

# COVID 19 Updates

Information correct as at 14:20pm on 23.03.2020

## Technical Updates and Information

### Feed Markets Update

#### Headlines

- Turbulent feed markets are reacting to the effects of Covid19
- Crude oil prices remain low
- Rapemeal prices rising due to depressed crush margins and reduction in crushing activity
- Soyabean meal prices rising on the back of rumours of disruption at Argentine ports (due to Covid19)
- Weakening £ (now at 35 year low) raises import prices and makes UK wheat more attractive for export markets
- Supply shortages on certain mid proteins (soya hulls / distillers' grains) looming
- Biotin prices rise from £8,000/t to £40,000/t due to factory closures in China, potentially adding £170-£200 to cost of minerals

#### Cereals

The buzz word in the markets is volatility. The weak £ is continuing to underpin UK wheat values, with new crop prices on the Nov-20 LIFFE reaching £170/t. Volume traded was limited due to the poor harvest outlook. There is rumoured to be large purchases from China on US wheat, and Saudi Arabia is rumoured to be in the market for 720KT of feed barley. Traders are concerned about crop conditions in the UK, EU and dry conditions in the Black Sea which are set to prevail until early April. CBOT maize corn prices have also risen following wheat and soaring energy prices. Because of the low oil prices in recent weeks demand for ethanol has fallen, giving rise to the closure of production plants and this could reduce demand for maize and wheat for ethanol production.

Guide Prices (Ex Store £/t) <small>(Add £10-£20 depending on Area)</small>	Spot Price	April 2020	Forward Prices	
			May-Oct	Nov-Apr
<b>Wheat</b>	160	170	160	169
<b>Sugar Beet Pellets</b>	186	187	184-189	180
<b>Soya Hulls</b>	173	173	169	175
<b>Maize Distillers</b>	219	219	219	219
<b>Wheat Distillers</b>	230	230	223(MJJ) 217(AO)	220
<b>Wheatfeed</b>	164	164	165	NQ
<b>Rapemeal</b>	POA	POA	223(MJJ) 202(AO)	225(NJ) 202(FA)
<b>Hi Pro Soyameal</b>	365	324	313(AM) 320(JO)	317

#### Proteins

With low crude oil prices, comes low vegetable and palm oil prices and depressed crush margins. This may result in a lower volume of rapemeal and soybean meal available hence further

possible price rises. Rapeseed stocks and next year's production remain under pressure. The weak £ is also bad news for imports, UK Soyabean meal prices are at their highest since December. Additional weather factors such as the recent dry/hot spells in Argentina are affecting the soya crop, the South American crop is expected to hit the market in the coming weeks hopefully capping any potential rise in oilseeds prices (especially Soya). The supply side of the equation could be further stifled by delivery issues at ports due to Covid19 restrictions.

## Other Key Products & Considerations

The markets are experiencing supply issues on Soya Hulls and Wheat / Maize Distillers. Compounders and blenders may have to start substituting these key products with products like sugar beet pellets. With the lack of sporting activities comes a reduction in brewing and brewer's grains are also running short. Certain key vitamins (such as Biotin) have also seen prices rise. If you are not covered on energy and proteins for the next 2-3 months it may be prudent to do so, even at these higher prices. If you have followed our previous advice and are covered well into the Autumn / next spring, it is important not to overreact, but keep a close eye on the markets and extend your cover if and when the opportunities arise.

All feed products are likely to suffer from extended lead and delivery times, so give your suppliers plenty of notice and make suitable delivery arrangements to help avoid the spread of Covid19. It is also important to remember that in the coming weeks cows will be out to grass and demand for commodities will potentially drop by 25%.

## Fuel & Fertilisers

On a more positive note, farmers should benefit from the effect of lower oil prices on the cost of fuel and fertilisers.

## Product delivery and general information including Advance

- To protect yourselves, and drivers delivering to farm, drivers should be asked to remain in their vehicles as much as possible.
- Those taking deliveries should keep the recommended 2m distance from delivery drivers.
- Some haulage companies have initiated a no contact approach where the driver will sign the delivery note on your behalf, obtaining a name only to reduce contamination as much as possible.
- It is understood that the virus can live on hard & damp surfaces for up to 72 hours, wherever possible, we recommend you 'quarantine' the product for 72 hours before touching the pallet/bags.
- Please ensure you wash your hands after any delivery.

## Seasonal Issues

### Magnesium deficiency at spring turnout:

The rapid growing nature of spring grasses poses a risk for magnesium deficiency, or grass staggers, in grazing cattle. Spring grass is low in magnesium and fibre and consequently passes through the rumen rapidly and has little time for the magnesium to be absorbed. Higher protein, potassium and oil content in spring grass also disrupts the efficiency in which the rumen can absorb magnesium from the cow's diet. Therefore, it is essential to provide additional sources of magnesium in cows' diets at this time of year, either in the form of high-mag licks in grazing pastures or supplemental Mag Oxide in the buffer feed at a rate of 50g/head/day.

### Fertiliser for 1<sup>st</sup> cut:

- How much N should be applied for 1<sup>st</sup> cut?
- Use the rule of thumb that grass will take up 2.5kg N/ha/day (2 units/acre/day).
- Total applications for 1<sup>st</sup> cuts will depend on planned cutting dates.

For mulitcut systems with a target cutting date of early May total applications should not exceed 100kg N/ha (80 units/acre). For traditional 3 cut systems, this can be increased to 120kg N/ha (96

units/acre). Remember to take account of the contribution from slurry- using book values allow for 9kg N/ha (7 units/acre) of available N for every 11.25 m<sup>3</sup>/ha (1000 gallons/acre) of slurry spread.

Where different materials have been planned for spring application then it will be necessary to go with 2 dressings. If the same product is going to be applied, then as long as the 1<sup>st</sup> is applied in the next few days then a 2-dose strategy will spread the risk of leaching.

Should spreading be delayed further then total amounts should be reduced by 2.5kg/ha/day (2 units/acre/day) e.g. if applied on 7<sup>th</sup> April with a target cutting date of 7<sup>th</sup> May application rate should be no more than 75 kg/ha (60 units/acre)

## Policy & Business Update

### Government Support for Businesses During the Covid-19 Pandemic

#### Coronavirus Business Interruption Loan Scheme CBILS (Farm Businesses):

- This is aimed at small to medium businesses experiencing cashflow problems as a result of the Covid 19 pandemic.
- The Government will give a partial guarantee of 80% for each loan and it will be interest free for the first twelve months
- The scheme will be delivered by the British Business Bank to support businesses to access bank lending and overdrafts.

More information to follow when the scheme goes live week commencing 23<sup>rd</sup> March 2020.

<https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbils/>

#### Coronavirus Corporate Financing Facility CCF (Milk Processors):

- This is aimed at larger, corporate businesses
- CCF involves an agreement whereby the Bank of England will buy short term debt from companies.

These lending options will support companies which are fundamentally strong, but have been affected by a short-term funding squeeze, enabling them to continue financing their short-term liabilities. <https://www.gov.uk/government/publications/launch-of-covid-19-corporate-financing-facility-ccf>

#### Tax Relief:

- VAT payments for all firms, businesses for the next quarter to be deferred to the end of June 2020.
- Self-assessment income tax will be deferred.
- HMRC's 'Time to Pay' scheme has been extended. If you are self-employed or own a business and you are concerned about not being able to pay your tax bills because of COVID-19 you may be eligible for support.
- A new helpline is available at 0800 0159 559

#### Off-payroll Working:

- Changes to the off-payroll working rules (IR35) have been delayed for one year and will now come into effect on 6 April 2021.

### **One-off Cash Grants & Business Rate Holidays:**

- These financial support schemes do not currently apply to farm businesses; however, any hospitality, retail or tourism diversifications may be eligible.
- Businesses with receiving rural rate relief will be eligible for a one-off £10,000 grant.
- If you are an eligible business, your local authority should be in touch in the coming weeks.

### **Business Insurance:**

- The government's medical advice of 16 March is sufficient to claim on any insurance policies that cover pandemics and government ordered closure - provided all other terms and conditions in their policy are met.

Given the rapidly changing nature of the outbreak and its effects, support options and who is eligible is likely to change. We will be releasing regular updates on current and emerging government policy and legislation to allow our clients to take full benefit of any support that becomes available.

The following link provides information on the schemes listed above

<https://www.gov.uk/government/publications/support-for-those-affected-by-covid-19/support-for-those-affected-by-covid-19>

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### **Mortgage Relief:**

- Mortgage 'holidays' up to three months will be available to households under financial pressure due to illness or isolation. While a person is taking a payment holiday, the interest that would have been paid will still accumulate to be paid at a later date, and the capital sum of the loan remains. Credit scores will not be affected.
- It is not yet clear if this legislation applies to domestic households only or also applies to businesses.

### **Other policy and legislation changes relating to agriculture:**

#### **Support for English farmers affected by flooding**

- Extension of Farm Recovery Fund to provide financial support for those affected by February's floods
- £6m pot giving access to grants ranging between £500 and £25,000
- Farmers affected by floods in parts of East and North Yorkshire, Gloucestershire, Worcestershire, Shropshire, Staffordshire, Nottinghamshire and Herefordshire will be eligible
- Grants to cover uninsurable repair costs, such as the re-cultivation of farmland, including re-seeding, replanting cover crops and alleviating soil compaction
- More information will follow from the Government on how to access the grants

#### **Relaxation of "three crop rule"**

- Blanket derogation in place for the crop diversification requirements known as the "three crop rule"
- Planned legislation to relax this rule for all farmers for 2020
- Allowing those who are unable to access their flooded land to plant spring crops over the coming weeks and months to not be penalised
- Further information will be available once the amendment has been approved by Parliament

## Basic Payment Scheme (BPS) and Environmental Stewardship Schemes 2020

- The BPS application window is now open for you to claim for your 2020 payments.
- You are being encouraged to apply as soon as you are able and ensure applications are submitted ahead of the deadline of 15 May without penalty.
- If you have an existing Countryside Stewardship (CS) and Environmental Stewardship (ES) the window to apply for these is also open with the same deadline 15 May.
- As the UK has left the EU, payments will be made in Sterling, from 2020 BPS scheme year.
- The change will make no difference to the timing of BPS 2020 payments which, along with CS revenue and ES 2020 payments, will begin from December 2020.
- The level of funding available for BPS Direct Payments for 2020 is the same as for 2019 and it intends to set the exchange rate at €1 = 0.89092. This is the same as last year so that you will see no material difference in your BPS payment in 2020.

## People & Labour Update

The rapidly developing nature of the guidance relating to the Government's response to Covid-19 means that a lot of current Government guidance is not yet legislation (but soon will be) and remains advisory. At present it is important to understand that following this advice represents good practice for your business, teams and for the larger community:

- Being relaxed in relation to sick notes for those self-isolating (for themselves)
- Honouring company sick pay, if applicable
- Offering payment alternatives for those stuck abroad i.e. extending holiday days, paying (lump sum/part payment) but offering to 'make-up' hours

Times are uncertain both for businesses and individuals so building loyalty by appearing 'fair' will be beneficial in the long-term.

### When and how do employees get paid?

Employee...	Sick leave	SSP	Company sick pay (if applicable)	Option of working from home	Normal Pay	Unpaid Leave
Has Covid-19	Y	Y*	Y**	N	N	N/A
Self-isolates for 14 days in line with medical advice	Y	Y*	Y**	Y	N	N/A
Self-isolates through choice, without medical advice	N	N	Y	Y	N	N†
Unwell, not Covid-19	Y	Y	Y	N	N	N/A
Requested to self-isolate by employer, not medical	N	N	N	Y	Y	N/A
Absent due to school or nursery closure	N	N	N	Y	Y***	Y
Well but workplace closure due to Covid-19	N	N	N	Y	Y††	N

\*From day one

\*\*may be entitled to additional pay under any company sick pay scheme, advisable to honour from day one

\*\*\*If able to carry out duties remotely

†Unpaid leave is discretionary. Refer to disciplinary policy to see if disciplinary action is necessary

††only if applicable, employees get paid even if not possible

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For further discussion or to help with any questions that you may have, please contact Consultant Support on [consultantsupport@kiteconsulting.com](mailto:consultantsupport@kiteconsulting.com) or 01902 851007 / 07542 403225