

## BMR CHAIRMANS REPORT

7th November 2018

To make a statement of the obvious Agriculture is effected in so many ways by weather. As much as we can to minimise the risk, it is out of our control and we have to manage the seasons as they happen. 2017 was a very wet autumn and many winter crops were never sown, the winter was long and difficult with three periods of snow putting pressure on scant resources of forage and straw. This culminated in the ‘Beast from the East’ which caused so much hardship and loss especially to those with lambing sheep. Spring took an age to arrive and it wasn’t until the third week in April that the ground dried up for the drills to come out in force. From this very late start we went straight into summer and a prolonged period without rain, so in a period of less than 12 months we had almost every climatic variation you could think of. It is in facing up to these challenges and helping mitigate the effects that this organisation comes to its fore. Whether it be finding a machine at short notice, sourcing labour or buying best value inputs including fuel, straw & forage, BMR is there to fill the need, and as you can see in the accounts the business has had a very solid year.

We have just reached a milestone with the membership now exceeding 1000. This was one of the targets we set ourselves in the five year strategy we put together in 2014, along with an ambition to buy our own offices. It is very satisfying to look back over those five years and see how we have realised our ambitions. The 24 hour sessions the directors spend away from the business every five years or so are invaluable and really gives the executive a focus and the business a direction of travel.

Trading activity increased by 15% for the year to April 30<sup>th</sup> to £6.6 million. Core Contracting turnover increased slightly due to the difficult 2017 harvest. Labour supply either member to member or self-employed has continued to grow, and there has been increased demand throughout the year due to a reduction in full time employed staff on farms. There was also increased demand for casual labour including grading staff, stone pickers and roguers. Labour availability in the industry remains a major concern with lack of young entrants and continued Brexit uncertainty along with the weaker pound reducing the number of EU Nationals available.

The net profit for the year is £54,000, an increase of £36,000 over 2017. You will see that on the balance sheet shareholders’ funds stand at a healthy £425,825.

Labour supply through our sister company Border Area Services Ltd (BASL) grew to £326,835 , up £20,000 on the previous year. WE have more full time employees out on members farms. There are more enquiries from members on using BASL workers due to the tightening of employment law by HMRC and the grey area on self-employed status. This, along with the increased paperwork required regarding auto enrolment for pensions and holiday pay. But sourcing quality labour remains a challenge. As a result of higher labour throughput there has been an increased management fee paid to BMR.

On the training side turnover increased, demand looks positive for the coming winter as insurance companies seem to be looking closely at businesses and certificates held. BASL is also looking at offering more online Lantra modules as well as management and personal development courses.

Training courses hosted at BMR offices are working really well, with members giving very positive feedback on the facilities both in the office and using our paddock outside. Running courses at the office gives staff more contact with members staff.

The new office has been a real boost to the business. Not only is it a greatly improved working environment, it has given BMR a much more visible presence as well as making sound financial sense. The five rooms on the first floor are now all let with four different businesses occupying the space. There is a great buzz in the building.

The continued relationship with Anglia Farmers now rebranded as AF brings members big savings on mobiles, chemicals, electricity and vehicle Fleet Deals. AF relationships with local chemical distributors have improved greatly. They are now seen as a key partner to BMR and these supply firms. There are member meetings planned for chemicals and IT early next year

We work closely with the SMRA with all rings sharing a stand at the Highland Show, as well as Agriscot later this month. We work together on computer software, the national ring deal with CASE IH has been continued for 2017 giving ring member rebates on CASE IH machinery. SMRA now have a direct deal with Toyota UK for competitive fleet discounts. There are currently over 7000 members nationwide. SMRA is working to look at the replacement of the existing computer system which was designed and is currently serviced by Farmdata. The key programmer retires in around 5 years' time so we need to plan ahead to manage this change

On the technology front we are always looking at IT solutions to make it easier for members to work with the ring. There has been a continued increase in the number of members submitting worksheets and ordering via the new website and the App, I personally always order fuel through the App which has worked very efficiently. There has been a growth in social media being used a lot more for last minute requests, spaces on training courses and special deals. We are looking at developing the BMR App further with Tayforth & Highland Machinery Rings.

An announcement is expected in the near future from Scottish Government to hopefully confirm ongoing funding for the Ringlink Pre-Apprenticeship scheme. BMR has given full support for this to be rolled out nationally to attract young people into the industry. We are looking for Mentor/Host farmers for the 6 month scheme.

The Charlesfield biogas plant is now its 4th Harvest. It was an easier Harvest but yields are back as everywhere. BMR is very glad to be involved in project. Field work for the plant growing feedstock and invoicing is carried out through the ring office acting as a central point of billing. Good core work for the ring, fuel and plant hire.. The field work is kept local using BMR members. Bill Thomson is now back working as operations Manager and has an office at Leader House. This is working really well as Bill and Sandra work closely on this project.

As always I have to thank all the staff, they are a great team working efficiently, effectively and diligently. In July Anne Skeldon left after eight years in the office, she has been ably replaced by Angus Calder who brings a wealth of experience both practical and on the IT side. A welcome to you Angus and a great many thanks to Michael, Jill, Sandra and Sarah. BMR is great shape to face the challenges that lie ahead and challenges there will be as we leave to EU in whatever form that might take.

Guy Lee