



# Sustainability of a Livestock Market in Lincolnshire: A Feasibility Study



Prepared for: East Lindsey District Council

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Date: November 2008

## Executive Summary

- East Lindsey District Council (ELDC) commissioned ADAS to undertake a research study to determine the sustainability of a livestock market facility in Lincolnshire. This study will be used as evidence regarding the potential redevelopment of the Louth Livestock Market site.
- The study method included a review of production and sales data. A survey of Lincolnshire livestock farmers and Lincolnshire meat processing businesses as well as consultation with farming stakeholders.
- Production data shows that land use within Lincolnshire is dominated by crop production and mainly cereals. At a county level cattle and sheep production is a small proportion of the agricultural output, however much of the cattle and sheep production is clustered in the North East of the county.
- Livestock numbers in Lincolnshire have followed the same downward trends as the rest of the UK, with a few exceptions. The number of breeding ewes in Lincolnshire has decreased by 27% since 2000 which is 6% more than the rest of the UK. The total number of cattle has decreased at a lower rate in Lincolnshire compared to its neighbouring counties. The herd has only decreased by 10% since 2000.
- There are very few livestock markets in the eastern part of England compared to the rest of the UK. There is a large auction market in Nottinghamshire (Newark) which is one of the top ten prime cattle markets, and the largest in the East. There are two livestock markets in Leicestershire of which one has a reasonably high throughput of sheep, two in Derbyshire of which one has a high throughput of cattle and the other has a high throughput of sheep, one in Northampton that has high throughput of sheep. Louth Livestock Market is the only livestock market in Lincolnshire.
- The use of livestock markets has fluctuated across the UK in the last ten years. The 2001 Foot and Mouth Disease (FMD) epidemic and the consequent closure of markets were responsible for the low throughput that year and for the following years as practices changed. Whilst livestock markets were closed producers started to sell finished beef and lamb direct to abattoirs or through dealers as they were unable to send to the livestock markets.
- The stock throughput at Louth livestock market has seen a downward trend since 2001. Cattle throughput decreased by 38%, and sheep throughput decreased by 32% between 2000 and 2006. There is evidence that some events and vendors are moving away from Louth livestock market, an example is the Lincoln Red Cattle Society. The view from stakeholders is that the market is becoming financially more uncertain due to this underlying reduction in throughput and erosion of business. Lower revenue reduces the ability to invest in infrastructure and marketing activities.
- Future regulation will affect Louth livestock market and farmers to a different extent. The introduction of sheep electronic identification in the future will mean that investment will be required in new equipment on site at the market. Animal transport legislation already dictates that farmers need to have a certificate of competence for animal transport if they move animals more than 65km (40 miles). If Louth livestock market closed then a proportion of farmers who solely use Louth for selling stock would need to take the assessment test at a cost of up to £70.
- A telephone survey was undertaken amongst 150 farmers with cattle and sheep. The sample was weighted towards those that have used Louth livestock market. Of the producers surveyed, on average 51% of their income is derived from livestock sales and 39% from arable sales. The survey revealed that 53% of producers questioned

use livestock markets to purchase cattle and 76% of store cattle are sold through markets together with 50% of finished beef. 75% of sheep are sold through livestock markets and 52% are purchased through markets.

- Understanding the role of Louth livestock market in the Lincolnshire meat processors supply chain is important in assessing the knock-on effects to other parts of the food economy. The interviews with Lincolnshire meat processors revealed that Louth livestock market does not play a significant role in the supply chain of those Lincolnshire meat processors. The main purchasing channel for abattoirs is direct from the farm and there is no indication that abattoirs will change this practice. Some processors do buy from Louth livestock market as they can access locally reared livestock, however this is a small proportion of their overall purchasing.
- Users of Louth livestock market do provide an additional economic benefit to Louth town by using shops and services. The survey suggests that some of the benefit would be lost as farmers find alternative marketing outlets. This is not the potential loss to the local economy if the market were to close as there would be income gained resulting from an alternative use of the site.
- Louth livestock market provides an important marketing channel for smaller producers who are typically older and whose main factor in deciding where to sell is convenience, in terms of easy access to the farm. This segment of farmers is likely to decline over time due to retirement and consolidation. The fact that Louth livestock market services this particular segment of the farming population becomes very significant when assessing the social benefits farmers derive from using Louth. Louth livestock market is the only remaining market in the county and when the market was closed during the FMD period in 2001, farmers still came into the town and met for lunch in order to retain their social network. The survey indicates the social aspects remain important with two thirds of farmers attending the market even if they have no stock to sell.
- The number of farmers who are regular users of the market to trade and therefore would be most affected by the closure of Louth livestock market can be estimated based upon throughput and survey data in the order of 75 farmers. If the market were to close then producers would have a number of options which they would need assistance in exploring. The survey and stakeholder consultation suggests that a significant number would switch to using an alternative market and increase the level of direct selling to abattoirs and a smaller proportion of farmers would reduce stock numbers.
- Louth livestock market has been under pressure for a number of years from a downward trend in sales and general activity caused by a number of factors, these factors would also apply to any replacement facility and therefore face the same pressures. If Louth livestock market were to close then assistance could be provided to enable a transition to help producers change. This transition may be related to the farm business such as changing production systems or selling via other methods. Additional to this there would be a social networking change and new ways found for farmers to access support services that may have been provided through the market.

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## 1. Introduction

East Lindsey District Council (ELDC) commissioned ADAS to undertake a research study to determine the sustainability of a livestock market facility in Lincolnshire. This study will be used as evidence regarding the potential redevelopment of the Louth Livestock Market site.

The requirements of the study were to:

- Determine the baseline position of livestock production and sales in Lincolnshire
- Establish the future needs of the livestock and meat processing industries
- Identify the wider socio-economic benefits associated with the operation of a livestock market facility within Lincolnshire

### 1.1 Definitions

Abattoir	Also called a slaughterhouse, first stage primary processing - the slaughter and dressing of stock carried out in licensed plants permitted to cut the carcass into quarters
Bluetongue disease	or catarrhal fever is a non-contagious, insect-borne viral disease of ruminants, mainly sheep and less frequently of cattle.
CAP	The Common Agricultural Policy, is a system of European Union agricultural subsidies and programmes.
CAP Reform	On 26 June 2003, EU farm ministers adopted a fundamental reform of the Common Agricultural Policy (CAP). The reform will completely change the way the EU supports its farm sector.
CATI	Computer Assisted Telephone Interview
Cull Ewe	Ewes that have reached the end of their productive life on the farm
Cutting Plant	second stage primary processing - further cutting into primals requires a separate cutting licence.
EBLEX	English Beef and Lamb Executive
EID	Electronic Identification
ELDC	East Lindsey District Council
Ewe	Female sheep
Finishing	An animal that is being fattened for slaughter
FMD	Foot and Mouth Disease. A highly contagious disease of cloven hooved animals
FWAG	Farming and Wildlife Advisory Group
GB Livestock	The Livestock Unit, (LU or LSU) is a measure of livestock grazing in agriculture. One LU is usually defined as the

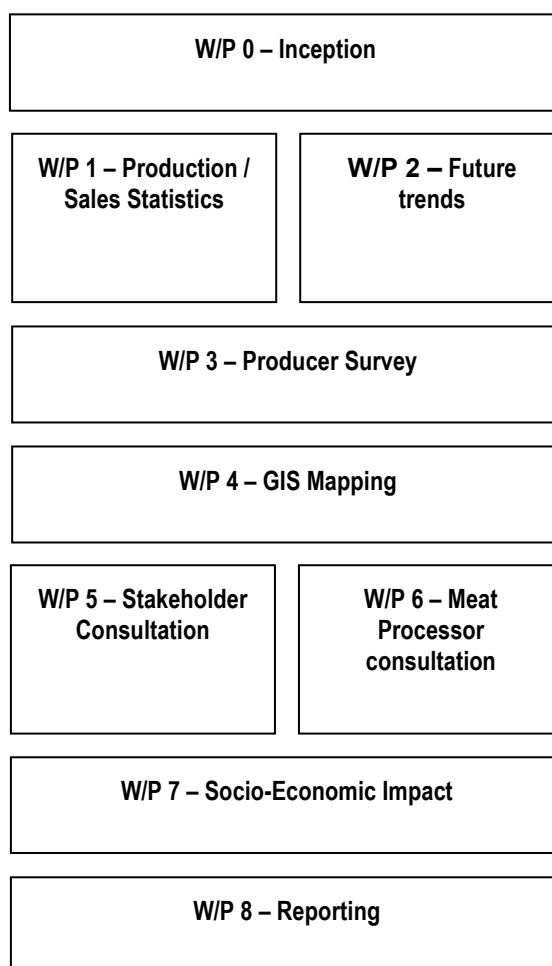
Units (LU)	grazing equivalent of one adult dairy cow. Many different schemes exist, giving various values to the grazing effect of different types of animal.
GOEM	Government Office East Midlands
Headage Payments	Headage payments were payments made to individual producers on the basis of the number of head of a specific type of livestock, but no longer applies since CAP reform
Heifer	A young female cow of over 12 months old which has not yet had a calf
Lairage	Shed or outdoor enclosure for the temporary housing of animals, for example on the way to market, or when they are being transported for export/held at an abattoir etc
Lincoln Red Cattle	The Lincoln Red is a breed of beef cattle, originating from Lincolnshire
LRSN	Lincolnshire Rural Support Network
MHS	The Meat Hygiene Service is a branch of the Food Standards Agency.
NBA	National Beef Association
NFU	National Farmers Union
OTM	Over Thirty Months. The OTM scheme provided cattle producers with an outlet for cattle aged over thirty months and could not be entered into the human or animal food chain as a result BSE rules.
RDPE	Rural Development Programme for England
Steer	A castrated male animal, also called a bullock
Store Cattle	Animals bred for meat production sold before they are ready to be killed. A farmer rears them through their early life and can then sell them on to another farmer for finishing.
Suckler Herd	A herd of breeding cows producing calves for beef. The cow normally suckles the calf for about 7 months

## 2. Methodology

### 1.1 Overview

The method is divided into 8 Work Packages (WP) designed to capture evidence and provide analysis on the key research areas which are to:

- Determine the baseline position of livestock production and sales in Lincolnshire.
- Establish the future needs of the livestock and meat processing industries.
- Identify the wider socio-economic benefits associated with the operation of a livestock market facility within Lincolnshire.



## 2.1 Stakeholder engagement

### 2.1.1 Producer Survey

A detailed methodology can be found in section 4

### 2.1.2 Lincolnshire Red Meat Processor Survey

10 processors took part in our telephone survey.

### 2.1.3 Stakeholder Consultees

The following consultees were offered the opportunity to provide their views in a face-to-face interview.

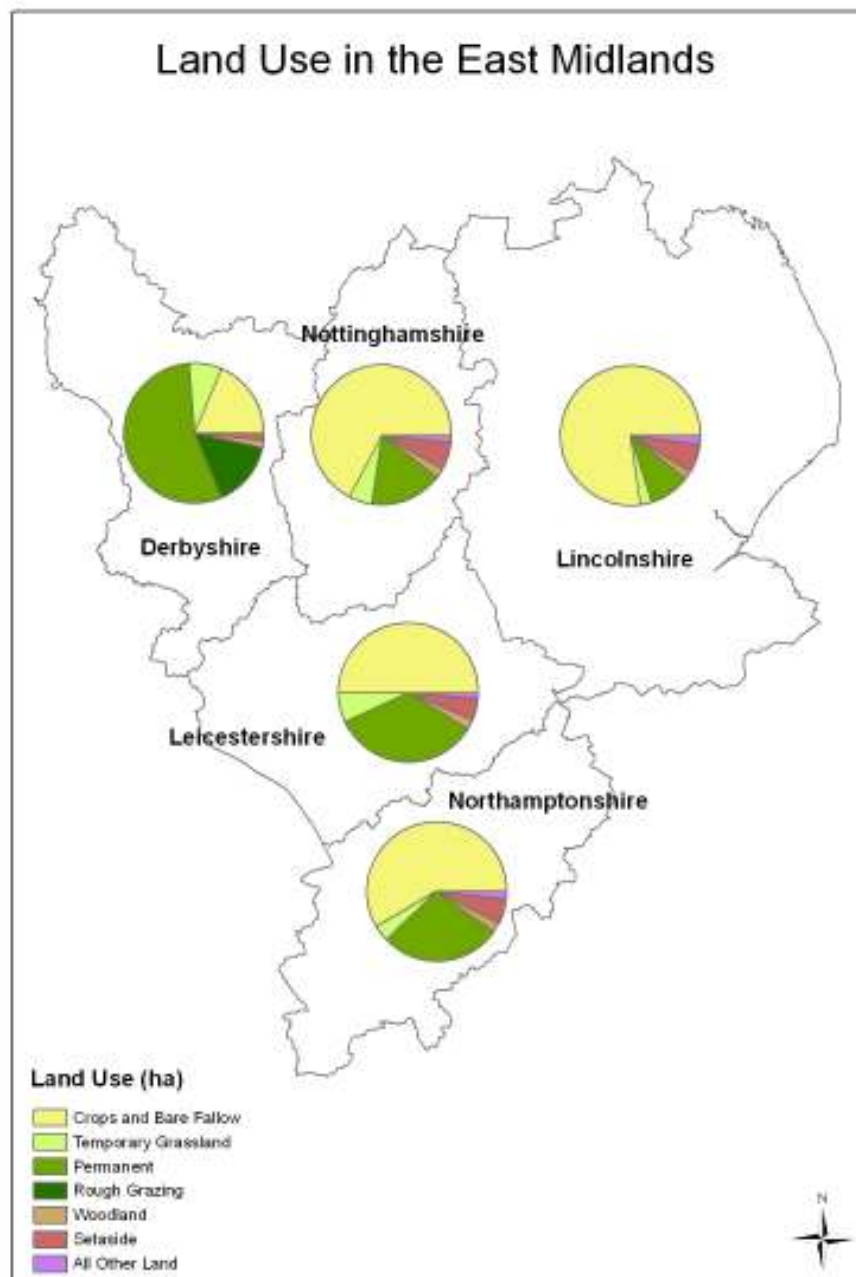
Organisation
Masons (Auctioneers)
Willsons (Auctioneers)
Newark Livestock Market
EBLEX
FWAG
Livestock Auctioneers Association
Lincolnshire Wildlife Trust
Lincoln Red Society
NFU
GOEM
Defra
The Lincolnshire Rural Support Network

### 3. Livestock production and trends

#### 3.1 Agriculture and Land Use in Lincolnshire and the East Midlands

The East Midlands region contains a wide diversity of farm types due to its broad range of soils and varied topography. This diversity is represented in figure 1. Land use within Lincolnshire is dominated by crop production (mainly cereals) and the dominant crop is wheat. Of a total of 587,649ha of agricultural land in Lincolnshire 77% is used for crops and bare fallow and 13% is grassland (temporary and permanent grassland and rough grazing). Lincolnshire also has a very important horticultural production and processing sector based mainly within the south of the county clustered around Boston and Spalding. Cattle and sheep production is predominantly within the North East of the county.

Figure 1: East Midlands Land use



In 2006, approximately 40,300 people (1.9% of the regional workforce) were employed in agriculture in the East Midlands. This has reduced by 820 people (2%) since 2005. The agricultural industry is important to the East Midlands and contributed £1,611m of gross output to the East Midlands' economy. Gross value added at basic prices (GVA) in the East Midlands was valued at £585m which equated to 0.8% of the total for the region. This was the highest regional result (shared with the East of England and the South West). The following table illustrates the number of holdings in the East Midlands and Lincolnshire

**Table 1: Number of Holdings in 2007**

	East Midlands	Lincolnshire	% of holdings in Lincolnshire as proportion of East Midlands
<b>Number of Beef Holdings</b>	3,140	628	20.0%
<b>Number of Dairy Holdings</b>	807	69	8.5%
<b>Number of Sheep Holdings</b>	3,282	614	18.7%

Source: Defra

It must be remembered that holdings are administrative units of land and not the same thing as farm businesses. It is common for one farm business to farm the land of more than one holding. Between 2000 and 2005 the number of agricultural holdings in the UK increased by 11%. There has been a large increase in the number of small holdings (under 20ha), and larger holdings (over 100 ha) and a 1.5% decrease in the medium size holdings.

**Table 2: Increase/Decrease in Number of Holdings between 2000 and 2005**

	UK	East Midlands	Lincolnshire
<b>Beef Holdings</b>	-9.5%	-13%	-7.5%
<b>Dairy Holdings</b>	-23%	-40%	-42%
<b>Sheep Holdings</b>	-6%	-4%	+3%

Source: Defra

The table above shows that, in the East Midlands dairy and beef holdings decreased at a greater rate than the rest of the UK and sheep holdings decreased at a slightly lower rate. The number of beef holdings in Lincolnshire decreased at a lower rate than the rest of the East Midlands and the UK, dairy holdings at a higher rate and sheep holdings in Lincolnshire increased while the rest of the UK decreased.

### **3.2 Sheep production trends in the East Midlands**

*Detailed production data can be found in appendix 1*

The counties in the East Midlands follow the same downward trend in sheep numbers as the rest of England and the UK. The number of breeding ewes in the East Midlands and the UK has decreased by 21% since 2000. Lamb numbers have not fallen to the same extent, as the remaining ewes have been more efficient with higher prolificacy. On average, over the East Midlands counties, lamb numbers have remained reasonably constant over the last four years with an overall decrease of 2%, (increase in 2004 and 2005). In previous years lamb numbers decreased 19% between 2000-2003. Generally over the UK lamb numbers have continued to decrease since 2000, except an increase in 2005.

### **3.3 Cattle trends in the East Midlands**

*Detailed production data can be found in appendix 1*

The total number of cattle has decreased by approximately 15% in the East Midlands counties between 2000 and 2006. The trend has fluctuated from year to year and in some years (such as 2003 and 2004) the cattle numbers have increased, mainly due to an increase in beef cattle numbers. Dairy cattle numbers have decreased consistently since 2001, by 27%.

### **3.4 Livestock trends in Lincolnshire**

*Detailed production data can be found in appendix 1*

Livestock numbers in Lincolnshire have generally followed the same downward trends as the rest of the UK, with a few exceptions. The number of breeding ewes in Lincolnshire has decreased by 27% since 2000 which is 6% more than the rest of the UK.

The declining trend in sheep numbers is consistent with other areas of the East Midlands and England but has been greater in Lincolnshire than in many other counties. This is largely due to the poor profitability of sheep production and the versatility of the land, with arable cropping seen as a more profitable option on many farms. Evidence from the stakeholder interviews suggests that the livestock producers in Lincolnshire tend to be on the smaller farms.

The total number of cattle has decreased at a lower rate in Lincolnshire compared to its neighbouring counties. The herd has only decreased by 10% since 2000. The number of breeding beef cattle has only decreased by 5% since 2000. The fall in cattle numbers is also consistent with the picture in England overall, but the recent increase reflects the improved profitability of cattle production and ready access to arable by-products for cattle feeding. CAP reform and the removal of headage payments has been largely responsible for the decline in stock numbers as farmers have had to reassess their livestock enterprises and improve efficiency to survive or give up. Beef is currently in short supply globally and demand is high as the population increases and emerging economies such as India and China demand more meat. The National Beef Association's (NBA) view is that the market price for cattle must continue to rise and it is encouraged that this will happen because world supplies of beef are extraordinarily tight, there is very little export surplus and surveys show demand for home produced beef is increasing.

## **3.5 Impact of Regulation**

### **3.5.1 Animal welfare transport regulation**

At present farmers do not need to have a certificate of competence for animal transport if they do not move animals more than 65km (40 miles). If Louth market closed then a proportion of farmers who only use Louth for selling stock would need to take the assessment tests for animal transport, at a cost of up to £70. The nearest livestock market to Louth is Newark which is 45 miles. The producer survey reveals that a number of existing users of Louth also use other markets and it is likely they will have a transport license.

If a producer is transporting animals over 65km (40miles) (as wheels turn) they must comply with all aspects of the regulations. The journey time is from when the livestock are loaded to when they are unloaded at their destination. The destination is defined as where the livestock settle for a minimum of 48 hours or slaughter. A livestock market is not routinely defined as a destination. Defra have taken a practical view on this and whilst the regulations have stated that using a standard vehicle, livestock may travel 8 hours, Defra have stated that it must be assumed that half of this journey time is used to get to the livestock market and thus, there is 4 hours remaining to get the livestock to their destination. This does change with a higher standard vehicle whereby, livestock have 14 hours travelling with 1 hour rest and a further 14 hours travelling for adult animals and for young stock this is 9 hours with a 1 hour rest followed by 9 hours. If the travelling distance is less than 100 km and the market is a registered assembly centre then the regulations change. There is no time accounted for taking the animals to market and thus the 8 hours is available to take the animals from market to their destination. Or, if the market is a registered assemble centre and the animals have been accommodated and given water or have been there for 6 hours, the time taken to get the animals to market is not accounted for and the 8 hours is available to take them to their destination. If Louth livestock market closes, producers will need to assess the distance to the livestock market they wish to sell through. If this is over 65km, producers will need to achieve the certificate of competence and comply with the regulations.

### **3.5.2 Sheep EID**

Electronic identification of sheep is due to be introduced in January 2010 and each livestock market will need to provide the means of reading electronic tags. This would cost the market in the order of £1,500 to £10,000 depending on the system adopted and for many markets it may be difficult to justify in light of low throughput. Typically it would be the operator (auctioneer) who would purchase this equipment as it would not be fixed to a structure. Sheep farmers likewise will need to purchase the necessary tags and equipment to comply with the regulations. The tags per animal cost £0.75. This could be a disincentive for some farmers to keep sheep in the future.

## **3.6 Auction market trends**

The use of livestock markets has fluctuated across the UK in the last ten years. The 2001 Foot and Mouth Disease (FMD) epidemic and the consequent closure of markets were responsible for the low throughput that year and for the following years as practices changed. Whilst livestock markets were closed producers started to sell finished beef and lamb direct to abattoirs or through dealers as they were unable to send to the livestock markets.

Beef cattle farmers in Lincolnshire often purchase store cattle and finish the cattle ready for sale. The farmer can either buy the cattle through markets or direct from farms. The calves may be dairy cross bred cattle. The farmer can either sell through

markets or direct to abattoirs. Other Beef farmers in Lincolnshire breed and finish their own cattle. During FMD, producers who would have normally sold store cattle tended to finish the animals at home and then send direct to the abattoir.

The pattern of decreased use of livestock markets has generally reversed in recent years across the UK, in particular for all types of sheep. Despite the decrease in the number of breeding sheep the volume of lamb and mutton increased by 7% between 2003 and 2006 (Defra) as lamb production became more efficient.

The EBLEX stakeholder interview reinforces this view and the shift in liveweight and deadweight selling has alternated over the years. During FMD producers sold deadweight as livestock markets were closed however, in 2002, producers turned back to the livestock markets but more recently there has been another change and 80% of cattle and 55% of sheep are now sold deadweight.

### 3.7 East Midlands Livestock Markets

There are very few livestock markets in the eastern part of England compared to the rest of the UK. There is a large auction market in Nottinghamshire (Newark) which is one of the top ten prime cattle markets, and the largest in the East. There are two livestock markets in Leicestershire of which one has a reasonably high throughput of sheep, two in Derbyshire of which one has a high throughput of cattle and the other has a high throughput of sheep, one in Northampton that has high throughput of sheep and one in Norfolk. Louth Livestock Market is the only livestock market in Lincolnshire

**Table 3: East Midlands Livestock Markets**

County	Market
Derbyshire	Bakewell Derby
Leicestershire	Market Harborough Melton Mowbray
Lincolnshire	Louth
Northampton	Thrapston
Nottingham	Newark

The stock throughput at Louth livestock market is given in Table 5. Cattle throughput decreased by 38%, and sheep throughput decreased by 32% between 2000 and 2006. The 2007 figure is not a true reflection of what might have gone through the market because the market was closed in the autumn for 10 weeks due to FMD and Blue Tongue. It is predicted from throughput for the first six months that the figures for 2008 are more likely to be closer to those of 2006 and the auctioneers anticipate them to be higher.

**Table 4: Throughput at Louth Livestock Market**

Year	Cattle throughput	Sheep throughput	GB Livestock units (GBU)	GBU Finished stock
2008 (1 <sup>st</sup> 6 months)	1,710	7,921	3,294	2,104
2007 (closed 10 weeks due to FMD)	2,928	10,425	5,013	2,386
2006	3,935	14,273	6,790	3,539
2005 (1 week missing)	3,860	13,314	6,523	3,457
2000	6,368	21,085	10,585	

There are 25 markets in the UK that sold less than 5,000 GBU finished stock in 2007. Of these 25 the average throughput was 1,912 which suggest that there are a number of markets that sell fewer finished animals than Louth. This does not include any store and breeding animals sold. Generally in the UK more store and breeding cattle are sold through livestock auctions than finished cattle, but more finished lambs are sold than store and breeding sheep through livestock auctions.

There is evidence that some events and vendors are moving away from Louth livestock market, an example is the Lincoln Red Cattle Society. The (Lincoln Red) Society has moved to Newark Livestock market and is confident that this will encourage new buyers of Lincoln Reds, particularly those who travel considerable distances. Newark, just minutes from the A1, is ideally situated to provide easy access to all main routes. The President of the Society, Martin Clough, is delighted with the council's decision to move to a more centrally located modern market, where the livestock handling and loading facilities are excellent. "Newark Livestock Market offers overnight lairage which is a necessity for many of our Society members, journey times can be varied and the market does everything possible to work around arrival times" ([www.lincolnredcattlesociety.co.uk](http://www.lincolnredcattlesociety.co.uk)).

#### **Other Livestock Markets accessible from Lincolnshire**

Livestock entries at Newark Market continue to increase. In April 2007 the company achieved a record weekly turnover and traded stock valued at more than £1M. Annual throughput figures show the business sold almost 23,000 prime cattle as well as 4,000 stores in 2006. Prime lamb numbers have also shown a big increase with the weekly throughput now approaching 2,000 head at peak times. In the first five months of 2008 there has been a 38.5% increase in prime sheep numbers while store cattle throughput has also risen by 27% and over 30 months cattle by 82%. ([www.newarklivestocksales.com](http://www.newarklivestocksales.com))

Throughput at Bakewell in 2006 was 213,000 sheep and 40,000 cattle. Typical entries are 100 to 200 OTM cattle, 200 to 400 store cattle, 50 to 100 bulls, 100 to 150 finished steers and heifers, 50 to 100 calves, 1,500 to 3,000 finished lambs and 250 to 750 cull ewes. ([www.bagshaws.com/bakewell.asp](http://www.bagshaws.com/bakewell.asp)).

Over the last three weeks throughputs at Melton Mowbray between 3,107 and 3,878 lambs, 1,816 and 3,238 sheep, and between 341 and 573 cattle. ([www.meltonmowbraymarket.co.uk](http://www.meltonmowbraymarket.co.uk)).

In addition to the livestock markets in East Midlands there are also three markets in Yorkshire and Humber region which are used by producers in the North Lincolnshire area. These markets are Hull, Selby and York. Whilst Hull is relatively small, Selby and York are busy markets.

Selby is one of the country's leading livestock market venues in the heart of Yorkshire and now with easy access from all parts following the opening of the Selby Bypass. Fatstock sales well attended with weekly sales of cattle, sheep and pigs. Well attended store stock sales with Cattle, sheep & pigs fortnightly. Miscellaneous includes fur, feather, plant and sundries with trees and shrubs in season. Cleansing & Disinfecting facility available. Fat stock sale on the 19<sup>th</sup> November saw 836 head of stock and the store stock sale saw 572 head of stock.

York livestock market's auctioneers are Stephenson & Son Agricultural. The market operates on a Monday and Thursday and sells sheep, cattle and pigs. The throughput for 3<sup>rd</sup> November was 219 cattle, 719 sheet and 334 pigs. Fatstock report for week ending Monday 3rd November 2008 states that "numbers continue to be scarce and trade in all sections including pigs is staying strong. In such market conditions it is the live auction system that leads the way in fixing prices".  
<http://www.ylc.co.uk/auctions.php?zid=4>

**Table 5: East Midlands Livestock Markets: September throughput**

Market	Total Cattle	Total Lambs	Total Cull ewes
Bakewell	187-260	2377-4268	967-1085
Derby	105-173	323-888	57-206
Louth	2-12	157-393	25-113
Market Harborough	0	409-1767	24-47
Melton Mowbray	100-187	2266-4773	795-1808
Newark	317-606	193-891	42-133
Thrapston	51-135	411-1567	139-422

Source Farmers Guardian, September 2008

*This table does not include breeding animals.*

Since 2000 three livestock markets in the East Midlands have closed, Grantham, Northampton and Stamford. Stamford and Grantham did not re-open for finished stock sales post FMD.

### 3.8 East Midlands Meat Processing

The distribution of slaughterhouses is shown in table 7.

**Table 6: Slaughterhouses in East Midlands**

County	Cattle	Sheep	Pigs
Lincolnshire	9	8	9
Derbyshire	10	7	3
Leicestershire & Nottinghamshire	11	11	4
Cambridge & Northamptonshire	3	3	4
Norfolk	6	5	6

Source: MHS

**Table 7: Abattoir throughput**

	Cattle	Sheep	Pigs
Lincolnshire	57,178	82,537	766,112
Derbyshire	56,326	462,800	31,899
Leicestershire & Nottinghamshire	13,386	143,485	169,859
Cambridge & Northamptonshire	996	4545	367,600
Norfolk	15,624	27,674	652,846

Source: MHS

## 4. Producer Survey Results

### Methodology

A CATI<sup>1</sup> administered telephone survey was undertaken amongst 150 farmers with cattle and sheep who reside within a defined catchment area (see Figure 2). Full details of the methodology and data reliability can be found in Appendix 4. A copy of the questionnaire is provided in Appendix 2.

The sample is weighted towards those that have used Louth livestock market (101 of the 150 respondents). This has been done to allow two of the key objectives to be addressed, namely the identification of the future needs for those using the Louth market, and also the potential impacts of the market's closure. It should be recognised that this sample is not representative of all farmers in the region. To place the findings in context based upon June Survey statistics, in 2004 there were 881 farmers with cattle or sheep in the figure 2 catchment area.

Figure 2 overleaf shows the distribution of farmers interviewed across the catchment area. These have been distinguished between those from the 'vendor' and 'non vendor' database.

Tables showing the profile of those interviewed, i.e. age, farm size, etc. can be seen below

**Table 8: Characteristics of respondents (Producer Survey)**

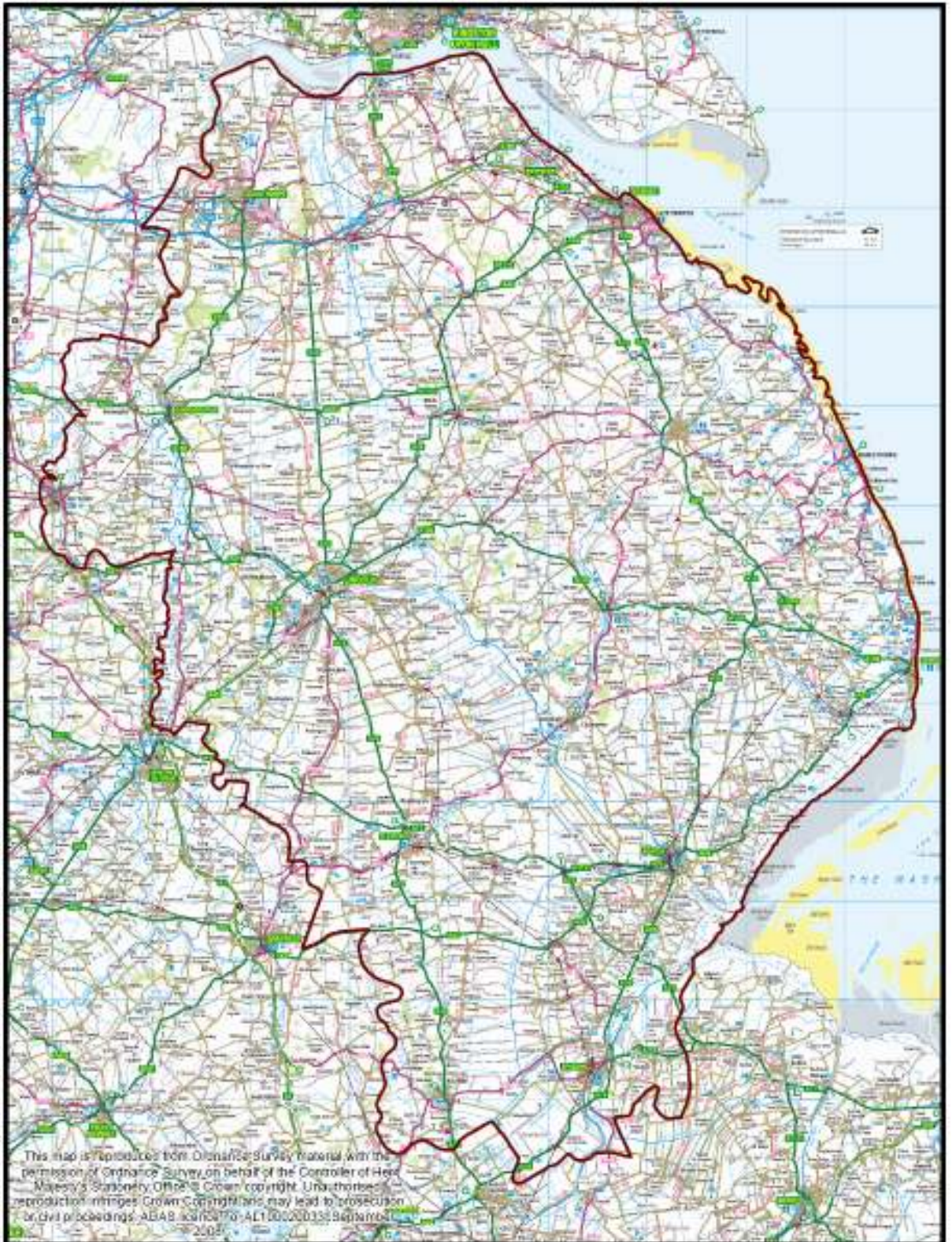
Age Profile	%
<b>Base</b>	<b>150</b>
Under 30	2%
31 to 45	16%
46 to 60	39%
60+	40%
Refused	3%

Number of Employees (Full Time Equivalent's)	%
<b>Base</b>	<b>150</b>
< 1 FTE	25%
1 – 2 FTE's	41%
2 – 3 FTE's	19%
3+ FTE's	15%

<sup>1</sup> CATI – Computer Assisted Telephone Interview

Enterprises on Farm	%
<b>Base</b>	<b>150</b>
Cattle	72%
Sheep	40%
Arable	63%
Farm diversification activities	16%
Off farm activities (i.e. unrelated to farming)	5%

Figure 2: Catchment



## 4.1 Sources of Income

The table below indicates that around half (51%) of farmers income is derived from livestock sales and a sizeable proportion from arable sales (39%). Little is obtained from the other sources presented. It can also be seen that the pattern is not expected to change in the next three years.

**Table 9: Sources of income (current and predicted)**

*Thinking of all your sources of income (i.e. from the farm and non-farm related), what proportion of income comes from.... and what do you feel this will be in 3 years time?*

	Current	In 3 years time
<b>Base</b>	<b>150</b>	<b>150</b>
Livestock sales	51%	51%
Arable sales	39%	40%
Farm Diversification activities	5%	5%
Off farm activities (i.e. unrelated to farm business)	3%	1%
Other	3%	3%

## 4.2 Livestock marketing

The following tables show the outlets used by farmers to both buy and sell cattle and sheep. It can be seen that there are two dominant outlets for sales; livestock markets and direct sales to slaughterhouses. For purchases, livestock markets and direct sourcing from other farms are the two main sources. This is the case for both cattle and sheep. Given the sample is weighted towards those using livestock markets, it cannot be said to be representative of all farmers in the region. Hence, the use of livestock markets may be higher amongst our sample.

The table below shows there is some variation across the different types of cattle, with livestock markets accounting for a higher proportion (76%) of store cattle sales compared with other livestock types.

**Table 10: Sales Outlets used for Cattle**

For each of the types of cattle which you produced for sale, in the last 12 months approximately what proportion did you sell through each of the following outlets...

	Cull cows	Calves	Store Cattle	Finished beef	Dairy cows and heifers	Sucker Cows and heifers	Overall outlets used for (cattle)
<b>Base</b>	<b>55</b>	<b>13</b>	<b>50</b>	<b>69</b>	<b>4</b>	<b>12</b>	<b>72</b>
Livestock markets	49%	*	76%	50%	*	*	52%
Direct to slaughterhouse	44%	*	0%	44%	*	*	26%
Direct to other farms/dealers	0%	*	19%	3%	*	*	19%
Electronic auctions	0%	*	0%	0%	*	*	0%
Other	6%	*	2%	3%	*	*	3%

Note: \* denotes base too small for analysis, but these findings have been included in calculating the overall mean percentages shown.

The table below shows the outlets used to purchase cattle. As for sales outlets, it can be seen that livestock markets are the most common outlet used for purchasing cattle, with half of cattle (53%) sourced via this route. A third (31%) are sourced directly from other farms.

**Table 11: Outlets used to Purchase Cattle**

For cattle bought in the past 12 months, approximately what proportion did you buy through each of the following outlets?

	All cattle
<b>Base</b>	<b>72</b>
Livestock markets	53%
Direct from other farms	31%
Specialist breeding stock sales	7%
Other Livestock agents/dealers	9%

The table below shows that livestock markets account for 75% of sheep sold. As with cattle, there is some variation across the different types of sheep, with a higher proportion of cull ewes being sold through the markets.

**Table 12: Sales Outlets used for Sheep**

For each of the types of sheep which you produced for sale, in the last 12 months approximately what proportion did you sell through each of the following outlets...

	Finished lambs	Store lambs	Breeding ewes and rams	Cull ewes	Overall outlets used for (sheep)
<b>Base</b>	<b>54</b>	<b>11</b>	<b>30</b>	<b>39</b>	<b>54</b>
Livestock markets	69%	*	66%	78%	75%
Direct to slaughterhouse	28%	*	0%	18%	14%
Direct to other farms/dealers	1%	*	22%	4%	9%
Electronic auctions	0%	*	0%	0%	0%
Other	2%	*	6%	0%	2%

Note: \* denotes base too small for analysis, but these findings have been included in calculating the overall mean percentages shown.

The table below shows the outlets used to purchase sheep. It can be seen that livestock markets are again the most common outlet used for purchasing sheep, with half of sheep (52%) sourced via this route. Over a third (37%) are sourced from other farms.

**Table 13: Outlets used to Purchase Sheep**

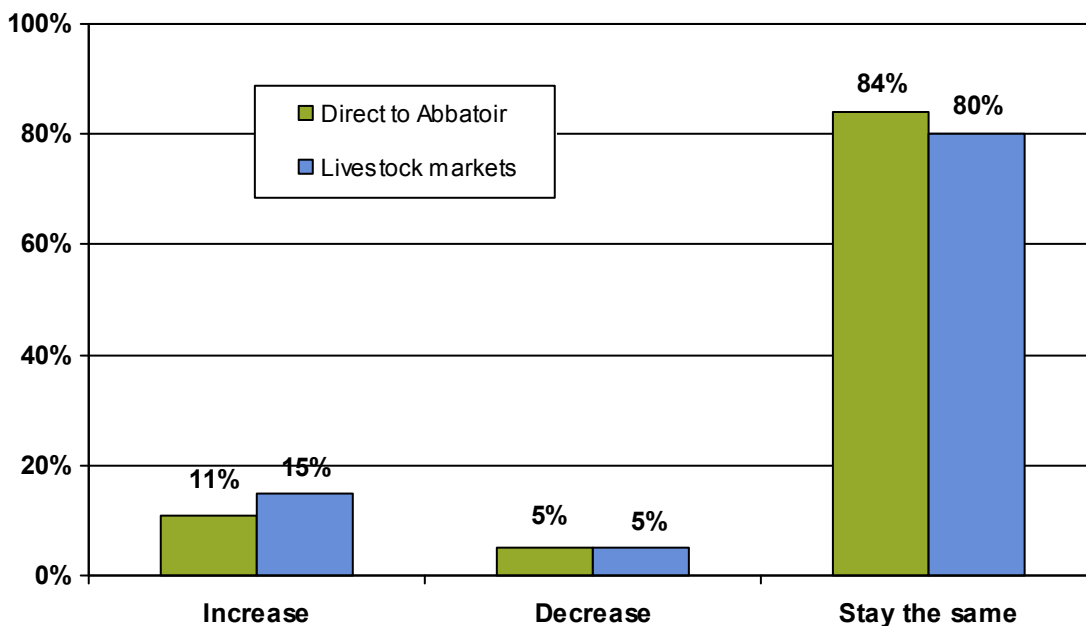
For sheep bought in the past 12 months, approximately what proportion did you buy through each of the following outlets?

	All sheep
<b>Base</b>	<b>37</b>
Livestock markets	52%
Direct from other farms	37%
Specialist breeding stock sales	7%
Other Livestock agents/dealers	4%

### Intended changes in the use of livestock markets

Figure 3 shows that the majority of those using livestock markets expect that their usage will not change in the next three years. Those that do see a change will see a increase in usage of livestock markets although this is also the case for abattoirs.

**Figure 3: Intended changes to use of livestock markets**



22 respondents (15% of sample) intend to increase their use of livestock markets and the reasons they gave were;

- Better prices at markets (9 respondents)
- Will have more livestock to sell / buy (6)
- More convenient (3)
- Saves time/money (2)
- Prefer to buy local/support local market (2)
- Better control (2)
- Better breeding stock (1)
- Guaranteed payment (1)
- Prefer to sell live (1)

Eight respondents (5%) intend to decrease their use of livestock markets, citing the following reasons;

- Better prices at abattoirs (3 respondents)

- Suitable live markets not available (2)
- Animal welfare reasons (e.g. reduce stress) (1)
- Will not be keeping livestock anymore (1)
- Required to go through the organic livestock marketing co-op (1)

The above paragraphs and tables indicate that, amongst our sample, livestock markets are the most commonly used outlets for both selling and purchasing stock and that this pattern is set to continue in the foreseeable future.

#### **Reasons for not using a livestock market**

A small proportion (13%) do not use livestock markets for either selling or buying stock. The reasons given were;

- Not enough buyers (5 respondents)
- Better prices from other outlets (4)
- No need – have established alternative selling route (3)
- Suitable markets not available (2)
- Animal welfare reasons (e.g. reduce stress) (2)
- Not convenient (2)
- Animal health/bio-security concerns (1)
- Combine visit to abattoir, etc. with other trips (e.g. bank, etc.) (1)
- Because we are organic we have to go direct to the slaughterhouse (1)
- Had no lambs to sell this last year (1)

When considering the prices obtained for stock at different outlets, although only based on very small samples, these findings show some farmers feel they can get better prices at livestock markets while some feel better prices can be obtained at other outlets, hence a clear pattern is not evident.

### **4.3 Use of Louth Livestock Market**

The following paragraphs describe the findings for the use of the Louth livestock market, first examining the usage of any livestock markets, together with the reasons as to why Louth is and is not used. This section then outlines the future usage of Louth livestock market and the other services used when visiting the market beyond the market facility itself.

#### **Usage of livestock markets**

Those identified as users of livestock markets were asked the number of times per year that they use them. The findings are shown in the table below. Given the sample is weighted towards users of Louth livestock market, it is not unexpected that it is the most frequently used, (on average 14 times per year by regular users). Such findings show the types of farmers using Louth livestock market, namely those with small herds/flocks and hence not requiring regular trips to sell their stock. The findings also show that there are a number of factors beyond location in deciding

which market to use. 16% used 'another' market from those listed, with these including York, Chelford and Carlisle.

**Table 14: Use of Livestock Markets**

*How many times per year do you use the following livestock markets? If unsure, please estimate.*

	Base	Mean number of visits per annum (amongst those using each market)
Louth	101	14
Newark	62	8
Grantham	1	1
Melton Mowbray	36	9
Other	25	10

Amongst those using Louth livestock market, a third (30%) visit between 1 and 5 times per year, with half (51%) visiting between 6 and 20 times. Approaching a fifth (18%) are frequent visitors, attending 20 or more times per year.

Of those using livestock markets, 27 respondents (21%) do not use Louth livestock market. Their reasons for this are listed below. Again, it can be seen that a wide range of reasons were given;

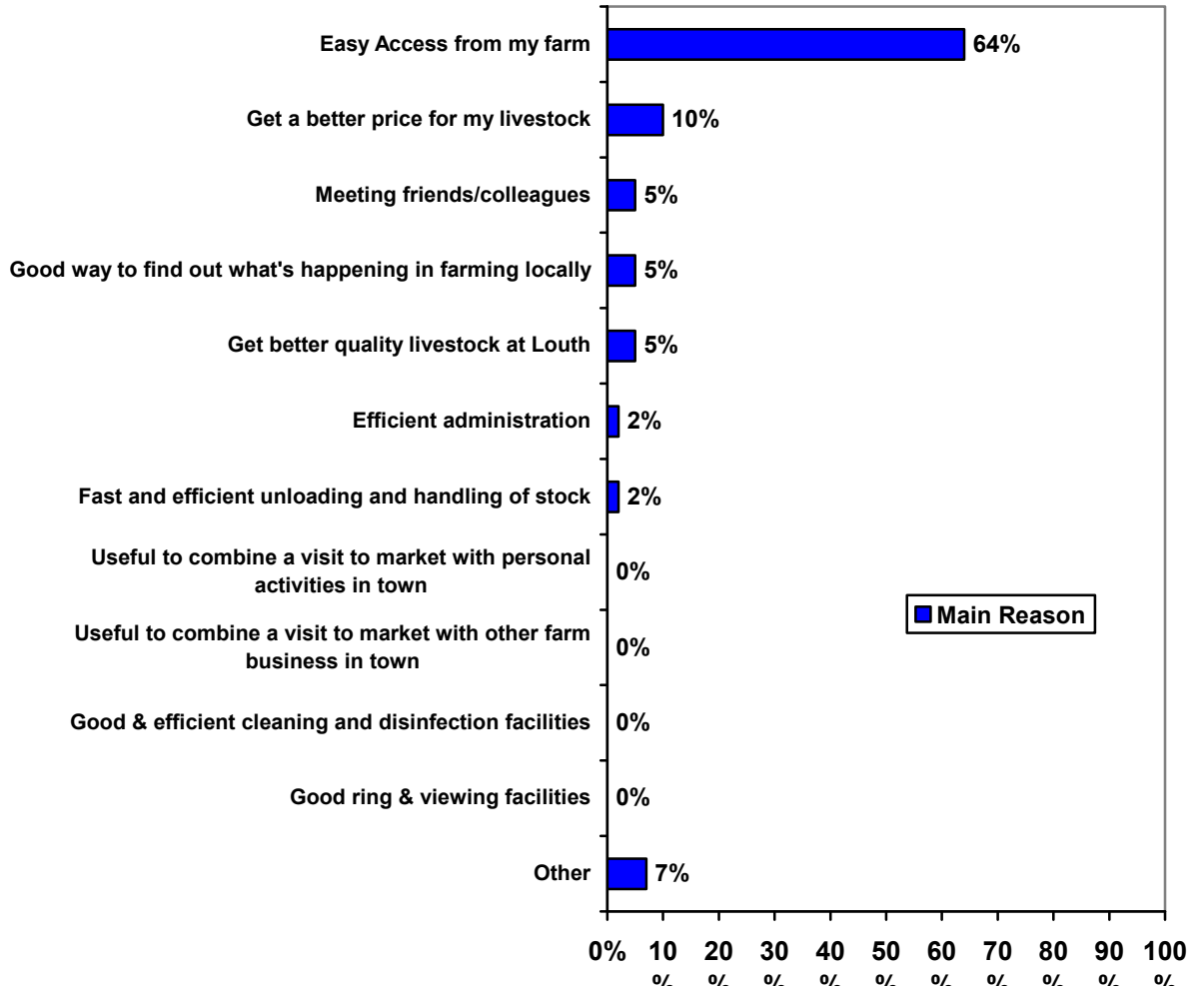
- Not enough buyers (11 respondents)
- Better prices elsewhere (10)
- Too far away (9)
- Better facilities at other markets (4)
- Combine visit with other trips (e.g. bank, etc.) (2)
- Alternatives are more convenient (2)
- Prefer social aspects of other markets (2)
- No particular reason (2)
- Poor access into site (e.g. with trailer) (1)
- Animal welfare reasons (e.g. reduce stress) (1)
- Negative press (thought it was going to close, etc.) (1)
- Sometimes they forget to book you in for a sale (1)
- Not enough cattle to purchase (1)

### Reasons for using Louth livestock market

Figure 4 shows the main reasons given for using Louth livestock market. It can be seen that the overwhelming reason is because of its proximity to their farm.

**Figure 4: Reasons for using the Louth livestock market**

*What is the main reason as to why you use Louth market rather than other livestock markets*



### Additional Benefits of using Louth market

When asked of any additional benefits obtained from using Louth livestock market, approaching half (44%) stated that there weren't any when unprompted. This proportion fell to 12% once prompted. When unprompted, a fifth (21%), stated 'social aspects' being an additional benefit. When prompted, this proportion rises to around half (48%) of farmers. Other common reasons identified include learning "about what's going on locally", "learning about market conditions/livestock prices" and 'seeing the quality of livestock from other farms'. These aspects of the market, although not appearing to be the primary reasons for using Louth livestock market, are recognised by majority as being of value when attending.

**Table 15: Additional Benefits of using Louth Livestock market**

*Are there any other benefits you obtain from attending Louth livestock market?*

	Unprompted	Prompted
<b>Base</b>	<b>101</b>	<b>101</b>
General socialising	21%	48%
Learn about market conditions/livestock prices	19%	60%
Get to see the quality of the livestock produced by other farms	14%	66%
Learn about what's going on locally	14%	63%
Meet new contacts within industry	14%	49%
Combine a visit to market with other farm business in the town	2%	44%
None	44%	12%
Other	1%	0%

### Likelihood of using Louth livestock market in the future

All respondents were asked about the likelihood of using Louth livestock market in the future. The findings shown in the table below are separated by those that use the market at present and those that do not.

As may be expected, the majority (70%) of those currently using Louth market would continue to do so, but what is more interesting is that around a third of those that do not use the facility state that they could possibly (22%) or would be very likely/definite (10%) to use it in the future. The net impact could be more people using Louth livestock market. Based upon these findings the demand for Louth's facilities could increase in the future in terms of the number of users but this might not translate into market throughput increases in the light of future production levels.

**Table 16: Likelihood of using Louth Livestock market**

*How likely are you to use (or continue to use) the Louth facility in the future?*

	Total	Those currently using Louth	Those not currently using Louth
<b>Base</b>	<b>150</b>	<b>101</b>	<b>49</b>
Definitely	49%	70%	6%
Very likely	9%	12%	4%
Possibly	15%	11%	22%
Unlikely	10%	6%	18%
Definitely not	17%	1%	49%

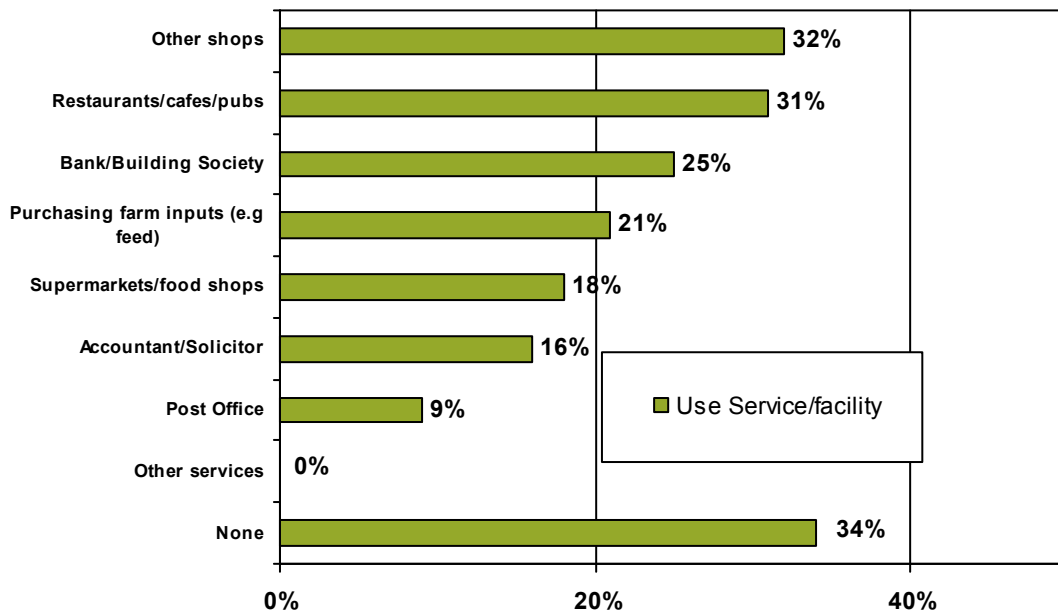
#### 4.4 Other services used when using Louth livestock market

This section provides an indication of the potential economic impacts upon the town itself should Louth livestock market close. To do this, the survey identified the services used beyond those at the market as well as the monetary spend on such services.

##### Services used when visiting Louth livestock market

The figure below reveals that the majority of farmers that use Louth livestock market, combine their journey with other jobs. In all, two thirds (66%) of those interviewed use a service/facility in the town itself. Shops, restaurant/cafes/pubs are the most commonly used, with these being mentioned by around one in three farmers. A quarter of producers make use of banks.

Figure 5: Use of Services/Facilities in Louth



Which of the following do you currently use when in Louth for the livestock market?

### Monetary spend on services when visiting Louth livestock market

The table below shows the amounts of money spent by those using the services/facilities on each visit. The average spend amongst those using each service/facility per visit is shown. The highest average spend is upon farm inputs (£75), with the maximum amount being £300 spent on such materials. The average spend amongst those using services/facilities is £80 per farmer per visit.

When calculating the mean spend on non-agricultural services (i.e. excluding farm input prices), the average spend is £54 amongst those using such services.

**Table 17: Spend on service/facility used**

*Roughly how much, if anything, would you spend on these services/facilities on each visit?*

	Number of users	Mean spend (£)	Maximum Spend (£)
Purchasing farm inputs	20	75	300
Supermarkets/food shops	18	43	100
Other shops	30	45	200
Restaurants/cafés/pubs	31	14	100
Bank/Building society	25	0	0
Post Office	9	4	10
Accountant/Solicitor/Advisor	11	14	70
Overall (across all services)	53	80	330
Overall (excluding expenditure on farm inputs)	38	54	200

### Use of Louth services/facilities without the livestock market

The majority (57%) of those currently using Louth livestock market would not use services/facilities within the town if the livestock market were to close. Of this 57%

30.7% use Louth services/facilities when using Louth market

26.7% do not use Louth services/facilities anyway when using Louth market

Within this are those that do not use such facilities in any case. Of those currently using a service/facility, only 15% state they would continue to use them to the same extent. Almost half (46%) state that they would stop using such services.

**Table 18: Use of Louth services if livestock market did not exist**

*Would you still use Louth shops/services if the cattle market didn't exist?*

	Those currently using a service/facility
<b>Base (those using Louth market)</b>	<b>67</b>
Yes – to the same extent	15%
Yes – but not as often	37%
No	46%
Don't know	2%

In determining the potential impacts of the market's closure, it is important to consider the frequency with which a farmer attends. The table below shows that, the more frequent the user, the more likely they are to suggest that they would continue to use Louth services/facilities if the market were to close. The reason for this could be that the more frequent users of Louth are the ones closest to the market and therefore Louth is their nearest town for accessing services.

**Table 19: Use of Louth services if livestock market did not exist compared with current frequency of attending**

*Would you still use Louth shops/services if the cattle market didn't exist?*

	Total	Number of visits per year		
		1 to 5	6 to 10	10+
<b>Base (those using Louth market)</b>	<b>101</b>	<b>31</b>	<b>52</b>	<b>17</b>
Yes – to the same extent	11%	6%	10%	(18%)
Yes – but not as often	31%	23%	33%	(41%)
No	57%	71%	56%	(41%)
Don't know	1%	0%	2%	(0%)

*Note: Parentheses indicate small base upon which findings are shown.*

#### **Attendance at market regardless of whether have stock to sell**

We have also explored the importance of the “social aspects” of using a livestock market. In considering this in more detail, farmers were asked whether they ever attended the market even if they had nothing to sell. Two thirds (64%) of those using Louth livestock market stated that they did so. The reasons given for this are shown in the table below. It can be seen that the most common reasons relate to the “ability to see livestock produced by other farms” and to “socialise with others”. Such findings reinforce the importance of these aspects amongst the farming community.

**Table 20: Reasons for attending Louth livestock market even if no stock to sell**

*Reasons why attend the market even if have no stock to sell*

	Total
<b>Base</b>	<b>65</b>
Get to see the state of the livestock produced by other farms	49%
General socialising	46%
Learn about market conditions	20%
Learn about what's going on locally	15%
Combine a visit to market with other farm business in the town	12%
Buy machinery	5%
Meet new contacts within industry	5%
Other	7%

**Distance willing to travel to livestock market**

Respondents were asked how far (in distance and time) that they would be prepared to travel regularly in order to sell their stock. The findings are shown for all respondents, those using a (any) livestock market, and those using Louth livestock market. There is little difference in response across these cohorts and on average farmers would be willing to travel up to 35 miles or for 60 minutes.

Figure 9 shows the distances farmers listed on the vendor database are situated from alternative markets to Louth. The figure shows;

- those located within 30 (circa33) miles of an alternative market, i.e. the distance those using the current Louth facility would be willing to travel; and
- those located within 40 miles of an alternative market, i.e. the distance within which they could travel before requiring a transport licence

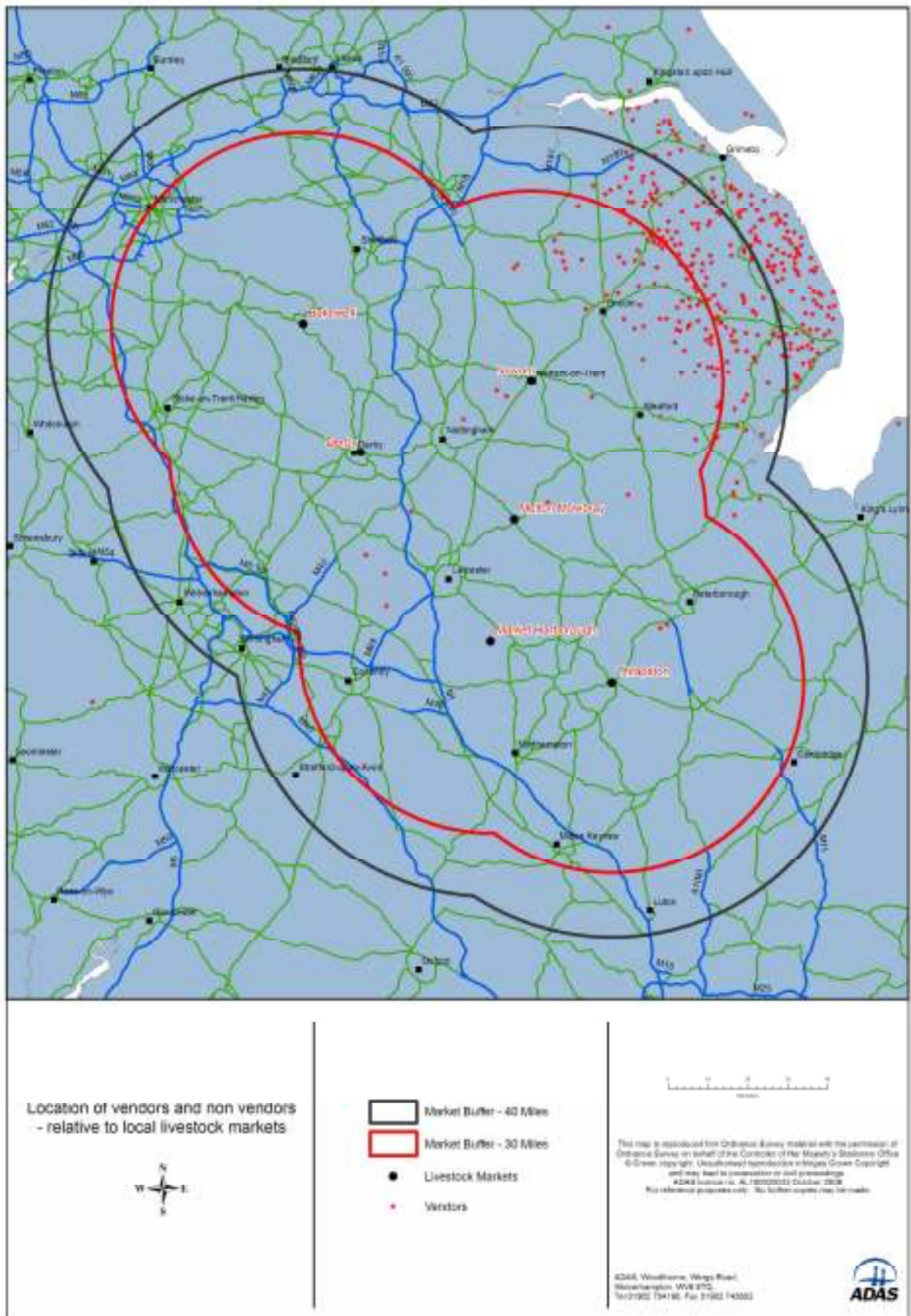
This shows that of the 492 contacts, 94 (20%) live within 30 miles and 226 (46%) live within 40 miles. Over half of those currently using the Louth facility need to have a licence for the transport of their livestock should an alternative market be used. Some of these farmers will already have the certificate as many need to go outside the county to buy breeding stock e.g. Mule ewes, rams and bulls. It should also be noted that the distances are calculated as the crow flies, and, when considering the actual journey made, the proportion falling outside these distance bands would be higher.

**Table 21: Distance willing to travel to a livestock market**

*How far would you be prepared to travel regularly to sell at a livestock market?*

	Total	Those using Louth Livestock market
<b>Base</b>	<b>150</b>	<b>101</b>
<b>Distance (miles)</b>		
Less than 20	30%	37%
21 to 30	19%	14%
31 to 50	34%	35%
Over 50	13%	11%
Not prepared to travel	5%	4%
<i>Mean distance (miles)</i>	35	33
	Total	Those using Louth Livestock market
<b>Base</b>	<b>150</b>	<b>101</b>
<b>Time (hours)</b>		
Up to 30 minutes	25%	27%
31 to 60	39%	35%
61 – 120	25%	30%
Over 120	7%	5%
No time/not applicable	5%	4%
<i>Mean time (minutes)</i>	60	60

Figure 6: Distance from alternate markets



## 4.5 Impact of the closure of Louth Livestock Market

This section outlines the potential impacts of the closure of Louth livestock market with regard to a farmers' business. The table below shows the response across various cohorts of the sample. The overall findings are mixed. A third (33%) of all farmers feel that they would be significantly affected by closure, with the same proportion (34%) stating that they would be unaffected. When considering those that use the Louth facility, the proportion believing that the impact would be "very significant" increases to around half (48%) of such farmers. Thus, half do not believe the impacts would be very significant. There is a significant minority (29%) who feel that the closure would not have a strong bearing on them or their business.

**Table 22: Impact of closure of Louth Livestock Market**

*Economic pressures may result in the closure of some livestock markets. If Louth market were to close, how significant would this be to you and your business?*

	Total	Those use livestock markets	Those using Louth Livestock market
<b>Base</b>	<b>150</b>	<b>128</b>	<b>101</b>
Very significant	33%	38%	48%
Fairly significant	19%	20%	24%
Not that significant	13%	13%	12%
Not at all significant	34%	30%	17%

The following table shows the findings when farmers were asked to describe the specific impacts of the closure. Overall, two in five (43%) farmers state that there would be no impact upon them or their business should the market close. This is also true for one in five of those that use Louth livestock market (22%). Regarding specific impacts, the most common relate to increased costs, and the loss of knowledge as to what is happening locally. Half (53%) of those using Louth livestock market would switch to alternative markets, with a slightly smaller, but sizeable, proportion (43%) stating that they would change the type of sales outlets used.

**Table 23: Further Impacts of the closure of Louth Market**

*If Louth livestock market were to close, what impacts would this have upon you and your business?*

	Total	Those using Louth Livestock market
<b>Base</b>	<b>150</b>	<b>101</b>
No impacts on me	43%	22%
Impact on farm business profitability by increasing costs	39%	55%
Use alternative markets	38%	53%
Loss of knowledge about what's going on locally	33%	44%
Change type of sales outlets used (i.e. sell direct to abattoir, etc.)	31%	43%
Additional journeys required to source suppliers/farm inputs	28%	22%
Loss of opportunities to socialise & network	27%	37%
Unable to meet new contacts within industry	25%	34%
Reduce headage of stock	18%	26%
Additional journeys required to use other services (banks, etc.)	16%	22%
Lay off staff	5%	7%

**Impact of closure upon social/information gathering aspects**

Having asked farmers about the potential impacts, those who mentioned one or more of the 'social-related' impacts were asked to expand on their response. The table below shows the responses as to whether there would be the opportunity to obtain such benefits from other markets. Overall it can be seen that while around half (49%) feel that they could meet new contacts within the industry elsewhere, a third or lower feel that they would not get the other 'more social' aspects from elsewhere. As such, the closure of Louth livestock market would have a detrimental effect in social terms but this cannot be easily quantified. To put it into context would be to say that only a very small proportion of respondents replied in this way. By way of example, 46% state that they would not be able to "meet new contacts", but this equates to 17 respondents.

**Table 24: Ability to get social benefits from other markets**

*Would you be able to get any opportunities to ..... to the same degree, from other livestock markets in the East Midlands*

	Base	Yes	No	Don't know
Get information on market conditions	49	33%	63%	4%
Get information about what's going on locally	49	20%	76%	4%
Socialise and network	40	20%	65%	8%
Meet new contacts within industry	37	49%	46%	5%

*Base: those mentioning closure as having one or more of the particular impacts*

Those farmers (49 respondents) who mentioned any of the four statements in the table above, were then asked how important these aspects were to them and their business. The majority (59%) described them as being very important with a further 37% as important. Few considered them to be unimportant.

When asked for any further comments that they would like to make, two in five farmers felt that the livestock market in Louth should remain open. Approaching a third (29%) of those that do not use Louth livestock market, but do use other livestock markets stated this.

## 5. Consultation Results

### 5.1 Stakeholder consultations

A number of stakeholders were consulted as to their views on the sustainability of a livestock market in Lincolnshire. A list of consultees is included within the description of the methodology (section 2). The stakeholders were chosen for their ability to provide a viewpoint of the role of Louth Livestock market within the farming economy in Lincolnshire and the East Midlands, and also the impact on the wider community. There are a number of views consistent across the interviews and these are summarised below.

Livestock markets are important as they provide the primary route for selling stock liveweight and an alternative marketing outlet to selling deadweight (direct to abattoir). Livestock markets provide producers with choice; the more options that are available, the more likely a producer is to find the best price for his/her livestock. There was a consensus that livestock markets also provide additional social benefits to the farming community such as meeting other farmers and fostering a sense of community. There are not many other opportunities for farmers to network in the same way as at a livestock market and the decline/closure of any market could have an adverse effect. The Lincolnshire Rural Support Network has attended the market every week for the last two years and states that the market is the only place where the LRSN fits in with the farming community. They make the point that the difference for many farmers is that their home is also their work and if they lose their work, they also lose their home.

Livestock markets are reliant on adequate throughput of livestock and will survive if stock continue to be produced in the vicinity and if producers choose to use the market to sell their animals. The sustainability and viability of livestock markets is an issue when throughput is reduced. Auctioneers need to work hard at marketing the auction system and they need to be able to invest in facilities in order to attract the buyers and to maintain throughput. With a small market and low throughput, there is limited staff and time to develop the service. Livestock markets need to be able to link suppliers and buyers. Buyers are attracted to a market by quantity and quality. At the moment there are other livestock markets in the East Midlands that satisfy these requirements.

Some markets draw stock from a great distance and farmers will travel to these markets if they can achieve better prices for their stock. Success of a market is dependent upon the facilities and the trading environment that it offers. The general trend is for smaller livestock markets to close and larger markets to succeed and for market forces to take their course to ensure the survival of the best businesses. Deadweight marketing direct to abattoirs does provide some significant benefits over livestock markets for example, better feedback on carcass quality which can then lead to better business practices. There are also some animal health and welfare benefits of selling direct such as reduced stress to the animal and reduced risk of disease spread. However, there will always be a need for livestock markets to provide a marketing alternative and provide a marketing choice for both producers and buyers.

A vibrant market is reliant upon throughput and at the moment Louth livestock market has limited throughput and few buyers attending. This combination will inevitably affect the price to the farmer. The closure of any livestock market may encourage some producers to cease livestock production which will then impact on the way land is managed. In the case of Louth livestock market, if the market was to close stakeholders believe the impact on businesses would be negative, but small and would be absorbed by the sector as most livestock producers would find alternative

outlets. It is thought that those producers who would stop livestock production would be of a higher age group and would have eventually ceased production. For the remaining producers, they would find alternatives or would change enterprise to, for example, arable production. With few producers, the impact on the local economy will be limited. Whilst the special sales have been received very well from Louth livestock market, the Lincoln Red Society have recently moved to Newark Livestock Market as this offers better road access and overnight lairage. Additionally, the LRSN is thinking of setting up the same support at Newark livestock market.

## **5.2 Louth Market Auctioneers Consultation**

The Louth livestock market is operated jointly by two agents, Masons and Willsons, with each having responsibilities for the operation. The market is operated using current staff and also employing part time staff for specific jobs. The market does not provide a significant income for either party. The auctioneers do proactively market the site as with many other livestock markets. A marketing manager was in post prior to FMD and appeared to promote the market however, this position was not replaced after FMD. Prior to FMD in 2001, Louth market was booming, however during FMD, the market was closed for 13 months. During the closure, farmers found different outlets, made new contacts and got out of the habit of attending a market. Newark Livestock Market has easier road access than Louth and is able to draw from a bigger catchment area. In contrast, Louth livestock market mainly draws from a catchment area within a 30 mile radius. The clientele of Louth market tends to be the smaller livestock farmers.

As well as the impact of FMD there has been a decrease in livestock produced in the county and the region and much of this livestock is now sold deadweight, for convenience. As numbers of farm workers decreased and the average age of farmers increased, farmers have found it easier to phone the abattoir and arrange for a lorry to take the livestock and payment will arrive 10 days later.

The Lincolnshire Provenance scheme (Lincolnshire Quality Beef, Lamb and Pork Scheme) has, to some extent, had an impact on the market as producers take stock direct to the abattoir. The main purpose of the Lincolnshire Quality Beef, Lamb and Pork Scheme is to promote Lincolnshire born, reared and finished beef, lamb and pork. Each cut of meat can be traced back to one of the scheme's producer members. All of the animals only travel a short distance from farms in the county to the Lincolnshire Premier Food's abattoir in Skegness. The view of the auctioneers is that the number of people from the Louth catchment area that use Newark Livestock Market at the moment is not that many. Producers use Newark when they have to, because of, for example, restrictions, however, when there is a choice, producers return to their normal outlets, which would include Louth livestock market. If Louth livestock market closed the view of the auctioneers is that the smaller producers would cease farming, plant crops or rent the land out for grazing.

The auctioneers believe that the livestock market provides an important social network for farmers particularly those over the age of 60. For those livestock farmers with smaller acreages it is part of their way of life. Farming is insular and often lonely and the market provides a social outing. If Louth livestock market closed, the view from the auctioneers is that, the smaller and older farmers would not go to Newark Livestock Market due to the distance. There were many farmers who needed pastoral support during the 2001 FMD period when Louth livestock market was closed. During the FMD period, farmers came to Louth on a Thursday and had a meal together as there was no social alternative available. People did not know what to do with themselves.

The auctioneers view is that the future of Louth livestock market will be challenging and as the market stands it is not financially viable. Sheep numbers in the county are decreasing, the producers are the older generation and do not see a return in sheep production for the work required. Gossip and negative publicity has not helped confidence in the market. There has been talk of a supermarket on the site for 20 years. If the market relocated it would be difficult to generate sufficient revenue to provide a reasonable return on the capital invested. The challenge is not getting the buyers to come to the market but getting sufficient throughput numbers for them to purchase. Financially, if the market closed there would be no negative impact on the auctioneers businesses. The market has not been profitable for 40 years if, the auctioneers were to charge their costed time.

### 5.3 Meat processor consultations

The purpose of the meat processor consultation was to understand the role livestock markets, and in particular that of Louth Livestock Market, within their respective supply chains. Ten meat processing businesses took part in the consultation and they were either abattoir or cutting plants or both.

Of the 10 businesses contacted only 3 source livestock from Louth livestock market. The primary source of livestock for the processors is direct from farm. Of the 3 businesses sourcing from Louth, two source 1-10% of their throughput, whilst one sources 30% of their throughput. The reason that these businesses use Louth livestock market is because customers like locally produced meat.

2 of the businesses also use Melton Mowbray livestock market and they felt that this market provides greater choice and quality when compared to Louth livestock market. Of the businesses that would use livestock markets reasons for not using Louth included distance to travel, quality and quantity, and the day of the market was not convenient as it clashed with processing within the abattoir. For a processor purchasing from a market the most important factors are choice and price.

The abattoirs generally source direct from farm and this trend will continue. Sourcing direct reduces animal stress which in turn improves meat quality and also reduces the distance travelled.

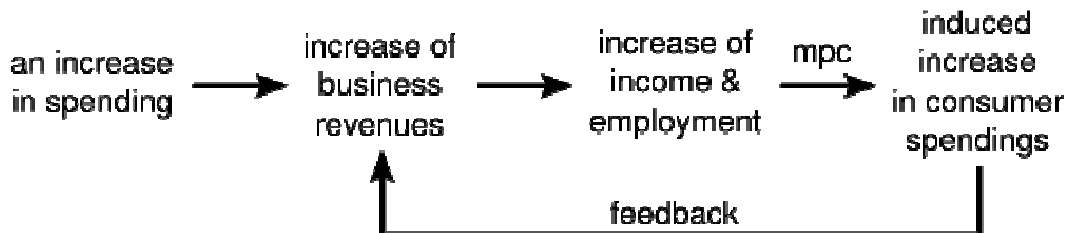
All of the processors could not see any major impact on their business if Louth livestock market closed. It was stated that it could indeed have a positive impact as producers would need an alternative outlet and processors could source more locally. Four out of the ten interviewed would use Louth livestock market in the future, however one would do so only if the throughput increased dramatically.

From a processors perspective a livestock market is only as good as the farms around it. Geographically, Louth is not surrounded by many store cattle finishers. Thus the problem with some livestock markets especially Louth is that there is a limited number of stock available in the catchment area. If, for example there were only 10 cattle presented for sale on a market day and there were 5 butchers looking for beef, then firstly there would not be enough to go around and secondly they would be sold at inflated prices.

## 6. Socio-economic discussion of the role of livestock markets

### 6.1 Background

In economics, a **multiplier** effect – or, less concisely, a spending/income multiplier effect – occurs when a change in aggregate demand causes a further change in aggregate output for the economy. The diagram below shows this principle. The point of interest is the feedback loop that creates additional revenues for the area where the investment occurs. Clearly not all the increases to local income and employment will be spent and economists take this into account with the marginal propensity to consume (MPC) which shows how much of the additional value is re-circulated.



There are three different aspects of economic multipliers that are worth describing briefly. If there is an increase in final demand for a particular service or commodity, there will be an increase in the output of that service or commodity, as producers (e.g. the livestock market operator increasing throughput) react to meet the increased demand; this is the **direct impact**. As these producers increase their output, there will also be an increase in demand on their suppliers and so on down the supply chain; this is the **indirect impact**. As a result of the direct and indirect impacts the level of income throughout the economy will increase, a proportion of this increased income will be re-spent on other final goods and services: this is the **induced effect**.

Multipliers allows us to analyse the effect on the economy of different types of changes in final demand, for example -

- the closure of a company
- the opening of a new company
- an increase in consumer spending due to a change in, for example, disposable income

Thus they allow an analysis of the final demand changes through the whole local economy and estimate the total effect on the economy, not simply the known direct effect.

The size of a multiplier to Louth and the District will depend on how “local” the supply chains are. A business that purchases more of its needs locally from other local businesses creates more income and jobs for the local economy than one that purchases from outside the area.

## Previous studies

In considering the impacts of livestock markets, in the recent past ADAS have researched the impacts on a single town (Oswestry) and an English Region (the South West).

The Oswestry feasibility study<sup>2</sup> (not published) assessed whether there was likely to be adequate demand for the continued operation of a livestock market for a ten-year period and, if so, what options were there for rationalisation on the existing site or relocation to an alternative site. The exercise also evaluated the development potential of any released land and any spin-off economic benefits to the town of retention of the Livestock Market in Oswestry.

This report suggested that the indirect and induced impacts were not particularly large and applied a multiplier in the range of 1.25-1.35 to the income produced by the livestock market. Such a multiplier is standard for industrial development and therefore not necessarily appropriate for a Livestock Market.

The local multiplier tool developed by the New Economics Foundation provided a number of case studies. One of these was the impact of a local organic farm. Within this work they found that 61% of the companies spending was local. They assumed that this proportion of local spending also applied to local salaries and subsequent loops of spending i.e. if my income is £100 I will spend £61 at local stores and these stores will spend £37.21 locally (£61\*0.61) and so on.

The report for the South West<sup>3</sup> was a review of markets in that region with a view to assessing future investment requirements within the context of rural development. It noted the drivers of through put as being:

- Producer requirements
- Likely production
- Buyer requirements
- Site issues
- Technology
- Statutory regulation
- CAP reform

The survey conducted for the south west report suggested that there was no link between bringing animals to market and other town based activities as they are not constrained to travelling on market day and a preference for moving in and out of the market quickly.

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<sup>2</sup> Oswestry Livestock Market Study, Phases I and II (2002) for Advantage West Midlands

<sup>3</sup> Review of Livestock Markets in the South West of England (2003) for South West Regional Development Agency

## **6.2 Estimates for Louth Livestock Market**

### **Impacts**

We differentiate between the impacts of the market itself and the impacts from additional spending in the town by those farmers visiting the market.

### **6.2.1 Impact of the Market**

#### **Direct Impacts**

These are the direct impacts on the revenue of the livestock market itself. Clearly, increases in throughput will increase revenues. The gross turnover from sales through the livestock market is assumed to be of the order of £2 million per annum, a figure in line with the 2006/07 and 2007/08 throughput data. The auctioneers receive a fee of around 3.5%, which equates to revenue of around £70,000. The direct impacts are the spending on wages and salaries, £35,000.

#### **Indirect Impacts**

We assume no profit is made and that this is spent half and half between staff costs and consumables for the business. We have also made the assumption that rent paid to ELDC is recycled locally. Using the New Economic estimate of subsequent spending within the local supply chain equates to indirect impacts of £54,744.

#### **Induced Impacts**

These are the impacts of the local spending of the staff wages locally. Using the same estimate of subsequent spending provides an estimate of induced impacts of £54,744 (the same as indirect impacts due to the 50/50 assumption on the split between salaries and supplies).

Therefore the annual value of the market to Louth is estimated to be £144,487.

### **6.2.2 Impact of Town Visits**

Farmers visit the market on 14 occasions per year (table 15) also spend at other facilities in the town (table 18). If we assume 100 farmers fall into this regular pattern of visits to the livestock market, that approximately two thirds of these also utilise facilities in the town, and the average spend per visit is as in the survey, we can estimate revenues generated by such visits for the rest of the town. Including farm inputs suggests additional business generated for the town of around £73,920. Again assuming the estimate for subsequent spending, this induces further spending of £115,618.

That is, the total value of farmer spending in Louth is estimated to be £189,538.

### **6.2.3 Overall impacts**

These three impacts together suggest a total impact on the Louth economy of around £334,000 per annum. Over a 25 year period using a 3.5% discount rate, this equates to a net present value (NPV) of £5.5 million in terms of contribution to the local Louth economy. NPV reflects that people would rather have money now than in the future i.e. regardless of inflation people generally would rather have £100 now than in one weeks time. It is a standard method for using the time value of money to appraise long-term projects. This is not the potential loss to the local economy if the market were to close as there would be income gained resulting from an alternative use of the site.

### **Impact of market closure on spending in the town by farmers visiting the market**

Also, as the survey suggested, spending by the farmers when they visit the market will not be totally lost as they will still visit the town for those kind of trips. Using the survey data for the farmers who visit the market and will continue to do so and assuming a drop in spending and visits of 50% for those who said they would reduce their use of Louth leads to an estimate of reduced town spending from £189,538 to £46,667. Again, however, this may well be replaced by visitors to the alternative use of the site which may well be greater than the estimates for farmer visits.

### **Sensitivity of the results**

We have calculated the sensitivity of the NPV estimates to two of the more uncertain parameters, the market turnover and the proportion of subsequent spending. For the market turnover, changing the turnover by £250,000 per annum affects the NPV total by almost £300,000 over the 25 year period i.e. not particularly sensitive. However, the NPV estimate is much more sensitive to the estimate of 0.61 on subsequent spending. A change of 0.1 affects the NPV by around £1.5m over the 25 year period, illustrating the power of increased/decreased local spending on the local economy.

## 7. Summary discussion

This study has investigated the sustainability of Louth livestock market by examining:

- The baseline position of livestock production and sales in Lincolnshire
- The future needs of the livestock and meat processing industries
- The wider socio-economic benefits associated with the operation of a livestock market facility within Lincolnshire

Production data shows that land use within Lincolnshire is dominated by crop production and mainly cereals. Of a total of 587,649ha of agricultural land in Lincolnshire 77% is used for crops and bare fallow and 13% is grassland. At a county level cattle and sheep production is a small proportion of the agricultural output, however much of the cattle and sheep production is clustered in the North East of the county. Unlike many areas where land is not suitable for arable production livestock producers in Lincolnshire are not solely dependent upon income from livestock production and derive a significant proportion of their income from arable production. Of the producers surveyed, on average 51% of their income is derived from livestock sales and 39% from arable sales.

Understanding the scale and trend of cattle and sheep production in Lincolnshire is important in order to assess potential demand for the livestock market. The declining trend in sheep numbers produced in Lincolnshire is consistent with other areas of England but has been greater in Lincolnshire than in many other counties. This is largely due to the poor profitability of sheep production and the versatility of the land, with arable cropping seen as a more profitable option on many farms. The total number of cattle has decreased at a lower rate in Lincolnshire compared to neighbouring counties. The fall in cattle numbers is also consistent with the picture in England overall, but the recent increase reflects the improved profitability of cattle production and ready access to arable by-products for cattle feeding. CAP reform and the removal of headage payments have been largely responsible for the decline in stock numbers as farmers have had to reassess their livestock enterprises and improve efficiency to survive or cease production.

A financially sustainable livestock market is one which has sufficient throughput of sales in order to generate sufficient income and profit to invest in infrastructure and marketing that in turn attracts sellers and buyers. The throughput of Louth livestock market has declined significantly since 2000. This decline was initially triggered by the impact of the Foot and Mouth Disease in 2001 when the market was closed for 13 months. This downward trend in throughput has reduced revenue to both the auctioneers and the landlord. The view is that the market is becoming financially more uncertain due to this underlying reduction in throughput and erosion of business. Lower revenue reduces the ability to invest in infrastructure and marketing activities which will compound the issue as other livestock markets invest in better facilities. Investment will have to be found to maintain the site but also comply with future legislation such as sheep electronic identification. The reduction in throughput also has a negative effect in that it reduces choice for a prospective buyer which in turn reduces the number of prospective sellers. The survey revealed that the average number of visits to Louth livestock market from a producer is 14 times in a year. This is less than once every 3 weeks, and reflects the profile of those using the site, namely small producers. Livestock markets are like any other outlet and they demand consistency of supply in order to be sustainable. 21% of producers interviewed said that they did not use Louth livestock market (but did use other livestock markets) and the shortage of buyers, was the main reason given.

Louth livestock market provides an important marketing channel for smaller producers who are typically older and whose main factor in deciding where to sell is convenience, in terms of easy access to the farm. This segment of farmers is likely to decline over time due to retirement and consolidation. The fact that Louth livestock market services this particular segment of the farming population becomes very significant when assessing the social benefits farmers derive from using Louth. Louth livestock market is the only remaining market in the county and when the market was closed during the FMD period in 2001, farmers still came into the town and met for lunch in order to retain their social network. The survey indicates the social aspects remain important with two thirds of farmers attending the market even if they have no stock to sell. Farming is an isolated profession and with the number of employees reducing on farms there are few ways to network and socialise in the industry.

Regardless of whether a livestock market is sustainable in Lincolnshire there will always be a need for Lincolnshire livestock farmers to use a livestock market. The survey revealed that 53% of producers questioned use livestock markets to purchase cattle and 76% of store cattle are sold through markets together with 50% of finished beef. 75% of sheep are sold through livestock markets and 52% are purchased through markets.

Understanding the role of Louth livestock market in the Lincolnshire meat processors supply chain is important in assessing the knock-on effects to other parts of the food economy. The interviews with Lincolnshire meat processors revealed that Louth livestock market does not play a significant role in their supply chain of those Lincolnshire meat processors. The main purchasing channel for abattoirs is direct from the farm and there is no indication that abattoirs will change this practice. Some processors do buy from Louth livestock market as they can access locally reared livestock, however this is a small proportion of their overall purchasing.

Future regulation will affect Louth livestock market and farmers to a different extent. The introduction of sheep electronic identification in the future will mean that investment will be required in new equipment on site at the market. Animal transport legislation already dictates that farmers need to have a certificate of competence for animal transport if they move animals more than 65km (40 miles). If Louth livestock market closed then a proportion of farmers who use Louth for selling stock would need to take the assessment test at a cost of up to £70.

Louth livestock market has been under pressure for a number of years from a downward trend in sales and general activity caused by a number of factors. The long term viability of the market is under threat and if Louth livestock market were to close then there would be impacts on different stakeholders. The two auctioneers operating the site would lose a revenue stream but the financial impact would not be significant. The main impact on them would be the fact that they feel that they are providing an important service to the farming community which extends beyond business to providing a weekly social networking opportunity. Also, those farmers who use Louth livestock market would need to reassess their marketing and possibly production systems. The majority of farmers surveyed who use the market said closure would have some impact upon their business. 33% stated they would be significantly affected by the closure and 34% stated they would not be affected at all. However, producers would have a number of options which they would need assistance in exploring.

The options available could be to:

- reduce livestock production,
- use an alternative market,
- sell direct to an abattoir,
- use a combination of selling techniques,
- increase livestock production,
- crop the land,
- cease livestock production.

The survey and stakeholder consultation suggests that a significant number would switch to using an alternative market and increase the level of direct selling to abattoirs and a smaller proportion of farmers would reduce stock numbers. Half (53%) of those using Louth livestock market would switch to alternative markets, with a slightly smaller, but sizeable, proportion (43%) stating that they would change the type of sales outlets used. 55% of producers stated that the impact of the closure would impact on farm profitability by increasing costs (principally transport), although that may be offset by better prices.

The exact number of farmers who are regular users of the market to trade and therefore would be directly affected by the closure of Louth livestock market can be estimated based upon throughput and survey data that the number of farmers would be in the order of 75. If the market were to close then producers would have a number of options which they would need assistance in exploring. The survey and stakeholder consultation suggests that a significant number would switch to using an alternative market and increase the level of direct selling to abattoirs and a smaller proportion of farmers would reduce stock numbers

Users of Louth livestock market do provide an additional economic benefit to Louth town by using shops and services. The survey suggests that some of the benefit would be lost as farmers find alternative marketing outlets. This is not the potential loss to the local economy if the market were to close as there would be income gained resulting from an alternative use of the site.

The role of the livestock market in providing wider social benefits to local farmers came through from both the farmers themselves and the auctioneers and stakeholders. Some of this social networking could be achieved by using alternative markets however the view is that a large proportion would be lost.

If the Louth livestock market closed then the negative impacts could be minimised by providing support to those farmers that will be affected the most. The support may include:

- Help farmers assess the marketing channels available to them
- Help farmers sell direct to abattoirs
- Help farmers assess livestock production systems
- Help farmers address the animal transport legislation
- Help farmers access rural support networks
- Facilitate local farmer networking

There are a number of organisations who could provide support which includes a number of stakeholders who were contacted as part of this study. In order to assist with this development there are also possible development funds such as RDPE that could be accessed to provide support. If Louth livestock market does close then assistance would be required to enable a transition to help producers change. This transition may be related to the farm business such as changing production systems or selling via other methods. Additional to this there would be a social networking change and a new way found for farmers to access support services that may have been provided through the market. The key to designing any change support programme is through dialogue with producers and this could be achieved through informal farmer groups or another method.

## Appendix 1: Production data

Source: Defra

Breeding sheep numbers								
Region & County/Unitary Authority	2000	2001	2002	2003	2004	2005	2006	2007
N & NE Lincolnshire	5447	5595	5303	5,211	4835	4603	4553	4892
Derby					104			
East Derbyshire	11754	10387	8528	7,919	8253			7038
South & West Derbyshire	173848	166235	151095	151,760	154752	155319	156340	149007
Nottingham					17			
North Nottinghamshire	22331	19067	18039	17,705	17251	17376	18579	17574
South Nottinghamshire			11033	10,729	12582		12402	11393
Leicester					18			
Leicestershire cc & Rutland	149846	143438	132169	134,683	133364	126838	121382	118057
Northamptonshire	161138	150949	130634	130,970	126396	117825	114917	108929
Lincolnshire	82342	75630	68326	64,785	65261	62480	63149	60103
Average	55155	51936	47739	47615	47530	44040	44666	43363
Total	606706	571301	525127	523760	522832	484441	491322	476993

Number of Lambs								
Region & County/Unitary Authority	2000	2001	2002	2003	2004	2005	2006	2007
N & NE Lincolnshire	5946	6004	5484	5,331	4617	4545	4610	4895
Derby		96	69		14			
E. Derbyshire	14407	12908	10773	10,146	10162	11227	10072	10463
South & west Derbyshire	230074	217296	193602	192,743	195351	207918	203356	203409
Nottingham					14			
N. Notts	29998	25353	23798	24,484	24171	22985	23371	23656
S. Notts	14008		13578		14646	14608	17103	15597
Leicester					26			
Leicestershire cc & Rutland	211763	200510	184147	187,392	183155	179487	169935	168723
Northants	220789	207746	177729	176,197	166837	161502	156675	155378
Lincolnshire	105319	95309	86421	80,760	78314	76540	78630	79509
Average	75664	69566	63236	61550	61573	61710	60341	60148
Total	832304	765222	695601	677052	677308	678812	663752	661631

Total cattle numbers							
Region & County/Unitary Authority	2000	2001	2002	2003	2004	2005	2006
N & NE Lincolnshire	3058			2,620	2669	2878	2870
Derby			164	179	257		
East Derbyshire	9718	10119	9185	8,954	9050	9004	7742
South & West Derbyshire	67032	67726	63329	62,996	63145	61973	60911
North Nottinghamshire	11403	11282	10827	10,404	9923	10004	9729
South Nottinghamshire	6973				5811		
Leicestershire cc & Rutland	47735	47789	45420	45,505	43456	42547	40280
Northamptonshire	23351	22646	20547	20,747	19571	19651	18931
Lincolnshire	29942	28981	27325	27,736	27816	27126	
Nottingham					68		
Leicester					63		
Average	18110	17140	16072	16285	16530	15744	12769
Total	199,212	188,543	176,797	179,140	181,829	173,183	140,463

Beef cows								
Region & County/Unitary Authority	2000	2001	2002	2003	2004	2005	2006	2007
N & NE Lincolnshire	2368	2353	2204		2320			2066
East Derbyshire	3227	3258	2779	2,878	2934	3155	2801	3008
South & West Derbyshire	19538	19273	17758	18,923	19730	20527	20634	21290
North Nottinghamshire	4603	4285	3950	3,989	4170	4137	4053	4241
South Nottinghamshire	2192		1825		1976			2502
Leicestershire cc & Rutland	14002	13604	12966	13,291	14213	14628	14770	15201
Northamptonshire	12598	12088	11062	11,949	12166	12356	12431	12959
Lincolnshire	19902	18982	17724	18,455	18724	18991	18744	18934
Derby					87			
Nottingham					68			
Leicester					19			
Average	7130	6713	6388	6317	6946	6709	6676	7291
Total	78430	73843	70268	69486	76405	73794	73433	80201

Dairy Cows								
Region & County/Unitary Authority	2000	2001	2002	2003	2004	2005	2006	2007
N & NE Lincolnshire	690				334			341
East Derbyshire	6491	6860	6406	6,076	6075	5849	4941	4247
South & West Derbyshire	47494	48454	45572	44,073	42712	41446	40277	38901
North Nottinghamshire	6800	6997	6877	6,415	5876	5867	5676	5149
South Nottinghamshire	4781				3843			
Leicestershire cc & Rutland	33733	34185	32454	32,214	29873	27919	25510	23781
Northamptonshire	10753	10558	9485	8,798	7529	7295	6500	5094
Lincolnshire	10040	9999	9601	9,281	8947	8135		7361
Nottingham		0	0	0	0	0	0	0
Leicester					40			
Derby					174			0
Average	10,980	10,641	10,036	9,714	9,582	8,774	7,537	7,716
Total	120,782	117,053	110,395	106,855	105,402	96,511	82,904	84,875

## Appendix 2: Producer Questionnaire

Interviewer to Record which database sourced from;  
Vendor database; or  
from contacts bought (filename to be described).

### INTRODUCTION

Good morning/afternoon/evening. My name is ... and I am calling from Hill Taylor Partnership on behalf of ADAS. We are conducting a survey for East Lindsey District Council with livestock farmers living in the Louth and surrounding region.

The purpose of the survey is to ascertain the existing and future demand for the services of Louth livestock market amongst livestock producers.

Please can you confirm that you have the main responsibility for on farm activities and that you keep either cattle or sheep on your farm.

### **IF DO NOT STOCK CATTLE OR SHEEP, THANK AND CLOSE.**

(ONCE SPEAKING TO THE RIGHT PERSON) Would you be willing to take part in this interview? It should take no more than 10 minutes to complete, and I'd be happy to call back at a more convenient time if you prefer.

Within the survey results that we provide to East Lindsey Council, your individual responses will not be identifiable in any way, and this research is conducted according to the Market Research Code of Conduct.

**If applicable, Interviewer to record time/date of rescheduled interview.**

### **FARM DETAILS**

In this first section, we are seeking some brief details of your farm and yourself.

This questionnaire is anonymous, but please can you confirm your full postcode (e.g. LN10 Q7N), so that we know how far your farm is situated from Louth. **Interviewer to read out postcode from database and correct if different.**

**Q 1.** Please could you tell me how old you are? Write in \_\_\_\_

Under 30

31-45

46-60

60+

**Q 2.** In total, (including yourself and any family members), how many people work full and/or part time on the farm? (Please write in numbers) Full time \_\_\_\_ Part time \_\_\_\_

**Q 3.** Which of the following enterprises do you have on your farm? **Read out**

Cattle

Sheep

Arable

Off farm activities (i.e. unrelated to farming)

Other (Write in)

**Q 4a.** Thinking of all your sources of income (i.e. from the farm and non-farm related), what proportion (percentage) of income comes from...

**Q 4b.** ...and what do you feel this will be in 3 years time? Please estimate if unsure.

	Current	In 3 years time
Livestock sales	_____	_____
Arable sales	_____	_____
Farm diversification activities	_____	_____
Off farm activities (i.e. unrelated to farming)	_____	_____
Other farm activity	_____	_____
<b>Total</b>	<b>100%</b>	<b>100%</b>

**Q 5.** Please could you tell me the average number of breeding animals kept in the past 12 months and the total number of finished stock sold last year. **Write in No.s for each and zero where not sold/stocked.**

Dairy cows	_____
Dairy followers	_____
Beef cows	_____
Ewes	_____
No. of finished beef sold	_____
No. store cattle sold	_____
Number of finished lambs sold	_____
Number of store lambs sold	_____
Number of cull cows sold	_____
Number of cull ewes and rams	_____

### Livestock Marketing

The following questions consider the sales outlets you use for your stock.

**IF YOU PRODUCE CATTLE FOR SALE, PLEASE ASK Q6 and Q7.**

**IF YOU PRODUCE SHEEP FOR SALE, PLEASE ASK Q8 and Q9.**

**IF STOCK BOTH, ASK Q6 TO Q9.**

**Q 6.** For each of the types of cattle which you produced for sale, in the last 12 months approximately what proportion did you sell through each of the following outlets...**READ OUT EACH TYPE OF CATTLE AND RECORD PERCENTAGE ATTRIBUTED TO EACH SALES OUTLET. IF NOT SOLD, PLEASE ENTER ZERO'S.**

	Cull cows	Calves	Store Cattle	Finished beef	Dairy cows and heifers	Suckler cows and heifers
Livestock markets						
Direct to slaughterhouse						
Direct to other farms/dealers						
Electronic auctions						
Other						
Total	100%	100%	100%	100%	100%	100%

**Q 7.** For cattle bought in the past 12 months, approximately what proportion did you buy through each of the following outlets? Read out

	Cattle
Direct from other farms	
Livestock markets	
Specialist breeding stock sales	
Livestock agents/dealers	
Total	100%

**Sheep**

**Q 8.** For each of the types of sheep which you produced for sale, in the last 12 months approximately what proportion did you sell through each of the following outlets... **READ OUT EACH TYPE OF SHEEP AND RECORD PERCENTAGE ATTRIBUTED TO EACH SALES OUTLET. IF NOT SOLD, PLEASE ENTER ZERO'S.**

	Finished lambs	Store lambs	Breeding ewes and rams	Cull ewes
Livestock markets				
Direct to slaughterhouse				
Direct to other farms/dealers				
Electronic auctions				
Other				
Total	100%	100%	100%	100%

**Q 9.** For sheep bought in the past 12 months, approximately what proportion did you buy through each of the following outlets? **Read out**

	Sheep
Direct from other farms	
Livestock markets	
Specialist breeding stock sales	
Livestock agents/dealers	
Total	100%

**Q 10.** Regarding your marketing channels, how do you feel this will change, if at all, in the next three years...**Tick one box for each outlet type**

	Increase	Decrease	Stay the same
Direct to abattoir			
Livestock markets			

## **WHERE A CHANGE IS INTENDED FOR LIVESTOCK MARKETS**

**Q 11.** Why do you intend to increase/decrease the use of livestock markets? **Write in.**

### *Increase use of markets*

Better prices at markets

More convenient

Saves time/money

Social aspects

Combine with other trips (to banks, etc.)

### *Decrease use of markets*

Better prices at abattoirs

Suitable live markets not available

Intend to change type of animals stocked

Intend to change number of animals stocked

Animal health/bio-security concerns

Animal welfare reasons (e.g. reduce stress)

**Where not using any markets..ASK Q12, then GO TO Q16.**

**Q 12.** Why don't you use livestock markets when selling your stock? **Unprompted.**  
**Code all that apply**

Better prices from other outlets

Suitable markets not available

Animal health/bio-security concerns

Animal welfare reasons (e.g. reduce stress)

Negative press (thought it was going to close, etc.)

Not enough buyers

Combine visit to abattoir, etc. with other trips (e.g. bank, etc.)

Other **Write in**

**IF YOU USE LIVESTOCK MARKETS AT ALL, PLEASE ANSWER Q13 TO Q15.**

**Q 13.** How many times per year do you use the following livestock markets? If unsure, please estimate. **Write in**

**No. of times**

Louth	_____
Newark	_____
Grantham	_____
Melton Mowbray	_____
Other ... <b>Write in</b>	_____

**THOSE NOT USING LOUTH,**

**Q 14.** Why don't you use Louth? **Rotate. Read out and code all that apply**

Better prices elsewhere

Too far away

Poor access into site (e.g. with trailer)

Animal health/bio-security concerns

Animal welfare reasons (e.g. reduce stress)

Negative press (thought it was going to close, etc.)

Not enough buyers

Prefer social aspects of other markets

Better facilities at other markets

Combine visit with other trips (e.g. bank, etc.)

Other **Write in**

## WHERE USE LOUTH

**Q 15.** Why do you use Louth market rather than other livestock markets? (In the first column, please tick all the reasons that apply to you. In the second column, please tick the ONE reason which is the most important). **Rotate. Read out and code all that apply.**

	Any reason	Main reason
Get a better price for my livestock		
Get better quality livestock at Louth		
Easy access from my farm		
Fast and efficient unloading and handling of stock		
Good ring and viewing facilities		
Good and efficient cleaning and disinfection facilities		
Efficient administration (e.g. booking in, payment)		
It's a good way of finding out what is happening in farming locally		
It is useful to combine a visit to market with other farm business in the town		
It is useful to combine a visit to market with personal activities in the town, for example shopping		
Meeting friends/colleagues		
Other <b>Write in</b>		

## Ask all

**Q 16.** How likely are you to use (or continue to use) the Louth facility in the future?

Definitely

Very Likely

Possibly

Unlikely

Definitely not

**Services used when attending Louth market (those using the market)**

**The following questions seek information on what you spend money on when attending the Louth market.**

**Q 17a.** Which of the following do you currently use when in Louth for the livestock market? **Read out and code all that apply**

**Q 17b...** and roughly how much, if anything, would you spend on these on each visit?

	Use	Spend (£)
Purchasing farm inputs	e.g feed	___
Supermarkets/food shops		___
Other shops		___
Restaurants/cafés/pubs		___
Bank/Building society		___
Post Office		___
Accountant, solicitor, advisor		___
Other services used		___

**Q 18.** Would you still use Louth shops/services if the cattle market didn't exist?

Yes – to the same extent

Yes – but not as often

No

Don't know

**Q 19.** Are there any other benefits you obtain from attending Louth market?  
**Unprompted then prompted (Rotate).**

Unprompted    Prompted

Get to see the quality of the livestock produced by other farms

Learn about market conditions/livestock prices

Learn about what's going on locally

General socialising

Meet new contacts within industry

Combine a visit to market with other farm business in the town

Other **(Write in)**

**Q 20.** Do you ever attend the market even if you have no stock to sell? Yes No

**If yes,**

**Q 20b.** Why?

Get to see the state of the livestock produced by other farms

Buy machinery

Learn about market conditions

Learn about what's going on locally

General socialising

Meet new contacts within industry

Combine a visit to market with other farm business in the town

Other **Write in**

**Q 21.** How far would you be prepared to travel regularly to sell at a livestock market?

(Please write in a time and a distance, since some journeys take longer than others)

\_\_\_\_\_Hrs \_\_\_\_\_mins and \_\_\_\_\_ miles

**Q 22.** Economic pressures may result in the closure of some livestock markets. If Louth market were to close, how significant would this be to you and your business?

Very Significant

Fairly Significant

Not that Significant

Not at all Significant

**Q 23.** If Louth market were to close, what impacts would this have upon your farm business? **Read out and code all that apply. Rotate**

Use alternative markets

Change type of sales outlets used (i.e. sell direct to abattoir, etc.)

Reduce headage of stock

Lay off staff

Impact farm business profitability by increasing costs

Additional journeys required to use other services (banks, etc.)

Additional journeys required to source suppliers/farm inputs

Loss of knowledge regarding market conditions (ask **Q24**)

Loss of knowledge about what's going on locally (ask **Q24**)

Lose of opportunities to socialise (ask **Q24**)

Unable to meet new contacts within industry (ask **Q24**)

No impacts on me

**For each of above mentioned,**

**Q 24.** Would you be able to get any opportunities to ..... **Read out options below, to the same degree, from other livestock markets in the East Midlands**

Get Information on market conditions      **Yes    No    Don't Know**

Get Information about what's going on locally **Yes    No    Don't Know**

Socialise and network      **Yes    No    Don't Know**

Meet new contacts within industry      **Yes    No    Don't Know**

**Q 25.** How important are these aspects (in **Q24**) to you and your business?

Very Important

Important

Not that important

Not at all important

Q26. – Do you have anything further that you would like to add regarding livestock markets and/or Louth existing facility? **Write in**

**Thank and close**

## Appendix 3: Producer Survey Methodology

### Producer Survey Methodology and Data Reliability

A CATI telephone survey was undertaken amongst 150 farmers who stock cattle and/or sheep within a defined catchment. To undertake the survey, a database containing contact details for c500 farmers was supplied by East Lindsey District Council. All are current or recent users of Louth Livestock market. These contacts were then supplemented by another database of c400 farmers with cattle or sheep living in the catchment area, but who were not on the original database. We use the term 'non-vendor' to describe this. When interviewed, 21 of the 50 farmers (42%) interviewed from this database were found to use Louth livestock market. The table below shows the outcomes of the calls made. The response rate is calculated from the number of completed interviews achieved from the 'available' contacts, i.e. those contacted who seemed suitable for the survey. It can be seen that only one farmer declined an interview, resulting in an overall response rate of 99%. Such a response indicates the willingness of farmers to discuss their views regarding Louth's livestock market.

#### Response Fall Out

	Number of cases
<b>Total contacts</b>	<b>900</b>
Failed contacts (no answer, wrong number, not contacted, etc.)	628
Refused	1
Screened out (as ineligible – e.g. don't stock cattle or sheep)	121
Interviewed	150
<b>Response rate</b>	<b>99%</b>

### Data Analysis and Reliability

As with any survey, the data collected from a sample is used to represent estimates of the population. The confidence that can be placed on the individual estimates is dependent upon the number of respondents in the sample who fall into the sub-group being analysed. Due to the distribution of specific types of respondents across the sample, the sample size for sub-groups in some of the analysis is small. Where the sub-group has 30 or fewer respondents we have not presented, or discussed, the data. The exception to this is for open ended questions, for which the responses have been presented alongside the number of respondents.

#### Confidence Intervals

A sample size of 150 respondents returns a maximum margin of sampling error of +/- 8% at the 95% level of confidence. That is to say, we can be 95% confident that the

findings reported for the survey range between +/- 8% of those reported should we have interviewed all farmers within the catchment area. Where subgroups (e.g. farm type) have been analysed the margin of error will increase due to the smaller sample bases used.

### Potential bias

As with any sample survey, there is a potential of bias. For this study, there has been some coverage in the local media regarding the vulnerability of Louth's cattle market, and it is very possible that those responding to the survey are aware of the market's situation and it is possible that this has influenced their responses. That said, none stated 'negative' media coverage as a reason for not using Louth's livestock market.

Furthermore, the sample is weighted towards those that have used Louth livestock market (101 of the 150 respondents) and this will further influence the findings. As has been discussed, a sizeable proportion of those contacted from the 'non-vendor' database have used the facility.

### Location of all vendors using Louth Market

