**NFUM-Coronavirus-Special-agri-contracting podcast**

[Start of recorded material 00:00:00]

Will: Hi, I’m will Evans. Welcome to another episode of Ahead of the Field from NFU Mutual. Today we’re going to be focusing on the agriculture contracting industry, how it’s changed and how it supports the farming sector.

I’m joined by Ian [Madover], who’s worked extensively in the industry, and Charlie York, an NFU Mutual spokesperson.

Ian, let’s turn to you first. Give us a bit about your background, how have you been involved in the agricultural contracting industry?

Ian: Yes, well, so I’m a farmer’s son, farming background on both sides of the family, so farming’s very much in the blood. I, for my sins, went to help the local agricultural contractor out just for a summer, and ended up working with that contractor for about 12 or 13 years.

Will: Once you’re in you’re in with these things.

Ian: Yes. The draw of –

Will: Yes.

Ian: – shiny machinery back in the 1980s was a little bit too much for me to resist. Yes, that progressed for quite a period of time where, eventually, that particular business had a separation of partners as one of the partners wanted to retire, and I took on a section of that business in my own right.

So I was then contracting in my own right for about another 15 years or so, I guess.

Will: OK. What tractor did you start off on, then, in 1980s?

Ian: Oh, I think it would have been probably 2140 John Deere. There would have been some of the old 80 series Fiats.

Will: Classics.

Ian: And a mixture of various extremely uncomfortable and noisy tractors by today’s standards, basically.

Will: Yes, so what have been some of the main changes that you’ve seen in that time?

Ian: Oh, well. Well, so probably just hit on a couple, you know the tractors themselves have progressed –

Will: Yes.

Ian: – from those very purposeful designs to something that is focused far more around the operator nowadays, and efficiencies, and ensuring that, you know, you can get the very much, you know, the very best productivity out of not only the machine but also the operator. I mean that’s a massive –

Will: Yes.

Ian: – a massive change.

But I think, more broadly, really, it’s how farming has changed and the fact that contracting has had to move with that.

Will: Yes.

Ian: You know the size of the farms, the type of the farm, the drift away from, if you like, the more mixed farming basis that we certainly have in this part of the world, you know it’s gone very specialist.

You know, in Cornwall especially now, there’s a lot of very big specialist growers that are focusing on, you know, higher value crops. And, you know, it’s the time pressures, the tightening of margins over the years, the fact that productivity has had to increase so very much. And, you know, to aid all of that I guess one of the huge changes has been in technology.

Will: Mm. Yes, well I’ll put you on the spot here, then, and ask you what’s the single piece of tech or machinery that’s meant the biggest improvement in terms of efficiency over your time in the job?

Ian: Oh, I think it’s, you know, it has to be the guidance systems, really.

Will: Yes, yes.

Ian: And auto steer, and, you know, with especially the RTK systems that allow that really precise planting operations and ensuring, you know, that the pass by pass, you know, overlaps are reduced.

And, you know, it’s maybe not something that, again, with a lot of efficiencies you don’t necessarily see it as cash in hand but, you know, throughout the process of an operation, you know, the savings have been phenomenal.

But then, of course, obviously, there is, you know, a huge cost that comes along with a lot of this technology.

Will: Yes, absolutely. Charlie, welcome to the show. What agricultural contracting trends have you seen from an NFU Mutual perspective?

Charlie: Yes, I mean I completely agree with Ian with the first one, obviously, about the evolution of kit and how GPS and others have really aided the actual operators. But from our research and our annual farming survey we’ve seen that 60% of our farming customers employ some form of agricultural contractor on their farm.

And evidence does suggest that there’s considerable growth in this sector, and I think we can all see with the withdrawal of the BPS scheme, and other factors, contracting is only going to grow, and it’s important.

Recently, we also conducted another social media survey, and this was really to try and understand why people have and would consider going into agricultural contracting. And, unsurprisingly, 40% do this to support the farm income.

Will: Yes.

Charlie: Followed by 25% using it as a route into the industry. So we’ve looked at it from another angle, and that’s really to see how people are using contractors and what they’re doing, and the survey showed that getting work done safely and well was the top priority for over half of the respondents.

And I think whilst we can all appreciate speed and efficiency as key, particularly at busy times of the year like this, it’s really encouraging for us to see that getting the work done quickly isn’t compromising on the safety of the job.

Will: Ian, does what you see on the ground support what Charlie just said?

Ian: Oh, I, you know, absolutely. You know I think Charlie hit on the subject of BPS there very briefly, and, you know, I think the future with ELMs approaching now, you know, surrounded by questions, no one really understands the scheme but I think there are some certainties, and one being that it certainly isn’t a replacement for BPS. There won’t be a BPS replacement.

Will: No.

Ian: And, you know, ELMs will, effectively, take the place of stewardship schemes, and support payments themselves will become, you know, will become a thing of the past.

So, you know, I think it’s very much a case of, you know, how contractors themselves can diversify to assist the changing picture of agriculture.

And also, you know, on reflection, again, of what Charlie said with regards to, you know, a lot of farmers themselves diversifying into contracting to, you know, just to try and supplement incomes and, you know, improve profit margins for their businesses has, you know, has been something that I’ve recognised and I can see, you know, becoming more prominent.

Will: So from a practical point of view, how important are contractors to the wider farming industry? I mean I sometimes get the impression that they’re importance isn’t talked about enough, would you agree, Ian?

Ian: Oh, 100%. And, you know, Charlie’s figure of 60%, I think if you start drilling into that and asking yourself, really, actually what is a contractor, what does a contractor do? And it’s very easy to get swayed by this picture of a team of guys rocking up on a farm with a bunch of shiny kit, but it isn’t just that, it’s the foot trimming guys, the sheep shearers.

And, you know, so I think when you start looking into all those other areas, I would imagine that maybe the NAAC’s figures of closer to 90% would be more accurate, questionable as that is. And, you know, I see the importance of the contractor growing because, you know, the face of farming is going to change so much in the coming years, and we don’t really know how.

But what we do know is that the environment is going to be as big and important part of farming as food production, and if not bigger. And I think, you know, the professional contractors are going to be the ones that are talking to their clients and understanding the challenges they face, understanding the, perhaps the diversification that they’re looking at, and seeing how the contractor himself can change his business to suit the changing face of farming.

Will: Charlie, Ian touched on a few of the different types of contracting roles there within the industry, perhaps you could just expand and list a few more, please.

Charlie: Yes, absolutely. So I think there are many different types of services offered by contractors up and down the country, and I think a really important point Ian’s mentioned and touched on there is you could have your professional contractors who do that as their business and a service, and then you may also have this growing trend of traditional farmers that diversify into offering a form of agricultural services to supplement their income.

But when we really break that down you can see it covering what I would say are sort of three categories of areas. I’m going to miss off some occupations here but just to give you a flavour of it.

The first would be crop support and maintenance. And that could be, like Ian said, you might have your teams of people coming in to harvest; you may have your farmers coming in to carry out other tasks, such as hedge-cutting, drilling, and preparing the crops.

Then you may have your secondary group, which could be animal husbandry, and that could cover anything from your specialists coming in to scan the stock, shearing sheep, right the way through to providing specialist treatments. And I think moving forward again, services to improve health or the wellbeing of your livestock, because that might become more of an important factor moving forward.

And the final group would be that land management piece. And that could be categories of people, you might find your agronomists in there, you could find other experts that would advise you on the best way to manage your land.

But, again, touching back on BPS and the way schemes are moving, it could be that we start to see more experts in that field offering expert help and advice on how to meet subsidy requirements, or how to farm the best way for the environment.

So I think it’s going to be really looking at those three areas where you may find the contractors falling into.

Will: Mm. Something we talk about a lot in farming circles is ways to get new entrants into the industry, and there are opportunities with contracting for those wanting to break into the farming industry, aren’t there?

Charlie: Definitely, absolutely. I think with the work that we’ve done with many young farmers, thinking particularly, and actually down in the South West where you are as well, we can all appreciate how hard it is for new entrants to come into farming, particularly that younger market coming through. And contracting offers that wealth of opportunities for those wanting to make their mark in the industry.

We’ve already mentioned, and you’ve alluded to there, Will, it’s a really common and important route for young farmers to come into the industry but, equally, for those not from a farming background as well. I think that’s an important point here.

And whilst it can be highly competitive, and you may find others in your area are offering a similar service, you could really take this as an opportunity to specialise in that particular field and really learn and grow.

And I think that’s the really nice thing here for young farmers or new entrants is that they can use this as an opportunity to up their skills, to grow in the industry, without having that financial pressure or responsibility of purchasing and running a farm, which obviously is that limiting factor.

One point also that I’d make on here is that whilst it’s obviously a beneficial route into the market, there’s also benefit for farmers using the contractors. And I think we’ve mentioned it earlier on that maybe contractors aren’t getting as much praise in the industry as they probably deserve.

But by farmers employing contractors, it can help them release the capital that they may have invested in old kit or they may have considered purchasing new kit, and that really leads onto the fact that many of these contractors now are using the latest cutting edge and specialist equipment.

And whilst that obviously helps them to stand out from others in the area, using that latest technology can help economies of scale and drive growth for both, really.

Will: Mm, OK. Ian, give us a sense of the different sizes of contracting firms that operating these days. I mean some of them are enormous, aren’t they, now? But some of them are quite small, one man operations, I guess.

Ian: Yes, 100%. I mean, you know, again, going back to the diversified farmers is, you know, and Charlie’s already touched upon it, that it is, you know, it’s often the farmer’s son that is venturing out perhaps with the farm’s tractor initially maybe to help a larger local contractor in, you know, seasonal operations. And quite often you see that that initiative quite often grows into something bigger and greater.

You know, again, Charlie’s already mentioned, you know, crop care specialists, there are those that are offering, you know, that focused specialist service which, you know, incorporates agronomy together with crop-spraying, maybe fertiliser application, and that’s their bag. You know it goes up to perhaps those that focus more and specialise in, you know, maybe forage harvesting and perhaps also stubble to stubble operations in contract farming [basis 00:13:53], you know, right up to those really big guys that are offering, you know, the full service from top to bottom.

And, you know, I think increasingly you’re seeing some of those larger businesses effectively taking over the entire mechanical operation of some farms. For example, one of my current customers has got a reasonably large dairy farm, and all he owns is one scraper tractor and a tele-handler. Every single operation on that farm is done by contractors.

Will: Charlie, what are the key things contractors should be aware of from an insurance perspective?

Charlie: Yes, so I mean whether you’re a farmer, grower or contractor, it’s vital that you have the right cover and protection in place. That’s for you, your staff, but also for the farming business.

So if you expand your business to provide contracting services then it’s essential to have the insurance cover that meets those new activities, and it’s just simply otherwise, if you don’t, you are putting your business at risk.

So it’s important to make sure you’re not under-insured for the first point, and this is really to help you mitigate financial shortfalls in the event of a claim.

And, secondly, the important one for contracting I would mention is get the right covers and protection in place for the services and activities you’re offering. So as an example, if you are spraying, make sure you have the correct cover in place; if you damage somebody else’s crops due to that spray jet or fertilising the wrong place, having those sort of key ones for your needs and really we’ll make sure you have the right protection there.

Will: And what kind of cover is available from NFU Mutual?

Charlie: So agriculture contractors are an important part of farming in the UK, as we know, and whether it’s specialist firms that have been set up for that exact purpose, or existing firms and family farms that may have diversified, NFU Mutual’s cover can now be applied more flexibly for contractors to suit those needs.

So the cover’s there to protect the contractors as they serve the customers, whether you’re working with livestock or the land, and whether you’re purely an agricultural contractor or primary occupation just farming your land, you can have a range of these contractor covers to suit your needs.

So there are some criteria where you may need to have an existing commercial select or farm select product, but what I would say is I’d encourage you to speak to your local agency office. Agents, like Ian, obviously have this expertise in this area as well and can really help support them and their customers.

There’s also other factors there as well that we can support on. So we can offer specialist risk management services, and also plant inspections. So where you may have the farms that have got lots of plant, lots of kit, or, equally, where you may have a farm where you have lots of contractors coming in, that’s where risk management and so on can really benefit in and help.

Will: OK. Ian, how do you see contracting changing in the future?

Ian: Well …

Will: It’s changed so much over the last sort of 20 years. Where do you see it going?

Ian: I can probably cast my mind, not very well because I’ve not got the best of memories, but certainly back in the early 90s when I thought that, you know, life couldn’t possibly get any better than driving what was then pretty advanced equipment –

Will: Yes.

Ian: – and thinking, you know, how can things possibly change any more or faster or different over the next 100 years by comparison to the previous 100.

And, you know, I think that would be difficult to beat but, you know, on reflection now, looking back over the last 30 years, you know, things have changed so much, and, you know, I think the key, really, at the moment for contracting is seeking those opportunities and, you know, technology will be at the forefront all the way.

It needs to be, it plays a huge part in where farming needs to go. You know, I think that the big opportunities lie in what contractors can do in order to assist the protection of the environment on behalf of farming, and to work with farmers to ensure that they’re getting the very best out of any operation.

It could be a simple thing, looking at the tyres that a contractors using on his trailed equipment to ensure that they’re having, you know, a minimal effect on soil structure. It could be looking at specialist planting equipment for high value crops, whether that be trees, wild flowers, you know, all those type of things.

You know carbon sequestration is hugely challenging for the planet and farming and, you know, but it equally, at the same time, presents massive opportunity for agriculture as a whole, and contractors that are willing to look as far outside the box as they possibly can are going to see huge opportunities.

And I think that they’re going to be, extremely, a more important part of farming businesses than they have been in the past.

Will: Ian, I mean we’ve mentioned as we’ve sort of discussed this that when in your experience, you went back, and it’s evolved and we’ve seen agricultural contracting develop.

Ian: Mm.

Will: And I think many listeners will probably be thinking, either traditional farmers wanting to diversify into contracting, or others wanting to invest in bigger and better kit, what were your thoughts back when GPS started to be introduced in that auto-sphere as such, I mean were you nervous about it? Did you think it was going to be what it’s sort of ended up being now?

Ian: My initial thoughts were, what the hell do I need something to guide me up across the field for? I used to be able to pride myself that cutting in whilst drilling and getting that first pass up across the field, you know, spot on straight, you know, why do I need a piece of technology to improve what I do?

And I think a lot of operators looked at it as a challenge, almost, you know, how can that possibly be better than me? But obviously it creates a far bigger picture, Charlie, doesn’t it?

Charlie: Absolutely.

Ian: It’s, you know, it’s when you start again to open your mind up to what it can do for you and for the operation, and for the efficiencies and the accuracy of the job that you’re doing. And that’s what it’s all about at the end of the day, it’s not a personal thing it’s about improving those efficiencies and, you know, ultimately, profit margins.

Will: One thing that will never change, though, Ian, is that farmers all want you there at the same time when the sun shines; am I right?

Ian: Oh, absolutely. And, you know, I think that you’ve hit the nail on the head. And, you know, the challenges that contractors face have always been just that.

Will: Yes.

Ian: And, you know, that in itself has presented, you know, big questions for contractors. Again, if I cast my mind back to the early days, you know, the contractor I initially worked for was running, oh, three or four forage harvesting outfits, and very soon that became three then two then, all of a sudden, it’s one. And it’s still doing the same amount of work but obviously the challenge is that even though it’s far more efficient, far faster, it can still physically only be in any one place at one time.

Will: Mm-hmm.

Ian: And, you know, that has created those time pressures. But, again, it comes back to the efficiencies, it’s just not efficient, from a contractor’s perspective, to be running four or five smaller outfits when, you know, one big outfit could do all of the work. And, you know, the equipment is so expensive now, contractors just need to get the very best out of every pound that they spend. And sometimes that can result in some very awkward conversations with customers.

But I think, again, it all comes back to the key for any business, whether it’s agricultural contracting or otherwise, the key is communication and it’s understanding your customer.

Will: Yes.

Ian: And it’s helping your customer understand you as a contractor as well, and the challenges that you face, and it’s about working together. And the future is going to be about seeking those opportunities together and finding the best way forward for, you know, for a profitable business for all concerned.

Will: I think that’s what the youngsters call the mike drop moment, that, Ian. Great, great way to finish.

Ian, Charlie, thank you both very much for your time. It’s been a really, really interesting discussion. I’ve learnt a lot and I’m sure listeners will have done as well.

That’s it from this edition of Ahead of the Field, from me, Will Evans, and everyone at NFU Mutual, we wish our listeners and the farming community all the best.

oHowardHowar

[End of recorded material 00:23:36]