

Notes from the Great North Meet, 29th October 2004, Camp Hill, Kirklington, North Yorkshire

Morning programme: Policy and its impact

Keynote address – Sir Ben Gill, Morning Chairman

Farmers have always responded to drivers for change – the balance will change to ‘farming with consideration’. The challenges are about coping with a ‘big picture’:

- The reformed CAP;
- A different regulatory base;
- The impact of separating policy and delivery (‘a fatally flawed idea from the Haskins Report’ – they need to be together to ensure feedback and adjustment after experience);
- More regional and local delivery could produce a hotchpotch of different standards;
- EU enlargement – do we see it as an enlarged market or competition? Also the migration of labour, is it a threat or opportunity?
- Developing world trade and making it fairer. 12 years ago world trade in coffee was worth £15 billion. £10 billion of this went to farmers. Now it’s worth £60 billion and producers get only £5.5 billion;
- Farming change to produce not just food but also renewable raw materials;
- Huge changes in demand because of growth of world economies, especially China;
- Climate change – difficulty getting the government to think long term is the main reason why it is not being addressed adequately. It will produce huge changes – eg parts of India bigger than Wales could go under water;
- Food security will resurface as a major issue over the next 10-20 years;
- Remembering that biodiversity is living and dynamic not just some idealised state we want to reach, then set it in aspic.

European Policy Update

Richard Barker, Barker Gotelee which advises business clients on EU developments

He offered ‘a view of EU business from Brussels restaurants’.

‘CAP is somewhere along the road of continuing evolution’ – there have been dramatic changes recently but they are keeping with the original aims of EU.

There will be reviews of the effectiveness of the new cross compliance regulations and decoupling in 2008-2009 but little else new is likely to appear which we don’t already know about.

There are ongoing reviews of sugar, fruit and vegetables and olives. The ‘Everything but Arms’ deal which aims to provide unlimited duty-free access into the EU for all exports, except arms, from 48 of the world’s least developed countries caught the Agriculture directorate by surprise and the current proposals aim to reduce internal prices for sugar and introduce decoupled payments to allow farmers to live with this.

Future rural development policy is based on:

- | | |
|---|-------------------|
| 1. Improving the competitiveness of agriculture and forestry | 15% of the budget |
| 2. Land management, especially agricultural environment | 25% of the budget |
| 3. Diversification of the rural economy and improving its quality of life | 15% of the budget |
| 4. Other measures | 7% of the budget |

The Commission recognises subsidiarity in the proposals – so national governments will have reasonable freedom to work the new rules in the way they want. However, the Commission does not want ‘unlevel playing fields’ to develop.

EU budgets show more money is planned for Pillar 1 (farming) and Pillar 2 (rural development) but some countries including Austria, France and the UK are protesting that it will cost too much. If the programme is cut it will be Pillar 2 which will suffer as the Pillar 1 money is committed under the Mid Term Review Arrangements.

What happens after 2013? No formal position has been taken but the thinking is to continue payments to farms. If de-coupling policy doesn't work there will be increased focus on helping regions rather than having similar payments for farmers everywhere.

EU's attitude to supporting farmers has not changed since it started. Agriculture is seen as being of wider importance than just cropping and stocking with its impacts on the hard and soft landscapes, on animals, plants and people's health and welfare and even on defence. The only way that policies covering these areas can remain effective is for agricultural support to continue – but it will evolve.

Regional Policy

Andy Tordoff, Head of Rural Renaissance & Tourism, Yorkshire Forward

Regional agricultural strategy is:

- To recognise the impact of agriculture and its environmental assets, market towns and environmental technology
- To support enterprise especially IT and improving skills
- Economic support particularly through clusters.

'Agriculture is not life and death. It's more important than that'.

RDAs have to work across boundaries.

Sustainable Strategy for Farming and Food is based on:

- Reconnection;
- Collaboration;
- Sustainability;
- Enhancing the environment;
- Investing in the future.

The aim is to 'keep farmers working; not necessarily farming.'

Currently the delivery system is a hotchpotch – and there are gaps. Its organisational diagram looks 'like a circuit board on a space ship'. Some farms get 15-20 visits a month including statutory visits. It all needs an 'account management' approach with one contact for farmers who have access to everything.

Each region is producing a rural framework – currently the RDA has 600 rural objectives and these need reducing to 5 or 6.

The system needs to genuinely involve people, not just have consultation for its own sake.

Discussion

Q Stephen Thompson, farmer – it's high time the country woke up. Farmers are sick and tired and leaving the industry in droves – we need common sense.

A Andy Tordoff – improving delivery mechanisms will help. It's going to be challenging but possible. For instance the Yorkshire Tourist Board has been made more effective by reducing the board from 44 to 12. And Business Links should be changed from an organisation which facilitates rather than delivers services. There are plenty of people delivering business support but Business Links competes with them.

Richard Barker – governments lack the will to lead agriculture. Also the UK's gold plating of legislation is a problem.

Q Nick White, North Yorkshire County Council and farmer – what will new schemes look like?

A AT – they need to be integrated and simpler.

RB – it will all take time to achieve rethinking of business.

Q Richard Ellison, NFU – what do the speakers think about the idea of a Regional Assembly?

A AT – it will depend on the quality of the people who get involved

Ben Gill – it's needed to control Government Office and RDA expenditure.

Q Mike Keeble, farmer and commentator – the world is likely to run out of food in the next 40 years and yet government policies squander land and squander people. Capitalised, agriculture is still the biggest UK industry – we should concentrate on world famine not short term considerations.

A BG – it's not mainly a question of world population but one of relative affluence after development which produces increases in demand – especially from China.

RB – we need to move towards a more effective market oriented agriculture without downgrading farming. But food security is a problem.

Q Mike Keeble – grassland beef and sheep production – fewer stock encourages bracken incursion with changes in wildlife and possible impact on tourism.

A AT – we need to do something about it – it's as simple as that.

Q Mrs S Percy – worries of children's health – food and diet – we need to educate children to understand what it's about.

A- AT – it's part of the sustainable approach for the future.

SP – need to review the curriculum

BG – in the US the most popular location food consumption is in the motor car.

He also quoted the example of the rural headmistress who managed to feed school kids better and cheaper on local food. She also brought old people into school for lunch two days a week.

RB – in Brussels restaurants you still see 3 generation families eating together.

Debate: The Future of Rural Britain

Separating policy and delivery

Sir John Harman, Chairman of the Environment Agency

It's wrong to try and separate policy and delivery – they need to be together to produce effective and continuous review and refinement.

CAP reform is 'going to bring freedom to farm'

'The new single farm payment is like the Nobel Prize – you can get it for being out standing in your own field'.

Cross compliance just demands baseline standards which should be 'business as usual' for most farmers. The new 1% inspection regime is less frequent than the Environment Agency (EA) carries out now. It's serious, the single farm payment can be reduced for farmers who don't comply with the conditions. The EA will do all possible to help farmers to comply rather than get payments withdrawn. Mainly farmers will be left to work on the environment of their farms themselves. The EA will focus on areas where the risk is greatest. A well resourced farm advisory system is needed for this approach to work.

Consequences of CAP Reform on the Environment

Professor David Bellamy, the Wildlife Trust

- Less food security than in World War II;
- The USA is running out of water;
- We have to get farming back into balance;
- We have to let people know how the countryside works;
- Government is going back on commitments to cut back on carbon dioxide emissions because they will harm the economy;
- Environmental measures are beginning to work. There have been improvements in wildlife, – lapwings, skylarks, hares, this year's wasp explosion, bats, orchids;

- We should talk about 'natural history' again not 'biodiversity';
- Need to get good news into the media and there are lots of good examples which mix profitable farming with care for the environment;
- People need to be persuaded to buy local food;
- Bring back the phrase – 'the land is in good heart'.

Consequences of CAP Reform on the Upland farming sector

Richard Betton, NFU and upland tenant farmer

Less favoured areas are defined as: 'where the natural characteristics make it difficult for farmers to compete'.

The new CAP agenda impacts most on hill areas as they have most Areas of Outstanding Natural Beauty, Sites of Special Scientific Interest and National Parks – all checking up on what farmers are up to and not all agreeing on what they want. Also single species groups eg for heather moorland, black grouse – not all advocating what is best for the hills. Farmers are a lone voice despite being experts on their own land.

The uplands need to evolve not to be fossilised.

Entry Level Environment Schemes payment rates are derisory for the hills because the environment is already OK and the Higher Tier is too agenda-ed by English Nature's SSSI experience.

Outlook:

- Farmers lack confidence to plan ahead. More details of the new approach are needed;
- Rural Development Regulations – current EU thinking would not permit the existing level of environmental spending. It needs to change to let modulated money to be used;
- New England Rural Development Programme will be developed during 2006 for launch in 2007 – needs to be drawn up by people who understand the situation of hill farmers;
- We need more delivery not more strategies.

Issues

- The LFA budget for 2005-2006 is only £25 million – not very much for what it delivers. More could be usefully spent;
- Market instability is likely to increase in future – it affects hill farmers most;
- Cash flow during implementation – a complex approach has been chosen and payments may be late;
- There will be a reduction in the national suckler herd – but it may not be as bad as some predict – don't talk the market down - people are paying good money for hill reared stock still;
- The Greek market has huge potential for hill lambs;
- Under grazing will happen soon. The amount of overgrazing has been exaggerated by non-farming interests;
- Hill farming needs to be economically as well as environmentally sustainable. Average age of farmers is 58 – more young farmers are needed;
- Over-regulation, inspection and monitoring needs to be addressed;

Consequences of CAP reform on the Tenant Farming Sector

George Dunn, Chief Executive of the Tenant Farmers Association

Policy has a different impact on tenants than on landlords.

Land values have been supported by CAP.

There is a need to think long term but the market dynamics are difficult to predict. Tenants experience may be affected by;

- The payments are claimant based not tied to the land;

- Landlords can regain occupation to establish their entitlement – this is a short term move – it would be better for most landlord to do a long term deal with the current occupier;
- Beware of new end of tenancy clauses on new agreements – which has entitlements going to the landlord when they end. (It's Theft and Bullying);
- Many landlords are looking for early rent reviews;
- Impact of set aside related to temporary grass – a big potential problem for dairy farmers. Many will have to look for extra grazing to keep their stock numbers up;
- No one size fits all for tenants – they need to decide what they want to do, seek independent advice and fit arrangements for SLP round it rather than vice-versa;

Consequences of CAP Reform for the red meat sector

David Thelwall, arable farmer running benchmarking for the Red Meat Industry Forum.

Coping with needed change is 'taming the wave' – not something farmers should expect to do for themselves. There are no fairy godmothers – farmers need a plan and use the people who can orchestrate it.

Don't get confused by management speak but need to be:

- World class – measure things all the time;
- Have clear processes;
- Market oriented – the market is like the eye of a needle – Farmers' Markets and niche markets are only for the few – most will stay in business by hitting buyers specifications more accurately, only 50% of beef and lamb make it now;
- More collaborative - working together horizontally – machinery rings getting into training, purchasing and labour hire - and vertically up the food chain – working with buyers.
- Innovative – not the cheapest but the smartest – eg new types of cattle – be more productive;

Discussion

BG – 5p on the retail price of a 250g pack of butter would allow farmers to be paid an extra 1p per litre for their milk.

Q – Julian Cook, Natwest – 80 organisations are said to want a say in farming policy. Who should set the agenda? It seems that government make policy without listening to those most affected.

A – George Dunn – there is scope for organisations to join together more to get their views across more strongly. For instance TFA, NFU and CLA would agree on 80% of issues.

Sir John Harman – there have been suggestions about having a super-regulator to cut down on duplication of activity but the problem is that you need specialists to do the job – health and safety is very different than water quality inspection. There is scope for better co-ordination of some activity though eg information flow.

David Bellamy – you need more common sense.

David Thelwall – need local imprint and local delivery – gatekeepers between farm and the knowledge base – they have almost all disappeared.

Q - Ron Pugh, Walford and North Shropshire College – the future lies in youngsters – need some soundbites to encourage them.

A – 'sustainability needs to be economic as well as environmental'

'now is the time'

'get back to stewardship of the land'

'we have freedom to farm'

'if you can't do it – inspect it'

Q – Questioner unknown – what would be your strategy for farming in Yorkshire?

A – eat the view – use existing foods with a Yorkshire association – do it together – there is a lot of market information available but it needs organising – need to reconnect farmers with

consumers – people with people – need to pull together – plenty of land – plenty of farmers – plenty of air – just let us get on with it.

Q – John Anderson, farmer – we need to increase renewable energy production.

DT – it should include food and non food crops – policy will drive it.

JH – forecasts for world energy prices are for huge rises before the end of the next decade largely because of increasing demand from development in China.

DB – energy policy is a ‘mess of wattage’

RB – needs to be better orchestrated by the government and RDAs.

Afternoon programme: Case Studies

Afternoon Chairman Ian Kenny, Royal Bank of Scotland

Supplying Supermarkets

David Hall, English Food and Farming Partnerships

Collaborating for profit:

- Between farmers
- Along the food chain

Why? - Farmers need to increase returns from the market:

The UK Food market (£billion)

	Total	Farmer's share
1994	69	18
2002	100	15

Farmer controlled organisations may not be farmer run.

There is an opportunity for ‘environmental marketing’ - English Nature and LEAF Marque branding.

Rationalisation of the food industry is going on. There is the opportunity to build new relationships based on partial integration with buyers and forward contracts or looser partnerships. There will be less short term ‘hard-nosed’ trading in future. This will allow reductions in price volatility for farmers.

Collaboration doesn’t necessarily produce higher prices but it should produce higher profits, reduced risk, long term rewards and the benefits of shared goals.

When farmers were surveyed about their reasons for not collaborating the main reason was lack of opportunity. 74% said there would be more in future.

Example – Northumberland and Durham Machinery Rings started with machinery sharing but have moved into group purchased inputs, recycling to land (70 farms being paid to use paper crumble which has a fertiliser value of £60 per acre) and farm composting of domestic waste.

Creating a Brand

Judy Bell, Shepherd's Purse Cheeses

Established in 1988 and now with 21 employees, Judy Bell transformed an interest in food intolerance into a thriving business. She started a small flock of sheep and learned how to milk them experimenting with cheese making in her farmhouse kitchen.

...‘above all I found that I had to accept that effective brand communication involves processes that are uncontrolled, disordered, abstract, intuitive and frequently impossible to explain other than with the benefit of hindsight!’

Judy Bell had great help at the start from Yorkshire Pantry, a network of food producing businesses set up by North Yorkshire County Council. She was told to get into exhibitions and competitions and awards from these got the brand going. One early mistake was to put pictures of sheep on display – people don't like to associate them with the product. She found that Yorkshire is a brand of itself. Produced a brand image which was artisan and farm-based but good to look at and produced a big range of products.

The brand:

- Quality!
- Sheep's milk produce
- All handmade
- Yorkshire!
- Award winning
- Innovative

Judy Bell initially visited delicatessens to get her first sales. She found that it was easy to communicate enthusiasm for her products to them but when she came to sell to supermarkets she wasn't talking to the people actually selling to the customer. So she set up training courses for Tesco and later Asda staff.

1995 produced first cows milk cheese Yorkshire Blue – a soft cheese like Dolcelatte and Saint Agur.

More recently hired a graphic designer and produced brighter labels and rebranded to Mrs Bell's Blue which produced a big boost in sales.

Personality branding is also important and Judy Bell and her family have appeared on TV and radio and worked with Rick Stein and Brian Turner.

Producing for consumer requirements

Henry Fell, Meatlinc sheep

Produces terminal sire sheep using same genetics as those used for pig breeding.

Subsidy has done incalculable damage to the sheep industry encouraging producers to keep as many ewes as possible and as small as possible to maximise the head count and subsidy income. Less than 20% of terminal sire rams purchased by producers come from Sire Reference scheme flocks so most rams used are without any reliable genetic information.

Meatlinc rams are designed for the market. All rams are sold direct to the flockmasters who will use them at one of four fixed prices based on their genetic quality.

Henry Fell quoted three case study farms which showed how sheep production would have to move in future with easycare sheep able to be run in big flocks minimising labour costs. Each flock had a tight focus on its own approach and each produced lambs with 75% terminal sire blood to maximise carcass quality.

Henry Fell calculated that you need to produce at least 800 lambs to pay the shepherd – so minimum feasible flock size was 1,000 to 1500 ewes. In New Zealand and parts of Europe one man was looking after 3,000 to 4,000 ewes.

'meeting consumer requirements is of no use if you are losing money'

Achieving success in challenging times

Jim McRobert, Carrs Billington Agriculture

- Passion is a key to success;
- Are you persistent?
- Do you master your emotions? 'TCUP' – think carefully under pressure;
- Have clearly defined goals – visualise how it would feel to achieve them;

British Agriculture is talk, talk, talk and vision statements – we need action. We need to define a successful British Agriculture and make it a target, develop a plan and get all involved to buy into it.

Tesco has £11.5 billion turnover, 1 chairman, one board.

British Agriculture has £7.2 billion turnover – no chairman, hundreds of boards and conflict.

Agriculture was successful in the sixties and seventies because there was a clear goal and good strong leadership. Also it was fun.

We need strong leadership at National, regional and local level.

Discussion

Q Some people get contracts with supermarkets then the supermarkets gradually worsen the terms.

A - Judy Bell- it hasn't been like that for them possibly because of strong branding and a niche product is stronger in the market than a commodity product.

Q – Do the supermarkets pressurise British producers out to allow them to buy cheaper overseas?

DH – 'British' or 'Yorkshire' as a brand cannot be imported – we do not make enough of it. And do not compete on price go for quality and premium markets.

Q Julian Cook, Natwest – agriculture has had a lot of successes - what has been the best success of each of the speakers?

JB – building on past success and getting recognition.

HF- local church harvest festival changed to a Saturday and had Q&A to a panel of four entrepreneurial farmers followed by a supper in the village hall – huge turnout, brought the community together.

DH- success of the Demonstration Farms Project and business clubs taking off

JMcR – being asked to speak today! Food and Farming Festival at Leyburn attracted 20k people

Q Rupert Wailes Fairburn – we need another Hyde Park Food and Farming Festival. The last one attracted half a million people.

A – We have got to make farming interesting, easy and approachable, schools are a great element – you have a better chance of convincing kids. There need to be changes to the curriculum eg bring back rural economics, rural science, domestic science, encourage LEAF farmers – 50% of their visitors are non farmers – events like Countryside Live that weekend in Harrogate.

Q How do we improve the Great North Meet? We have a reduced audience for the first time in the last few years.

A

- Improve farmer participation
- Be innovative
- Why do people leave in the afternoon? Including morning speakers
- Friday a bad day
- Change round have politics in the afternoon and case studies in the morning
- It's competing with half term this year
- Allow people to book for half a day if they want to
- Would an afternoon and evening meeting be better? Allow people to do some work in the morning.

Thanks to the Rural Regeneration Council for sponsoring my visit to the Great North Meet.

Alan Spedding, 01 November 2004

