

RURAL BUSINESS

Farming and rural business in Lancashire face a host of challenges. Here we ask those in the sector how they are meeting them and what the future holds for agriculture and land-based industries in the county. Our host was Yorkshire Bank and the debate took place at Barton Grange Hotel.



PRESENT: **Richard Slater** Lancashire Business View (Chair) **Ann Turner** Myerscough College **Peter Topping** Barton Grange Hotel & Garden Centre
Julie Keech T Wilson & Son **Colin Bradley** Fylde Fresh and Fabulous **Stephen Leeming** J & M Leeming Ltd **John Myers** Oglethorpe, Sturton & Gillibrand
James Cornthwaite Scott and Wilkinson **David Hannon** Yorkshire Bank **Tim Milne-Redhead** Yorkshire Bank

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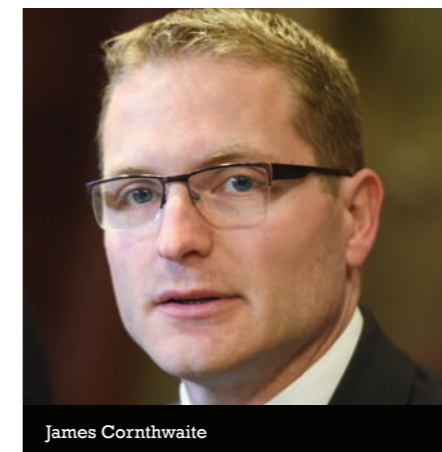
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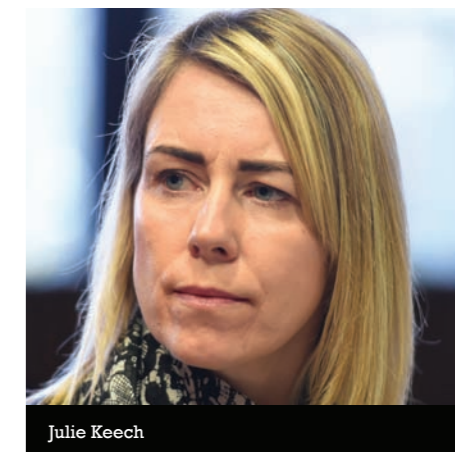
How do you see the agriculture sector in Lancashire today?

David Hannon: The challenges are well documented; everybody has read all kinds of negative words like “volatility” and “uncertainty” that are being bandied around. Commodity price is low, and we’re very much at the mercy of the weather and that is as pessimistic as I’m going to get. We are very much a world market and we don’t like a weak euro. It makes our products uncompetitive and single farm payments are also paid in euros. However, interest rates are low, so at the moment borrowing money is cheap. The lack of land on the market is probably pushing prices up. There is also diversification in the sector in so many different ways. We have a real quality product, how do we market it better? There’s also resilience, and we see customers who are very business acute and that gives us a lot of confidence.

Tim Milne-Redhead: The dairy industry has been hit tremendously by the fall in the



James Cornthwaite



Julie Keech

bigger. It’s a constant battle to find enough good growing land. We farm about 2,000 acres across Lancashire, Merseyside and Cheshire and everyone is competing for what land there is. We just don’t see enough young people coming into the industry. We’ve got a lot of Eastern Europeans working on our sites that are highly skilled,

“Smaller farms are finding it much more difficult, but the bigger ones are getting bigger and stronger and buying up the weaker ones next door.”

milk price and an awful lot of people are concerned about funding. Are we going to support them? The simple answer is yes we are, but we do need to understand where the business is going. We need to get the message out that we are there for these customers, we are there to help them.

John Myers: Lenders in the sector that develop a good reputation are the ones that work with farmers and have the individuals in place over a long period of time. Farmers like to be able to get their bank manager on the phone.

James Cornthwaite: Most people remain positive for the long term; it’s just managing the short term, particularly in the dairy sector, and the impact on profits and cash flow. Long-term, people are confident and that’s translated into investment; new milking parlours, extensions to cubicle housing. People want to up the numbers considerably. Smaller farms are finding it much more difficult with the milk price, but the bigger ones are getting bigger and stronger and buying up the weaker ones next door. Bigger farms are diversifying more because they’re able to.

Ann Turner: It’s important we work with small businesses and help them diversify and grow. We’re supporting small food producers, trying to help them to get that first step onto the business ladder. We have 16 incubating businesses on the college site so they’re able to use all the resources that might enable them to be able to take the next step.

Julie Keech: Big businesses are getting

but what we seem to be missing is middle managers. To stay in this business long term, we’ve got to continue to grow our customer base and grow more product.

Colin Bradley: Farmers have got to look at the market. Where is the market? What does a consumer want? Understanding the market beyond the production side would help them develop the business. We do invest in young people. My farm manager is 27 years old and. Get young people, take them out of their comfort zone and it’s surprising how they can respond.

Ann Turner: There are some real opportunities for technology. Some of the industry has been slow to develop and to utilise technologies.

David Hannon: It’s bringing in the younger generation, isn’t it? Once they get into agriculture and realise how technical it is, how interesting the business is, they want

“The next generation, they don’t even know where food comes from, do they? That’s half the problem.”

to be there. If you want somebody to have a career you’ve got to market it.

Julie Keech: As an industry we’re not very good at advertising what we do and how we do it - and how good we are. The next generation, they don’t even know where food comes from, do they? That’s half the problem.

Colin Bradley: You don’t get BMW garages



Colin Bradley

telling BMW how to make the cars. But we have the supermarkets telling us how we’ve got to produce the food.

Tim Milne-Redhead: A National Trust survey in 2011 asked consumers to rate their knowledge of farming. Two out of five UK adults were unable to tell them what an arable farm was and one in six couldn’t identify wheat as the main ingredient in flour.

Colin Bradley: Whose fault is that? It’s not the public, it’s our fault. It all starts at the consumer. You’ve got to understand where your market is.

How do you view the future of the sector and how important is diversification?

Peter Topping: We’re quite diverse already with wholesale nurseries growing plants, landscape contracting. Then we’ve got the

hotel and the garden centre which are a lot more visible to the public. We are now putting plans in to develop our site further with a curling rink and ten pin bowling, indoor and outdoor crazy golf, a cinema and two catering outlets.

Stephen Leeming: Dairy farming is very turbulent at the moment, very demanding.



Tim Milne-Redhead



Ann Turner

Some guys are lucky enough to have contracts where they're still getting above 30p a litre, the majority are down to about 25p, where we are, and some are unlucky enough to be supplying First Milk, which is down at 20p and below. We're just hoping things will turn around. It's a matter of keeping your costs down. Our consultant says we're doing pretty well still. Most of the cow farms he goes around are losing £10,000 a month.

James Cornthwaite: The best approaches or the most successful businesses are those that adopt a team approach. It's talking, sharing ideas.

Ann Turner: We're currently planning a new food and farming innovation technology centre and we have brought the industry to the table to consider how that should look. We provide consultants to talk to the farmers together, they'll then put some of the things discussed into practice and we'll go back and look to see whether what they've done has increased productivity and yield, reduced cost, improved animal welfare - all key elements of a successful business.

How can the industry meet the challenge of succession and getting the right skills?

Colin Bradley: We don't do enough to bring young people into the industry. There's a big gap from mid-20s through to 45 where they're not really getting absorbed into the industries at all. We can't turn the clock back to tenancies



David Hanno

and small farms, that era's gone. But there's a lot of things we're not doing, like LLPs.

Ann Turner: There are things like share farming, going into partnership with young people. We need to try and minimise the tax complications around these sort of agreements. There are some good models around. More young people from non-traditional farming backgrounds come into agriculture now, which is really exciting. Unless they've got the chance of managing and owning their own enterprise that can be frustrating for them.

Stephen Leeming: Share farming is a fantastic opportunity. It's not very common here but in places like New Zealand it's the norm.

Julie Keech: We've worked hard in the last five years to make sure we've got another level of management under us. As a family business you have got to have a structure in place so it will still run if none of the family members were in it. It's having key people that understand how the business operates. There's not as much pressure on farming families for siblings or children to take the business on. It's a nice thing to have but there's a lot of businesses where that's not happening and we're seeing farms that have ceased because of that. It's a shame. The lack of young people coming into the industry goes back to getting children from school

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age understanding about food production and where it comes from.

Tim Milne-Redhead: There are modern ways of interacting, such as Twitter, which we need to look at. We've just gone through lambing time and there are pictures every minute of lambs on there. Five or ten years ago who'd heard of Twitter?

Ann Turner: One of the challenges is the removal of the independent careers advice service from within schools. There isn't the independent individual giving youngsters

the entire range of options available.

John Myers: I did an agriculture degree before I did law and the people that have gone on from that are a lot better equipped for the modern agricultural world.

Ann Turner: We visit hundreds of schools every year. We attend various skills event, have a college open day and a country fair that shows the whole breadth of careers available. As a profession we're not good about Continual Professional Development. We need to increase the opportunities for ongoing training at a time when it suits the farmer, not expecting them to come on a full year course but to have specific events to update them. Maybe it's delivering things online.

David Hanno: Farming isn't just rearing a sheep, it's far more complicated than that, it's far more sexy than that and we need to get that over at school level.

James Cornthwaite: It's about changing perceptions. We have a strong agricultural basis of clients at work and all our staff were invited to my family farm to see things first hand. People were fascinated and couldn't believe how technological it was and I was fielding questions for a month after about all the things they'd seen. A lot of the public will believe the stereotypes unless they see it first hand, actually see a cow milked by a robot. People are taken aback by something like that.

Peter Topping: The perception still is that it's manual, dirty, long hours, long pay. From what the people around the table are saying it's changed quite a lot from that and it does need people to understand what the actual role of a farmer is. On the horticultural and nursery side it is still manual job. It isn't overly well paid and people don't want to go and stand in a field. You can be out in the weather and the facilities aren't what they are if you're working in retail, for instance. A lot of the labour is agency and most of it is non-British. And it's seasonal as a rule.

Julie Keech: It's very difficult to make standing in a field in the middle of winter

harvesting leeks sexy. The concern is that there's going to be quite a shortage of labour in the next five to ten years.

How do you see the future for land use and land based industries?

Ann Turner: We all need to eat, so the food industry is not going to go out of fashion. We've got to be more productive and more creative with how we use the land so we still get the maximum productivity from it but it's also a leisure resource. Society as a whole has to recognise some priorities and the

importance they put on local food.

Julie Keech: Innovation will be key. Whether that's optimising yields, or reducing labour, because that's going to be a big concern going forward. In terms of the retail environment we work in, price pressures will have the biggest impact on what we do. We're going to have to get our business heads on and look at efficiency, how we can produce things at the optimum price to meet those retail price demands.

Stephen Leeming: We're going to have to carry on diversifying. Land will always be needed for a multitude of things. There's not just farming, there's green energy.

Peter Topping: The nursery industry has probably got to consolidate to a certain extent - companies getting together and becoming bigger so they've got more clout over the retailers.

John Myers: With the right people and support agriculture as an industry will continue to develop and change fairly rapidly over the next five to ten years. People and businesses will fall by the wayside but there'll be success stories as well. Those that succeed will be the ones that concentrate on the detail and grow in size.

James Cornthwaite: There's a lot of opportunity. The government's got targets from Europe to produce a certain amount

"We've got to keep moving forward. I wish I was starting my career now."

of renewables, there's opportunity to produce food. There's also the developing economy, the westernised diet potentially increasing demand. A lot of clients have been approached by house builders, particularly taking options over land. There's a housing shortage and they're leaning towards that, so it's all putting more pressure on land. There are opportunities for some in the short term



John Myers

but the amount of land available is shrinking as a result, so long term if you own land there's good opportunities available.

Colin Bradley: The future is bright. There will be nine billion people in the world in another 20 years' time. Food is going to be the thing in the next 50 years. We're in the right industry and we should be selling this to young people. The opportunities are great. The challenge is price volatility. We're there for the long game and we've got to understand our market, understand where we're going, look at our business plan. We might keep changing it but we've got to plan and we've got to be more business focused.

I think GM is essential, we've got to keep moving forward. I wish I was starting my career now.

David Hanno: We have a lot of incentives for renewables but possibly need more incentives to actually produce food. We probably need to educate our consumers more. Water will be the new oil and we've got quite a bit of it in our country, we mustn't



Stephen Leeming



Peter Topping

forget that.

Tim Milne-Redhead: There is enormous demand on a finite product, whether it's renewables or housing and we've got an increasing population. So there are going to be an awful lot of demands on land and we're seeing pasture land now going at £10,000 per acre and arable and grade one land is much more than that. How long can we continue to make a realistic income at land at that sort of level? Especially when development land will go at £300,000 an acre. Water is a huge concern worldwide. Not enough is being made of water supply.

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