

# Agribusiness NEWS



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## News in brief

December 2019

### Election may not provide quick answers for agriculture

With the UK election almost upon us it is tempting to think that the Brexit impasse may soon be resolved and we can all get back to more productive issues.

The reality is that whichever party or coalition wins the election the timescale over which Brexit continues to affect Scottish and UK agriculture is more likely to be measured in decades not months.

If the UK does exit the EU on 31<sup>st</sup> January 2020 then it is unlikely full trade negotiations will be concluded between the UK and EU by December 2020 and several more years may be required. A second EU referendum remains a possibility but this may take more than the six months suggested to undertake and the outcome could be highly uncertain.

In terms of farm support the outcome of the election will help decide the direction and levels of future agricultural support in or out of the EU though clarity on this could take many months or years to emerge. The policy section on page 2 outlines the Scottish Government's recently introduced Agricultural (Scotland) Bill that sets out a support framework to apply if and when we leave the EU in the period up to 2024.

This all means that the election is unlikely to provide the certainty that many farm businesses would prefer.

### Alternative funding for rural businesses

With politicians unlikely to provide much certainty in the weeks and months ahead to agricultural businesses it is important for them to focus on what they can control. Finding suitable funding for existing or new enterprises is essential and this month's Sector Focus section on page 8 provides an overview of a range of funding avenues to explore.

### Next month

- Sector review of 2019 and outlook for 2020

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**This month's editor:**  
Julian Bell



The European Agricultural Fund  
for Rural Development  
Europe investing in rural areas



Scottish Government  
Riaghaltas na h-Alba  
[gov.scot](http://gov.scot)

# Policy Briefs

## Agricultural (Scotland) Bill

The Agriculture (Retained EU Law and Data) (Scotland) Bill was recently introduced in the Scottish Parliament by Fergus Ewing and is the first piece of primary legislation introduced to make provisions for post-Brexit policy in relation to agriculture. A copy of the Bill is available at: <https://www.parliament.scot/parliamentarybusiness/Bills/113288.aspx>.

The purpose of this Bill is:

- To enable Common Agricultural Policy (CAP) schemes to continue from 1<sup>st</sup> January 2021, and to give Scottish Ministers the power to simplify or improve the operation of schemes and policies. For example, the Bill is intended to deliver the Scottish Government's plans for a period of transition from 2021-2024, whereby there will be an initial period of 'stability' with little changes to the current CAP schemes and policies, until the end of 2020. Thereafter until 2024, there will be a period of 'simplicity' during which simplifications and improvements would be made to current CAP schemes and policies. One of the ways that the Scottish Government intends to use its powers is to retain LFASS; under EU rules, this scheme would need to be phased out and replaced by a new Area of Natural Constraint (ANC) scheme.
- From 1<sup>st</sup> January 2021, to enable pilot projects to be run to test new policy approaches and inform longer-term policy development. The Scottish Government have indicated they would do this by releasing funds for pilots by capping the amount of support that can be received by a single recipient. Powers conferred through the Bill would allow the Scottish Government to cap payments.
- The Bill also updates the legal mechanism that allows the Scottish Government to collect agricultural data. It would provide powers for the Scottish ministers to be able to collect information from persons carrying out an agricultural activity or connected with an agri-food supply chain, with a view to informing the development of longer-term rural policy. It is expected that since data is already collected via Census and other sector specific surveys there will be no additional burden placed on farmers, crofters and land managers. The Scottish Government is also looking at ways to reduce existing burden through the use of new technologies such as earth observation data from satellites.

The powers within the Bill will only be required if the UK leaves the EU, until that happens the EU CAP rules will continue to apply in their entirety.

The Scottish Parliament's Rural Economy and Connectivity (REC) committee is inviting farmers, crofters and other interested stakeholders to submit written views on the legislation. The call for views will close on Friday 3<sup>rd</sup> January 2020 and can be sent to [rec.committee@parliament.scot](mailto:rec.committee@parliament.scot)

Further information about the call for views can be found at:

<https://www.parliament.scot/parliamentarybusiness/CurrentCommittees/113567.aspx>

## Reminder of key dates

### Data Returns for Abstraction Licences

Businesses that hold a water abstraction licence from SEPA must ensure that their data returns are submitted to SEPA by 31<sup>st</sup> December 2019. Returns can be submitted electronically to [WRDataReturns@sepa.org.uk](mailto:WRDataReturns@sepa.org.uk)

Even if no water has been abstracted, this information must still be reported to SEPA as a nil return using the abstraction data returns form. Abstraction return forms are available from: <https://www.sepa.org.uk/regulations/water/abstractions/#five>

### Annual Sheep & Goat Inventory

The Sheep and Goat Inventory is sent to all registered sheep and goat keepers to collect details on their sheep and goat numbers and must be completed as of 1<sup>st</sup> December but be submitted by 15<sup>th</sup> December.

### Scottish Suckler Beef Support Scheme

The Scottish Suckler Beef Support Scheme (SSBSS) deadline for 2019 applications is 31<sup>st</sup> December 2019. Male and female calves that are at least 75 per cent beef bred and have been born on the claimant's Scottish holding and kept there for 30 days are eligible.

### Greening - EFA

The end date for the retention of EFA catch crop and EFA green cover is 31<sup>st</sup> December.

### Nitrate Vulnerable Zones

The end of the closed period for the application of organic manures with a high available N content on shallow or sandy soils is 31<sup>st</sup> December.

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# Cereals and Oilseeds

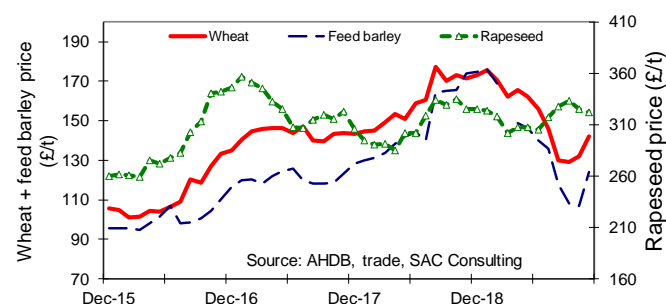
## UK prices lift on poor autumn sowings

UK ex-farm cereal prices have risen £7/t to £10/t in the last month driven in part by the poor autumn plantings in the UK and EU. Local price rises in the north of England have been highest.

In its latest report the IGC estimated 2019 world grain production estimates rose 6mt higher to 2,162mt, use rose 4mt and end stocks rose 2mt. Better than expected maize yields in the US were the main source of higher output. The world barley crop is expected to be a record raising competition on world barley markets and contributing to the low prices seen in the UK.

AHDB released early cereal balance sheet estimates for the UK. These expect the UK wheat export surplus to rise threefold from 720kt in 2018/19 to 2.885mt in 2019/20 though this may not be realised as stocks should be needed in 2020/21. The UK barley export surplus is seen doubling from 1.17mt in 2018/19 to 2.35mt in 2019/20 and a strong export campaign is needed to clear; hence the depressed prices at present.

### Scottish cereal and oilseed prices



## World wheat area up 1% for 2020

The IGC released early estimates of global wheat area for the 2020 harvest which they expect to rise by 1% to 218m ha. Lower sowings are expected in the UK and France due to a wet autumn and in Ukraine due to dryness. Sowings in Russia are set to expand while US areas remain stable. The limited rise in wheat area offers some support but yield potential will be equally important if any inroads into currently record world wheat stocks are to be made next year.

## UK winter cereal area falls

AHDB released provisional results from their Early Bird Survey of UK plantings, conducted by the Anderson Centre. The heavy rain in the later part of the autumn period has severely hampered winter cereal sowings across the UK and Scotland but particularly badly in parts of the north and east of England. OSR sowings have fallen sharply in the south and west of England due to early dryness and flea beetle losses. UK wheat area in 2020 is seen 9% (170k ha) lower which could mean a UK wheat crop of around 13mt; down sharply on the 16.3mt in 2019 on average yields. Already forward prices for 2020 have risen to a premium over old crop values with a potential £5/t premium between June and Harvest 2020 making storage of old crop viable into the new season. This is already taking the pressure off 2019/20 UK exports with old crop prices rising recently as a result. Winter barley is seen 12% (54kha) lower and OSR 23% (123k ha) lower.

The lower winter cereal area is expected to boost UK spring barley sowings 28% (201kha). A sharp rise in UK feed and potentially malting barley availability is likely in 2020 harvest as a result. With the EU a critical market for UK feed and malting barley exports, avoiding any tariff barriers with the EU throughout next season will be particularly important.

These are provisional results and do not include a breakdown of results for Scotland though SAC has seen similar shifts to winter cereals in Scotland and a likely rise of 10k to 15k ha in spring barley area is possible. Final UK survey results and a breakdown for Scotland is expected in early in the New Year.

	Wheat	Wint. Barley	Spr. Barley	Total Barley	Oats	Total Cereals	OSR
<b>UK</b>	<b>Area ('000's ha)</b>						
2019	1,815	452	714	1,166	182	3,215	529
2020	1,645	398	915	1,313	200	3,218	406
<b>Chng.</b>	-170	-54	201	147	18	3	-123
<b>Chng.</b>	-9%	-12%	28%	13%	10%	0%	-23%

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Indicative grain prices week ending 29 November 2019 (Source: SACC/AHDB/trade)

\* Before oil bonus, # Ex-farm England spring brewing max 1.85%N, ~ nominal

£ per tonne	Basis	Nov 2019	Jan 2020	Mar 2020	May 2020	Nov 2020
Wheat	Ex-farm Scotland	142.00	144.00	146.00	148.00	155.00
Feed barley	Ex-farm Scotland	124.00	126.00	128.00	130.00	135.00
Malt. barley - distil	Ex-farm Scotland					
Malt. barley - brew	Ex-farm England#		132.00		135.00	142.00
Oilseed rape*~	Delivered Scotland		324.00	326.00	328.00	312.00

# Beef

## Christmas demand boosts prices

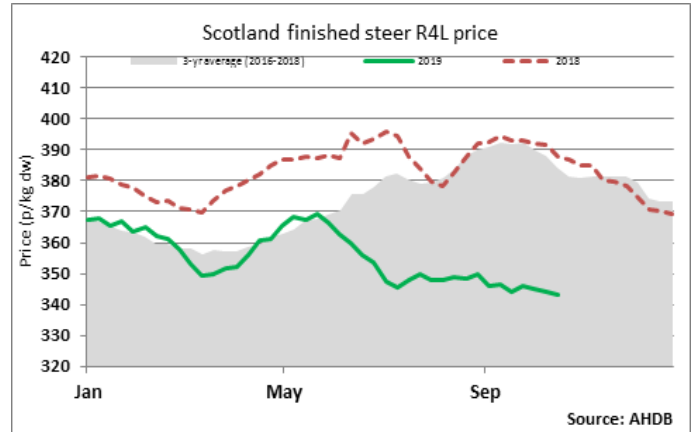
Some good news at last. Over the last 2 weeks, prime cattle prices have improved as processors look to fill orders in the run up to Christmas.

A month ago, finishers were working with a price of 330p/kg dwt, for a R4L steer, no use to man nor beast. Over the last month, this has increased to 347p/kg dwt for week beginning 16<sup>th</sup> November. It is expected that the price will improve again in the coming weeks. Although it is nice to see a price improvement, if we put this in context, 347p/kg is still 28p/kg dwt less than finishers were receiving this time last year. The price still has some way to go to reach a level where finishers will receive an acceptable margin. The upturn in beef price was put down to Christmas demand. However, with Christmas orders nearing completion, it is hoped that the beef price will continue to rally in the coming weeks.

Given the depression in beef price, store cattle have seen a remarkably good trade this autumn. Good suckled calves and year old stores have met a particularly good trade. The good grass growing summer has also helped the store producer as their cattle are generally heavier than they were last year generally sold well, meaning they are less exposed to a reduced price per kilo. Big framed forward stores which will take a lot of finishing and are likely to finish out of spec are being hit very hard in the store ring. Those farmers that housed their store cattle pre-sale, as the weather turned will have been rewarded for their work. Weathered lean cattle have been the hardest to sell.

## It is good to talk - along the chain

In conversation with a large finisher last week, I was surprised to hear that over the last 5 years, he has only been approached by one person that sold him cattle, to ask for feedback as to how those cattle performed.



Genetics and the early part of the animal's life have a huge bearing on the ultimate performance of the animal. It is really important that producers make sure that they are breeding the animals the finisher wants. One of the weaknesses of the Scottish red meat sector is the lack of a feedback system, there is no way of the store producer getting automatic feedback from the abattoir, at present. This is something that we need to work on but in the meantime, there is another straightforward way of getting feedback, pick up the phone, ask the question, develop a relationship with your buyer and make sure what you are doing is desirable at their end, particularly if you are looking to make changes in your system.

Last month, the beef price was down by around 14%, compared to the previous year. At the same time, the supermarket shelf price is down by only 2.5%. While we consider that the finished price is down by 14%, it is important to also look at the price of store cattle, with the main autumn sales behind us, market averages appear to have held up well in comparison to last year, perhaps back by 10%. The confidence shown by finishers is a good sign for the industry and suggests that better times are ahead of us.

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Scotland prime cattle prices (p/kg dwt) (Source: drawn from AHDB data)

Week Ending	R4L Steers (p/kg dwt)			-U4L Steers			Young Bull-U3L		Cull cows	
		Change on week	Diff over N. Eng.		Change on week	Diff over N. Eng.		Diff over N. Eng.	R4L	-O3L
2-Nov-19	344.3	0.4	5.3	346.7	6.3	16.8	336.7	18.4	249.9	226.4
9-Nov-19	346.8	2.5	7.1	348.0	1.3	18.0	328.7	1.9	241.6	220.3
16-Nov-19	347.4	0.6	2.5	348.2	0.2	13.6	334.8	12.8	243.8	221.4

The finished cattle base price quoted by a buyer may be significantly different from the national average deadweight price presented above as these are averages of both commercial and premium cattle, reflect variation between processors and any bonus payment differences.

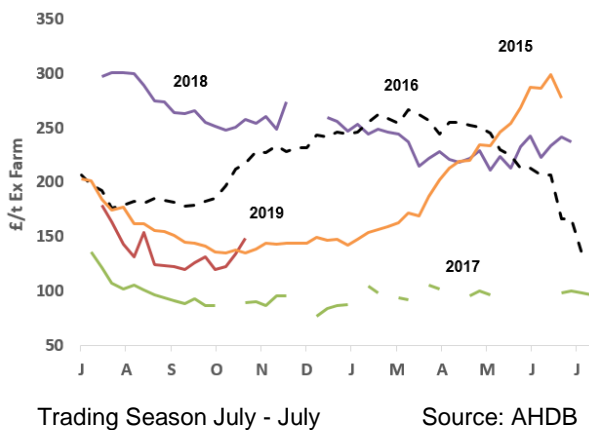
# Potatoes

## Market price update

- The GB Weekly Average Prices for the week ending 16th November was £157.66/t for free-buy and contract purchases, and £148.67/t for free-buy purchases.
- Compared to the previous reported figures on 9th November, contract and free-buy purchases were up by £5.03/t and free-buy purchases were up by £14.23/t.

Crop Year 2018/19	16 Nov	9 Nov	2 Nov
Average Price (£/t)	157.66	152.63	140.58
AVP change on week (£/t)	+5.03	+12.05	+1.83
Free-Buy Price (£/t)	148.67	134.44	122.88
FBP change on week (£/t)	+14.23	+11.56	+3.20

### GB Weekly Average Free-Buy Price (2015-2019 crop years)



## Market Overview

There has been a steady rise in both contract and free-buy prices over the past few weeks with the WAPS free-buy price w/e 16<sup>th</sup> November £148.67/t ex farm, up by £14.23/t ex farm the previous week. Heavy rain across many regions has made lifting very challenging, with some saturated fields proving difficult to access. Reports suggest that some stocks in store may require heavy grading to remove excess soil in boxes. Price rises have been seen across many market sectors as growers are reluctant to open stores at current market prices, particularly those who have better quality stocks.

In the Scottish packing market, Grade 1 Maris Piper is trading around £145/t ex farm and grade 1 Whites are trading around £140/t ex farm. A high of £175/t ex farm was reported this week for particularly good stocks.

In England, the quality of stocks moving through packhouses is variable. There is strong demand for good quality supplies which is pushing free-buy prices up. Grade 1 Piper is trading around £190/t ex farm, up by around £15/t ex farm on last week. A high of £300/t ex farm was reported as packers

seek to incentivise growers to release their best material. Grade 1 Whites are trading around £200/t ex farm, up by around £25/t ex farm on last week. A high of £250/t ex farm was reported for top quality stocks with a high baker content. Salads (below 45mm) including; Charlotte, Gemson, and Maris Peer, are trading around £300/t ex farm, with a high of £400/t ex farm reported for the best quality below 35mm stocks.

In the bagging market, trade is reported to be “challenging”. Some growers are pushing for higher prices yet demand from chip shops remains low due to the recent poor weather. In the East, Agria and Markies are trading around £235/t ex farm, up by around £55/t ex farm on last week. Good quality supplies of Agria and Sagitta are in demand, but remain difficult to get a hold of and therefore command premium prices. Performer is trading around £180/t ex farm, and Ramos is trading around £190/t ex farm. Chipping Piper is trading around £180/t ex farm with a high of £200/t ex farm reported. In the West, chipping Piper is trading around £150/t ex farm, and stocks of Challenger, Markies, Ramos and Sagitta are trading around £150/t ex farm. In the South, the following varieties; Cabaret, Caesar, Daisy, Lady Anna, Piper and Sagitta are all reported to be trading around £160/t ex farm. In the processing market, peeling Piper is trading around £85/t ex farm with a high of £130/t ex farm reported.

## Heavy rain may influence future prices

The Scottish potato harvest is largely complete but there is some concern over the remaining 11% of the UK crop area still to be lifted. As of the 12<sup>th</sup> November, 89% of the GB potato area had been lifted but continuing wet weather across parts of England has stopped remaining harvesters. The Met Office actual and anomaly rainfall maps show that during October, much of Yorkshire and the East Midlands had over 175% of “normal” rainfall for the time of year, and much of the rest of England had 125% or more of normal rainfall resulting in waterlogging in many fields. Actual monthly rainfall ranged from 75-100mm in the East of England, to 200-300mm in parts of Yorkshire, the North West and Southern Wales. Growers affected by the recent heavy rainfall are described to be “chipping away” at remaining acres but there is a real risk that some areas will be abandoned altogether, or will fail to meet market specifications. This may remove forecasted tonnage from the marketplace and push prices up, which will be welcomed by Scottish growers with surplus free-buy stocks.

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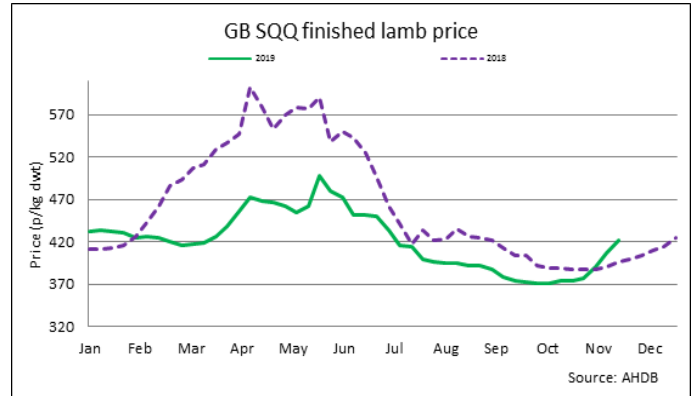
# Sheep

## Global factors support prices

In the short-term the sheep outlook looks positive, with the lamb price improving week-on-week. Demand remains strong for sheep meat and supply is tightening as a good grass growing summer led to more lambs being killed earlier in the season. We are now very much in a sellers' market, where lambs are in demand and being sold to advantage. Over the last 2 weeks we have seen the lamb price rise by around 30p/kg dwt. There is also a good trade available for light lambs, store lambs and cast ewes. This is a very welcome uplift and a much needed boost to farmers' cashflows.

It may not feel like it but Scotland has benefitted from a reasonably good spell of weather in the last few weeks, while producers south of the border have had to deal with much more challenging conditions. Supply of in spec prime lamb has been good in Scotland, while the situation has been much more challenging south of the border. Lamb imports have contracted this year, meaning that Scottish product is being eaten closer to home. Something that is not only helping our pockets but is also improving the carbon footprint of the industry, something which is ever more important to today's consumers.

As the outbreak of African Swine Fever continues to tear its way through China, the Chinese demand for protein is not letting up. The result of this is less lamb being imported by EU countries as New Zealand and Australia have directed a significant proportion of their product to satisfy the Chinese demand for protein. With an estimated 50% decline in the Chinese pig herd, it is little wonder that the impact of this catastrophic disease has reached far and wide. While in the short-term we are likely to see an increase in demand for other proteins globally, it is also expected that we will see a massive modernisation of the Chinese pork sector.



China has a strong tradition of back yard pork production, with much of their pig herd spread all across the country on small units. As the country opens its eyes to biosecurity, it is likely that we will start to see the development of a very sophisticated, large scale pork sector in China in the coming years.

## Keep to spec and get lambs away

In a rising market, it may be tempting to hold on to lambs, add a few more kilos and hope that the price continues to rise. This approach is, however, false economy. In spec lambs are easy to market, those that are out of spec may be harder for processors to shift. Recent cold weather has reduced grass growth dramatically. Don't waste this valuable resource on adding kilos to lambs that already meet the spec. Instead, sell them when ready and try to have as little stock on your farm as possible as we head into the months with the highest feed costs.

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Week ending	GB deadweight (p/kg)				Scottish auction (p/kg)				Ewes (£/hd)	
	16.5 – 21.5kg								Scottish	Eng & Wal
	R3L	Change on week	Diff Over R2	Diff Over R3H	Med	Change on week	Diff over stan	Diff over heavy	All	All
2 Nov 19	378.6	4.0	-1.5	6.2	168.8	6.6	4.5	9.1	54.60	55.12
9 Nov 19	391.8	13.2	-1.8	5.0	180.3	11.5	4.9	8.3	56.13	57.94
16 Nov 19	408.9	17.1	-2.6	5.8	190.7	10.4	1.2	10.5	61.88	59.35

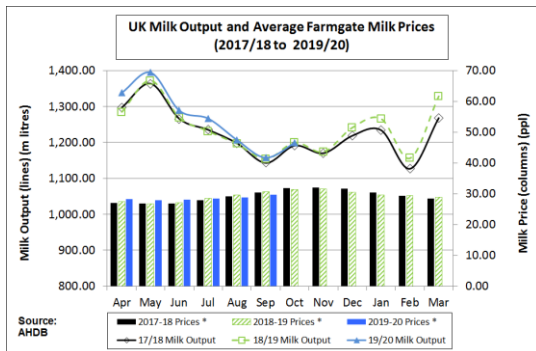
Deadweight prices may be provisional. Auction price reporting week is slightly different to the deadweight week. Source: AHDB and IAAS  
Standard weight 32.1 - 39.0kg; Medium weight 39.1 - 45.5kg; Heavy 45.6 - 52.0kg

## UK milk output dips during October '19

- UK monthly milk output reduced during October 2019 compared with October 2018.

AHDB production data for October 2019 shows UK monthly milk output estimated at 1,199.61m litres (before butterfat adjustment). This is 0.21m litres below milk output for October 2018. Production data has indicated a slowdown in growth for a considerable period of time now and these latest figures support the view that UK milk production growth is reaching a plateau amidst stagnating farmgate prices. Cumulative UK production for the seven months up to the end of October 2019 is now estimated at 8,853.56m litres. This means that cumulative production for 2019/20 is 147.63m litres higher than the cumulative total at the end of October last year.

The UK average milk price for September 2019 is estimated at 29.68ppl (up 0.88ppl from the August 2019 average, 28.80ppl). The average milk price for September 2019 is 0.92ppl lower than the average price received during September 2018.



## Müller act to address the milk surplus

Following last month's edition of Agribusiness News in which we highlighted the growing milk surplus in Scotland, Müller has announced a package of measures to address the issue.

First, Müller has served 12 month's notice to terminate supply contracts with fourteen dairy farmers in the north east (Aberdeenshire).

Secondly, from February 2020 Müller will introduce a tiered transport charge on every producer in Scotland (aligned and non-aligned suppliers) with those who have expanded production the fastest, compared against 2017 production, being the recipients of the higher charges. It is understood that the charges will range from 0.25ppl to 0.85ppl and that Aberdeenshire suppliers will be exempt as they already incur 1.75ppl transport charges.

This is clearly devastating news for the fourteen milk producers in north east Scotland. It is

understood that NFUS is working closely with the fourteen farmers and stakeholders in an effort to explore all options.

## Price announcements for December

Price announcements for December 2019 include:

- First Milk – FM has confirmed a hold on the November milk price for December 2019 (see table below).
- Arla Foods amba – Arla has confirmed that the company will hold its conventional milk price for December 2019. The liquid standard litre price for December remains at 29.02ppl, whilst the manufacturing standard litre (4.20% b/f and 3.40% protein) remains at 30.19ppl.
- Arla's organic milk price will remain unchanged for December 2019. The manufacturing standard litre remains at 41.03ppl whilst the liquid standard litre remains at 39.43ppl.
- Graham's Dairies – a reduction of 0.50ppl has been confirmed from 1st December 2019. This takes the liquid standard litre price down to 25.50ppl.

Annual Average milk price estimates for December 2019 (ppl)	
Milk Buyers – Scotland	Standard Ltr*
Lactalis (No profile or seasonality) <sup>1</sup>	26.50
First Milk Liquid <sup>1,2</sup>	27.00
First Milk Manufacturing (4.2% Butterfat & 3.4% Protein) <sup>2</sup>	27.90
Müller - Müller Direct <sup>1,3</sup>	25.75

<sup>1</sup> Liquid standard litre – annual av. milk price based on supplying 1m litres at 4.0% butterfat, 3.3% protein, bactoscan = 30, SCC = 200 unless stated otherwise.  
<sup>2</sup> FM prices include 0.25ppl Member Premium. The member premium increases to 0.50ppl from April 2020.  
<sup>3</sup> No monthly supplementary payment included in the price estimate. Includes 0.50ppl Müller Direct Premium.

## Campbeltown creamery to close

After months of speculation, First Milk has announced that it is to commence employee consultation regarding the proposed closure of Campbeltown creamery. The creamery was put up for sale in April 2018 and since that time FM has not managed to conclude the sale. FM has confirmed that it will continue to purchase milk from the 29 dairy farmers on Kintyre. Closure of the creamery will result in the loss of 14 jobs.

## AMPE and MCVE begin to recover

UK dairy commodity prices (£/ tonne)	Oct 2019	Sept 2019	May 2019
Butter	3,170	3,230	3,440
SMP	2,040	1,960	1,730
Bulk Cream	1,490	1,590	1,510
Mild Cheddar	2,830	2,830	2,830
UK milk price equivalents (ppl)	Oct 2019	Sept 2019	May 2019
AMPE (2014)	30.21	29.73	28.51
MCVE (2014)	30.09	29.90	30.44

Source: AHDB

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# Sector Focus

## Alternative Funding

### Alternative Support Funding

Since 2014, the Scottish Rural Development Programme (SRDP) has provided money and support for projects run by businesses, individuals, and groups to help:

- create vibrant rural communities;
- protect and enhance the environment;
- support rural businesses;
- help the farming industry grow, and
- address the impact of climate change.

However, as the original agreed SRDP funding period is due to end in 2020, and already, many of the funding schemes have closed, irrespective of whether the UK leaves or remains in the European Union, out with the core support for farming that has been pledged by the UK and Scottish Governments; new 'development' style support funds will not be introduced until early 2021 and are likely to be based on the premise of 'public money for public goods'.

In the interim, all is not lost from a business development perspective as alternative funding can be accessed outwith the agricultural sector if the project can meet the key aims and objectives of the particular funding body. In general, many of the funding schemes are aimed at a specific sector and/or involving/supporting the local community, with particular emphasis on promoting development, self-sufficiency, social inclusion, and/or economic equality.

### Structural Funds & Joint Ventures

Going forward, it is likely that the primary focus of the EU, UK and Scottish Governments<sup>1</sup> with regards how future support funding 'vehicle/s' could best meet the needs of their citizens, businesses and communities is based on the premise of seeking to create smarter, greener, more social and connected societies.

From a farming perspective future support funds are likely to be linked to protecting and enhancing the natural environment, increasing biodiversity, and making the countryside more accessible for local community use, with particular emphasis on promoting social and economic equality, and self-sufficiency. Therefore, consideration should be given to where individuals and farming businesses could potentially meet these support funding

objectives through working together with the local community/charities to the overall benefit of both.

### The Heritage Fund

The Heritage Fund has announced that the next closing date for its Funding Programme £250,000 - £5 Million is 2nd March 2020.

The Heritage Fund provides grants to fund a broad range of projects that connect people and communities to the national, regional, and local heritage of the UK. This can include a broad range of projects; the most relevant of which for farmers are:

- Nature - anything that connects people to nature and the natural world;
- Natural and designed landscapes - landscapes are areas of ground which could be urban or rural in nature, and might include parks, or industrial sites that have been left;
- Cultural traditions - exploring the history of different cultures through storytelling, or things that you do as part of your community. This could be anything from dance and theatre, to food or clothing;
- Community archaeology - digs that lots of people can take part in; and
- Historic buildings, monuments, and environments - from houses and mills, to caves and gardens. Areas that are connected to history.

The funding is available to both not-for-profit organisations (including community groups) and partnerships led by not-for-profit organisations. To be eligible, applicants must contribute at least 5% of their project costs for grants up to £1million and at least 10% for grants of £1million or more. Projects can be in development for up to two years and delivered in up to five years.

The Heritage Fund can cover a wide range of direct project costs including:

- the purchase price of collection items or property;
- repair and conservation;
- digital outputs;
- new staff and paid training placements; and
- professional fees

To apply, applicants will need to use the Heritage Fund online portal.

<https://www.heritagefund.org.uk/funding/national-lottery-grant-heritage/250k-5million>

<sup>1</sup> The Scottish Government's 'Replacement of European Structural Funds Post EU-Exit consultation period ends on 12 February 2020. For details, see online at <https://www.gov.scot/publications/replacement-european-structural-funds-scotland-post-eu-exit/pages/2>.



# Sector Focus

## Alternative Funding (cont)

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### Community Funds & Scottish Land Fund

Funding Scotland is a service provided by the Scottish Council for Voluntary Organisations (SCVO) to provide up-to-date online information on funding opportunities in Scotland. They have teamed up with a number of local authorities and the Scottish Governments Scottish Rural Network to facilitate an online database of available grants including The National Lottery Community Fund (Scotland) - Scottish Land Fund which helps communities take ownership of land and buildings that matter to them, as well as practical support to develop their aspirations into viable projects. While the grants, loans, prizes, and other support are not available to individuals or businesses, they can be a valuable resource for charities, community groups, social enterprises and voluntary organisations of all shapes and sizes. <https://fundingscotland.com/>

### Foundation Scotland

Foundation Scotland offers a diverse range of funding programmes including Community Benefit Funds for organisations working to benefit a range of communities across Scotland.

Some of these programmes are Scotland wide and some are restricted to particular sectors and/or geographies. Each programme has its own criteria and/or outcomes. The Foundation Scotland website has an online search facility for funds that are currently available in each geographical area. Of particular interest to farmers will be the Environmental Sustainability webpage. <https://www.foundationscotland.org.uk/grants-and-funding-for-organisations/resources/becoming-environmentally-sustainable/>

### Scottish Rural Network

The Scottish Rural Network (SRN) encourages rural development by sharing information, ideas, and good practice. They work with, and for, anyone who lives, works, or has an interest in rural Scotland. Their aim is to encourage innovation in agriculture, food production, forestry, and rural areas. In addition to signposting current funding opportunities, SRN are keen to promote co-operation to facilitate opportunities to share knowledge, experience, and ideas with people in other rural areas. The Co-operation webpage allows people looking for joint venture partners to post their co-operation project ideas, and the opportunity to search for others to work with others on co-operation project ideas.

<https://www.ruralnetwork.scot/cooperation>

### Local Council Websites

Many local council websites have a webpage highlighting and signposting funding available to individuals, businesses, and communities. Many can be found by simply searching for the local council name + grants or funding. Perth and Kinross Council's 'Grants Direct' not only provides information, advice, and support to find and apply for funding both locally and nationally, they also produce a monthly funding alert.

<https://www.pkc.gov.uk/article/15346/Community-grants>

Two of their recent Enterprise and Innovation Grant sign postings are given below:

### Scottish Government - Brexit Support Grant

The Brexit Support Grant provides funding to help small to medium-sized enterprises in Scotland manage a wide range of Brexit impacts.

The grant can be used for: Brexit impact scenario planning; additional professional services specifically in relation to Brexit issues; exploring supply chain issues and opportunities; reviewing and optimising transport or logistics arrangements; costs incurred in acquiring AEO (Authorised Economic Operator) status; human resource issues; cost of attending training courses relating to any of the above topics; air travel from Scotland to international markets to react to supplier and/or customer issues directly relating to Brexit.

Applications may be submitted at any time <https://www.prepareforbrexit.scot/updates/brexit-support-grant>

### Backing Youth Ambition - New Support for the UK's Young Entrepreneurs

Almost two thirds of young people have, or would consider, starting their own business but many say a lack of funding and experience is putting them off, according to research commissioned by The Prince's Trust and Lloyds Development Capital (LDC). The two organisations have come together to launch Backing Youth Ambition, an initiative designed to support youth enterprise across the UK. The three-year programme aims to help over 1,200 young people explore and launch their own businesses through start-up grants and additional funding for The Prince's Trust Enterprise Programme. LDC is also providing support through fundraising, volunteering and mentoring activity across its regional offices, employees, and investee companies. [christine.beaton@sac.co.uk](mailto:christine.beaton@sac.co.uk)

# Management Matters

## Employing People

### When is a contractor not a contractor?

There are many people working in agriculture on a self-employed basis and these people provide valuable extra resource at busy times – relief milking, tractor driving, etc. Taking on outside labour in the farm business is becoming an increasingly complex situation however, with Her Majesty's Revenue and Customs (HMRC) now investigating the employment status of workers. They are particularly interested in workers whom the farming business considers to be 'self-employed contractors' and issues can arise when HMRC take the view that these workers are actually meeting all of the criteria of employees and should be 'through the books'. In this situation the farmer is liable for the tax and National Insurance which should have been paid.

To avoid what in many cases will be a significant bill, farm businesses should assess the status of all their workers and check that the lines between employees and self-employed contractors have not become blurred. By the analysis of several factors such as control of tasks and the provision of equipment, it is possible to check that you are on the right side of the law.

If it is discovered that a worker should really be an employee there are a number of factors to consider. Minimum wage in agriculture is higher than the National Minimum Wage and if the farm labour is from overseas, the necessary checks should be carried out to ensure that they have a right to work in the UK.

To help you stay on the right side of HMRC rules come along to the Farm Advisory Service's roadshows of meetings about this, running between 21<sup>st</sup> January and 7<sup>th</sup> February 2020 – we'll be talking about how to identify who should be 'through the books' and what that means in practice, including how to operate payroll, what you need to pay them, pensions, insurance and other obligations. See the FAS website [www.fas.scot/rural-business/employing-people](http://www.fas.scot/rural-business/employing-people) for dates and venues, or alternatively sign up to the FAS newsletter to receive all the dates straight to your inbox.

[mhairi.dalgliesh@sac.co.uk](mailto:mhairi.dalgliesh@sac.co.uk), 01738 636611

#### FAS Employing People: Meeting Roadshow

**All meetings except Nairn will be 7.30pm prompt start with tea/coffee and biscuits being served from 7pm**

Tuesday 21st January	McDiarmid Park, Crieff Road, Perth, PH1 2SJ
Wednesday 22nd January	Stair Arms Hotel, Pathhead, EH37 5TX
Tuesday 28th January	Pentland Hotel, Princes Street, Thurso, KW14 7AA
Wednesday 29th January, 1-3pm	Golf View Hotel and Spa, 63 Seabank Rd, Nairn IV12 4HD
Thursday 30th January	West Balmakewan Coach House, North Water Bridge, Laurencekirk AB30 1QX
Tuesday 4th February	Ardshiel Hotel, Kilkerran Road, Campbeltown, PA28 6JL
Wednesday 5th February	JF Niven Building, Auchincruive, Ayr, KA6 5HW
Thursday 6th February	Woodlands House Hotel, Newbridge, Dumfries, DG2 0HZ

#### Key economic data

General Indicators		Price indices for September 2019 (Defra 2015 = 100)			
		Output Prices		Input Prices	
Base interest rate	0.75% (0.50% Aug '18)	Wheat	109.99	Seeds (all)	103.6
ECB interest rate	0.00% (0.00% Sep '18)	Barley	107.87	Energy	123.8
UK (CPI) inflation rate	1.5% (target 2%)	Oats	106.79	Fertiliser	102.5
UK GDP growth rate	0.3% (Q3 '19)	Potatoes	106.67	Agro-chemicals (all)	118.7
FTSE 100	7,400 (28 Nov '19)	Cattle and Calves	95.11	Feedstuffs	110.3
		Pigs	118.58	Machinery R&M	109.3
		Sheep and Lambs	97.65	Building R&M	112.3
		Milk	121.19	Veterinary services	115.3

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