Farm Advisory Service

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News in brief

June 2019

Workers of the future

Labour has become one of the greatest limitations for farming businesses. This was already a headache for many before it was further exacerbated by Brexit, the drop in sterling exchange rates and the uncertainty over future UK immigration policy.

The issue is not confined to the UK; many Continental European countries face the same issues as wages and job availability improves in Eastern European states, reducing the lure of the West.

The good news is that farm businesses can take steps to develop their own staff through adoption of Modern Apprenticeships which offer many benefits. Farmers can train staff to suit the unique needs of their business or use apprentices to bring new skills into the business. By developing their own workforce farm businesses can help prevent future skills shortages, help safeguard their business and increase competitiveness. Employers are increasingly aware of the challenges of recruiting staff and this is one route to develop a skilled and competent workforce.

Supporting and coaching an unskilled apprentice through the early stages of their working career into a fully qualified and competent worker is hugely rewarding but taking on a young person can also be a daunting prospect. For more details of the steps involved see our Sector Focus article on page 9 of this month's edition.

Future climate targets – path to zero

The adoption by Scottish Government of recent targets to reach net zero Greenhouse Gas Emissions by 2045 pose a major challenge for farming given the lack of technologies to tackle all emissions sources on farm. However, these targets also create opportunities for farmers and others who can develop and implement effective solutions; the challenge is ensuring sufficient reward from cost savings, market or subsidy. See pages 2 & 10 for more details.

Next month …..

- Autumn cropping and input costs

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Julian Bell

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

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New ambitious climate change targets

Following requests from the UK, Welsh and Scottish Governments for the long-term emission targets to be re-assessed, the Committee on Climate Change recently published their recommendations in a report titled 'Net Zero The UK's contribution to stopping global warming'.

The report's key findings include the following recommendations made by the Committee on Climate Change:

- net-zero greenhouse gas target by 2050.
- in Scotland, a net-zero date of 2045, reflecting Scotland's greater relative capacity to remove emissions than the UK as a whole i.e. more potential sites for carbon capture and a greater landmass for tree planting.
- in Wales, a 95% reduction in greenhouse gases by 2050, due to there being less opportunities.
- the relevant governments legislate for these new targets as swiftly as possible.

A net-zero greenhouse gas target for 2050 will deliver on the commitment that the UK made by signing the Paris Agreement and according to the Committee on Climate Change is achievable with known technologies, improvements in people's lives, and within the expected economic cost of the existing targets. Examples of measures highlighted by the Committee to meet these targets include:

- a supply of low-carbon electricity (supply will need to quadruple by 2050).
- efficient buildings and low-carbon heating (required throughout the UK's building stock).
- electric vehicles (should be the only available option for new cars and vans from 2035 or earlier).
- developing carbon capture and storage technology and low-carbon hydrogen (a necessity not an option).
- stopping biodegradable waste streams going to landfill after 2025.
- phasing-out potent fluorinated gases.
- an increase in tree planting i.e. forest cover should increase from 13% of UK land to 17% by 2050.
- measures to reduce emissions on farms i.e. policy to encourage farming practices that reduce emissions must move beyond the existing voluntary approach.

In Scotland, a new bill is currently going through the Scottish Parliament and has been amended so MSPs can vote on the new target of net-zero by 2045.

The Committee on Climate Change's recommendations draws on ten new research projects, three expert advisory groups, and reviews of the work of the IPCC and others. The full report is available at: https://www.theccc.org.uk/wp-content/uploads/2019/05/Net-Zero-The-UKs-contribution-to-stopping-global-warming.pdf

June census and scheme dates update

June 2019 Agricultural Census

The June Agricultural Census is sent by the Scottish Government to all holdings who complete a Single Application Form (SAF) and to a sample of other agricultural holdings. The 2019 census should be completed based on information that is correct on 3rd June 2019, unless asked otherwise, and be returned by 30th June 2019. The quickest and easiest way to complete the census is via Rural Payments and Services. Completing the census is a legal requirement under the Agriculture Act 1947 and is used to help the Scottish Government develop the right policies to support agriculture in Scotland.

Beef Efficiency Scheme

Tagging selection for calves born in autumn 2018 has been made and farmers who are participating in the Beef Efficiency Scheme have until 31st December 2019 to return them. Some stock bulls have also been selected in this round. If you have not received your tags by the end of June 2019, contact the BES Team (BESMailbox@gov.scot) so they can be traced. It is recommended that when tags are sent back to the laboratory proof of postage is used. This will ensure, if they were lost in the post, no reduction will be applied to the payment. Although 31st December is the return deadline, it is advisable to submit samples before then.

AECS slurry storage

Applications for standalone slurry storage should be submitted by 26th June 2019. Eligibility for funding can be checked at: https://www.ruralpayments.org/publicsite/futures/topics/all-schemes/agri-environment-climate-scheme/. Some farm codes around the boundary of designated NVZ areas may be incorrectly showing as eligible for slurry storage. If a farm code is known to have land in a designated NVZ area the eligibility for slurry storage should be checked with the relevant RPID area office before commencing an application.

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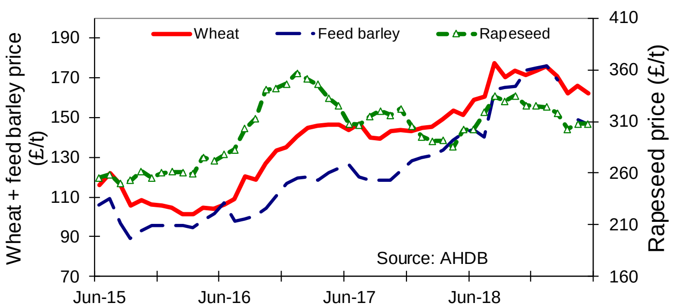
Late spring in US boost prices

World grain prices have been buoyed by the record slow pace of spring crop sowings in the US due to the continued cold, wet weather.

USDA Crop Progress reports put the rate of planting progress at the slowest on record with only 49% of maize planted by 20th May 2019 compared to 79% at the same time last year. On average maize loses 1% yield for every day planting is delayed at the end of May. Having said that the most important period determining maize yields is July and August so if conditions then are favourable the overall yield effect could be small but if not the yield decline could be particularly severe.

There are a number of reasons why US farmers would normally stick with maize; lower yields are not inevitable if conditions improve and poor soyabean prices make the alternative soya crop less attractive. However, some US farmers may be tempted to abandon maize plantings as they can then claim crop insurance. While Trump's trade war with China (and other factors) have helped depress US soyabean prices making the crop less attractive, Trump is proposing a large compensation payments. This may encourage US farmers to stick to soyabeans.

Scottish spot ex-farm grain and oilseed prices



In the EU, overall the outlook for the cereal harvest is positive, with a 7% (20mt) rise from 281mt to 301mt currently forecast by grain and oilseed trade body; Coceral. The rise is expected to be led by wheat 13mt (10%) to 140mt. However, concerns remain over dry conditions in central and eastern Europe which have led to forecasts for both barley and rapeseed being trimmed in the latest estimates. EU oilseed rape output is now expected to fall 9% (1.84mt) to 17.9mt (from 19.7mt in 2018) due to poor crop conditions in France. Spring barley output is now expected 2% lower in 2019 down from 29.3mt in 2018 to 28.7mt in 2019. This is of particular interest to Scotland and the distilling and malting sectors and the fact that EU stocks of spring malting barley are very low following the poor harvest in 2018.

- *Record delay to US maize sowings threatens US maize output but not inevitable as Jul/Aug weather is more important*
- *Soyabeans plantings may rise despite low prices*
- *EU expecting a larger total cereal crop – but a smaller spring malting barley and rapeseed crop*

Scotch whisky record economic contribution – agriculture lags

Figures released in a recent Scotch Whisky Association report indicate that the Scotch whisky industry contributed over £5.5Bn in Gross Value Added (GVA) to the UK economy in 2018. Within Scotland the Scotch whisky sector is estimated to be one of the largest contributors to economic output; ahead of life sciences and energy and comparable to tourism. The study also estimated the share of value added by industry within the Scotch whisky production chain. Manufacturing (33%) and hospitality (32%) dominated output with agriculture languishing at just 1.1%! Agriculture's GVA growth between 2000 and 2018 was +116% ahead of retail (+102%) and hospitality (67%) but behind manufacturing (+256%) and wholesale (+180%). Why agriculture generates such a trivial share of output should be a major concern for farmers. Some of this may be a reflection of the lack of power agriculture has within the supply chain, some of this may be more within farming's control; where can agriculture improve productivity and efficiency and increase the value it adds through technical improvements and provenance?

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Indicative grain prices week ending 16 May 2019 (Source: SACC/AHDB/trade)
'* Before oil bonus, # Ex-farm England spring brewing max 1.85%N, ~ nominal

£ per tonne	Basis	May 2019	Jun 2019	Hvst 2019	Nov 2019	Mar 2020
Wheat	Ex-farm Scotland	162.10	163.00	148.00	150.00	155.00
Feed barley	Ex-farm Scotland	146.10	148.00	130.00		
Malt. barley - distil	Ex-farm Scotland			168.00		
Malt. barley - brew	Ex-farm England#		160.00		160.00	166.00
Oilseed rape*~	Delivered Scotland		310.00	307.00		

Prime cattle prices firm

The average base price for R4L cattle has lifted by around 10p/kg dwt across GB since mid-April or gross +£36/hd higher at 360kg dwt. This is welcome but remains below finisher breakeven and that is without recompense for an expensive winter.

The finished price is 20p/kg dwt lower across GB compared with this time last year. It is similar to the three year average only because of an extremely soft marketplace in spring 2016. At week ending 18th May Scottish R4L steers averaged between 364-366p/kg dwt to gross £1,314 for a 360kg carcase. South of the border, base price is around 352-354p/kg dwt. Price was anticipated to stand-on or dip 2p for week commencing 20th May.

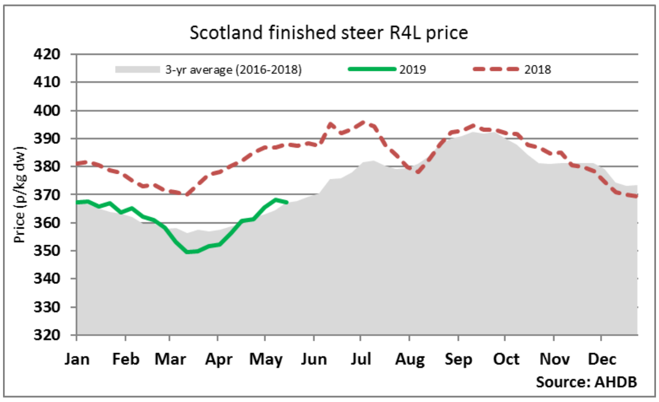
Cull cow trade has reached a plateau after continually rising for well over a month, with cows averaging 290p/kg dwt by week ending 18th May. Cow throughput is steadying following trend typical for this time of year.

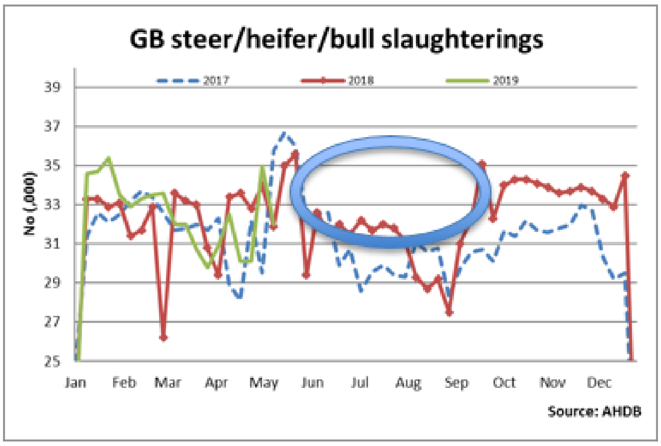
- *With good weather forecast in Southern England and the May Bank Holiday towards the end of the month, this could increase short-term demand*

There is at least a six-week lag in HMRC import data but the most recent figures suggests beef imports are slowing although remain moderately high.

- *It will be interesting to gauge Irish finishers response, in supply availability, to the €100m Brexit beef fund proposed for pay-out in the autumn*

Meanwhile, domestic demand remains stable but tepid (typical for the time of year) and rolling stocks in chill are also high. But beyond June, the UK will approach a period of reducing domestic supply (see chart) and expectation is it will be marginally lower on the year. So, whilst high stocks mean no immediate change in producer price it looks more promising by late summer/early autumn. That must be finishers expectation as strong trade for store trade continues. Demand is high for better quality grazing types with plainer types not so sought after.





Breeding cattle

Breeding cattle sales are underway with markets reporting brisk trade. Cow numbers were undoubtedly not replaced in the backend due to tight fodder supplies, which has encouraged higher prices for replacements. Heifer numbers at these major breeding sales have generally been back on the year, contributing to the prices paid. At one sale 294 adult breeding cattle were traded in comparison to 632 in 2018. Notable at these sales were buyers opting for heifers with heifer calves at foot. There has been an increase in heifer slaughterings leading to a smaller pool to source future replacements.

Less breeding cattle forward for sale also reflects the industry's declining breeding herd. Since December 2017 the UK beef breeding herd has declined by 2%, the equivalent of some 40,000 head.

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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
4 May 19	**365.5**	4.2	10.0	**364.1**	4.2	13.0	361.2	11.1	292.4	269.3
11 May 19	**368.1**	2.6	8.4	**365.1**	1.0	9.4	359.4	13.2	292.4	270.3
18 May 19	**367.2**	-0.9	9.4	**365.5**	0.4	13.6	359.2	10.2	292.1	271.3

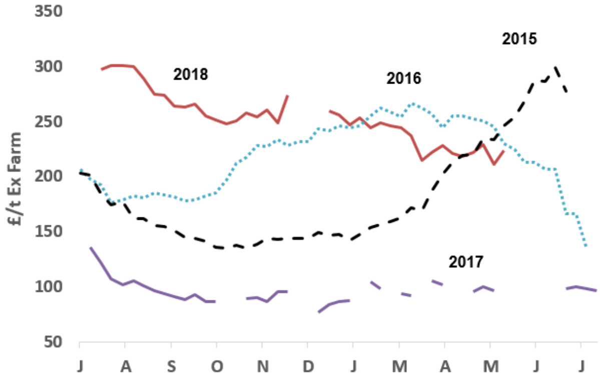
The finished cattle base price quoted by a buyer may be significantly different from the national average deadweight price presented above as these are averages of both commercial and premium cattle, reflect variation between processors and any bonus payment differences.

Market price update

- *The GB Weekly Average Prices for the week ending 11th May were £211.96/t for free-buy and contract purchases, and £223.76/t for free-buy purchases*
- *Compared to the previous reported figures on 4th May, contract and free-buy purchases were up by £7.83/t and free-buy purchases were up by £12.46/t*

Crop Year 2018/19	11 May	4 May	27 Apr
Average Price (£/t)	211.96	204.13	204.87
AVP change on week (£/t)	7.83	-0.74	-3.38
Free-Buy Price (£/t)	223.76	211.30	229.01
FBP change on week(£/t)	12.46	-17.71	6.93

GB Weekly Average Free-Buy Price (2015-2018 crop years)



Trading Season July - July Source: AHDB

Market overview

Industry and local reports suggest that planting has gone well with around 90% of the 2019/20 Scottish crop now in the ground. Early new crop in England continues to be lifted this week but demand remains fairly limited. The Weekly Average Free-Buy Price increased by £12.46/t between 4th May and 11th May driven predominantly by strong demand from both Scottish and English packers, and a rise in price for top-end stocks with high baker fractions which continue to command a premium.

In Scotland, Grade 1 Maris Piper is trading around £220-300/t ex farm with top quality stocks reaching £320/t ex farm. Lower quality Grade 2 Piper is trading around £150/t ex farm. Grade 1 whites prices have remained fairly steady, continuing to trade around £180-220/t ex farm, with particularly bold stocks reaching £240/t ex farm. Graded whites 65mm+ are being sold to Scottish and English packers for around £280/t ex farm.

In the English packing market, Grade 1 Maris Piper is trading between £225-325/t ex farm depending on quality and size. Grade 1 whites continue to have a wide variation in price reflecting crop quality, size and availability. Grade 1 whites are trading between £200-320/t ex farm with lower quality Grade 2 stocks trading around £185/t ex farm. Graded bakers 65mm+ are trading around £310/t ex farm for the best bold stocks.

In the chipping market, prices for good quality stocks keep rising as the availability of material is scarce. The availability of lower quality material is reported to be good and as a result has not seen much change in price. In the East of England, chipping Piper is trading between £200-370/t ex farm and Agria is trading between £260-500/t ex farm. There is such a wide variation in prices for Agria as there are reports of some lower-end stocks having mis-shapes and rots in samples. Top quality stocks command a premium for good size and fry quality. Markies are generally trading around £360/t ex farm with top quality stocks reaching a high of £450/t ex farm. In the West, Markies and Lady Anna are trading around £320/t ex farm. In the South of England, Challenger and Sagitta are both trading around £300/t ex farm.

2018 Crop – export

Reports indicate that there is strong demand from mainland Europe for both packing and processing supplies. The majority of potatoes being sold into EU markets continue to be from Scottish origin. Maris Piper seed tops are being sold into the Netherlands and Belgium for £165/t ex farm. Whites stocks, including some processing material and seed tops for packing, are being sold into Dutch and Belgian markets for £150-180/t ex farm. Maris Piper destined for France is trading around £200/t ex farm. There is also interest from Irish buyers who are actively purchasing Scottish and English material. Agria is trading around £420/t ex farm, Markies £385/t ex farm, and Piper stocks being purchased for £140/t ex farm.

Increasing demand from Ireland and continental Europe is likely to have a knock-on effect on the domestic market in the UK and there are predictions that free-buy prices might continue to rise into June.

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Price vulnerable but numbers up

Finished new season lamb numbers are up on the year both as a proportion of throughput and in real-terms. Early grass growth coupled with a conscious drive to sell lambs quickly is undoubtedly promoting numbers. This will partially bridge the gap left by lower imports and lower hogg carryover. Indeed, hogg availability is dropping off rapidly compared with last year, yet slaughter numbers are higher.

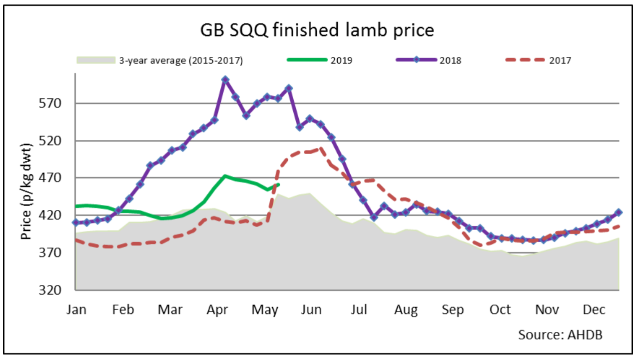
The average price (new and old season crop) is likely to soften slightly, on trend, as the month of Ramadan comes to an end with Eid al-Fitr celebrated on Wednesday 5th June. The new season lamb price was 480-490p/kg dwt across GB by week ending 18th May and despite hoggs now softening, some uplift is anticipated next week.

Removing the distortion of an exceptional 2018 season (for early season market price) the SQQ market average is currently upwards of 10p/kg dwt higher than the previous three year average (2015-2017). Although an astounding 110p/kg dwt lower (down £20/hd) on the year to date, it is nearly £2/hd higher (@19kg carcase) on the average price for the previous three years.

Early lambers will despair if nearing market peak. These lambs are expensive to rear and feeding was particularly expensive this spring. However, silage quality was better and achieving a firm (if not flying) trade across more lambs sold in early season will be welcomed.

For the broader industry, it is good news to see higher throughputs, which hopefully leaves more manageable numbers post-October. This is not to assume price will necessarily change overnight or dramatically post 'some form of Brexit agreement' but in a year such as this, "a bird in the hand…".

- *Selling a greater proportion of lambs at early season prices compared with selling more into particular uncertainty during the main October/November period seems sensible - something that seems to be promoted by Mother Nature's early growing season*



- *Early lambs are growing exceptionally well so greater attention will be required to ensure the 'super singles' do not go overweight*
- *Total lamb numbers across GB are expected to be significantly down on the year (-4%) although AHDB forecast prime slaughterings to be only down 2% if the national sheep flock contracts*

What next for supply chain integrity?

M&S recently announced that they can trace cattle from animal to packet. H&M clothes retailer detail the factories that produce what garments. Is it an emerging trend? Consumers are curious about the authenticity of brand ethos meaning it is probably more than a flash in the pan.

Who next or why not? Admittedly, any producer price security or improvement option within such supply-chains tend to come with strings attached. So, there needs to be enough cost benefit.

This possible trend looks like a more mainstream way for large retailers to address the problem of selling in bulk and losing that customer relationship with the grower. It is never going to be the same personal experience delivered by the local farm shop but it is a strategy to better demonstrate authenticity – surely with farmer benefits too?

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Week ending	GB deadweight (p/kg) 16.5 – 21.5kg				Scottish auction (p/kg)				Ewes (£/hd) Scottish	Ewes (£/hd) Eng & Wal
	R3L	Change on week	Diff over R2	Diff over R3H	Med.	Change on week	Diff over stan.	Diff over heavy	All	All
4 May 19	**465.7**	-2.5	-2.2	0.5	**233.60**	-35.6	61.6	18.3	68.34	70.06
11 May 19	**457.5**	-8.2	-2.1	-1.5	**244.10**	10.5	3.9	17.8	70.01	68.95
18 May 19	**463.7**	6.2	-0.5	-0.9	**236.60**	-7.5	5.6	18.5	64.42	70.25

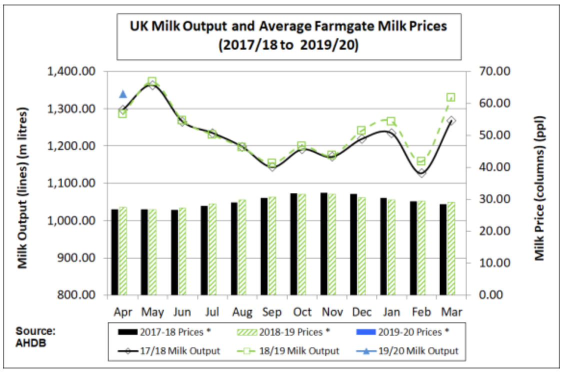
Deadweight prices may be provisional. Auction price reporting week is slightly different to the deadweight week. Source: AHDB

UK output soars during April 2019

According to the latest figures reported by AHDB, UK monthly milk output for April 2019 is estimated at a whopping 1,339.47m litres (before butterfat adjustment). This is 54.35m litres (+4.23%) above milk output for April 2018. This follows on from a large increase to milk output for March this year, when output was up by 4.82% March 2018. It is thought that higher than average temperatures and lower than average rainfall during April both contributed to creating ideal conditions for turning cows out early to grass.

Whilst this increase to output will result in some larger milk cheques for April production, it will only serve to bring more downward pressure on UK prices in the longer term. The UK average milk price decreased during March 2018, dropping to 28.94ppl. This represents a drop of -0.42ppl between February and March 2019 and a year on year reduction of -0.46ppl.

- *UK milk production for April 2019 has soared to 1,339.47m litres (+4.23% on April 2018 output)*



Downward pressure on UK prices

With UK monthly milk output continuing to rise, year on year, in the UK it seems inevitable that some price reductions will be announced in the month ahead. To date, few announcements have been made with respect to June 2019 prices, however, Graham's Dairies did announce a late price reduction in May, as per the note below.

- Graham's Dairies – Announced a late reduction of 0.75ppl from 1st May 2019, taking the liquid standard litre price down from 26.75ppl to 26.00ppl.
- First Milk – First Milk has confirmed a reduction of 0.30ppl from 1st June 2019 (see table below).
- Müller - No changes confirmed for June 2019. The standard litre price remains at 26.75ppl.
- Lactalis (Fresh Milk Company) – Lactalis will hold the current price until the end of June 2019 (see table below).

Annual Average milk price estimates for June 2019 (ppl)	
Milk Buyers – Scotland	**Standard Ltr***
Lactalis (No profile or seasonality) [1]	27.13
First Milk Liquid [1, 2]	27.45
First Milk Manufacturing *(4.2% Butterfat & 3.4% Protein)* [2]	28.37
Müller - Müller Direct [1, 3]	26.75

1 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.
2 FM prices include 0.25ppl Member Premium.
3 No monthly supplementary payment included in the price estimate. Includes 0.50ppl Müller Direct Premium.

Reduction to UK dairy farmer numbers

According to the latest figures from AHDB, UK dairy farmer numbers fell to 12,752 in 2018 with the breakdown across the home nations as per the table below.

2018 UK Dairy Farmer Numbers	
England and Wales	9,305
Scotland	902
Northern Ireland	2,545
United Kingdom	12,752

Source: AHDB

Effects of Müller business review

- *Project Darwin aims to create savings of £100m by the end of 2020*

Following the launch of Project Darwin in February 2019, there is much speculation surrounding the future of Müller's Foston dairy in Derbyshire. According to reports, employees are now under consultation with a view to Müller closing the site. The move comes as Müller strives to improve technical performance and increase output at each of its processing sites. Closing Foston and diverting the additional milk to sister sites (north to Manchester, or south to Droitwich) is one means of achieving this.

Increase to world milk supply

- *Dairy commodity prices continue to soften as world milk supply grows*

The increase to world milk supply shows no sign of abating. Latest figures show cumulative output for 2018-19 up by +0.2%, +0.6% and +3.1% for the EU-28, the US, and New Zealand respectively. As might be expected, the continued growth to world milk supplies has produced a further softening to dairy commodity prices in the UK.

UK dairy commodity prices (£/ tonne)	Apr 2019	Mar 2019	Nov 2018
Butter	3,460	3,510	3,750
SMP	1,650	1,670	1,420
Bulk Cream	1,500	1,510	1,830
Mild Cheddar	2,830	2,840	2,860
UK milk price equivalents (ppl)	**Apr 2019**	**Mar 2019**	**Nov 2018**
AMPE (2014)	27.83	28.27	27.01
MCVE (2014)	30.56	30.81	31.06

Source: AHDB

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Management Matters: Open Banking

Open banking

Scotland has a strong banking heritage and since our first bank was established in 1695 the subsequent centuries have seen many changes, including the move to computerised systems in the 1960's. 'Open Banking' is set to become a significant event in the timeline.

Open Banking is the UK's implementation of EU legislation aimed at increasing competition in the retail banking sector, and is being rolled out amongst the 9 largest retail banks in the UK, including Lloyds Group (of which Bank of Scotland are part), RBS, Natwest, Santander and Barclays.

Banks are being made to open up their customers' data, in a secure and standardised format, to third parties who are authorised by the Financial Conduct Authority (FCA) and have the explicit permission of the customer. These third parties are licensed either to provide 'Account Information Services', where they can access account information, or 'Payment Initiation Services', where they can initiate a payment being made from a bank account. Software providers in this sector, so-called 'fintech' companies, tend to be highly entrepreneurial, adapting quickly to meet and create demand.

You may already have seen evidence of the initial stages of Open Banking. Most major banks now allow customers, in their mobile banking app, to access balance and transaction information for accounts held with other banks. For individuals there are a myriad of other apps which you can 'bolt on' to your bank account which do everything from skim small amounts of money regularly and almost imperceptibly into a savings account, to reviewing the various subscriptions and regular payments you have to identify savings.

For many rural businesses the first real taste of Open Banking has been the ability to have 'direct feeds' into your book-keeping software. This means that bank account information and transaction details can be fed directly and securely from the bank to your book-keeping programme on a daily basis saving significant time entering data. Accounting software programmes can then intelligently match up bank transactions to bills or invoices already created on the system. The direction of travel is likely to be ultimately that you'll instruct your bank to pay bills via your book-keeping software, giving greater integration of accounting and banking.

Over the coming months and years we will see other changes too. The use of debit and credit cards to make online payments could disappear. Instead you will be able to initiate a direct payment from your bank account whilst on a retailer's website. This has benefits both for cost in the supply chain, cutting out a substantial layer of financial service intermediaries who handle the money, and improving security.

There is huge scope for innovation in the banking sector and we're at the very start of the process. It's clear that Open Banking will impact us all to some degree over the coming months and years. For rural businesses the opportunity to integrate financial management software with banking and step yet further away from the need for physical banking infrastructure, could be a real boon in the face of the seemingly inexorable decline of rural branches.

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Sector Focus: Modern Apprenticeships

Are you ready to take on an Apprentice?

An apprenticeship is a partnership between the employer, the apprentice and a training provider, which provides a structured programme that combines full-time work with off-the-job training. This training may be day-release, or more normally block-release, maybe a week at a time, when the apprentice spends time with the college undergoing formal training and instruction in college. The initial “Level 2” Modern Apprenticeship in Agriculture can comfortably be completed in one year.

Beyond this a work-based learning assessor will normally visit your business four or five times to meet with the employer and the apprentice to discuss and support progress. This approach helps to limit the disruption to the day-to-day operations of the business but also helps you better understand and support the apprentice in achieving their award. These visits may involve observing the apprentice undertaking tasks, ask questions and review portfolio evidence which is essentially supporting information that helps recognise that an apprentice is competent in particular tasks. And that is important. Apprenticeships are about “doing things” properly in the workplace. Whilst understanding why you are doing something is important within an apprenticeship showing you can do something competently and safely is what the assessment aspects are all about. Not exams!

At the end of the day the apprentice submits their portfolio as evidence they have met the standards set out within the apprenticeship framework. And you have a worker who has developed the skills you need for your business.

Key facts

An apprentice is an employee like any other you may have and like any other should be given a contract of employment spelling out the basics – hours to be worked, holiday entitlement, etc. Wage rates are as detailed in The Agricultural Wages (Scotland) Order (No. 66) 2019 and for a 16 year old apprentice this is currently £5.30 per hour.

You must ensure so far as reasonably practicable the health and safety of all your employees, irrespective of age, whilst taking a common sense approach to considering risks. With younger people this would mean that you should take into account their level of maturity and physical development when considering tasks and levels of supervision.

In undertaking an apprenticeship there is currently no cost to the employer or the apprentice for the training, the training provider sourcing this from Skills Development Scotland. However, there is an obligation for the employer to release the apprentice for off-the-job training elements and in most cases to meet the costs of associated accommodation. These are aspects which are discussed and agreed up-front with your provider so there should be no hidden surprises.

So why take on an Apprentice?

Well there are many benefits. You can train staff to suit the unique needs of your business or use apprentices to bring new skills into the business too. By developing your own workforce you can help prevent future skills shortages, help safeguard your business and help increase your competitiveness. Employers are increasingly aware of the challenges of recruiting staff and this is one route to develop a skilled and competent workforce.

Supporting and coaching an unskilled apprentice through the early stages of their working career into a fully qualified and competent worker is hugely rewarding for you, but taking on a young person can also be a daunting prospect, and we may not always feel up to the task.

Your training provider will support you in this, giving you hints and tips in managing new employees, managing their expectations, how to develop positive employer-employee relationships (which are critical to the success of any apprenticeship) and how to instil a sense of resilience in your apprentice, so you should not feel alone in this. Through employer peer groups you can share experiences and gain moral and practical support.

Next steps? How to find out more? Contact your local training provider

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Climate Change Commitments

Climate change targets and agriculture

The Committee on Climate Change (CCC) recently published a report recommending to government that the UK should develop much more ambitious policies to tackle climate change, and move towards reducing net greenhouse gas emissions to zero by 2050. In Scotland, agriculture is currently the second largest source of emissions, and will therefore need to play a particularly important role in emissions reductions. The CCC report recognises the special position of agriculture and land use in Scotland and advises that the target of net zero emissions could be met earlier than that in the rest of the UK by 2045. Although some progress in reducing emissions from the sector has already been made, the nature of the targets set by the CCC will involve fundamental structural changes to the rural sector in Scotland in the next 20 years.

Responding to the challenge

From a farmer's point of view these targets may seem yet another attack on a sector which is inherently harder to decarbonise, based as it is on biological processes rather than the more technological driven energy and transport sectors. However, given that both the Scottish and UK governments have subsequently endorsed these targets the pressure is now on to make them a reality.

The good news for agriculture and land use is that the cost of emission reductions tends to be lower than that elsewhere in the economy, and in many cases there are opportunities to reduce emissions and save costs at the same time. This, combined with the expected retargetting of subsidies to promote low carbon farming will help to ease the transition. Whatever happens to Brexit, the pressure from trade liberalisation (in or out of the EU) will likely expose us to greater competition from world markets. Maintaining higher standards and lower carbon production in the UK can help differentiate our products. The difficult part will be ensuring that these standards are recognised in trade negotiations; a daunting prospect given the resistance of the likes of the US to such "non-tariff" barriers.

That aside, there is considerable scope to lower carbon emissions through greater efficiency and new technology while reducing costs. Lower emissions can be achieved by using nitrogen fertilisers and manures more efficiently, taking advantage of genetic improvements and approaches to more efficient feed utilisation in the livestock sector and improving overall resource use efficiency in farming systems. There is also a critical role for Scotland's soils. Soils provide very large capacity to store carbon and increasing the storage of carbon particularly in wetland and forest soils will offer a critical opportunity to offset agricultural and other emissions that are impossible to remove by other approaches.

There are also a range of emerging technologies that may be able to help such as; the use of nitrification inhibitors, slurry acidification, feed additives to modify methanogenesis in the rumen, high sugar grasses, taking stock off wet land – a recent SRUC, ADAS, University of Edinburgh report considers the potential for such approaches to reduce GHG emissions on and off farm - here.

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Key economic data

General Indicators		Price indices for March 2019 (Defra 2015 = 100)			
		Output Prices		Input Prices	
Base interest rate	0.75% (0.50% Aug '18)	Wheat	142.11	Seeds (all)	107.1
		Barley	136.87	Energy	119.7
ECB interest rate	0.00% (0.05% Mar '16)	Oats	166.53	Fertiliser	104.7
UK (CPI) inflation rate	1.9% (target 2%)	Potatoes	138.93	Agro-chemicals (all)	106.3
		Cattle and Calves	99.32	Feedstuffs	119.1
UK GDP growth rate	0.5% (Q1 '19)	Pigs	101.37	Machinery R&M	108.5
FTSE 100	7,174 (29 May'19)	Sheep and Lambs	111.47	Building R&M	113.2
		Milk	118.17	Veterinary services	115.5

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