

Promar matters

December 2020

providing food for thought



IN THIS ISSUE: Embracing change • Farm worker shortages
Value for money • Biodiversity • Locomotion
Your chance to win an Amazon Alexa • Our people's blog

Welcome to the latest edition of Promar Matters

2020 has seen its fair share of upheaval which I'm certain we won't forget for some time. For the agriculture industry, we've seen a shift in consumer behaviour, challenging discussion around the impending Brexit negotiations and the new Agriculture Bill.

All levels of society are increasing their demands to make food production more sustainable. We should not fear this as it presents enormous opportunity for those who can adapt. Fortunately, there are an enormous variety of technological advancements to meet this demand.

In this edition we are extending that positive take on this year's extraordinary events by exploring the theme of business resilience. With so much change, it can be easy to feel overwhelmed, but the good news is that there are many opportunities for agri-food businesses. To embrace the changes in front of us, we must remember the key factors – leadership, productivity, economics and the environment. Together they will help to create a sustainable farm business that will excel well into the future.

We remain to support you and your business on this journey. So, if you have any questions or need advice around the areas discussed, please don't hesitate to get in touch.



Neil Adams
Managing Director

We've never had a better chance...

2020 will go down in history as one of the most disruptive years of modern times. For many in the UK and international agri-food industry, it will be remembered as a period of great stress, change and significant challenge.

Yet, the early weeks of coronavirus and the prospect of Brexit has brought into sharp focus the importance of Britain's food and farming system. UK consumers are more aware than ever of just how hard the supply chain continues to work to keep food on our plates from around the world, including the rest of the EU, Central and Latin America, the US, SA and Oceania.

But, COVID-19 isn't the only issue to contend with. The new UK Agriculture Bill, the Dibleby led national food strategy, a carbon net zero policy and, of course, Brexit are all also on the horizon. While the fine details often remain to be worked out, the overall direction of change is clear.

We must recognise this direction of travel and assess the opportunities that these changes will eventually bring.



Let's start with Brexit

Before COVID-19, this was the main topic of trade conversation, with businesses everywhere trying to assess the challenges and opportunities arising from multi-lateral trade deals, tariff schedules and in some cases, changes to non-tariff barriers. While we are still waiting for final clarity on some key issues, change is clearly on the way. We have left the EU, now we need to be sure we are ready for it, both in terms of trade with the EU and beyond.

Yes, we're going to come up against countries and companies that are already well established internationally, but we've got to look at the strength of our offering. The UK is often seen in international markets as being innovative, and as having premium products, a good track record and high standards of food safety.

What we need to do is be confident marketeers and business developers too. Having market access is all well and good, but there is a necessity to adopt new levels of market understanding and presence.

It won't be easy; it will require patience, new levels of consumer and customer understanding and a determination to adapt to new markets. However, those agri-food businesses with a well-structured plan in place will be in a good position to succeed.

..to embrace change

So, what might the future look like for UK agri-food businesses?



The future average age of farmers will be lower, and they will be more engaged with the uptake of agri-tech products and services. Well developed succession planning must become the norm, as should benchmarking – not just with other locally based farmers, but against the best across the world.

From sustainability and integration, to automation and precision agriculture, farm businesses have a responsibility to recognise new developments, such as the Agriculture Bill. The best will be able to compete effectively in international markets.



Supermarkets will still play a dominant role at the Point of Sale. Yet, the route to market to consumers is set to be more diverse, with the ongoing rise of online shopping and, purchasing locally. Agritech has the potential to harvest and analyse more data than ever about the transformation of natural resources into food. As a result, this new technology will bring a closer connection between farming to address consumer concerns around food, health and animal well-being.

There is no doubt our supply chains have been stress tested over the past year and will continue to be so, but they have in general shown to be extremely resilient. What has also become clear, is the need to be prepared for supply chain 'shocks' and to create a robust and agile business plan.



Taking the positives

There is still a lot to be positive about. Public perception of UK farming is high, the UK has a good physical and business infrastructure, we are still a top 10 world economy, and we have 66 million affluent consumers who generally prefer to buy British food. But we must appreciate and recognise that we live in a cosmopolitan society. Nothing sells just because it has a Union Jack on it, instead consumers buy food products because they're good quality, represent good value for money, are innovative and are well marketed to them.



2020 might well be something of a turning point for the UK and international agri-food. There will be a resolution to Brexit and COVID-19 and although it may not be to everyone's liking, there won't be a way to turn the clock back to life before these two "black-swan" events.

Embracing, rather than resisting the changes that are clearly heading our way is going to be an essential part of the journey. The sooner we can do this, the better.

John Giles, Divisional Director, Agri Food

Creating biodiverse landscapes within agriculture systems

The conservation of farmland habitats and wildlife has been a topic of focus for some time. The loss of indicator species, such as Curlew, has become a concern for all stakeholders, with government organisations, environmental lobby groups, retailers and processors seeking to collaborate to arrest the decline in biodiversity.

From 2021, as the UK formally leaves the EU, the structure of the Agriculture Bill and subsequently ELMS, will bring this into sharp focus and stir new thinking around environmental land management.

Farmers must see 'nature friendly farming' as a collaborative process. Biodiversity needs to be incorporated into a business strategy rather than sitting alongside production. Providing a structure, such as 'land sharing', which involves a patchwork of low-intensity farming incorporating natural features, will be mutually beneficial. Maximising opportunity for greater biodiverse areas could begin by identifying and focusing on more challenging areas of the land area to farm, this could result in creating wetland habitat or river/stream adaptation.

In order to successfully achieve 'land sharing', there needs to be a well-structured plan. This starts with an evaluation of your current farm practices and any existing features that are contributing to biodiversity



The Curlew is one of our most rapidly declining breeding birds, showing **46% decline** across the UK from **1994-2010**

on the farm, including hedgerows, woodland, field margins, waterways etc. A structured plan can then follow, with the aim to set biodiversity targets to help guide implementation and enhance the biodiversity assets you already have. Don't forget to also consult neighbouring farmers. After all, linking habitats across a greater landscape area will provide scalable benefits.

The benefits of embracing biodiversity can extend to the wider farm business, improving productivity and profitability. Take trees as an example, they can offer shade and shelter for livestock, will provide windbreaks for crops and help to protect soils from erosion.

Piecing together the biodiversity puzzle

Farmers are an essential part of the puzzle, but the supply chain and consumers have a responsibility too. Valuing the wider services and practices that are delivered on farm will go a long way to supporting financial investment and can be a huge contributor to progression.

We have significantly improved how we farm, produce and distribute food. However, there is now an even greater need to consider how agriculture and biodiversity can be mutually beneficial. Let's shift mindsets and work towards incorporating biodiversity in future farming.

Vicki Halliwell, Senior Environmental consultant

The Promar Sustainability Team can support your farm or supply chain to undertake an evaluation of your current practices and existing features that are contributing to biodiversity on farm. We can support you to produce a structured plan, with the aim to help guide implementation and link habitats across the farmed area.

Facing fears around farm worker shortages

While we don't know the ins and outs of what a post-Brexit world will look like, we do know that there is growing concern around how domestic food production will be affected by the end of free labour movement.

The food sector is one of the UK's major employers, accounting for over 4 million jobs. But, it's also a sector with a huge dependence on non-UK labour. Many agri-food businesses see the ability to draw on a wider pool as a major advantage and benefit.

They're right! A good labour force is one of the most important components of any business, striking the difference between productivity and inefficiency. However, I don't think existing outside the EU should be viewed with great despair when it comes to worker shortages.

For some time, there have been signs that EU labour flow is heading elsewhere on the continent. Brexit has just been the gentle nudge we need to re-think employment decisions. Now is the time to recognise the opportunities that are still available for hiring and retaining a good workforce.

It isn't impossible to hire EU labour

Hiring migrant workers is going to be a trickier process in 2021. However, it isn't impossible and there are procedures in place to assist you. Take the livestock sector as an example. Block calving herds can still capitalise on the 'Seasonal Agricultural Workers Scheme' which, at present, is capped at 10,000 migrants per year. Efforts are being made to increase this to 70,000 for 2021.

You will need to apply to the Home Office to be a licensed sponsor, and your recruits (for farms) must be in Tier 2 of the points-based system - see figure 1 for further requirements. As part of the application, you must also demonstrate you have completed a 'resident labour market test' and can show that no suitable settled (UK) worker is available for the job.

Requirements for recruiting from outside the UK from 1 January 2021

- 

1 Check the people you want to hire are eligible under the new points based scheme and their right to work
- 

2 Prepare supporting documents – employee list, job advert inc skills & salary, job description
- 

3 Become a Home Office licenced sponsor – allow 8 weeks and pay a fee (up to £1476) plus individual application costs of up to £199each
- 

4 Your candidates must then make a visa application (up to 15 days) which must be endorsed by a licenced sponsor.

FURTHER DETAILS CAN BE FOUND ON GOV.UK

Could this benefit the UK workforce?

Looking at the UK employment rate, I would say yes. The number of people without a job in the UK is rapidly climbing, so it is paramount that we are creating job roles. The agri-food industry can play a vital part, helping to bridge the unemployment gap. It would also be beneficial to those in the sector to utilise this pool of UK workers.

The available local labour pool is growing as a direct result of COVID-19, not because of their inabilities, lack of loyalty or poor performance. They will already have gained progressive skills from their previous roles, such as managing their time or even keeping records, that can be utilised on farm to carry out everyday tasks.

Taking a new approach to recruiting staff has the potential to be beneficial to the agriculture industry too. There is an undeniable lack of interest from those outside the sector, but we have the power to change this. No longer is agriculture just for those with an agricultural background. There are opportunities for people much further afield.

Responsibility also sits with the governing bodies, policy makers and industry associations to promote the inevitable gaps in the agri-food workforce. They need to develop incentives, provide fair rewards and highlight the progressive nature of the sector. If we all work together, we can look positively towards Brexit and embrace the opportunities that are available.

Sue Bryan, Manager of Farm Consulting, Southern Region

Are you running a **sustainable** farm business?

Sustainability has been a conversation starter for some years now, with many ways to broach the topic. While it is often defined as the avoidance of the depletion of natural resources, there are some more abstract aspects that should be considered when developing a sustainable framework for your business.

Farming in a way that ensures that land, resources and finances will be available, and in good condition, for generations to come is the basic tenet of sustainability in agriculture. It should be the goal for all successful farming operations.

At Promar International, we strive to help you to understand and evaluate every part of your business in order to progress sustainably. From leadership to social, environmental to economical, there are four areas of your farm that deserves attention and evaluation.

SUSTAINABLE LEADERSHIP

No element of sustainable progress in society or within your business can be developed without strong capable leadership. It is the one constant that needs to be honed at every level, with every generation.

Are we attracting retaining talent?

Do we develop skills at all levels?

Are we all motivated to succeed?



HOW SUSTAINABLE IS YOUR BUSINESS?

Fill in our questionnaire to get the answer

SUSTAINABLE ENVIRONMENT

British farmers all have a role to play in reducing carbon emissions, protecting air and water and improving soil health. Some view it as compliance but it also creates business opportunities.

Do we do enough to increase biodiversity?

Is soil health improving?

Are you reducing harmful emissions?



ECONOMICALLY SUSTAINABLE

No business can survive and grow unless it is sufficiently profitable. Control those numbers so they don't control you and invest wisely to build a stronger business for the future.

Are you producing efficiently?

Is your cashflow under control?

Is your financial information delivering clarity?



SOCIALLY SUSTAINABLE

Farmers have a difficult role to play in meeting, often competing, demands that people require from the food they buy and the countryside they experience. Can you meet these expectations?

Do consumers trust us?

Is everyone on the farm safe?

Do we engage with our customers?



Scan the QR code to take part in our questionnaire and evaluate how truly sustainable your farm business is.

You'll have the opportunity to rate your business across ten different areas, giving you an overall sustainability score. Plus, you will be provided with great insight into which aspects of the business you are successful in and those that could benefit from further improvement.



TAKE PART TO WIN
AN AMAZON ALEXA

Appraising investment in new technology

Technology is rapidly changing the landscape of the agricultural industry and farmers are being faced with an array of hardware and software that has the potential to transform their business. Ever since Jethro Tull invented the seed drill, agriculture has moved quickly to embrace technology. Those who fail to do so, run the risk of falling into the shadows of the innovative.

While agriculture might be perceived as traditional and slow to change by many, the reality is that a large majority of the agriculture industry has always been quite progressive with adoption. Robots, in-field diagnostics, sexed semen, digitalising IT farm management, accelerating supply chain traceability... the list goes on. There has always been a need to change, adapt and create new ways of working the land, dealing with difficult terrain and managing information to stay ahead.

But, is enough being done to recognise those who are innovative and using tech to revolutionise, and encourage those who could do more?

Identifying innovation

Recognising the successful innovations that farmers have already used and helping to spread them to other farmers is vital for the future of food and agriculture.

The COVID-19 crisis has intensified agriculture challenges: efficiency, resilience, digitisation, agility and sustainability. This means there is now an even greater need to scale up digitalisation, and what better way to do this than to appreciate and appraise those solutions that are already creating positive change.

So, what can be done?

The first answer should be to **1. incentivise.** For farmers, initiatives need to be supported and encouraged by concrete measures from decision makers. Creating greater subsidy payment opportunities and schemes will drive even further change. All should serve to highlight the potential of small-scale farmers and demonstrate how important is it to build long-term technology policies.

2. Consider collaboration as a profitable action. Farmers working together is increasingly recognised as beneficial for successful agriculture management, particularly environmental. Benefits such as increasing social capital and the sustainable management of the wider landscape only occur with collaboration. When it comes to technology, there is merit in collaborating further afield. Building relationships between producers, R&D and retailers will help to facilitate valuable progression.

3. Invest in technology that improves productivity. With greater knowledge and stronger relationships, farmers will be in good stead to adopt new initiatives. Investment does involve risk and not every latest, shiny gadget will deliver value. Always try to be critical of the benefits, evaluate the risks and make informed decisions. Have you seen it working on other farms? Will an investment in technology really make a difference to performance?

4. Let data drive you. Data gives farmers a greater level of control in the day-to-day management of their business. This is often unlocked by an investment in technology, such as a robot milking unit or a heat detection system. While often purchased as labour saving investments, the main benefit seems to be the sheer amount of data that they produce, enabling farmers to make key decisions in a timely manner. But let's remember, data on its own is useless, to unlock its value it needs to be analysed and presented.

Ultimately, modern agricultural technology hopes to achieve at least one of the following – reducing cost and increasing the value of outputs. Over the long term, in today's ever-growing and evolving world, it marks the difference between those businesses that are competitive and those that aren't. To help more farm businesses stay above water, now is the time to give them the support, guidance and appreciation they deserve.

Andrew Suddes,
Farm Business
Consultant

Go loco for locomotion

When assessing lameness, gone are the days when you should just be questioning 'what', you need to be asking 'why'. If you don't understand the cause, then you can't expect to be able to treat and prevent the problem.

With any foot disease, prevention is worth its weight in gold. Lame cows struggle to perform as expected, often giving less milk, have poorer reproductive performance and tend to be culled sooner; all of which decrease profitability.

I've outlined several things farmers can do to reduce the spread of disease and improve the prevention of lameness.

Routine hoof care

With as much as 95% of lameness due to hoof-related health issues, proper hoof trimming is essential. Do you regularly identify the condition of every single cow's hooves and, more importantly, keep accurate records. Documentation is a game changer for controlling lameness. How do you expect to make valuable change if you don't have good insight into your cattle's health?

Regular footbath usage

Good hygiene and regular disinfection are essential to control contagious infections, such as foot rot and sole ulcers. Footbaths are designed to help keep chronic lesions in check and keep those lesions in an inactive form. Besides the milking herd, dry cows and heifers should also go through a footbath.

The key to prevention in the milking herd starts with heifer rearing programmes at breeding age, not once heifers enter the milking herd. Also consider concrete training and mixing the heifers with dry cows.

Tackle standing cattle

Like us, dairy cows need adequate rest and sleep. By designing and managing facilities to encourage longer lying times, cows spend less time standing on concrete and more time with their 'hooves up'. Dairy cows should spend at least 10 - 14 hours/day lying down. If the stalls are not the correct size, too much time is spent away from the resting area, heat abatement is not properly supplied or overcrowding exists, lying time will be reduced.

Banish bad bedding

The type and depth of bedding is crucial for lameness prevention. Hooves are very susceptible to softening if they spend too long in wet or muddy conditions. Once the hoof material becomes soft it can be easily bruised, opening the door for infections and abscesses.

Certain beddings trump others, with sand often considered the cream of the crop if managed correctly. Among other things, a good, non-abrasive bed has been proven to decrease the incidence of lesions, provide cows with good footing and decrease incidences of clinical mastitis.

Nutrition

The right balance of nutrients can make a huge difference, preventing a range of diseases including acidosis and laminitis. Ensuring adequate trace elements can strengthen the hoof. Make sure to avoid abrupt changes in diets, especially in high-producing diets that include a high proportion of grains.

Evaluate the way they walk

Poor cow flow can be a catalyst for white line disease. Avoid forcing cattle to stop, start and turn abruptly. Changes to prevent slipping should also be considered, including concrete grooving. However, grooves that are too shallow or too far apart are not as effective at preventing a cow from slipping since the grooves do not catch the hoof.

A simple step to stamp out lameness

Don't forget to mobility score. Using a combination of regular locomotion scoring and preventative measures can make a big difference – and will help to increase milk yields, improve fertility rates and enhance your profits.

Emma Stuart MRCVS, Dairy Consultant



Value for money is key to food purchasing behaviour

It is no news that COVID-19 is having a vast impact on people, on businesses, and on the economy across the globe. But how is the coronavirus changing consumer behaviour for good?

People's lives, and incomes, have slowed down during lockdown, so people have had to think harder about what they're purchasing. Impulsive and 'on the go' shopping and eating has been replaced by more cooking at home and carefully planned weekly shopping trips. So too, the choices on that weekly shop are now based on health and nutrition, and value for money.

'Mindful shopping' is the result of these challenging times, and a trend that is set to prevail long after the cease of the pandemic. Agri-food businesses must recognise this and see it as an opportunity to evolve their offering.

Effect of COVID-19 on incomes

According to the Institute of Fiscal Studies, GDP at the end of August was 9% lower than it was at the beginning of the outbreak. The consequences of two lockdowns have been severe; currently around 30% of our workforce is on furlough and there is huge uncertainty about the scale of job losses, with one Bank of England prediction suggesting unemployment could double to 7.5%.

The pandemic is affecting the lives of everyone in the UK, but experiences of it differ greatly according to age, employment and income level. So far, we've seen the crisis hit the households in the poorest fifth the hardest – their median household earnings have fallen around 15% (or around £160 per month).

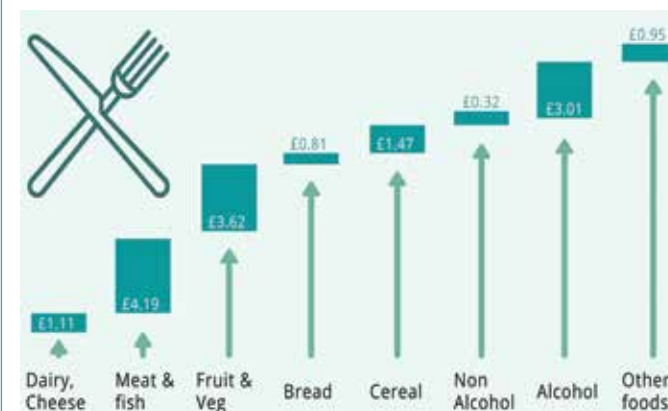
Workers below the age of 25 have also suffered. On the eve of the outbreak, this group were more likely than other workers to be employed in sectors that have been effectively shut down as part of the UK lockdown, and they are more likely to have lost their jobs since then.

Food spend is highly dependent on income

A small change in income can have a significant impact on spending. The DEFRA's Family Food report states that the poorest 10% spend half the amount on food than the richest do. Those with the lowest incomes spend just £3.14 on food per day. This does bring into perspective the luxury of a skinny cappuccino from your local barista costing around £3.50.

The difference is even more stark when it comes to food types. It appears that as wallets get fatter, consumers will buy more of what they like. If we look at figure 1, we can see quite clearly that the wealthier consumers are spending considerably more on meat, fruit and vegetables, and alcohol.

Figure 1: Additional spend per week by top 10% compared to bottom 10% on household food categories



DEFRA: <https://www.gov.uk/government/statistical-data-sets/family-food-datasets>

It's an interesting set of results, particularly when compared to recent events. Incomes are coming under great pressure and it's inevitable that consumers, particularly those facing a drop in earnings, will look towards food that delivers value primarily to meet the need for calories and protein. We anticipate other factors influencing food choice, such as the environment or concerns around animal welfare, will diminish. It all comes back down to that need to eat; feeding the family and not letting them go hungry will always be the main priority.

Some foods are hiding their true nutritional value

There is no better way to appreciate the cost of food than to consider how many calories you get for every £ you spend. A convenient way to look at it is to consider the average adult's calorie intake (2,000) and consider the cost for half its total. In figure 2, we can see that dairy products are extremely good value for money in comparison to other food groups. While everyone agrees we need to eat more vegetables, they are not nutrient-dense and costly in energy terms. It is, therefore, understandable that less of these items are bought when on a limited budget.

Figure 2: Calorie & Protein cost of different food group



Promar International

So, what about alternative (vegan and vegetarian) foods? Do they provide value for money?

We can't argue against value being in the eye of the beholder. But, when it comes to feeding a family on a limited budget, or someone on their own for that matter, the cost of some 'free from' foods place them out of reach.

Figure 3: Cost £/day to meet 50% of recommended calorie intake



It is evident from figure 3 that some 'free from' foods are providing few calories. Let's take almond milk as an example. It contains just 13 kcals per 100g, which is about the same as an iceberg lettuce and nearly 5 times less than whole cows milk. It might form a good way to eat less calories, but it is an expensive substitute for water. Additionally, most alternative cheese contains little to no protein compared to dairy cheese, which usually contains more than 20%. Bearing in mind the poorest consumers are only spending a little over £3.00 per day on food, it is easy to appreciate why some of these foods are too expensive to be on their shopping list.

The vegan vs. meat debate

There are lots of contentious arguments on both sides of the debate, including the environmental impact of animal-based products. Yet, there is little emphasis on the need for agriculture to provide affordable food. It is alarming just how expensive some alternative foods are, making it very difficult for all but the highest earners to buy them.

In today's turbulent world, we need to be looking at our labelling and questioning if it clearly outlines nutritional value. Selling water dressed up as food is nothing but misleading for the consumer and, ultimately, could lead them to make uninformed choices about what they put in their baskets.

Now is the time to appreciate home-grown produce and it's rise through the ranks. Taking all the figures into consideration, I think it's fair to say that unless the prices of 'free from' foods fall, or the nutrient density increases, they'll soon be unable to take a larger share of consumers' wallets away from traditional and naturally produced foods.

Neil Adams, Managing Director



blog

The following are extracts from our website blog, where Promar staff discuss the major issues facing UK farming. For the full articles and the complete range of blog posts, go to www.promar-international.com/blogs



FINDING THE FARMER OF THE FUTURE

Let's take a minute to think about the vital components of a dairy farm. What comes to mind? Livestock? Machinery? Crops? Soil? Without these elements, the farm would be incomplete. But there is one resource of virtually limitless potential lying fallow on farm. A resource that wouldn't always be first to come to mind. Your employees – they are critical to the success of any business and future growth.

With our own FBA data clearly revealing a two-fold difference in employee productivity between our top quartile farms and those in the bottom 25%, it is a no brainer that it deserves equal management attention. After all, the ability to attract and retain good staff is key to unlocking the potential of investment in facilities and livestock.

Sue Bryan
Manager of Farm Consulting,
Southern Region



TAKING YOUR FINANCIAL PULSE FREQUENTLY IS THE BEST WAY TO KEEP YOUR BUSINESS IN GOOD HEALTH.

Your financial accounts are the final verdict on a year's hard endeavour. They weigh up the difference between income and expenditure, and are supposed to inform you about how much you have made and how much you are worth. However, when following tax and accounting principles, annual figures can often hide a multitude of detail that is crucial to your business. If you need more clarity and insight into business performance then producing regular management accounts is worth considering.

Caroline Sutton
Principal Farm Secretary



HOW CAN DAIRY PRODUCERS RESPOND TO CARBON EMISSION LEVELS IN 2020?

For those in the dairy sector, who have faced a barrage of criticism in recent years for the amount of greenhouse gases cattle produce, recent carbon emission figures prompted a degree of validation that livestock isn't the problem critics claim it to be.

If lockdown had resulted in such staggering improvements in emissions, many asked, then surely this was proof that cattle have been wrongly painted as the world's environmental bad guys, and the industry could go about its business with a clear conscience?

In some respects, this might be the truth: there's no doubt livestock have been unfairly criticised for many of the GHG problems and the agriculture industry has been unfairly judged for not doing enough. However, British farmers can and will play an important role in tackling climate change and many more are ready to play their part.

Tom Gill
Head of Sustainability

