

To: **House of Commons EFRA
Select Committee**

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- The NFU represents 47,000 farm businesses in England and Wales involving an estimated 55,000 farmers, managers and partners in the business. In addition, we have 55,000 countryside members with an interest in farming and the countryside.
- The COVID-19 (C-19) pandemic is unparalleled in its scale and impact across the world. It remains a fast-moving situation. The NFU is very mindful of the heroic efforts of front-line workers and essential services across the UK and we recognise the catastrophic impact the pandemic has had on many parts of the economy. The effects of C-19 on the lives of British people have been, and will continue to be, far reaching. This submission is cognisant of that bigger picture.
- This submission provides the NFU's view as of the end of April 2020. The NFU is happy to provide supplementary evidence to the Committee in the coming days and weeks. In due course the NFU will also conduct a fuller 'lessons learned' exercise and will make further submissions later in the year, following that exercise.

NFU response to the Commons EFRA Committee inquiry on 'COVID-19 and food supply'

Executive Summary

- Since the outbreak of C-19 in the UK, decisions have had to be made by both Government and industry at speed and with imperfect information and insight. Whilst the resilience of the UK's food supply system continues to be tested, in general it has responded incredibly well to the unprecedented shift in demand away from foodservice into retail. However, some food supply chains have been affected greatly, because whole markets have disappeared. Diverting this food into retail supply chains is challenging, not least due to retailers' sourcing/contracting policies and an inability/unwillingness to accept products that do not meet normal specifications.
- There remains a real danger that lasting structural damage will be caused in some agricultural sectors: even with a rapid removal of restrictions there is likely to be a long tail of impacts, as supply chains endeavour to rebuild and return to normality. The food chain has an important role in mitigating this damage, by encouraging the public to 'choose British' in the food categories most affected. Government also has a crucial role to play, through the timely delivery of measures outlined in this submission.
- The pandemic has stressed supply chains globally and shone a spotlight on the importance of resilient and adaptable food supply chains. The reliance on market forces is being questioned. A successful and resilient UK agri-food sector requires a whole chain approach: in short, a shared commitment. Only by doing this will we ensure a sustainable, resilient and thriving agricultural sector that provides a source of healthy, affordable food to

the population and is better able to weather future storms and so reduce the need for Government support.

- Government has a role in promoting and facilitating this vision through its agricultural, trade and public procurement policies. The NFU encourages the UK Government to consider carefully the learnings from C-19 on the assumptions underpinning the approach to future domestic agricultural policy (through the Agriculture Bill) and international trade policy, with specific reference to food security and food resilience.
- The NFU supports the concept of “Building Back Better”. For our sector this would mean a renewed and long-lasting recognition of the importance of British food to our nation and culture: British food being the first choice for our population and public services; agriculture and horticulture seen as meaningful and fulfilling careers choices; and policy makers looking with fresh eyes at the importance of domestic agriculture and its place in ensuring our nation’s food security.

1. Have the measures announced by the Government to mitigate the disruptions to the food supply chain caused by the pandemic been proportionate, effective and timely?

- 1.1 Until early March 2020, approximately half of all food spend in the UK was out-of-home. The lockdown closed this part of the UK food system almost overnight. There were two major consequences: an increased demand for food through the retail channel and an inability to quickly move supplies destined for foodservice into retail to meet that increasing demand.
- 1.2 The increased demand in supermarkets (and other retail outlets) led to empty shelves in March and focused attention on the supply chains of a wide range of food and grocery products creating uncertainty. However, the shortages were demand driven (c£1.5bn of food transferred into home in less than a month) and the situation stabilised relatively quickly once the food industry was able to co-ordinate effort, the lockdown started, and retail purchase patterns began to find a new “normal” (including consumers embracing social distancing and utilising online shopping channels more).
- 1.3 This unprecedented change has affected all agricultural sectors to some extent. Many agricultural supply-chains servicing retail have seen demand increase strongly. Those servicing the foodservice sector have, unsurprisingly, been badly affected.
- 1.4 Farming systems are biological in nature; they cannot be turned on and off in the way some other industrial processes can be. To rapidly “turn off” a livestock production system involves the culling of livestock, with the subsequent requirement to rebuild flocks and herds before supplies can resume. Perennial plants and tree fruit grows every year.
- 1.5 Government has put in place a suite of measures to mitigate economic hardship (Coronavirus Job Retention Scheme, Coronavirus Business Interruption Loan Scheme (CBILS), Small Business Grant Scheme; etc). It is too early to judge how effective these schemes have been, but they were put in place quickly and are certainly helping to mitigate the number of people and companies that would otherwise be facing severe financial distress as a result of C-19. However, these schemes are not necessarily suitable in the

context of agricultural systems and businesses: production on farms cannot be furloughed when animals and crops need to be tended.

- 1.6 Many agricultural products are fresh/short-shelf life and therefore cannot be placed into long term storage, ready for when 'normality' returns. This is the dilemma facing dairy farmers now and other livestock producers further down the line when cold storage capacity has been filled. The ornamental plants sector is also seeing a significant volume of crop being disposed of as many plants are left unsold due to garden centre closures.
- 1.7 In the short term, farmers are locked into their commitment to keep producing, whether or not the market requires that product. This absorbs working capital. With no demand for their product and/or a distressed market, the price received is often not enough to compensate for that working capital loss. Essentially the business is losing money and loan schemes simply compel businesses to take on debt to cover losses. This will weaken the resilience of these businesses and mean they are less able to withstand the typical volatility of the marketplace in the future.
- 1.8 For dairy and ornamental plants (in particular), the timing of the C-19 crisis coincides with the seasonal peak in production, where much working capital is tied up in production. The perishability of these products means that this working capital cannot be stored for when the market returns to normal.
- 1.9 In contrast to the speed at which the suite of national measures was put in place (referred to in 1.5), intervention in the dairy sector, not least the necessary derogation of competition law, was slow and in our view will not be sufficient. This, combined with a slow response from the EU Commission to support agricultural markets, has multiplied nervousness within the dairy sector. New analysis by AHDB¹ estimates the overall financial hit to dairy farmers in April 2020 to be £9.4m, with worse to come. Government needs to act quickly and decisively to support affected dairy farmers.
- 1.10 Like many businesses across the economy, the Coronavirus Business Interruption Loan Scheme (CBILS) is unsuited to many affected agricultural businesses (e.g. tenants) given the original requirement for 20% of the loan to be covered by commercial lenders. Some NFU members have highlighted the reticence of banks to lend, given concerns about the tight margins many are forced to operate within, which are likely to become tighter still due to C-19 induced shocks. Other farm businesses simply cannot afford to meet the repayments required for a six-year loan period because the business impact is significantly beyond normal fluctuations in the market and what reasonable businesses could be expected to manage through contingency planning.
- 1.11 Established and ongoing volatility in agricultural markets makes revenue forecasting difficult and it is important to keep in mind that markets operate in multi-annual cycles: farm businesses rely on good years to offset the bad in order to (hopefully) deliver a sustainable profit over time. The relatively rigid and short-term loan repayment criteria currently offered under CBILS is causing agricultural businesses difficulties in forecasting cash flows and therefore present an additional challenge in making the regular repayments over the full loan period.

¹ <https://ahdb.org.uk/news/the-financial-impact-of-coronavirus-on-dairy-farmers>

- 1.12 It must be emphasised, this is not an issue of business viability, it is simply the reality that farming businesses must focus on long term profitability to smooth out year-to-year fluctuations caused by market and weather volatility. HM Treasury recognises this challenge by allowing farming businesses the ability to smooth profits over a five-year period.
- 1.13 The NFU supported the further reforms to CBILS suggested by the CBI and we are pleased to see that the Chancellor has now announced a 100% guarantee on smaller loan amounts and that changes are to be introduced to ensure lenders have the confidence to process finance applications quickly. We believe these changes will help speed up delivery by making applications simpler and so will help those of our members who are facing an initial cash-flow squeeze. However, these most recent changes announced by the Chancellor still fail to address the financing needs of larger and the most severely impacted businesses and the terms of the loan are still too short, with serviceability remaining an issue for some.
- 1.14 Smaller farm businesses comprising sole traders or partnerships will be able to benefit from the self-employment support scheme, but the losses incurred as a result of C-19 could still overwhelm this scheme. The delay in the funding of this scheme may well leave some in short term cash distress (especially tenant farmers and those with loan repayments to make). Nor will this scheme offer protection to larger businesses that are heavily geared but generally the most efficient.
- 1.15 It should also be recognised that UK agriculture is operating in an increasingly globalised market - with future trade deals between the UK and other countries likely to amplify this further. Measures being taken in importing countries to protect their agricultural supply bases will likely give their producers a greater level of resilience to the crisis and so a competitive edge in future years.

2. Are the Government and food industry doing enough to support people to access sufficient healthy food; and are any groups not having their needs met? If not, what further steps should the Government and food industry take?

- 2.1 The economic shock of C-19 on the employment of a significant swathe of the UK population, the social isolation of groups vulnerable to C-19, and the enforced closure of outlets catering to the vulnerable, have inevitably raised serious questions about the continued ability of all parts of the population to access enough, healthy food.
- 2.2 As noted in section 1, the measures Government has put in place to mitigate economic hardship have reduced the number of people that would otherwise have faced severe financial distress as a result of C-19. Likewise, the huge efforts by the food supply chain have meant there is no shortage of healthy food within the retail chain and there appears to be a growing interest in cooking from scratch and healthy eating within (locked-down) households.
- 2.3 Other organisations are better placed to judge whether any groups are not having their needs met, but demand for the services of food distribution charities has grown significantly and many food companies are working closely with these charities to provide food to

vulnerable groups. Financial distress is one reason for use, but there are other reasons, including an inability to visit food retail outlets due to self-isolation.

- 2.4 The Government's introduction of a free food parcel scheme for the 1.5 million most vulnerable ('shielding') people, specifically those who have been told to self-isolate, is welcomed.
- 2.5 Supermarkets have also focused on increasing the capacity of their on-line delivery services, as well as giving priority access to NHS staff and the elderly.
- 2.6 At a community level, it is also encouraging to see a growing number of farmers signing up to the 'CoVeg' initiative (providing plots and seeds for their local communities to grow and harvest vegetables).
- 2.7 NFU would add a further critical concern: that the supply of fruit and vegetables grown in the UK remains at risk because of concerns that C-19 restrictions will exacerbate the lack of seasonal labour in the coming weeks. *NB NFU has submitted separate, detailed, evidence into EFRA's on-going inquiry into 'Labour in the food supply chain'. The points below provide headlines relevant to this question.*
- 2.8 Prior to C-19, recruitment under the Seasonal Workers Pilot was well underway in Russia, Moldova, Ukraine, Barbados and Morocco. C-19 has meant closure of visa centres with these workers now unable to come to the UK. Costs associated with these recruitment drives have been lost and re-recruitment costs are being incurred. This jeopardises the Pilot's utility for this year. Furthermore, it is essential that evaluation of the Pilot is adjusted to leave aside the anomaly of this season given that expansion of the Pilot into a full scheme is vital for UK agriculture and horticulture.
- 2.9 Growers and labour providers have been trying to find ways to bring in the few EU nationals still able and willing to come to the UK. This has included chartering flights for migrant workers contracted in autumn of last year for the 2020 season. This is very expensive, adding to already significant production costs and has been poorly perceived in the media. Nevertheless, this industry-led approach has brought highly productive 'returnees' to the UK, which has in turn secured a core of workers with vital experience of roles in horticulture, and knowledge of health and safety and food safety standards. They in turn can train new recruits.
- 2.10 Organisations in the UK's fruit and vegetable sector have of course been actively trying to recruit domestic seasonal workers and the joint industry/Defra 'Pick For Britain' campaign is welcomed, as is clarification from Government that furloughed employees are able to apply for these roles. However, it must be recognised that furloughed workers may be required to return to their original employment at any time during the season, and students will need to go back to their studies, potentially leaving businesses significantly short of the numbers required.
- 2.11 In addition, there are other challenges when recruiting British workers at this time: many applicants do not wish to commit to a fixed length of contract (whether this be a 1, 3 or 6 month contract); and others are seeking a level of part-time work that is not always possible to accommodate; some do not wish to travel or live on farm which means extra parking facilities are needed (which creates added cost and potential planning issues) and an

increase in traffic in rural areas; training costs are also much higher as social distancing requires smaller groups; new pickers are also typically 10-20% more expensive per kg of fruit than experienced pickers.

- 2.12 Lessons must be learned from this season's recruitment and it must be acknowledged that when society returns to some normality the UK will continue to rely on overseas workers to fill seasonal roles (as is the case in every developed country across the world).
- 2.13 A full seasonal worker scheme for up to 70,000 is needed by Autumn 2020 to enable recruitment to begin for the 2021 season.

3. What further impacts could the current pandemic have on the food supply chain, or individual elements of it, in the short to medium-term and what steps do industry, consumers and the Government need to take to mitigate them?

- 3.1 In addition to the points noted in section 2 on labour requirements, the requirement for social distancing has meant increased costs across the industry, for example in packhouses, egg-packing plants, meat processing plants and on farms. They include: costs of PPE, additional washdowns, slowing lines down to create necessary distance between employees, and larger car parks.
- 3.2 Recent announcements by the Government's Chief Scientific Adviser, that social distancing measures will continue for an extended period (quite possibly to the end of 2020 and beyond), brings into sharp focus the longer-term viability of foodservice outlets and the food supply chains that service them. Even following re-opening, continued social distancing measures, combined with likely nervousness of vulnerable groups in mixing widely, will likely mean footfall and therefore revenues will be lower than pre-C-19 levels, with continued impacts on their supply chains.
- 3.3 This continued impact into the medium term seriously risks the structural integrity of parts of the UK's food supply chain. Permanent closure of processors supplying the foodservice sector will not only have a devastating impact on the farm businesses supplying into these processors, but also impact future supplies into the outlets themselves.
- 3.4 For the dairy sector, the short-term impacts are summarised in the new AHDB analysis referred to in section 1. In the medium-term the risk is that the UK loses processing capacity that currently serves foodservice. This would fuel consolidation into fewer businesses – reducing competition for the hospitality industry when these businesses emerge from the crisis. In addition, it is important to remember that these same processors play a significant role in supplying hospitals, care homes, schools and prisons. The dairy industry risks completely disappearing from certain regions (e.g. the South East, where supplying foodservice is the main market). There is therefore a clear role for Government to intervene in supporting these foodservice supply chains.
- 3.5 After an intense period of engagement with Defra on interventions that might help the dairy sector, NFU is advocating a targeted hardship fund to underpin the hardest hit farm businesses supply foodservice supply chains. To qualify, businesses would need to have experienced adversity outside of the usual range of volatility. Alongside qualifying criteria, speed and simplicity are also key principles.

- 3.6 For beef, the crisis has now undone the market recovery that was underway in early 2020 following the dramatic falls in price through 2019. The crisis now risks prolonging the depression in beef prices due both to loss of foodservice demand and the financial challenges many households are facing. Both factors are devaluing carcasses and adding to a lack of confidence. Retailers can help, through promotion, to rebalance the carcass. Government can help by making available the Private Storage Aid package announced by the EU Commission on 22 April 2020
- 3.7 A challenge facing both the dairy and beef sectors is the impact on the cull cow market. Cows at the end of their breeding lives usually have economic value. This beef is used in the meat manufacturing sector, much of it going into foodservice outlets. Like the broader beef market, cull cow prices were starting to recover in early 2020, but in the two months to mid-April, the Great Britain cull cow price has lost 10% - taking the market back to the lows of late 2019.
- 3.8 For lamb, there has been some market stabilisation following an initial price fall. Prices have held as a result of low throughput of stock being marketed and the religious festivals of Easter and Ramadan. The loss of the foodservice market in both the UK and Europe is a concern as demand for lamb is very strong in pubs and restaurants. If, as a result of the pandemic, foodservice outlets remain closed and export markets remain challenging, lamb prices will come under pressure as significant quantities of new season lamb enter the market (from June onwards).
- 3.9 For poultry meat, the loss of foodservice demand has meant that two million chickens are not required, leading to a bottleneck, supplies building up, use of cold storage and reduced prices to farmers. As a result, farmers are expected to reduce the number of chickens they produce by about 10% - impacting both productivity and income. As and when foodservice demand returns, this will mean a lag in supply response. Government should give a commitment to monitoring the market and acting if welfare becomes an issue.
- 3.10 There is concern that meat placed into cold stores – both UK origin and imported – will further depress the market when it is released. Freezing poultry meat is not only expensive but reduces the value of the product appreciably. Whilst not being the answer in the medium to long term – the provision of cold storage allows the food chain to keep moving in the short term. Government should consider an assessment of cold storage provision and function in a national crisis, as part of the lessons learnt exercise.
- 3.11 For the broad acre cropping sector (combinable crops), hop growers and cider apple growers, the main impacts so far have been a loss of demand for malting barley, hops and cider apples (respectively) which are key ingredients in beer / cider production. Pubs and restaurants account for around half of the total demand and are now closed. It is likely that pubs will be some of the last businesses allowed to open as and when the lockdown is eased and as such, demand for barley, hops and cider apples will be slow to recover.
- 3.12 The wet winter has meant a larger area of spring barley being planted and for hop and cider apple farmers surpluses are being created for which there is no market. These surpluses will need to be destroyed and support options are being sought from Government. For farmers with malting barley to sell, it is very likely that much of the crop will need to be exported as lower priced animal feed.

- 3.13 Globally, as consumers are driving far fewer miles, demand for grain-based ethanol as a biofuel has collapsed. This means that grain destined for ethanol currently has limited demand. Given the scale of the ethanol demand – the US uses over two million tonnes of maize per week – there is a very real risk that there will be a glut of feed grain on the world market, creating a long-term depression in arable incomes. For the same reason, the Brazilian sugar industry is now producing much less bioethanol and much more crystal sugar. This is depressing world market sugar prices and in due course may lead to lower European sugar prices.
- 3.14 Government can help by mandating the implementation of E10 ethanol in the UK, which would be supportive of domestic grain demand and reduce reliance on exports. Also, Government can help by considering NFU's proposal on the future of oilseed rape, which has a very uncertain future and has created economic uncertainty.
- 3.15 Ornamental plants and flowers have been heavily impacted, with spring being the most important time of year for sales through garden centres and broader retail. Many businesses in this sector would normally expect 80% of their annual turnover in the March to May period. The ongoing lockdown means huge financial distress for these businesses, which will have to destroy huge volumes of stock with no value recovery. The multiple retail industry can help by re-stocking plant lines that were discontinued in order to focus on food products in March. Government should enable garden centres to open in the first wave of a relaxation in the lockdown and put in place support measures for impacted businesses.
- 3.16 Beyond our concerns with ornamentals, the impacts on horticulture are largely focused on labour availability, as detailed in section 2. In addition, trade flows around Europe have been disrupted due to loss of foodservice demand. This is creating additional waste due to the perishable nature of these products.
- 3.17 Potatoes for the chipping market have seen demand disappear as fish and chip shops and fast food chains have closed. These potatoes have limited storage potential. Retailers can help by amending specifications. Fish and chip shops can help by re-opening with social distancing in mind. Government can also put in place support measures.
- 3.18 In summary, the short-term impacts outlined above could easily lead to longer term damage to the UK's food system. The food chain has an important role in mitigating this damage, by encouraging the public to 'choose British' in the food categories most affected. It is encouraging to see brands and retailers getting behind this initiative, but much more needs to be done, and soon.
- 3.19 The pandemic has also shone a spotlight on the importance of food security for nations and Governments. In addition to the practical challenges of international trade at present, it has been widely reported that a growing number of countries around the world (e.g. Russia; Ukraine and India) have or are taking steps to limit exports of strategically important foodstuffs such as wheat and soy meal. These decisions, if longer lasting, will inevitably have knock-on impacts in global food supplies and bring into question the reliance of many nations on others to assure their food security needs.
- 3.20 A successful and resilient UK agri-food sector requires a whole chain approach: in short, a shared commitment. Only by doing this will we ensure a sustainable, resilient and thriving

agricultural sector that provides a source of healthy, affordable food to the population and is better able to weather future storms and so reduce the need for Government support in a crisis.

3.21 Government has a role in promoting and facilitating this vision through its agricultural, trade and public procurement policies. NFU encourages the UK Government to consider carefully the learnings from C-19 on the assumptions underpinning the approach to future domestic agricultural policy (through the Agriculture Bill) and international trade policy, with specific reference to food security and food resilience.

3.22 Government also has a crucial role to play in its food procurement policies. Public procurement in the UK is worth £268 billion with £1.8 billion spent on food. The majority of major retailers have worked extremely hard to re-direct supplies from foodservice into retail, but we have yet to hear that Government buyers are also helping to redirect this volume into the NHS, care homes, prison service and the armed forces.

4. How effectively has the Government worked with businesses and NGOs to share information on disruptions to the supply chain and other problems, and to develop and implement solutions? How effectively have these actions been communicated to the public?

4.1 As noted in section 1, the suite of financial support measures Government has put in place to mitigate economic hardship have been developed quickly, communicated widely and are effective for many sectors and individuals. However, given the nature of agricultural production systems these measures are not always well suited to farming businesses.

4.2 The open sharing of information between the food industry and Government in mid-March led to Defra's Secretary of State announcing to the nation on Saturday 21st March that Government was allowing some exceptions to the usual competition law restrictions to enable retailers to share assets and coordinate actions, in addition to relaxing regulations on drivers' hours and deliveries to stores. These were timely and welcome measures and will certainly have helped keep shelves fuller and food flowing through the retail chain.

4.3 Likewise, the Secretary of State's assurances to the public regarding food supplies during that briefing, coming as they did amid some panic buying in supermarkets, will no doubt have helped dampen down public fears of supply shortages.

4.4 Defra operates several forums to enable communication with businesses and NGOs, including the long-standing 'Food Chain Emergency Liaison Group' and 'F4+3' group. Defra set up the 'Food Resilience Industry Forum' for sharing information during the C-19 crisis and, in addition, engage on a commodity/sector level, and on an *ad hoc* basis with different organisations on a wide variety of topics.

4.5 This pandemic has been unprecedented and has required agile and innovative thinking by Defra. Importantly, the situation is a dynamic one, meaning a delay in decision making can exacerbate an issue.

- 4.6 Whilst NFU welcomes the ability to share information with Government and other important stakeholders, a question remains whether the breadth of touch points has aided or hindered efficiency of information flow. The frequent requests for evidence, and reliance on data that is not routinely collated, slowed decision making and action. Whilst inevitably a lot of 'firefighting' has been required, it remains important to continually scan the horizon, to help avoid problems occurring in the first place. And where issues cannot be resolved quickly there must be a mechanism to escalate them.
- 4.7 More generally, as the food industry's sponsoring department, it would be both appropriate and beneficial for Defra to share more openly the challenges it faces with other government departments (for example HM Treasury) and its thinking on the pros and cons of different approaches to the problems the food supply chain faces due to C-19.
- 4.8 In assessing the effectiveness of the UK Government in these areas, a comparison with how other Governments have responded would be instructive. Take for example the Irish Government's recent introduction of a wage subsidy scheme covering up to 85% of a *working* employee's wages. This scheme changes the relative competitiveness of Irish food products *vis-a-vis* domestically produced and has encouraged exports of Irish meat (in particular) into the UK market, precisely at the time UK farmers and processors are struggling with carcase balance and relying on UK supermarkets to support and promote British hindquarter cuts (joints and steaks).
- 4.9 Despite the near total shutdown of the ornamentals market, there has to date been no support for growers of plants and flowers. Some businesses have already folded and many are only a matter of weeks away from insolvency for reasons stated in earlier sections.
- 4.10 To date there has been no specific help or assistance offered to the beef and sheep sectors. However, UK levy bodies (AHDB, HGC and QMS) have announced a joint campaign using the ring-fenced fund to promote sales of steak cuts in retail to help address the carcase imbalance issue. Match funding levy spend on promotional activity is one-way Government could help rebalance red meat markets.
- 4.11 NFU supports the concept of "Building Back Better". For our sector this would mean a renewed and long-lasting recognition of the importance of British food to our nation and culture: British food being the first choice for our population and public services; agriculture and horticulture seen as meaningful and fulfilling careers choices; and policy makers looking with fresh eyes at the importance of domestic agriculture and its place in ensuring our nation's food security.

Annex – Anonymised Business Case Studies**i. Tenant dairy farmer supplying a predominantly foodservice processor - Gloucestershire**

March monthly milk payment of around £60,000 currently deferred to 15 May. This would usually be paid in weekly instalments. It is still unknown when April's milk will be paid for. Have been issued a 2ppl cut to their milk price cutting approximately £5k off their monthly income when that is paid, plus an additional monthly loss of £15,000 due to milk having to be offloaded by the processor into the open market. Faced delays to milk collection and had to throw away several thousand litres as a result. Without a recovery in price, the farm looks set to lose £100,000 this year. Size of the dairy herd reduced by 25%. Stressed and concerned about mental health of family and staff they employ.

ii. Dairy farmer diversification - Education & campsite – South West

Medium scale dairy farm with a turnover of £500,000. Their education and campsite enterprises were only £30,000 of their turnover but accounted for 20% of their profit. These enterprises have shut down completely from C-19 and may not restart. Many farm businesses in this situation are frustrated that they are not able to access some of the C-19 related support packages that have been announced.

iii. Arable Farmer – South West

Typically producing 700 tonnes of spring malting barley every year. Since the announcement of pub and restaurant closures on 20th March, demand for UK malt was hit by 45-50% and therefore hitting malting barley demand. 400 tonnes of barley are contracted as part of a grower group. It is a three-year rolling contract, harvest 2020 is year 12, so they are about to negotiate the next three-year term. The negotiation will begin with a backdrop of huge demand uncertainty for the underlying commodity. As such, the business is preparing for weaker returns for the next three years. For harvest 2019, the existing contracts had an average price of £152 per tonne, but no market for 300 tonnes of barley. 240 tonnes has had to be sold as animal feed at a price of £130 per tonne with 60 tonnes left in store and devaluing as markets fall.

iv. Ornamental plant grower – South East

The business makes the majority of its sales nationally through garden centres and one large retailer. 70% of turnover occurs in the March to June period. In April they would normally despatch up to 50 articulated lorry loads a day. This cannot all be absorbed through local and internet distribution networks because of the sheer volume and the format (size) of the products. The business has attempted to access CBILS but experienced difficulties due to limited access under state aid legislation, high serviceability rates and (too) short payback period. Even if the business could access CBILS the interest repayments would take out all profit for the next six years. A 10 year repayment period is needed.

v. Independent poultry processor – North East

The business specialises in supplying the wholesale poultry market from its own and contracted farms. Following the lockdown, demand from the restaurant market for poultry crashed. What can be re-purposed into retail has been, but it is a very different market to foodservice: processors in the wholesale markets don't have the packing lines required for retail; and retail requires different sized birds.

The business has decided to reduce the number of birds it places in new crops of chickens, which will damage income and conversely cause a shortage of supply further down the line when things return to normal. The business cannot continue to produce poultry at the same rate as pre-crisis level due to the huge uncertainty in the market place. With wholesale markets impacted across Europe, the business is now seeing continental poultry meat surpluses come into the UK at very low price. This business fear that this product will dominate the UK wholesale market as and when a recovery begins.

vi. Free range poultry producer – Devon

Customers who were supplying product to the catering trade have shut their doors and are refusing to pay as they are not being paid themselves by restaurants. The producer has lost 80% of its duck trade which means each week there are tens of thousands of pounds worth of product going into freezer storage all of which is costing money to have frozen and stored. All of this is tying up cash and devaluing a fresh product to a frozen one.