BIAC Business Management Conference

Oliver McEntyre – National Strategy Director, Barclays Agriculture

Supporting the roots of UK agriculture since 1744

Dedicated support for the UK farming sector.

- As a client of Barclays Agriculture, our long pedigree in the farming sector means you can rely on us to understand your needs and find the right solutions.
- Barclays has over 327 years of banking experience, and our dedicated support for agriculture began over 270 years ago.
  Our dedicated Agricultural Managers, across the UK, harness this heritage and knowledge to give them a genuine insight into the challenges you face and the agricultural finance solutions that can help.
- Industry knowledge, an experienced team, sector specialisms and full UK coverage are just some of the reasons why farmers and growers might choose to bank with Barclays.

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UK Bank Lending Figures

Debt Down

0.38%

YoY

Drawn Debt

£18.753 billion

Credit Balances

£8.839 billion

Credit Up

1.8%

YoY

Source:

Bank of England December, 2019

Basic Payment Scheme (BPS) Year 1

Direct Payment band**	Reduction percentage
Up to £30,000	5%
£30,000 - £50,000	10%
£50,000 - £150,000	20%
£150,000 or more	25%

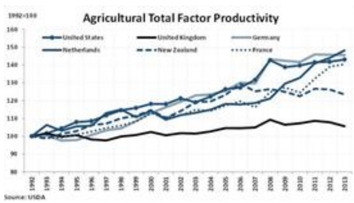
**For example, for a claim worth £40,000, a 5% reduction would be applied to the first £30,000 and a 10% reduction would be applied to the next £10,000

- No change expected in 2019 or 2020 (TBC)
- 7 year transition period from 2021 (TBC) – then no Area Payments from 2028 (TBC)
- Flexibility to lengthen or pause the transition
- No Provision to reverse the transition

Source:
Agriculture Bill: Analysis of the impacts of removing Direct Payments, September 2018
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/740669/agri-bill-evidence-slide-pack-direct-payments.pdf

Transition Period

Committee on
Climate Change



£

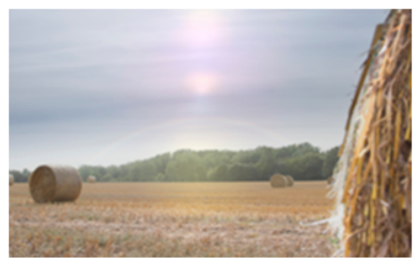
£

£

2028

2025 - ELMs

2020 - BPS



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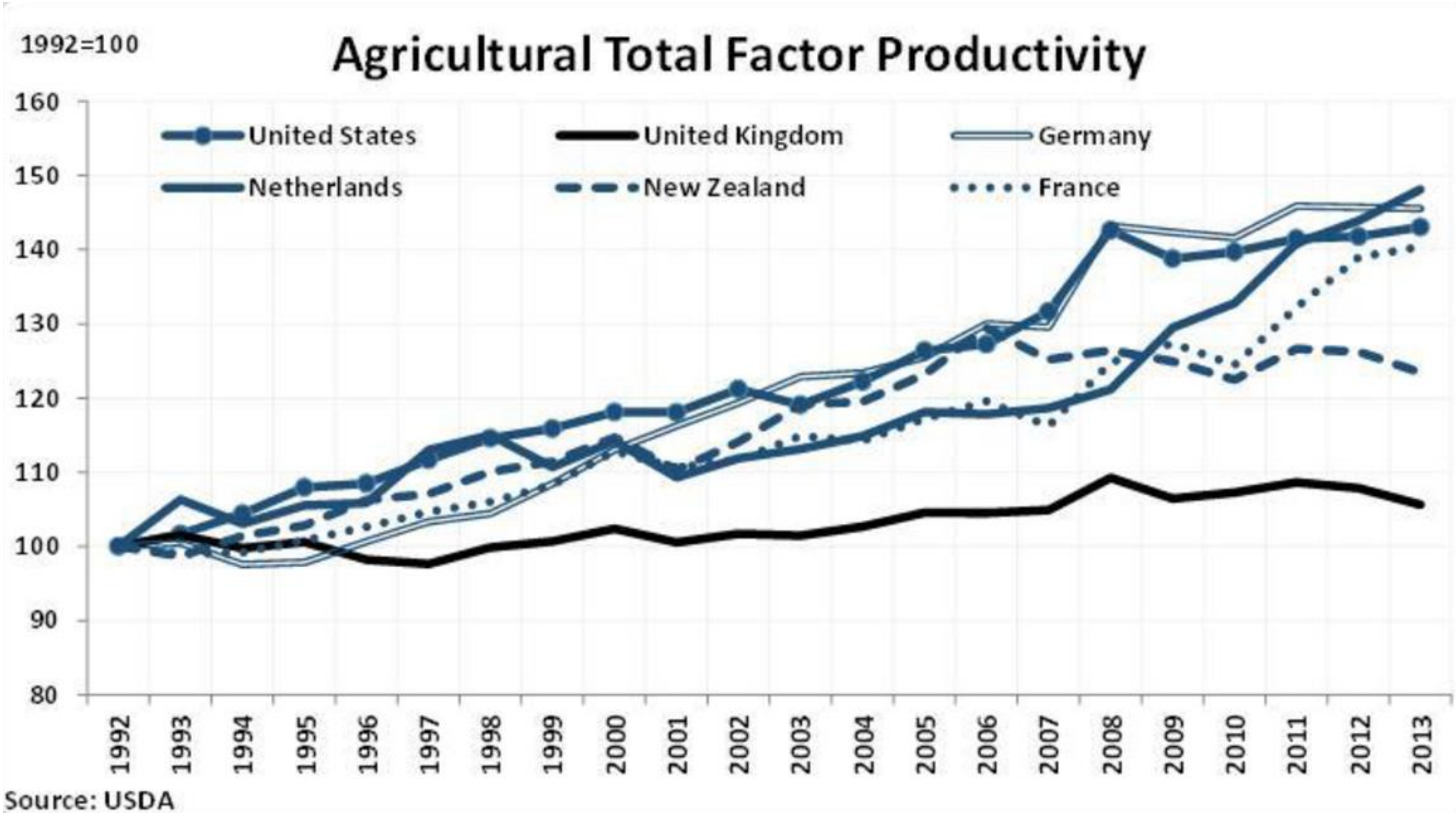
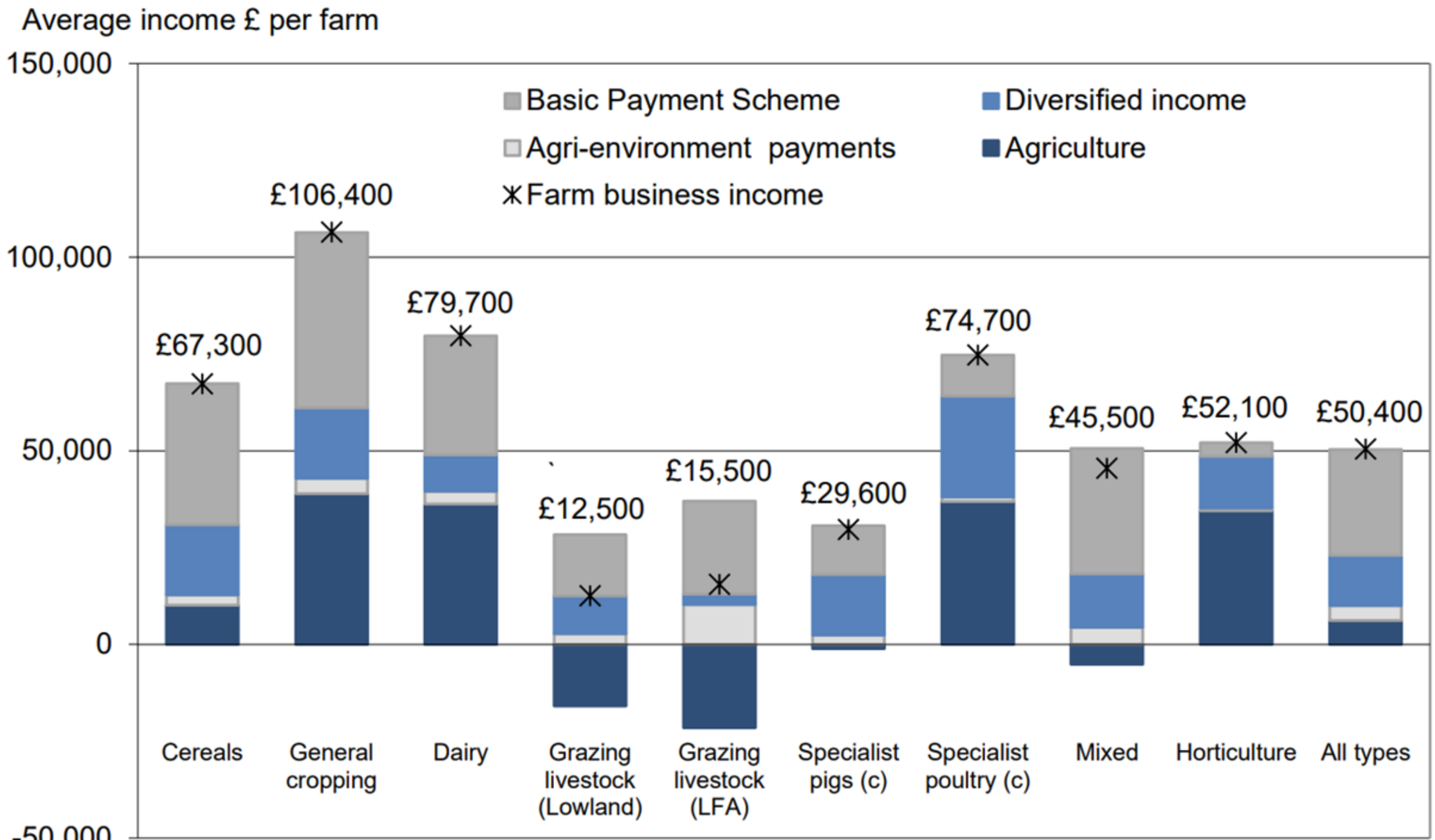
UK Productivity

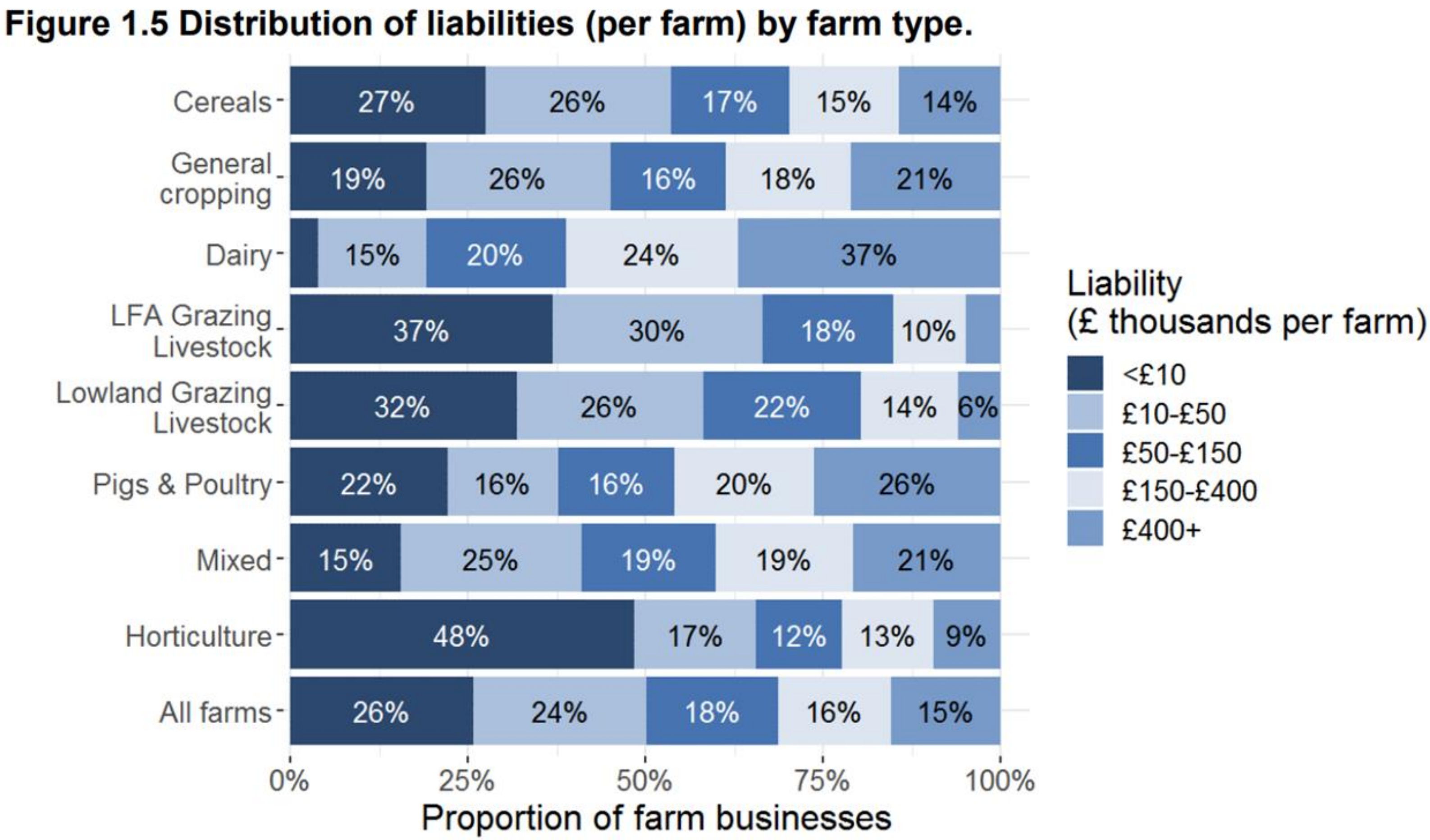


Profitability by Income Base & Sector



Source: Defra Farm Business Survey 2019/2020

Liabilities by Farm Type



Proportions below 5% have been hidden.

Source: Defra Farm Business Survey 2019/2020

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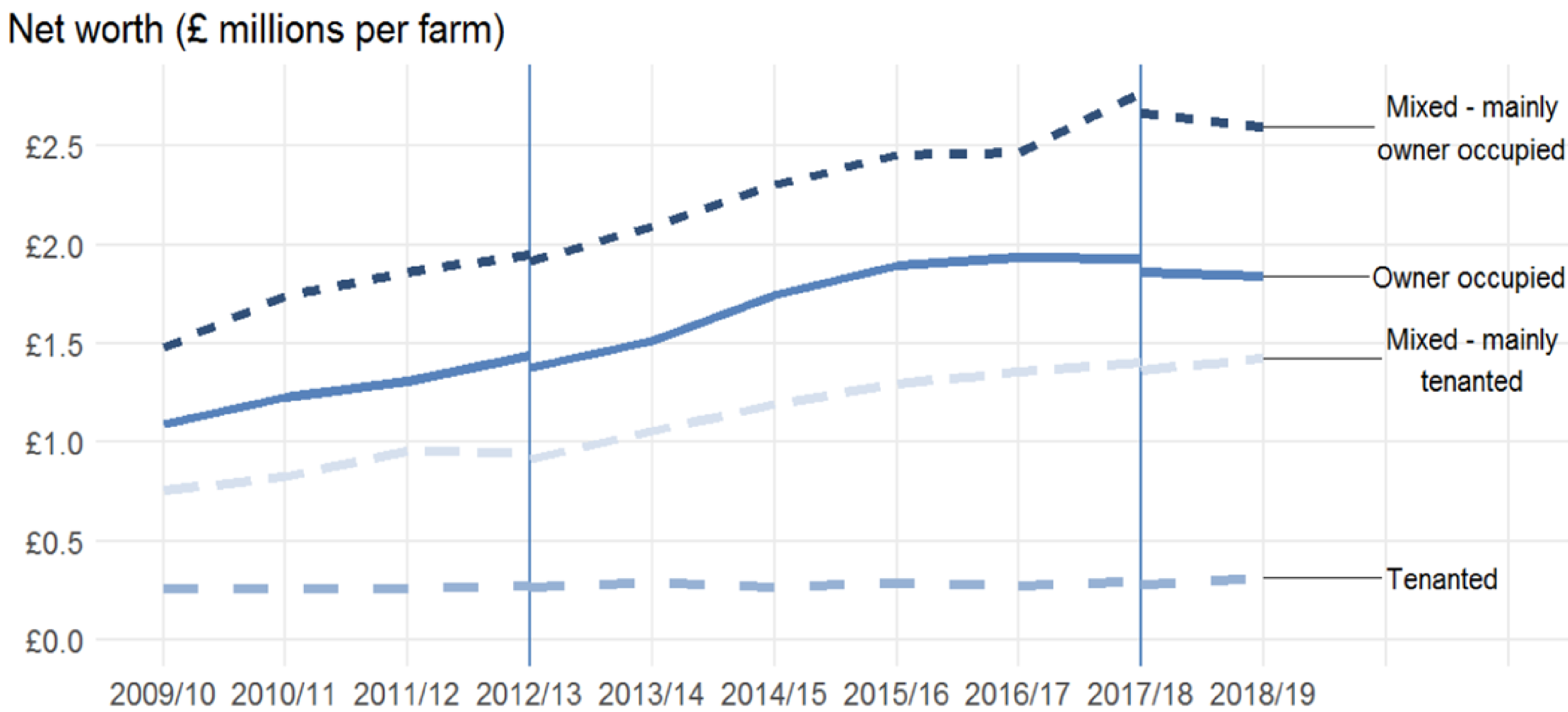
Restricted - External

Average Farm Net Worth

Figure 2.3 Average net worth by farm tenure.



Source: Defra Farm Business Survey 2019/2020

Return on Capital

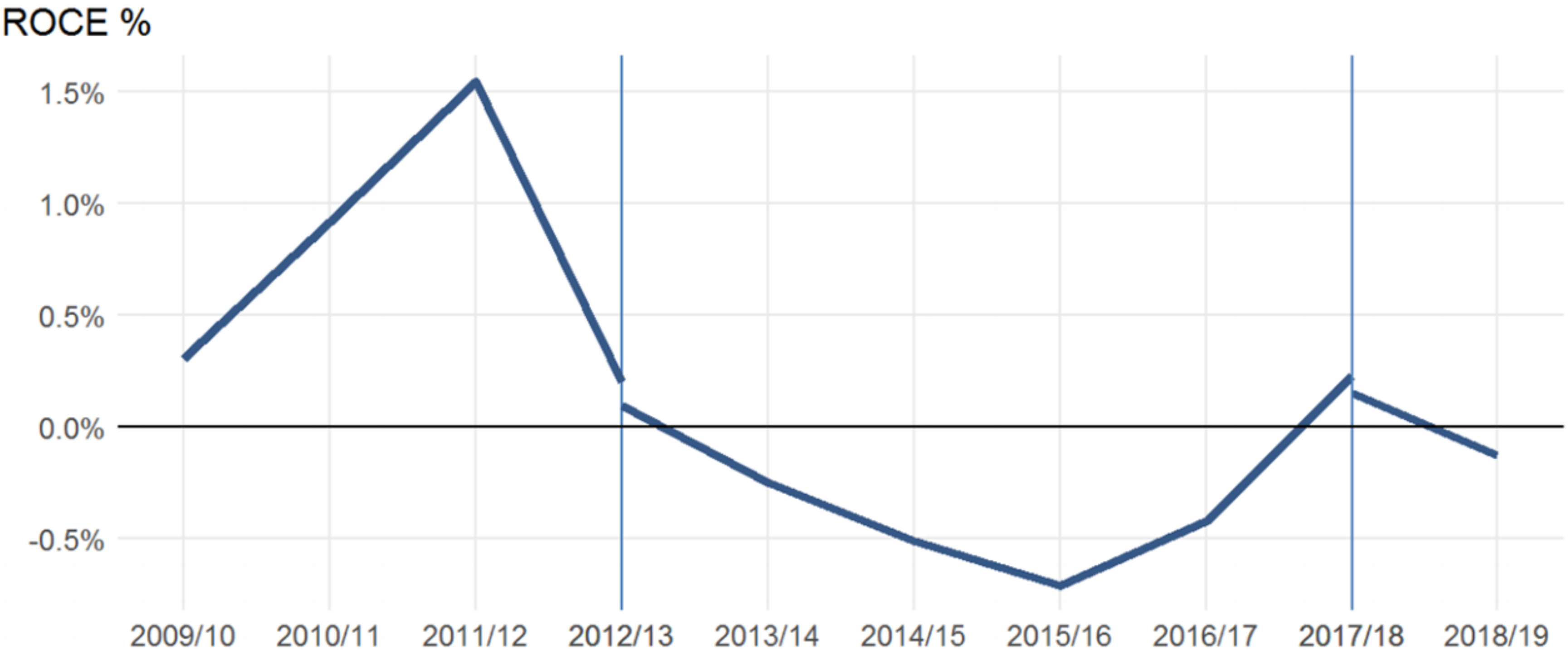


Figure 6.1 Return on capital employed (ROCE, median values) per farm.

Source: Defra Farm Business Survey 2019/2020

Agriculture – the Key to Climate Change

Committee on Climate Change

Major shift in UK land use needed to deliver Net Zero emissions

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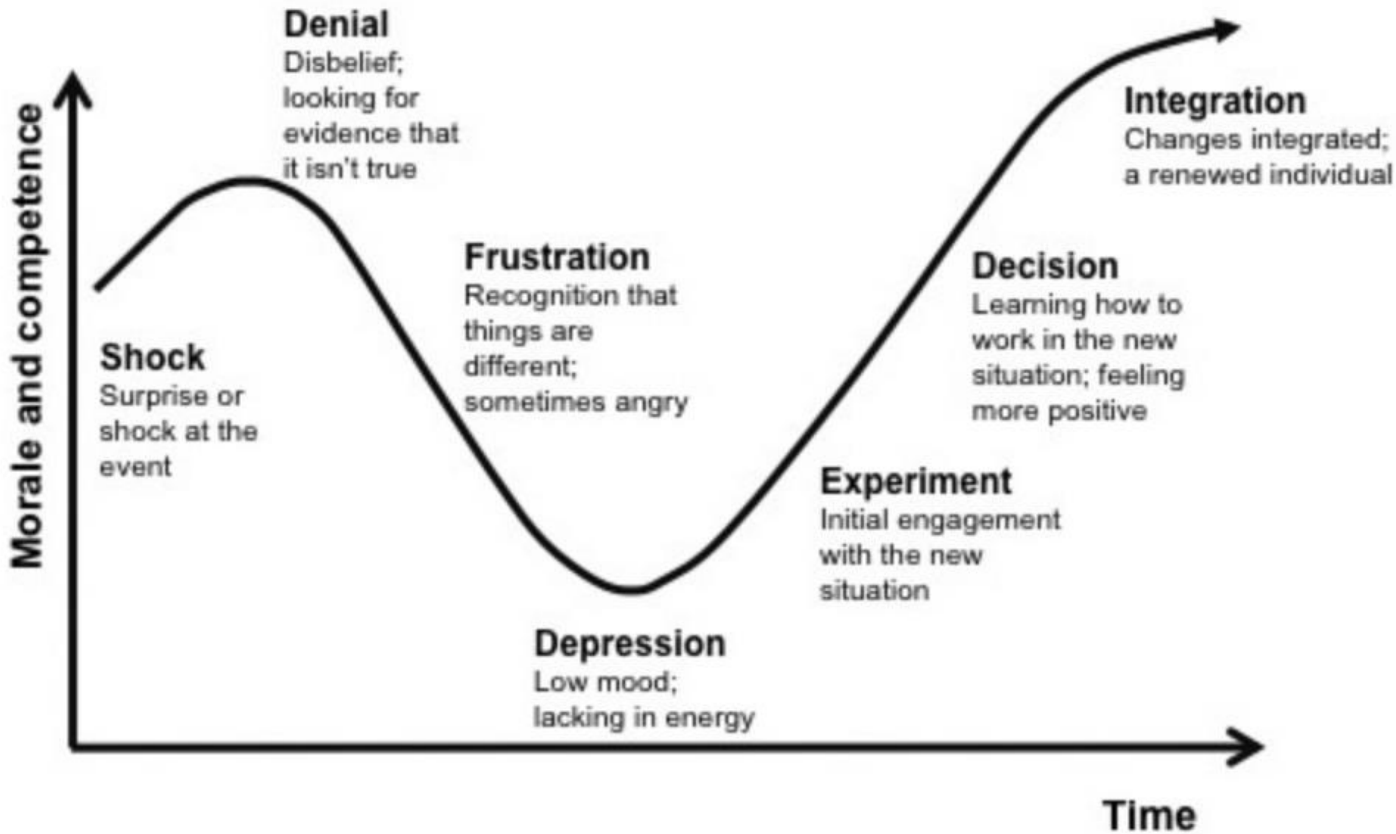
Kubler-Ross Change Curve



https://ic-space.gcs.civilservice.gov.uk/change-communications/understanding-how-people-react-to-change/

Lending Basics

Character
Ability
Management
Purpose
Amount
Repayment
Insurance

Focus on profitability

Top 25% all-year-round calving herds made 12 .6ppl more margin than the bottom 25 per cent and costs were 10.5 ppl lower*

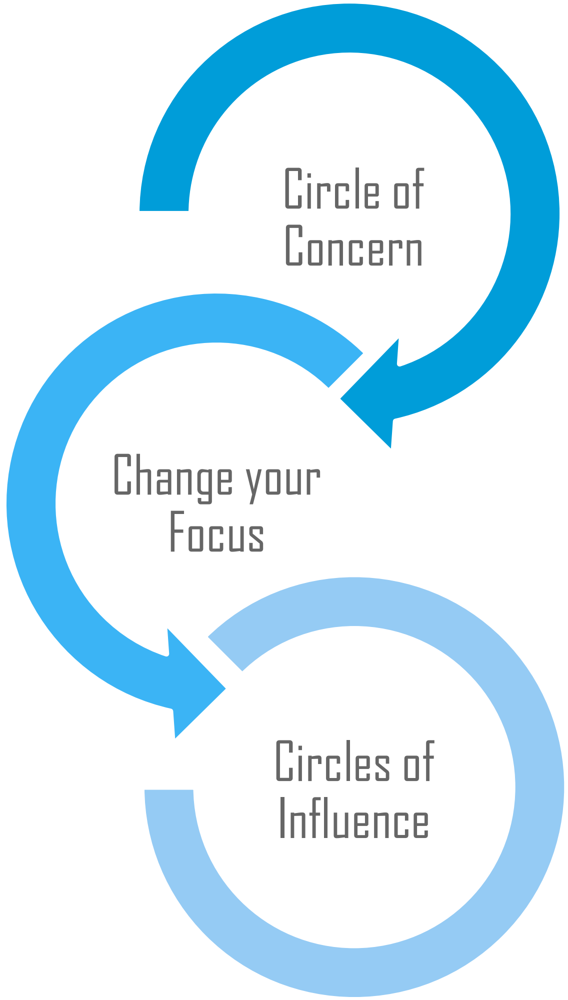
Think margin
not yields
A good yield doesn't always
equal margin

What is the cost of
production

Contract
Location
Succession
Management

Source:
Lower costs drive profits on the top dairy farms, AHDB, April 2019
https://ahdb.org.uk/news/lower-costs-drive-profits-on-the-top-dairy-farms

Consider your circles of influence



Very often the outcome of a situation is not the scenario presented - that is just the backdrop. It is the actions taken which define the outcome

Transition Period Conclusions

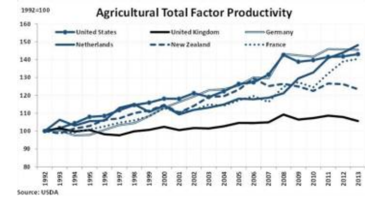
1

Subsidy/Environmental Payments

2

Labour & Technology

3



Management/Efficiency & Benchmarking

4

Committee on Climate Change

Carbon & Climate

5

Public Opinion

6

£

Cash will always be king

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A Brave New Dawn

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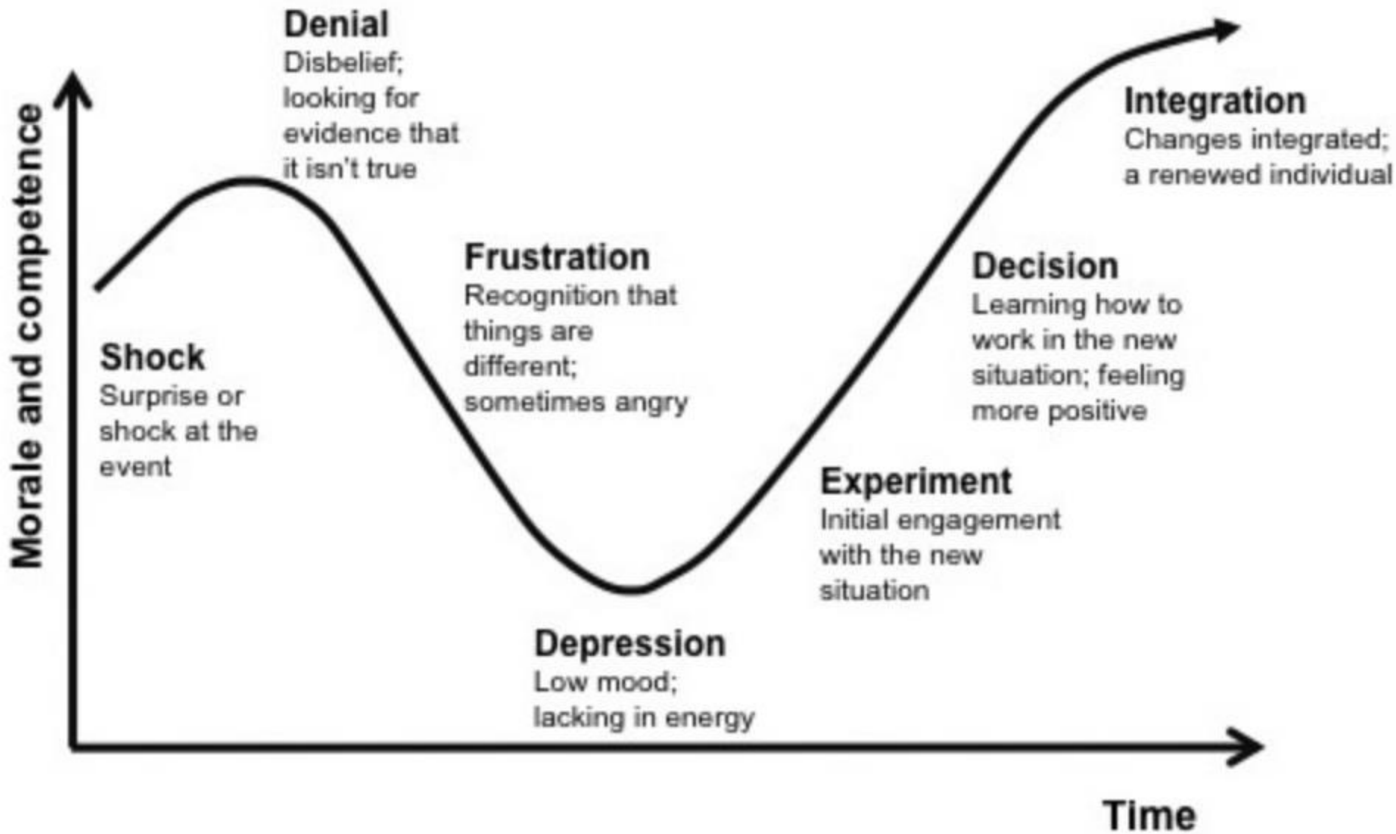
Kubler-Ross Change Curve



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