Lamont Pridmore

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Agricultural and Rural Affairs Bulletin

Welcome to the Lamont Pridmore Agricultural and Rural Affairs Bulletin, our regular publication keeping you up to date with the latest developments relevant to this sector. For further information on these or any other farming or agricultural-related issues, please contact us on **0800 234 6978** or visit **www.lamontpridmore.co.uk**

Could delinking BPS payments help farm profits?

The Government has proposed new measures to allow delinking and consolidation of Basic Payment Scheme (BPS) payments into a lump sum, as part of its agricultural policy in England and Wales.

Delinking would break the link between the subsidy payments and the amount of land owned by the person applying.

This would mean that farmers would continue to receive payments regardless of production levels, land area or if they decide to stop farming altogether.

Under these rules, how much an individual receives would depend on a reference period, and the payments would taper to zero at a fixed end point.

According to the Government, this would offer farming communities "greater flexibility" during the Brexit transition phase, which should help farmers adjust to the removal of Direct Payments in future.

Contained within Defra's 'Health and Harmony' consultation the new option to delink payments have since been published in the Agriculture Bill, which is currently going through Parliament.

The Government has said that the system will promote land use decisions based on economic and business grounds rather than driven by the requirements of the support regime.

This move has been welcomed by the Tenant Farmers' Association (TFA), who says the advantage of a lump sum payment would be to assist with retirement and restructuring.

TFA Farm Policy Adviser, Lynette Steel said: "For tenant farmers, particularly those on older, secure tenancies, a lump sum payment could unlock the possibility of a housing solution for future retirement or, coupled with a payment for a tenancy surrender, provide a more immediate move into retirement allowing their holding to be farmed either by a new entrant or another farmer looking to progress their business."

Survey highlights concern about imported meat post-Brexit

A survey, conducted by YouGov, has revealed that the introduction of chlorine-washed chicken and hormone-treated beef, which could be allowed if food safety standards were relaxed post-Brexit, could reduce the demand for domestic meat.

According to the study of 1,000 Britons, more than half said they would have no issue buying meat that had been produced in this way, with more than 80% saying it would change their shopping habits.

Only 28% of poultry meat buyers said they would continue to buy the same amount of the meat if it was treated, while only 29% of shoppers said they would eat as much beef.

Of those asked, 83% said they would also examine labelling more thoroughly and three-quarters of shoppers would study production methods more closely.

David Swales, AHDB Head of Strategic Insight, said: "There is an argument that given clear labelling these products would offer consumers more choice.

"But the research suggests there is a danger that rather than try to fathom the labels, shoppers may lose confidence in the whole category."

Chlorine-treated chicken and hormone-laced beef are often produced at a reduced cost that is often passed onto the consumer, which could put home-produced meat at a disadvantage.

"As a key driver of shopper behaviour, there may be calls for these practices to be introduced in the UK to allow farmers to compete on a level playing field," David added.

Fuel, feed and fertiliser prices drive up farm costs

The latest AgInflation report has identified a 7.8% increase in farm input costs in the twelve months between September 2017 and September 2018.

This significant rise in farm costs was primarily driven by the prices of fuel, feed and fertiliser, which increased 17.4%, 16.1% and 15.8% respectively.

The report, produced by agricultural buyers AF Group, was the third in a row to find record inflation in farm costs, as the industry adapts to tougher conditions.

No sector avoided the price increases with dairying experiencing 11.26% inflation, livestock farming, 10.21%, and broad acre arable, 7.45%.

The increases are at odds with the general rates of inflation within the UK which have held on or around 2.4% for some time.

Jon Duffy, AF Group CEO said: "With under five months to go until the exit date, this lack of certainty alongside broader global trade tensions between the US and China is likely to continue to create price volatility.

"We as an industry have little influence on the eventual outcome, however, we would encourage farmers to look at controlling as many of these costs as possible through good risk management strategies."

The AgInflation Index is a weighted average of 130 cost items using data from the AF buying office, which spends more than £270 million a year in order to source 10% of the UK's farm inputs on behalf of its members.

Charitable support to farmers increased in 2018 following a difficult year

The Royal Agricultural Benevolent Institution (RABI) has reported a 47% increase in the amount it paid out to help farmers in 2018.

The welfare organisation, which provides funding to farmers experiencing hardship, handed out £437,825 to 215 working family farms last year – up from £297,000.

In total, it gave £2.22 million to 1,248 farmers in financial need in England and Wales during 2018.

RABI made 1,831 visits to those in hardship last year, which included spending a huge amount of time supporting individuals with their claims for benefits.

According to RABI, the combination of adverse weather at the start of the year followed by a long hot summer left many in dire financial straits, regardless of which farming sector they operated in.

In fact, livestock deaths due to the severe weather were described as the "worst in living memory".

Alicia Chivers, CEO of RABI, said: "Historically, RABI has probably been best known for helping the elderly, sick and disabled, but year on year we are being asked to do much more to support working families, and we fully expect that trend to continue.

"2018 was a particularly difficult year for many in farming, with adverse weather a contributing factor.

"Other problems about which we were made aware include unremittingly low incomes, debt, illness, evictions and difficulties with RPA Basic Payments," she said.

"We are in a testing and volatile environment, which is going to endure for some time to come. We foresee increasing difficulties ahead for many farming families."

Suppliers warn of 'messy fall out' following Brexit

Farm suppliers across the UK are urging farmers to take action now to plan ahead to secure access to vital resources in case of an unorganised Brexit.

A recent poll produced by Farmers Weekly has found a quarter of farmers and rural businesses are currently storing and stockpiling their inputs over growing concerns that certain products, such as agrochemicals and veterinary medicines, may be harder to obtain once the UK departs from the EU.

However, while supportive of farmers efforts, suppliers have said that they should only build up stockpiles if it is legal and safe to do so.

They have said that farmers do not need to panic buy and are advising farms to assess how they might be affected by any disruption in trade and plan sensibly.

Susan Twining, the Country Land and Business Association's chief land use policy adviser, believes that farmers should work with suppliers now to discuss likely input requirements rather than worrying unnecessarily.

A number of industry leaders have called for clarity from the Government on Brexit so that farmers can co-ordinate their supplies.

NFU Deputy President, Guy Smith, who was behind the latest call said that preliminary results from an NFU confidence survey reinforced this need for certainty.

He said: "With our future outside of the EU still very much uncertain, there is a worrying lack of confidence among our membership.

"This is already acting as a barrier to future investment, which not only impacts farming businesses but policymakers, advisers, banks and other stakeholders."

The future looks bleak, according to nearly half of UK farmers

A new study has found that 46% of farmers in the UK are not confident about their future.

According to the research, eight out of 10 UK farmers are worried about difficulties on the horizon, while around half feel that their business is not profitable and secure for the future.

Of most concern to profitability amongst those surveyed was prices paid for goods and land availability, with 52% saying that price fluctuations for products sold were the biggest limitation to their current success.

Meanwhile, 30% viewed land availability as a key issue for the future, as they competed with developers and larger agribusinesses for fertile plots.

Produced by Hectare Agritech, the parent company of marketplace SellMyLivestock, the study also revealed the key challenges ahead.

It found that:

- Only 32% felt that there was always a competitive market for their produce
- 49% said there was a shortage of buyers, which limited their choice of where they could sell
- 47% wanted greater clarity from buyers about what they will pay for.

Around 82% believed that coming up with innovative, cost-cutting solutions was the way forward, however, only 56% of respondents were actively seeking new technology to assist them.

What's more, a fifth said that they had never tried to implement new technology into their business, while two-thirds of farmers only trial new technology once a year or less.

At Lamont Pridmore we understand the contribution that farming and rural businesses make to the UK, but we also understand the growing pressures that the industry is facing.

Our experienced team of ARA specialists can provide a range of services and advice to help you and your business reap the benefits of your hard work. To find out more, please contact us.