



Coronavirus Impact on Farm and Horticulture Businesses in England

Intelligence Report: 20th March to 3rd April 2020

From RBR's delivery of the Defra-funded Farm Business Survey for England

Major Food Supply Chains

Potatoes and onion supply chains in to major retailers in the **South West** have remained robust, while supply to restaurants and take-away food outlets has reduced significantly in both the South West and in the **East of England**. Producers who are not farm assured are restricted in their alternative outlets for potatoes, being unable to supply potato packers, with imports of potatoes from France observed frustrating producers. The lower value of sterling led to an approx. 10% increase in grain price in the last week.

Across **milk production regions** there are reports of some milk buyers instantly **reducing farm gate milk prices**, stating that they will **delay payments** for up to two months, or **not collecting milk** at all leaving some farmers to dispose of milk; these impacts have been driven by falling demand from the hospitality, restaurant and take away sectors. At the same time there has been an increase in UHT milk demand. The individual impact on dairy businesses thus being highly dependent upon the outlets that their milk buyer supplies.

Farm businesses have welcomed Morrisons announcement that they will make immediate payments to some smaller suppliers of livestock and eggs to help with cashflow.

While initial food stock-piling by customers led to a record jump in the price of **cull ewes and lambs** this short-lived increase has now led to price decreases across **beef and sheep markets**, with **lamb** in particular being affected by reduced demand from catering and take away outlets following the closure of these outlets and schools. Many farmers are unable to export beef or lamb so do not have access to other markets. For those who are able to export, the closure of the borders to France resulted in the sale of finished lambs and hogs to the livestock market in the **South West** dropping by half on 23rd March 2020. However, some farmers are hopeful that sheep prices may increase nearer to Easter.

Some farmers are hopeful that the greater public acknowledgement of the importance of food security and local shopping will lead through to a positive change towards this in government policy making.

Farm Inputs

There has been a struggle for businesses to get **diesel**, however farmers are being made a priority for deliveries. Social distancing at farm suppliers has been noted in the **East Midlands** with farmers being told to wait outside whilst their items are collected and they are being asked to pay immediately by cash or card, not on their account.

Fertiliser blends are limited in availability because companies have been unable to produce the blends at normal capacity due to lack of production workers and delivery drivers. One farmer in the **North East** has had a delay in fertiliser delivery of solid P & K, assumed due to staff shortages.

Some farmers in **the North** have expressed their concern around the impact on their business if the coronavirus does increase in their region, and it affects feed delivery drivers, tanker drivers, AI technicians and vets.

In the **South West** there has been a delay in the supply of dairy chemicals and paper towels, and a reduction in the range of egg boxes available, with one supplier moving to offering only one standard style to ease efficiency and lower risk for their staff.

Horticulture

These are unprecedented times for growers and suppliers of plants, and many feel there is a desperate need for immediate government intervention to aid the industry. There are concerns in the **soft fruit** sector with travel restrictions preventing EU workers from entering the country. There has been a media appeal launched to attract British workers to fill the gaps left by overseas workers, particularly in the fruit and vegetable sectors but also in processing and packing. Producers are also concerned that fruit will be ready to pick before the restrictions surrounding coronavirus are lifted, which would be a **sizeable loss to Pick Your Own enterprises**.

A garden centre in **Norfolk** has closed their nursery section but their farm shop selling fruit and vegetables has remained open under the present rules based on sale of essential items. Full Covid-19 precautions are carried out to ensure customer safety. Many nurseries are offering free delivery of online orders within a set area, to help to maintain some sales.

A container grown ornamental plant producer in the **East of England** with many employees and no market for their production is examining cash flow requirements for the coming months, with serious concerns they may need to change their business operation.

One farm in the **South West** was two thirds through the **daffodil picking season** when demand for daffodils stopped, just before Mother's Day. There is also uncertainty if there will be a market for the sale of bulbs across Europe this year.

Arable

Contractors used on farm are still able to operate normally and the dry weather has allowed much needed fieldwork to recommence. Co-operators in the **East of England** have reported that **agronomists** are reluctant to visit farms and walk crops. Farm assurance bodies have suspended their farm inspections until further notice.

Seed potato deliveries from Scotland to potato growers in the **East of England** are operating at reduced capacity due to difficulties with obtaining lorries for delivery. Pack houses have increased production to meet demand meaning there is no spare storage for the potato seed, leading to concerns for potato supplies later in the year. McCain's have stopped processing potatoes for McDonalds and with full cold stores, potatoes will be processed later than usual, potentially leading to a reduced demand later in the year.

Livestock

Abattoirs in the **East Midlands** are at capacity and not currently taking any more **cull cows**; this is potentially due to staffing shortages. In the **South of England**, demand for finished cattle is also very low, with abattoirs accepting lower numbers of animals than are ready for slaughter. Dairy farmers in the **North** are fearful for the future of the cull cow market.

Newark Livestock Market in the East Midlands was one of the first **livestock markets** to impose the rule that no over 70s are to attend; there are concerns this is the majority of their attendees. Under new restrictions breeding livestock are not to be sold in cattle markets; this will have a major impact for producers who base their business around

selling breeding stock. The auctions are being moved to private treaty sales, with major concerns from farmers that these transactions will fail to achieve the same price per head or volume of stock sold via.

Store cattle can be sold in markets but sellers can only drop off animals and are not permitted to leave their vehicle. Only serious, registered buyers are allowed into the market. Farmers fear this will lead to a fall in prices given the restrictions on the presence of only registered buyers.

The **social well-being** of farmers is a widespread concern given auction market restrictions, especially for farmers who live alone, and for whom market attendance is their main interaction and food-shopping occasion.

One **pig** farmer in the **East Midlands** is concerned as to how his business will operate if his workforce fall ill leaving him unable to manage the farm and his livestock; at the same time sales to catering butchery outlets have significantly reduced, leaving the farmer to find alternative outlets.

Routine TB testing continues; however some dairy farmers in the **North** have mentioned they find this strange, as they don't believe testing is essential during this crisis.

Diversification

Farm shops across the country report an **increase in trade** of fresh meat, eggs and vegetables. Increases in milk from vending machines, and from dairy farmers supplying bottled milk direct to customers has been reported in the **North**; however these farmers recognise that this increase in demand is likely to be temporary. Increases in egg demand from small and local shops has helped offset falling demand from hotels and hospitality in the **South West**.

There have been large numbers of cancellations of **holiday lets** through the summer. One farmer in the **South West** with tourist accommodation had already been contacted by Devon County Council to offer a £10,000 grant. However, when he tried to access the procedures he couldn't get through.

Farm Business Management and Financial Operations

Farmers are having difficulty contacting their **accountants**, as accountants are too busy dealing with many problems from small businesses. Some farm **secretaries** are unable to access farms creating delay in farmers account being completed impacting on the production of computerised accounts.

Social

Farmers in the **Peak District** have been getting frustrated at the number of people ignoring the latest Government rules, and driving to the Peaks to have a walk through farmland. One co-operator in the **North East** reported as many as 70 people per day walking through his farmyard, all touching the same kissing gates. Some farmers in **the North** have taken the initiative and have blocked car park entrances with machines or bales.

The Great Yorkshire Show, usually held in July, is just one event in a long list of agricultural social occasions to be cancelled.

One farmer in the **North East** has reported having difficulties with **tradesmen** unable to visit the farm to undertake repairs to his farm buildings.

Covid-19 and its potential impact at personal and businesses levels has added to the worries and stress already felt by some within the industry from Brexit uncertainty, the wet autumn/winter and recent flooding in some areas. The **mental health** of farmers is a large concern across the farming sector.