undertaking weed killing using electricity rather than herbicides. It appears likely that autonomous vehicles will be developed to undertake other crop management tasks such as controlling pests and diseases in either a more economic and / or more effective way than the current, conventional methods. These technologies also provide an improved ability to identify loss-making areas and thus give growers the opportunity not to crop areas consistently delivering a loss making yield. Such areas could be utilised for other enterprises such as agri-environment or livestock.

In order to properly grasp this opportunity, though, we need to deal with the restriction that, apparently fixed (overhead) costs, create. This aspect is particularly difficult to tackle when the investment in machinery is so inextricably linked to labour and so much of the labour is provided by the very proprietors that could benefit financially from change. We could, as an industry, ignore these opportunities. But, as it is often said, it is a matter of when, rather than if, farm businesses respond to a combination of static yield and price and an underlying increase in operating costs. We do not need to adopt every technology available, and the cost and complexity associated with deploying new technology has certainly been the downfall of some. Nevertheless, we need to identify those opportunities which will allow us to assemble and use information. It is this better understanding of the detail that is often the difference between the best and worst business performance.

The key opportunity lies in what we elect to plant and where we choose to plant it.

When considering the future nature of the arable farm we must consider environmental concerns. Whether Extinction Rebellion brings about change or not, the direction of travel is for a cleaner agriculture. Clearly there are opportunities for emitting less and capturing more carbon and the arable farm has a key role to play. If we are able to understand how we can use our soils to help with carbon levels there is the potential for being paid for something that the public are looking for. Within agriculture there is clearly an interest in pursuing low disturbance cultivation or no till crop establishment. Whilst not suitable in all conditions, the adoption of some aspects of reduced cultivation enables both a reduction in operating costs and an opportunity for the sector to demonstrate it is reducing carbon emissions.

Whilst no till / direct drills have been available since the 1970s, autonomous vehicles and the ability to digitally record individual plants have only recently been available. So, whether one has been in the industry for some time, or perhaps are just thinking about getting involved, there are a number of exciting opportunities which the current and emerging technology is providing. Whether it is calculating how much more profit could be generated by not using land to grow loss making yields or perhaps looking at how new technology can better help us manage the inherent underlying site specific yield variation, the opportunity for improving business performance is in our reach – irrespective of our relationship with the rest of the EU!

CROPPING

Potatoes and Beet

Nick Blake and Jay Wootton

Sugar Beet

Unsurprisingly the quoted price for the 2020 contract related to zero crown / historic crown basis has caused confusion amongst some growers. So much so that the NFU felt it necessary to issue a clarification letter prior to contracts being returned. As a reminder, the change in tare policy means that more tonnes will be paid for, hence the reduction in price paid per tonne (for a one-year contract this means £20.99 per tonne on the old system, compared to £19.60 per tonne on the new one).

> ***The marginal increase for the basic 2020 [beet] price against the 2019 contract is welcome news.***

With one and three-year contracts, and some of the latter still operating from previous years, it is now almost too complex to summarise briefly the contracting options available to growers, and the possible final price outcomes when the sugar bonus is taken into account.

This marginal increase for the basic 2020 price against the 2019 contract is welcome news, especially given the reduction in gross margins of alternative cropping since this time last year (largely down to a reduction in cereals prices).

Sugar appears to have fared better than many other commodities (such as wheat) in the event of a no-deal Brexit, with the UK Government proposing the same tariffs remaining in place as currently for imports (compared to large reductions for many other commodities). On the basis that the UK is not self-sufficient in sugar production, this could provide an opportunity for the sector should a No-Deal come to pass.

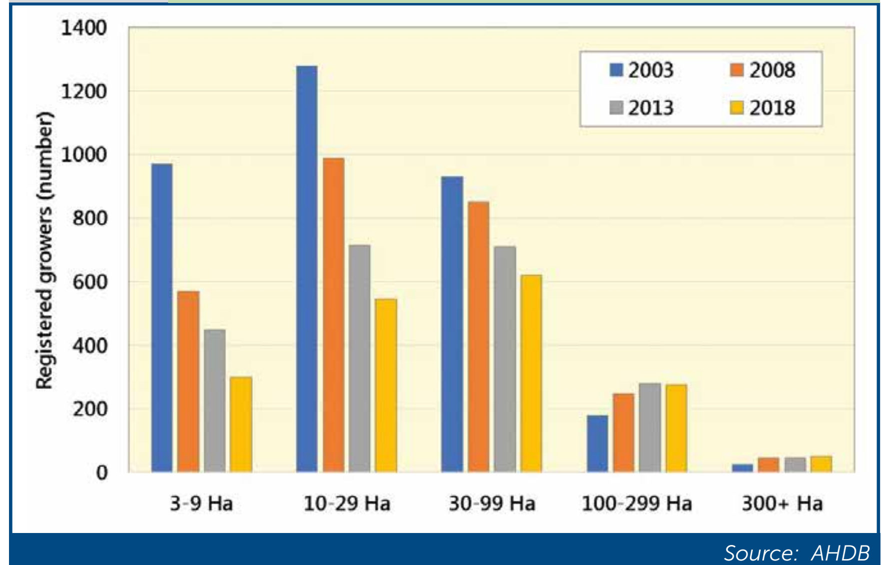
Assuming the UK does leave the EU (which at the time of writing remains uncertain), then the current EU reference price-based bonus mechanism will be replaced by an independent auditor, who will determine the bonus price based on a number of factors, including British Sugar's export sales by value and tonnage.

The prospect of sugar beet production falling into fewer hands

suggests opportunities for scale, with a perception that size of operation brings reduced costs of production. Our experiences in other sectors suggests that there are also challenges with this system; management over-stretch, high rents, logistics and geography all resulting in it being more difficult to derive direct scale benefits than is often believed.

One topic that features regularly in client meetings is the difficulty in finding profitable alternative crops. For many arable businesses, the need for a profitable break crop is crucial, and if it wasn't for soil type and location, some would be only too happy to have sugar beet as an alternative crop in their rotation.

Figure 12 **GB Potato Growers by Size – 2003 to 2018**



Source: AHDB

Potatoes

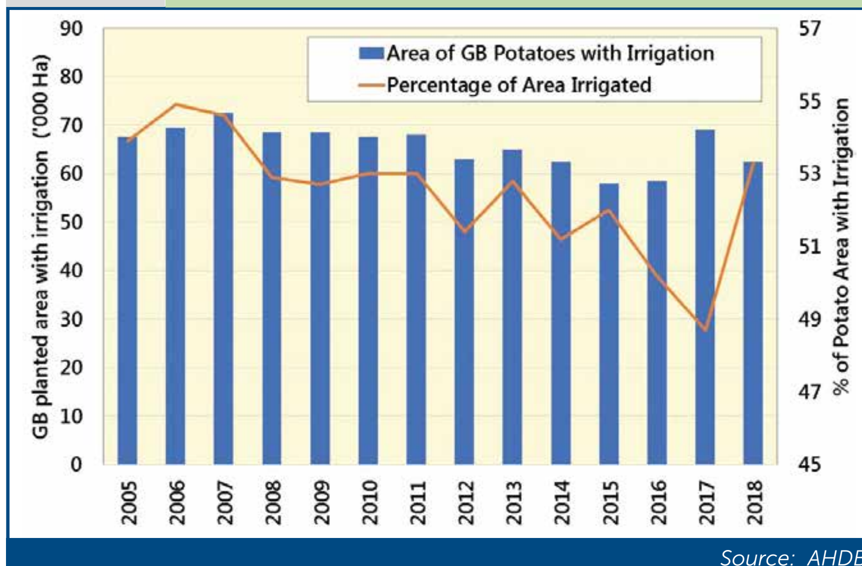
As this article is being written, the rain continues to fall. Last year we described the 2018 growing season as 'the most challenging in recent history'. The 2019 harvest might be remembered for the same reason. In a difficult autumn, all other factors being equal, will the size of the grower influence the outcome?

The AHDB has reported that the number of growers below 99Ha has continued to fall, with the number of growers in the 100-299 Ha and 300+ Ha increasing. Although this is hardly surprising, we consider the higher end of the 30-99 Ha category (and lower end of the 100-299 Ha) could include some of the most resilient growers. Between 2013 and 2018 the AHDB reported a reduction in planted area for the 100-299 Ha category, and only a small increase in the largest category. Does this suggest a halt to the trend for an ever-increasing area per business, and a recognition of the issues related to the management of large areas/ tonnages, which inevitably means distance, rented land and stores.

In Outlook 2019 we also covered the issue of water availability. Figure 13 was published by the AHDB in January 2019. The trend downwards for land available for irrigation was halted in 2018, with a sharp increase. Clearly there are good reasons why this would vary on a year-to-year basis, but it is our expectation that unirrigated land will become a smaller percentage of total production in the longer term.

As every grower will appreciate, in quality terms, irrigation can make the difference between a marketable crop, and one that ends up in a cow's stomach. In profitability terms it will be the difference between a positive and negative net margin. However, the costs associated with irrigation (labour, energy, infrastructure, 3rd party costs) add to overall cost of production. Whilst this should result in more certainty in quality and yield, the process ties-up more working capital, and increases the risk and the price certainty required.

Figure 13 **GB Irrigated Potato Area – 2005 to 2018**



Source: AHDB

CROPPING

Horticulture

John Pelham

Three issues have dominated 2019 – weather, labour availability/cost and market supply.

Unusually wet weather on the eastern side of the country (including a 100 millimetre June deluge in just four days – etched into the memory of those who attended the Cereals Event), caused extreme difficulties for field vegetable growers. Many crops were either not established or written off, either before or at harvest. Brassicas and vining peas were most affected; as a result shortages of cauliflowers, sprouts and cabbage are possible. The Government has launched a £2 million fund for growers in North Yorkshire and Lincolnshire to provide grants for repair costs.

The quality of labour and its availability has been the pre-eminent issue for 2019 and is likely to be for 2020. Horticulture recruits some 75,000 seasonal workers annually for the husbandry and harvest of a wide range of crops, including soft and top fruit, asparagus, intensive vegetables and ornamental crops. For most growers labour is their largest cost, often representing 40-60% of total expenditure. Whilst uncertainty over our future position in Europe is important, it is the current weakness of Sterling that is having the greatest effect on the cost of labour, as EU nationals see opportunities to work at higher wage rates in parts of the EU that are closer to home. In the last two seasons growers have observed a noticeable reduction in labour quality, resulting in reduced productivity and increased costs of production.

The quality of labour and its availability has been the pre-eminent issue for 2019 and is likely to be for 2020.

The significant cost increases arising from declining quality and reduced supply of seasonal labour are having a twofold effect. Firstly, a number of crops that until recently were profitable are no longer so. Secondly, some growers are reducing their output to match the restricted labour supply. The often-expressed view that robotic harvesting will address this labour issue overlooks the fact that commercially (depending on crop)

such developments are at least five years away, and possibly longer. Such views probably also do not understand that for a number of crops harvesting only represents some 30-40% of the total labour requirement. Unlike the human variety, artificial intelligence is 'narrow' – a robot designed to harvest fruit would be completely lost if tasked with pruning or weeding. The Government scheme for non-EU seasonal workers needs to develop rapidly in numbers if it is to sustain existing UK production.

The weakness of Sterling has also inflated the cost of other inputs sourced from the EU, such as plants and trees. For some crops (e.g. dessert apples) these increased costs will have at least been offset, or exceeded, by the higher sale price of products where imports set the market. However, this is not the case for other crops (e.g. strawberries and asparagus) where imported produce is not so relevant for much of the UK season.

The weakness of Sterling has also inflated the cost of other inputs sourced from the EU, such as plants and trees.

Over the last two decades, supported by the EU Fruit & Vegetables Aid Scheme (through Producer Organisations), growers have been highly successful in increasing production to meet growing consumer demand. As a result, the turnover of many businesses has increased considerably. The challenge for many will be to change their behaviour when the market that they supply no longer grows as it once did, and where continuing expansion of production will only drive sale prices down towards (or below) the cost of production. Perhaps the restriction of labour availability will prompt growers to re-assess what constitutes the right scale for their own business?

It is our experience that the most financially successful businesses – as measured, not by scale, but by their capacity to generate profit and meet their proprietors' objectives – all exhibit one common characteristic, that is a very high level of attention to detail. Growers should be aware that as their business increases in size, so it becomes more difficult to maintain this key feature. Don't lightly dismiss the old maxim 'Less is more'!

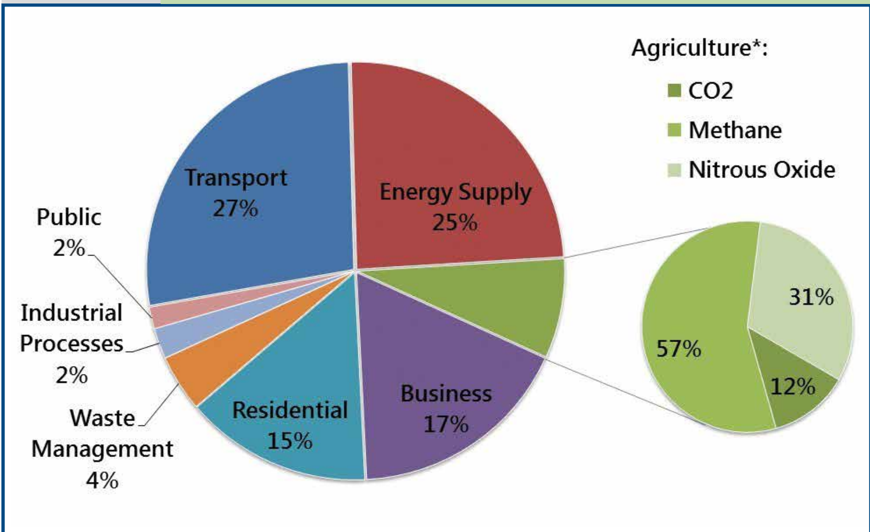
CROPPING

Topical Issue - Climate Change & Cropping

Pam Jacobs

A 16-year old climate change activist with 2.49 million followers on Twitter has been nominated for the 2019 Nobel Peace Prize. 74,000 fires have ravaged the Amazon Rainforest this summer and a 315 billion tonne iceberg has just broken off Antarctica. Climate change and global warming has captured the attention of the world's media and global leaders. Change is undeniably on the horizon. With this will come pressure on all parts of society to do its bit, and the agricultural industry will not be an exception to this. However, as seen throughout history, the industry is capable of rising to the challenge.

Figure 14 **UK GHG Emissions - 2017**



Source: BEIS ** 'agriculture' figure in chart (8%) is net after sequestrations from land use and forestry. Actual gross emissions are 10%.*

GHG Emissions & Agriculture's Contribution

In 2017 the UK produced 460.2 million tonnes of greenhouse gas (GHG) emissions, of which 10% (45.6 million tonnes) was produced by agricultural practices. In contrast, during the same period, farming only contributed to 0.59% of UK GDP.

The British Climate Change Act in 2008 targeted an 80% reduction in GHG emissions by 2050, however more recently the UK Government has committed to the target of achieving Net Zero carbon emissions across the country by 2050. At the same time the NFU set an even greater challenge of achieving the same for the agricultural industry alone by 2040. Although the policy and mechanisms to achieve this have not yet been laid out in detail, many producers have begun to consider how this could be achieved.

Agriculture is already ranked in the top five industries producing GHGs in the country. However, consideration also needs to be given to the value that land can provide in offsetting emissions. Many believe

that agriculture will play a large part in the sequestering of CO_2, not only for emissions produced as a direct result of agricultural production, but for many other industries as well. In other words, there is an opportunity that farming could not only become carbon neutral by 2040, but carbon negative; removing CO_2 from the atmosphere rather than adding to it.

To put this into context, 10 hectares of heavy disc cultivation will produce approximately 896kgs of CO_2. The options below demonstrate how this amount of carbon could be offset by:

- *0.19 Ha of broadleaf woodland*
- *763m of flailed hedgerow*
- *1,506m of uncultivated field margins*
- *0.01% increase in soil organic matter*

On a national scale it is believed that a combined approach across the industry incorporating the following 3 Pillars, as set out by the NFU in the 'Achieving NET ZERO' report, will enable agriculture to both meet its targets and more;

1. *Boosting productivity and reducing emissions*
2. *Farmland carbon storage*
3. *Coupling bioenergy to carbon capture, utilisation and storage*

> ***Consideration also needs to be given to the value that land can provide in offsetting emissions.***

Across the UK there are over 475,000km of managed hedgerows which are estimated to store 550,000 tonnes of carbon. Combined with the 9.1 million hectares of utilised agricultural land, of which 3.8 million is uncultivated permanent pasture, it is clear that agriculture already contributes a significant proportion of the UK's carbon sink. There is huge opportunity to expand and exploit this alongside Pillars 1 and 3.

The optimists among us, more willing to embrace these opportunities could have the upper hand. Across the sector these businesses are already calculating what environmental value could be added to their Balance Sheets; the real entrepreneurs will be those who can extract the maximum financial return!

LIVESTOCK

Dairy

Mike Houghton and Oliver Hall

The dairy article in this edition of Outlook falls into two parts. Firstly, we look at the prospects for the dairy industry in general, and particularly where milk markets are heading. Then, we focus on an area that is likely to be of increasing importance on dairy farms over the next few years – finding the right staff.

The Milk Market

UK milk production remains high and this looks set to continue through into 2020 although growth may slow, with a smaller herd and lower concentrate feeding than in the winter of 2018/19. Plentiful domestic supplies are one of the factors putting pressure on prices.

The rest of the EU shows a mixed picture, with some major producers (e.g. Ireland) expanding, whilst others (e.g. Netherlands, France) seeing a decline in supplies. Other major production regions around the world, especially New Zealand, are forecasting increases in output over the coming months. Demand, notably from China, has been strong through 2019 and looks set to remain so for the next few months.

One new issue to contend with in 2020 is US tariffs on EU dairy products. From the 18th October 2019 the imports of various European goods into the US will be subject to additional levies. This is in response to a WTO ruling that the EU gave illegal subsidies to the airplane manufacturer Airbus. This gave the company an unfair advantage over its rivals, including the US company Boeing. For dairy exports, cheese is likely to be the most heavily affected in the UK. Tariffs here have been set at 25%. Last year around 4% of the UK's total cheese export went to the US, almost all of which will be affected by the new tariffs.

> ***UK milk production remains high and this looks set to continue through into 2020.***

UK milk prices have remained relatively consistent until now. However, fat prices have been slipping for some time which, when combined with high domestic milk production and market uncertainty 'post-Brexit', is likely, in our view, to see further farmgate milk price

reductions as we go into the first half of 2020.

There is an increasing polarity between liquid milk and manufacturing prices. It has been widely reported how difficult the liquid milk sector is, with some processors tied into unprofitable retail contracts. The fate of Tomlinsons' Dairy is a stark illustration of this. Muller is also reviewing its operations in Scotland due to having more milk than the liquid market requires. Hopefully, during 2020, there will be a realisation among the major retailers that they need to allow adequate margins to be made by all the elements in the liquid milk supply chain (including producers) if there is to be a healthy sector long-term.

Lower feed and fertiliser costs may help to offset any decline in milk prices, but the profitability outlook for 2020 currently looks less benign than for the year just gone. Longer-term, additional cost is likely to be imposed on the sector through greater regulation on emissions (e.g. ammonia). This all contributes to the relentless 'creep' upwards in overhead costs. Labour also plays a key part in this, the subject that we turn to next.

Who's Going to Milk the Cows?

A RABDF-funded YouGov poll surveyed 2,000 UK adults in 2017 to find out how acceptable they would find the option of working in the dairy sector. Just 4% of those questioned stated they would consider all six features relating to dairy farming acceptable in a job role. With the current fix of foreign labour coming under pressure (it is estimated that 11% of the UK dairy work force are non-UK) the serious question is who is going to milk the cows in the UK?

The background to the issue is the current low UK unemployment rate, with June to August 2019 ONS data showing just 3.9% of the workforce unemployed. This is the lowest level since the early 1970's. In a tight labour market, there are plenty of other options if people are dubious about the attractions of dairying.

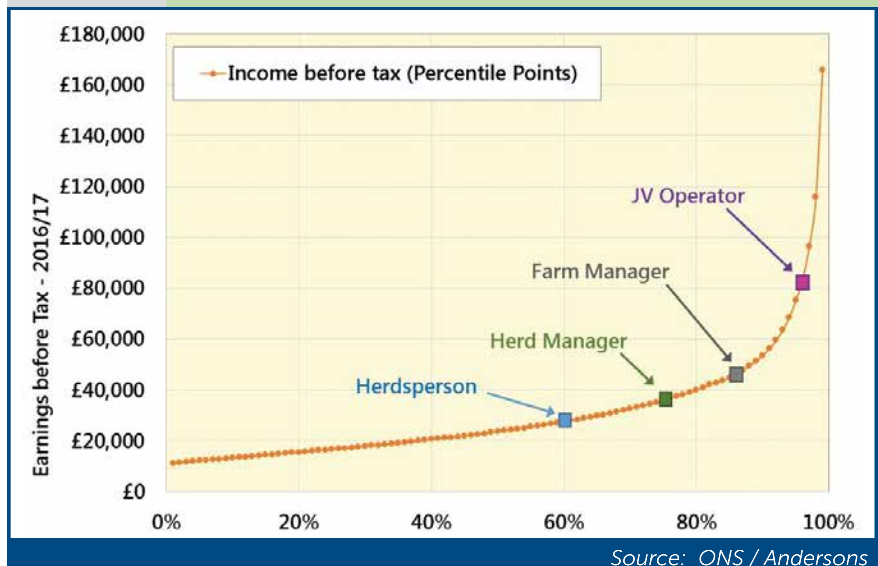
Finding people to work in primary agriculture in a developed economy will always be a challenge. A mindset change is needed that understands that farm labour is not just a commodity you can buy off a shelf. You have to compete in the marketplace to 'sell' the job you have and what your business can offer the employee. We examine three main areas where producers need to compete in to attract the best people on farm.

Money: Are we paying enough to be attractive? In Figure 16 we have plotted four points on the UK's Total income before tax percentile income distribution curve, indicating what

Figure 15 **UK Unemployment % - 1971 to 2019**

Source: ONS

Figure 16 **UK Average Earnings – 2016-17**



Source: ONS / Andersons

staged progression the UK dairy industry is currently offering, in our opinion. These are assumed with the benefits of housing included. At an entry level herdsperson job (£27,500) you already have the 60th highest income in the average room of 100 people. By dairy farm manager (£46,000) you are up to 86th. As an operator of a well-run dairy joint venture you could be the 96th percentile, earning £82,000. So, based on other average salaries, you can progress from the salary of a construction operator to that of solicitor; top operators on dairy farms can make the same average salary as an airline pilot. We are competitive in this area, but how many people actually know or shout about the money you can earn working on a dairy farm in the UK?

Time: The average hours worked per week in Agriculture, Forestry & Fishing is 43.9 (ONS data). When split into males only, this increases to 47.1 hours per week *(Ed – does this mean that men are harder working? Or just that they take longer to do a job than women . . . ?)* The UK average is 32.1 hours per week. For comparison manufacturing is at 36.3 hours and construction 37.3 hours. And the teachers, . . . 28 hours.

As average income per hour has risen, a large proportion of the population value the time they have outside of work very highly. Farming is operating way above average in terms of hours per person. To attract people to the industry a move needs to be made to a lower hour-per-employee model. A target would, be can you get hours per person under 40 hours per week?

This means inevitably paying more per hour worked. The reality is the lowest paid workers in society are rapidly heading towards £10 per hour plus. The challenge is that time has to become more valued on a dairy farm. What tasks need to be streamlined? What investments could provide a return by lowering the hours needed to run the farm?

The challenge is then operating a seven-day-a-week business with people only working 40hrs a week. But plenty of other industries operate in this environment. This involves well-planned rotas and good standard practices of working, so tasks can be simply handed between different employees for different days or shifts. With this in place, using part-time employees also becomes easier and can form part of the solution.

Conditions & Environment: Working predominately outside with dairy cows doesn't always give the easiest of working environments. But it's the extra bits on farm that make the difference. Is everything working on your farm? Is every area a safe place for people to work? Can employees go to a place on your farm to have a break in a warm, dry comfortable environment with an internet connection? Simple small spends can create these conditions and people do value them.

But it is not just the physical things that people value in a job; is your team fun and exciting to work in? Ultimately the culture is a representation of the business and the owners/leaders in the team. Do people walk round your farm with a smile? A good KPI is what is your % turnover of employees in a year? Over 18% is above average. Perhaps some exit interviews could indicate what needs to be improved on your farm?

Beef

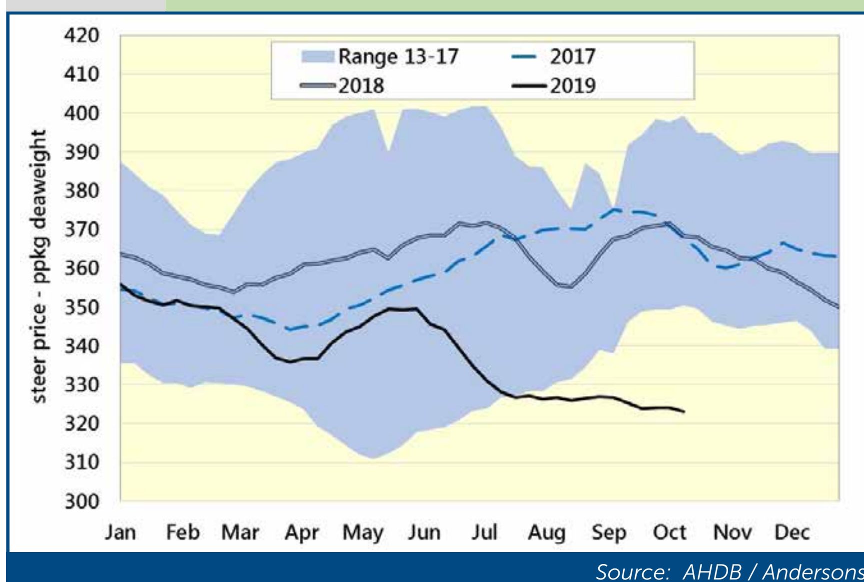
Charlotte Dun
and Ben Burton

2019 has seen good grass growth across the country, reducing the levels of concentrate feeding required and providing businesses with bumper forage yields to take into the 2019/20 winter. The downward trend in cereal prices combined with high yields means feed barley, in particular, is readily available at much lower costs than last year. Straw supply is well in excess of 2018, which in turn will bring prices to a reasonable level.

All this suggests a much lower cost of keeping cattle through to spring 2020. However, the balancing factor is low GB farmgate cattle prices.

> ***Demand at a consumer retail level has been struggling.***

Figure 17 **UK Beef Prices (Deadweight) – 2013 to 2019**



Source: AHDB / Andersons

UK beef prices have been on a downward trend since autumn 2018. Despite a slight rally in April and May 2019, the GB R4L steer price has fallen by 48p since mid-September 2018, the biggest drop since 2014. It is not uncommon for prices to drop in the early part of the year due to weaker demand for valuable cuts at this time, however it is uncommon for prices to fall as far and for as long.

Demand at a consumer retail level has been struggling and, according to data released by Kantar, it appears that 'cheaper' cuts have been taking up a higher proportion of sales. Market reports from MCA also show that beef consumption in the food service sector has declined. Compared to the summer of 2018 where BBQ sales soared due to the heat wave

and football World Cup, the summer of 2019 has seen an inconsistent weather pattern with days of extreme heat followed by torrential rain and thunderstorms. Figures provided by the AHDB show that the total overall beef protein volume and spend sales are down year-on-year over the past 52 weeks.

Despite an increase in the volumes of domestic beef exported, prices achieved have been poor. This suggests exports are, in part, clearing the market, rather than there being a strong overseas demand drawing on UK beef. Fresh boneless cuts that attract the highest price have been in decline and have been replaced with shipments of frozen boneless cuts that are more than compensating in volume, but attract a much lower price. UK import volumes on the other hand have declined, deterred by the lower prices. Over half of the total reduction in imports can be attributed to less frozen boneless beef coming into the UK.

Of course, global trends influence UK import and export prices. Industry reports suggest that beef wholesale prices around the world have weakened. Global farmgate prices are generally under pressure currently, although recent sharp movements in several currencies complicate the picture.

More positively, there is the expectation that Chinese demand for protein will help underpin the global market in the coming months and even years. The significant increase in demand for red meat due to African Swine Fever in Asia could provide significant opportunities at a time when the British red meat industry faces heightened uncertainty.

Beef has been at the centre of much media scrutiny over the past year; headlines such as "eat less beef to save the environment", or "red meat increases your chances of cancer" have proliferated. Very little has been done by the agricultural industry to defend the red meat sector. Many reports, especially with regards to climate change, have shown little understanding of the UK's unique grass-based methods of livestock rearing. *(This subject is covered in more detail in the 'Topical Issue' later – Ed).* Some forecasts predict that red meat consumption will fall by 20% over the next decade, meaning action must be taken to protect the sector.

> ***In order to optimise their financial returns, beef producers must start to produce and sell the type of finished cattle markets really want and are willing to pay for.***

It has become increasingly difficult for farmers to produce positive returns on suckler herds; gross margins are unable to cover the rising costs of overheads, particularly labour and machinery.

Data produced by the AHDB shows the top 25% performing suckler herds are making 14 pence per kilogramme net economic profit per finished calf and 27 pence per kilogramme net economic profit per store calf sold. Compared to the bottom third, top third producers purchased lighter animals at a lower price per kilogramme, had higher growth rates over a longer feeding period and sold animals at a higher weight and higher price per head, although a lower price. The recurring trend throughout the top performing 25% of suckler herds is operating on extensive grazing systems, which in turn reduces housing costs. For example, the bedding costs of the bottom 25% of farms is four times those of the top performing farms. Another significant difference in the best performing farms is their paid labour costs. Those operating with high paid labour costs are unable to make a positive return, despite often having the highest market prices. Suckler herds must look to re-evaluate their systems, maximising the use of grazing, whilst feeding to produce high quality carcases.

In order to optimise their financial returns, beef producers must start to produce and sell the type of finished cattle markets really want and are willing to pay for. Identifying a target market and building relationships with customers is key to successful cattle finishing. Producers must aim to produce cattle that meet the customer's specific needs, whilst presenting clean, healthy animals and hitting the right specification for conformation, fat class and weight. Sending overfat cattle to slaughter is costing UK producers over £8.8 million per year. It takes four times the amount of feed for an animal to gain a kilogramme of fat compared to a kilogramme of muscle. This therefore refers back to the earlier point that beef producers must look for better systems for rearing cattle, whether it be extensive grazing over a longer period of time or fast finishing stock to maximise muscle development.

LIVESTOCK

Sheep

David Siddle

Spring 2019 generally saw much better weather for lambing as compared to 2018 where the 'beast from the east' took its toll on lamb survival rates. For much of the country, again in contrast to 2018, the 2019 season has been good for grass growth, with much reduced concentrate use and lambs coming to the market quickly. Sheep farmers are well supplied with winter fodder and ewes look set to be in good condition for tupping, all of which bodes well at a practical level for 2020.

> ***In autumn 2019 farmers appear to have taken an optimistic view judging by store lamb prices.***

The breeding flock appears to be contracting and at 14.1 million ewes is the smallest recorded since 2010. The December 2018 census reported a 4% year on year decline in the UK flock, with AHDB forecasting a further small decline in autumn 2019; such a sharp change has only ever been seen in the past where accompanied by significant policy changes, such as the removal of headage payments ten years ago. This fall in numbers is most likely due to the hangover from the poor weather conditions in 2018, the looming shadow of Brexit, and current prices, which, whilst around the five-year average, are below those of 2017 and 2018.

Good forage availability and perhaps producers looking to market lamb prior to the latest Brexit deadline of 31st October 2019, has brought lambs to the market

Figure 18 **UK Sheep Breeding Flock (December Survey) – 1995 to 2020**

Source: Defra * 2019 & 2020 figures are an estimate

more quickly with slaughterings at the time of writing up some 16% on the year, albeit compared to the historically low levels seen in 2018. With a smaller crop of lambs produced in 2019, down 4% at 16.5 million head on the year, it looks likely fewer lambs will be carried forward into 2020 to be sold as hoggets.

Relatively uninterrupted trade as a result of a Brexit Deal could mean tight supplies in spring 2020 and high hogget prices. Alternatively, significant tariffs on exports and additional costs of doing business with our main export markets would push supplies into surplus, with a resultant lowering of prices. Which outcome occurs is anyone's guess, likewise is the level of Government support to the sheep sector under a No Deal scenario.

With grass in abundance in many areas of the country in autumn 2019 farmers appear to have taken an optimistic view, judging by store lamb prices which, to date, have been in excess of expectations.

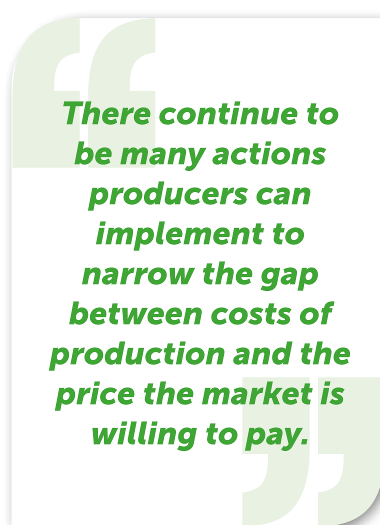
Exports performed extremely well in 2019, with significantly increased volumes shipped to France and in particular Germany, filling the void traditionally met by supplies from New Zealand. It would seem something of an own-goal if, due to Brexit, the UK sheep industry were not allowed to continue to benefit from what would currently appear to be very beneficial trade flows.

New Zealand supplies remain tight and are being increasingly targeted away from our shores, and those of our major export markets in Europe, to Asia and, in particular, China. Here African Swine Fever has resulted in the loss of a significant part of the pig breeding herd, creating a significant demand for red meat of all types.

With UK consumption continuing to decline at the expense of poultrymeat and a public inclined to increase the plant-based elements of their diets, the sheep sector needs to be able to export its product to the relatively local European markets where there is good demand for it.

Brexit aside, the main challenge for the UK sheep industry is to further improve its commerciality and to reduce its dependence on income support (the Basic Payment).

Around 75% of the UK lamb kill occurs in quarters one, three and four. Typically, the majority of these lambs are sold at between 160 and 180 pence per kg liveweight. Whole farm costings, to include a return on family labour, point to an industry average total cost of production of between 210 and 215 pence per kg liveweight at the present time, some way in excess of what the market appears willing to pay.



However, the same costings show top quartile producers able to achieve costs of production in the 150–155 pence per kg liveweight range, suggesting a genuine return from the market at current prices.

Top quartile producers seem better than the average at all levels. Their variable cost use, in particular feed and forage is lower, as are their overheads (most notably labour costs), yet they are still able to achieve higher than average levels of output from their ewes.

At a farm level we see those achieving the best results in businesses typically maximising the use of grazed grass, often involving the extensive use of clover leys with minimal inputs of nitrogen fertiliser. In addition, they tend to have clear commercial objectives and selection criteria for their breeding stock which might typically include;

- *To lamb unassisted outside*
- *To produce lambs which efficiently convert grass to live-weight gain*
- *To lamb as a hogget*
- *Longevity*
- *To remain structurally sound with good feet and teeth*
- *Modest ewe weights and input requirements*
- *Ability to wean large weights of lambs as compared to their own body weight*

There continues to be many actions producers can implement to narrow the gap between costs of production and the price the market is willing to pay. In addition to this, there may well be opportunities in the future to see how sheep systems can dovetail with and be paid for the delivery of public goods, assuming this remains the direction of travel for future support payments. This might include helping to preserve rural communities and landscapes, for example in the Lake District, or by having a role in maintaining soil health and organic matter by providing grazing for cover crops and grass leys in currently predominately arable areas.

LIVESTOCK

Pigs

Harry Batt

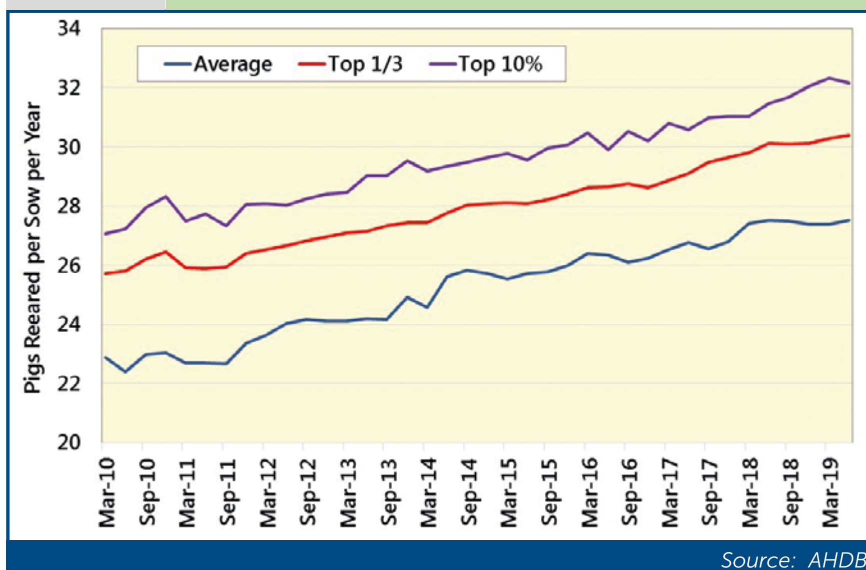
It is quite ironic that the Chinese Zodiac in 2019 was the year of the pig, an animal often associated with wealth and fortune. What went wrong?

It has been an interesting couple of years for the Pig sector with the outbreak of African Swine Fever (ASF) taking centre stage. The impact of ASF in China has rightly warranted the largest coverage, given the losses of upwards of 40% of the national herd, a country that had over 50% of the World pig population. The disease has affected most of Asia and Eastern Europe, leaving a trail of devastation, with no indication of an end point. It is this uncertainty surrounding the control and eradication of the disease that could prevent producers restocking, which could result in a pork shortage in Asia for a number of years.

This creates an opportunity for our UK pork industry both domestically and internationally. AHDB figures show that the sector has 54%-56% self-sufficiency, with approximately 284,000 tonnes of pork exported each year (30% of domestic produce). A key concern for the industry must be the inability for shoppers to easily identify British produce in supermarkets, with clear and obvious labelling non-existent.

Despite the almost certain future price increases as a result of the decline in the global breeding herd, UK producers still need to focus on managing and controlling costs. Producers should be positive about controlling feed expenses over the next 12-18 months, given the good domestic harvest, with prices approximately 25-30% down on last year. Continued strained relations between China and the US and the reduced demand for feed in China, have kept soya forward prices at approximately £300 per tonne.

Figure 19 **Pigs Reared per Sow per Year (Indoor) – 2010 to 2019**



Source: AHDB

As feed contributes to 55-60% of the cost of pork production, any reductions will have a significant impact on profitability. It goes without saying that producers should look to secure feed at these low prices for as long as possible.

In the face of a turbulent year, producers have responded to the continual squeeze on returns with improvements in technical performance. The AHDB reported a 1.0ppkg reduction in the cost of production as a result of improved Feed Conversion Rates. Producers should strive to build on these achievements and not let efficiencies slip as feed costs reduce.

Although all parts of the sector have seen productivity improvements, there is still a large separation between the top and average producers. The top 10% of indoor and outdoor herds currently wean 32.2 and 27.4 pigs per sow per year respectively; this is 4.7 and 3.5 more pigs than the average level of production in each sector.

Productivity will be a key theme across farming in the coming years, and there is likely to be increased government support in this area. The pig sector should push for real time information which can be integrated to work with, rather than displace labour. Integrated technology should target further improvements in feed efficiency and Body Condition Scoring, as this is likely to result in healthy financial rewards, not just technology for the sake of technology.

The pig sector has already proved it can make significant changes when required. Labelled as a high user of antibiotics, the industry should receive credit for the improvements that have been made. At the time of writing this article, it looks likely that the Responsible Use of Medicines in Agriculture's 2020 target (99 mg/PCU; a reduction of 64% from 2017) will be achieved.

Given the current disease risks producers should ensure biosecurity measures are in place and adhered to at all times.

In light of potential uplifts in profitability for the sector, a number of UK producers are already reviewing expansion projects to capitalise on the reduced global pork production. Is there also an opportunity for the pig sector to enter arable-dominant areas, given the increasing focus on increasing soil organic matter and break cropping?

> ***It is quite ironic that, in the Chinese Zodiac, 2019 was the year of the pig.***

The key things to consider before embarking on investment are:

- *Does this investment fit with your long-term business strategy?*
- *Have you got a guaranteed end market? Can you secure a B&B type contract?*
- *What is your cost of production?*
- *Have you stress-tested the proposal (for price, cost or interest rate changes)?*
- *What return will the investment provide?*
- *Have you got the labour?*
- *What are the Environmental Permits and the potential costs of meeting the Government's Clean Air Strategy, including meeting intensive housing design standards?*

With a number of factors moving in its favour, perhaps 2020 will be the year of the pig for the UK sector.

Poultry

Lily Hiscock and Edward Calcott

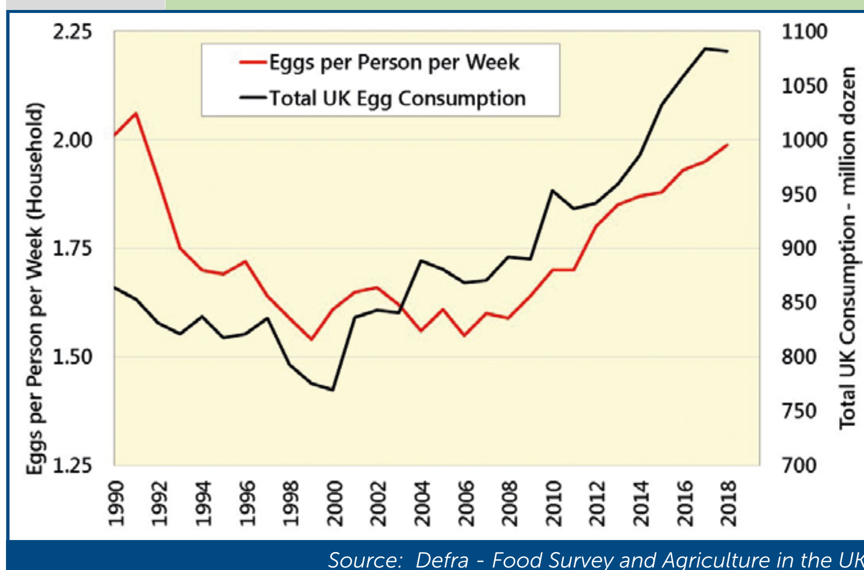
At the time of writing, the poultry sector is going through a tumultuous time, with the supply and demand balance out of kilter, the looming possibility of tariffs post-Brexit, and emissions pressure. On the other hand, egg and poultrymeat demand continues to grow, the move to cage-free eggs continues to gather pace, and the 'Better Chicken Commitment' is on the agenda for the broiler sector.

We are moving to a two-tier poultry sector – animal welfare and lower intensity, versus increased intensity for reduced GHG emissions and maintaining 'cheap food on the table'.

The egg sector is seeing depressed prices, in particular the free-range sector with prices ranging from 69 pence per dozen to >90 per dozen (with average cost of production at approximately 80 pence per dozen). UK consumption of eggs continues to grow (estimated at 13 billion eggs per annum) and with retailers / manufacturers moving to 'cage-free' from 2020 onwards (most from 2025), demand will rise.

There are effectively only four laying cycles remaining until the 2025 commitment. In order to meet increased demand, significant further investment will be required. This is yet another hurdle for many large egg producers, who are still paying for the move to enriched colony which came into force in January 2012. At present, it is uncertain whether this gap in supply will be from barn egg or from more free range. On the face of it, free range appears to provide increased animal health and welfare and a better environment for chickens. But often, this less controlled environment results in increased vet & medicine use, higher mortality, reduced productivity – perhaps a

Figure 20 **UK Egg Consumption – 1990 to 2018**



Source: Defra - Food Survey and Agriculture in the UK

case of consumer perception versus scientific evidence?

In a period of low prices and a volatile supply / demand balance, producers are likely to be discouraged from investment. In the long term, the outlook looks positive; as egg consumption grows more eggs will be required. For those considering egg or broiler production, and / or expansion of existing sites, plans should be moved forward so that should prices begin to pick up or contracts become available they are in a position to act quickly. Planning might include;

- *Identify whether contracts to supply are available in the area (or when they might be available)*
- *Discuss the opportunity for long-term supply contracts with a cost-tracker mechanism to provide price stability for producer and processor*
- *Consider location of site including power and utilities available, drainage / shelter, access for lorries*
- *Consider renewable energy (ground source heat pumps & biomass boilers) for additional income and improved energy efficiency*
- *Identify sites which would allow further expansion in future, if required*
- *Construct indicative plans*
- *Obtain quotes for building infrastructure*
- *Consult with Local Authorities and nearby residents to appease worries before submission of a Planning Application*
- *Obtain Planning Permission*
- *Develop a business plan and identify whether funding is available (bank funding or private funds)*
- *Identify your target return on capital (aim for >15%) and implement plans at this stage*
- *Obtain good management for the unit, technical expertise is essential*

> ***We are moving to a two-tier poultry sector – animal welfare and lower intensity versus increased intensity for reduced GHG emissions and maintaining 'cheap food on the table'.***

The 'Better Chicken Commitment' is on the agenda for the broiler sector – this is already established in the US and is growing across Europe. It effectively commits retailers and producers to higher welfare chicken production with a move to slower growing chicken strains, lower stocking densities and a more 'natural environment.' Retailers, including; M&S & Waitrose and food retailers such as KFC have already signed up, and others look set to follow. Given that the UK poultry industry already operates with high standards of animal welfare (and lower stocking densities than across the EU), this could be an easy 'win' for some producers.

Talk of the UK opening up to imports of chlorinated chicken from the USA as a result of a potential future trade deal has experienced a mixed reception with UK consumers. Although the chlorination of chicken is deemed to be safe, consumers must be reminded that the chlorination process is carried out to act as a failsafe for the higher stocking densities and the lower standards of welfare which are practised in the USA. If such a trade deal were to be struck, it would be interesting to see how much meat is traded, as both the UK and the USA are net consumers of white meat and exporters of dark meat.

For those not operating as part of the integrated broiler supply chain, diversification into organic / free range broilers or seasonal Christmas poultry with an emphasis on 'high welfare' and 'locally produced' might offer a marketing opportunity and added value. The traditional turkey market is a sound example of this where smaller and more traditional agricultural buildings can be utilised to produce a high value Christmas product, whilst providing work for farm staff in a typically quiet period of the farming year. Growing the poultry is the easy part, selling them to the right markets, at the right price is essential for profitability. Direct sales via the farm gate, social media or online marketplaces are key to the success of such a niche enterprise. Forward thinking producers could tap into the increasing 'foodie culture' with an emphasis on 'Health, Welfare, Local and the Environment.'

NATIONAL ADMINISTRATIONS

Topical Issue - Climate Change & Livestock Farming

Edward Calcott and Jonathan Hughes

We cannot hide from the fact that livestock production is a contributor to UK greenhouse gas (GHG) emissions; responsible for 5% of total carbon and 88% of ammonia emissions. As with all industries, agriculture has come under scrutiny to reduce its output of GHG, however the industry is taking steps, led by the NFU's pledge to achieve 'Net Zero' by 2040. To achieve this, we need more research into what steps are required practically on farm. And, as the sector moves towards a carbon neutral status, we need to portray this positively to the public.

Cattle & Sheep

The ruminant sector has seemed to take the brunt of much of the emissions scrutiny, with the 'vegan movement' banging a very loud and well-funded drum. Many of the 'facts' used to support the case for lower meat consumption are less than robust or used selectively. The figure from the UN Intergovernmental Panel on Climate Change (IPPC) that livestock production accounts for almost 15% of global GHG has been applied to the UK red-meat sector, when the equivalent figure for this country is less than 5%. Another example is the BBC's 'food calculator' which calculates 783,00 km^2 of land is required to provide the UK's population with a 200ml glass of milk every day of the year; but the entire UK land area is only 242,500 km^2 and the country doesn't import any liquid milk! As an industry we must work harder to show the public the true facts, but not be fearful of adapting to achieve a net zero GHG status.

Firstly, just under two thirds of the UK agricultural land is grassland, of which much is unsuitable to crop. Grazing ruminants recycle dry matter back into growing plant material, in the process sequestrating carbon, the action of depositing carbon into the soil from the atmosphere, with the soil acting as a carbon sink. For every 1% carbon added to the soil, water holding capacity is increased by 150,000 litres per hectare. In a cropping-only system the soil is cultivated, releasing carbon into the atmosphere, reducing organic matter levels and therefore water holding capacity and microbial activity in the soil.

Grazing ruminants on a paddock, mob or cell grazing system shows a further environmental benefit, allowing the plant and soil to

recover and grow its root structure, holding the soil together. This therefore retains the carbon in the soil. Poor root structures are often associated with set-stocked systems, where new shoots (known as regrowth) are continuously removed; these provide a source of energy to the roots, thus the root system shrinks. The financial benefit from resting pasture prior to its next grazing is also key to the farm business. Grassland with set-stocked management will grow 3 tonne of dry matter (DM) less per year over 1 hectare, at a lower quality (ME) per tonne than a paddock managed system. Crudely this equates to £150 per hectare if the additional 3 tonnes DM is replaced with purchased silage, or £600 per hectare if replaced with concentrate, improving profitability across livestock farms through a very small investment.

Introducing practical, simple actions such as these, that can benefit both the environment and the bottom-line, will be the key to achieving the industry's goals.

Pigs & Poultry

Poultry meat, compared to other meat production systems, produces significantly less GHG emissions per kilogramme of meat consumed, primarily due to the substantially higher Food Conversion Ratio of the modern broiler chicken. This is a result of progressive breeding programmes and a historic lack of government subsidy, which has already encouraged efficiency to reduce costs. This is also true, to a slightly lesser extent, in the pig sector. This has given the sectors a head-start for GHG efficiency.

The majority of GHG emissions for pigs & poultry is a result of growing the feed ingredients through arable farming. Soya has a high carbon footprint, so other protein sources are being explored. Insect protein is an area undergoing extensive research, as they consume waste and require minimal land areas for production, with few restrictions on location. If proved safe, insect protein could massively reduce the reliance on imported soya. The reintroduction of PAP (Processed Animal Protein) could take place in the future as the European Commission has begun a process which could approve its use, therefore allowing access to an alternative protein source for animal feed, which can be better utilised by chickens than vegetable protein.

> ***Many of the 'facts' used to support the case for lower meat consumption are less than robust or used selectively.***

Growing combinable crops for animal feed is deemed to be less carbon efficient than if growing crops for direct human consumption. However, diets need to be varied, and many areas of the UK are best-suited to growing cereals. The grains consumed by pigs and poultry provide a carbon efficient way of converting carbohydrates into a versatile protein.

The site-specific nature of intensive pig and poultry production makes them a natural fit for renewable technologies. Heat pumps are an increasing trend, to sit alongside the many solar and biomass installations already in place. All this helps reduce the GHG impact of the sector.

The pig and poultry sectors face a balancing act. On one hand is the pressure to reduce emissions. But against that, is a desire from consumers to see more welfare-friendly production methods. These often (although not always) are less efficient in terms of GHG output. Responding to these divergent public concerns will be a key issue in the coming years.

NATIONAL ADMINISTRATIONS

Scotland

Ben Kellagher and Alex Caraffi

It is no longer any good to look back and say that the year has been one of mixed fortunes, because that is now par for the course in Scottish agriculture; but a year of mixed fortunes it has been. Some of the contrasts;

- *Poor sheep scanning percentages were countered by decent weather for the bulk of lambing*
- *Generally above average combinable crop yields have been countered by falling prices and oversupply in the market*
- *Plenty of grass growth means there's lots of forage and animals in good condition, but low beef prices of 20 to 50pence per kilogramme less than in 2018 has left beef producers receiving less*

> **One big question for the coming year is what the important malting market does between now and harvest.**

The most exceptional aspect of the year in Scotland has probably been cereals and oilseed yields. Oilseeds were regularly in the region of 5 tonnes per Ha and with the current price there will be some excellent gross margins produced in 2019. Spring barley reports have been varied, but many producers have reported some of their best-ever yields, with many growers averaging well over 7.4t per hectare and some averaging in excess of 8.5t per hectare. However, some in the north east struggled to get spring barley finished and quality suffered as a result. There are ongoing problems with selling malting barley which wasn't under contract, with grain meeting malting specification even being sold as feed. Winter wheat was perhaps more varied, with some varieties performing well and others less so. For 2020, winter sowing has been catchy, but most people have managed to get things done. One big question for the coming year is what the important malting market does between now and harvest and whether macro-economic and political factors create more downward pressure.

Good news for the industry in Scotland this year has been the Scottish Government's loan scheme for LFASS and BPS. BPS loans arrived in accounts in early October, fully two months earlier than the December payment window. However, these early loan payments now put the Scottish Government in an awkward position for the future; can it continue to make these early payments or will it have to move to a different time period and what publicity impact might that have? Other good news was the agreement from the UK government to pay across the £160m convergence uplift. The convergence uplift is also interesting in that it is due to Scotland on the basis of the low value of the Region 2 and Region 3 payments. However, the current proposals from NFUS are to spread this money out evenly across all Pillar 1 schemes which seems to be another case of them trying to be all things to all people.

It was recently announced that the Agri Environment and Climate Scheme (AECS) would not be open to new applications for scheme commencement in 2021. This must be considered a disappointing move. Whilst those already in the

> ***The outlook for the farming industry in Scotland is as murky as it is for many industries in the wider UK.***

scheme will be granted a one-year extension, those who would have been looking to put a new scheme together will be frozen out. The Scottish Government has blamed lack of clarity from Westminster but this must be seen as a backward step for the environmental credentials of Scottish agriculture and it is a shame that the Scottish Government could not make greater efforts.

Otherwise the outlook for the farming industry in Scotland is as murky as it is for many industries in the wider UK. Putting the larger political situation aside, the Scottish Government's consultation on future agricultural policy and strategy points to a period of only limited policy change during the next five years; a transitional period as they are calling it. Following that, policy would be based around small fixed rate payments topped up by schemes aimed at productivity, efficiency, skills, training and finally environment and natural capital. As much as we all admire the principle of setting out a ten-year strategy, the idea stated in the report that this length of time will allow the industry to evolve and make gradual change is perhaps hopeful. Some businesses will undoubtedly do so, but a larger number will be more likely to look at their business, be satisfied with what they've got, and kick the can labelled change down the road.

One very big elephant in the room is the Less Favoured Area Support Scheme. This should have changed to a scheme based on Areas with Natural Constraints as part of the current CAP. However, the Scottish Government elected to try to carry on with the scheme in its historic guise. The current predicament of 2019 payments at 80% of 2018 and 2020 payments at 40% is one that is going to take quite some swallowing. This, in effect, means that the most challenged areas in Scotland in which to farm will receive £7.89m less for 2019 and £23.67m less for 2020, an average of £1,300 and £3,900 per LFASS claimant respectively. This is a considerable sum removed from these rural areas. At the moment, while all the noise from Holyrood is about protecting these areas there has been no tangible move to mitigate this fall in funding. What makes it all the more of a challenge is when considered alongside the suggested use of the £160m convergence monies.

With under two years to run until the next Scottish Parliamentary elections it is difficult to imagine that there might be much of a power shift away from the SNP. This means that much of the policy direction of recent years, and the stated policy directions for the future are likely to continue. The prospect of another Independence Referendum continues to hover in the background – whether 'IndyRef2' will happen in 2020 as the SNP wish is difficult to know with the current state of politics across the UK, but surely following the strain of the Brexit debacle the prospect of another independence vote and its ramifications are not to be relished.

Assuming policy does not radically change, the key aspect then seems to be at what level the total farm support budget will be. It is all very well keeping the same structure in the name of 'stability', but if that structure has a smaller budget, payments will be smaller. We have always said it is difficult to see the budget getting bigger, and it'll be a real fight to keep the overall funding at the same level.

We continue to deal with thriving Scottish farming businesses, even though there are fewer in some sectors than others. We see more and more managers really understanding their businesses, their strengths and their weaknesses and looking for the differences they can make to be better. While there is plenty of challenge around in the future it is these abilities which will continue to set the best apart from the rest.

NATIONAL ADMINISTRATIONS

Wales

David Thomas and Kerry Jerman

Welsh agriculture looks at the outcome of the Brexit process with perhaps even more trepidation than the rest of UK farming. The dominance of the sheep sector in the Principality, and particularly the production of light hill lambs which have been traditionally sold into continental Europe, makes it uniquely exposed to any changes in trading rules. Beef production is also a key part of farming in Wales and, this too, could face significant challenges depending on what eventually emerges.

> ***Wales has arguably led the way among the UK administrations with programmes to improve the skills and knowledge of the agricultural sector.***

Welsh agriculture is perhaps also different from other parts of the UK because there remains a stronger cultural connection between farming and the general population. And, as the Welsh Government itself states 'agriculture continues to play a major role in attracting tourism and sustaining the Welsh language'. These connections may be important in the years ahead when farming has to make its case against competing funding priorities. The 'pitch' to Government and society has to be right, however. A call to 'support us because we are farmers' is unlikely to succeed. Something more like 'help us through this change to become a thriving, profitable industry delivering the food and landscapes you value' might have rather more chance.

The Welsh Government has been consulting repeatedly on what the future support arrangements for the sector should be. The latest iteration, the Sustainable Farming Scheme, looks to combine support for profitable production with delivering 'public goods'. Whilst the overall aim seems laudable, the devil, as ever, will be in the detail. With key elements, not least the length of transition to the new policy, still to be decided, the jury must remain out for now. The level of funding for any scheme will be one of the main issues – the most elegantly designed programme will be of little use if there is insufficient funding for it. This is why the sector needs to make the most of the

leverage it has with Welsh society.

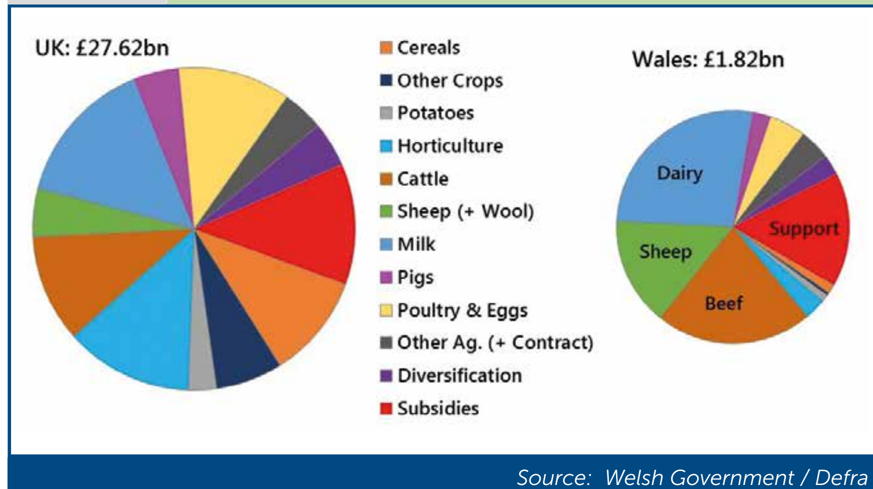
A pleasing aspect of the plans is the focus on business development. Wales has arguably led the way among the UK administrations with long-running programmes like Farming Connect helping to improve the skills and knowledge of the agricultural sector. Schemes such as YESS have also helped deal with the issue of 'generational renewal'. As farm business consultants, it might be argued that we have an agenda in this area(!), but we would argue that a Pound invested in improving farm management skills produces a better return than a new building or a BPS payment.

Government policy can always be changed by a new administration. Elections scheduled for May 2021 could see a different political landscape and a change of ideas. Current polling suggests that Wales, like the rest of the UK, is moving to a situation where no party is dominant, but rather a number of parties have a vote-share of a third or less. This would mean coalitions would be needed to be built. However, there seems a generally broad consensus in the overall direction that Welsh farming needs to take.

A positive for the future of the farming industry is the value of the 'Welsh brand'. Mention Wales in most parts of the world and (perhaps after rugby!) most people will conjure up an image of green hillsides dotted with sheep and cattle. Many of our competitors would love to have such strong brand recognition linked with a bucolic vision. The skill will be in using this advantage to create real economic benefit for the farming sector. Part of this will be demonstrating that Welsh farming really is as 'green' as the image presented. The current perception of red meat and milk as being environmentally damaging (as set out elsewhere in Outlook) will need to be challenged. As Wales is so livestock-dependent, it has more to lose than many other countries if the view gains traction that the way to save the planet is to eschew all livestock products.

The future is always uncertain. For some businesses, the prospect of Brexit has provided a convenient excuse to do nothing. But the best businesses are always looking for ways to improve, whatever is happening externally.

Figure 21 **Output Comparison, UK versus Wales – 2016 to 2018 Ave.**



Source: Welsh Government / Defra

For some businesses, the prospect of Brexit has provided a convenient excuse to do nothing.

CONTRIBUTED ARTICLE

The Future of Food

Tim Lang

Tim Lang – Centre for Food Policy, City, University of London

The Centre for Food Policy was founded in 1994 to provide public research and postgraduate education on food system policy-making. Tim Lang is Professor of Food Policy at the CFP where he was Director until 2016

Love it or hate it, Brexit has shaken complacency about UK food supplies. Disruption is the new norm. Uncertainty makes mid to long-term planning trickier. 2020 looks set to continue this state of affairs. A fairy godmother is unlikely to appear. Structural determinants points to tension across the agri-food sector, even if UK politics settle down. The UK does not feed itself. Nothing like. Home production has been falling for years. By value, UK production is 50% of total market; by supply, it's about 61%. The Yellowhammer papers exposed how just-in-time logistics are ripe for port disruption. This fragile state of food security matters, but barely features in domestic politics. Meanwhile pressure to change the entire food system builds up.

The environment has rocketed back up the UK policy agenda. It's more than a matter of plastics, important though that is. All parties now accept the climate emergency is real, not just a slogan. The figures are sobering, whether we look at climate, water, soil, biodiversity, land use… the UK pattern of food production of recent decades will have to change. Areas may flood due to flash rainfall one moment, while other areas quietly become water stressed.

> ***On a positive note, UK farming has responded to calls to reduce profligate antibiotic use. Not before time.***

So far, only the Committee on Climate Change has set any serious environmental targets – to be carbon neutral by 2050. The Government accepts this, but has set few action targets. The National Food Strategy is late, but welcome. Attention on agri-food will rise. 26% of global greenhouse gas emissions are due to food and agriculture. 58% of agri-food GHG emissions are from animal products, with beef and lamb accounting for half of those. Even though there is a case for animals, as part of rotations, to build soil fertility, UK farmed animal output will have to scale back. Hollow laughter and cries that declining profitability is already doing that, alas, miss the point. How and what we farm is crucial. Turning soil, fertilising crops only to feed inefficient converter animals…

these practices are, well, oh so 20th century.

Public health pressures are already intensifying. Obesity and overweight cripple the NHS. Why throw big money at new hospitals or employ skilled staff unless we prevent what causes the flood of patients and ailments? NHS prevention budgets are tiny. 50% of UK diet is from consumption of 'ultra-processed' food products (high in fat, salt and sugars), the highest rate in Europe, reinforcing bad diets.

On a positive note, UK farming has responded to calls to reduce profligate antibiotic use. Not before time. The Swann Report laid out the case back in 1969; the House of Lords again in 1998. It took serious (sometimes angry) campaigning and Chief Medical Officer support, plus economic justification from Jim O'Neill's Commission. Jeremy Coller's $1 trillion FAIRR investor consortium also concentrated minds. Antibiotic farming is really a stranded asset.

Cutting across the entire agri-food scene is Britain's social disease – our shockingly high levels of food inequality. The life expectancy gap between rich and poor is excessive. Whereas the average UK household spends 10% of disposable income on food, the poorest 20% spend 16%. They are locked into bad diets. If the poorest were to follow the Government's Eatwell healthy diet advice, they'd have to spend a quarter of all their income on food. With rocketing rents and fixed housing costs, food becomes a flexible item in household budgets. Unicef found the UK among the worst of rich nations for feeding its children poorly. No wonder there's a nine year life expectancy gap between Blackpool and London's Kensington & Chelsea, and fourteen year gaps between super poor and super rich areas. Meanwhile UK off-farm food industries and advertisers spend £0.5 bn a year marketing unhealthy consumption.

With rocketing rents and fixed housing costs, food becomes a flexible item in household budgets.

What has this to do with farming? Both a lot and not a lot. Farming is not to blame for what happens post farmgate. Arguably it's been turned into a servant of this food machine, which is why tensions periodically erupt – for instance over beef or milk prices. The farm share of the £220 bn consumers spent on food in 2018 is tiny. UK farms receive about 6% of the total gross value added. Farming doesn't create this situation, but is shaped by it.

Farming must get off the fence and take a stand on whether its role is to feed people well or not. The country desperately needs more horticulture. Fruit, veg and nuts all need to double, but are held back by low prices and government mishandling of the SAWS labour issue. But farming is also reluctant to change, locked in by investment. Many a mixed farm in the past has turned into a monoculture today. Pressure to reverse this is likely.

Something has to give. These Brexit years are probably the moment. Most analysts see it as one of those big periods when everything changes. The 1846 Repeal of the Corn Laws ushered in a period when farming went into an 80-year decline. World Wars 1 and 2 were wake up calls. The 1947 Agriculture Act and then joining the Common Market in 1973 committed to home production as a baseline for food security. Now Brexit throws everything into the air when the status is weak.

Figure 22 **Seven Policy Visions for the Future of the UK Food System.**

Policy Vision	***Focus for food source***	***What it means for UK farming***	***What it means for consumers***	***Potential hotspots***
Atlanticist	N America / USA	Competition from even more intensive production	Cheap beef and a possible welcome back to spam & tinned Peaches?	Food standards: chlorinated chicken, hormone-fed beef
Globalist	Anywhere, everywhere	Food deals subsumed within wider trade deals	Cheapest food	Traceability
Imperialist	Commonwealth countries	Completion more likely from Africa than the Antipodes	More food from Southern and West Africa	Far-off labour conditions can unravel
Outer European	South and East shores of Mediterranean	EU on the cheap	Less from EU, more from Turkey, Morocco, Israel	Political uncertainties
Neo-EU or EU-lite	Reformed EU or EFTA	Keeping to EU standards without the subsidies	More of the same	Uncertainties of Reform and Remain politics
Nationalist	UK first	Self-reliance	Higher prices	Loss of some favourite foods
Myopia	Food is assumed, not a priority	The farm lobby has a PR problem	Not thought about it; assumption supermarket shelves fill themselves	Volatility if and when realities kick in

Figure 22 gives some 'big picture' scenarios of where we might go. All is to play for. Most attention has been on phase 1 of Brexit. Where this now goes is what really matters. It could last years. Across the political parties, one detects elements of all of these visions. All warrant scrutiny.

Atlanticists see the UK as turning its back on Europe, perhaps even becoming an honorary 51st state. Globalists hedge bets and suggest we simply trade food from anywhere. Imperialists want food from wherever (cheap) land and labour can be assured. Outer Europeans say we can get the nice Mediterranean foods UK consumers have grown accustomed to from other parts of the Med. Meanwhile, Euro Reformers, having shed the UK, plan to speed up internal reforms, if only to bind member states and discourage further fragmentation. Nationalists argue for more UK production, not without reason. Why on earth does the UK import apples and pears when we can grow better here? And we should not forget the seventh vision, Myopia, which isn't really a vision at all – the view not to view. It is very widespread even within the agri-food sectors.

The good news is that agri-food politics are back, with high stakes. The less good news is that, so far, debate about what we want has been thin, ideological and often ill-informed. There is much work to do. Primary producers need to get their act together. Some old issues already crowd round the policy table - cheap food versus real food, security of supply versus food from anywhere, commodity production versus 'real' food. Meanwhile the new 21st century determinants – environment, health, affordability, consumer taste, cultural power – grow restless outside the food policy room. Can you hear them knocking?

The Consultants of the Andersons Businesses

THE ANDERSONS CENTRE

Richard King
t: 01664 503208
m: 07977 191427
rking@theandersonscentre.co.uk

Graham Redman
t: 01664 503207
m: 07968 762390
gredman@theandersonscentre.co.uk

Joe Scarratt
t: 01664 503204
m: 07956 870263
jscarratt@theandersonscentre.co.uk

Michael Haverty
t: 01664 503219
m: 07900 907902
mhaverty@theandersonscentre.co.uk

George Cook
t: 01664 503217
m: 07836 707360
gcook@theandersonscentre.co.uk

Caroline Ingamells
t: 01664 503209
m: 07501 342772
cingamells@theandersonscentre.co.uk

Tony Evans
t: 01664 503211
m: 07970 731643
tevans@theandersonscentre.co.uk

Jonathan Hughes
t: 01664 503222
m: 07733 503966
jhughes@theandersonscentre.co.uk

David Thomas
t: 01874 625856
m: 07850 224524
dthomas@theandersonscentre.co.uk

Kerry Jerman
t: 01874 625856
m: 07838 591799
kjerman@theandersonscentre.co.uk

Oliver Hall
t: 01664 503200
m: 07815 881094
ohall@theandersonscentre.co.uk

Edward Calcott
t: 01664 503200
m: 07827317672
ecalcott@theandersonscentre.co.uk

ANDERSONS EASTERN

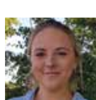
Jay Wootton
t: 01284 787830
m: 07860 743878
jwootton@andersons.co.uk

Nick Blake
t: 01284 787830
m: 07748 631645
nblake@andersons.co.uk

Jamie Mayhew
t: 01284 787830
m: 07540 686759
jmayhew@andersons.co.uk

Ben Burton
t: 01284 787830
m: 07775 877136
bburton@andersons.co.uk

Pam Jacobs
t: 01284 787830
m: 07787 445433
pjacobs@andersons.co.uk


Annabel Gardiner
t: 01284 787830
m: 07387 396561
agardiner@andersons.co.uk

ANDERSONS MIDLANDS

John Pelham
t: 01544 327746
m: 07860 508019
jpelham@andersons.co.uk

Sebastian Graff-Baker
t: 01455 823425
m: 07831 454320
sgraff-baker@andersons.co.uk

Mike Houghton
t: 01722 782800
m: 07836 707096
mhoughton@andersons.co.uk

Lily Hiscock
t: 01722 782800
m: 07854 811464
lhiscock@andersons.co.uk

Harry Batt
t: 01722 782800
m: 07948 245525
hbatt@andersons.co.uk

ANDERSONS NORTHERN

David Siddle
t: 01968 678465
m: 07885 809119
dsiddle@andersonsnorthern.co.uk

Ben Kellagher
t: 01968 678465
m: 07770 652959
bkellagher@andersonsnorthern.co.uk

Alex Caraffi
t: 01968 678465
m: 07970 984545
acaraffi@andersonsnorthern.co.uk

Charlotte Dun
t: 01968 678465
m: 07572 149631
cdun@andersonsnorthern.co.uk

ANDERSONS THE FARM BUSINESS CONSULTANTS

The four Andersons businessess provide services for Farming Businesses and Food and Agribusinesses. Recognising that all businesses are different, Andersons' advisors tailor their advice to their clients' needs. Advice may be provided in a range of areas including:-

Farming Businesses

- Business Appraisal
- Business Strategy and Succession Planning
- Investment Planning and Appraisal
- Financial Planning including Budget and Cashflow
- Enterprise Costings and Benchmarking
- Farm Business Administration
- IT and Software Design
- Contract Farming & Joint Ventures
- Co-operation & Collaboration
- Diversification
- Understanding CAP Schemes and Grant Support
- Basic Payment/Agri-environment Claims and Problem Solving
- Preparation of Grant Applications
- Tenancy, Rent Reviews & Arbitration
- Expert Witness
- Insolvency or Managed Recoveries
- Recruitment
- Training

Food and Agribusinesses

- Specialist Information Services
- Bespoke Training & Briefing
- Preparation of promotional material and Bespoke Publications
- Appraisals & Feasibility Studies
- Business Strategy
- Market Research & Analysis
- Business Analysis and Modelling
- Benchmarking & European Economic Comparisons
- Acquisitions & Joint Ventures
- IT & Software Design
- Recruitment & Personnel
- Development

For more details on any of the above, or a discussion about your own particular needs, please contact one of the Andersons businesses. All discussions are strictly confidential and without commitment.

Agro Business Consultants Ltd

Publishers of the ABC Agricultural Budgeting and Costing Book, the Equine Business Guide and the Professional Update subscription service (incorporating Inside Track), providing the complete agricultural and rural information service.

The Pocketbook

Publishers and distributors of the John Nix Farm Management Pocketbook.

Andersons is also involved in:-

Koesling Anderson

A consultancy based near Magdeberg in Germany, offering a range of services to businesses in Central and Eastern Europe.

Andercourt

A joint venture with Velcourt offering executive farm management services to farming businesses in the UK.

ANDERSONS THE FARM BUSINESS CONSULTANTS

ANDERSONS MIDLANDS

www.andersonsmidlands.co.uk

SALISBURY
Contact: Mike Houghton
Tel: 01722 782800
mhoughton@andersons.co.uk

LEICESTER
Contact: Sebastian Graff-Baker
Tel: 01455 823425
sgraff-baker@andersons.co.uk

HEREFORD
Contact: John Pelham
Tel: 01544 327746
jpelham@andersons.co.uk

ANDERSONS NORTHERN

www.andersonsnorthern.co.uk

EDINBURGH
Contact: David Siddle
Tel: 01968 678465
dsiddle@andersonsnorthern.co.uk

ANDERSONS EASTERN

www.andersonseastern.co.uk

BURY ST EDMUNDS
Contact: Nick Blake
Tel: 01284 787830
nblake@andersons.co.uk

THE ANDERSONS CENTRE

www.theandersonscentre.co.uk

MELTON MOWBRAY

Farm Consultancy
Contact: Joe Scarratt
Tel: 01664 503204
jscarratt@theandersonscentre.co.uk

Business Research
Contact: Richard King
Tel: 01664 503208
rking@theandersonscentre.co.uk

The Pocketbook
Contact: Graham Redman
Tel: 01664 564508
enquiries@thepocketbook.co.uk
www.thepocketbook.co.uk

Corporate Consultancy
Contact: Michael Haverty
Tel: 01664 503200
mhaverty@theandersonscentre.co.uk

Agro Business Consultants
Contact: Anna Anderson
Tel: 01664 567676
enquiries@abcbooks.co.uk
www.abcbooks.co.uk

BRECON
Contact: David Thomas
Tel: 01874 625856
dthomas@theandersonscentre.co.uk

HARROGATE
Contact: Oliver Hall
Tel: 01423 875721
ohall@theandersonscentre.co.uk

KOESLING ANDERSON
Contact: Jay Wootton
Tel: 01284 787830
jwootton@andersons.co.uk

ANDERCOURT
Contact: Jay Wootton
Tel: 01284 787830
jwootton@andersons.co.uk

ANDERSONS

Andersons® is a registered trade-mark of Andersons the Farm Business Consultants Ltd