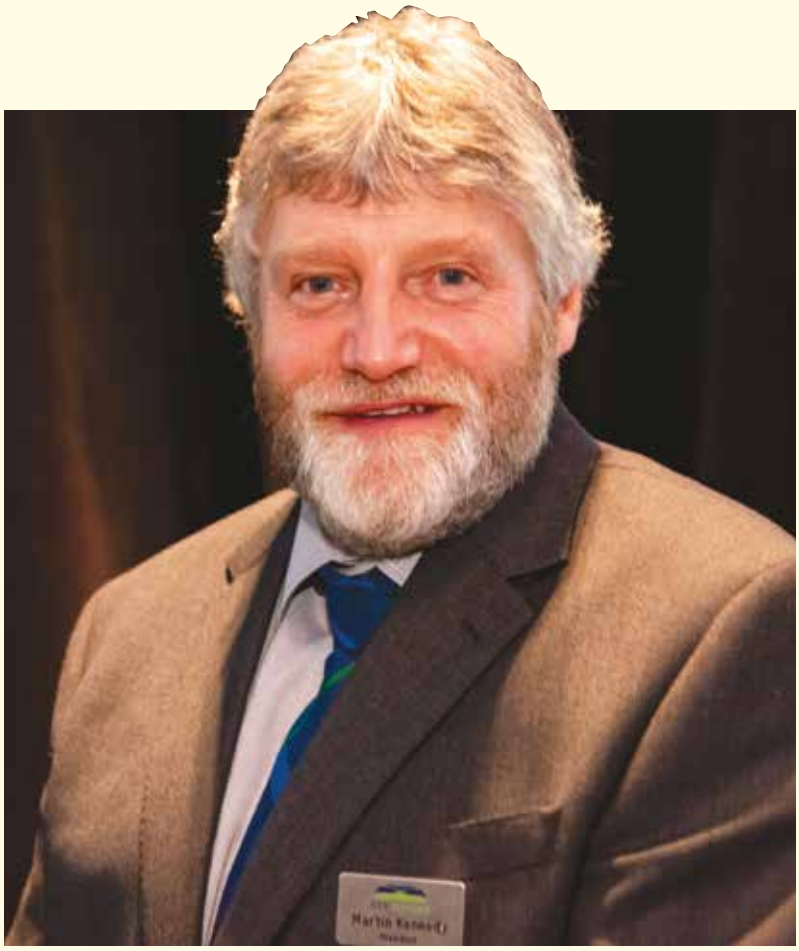
NFU Scotland

# ANNUAL REPORT 2023



# From the PRESIDENT

Martin Kennedy

With another year past and challenges facing agriculture being exacerbated further with extreme weather, the importance of high-level lobbying by NFU Scotland becomes even more necessary. Whilst some of our efforts appear to fall on deaf ears, many more have yielded great success by not only winning our argument, but equally as important, delivering damage limitation by preventing some decisions that could have been made had it not been for our intervention.

Future policy and certainty of what's coming down the track is on everyone's mind. Yes we are still lacking in detail but we do now know that the vast majority of future funding (as far as committed from the UK Government) will be attributed to tier 1 and 2 as direct support in the new system. This has been hard fought for over a long period of time and whilst many other organisations have argued for the complete opposite of what we need, it's our constant lobbying that has secured this commitment. Likewise, we also have a commitment for the retention of coupled support and some form of disadvantaged area support in the future. Without our intense lobbying we might be in a position more akin to other parts of the UK where food production is hardly mentioned and none of the above is on the table.

As the Agriculture and Rural Communities (Scotland) Bill continues to make its way through Parliament, we remain extremely vigilant to make sure there aren't crazy amendments that will derail its potential to maximise opportunities for farming and crofting. It's imperative that our businesses are in a profitable situation, especially as we're being asked to do more to mitigate against climate change and enhance the environment.

> **"It's imperative that our businesses are in a profitable situation, especially as we're being asked to do more to mitigate against climate change and enhance the environment."**

Food production must remain at the core of what we do. As we focus much more on market returns from the retailers, we must also lobby hard to make sure our retailers are held to account when it comes to fairness in the supply chain. Now that we have reinvigorated the shelf watch campaign and are pushing hard on a fairer, more transparent labelling system, we have a much better chance of seeing that accountability benefitting our primary producers. There's a long way to go on this and securing support from our consumers will play a big part in getting this over the line.

Telling our story is so important, our strength is our membership and we will continue to highlight the benefits of having NFU Scotland lobbying hard in the corridors of Holyrood, Westminster, Brussels and beyond. The more members we have the stronger our lobbying power will be. I would ask everyone to spread that message, grow our membership and return the recognition that's thoroughly deserved to farmers and crofters throughout Scotland.

# Reflections from the CEO

John Davidson

It was an honour earlier this year to become only the eleventh Chief Executive in NFU Scotland's long and distinguished history, following in the footsteps of many remarkable people. Since then, I've spent time travelling around the country getting to know members and understanding the issues you face day-in-day-out. Whilst there are many, I've been struck by your optimism for the future and your resilience in overcoming setbacks, such as the volatile weather and unprecedented rainfall causing severe flooding.

What gives me great hope for the future is the superb team we have across the Union. We have a staff team that is hugely talented, knowledgeable, and absolutely committed to making a positive difference for the industry. The same applies to the Presential team and wider Board of Directors, all of whom are working tirelessly, often behind the scenes, to represent your interests.

Over the past six months I've listened, reflected, and discussed the things we do well as an organisation and the areas where we could do things differently or better. There's no doubt that our laser focus for the years ahead will be on the need to drive more profitability into the industry. Everything we do as a Union will have this at the core, and our new Strategic Business Plan, which we are aiming to publish early in 2024, will focus our collective efforts on this overarching goal.

We have identified five core objectives to focus on over the next three years:

**"Over the past six months I've listened, reflected, and discussed the things we do well as an organisation and the areas where we could do things differently or better."**

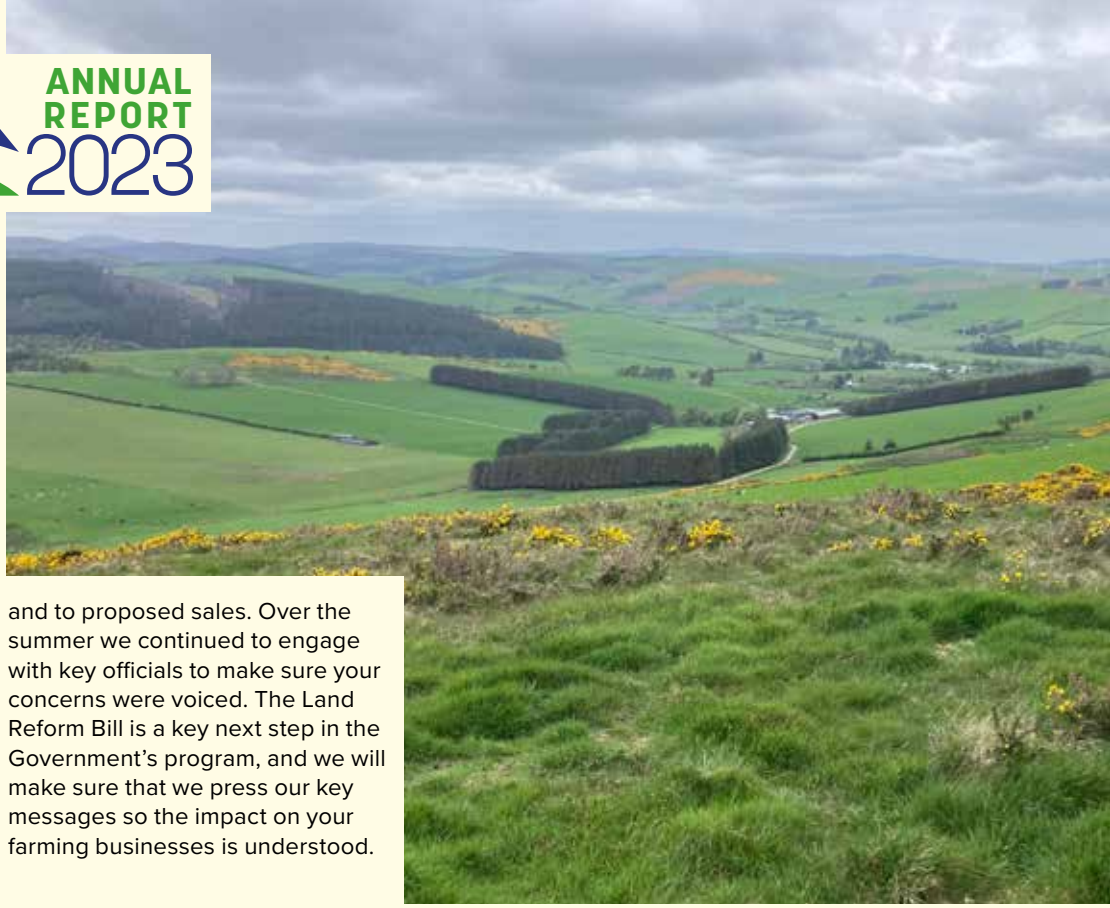
**1) Members -** providing exceptional support to existing members whilst attracting new ones;
**2) Policy and Influencing Work -** ensuring that we're focused on the big priorities and continuing to maximise our influence;
**3) Our People -** ensuring we nurture and retain our talent so we have the best people working for the industry;
**4) Financial Stability -** ensuring we're financially viable and sustainable for the long-term so we can invest in supporting our members; and
**5) Corporate Governance -** ensuring we are a professional and high-performing organisation.

We have a strong foundation to build on. Our member numbers are steady and loyal, and we continue to be one of the most respected membership organisations in Scotland. Like others, our costs continue to rise. After two consecutive years of a freeze on subscriptions it is now necessary to have a modest increase to ensure the organisation is in the best possible shape to represent your interests and give you exceptional support.

It feels like a critical time for the Scottish agriculture as we seek to negotiate and influence future policy and support. But I am confident the Union is well-placed to represent the industry and ensure we have a bright future.

POLICY

# LAND REFORM



Following extensive consultation with members, we submitted a response to Scottish Government's Land Reform Bill consultation. We highlighted our concerns on proposals around defining the scale of landholdings and applying more rigorous tests to these and to proposed sales. Over the summer we continued to engage with key officials to make sure your concerns were voiced. The Land Reform Bill is a key next step in the Government's program, and we will make sure that we press our key messages so the impact on your farming businesses is understood.

# NEXT GENERATION

Representatives from the Next Generation Committee and SAYFC met with Cabinet Secretary Mairi Gougeon at the Royal Highland Show. We focused on key issues; access to funding, succession and training provision. We also explained the importance of getting the Agricultural Bill right, and needing direction from Scottish Government with agricultural policy so new entrants know they can have a successful future in the sector. We regularly speak to Scottish Government to ensure the views of the next generation are heard. In addition, an important topic for new entrants is succession. To help our members think about succession planning, we hosted a webinar with a fantastic panel of speakers, with over 180 attendees tuning in online.

# AVIAN FLU

Following another year of Avian Influenza (AI) misery, we are working with Scottish Government and NFU Mutual to develop an accessible insurance product for producers against the costs associated with Avian Influenza.

We persuaded Scottish Government to update the poultry register to a more fit-for-purpose electronic register. ScotEID will design the register for keepers to check and update information live, and to be capable of sending out alerts and updates to all keepers. Importantly, it will require all keepers of more than one bird to register, providing a better means of communication with all keepers including backyard keepers.

# SPARC

The Scottish Partnership Against Rural Crime (SPARC) has continued the great work it has been doing throughout 2023. Police Scotland has been working hard to encourage cross border working, contributing to the arrest of an individual and the recovery of 48 agricultural GPS devices. During October 2023, there was a total of 90 rural crimes reported. This is a decrease by 10 across all of Scotland in 2022. Local partnerships against rural crime are going from strength to strength, with two new partnerships launched in October.

# POLICY

## FARM SAFETY

In July, we participated in the annual Farm Safety Week campaign led by the Farm Safety Partnership highlighting the dangers of working in agriculture and shifting the focus to mental wellbeing. Throughout the year, we carried out a range of social media campaigns, as well as articles in the Scottish Farming Leader magazine covering a host of topics. It is important to us that we continue to support our members in ensuring they keep themselves, their employees and their business safe.

## Labour/skills and education – arable and crops

In the last year, we have made important submissions on skills provision; the Commission to Review Land-Based Learning and the Independent Skills Review. We put forward key issues, and many are reflected in the findings of the reports. It is now for the Government to decide how it will take forward the recommendations.

As part of the work on the Agricultural Bill, Scottish Government are revising the current Agricultural Knowledge and Innovation Systems (AKIS). We are engaging with them to ensure the Bill supports innovation and skills throughout the sector.

## Species management

We have worked with NatureScot to develop guidance for individuals wanting to apply for licenses to carry out activities to control white-tailed eagles. The process has taken longer than we would have liked and whilst progress has been made, we will keep the pressure on to ensure NatureScot use fair comparisons in assessing agricultural damage when they consider applications.

Following severe weather incidents in Tayside last year, considerable flooding damage resulted from engineering by beavers. We gathered evidence of the impacts of this and it was used to highlight the devastation beavers could cause in the wrong place. Evidence highlighted the need to control all beavers in areas where they conflict with agriculture. Beavers must be controlled in areas with prime agricultural land and high value crops. Control licenses in these areas should be simple to apply for and approved unless there is a particular reason it should be refused.

# Crofting

We continue to attend regular Crofting Bill group meetings to discuss proposed legislative changes ahead of the next Crofting Law Reform Bill. These early discussions have been important for us to be at the forefront of shaping the upcoming bill.

The Crofting Committee has actively engaged in shaping, or 'croft proofing' future support. This ensures that crofters and small producers are not left behind in the development of future support. This will continue to be an important workstream for the Committee.

# Transport

Ferries have been at the forefront of our lobbying efforts this year. We have seen countless breakdowns of vessels, booking system issues and weather-related issues, all of which have a significant impact on our members and their businesses.

We have written to the Minister for Transport underlining our concerns and disappointment with the current ferry services and the new booking system implemented by Calmac. We met with the Minister to solidify our concerns and highlight our willingness to work with Transport Scotland and Calmac to resolve the improve the situation.

# POLICY

## Pig sector

We have criticised Defra over delays bringing in border control measures. Without Veterinary Health Certificates and checks of European meat imports the industry feels exposed to African Swine Fever from areas where the disease is present, and poorly controlled in certain Member States. Our lobbying persuaded the UK Government to bring in limits and checks on the amount of pork products individuals can bring into the UK unless it is commercially packed, and health stamped. In response to our pressure Scottish Government funded sniffer dogs to search for illegal meat products coming into the country at Scottish ports and airports.

## The Bute House Agreement

Throughout the year, we have continually highlighted the potential and real implications of some aspects of the Bute House Agreement. In April, this arrangement between the SNP and Greens was reaffirmed, meaning many aspects of the Programme for Government would have significant impacts on farming and crofting, as well as the wider wellbeing of rural Scotland, its communities and wildlife.

Whether issues of species management and consequences for both agriculture and biodiversity or the introduction of Fair Work conditions that could result in the real living wage putting Scottish agriculture at a competitive disadvantage, many of the policy intentions are likely to yield costs for farming and crofting that cannot be recovered from the marketplace or through increased public support.

As a point of principle, we continue to stress that the delivery of 'public goods' cannot be sustained at 'private cost'. Nor can policy interventions be allowed to undermine the critical and unique role that only active farming and crofting plays in delivering a prosperous rural economy, a flourishing natural environment, and thriving rural communities.

# POLITICAL ENGAGEMENT

The political team has been expanded to include a new Political Affairs Assistant. We have been busy ensuring our members' interests are well understood by both Governments, all parties and other relevant stakeholders.

We have provided briefings in advance of parliamentary debates, submitted written responses to consultations, given oral evidence to committees and provided information to MSPs and parties.

Our top issues this year included highlighting the need for an increase and multiannual funding commitment and future agriculture policy that delivers for farmers and crofters.

NFU Scotland is the leading lobbying organisation and we meet with politicians of all parties at both Holyrood and Westminster as we look to influence policy and regulation on behalf of our 9000 members.

In addition to having over 90 mentions in the Scottish and UK Parliaments over the past year, out of more than 1000 organisations, NFU Scotland records the highest number of engagements with MSPs on the Scottish Parliament Lobbying Register.

As well as our engagement with the Cabinet Secretary for Rural Affairs, Land Reform and Islands Mairi Gougeon MSP, this year we met with eight Cabinet Secretaries and Ministers as well as the new First Minister and Deputy First Minister twice.

At Westminster, we held meetings with Ministers and officials at the Scotland Office, Department for Environment, Food and Rural Affairs, and HM Treasury. With a general election on the horizon, in addition to turning our attention to our own manifesto, we have been seeking to secure our asks in party manifestos also.

We will continue to hold positive and constructive meetings where we highlight the vital role that farming and crofting play in supporting the nation's economy; underpinning rural communities and caring for the environment.

# Future Support

We welcomed the publication of the Agriculture and Rural Communities (Scotland) Bill, intended to provide the necessary powers to deliver a future support framework for farmers and crofters. This framework Bill will enable a payments framework that incentivises a drive towards low carbon approaches to improve the resilience, efficiency and profitability of the agriculture sector. The Bill also allows some Common Agriculture Policy (CAP) schemes to continue to operate over a transition period.

Scottish agriculture has been tasked to do much of the heavy lifting to meet Scotland's climate and nature goals, whilst also continuing to produce food of the highest quality and sustain the socio-economic fabric of our rural communities. Scottish agriculture is up to the task, but will need financial support to provide financial viability and stability to ensure the continued delivery of the vast array of public goods and positive outcomes in the public interest that only active farming and crofting can provide. The Bill must be the enabling mechanism for this.

While the Bill delivers many of our key asks, it lacks the detail which farmers and crofters need so they can plan for, and implement, change with certainty and confidence. We continue to urge the Scottish Government to use 2024 and 2025 as an effective, smooth transition for all agricultural businesses to hit the ground running from 2026.

We held in-person briefings for MSPs in the Scottish Parliament and gave written and oral evidence to the Rural Affairs and Islands (RAI) Committee at Stage 1 of the Bill. We held member's webinar on the Bill on 14 November, attracting almost 300 participants. We will continue to engage with our members to reflect their views and concerns, through Branch, Regional, Commodity Committee and Working Group meetings at which this Bill will be considered and discussed as it progresses through the Scottish Parliament.

# Operating Environment

While output prices across many enterprises held their own, 2023 was another year when agricultural businesses faced continually rising input costs – rapidly eroding margins, the value of support payments and confidence. The cost-of-living crisis cannot be separated from cost-of-production challenges which continued to see the costs of feed, fuel and fertliser threaten the availability and affordability of food products. At the same time, Scotland again witnessed weather extremes, from drought conditions in June to devastating floods some four months later.

Volatility, both financial and climatic, may be all part of farming life. There is a need to build resilience and to adapt to less certainty and more extremes. Uncertainty and a lack of confidence continue to undermine the capital investment required. As a result, we have pressed Governments in Holyrood and Westminster to commit to multi-annual, ringfenced support – including capital investment on both sides of the farmgate. Funding commitments will be key to Scottish agriculture's success or failure in delivering on so many fronts. It's obvious that fairer returns from the supply chain are needed if Scottish agriculture is to continue to underpin the food and drink sectors which are so critical to Scotland's future prosperity.

# Dairy contracts

We submitted comments to Defra and Scottish Government on the draft Regulations. We worked with NFU Cymru, NFU and the Ulster Farmers' Union to develop joint positions on the need to reform dairy contracts for several years and we were pleased to finally see sight of the draft regulations.

The draft regulations take massive steps to address some of the key areas of fairness and transparency in the dairy supply chain in the UK. However, in Scotland there are a limited number of milk fields, geographically positioned in a way that underlines the supplier's vulnerability. There are no alternative milk purchaser options or additional routes to markets – Scotland dairy farmers are very exposed. We will continue to put Scottish dairy farmers first as new legislation goes through Parliament.

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# REGIONAL HIGHLIGHTS

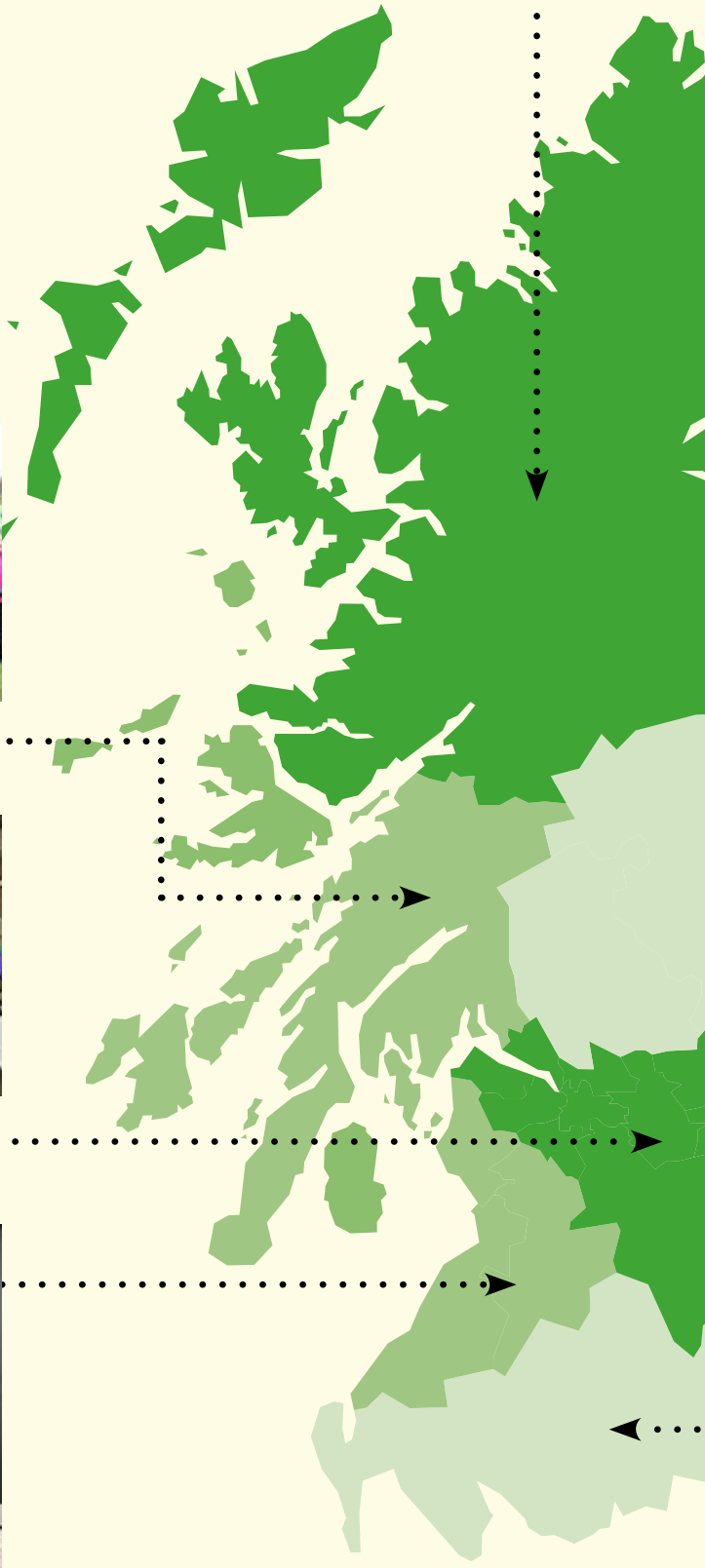
# CHANGE AND DELIVERY

## snapshot from Regional teams 2023

NFU Scotland represents farmers, crofters and producers from all corners of Scotland. Our ten regional teams continue to work hard to deliver support to members, understand and resolve local issues. They provide a critical channel to ensure input into national policy, lobbying, consultations and vice-versa. They also arrange and manage a wide range of meetings and events. Three new regional managers and the appointment of a new regional policy manager in Shetland in 2023, has seen a change of guard in the regional team in 2023. Despite these changes, it has been all go, with the team tirelessly working on what matters to you. Here are a few highlights from the year that the Regional Managers identified to provide a flavour of what's been happening.

### HIGHLAND

We increased MSP and MP engagement hosting eight meetings on farms across the region and had an excellent Board trip to six farm businesses in the North East.



### ARGYLL & THE ISLANDS

Haulage legend Ian Connor from J.Cooper & Co, who has been helping farmers and crofters since the 1950's, was awarded this year's Stalwarts Award.

### FORTH & CLYDE

Successful collaboration with Stirling, Strathendrick and Strathkelvin Young Farmers 80th Anniversary for our annual Stockjudging at Allanfauld Farm which raised £500 for MS Society Scotland.

### AYRSHIRE

Ayrshire said a huge 'thank you and farewell' to Christine Cuthbertson after 25 years as Regional Manager and to outgoing Chair Colin Mair.

**SHETLAND**

Enjoyed meeting so many inspiring members including Nia Hunter, Agricultural Apprentice and Learner of the Year and Overall Winner of the LANTRA ALBAS awards.

**ORKNEY**

We are actively involved in the stakeholder group which has interests in the research project on welfare of livestock on Northern Isles ferry routes being undertaken by SRUC.

**NORTH EAST**

This year's Unsung Hero Award winner was Davie Delday, Inchgreen Farm. Cullen ice-cream fanatic, Davie adds a real positive "boost" to our region.

**EAST CENTRAL**

The Hammer fell for the last time at Forfar Mart. Our Angus branch and East Central Chairs facilitated an urgent online meeting to discuss potential future options.

**LOTHIAN & BORDERS**

Excellent turn outs including lots of new faces and politicians at our on-farm meetings covering a board range of topics such as livestock, arable and renewables.

**DUMFRIES & GALLOWAY**

Langholm branch members were given a very interesting and engaging presentation focusing on peatland restoration by Dr Emily Taylor from the Crichton Carbon Centre.

# From the VICE-PRESIDENT
## Andrew Connon

It was a great honour to be re-elected as NFU Scotland Vice-President in February at the AGM in Glasgow. This year I have again visited every region, attending meetings, shows and farm visits, engaging with members.

Future agricultural policy is slowly being carved out, however across all sectors, current daily issues include market and input price volatility resulting in huge pressures on gross margins and profitability. In addition, over regulation, gold plating of standards, supply chain disconnect, lack of border controls, labour shortages, wage inflation, energy costs, pressures on land use and the impacts of animal and plant diseases particularly avian influenza, create huge pressures on our industry. Across NFU Scotland committees I have been working hard to highlight and lobby on these issues with industry stakeholders and both the Scottish and UK Governments. Progress and success can be slow to achieve but I firmly believe we must always keep the pressure on and not give up. We need to see active, profitable farming and livestock as well as people in rural areas. Developing Next Generation opportunities, tackling supply chain fairness, engaging with retailers and food service as well as renewable energy opportunities are some of my current workload priorities for our fantastic industry.

# From the VICE-PRESIDENT
## Alasdair Macnab

I was honoured to become Vice-President a role I regard as one of service to members and the industry. It's a varied position in which I am overseeing several key committees: Legal and Technical, Environment and Land Use, Milk, Pigs, Horticulture, Crofting and Education. Within the role I have the opportunity to promote Committee policy lines to politicians and stakeholders. Armed with this broader view of the industry I get across the key messages from members to those who make decisions.

During the year, I've addressed some big challenges facing the sector such as TB in cattle, Red Tractor's Green Faming proposals, and learning how to get the Union's messages across effectively. Given the huge amount of national infrastructure being planned over the next ten years I set up the Road, Rail, Utility Group to agree a process by which statutory powers of access are implemented by Utilities.

It's a privileged to work with a very talented and experienced staff team across the Union all of whom are providing me with great support and advice.

Attending shows over the summer, a host of winter meetings as well as key industry and NFU Scotland events I've been able to listen to members and discuss their key issues firsthand.

# Communications

The impact of having a dedicated communication team supporting the whole NFU Scotland team is clear, especially when it comes to crisis communications.

The severe flooding that hit part of Scotland in late autumn, with tragic and devastating consequences, affirmed NFU Scotland as the 'go to' organisation for reaction, comment and interview.

With most damage occurring over several weekends, the team could co-ordinate staff, officeholders and members to field the unprecedented spike in media enquiries and organise short notice press invites.

As national and local requests came in from newspapers, magazines, TV and radio stations it was appropriate, given lives had been lost, that the scale of damage was reported accurately and sensitively.

Our response helped cement relationships with major broadcasters like BBC Scotland, STV, ITV Borders, Sky TV and Global Radio as well as key agricultural press. Considerable thanks go to the many officeholders, members and staff who assisted in fielding the calls we received.

The follow up, with our demands around floodbank repairs, river management and beaver impact then became the focus of our Autumn conference at the end of October when, once again, we secured valuable TV, radio and newspaper coverage.

To complement the media coverage we secure, NFU Scotland continues to ensure our members are kept informed. Approximately 8000 unique visitors go to our website www.nfus.org.uk each month for news and blogs, logging into the members' area for member-only content and business guides. Our social media sites on Facebook, X (formerly Twitter) and Instagram continue to grow. A focus on Instagram and attracting a younger audience saw our Instagram following increase from a few hundred to almost 2000 in a year.

The Union now has just under 16,000 followers for its Facebook page and each region has its own Facebook page providing dedicated regional coverage. In addition, we now have more than 13,000 followers on X.

These three social media platforms, all with slightly distinct roles to play in communications, have a fundamental part to play in sharing the work and priorities of the Union with an audience far wider than our membership.

The central plank of our communications with members, our monthly Scottish Farming Leader magazine, has finished 2023 on a high note. A new publication deal and a new, refreshed look sees our flagship publication in top shape as we enter 2024.

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# This year...

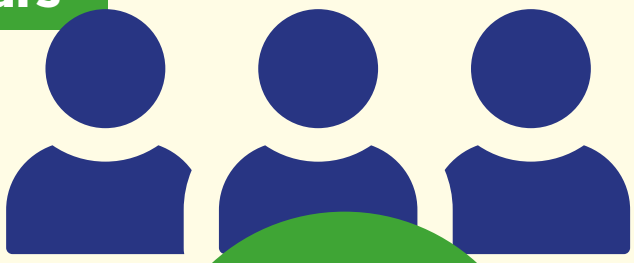
**100**

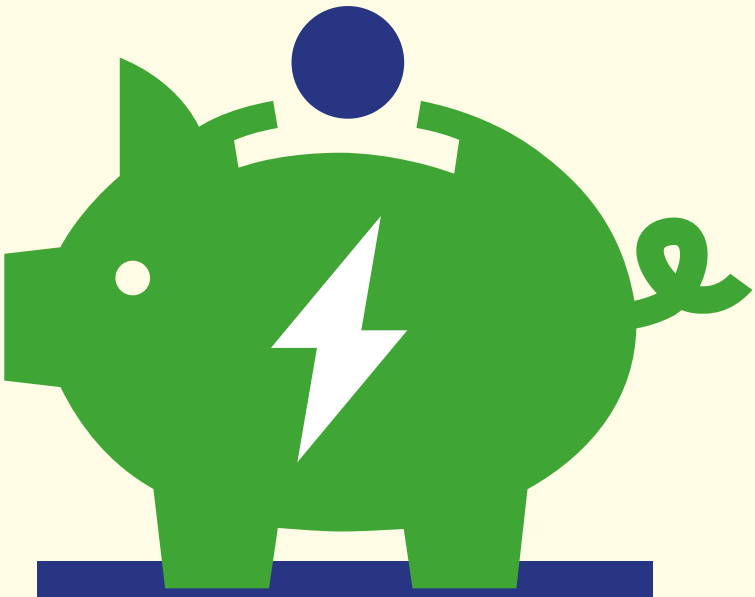
NFU Scotland reference nearly **100 times** at **Holyrood** and **Westminster**

Met with all **Scottish party leaders** and **First Minister twice**

In 2023 we've had **two First Ministers** and **one new DEFRA Secretary**

**1st in-person National conference held in three years**





Members are **saving** on average **£375/year** through NFU Energy

We've had meetings with **over 150** MSPs, MPs and Lords

Members have saved over **£1.6 million** on almost **400** vehicles purchased though exclusive affinity deals.

Work with **over 35** Affinity partners

Our 59 Scottish constituencies will be **moving down** to **57** at the next election.

**57**

Out of more than **1000 organisations**, NFU Scotland records the highest number of engagements with MSPs (Scottish Parliament Lobbying Register).

Approximately **8000** unique visitors to **www.nfus.org.uk** each month

**13,000** followers on X **NFUStweets**

Instagram following increase to almost **2000** **nfuscotland**

**16,000** Facebook followers **nfuscotland**

# 2023 FINANCIAL REPORT

A busy and demanding year for the Union is reflected in our finalised 2023 accounts which can be found in full on the NFU Scotland website at **www.nfus.org.uk/media/financial-report.aspx.** From the home page please click the 'Media' drop down option on top toolbar. Operating turnover has continued to increase to £3,245,883 of which administrative expenses were up by £282,892. The NFU Scotland Board of Directors had approved a structural deficit of £250,000 for the year in September 2022 and the accounts reveal an operational deficit at £214,645 coming in safely under that precautionary figure. In a significant reverse to the previous year's result, a very strong performance by the Union's Investment portfolio means a recorded deficit for the year of £148,291, a reduced figure from a posted deficit of £193,265 for 2022.

# MEMBERSHIP

Members continue to benefit from access to the various services we provide whether that be the free helplines or the exclusive discounts on offer. We work with over 35 partners and are continually looking for opportunities that will appeal and deliver for members. In the past year, for example, almost 400 vehicles have been purchased using our exclusive affinity deals amounting to more than £1.6 million worth of savings. In March, we launched NFU energy, offering dedicated support and advice to help reduce energy costs. NFU Energy have already received more than 350 calls from members and are on average saving members £375 per annum on their bills. We also added Barclay Communications to the mix, offering members market leading and exclusive offers on mobile and broadband rates. With more partners and attractive discounts being added regularly, members are encouraged to visit the Member Benefits section of the website.

## Dialling into members' needs

With the addition of another free helpline in 2023, we have boosted what we offer our members via bespoke over-the-phone services. The five helplines provide accessible support and advice for agriculture vehicle and transport, legal and tenancy, dairy, tax, and utilities and infrastructure. Our host partners receive regular calls via these channels confirming the value members place on having such resources available to them.