



Coronavirus Impacts on Farm and Horticulture Businesses in England

Intelligence Report: 12th June - 17th July 2020

This is the sixth in an ongoing report series – for earlier insights please see visit www.ruralbusinessresearch/publications - "Latest Publications" - "Intelligence Report from the Regions"

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

Major Food Supply Chains

Further reports of substantial **farm-gate milk price cuts** (greater than 20% on March 2020 prices) continue to be reported by some farmers; this in addition to contract volume reductions (minus 3% previously reported) on some farms. There is growing concern in the dairy sector, particularly from those farmers who have committed investment to expansion or productivity improvements, as to the viability of their dairy farm business. In response to milk price and volume cuts, some dairy farmers are retaining calves longer to provide increased future revenue; this is resulting in a lower number of animals available to the trading beef sector.

Farm Inputs

Covid-19 related issues in the arable sector include delays to the construction of planned grain stores due to lack of materials and workforce available. Many **machinery sales are now moving to online timed auctions**, rather than the usual physical gathering of vendors, machinery and purchasers at sale centre sites.

Horticulture

The normal **challenges of access to seasonal labour** continue to be exacerbated by Brexit and Covid-19, in particular smaller-scale producers seem to have found the labour situation stressful. The large-scale Cornish producers appear to have overcome labour challenges for this season; despite the Governments Pick for Britain campaign, they managed to source most of their labour from Eastern Europe. A specific issue has also been reported in the national press with respect to a Herefordshire vegetable producer who has had 93 confirmed cases of Covid-19, leading to over 200 people now self-isolating. This example demonstrates how a business' heavy reliance on large numbers of labourers can quickly introduce major risks to a business at this time.

A Kent fruit grower has taken the decision to halt cherry harvest this year, as they have no European workers and were reliant on the local workforce. However, without the same level of training and experience, this resulted in picking being too slow, making the whole operation uneconomically viable.

There has been **huge demand for broccoli and courgettes in the South West**, due to the difficulty of the planting season in the East of England. Strawberries grown for Wimbledon have been going to alternative markets, or ending up as waste. Niche vegetable growers in the North were pleased that restaurants were opening again albeit at limited capacity. Demand for their products have increased but nowhere near back to pre Covid-19 levels.

Arable

Most arable farmers are more concerned about the impact of weather on crop yields rather than any Covid-19 issues directly affecting their business in the short term. Reports of early harvest Oilseed Rape (OSR) at 2 tonnes/hectare (t/ha) are very low, with many arable farmers questioning the viability of this crop. Winter cereal crops of barley and wheat are showing variable yields, being highly dependent on location and soil type, and how badly affected the area was by flooding in the winter.

Livestock

Concerns from farmers unable to see their livestock sold at auction remain, while there are other reports of vendors permitted into the auction market, but then required to leave the premises once their livestock has been sold, have also been cited. With the breeding livestock sales in the autumn, the issue of **vendor and buyer access to livestock markets** will become of even greater concern to the dairy, beef and sheep sectors. The issue of restriction of only registered buyers at the ringside will lead to only a limited number of buyers allowed into sale rings. Some have therefore taken the decision to sell privately, or use sites such as 'sellmylivestock.com'. The livestreaming of sales introduced has been well received by some farmers as a substitute.

Other restrictions on sales of livestock (e.g. farms under bovine TB (bTB) restrictions) are leading to financial and social / mental wellbeing issues, the latter being a particular concern under Covid-19 social restrictions.

Farmers are worried about **high feed and straw prices** given the predicted lack of supply expected in the autumn / winter, and poor silage and hay crops following the spring drought.

Wool prices have fallen, due to an oversupply as demand from carpet manufacturers has fallen in line with reduced demand for carpets from hotels, cruise ships and other venues. For many upland farms with Swaledale sheep (which produce some of the lowest grade wool), the value of their wool has been noted to be well below 30p/kg and the advance element of the 2020 clip could be as low as 2p/kg. If a haulier collects wool from the farm, or an intermediate collection centre, farmer producers could actually receive an invoice from the British Wool Marketing Board (BWMB), including haulage costs, which would lead to a net cost to the farmer, rather than a net income from the sale of the wool.

Diversification

Bookings for **on-farm accommodation** across the country have recently increased for self-contained accommodation with reports from agents of unprecedented demand. The situation for farm campsites is variable, with some opening fully, some limiting spaces and some delaying opening or not opening at all. The issue with campsites and bookings / openings is the safe opening of shower blocks and toilets while enforcing social distancing. Some sites are only accepting bookings from campervans and caravans that have their own facilities.

Some farmers are reporting challenges in finding cleaners for their holiday accommodation and some are anxious about how they will clean safely in between guests.

Visitor numbers in Devon and Cornwall have increased significantly in recent weeks, providing a boost to the local economy, albeit with the challenge for tourism based businesses to keep up with the evolving government guidance in order to protect their customers and themselves. Many businesses continue to make use of the furlough scheme, to help reduce their costs, needed to partially offset drastically reduced income from closure followed by operating at below full capacity.

Farm shops and direct sales continue to be very busy in the South West and there is hope that the benefits derived by the general public during lockdown might lead to a longer

term appreciation of local farmers and farm shops. Some small farm shops in the North continue to be busier than usual due to new customers, resulting from Covid-19, continuing to use farm shops after restrictions have eased.

In the East, some farmers are concerned that their diversified activities, particularly office and light industrial units, are now proving **difficult to let and collect rent already due.**

Farm Business Management and Financial Operations

Challenges of farm secretaries and accountants unable to complete year-end farm business accounts remain, due to Covid-19 restrictions, home working, staffing issues and being unable to meet with clients in the normal way to finalise accounts. In addition to Covid-19, uncertainties with respect to the future direction of agriculture, from Brexit and the Agriculture Bill, remain.

Some farmers have taken the opportunity to use the **government loan to fund new machinery sales** and pay it back at 2.5% interest, with one farmer noting that the hire purchase company could not compete with this interest rate.

Social

The **Peak district continues to be inundated with visitors** leading to farmers being frustrated with visitors parking anywhere and setting up overnight camp in fields, and having BBQs and fires. The increased visitor numbers is leading to difficulty with tractors and machinery road movements at a time of silage making.

All **agricultural shows have been cancelled**, leading to both social and financial impacts for many in the farming community. There is concern over the survival of many rural businesses that totally depend on income from the show circuit, from falconers to garden furniture makers etc.

There is a fear that some agricultural shows, without large cash reserves, may not survive, and additionally to the number of farmers that may return to showing their livestock next year, after breaking long held traditions of "showing" every year. However, similar concerns existed during the Foot and Mouth outbreak (2001) and many farmers did return to shows in the following year.