

BUSINESS STRATEGY

2024 - 2027



NFU Scotland

INTRODUCTION



The work of NFU Scotland has never been so important and I am proud to lead the organisation through the next part of our long history. I am pleased to have inherited a well-respected, financially stable, and well-functioning organisation, with a talented and committed staff team, all of which gives me great optimism for the future.

My aim is to build on this solid platform and create a high-performing organisation that is renowned as a first-class employer, and which puts our members' interests at the heart of everything we do.

Like any high-performing organisation, it is vital that we plan effectively and over the past six months we have been working with the Board of Directors to develop a new three-year Business Strategy for the organisation. Our new strategy sets out the direction of travel and strategic priorities for the organisation over the next three years, how we will work and deliver on our priorities, and how we will measure our effectiveness.

The organisation has emerged strongly from the global pandemic and, like others, we have learned a great deal about different ways of working and the use of technology to support our staff and engage with our members and wider community. We will continue to learn and adapt in the years ahead.

NFU Scotland remains one of the most important and respected organisations in Scotland and our new Business Strategy will ensure that we are focused on the issues that really matter to our members and our people.

John Davidson,
Chief Executive Officer

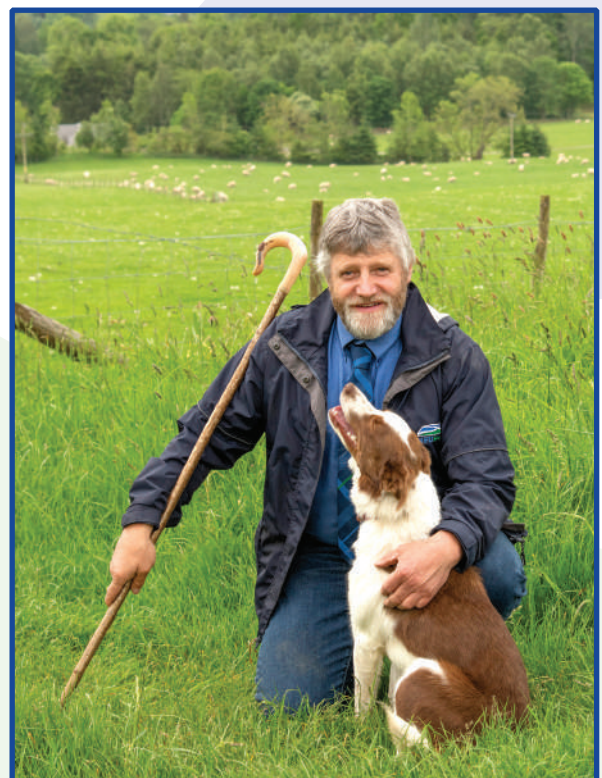


The next few years are arguably likely to be some of the most pivotal in our 110-year history but I believe we are extremely well placed as an organisation to navigate the challenges that are no doubt ahead and also realise the tremendous opportunities that beckon for Scottish agriculture.

Now in my final year as President of NFU Scotland, I look back on a rewarding but challenging three years during which there has been significant change within the business coupled with tremendous resilience and countless successes for our members. I now look ahead with optimism and confidence that the organisation is fit and ready to face the years ahead and provide an exceptional service to our members to whom I remain indebted for their loyalty and support not only to me personally but to the entire organisation.

For the first time in a long time, our new Business Strategy sets a clear direction for us as a business. It will ensure our organisation is focused on the issues that matter for members and provides an important framework for the Board of Directors to govern the business effectively. I look forward to playing my part in the year ahead to make our Strategy a success.

Martin Kennedy
President



INDUSTRY CONTEXT



The farming industry in Scotland and indeed across the world is under more pressure now than arguably ever before. Over the past few years farmers have faced spiralling costs of production in respect of fuel, feed and fertiliser linked to the ongoing conflict in Ukraine and the legacy of the global pandemic. The industry continues to face a chronic shortage of labour and is increasingly battling with extreme and volatile weather which can often have devastating consequences.

As farmers and crofters seek to respond to these challenges they also face an unprecedented level of policy and regulation as respective Governments seek to tackle a range of societal and environmental challenges. We also see a pattern across the world where farmers' margins continue to be squeezed through their own supply chains as the drive for low-cost food continues to shape market behaviour.

Scotland's farmers and crofters are arguably better placed than others to respond to these pressures. They are already adopting innovative farming practices that are environmentally positive and support biodiversity and nature recovery. The weather, despite being

increasingly volatile, remains one of our natural assets along with our rich soils and fertile land. Above all, we are producing safe and nutritious food to the highest standards anywhere in the world at a time when the world's population is growing quickly. There continues to be a growing demand across the world for premium food and drink with a strong provenance story and environmental credentials – in that regard, Scotland is blessed and well placed to capitalise.

The industry remains the bedrock of Scotland's wider food and drink industry – an industry that's worth £16 billion to the Scottish economy, employs 130,000 people, and supports Scotland's national reputation on the world stage.

The next few years will be pivotal for Scotland's farmers and crofters and, if the right decisions are made by the UK and Scottish Governments, then this could be the catalyst to support a thriving and profitable farming industry in Scotland. In turn, this will support vibrant communities the length and breadth of Scotland given their economic and social reliance on the industry. Put simply, a successful farming industry in Scotland means a successful Scotland.

NFU SCOTLAND – WHO WE ARE



Just as it was when we were formed in 1913, our members remain the most important part of our organisation and everything we do will always have our members' best interests at heart. We currently have a loyal membership of over 9,000 members spread across the country, with an annual retention rate of 96%.

Our financial position is healthy, with a turnover last year of £3.3 million made up primarily of member subscriptions, commercial income and direct support from our longstanding partner, NFU Mutual.

We have a talented and dedicated staff team of 40 FTE (Full time equivalent), which includes a superb blend of experience and skill set, and a real mix of diversity in terms of gender balance.

Our longstanding committee and branch structures remain at the core of how we operate as a business – these include 10 commodity committees; 10 regional boards; and 72 local branches supported by a professional network of Group Secretaries that ensure our democratic processes function effectively.

We also continue to evolve and strengthen our governance arrangements across the business. At the highest level, the Board of Directors meet around

seven times per year and oversee the functioning of the business with an increasing focus on finance, risk management, and staff development and retention. To aid this process, the Board of Directors has delegated authority to three distinct sub-committees to add additional scrutiny and support to the Executive team – these committees are:

- Presidential Committee
- Finance Committee
- Remuneration Committee

In addition, we are in the process of strengthening our internal processes through the creation of a senior management team and new programme board to oversee the delivery of our operating plan, with a renewed focus on budget management and profiling to ensure greater rigour around our financial controls.

By-in-large, these structures have served the organisation and industry well. However, it's important that we keep reviewing and evolving our structures and ways of working to ensure they are fit for purpose in terms of contributing to policy development, supporting our members, and working towards securing a profitable future for the industry.



Some of our recent successes are as follows:

POLITICAL & MARKET INFLUENCE:

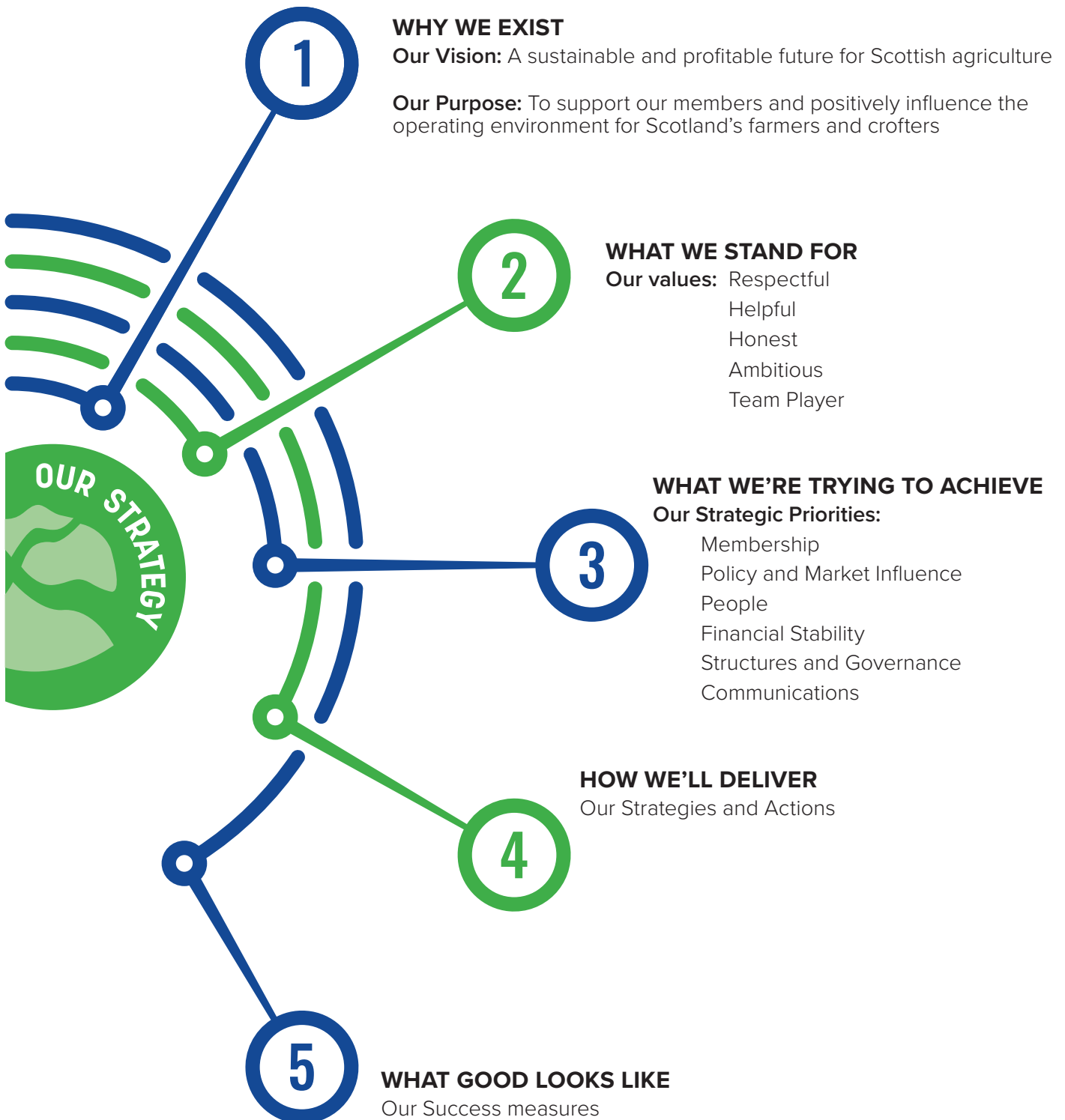
- Continue to be the 'go-to' organisation for both the Scottish and UK Governments on agricultural and rural issues. No other organisation has the access to and influence with politicians that we do, with over 120 meetings, visits and event undertaken in the past six months alone.
- We secured £5 million extra funding for capital investment in slurry stores.
- Was instrumental in influencing the decision to abolish plans to introduce the Greener Farms Commitment.
- Re-launched our biggest ever Shelfwatch initiative, shining a light on retailers sourcing and labelling practices.

POLICY WINS:

- We've had significant influence on the shape of the new Agriculture Bill, ensuring it works for members and securing commitment from Government that the vast majority of future financial support will be delivered through Direct Support (Tiers 1 & 2).
- We have persuaded the Government to continue with the Beef Calf Scheme and a Less Favoured Area scheme, despite opposition from third parties to abolish these vital support schemes.
- In the summer 2023, we successfully persuaded SEPA to take a pragmatic approach to drought management meaning members were able to continue to extract water.
- We persuaded the UK Government to drop their damaging plans to change the live animal transport regulations which would have been unworkable for the industry.

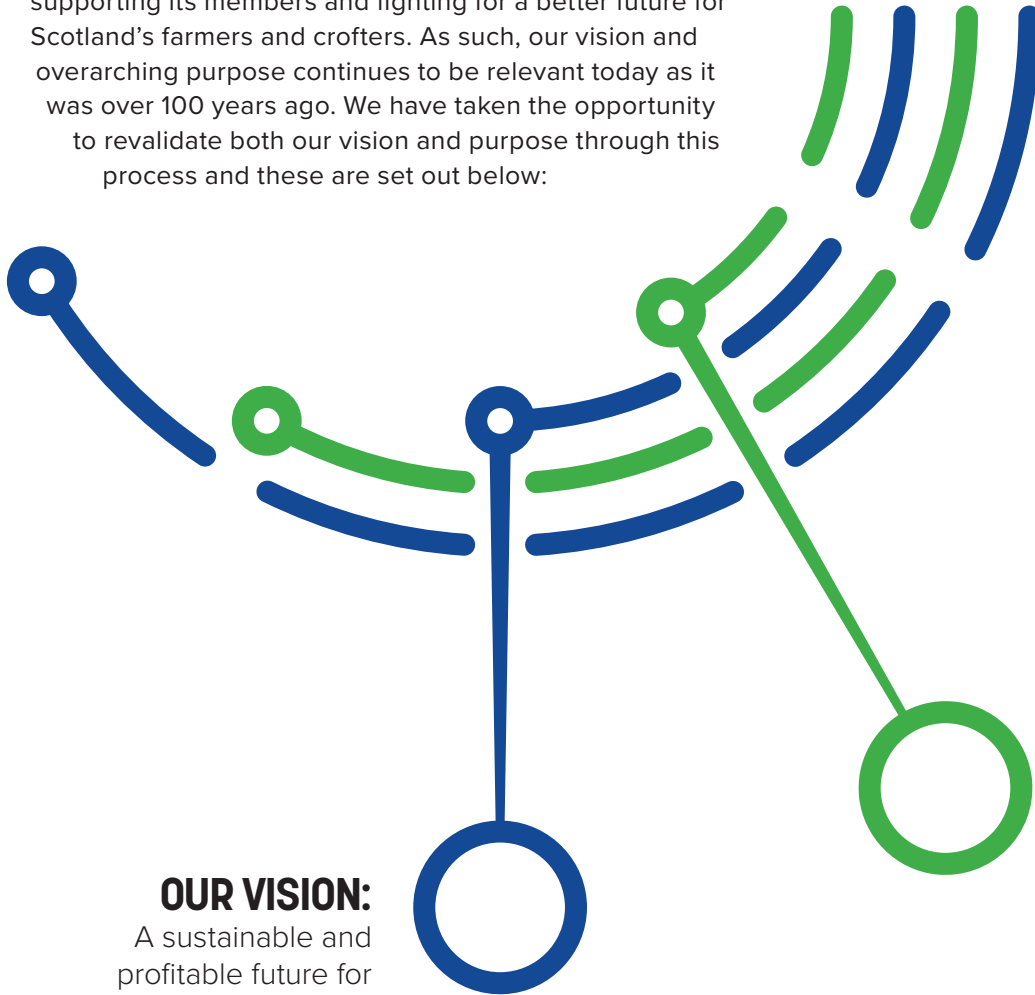
MEMBER SUPPORT:

- Our network of Regional Managers provides round-the-clock support to members and continues to raise the profile of the industry through our presence at local shows, events, and bespoke initiatives.
- We have 35 different affinity deals offering huge discounts and benefits to members, including the new NFU Scotland Finance programme and significant discounts on new vehicles which has collectively saved members £8 million over the past three years.
- Continued access to **free** professional advice and support through our dedicated helplines covering tax, legal, transport, utilities, and our new services covering HR and employment issues.
- Continued support for members through the Scottish Dairy Hub, providing a free one-stop confidential information and advisory service to dairy farmers.



OUR VISION AND PURPOSE

Whilst there have been many changes in farming over the years the one thing that has remained consistent is the organisation's steadfast commitment to supporting its members and fighting for a better future for Scotland's farmers and crofters. As such, our vision and overarching purpose continues to be relevant today as it was over 100 years ago. We have taken the opportunity to revalidate both our vision and purpose through this process and these are set out below:



OUR VISION:

A sustainable and profitable future for Scottish agriculture

OUR PURPOSE:

To support our members and positively influence the operating environment for Scotland's farmers and crofters

Whilst these remain broadly unchanged what will be different going forward is how we will drive the strategic and operational focus of the business over the next three years. Specifically, everything we do will have **profitability** for the industry at our core. Put simply, if farmers can't make a profit from their farming operation then they won't be able to reinvest in the business and, very quickly, there won't be a critical mass of farmers to produce food and manage the land.

There is unlikely to be a single solution to achieve this and the remedy will emerge from a range of factors including production methods, public investment, fairer returns through the supply chain, and targeting new markets. All of these aspects will be targeted by the organisation in pursuit of our vision.

OUR VALUES AND CULTURE



Fundamental to the success of the organisation is how we go about our business and that means developing a set of organisational values that very clearly defines the principles and standards that guides our actions, decisions and behaviours – in essence, what we stand for – our ethics, morals and beliefs.

Our organisation values are as follows:

RESPECTFUL

I am expected to treat everybody with dignity and professionalism

HELPFUL

I provide help and assistance that goes the extra mile

HONEST

I am transparent, trustworthy and earn the respect of colleagues and members

AMBITIOUS

I look to improve on existing practices and prepared to take risks in what I do

TEAM PLAYER

I collaborate and work well with others

Just as important is our organisational culture – essentially our working environment. Our culture is an expression of our values and the way that we conduct our everyday business through our formal and informal ways of working, the language we use, and the way we behave.

We will strive to live and breathe our values in everything that we do and create a special culture that enables everyone to flourish – this includes a culture of learning, empowerment, transparency and fairness.

All of this is fundamental if we are serious about becoming an exceptional place to work. We are competing against other likeminded organisations in recruiting and retaining the very best people and it is vital that we have a modern and progressive approach.

DIVERSITY

One of the specific areas that we do need to make more progress is in relation to the diversity of the members involved in our organisational structures. Whilst we have a superb mix across the staff team in terms of gender and age this is not the case across our network of committees, branches, and wider networks. This is something that needs addressed and therefore we have commissioned Caroline Millar to lead a formal diversity review during 2024 to identify barriers that inhibit our ambitions, and to make recommendations on what we need to do better and differently. This review will be an important reference point for our work in the second half the year and beyond.

OUR STRATEGIC PRIORITIES

We have identified six overarching strategic priorities that will guide the organisation over the next three years and help us deploy our resources and effort most effectively. Whilst each of these five priorities has a specific strategic focus there is significant inter-dependencies between and across all five.

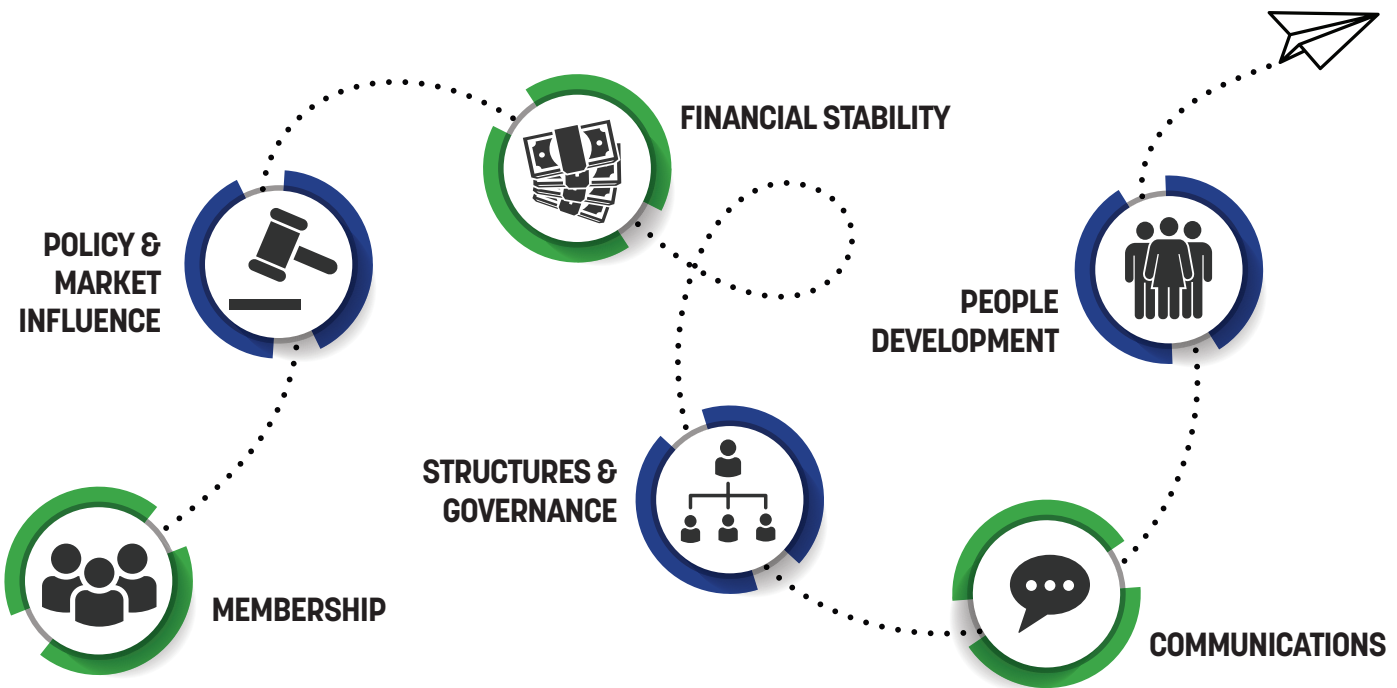
We will continue to ensure we focus on the issues that really matter to members

and we do this in two broad ways: Firstly, through the dedicated support we give to members via our professional advice, guidance, and bespoke member benefits and discounts. Secondly, through our policy development and influencing work, in which we will continue to rely on our committee structures to inform our decision-making.

This support however is only possible if we are financially viable as a business, can attract the very best talent and then

develop, support and retain them. Having effective governance arrangements in place to support the functioning of a high-performing organisation is non-negotiable.

As such, all our strategic priorities are of equal importance. Given the nature of our work there will inevitably be a need to be flexible in order to respond to any unexpected events, however, these overarching priorities will provide us with the necessary focus to ultimately maximise our impact and support to members.



Strategic Objective: MEMBERSHIP

WHAT ARE WE SEEKING TO ACHIEVE?

"To retain and grow our membership through effective engagement and exceptional support."

Our members are and always will be the most important part of our organisation. Everything the organisation does will have our members' best interests at heart and that ethos won't change. We will keep striving to provide exceptional support and advice to all our members. This will inevitably differ depending on circumstances but our commitment to each member won't waiver. In the years ahead we will seek to find even more ways to ensure we are listening to members, provide them with even better support, and broaden our reach to attract new members which will help further strengthen our influence and resilience as a business.

Strategic Objective: POLICY AND MARKET INFLUENCE

WHAT ARE WE SEEKING TO ACHIEVE?

"To maximise our impact through effective policy and market influence."

The organisation continues to be one of the most respected in Scotland for the work that we do to influence public policy within Scotland and beyond. There is no doubt that our task is going to become even more challenging in the years ahead given the significant volume of policy and regulatory proposals emerging from both the Scottish and UK Governments that have implications for the industry. Equally, the market challenges are becoming more acute with farmers' and growers' margins continuing to be squeezed. As such, we will need to keep investing in our capacity to ensure our members' views continue to be adequately represented and we are able to maximise our influence so that the policy and market environment works for, rather than against, our members.

OUR STRATEGIC PRIORITIES *continued*



Strategic Objective: FINANCIAL STABILITY



WHAT ARE WE SEEKING TO ACHIEVE?

"To increase our income so that the organisation continues to be financially resilient and is able to increase investment in our people and services."

The organisation is fortunate to be on a stable financial footing after a number of years of prudent financial management. Like every organisation however our costs are increasing through inflation and other factors and as a business we need to face into these challenges. We are now developing a new commercial strategy which will identify the opportunities for increasing our revenues both through and beyond member subscriptions. Put simply, the more revenue we bring in the more we can invest in our people and services and the better support we can provide for our members.

Strategic Objective: STRUCTURES AND GOVERNANCE



WHAT ARE WE SEEKING TO ACHIEVE?

"To have the right structures and appropriate corporate governance arrangements embedded across the organisation in order for it to function effectively and lawfully."

Despite our small size we are a fairly complex organisation to govern due to our diverse nature, committee and branch structures, constitution, business interests, partnerships, and some historical practices in relation to local areas. As such, it is critical that we have appropriate but robust governance arrangements in place to enable us to function effectively and in accordance with the law. Last year, the organisation commissioned an external governance review and we are now in the process of implementing its recommendations. Over the next 12 months we will accelerate this work and seek to further strengthen our internal processes and structures to give members the assurance and confidence the organisation is functioning effectively.

Strategic Objective: COMMUNICATIONS



WHAT ARE WE SEEKING TO ACHIEVE?

"To increase our profile, enhance our reputation, and inform our members."

We currently use a variety of communication tools to speak to a diverse range of audiences and by-in-large we do this effectively. We are committed however to continuing to evolve and improve our approach and will therefore develop a new communications strategy over the next six months to support the work of the organisation and ensure we continue to communicate effectively. Within this, we will have a specific focus on how we balance important reactive communications with our ability to set the news agenda through strategic communication opportunities. We will also look at how we utilise our digital assets more effectively to support members.

Strategic Objective: PEOPLE



WHAT ARE WE SEEKING TO ACHIEVE?

"To develop, nurture and support our people to help them achieve their potential."

Our staff team is the lifeblood of the organisation. We are fortunate to have a dedicated, professional and talented team of individuals working tirelessly to help our members and represent their interests. It is vital that we continue to invest in our people so that we can nurture their talent and retain them for as long as possible. That means becoming a first-class employer. This can be achieved in a variety of ways, but at its core it means we put our people first through our culture, behaviours, policies, processes and systems – all of which will enable us to develop exceptional talent and people which, in turn, will increase our effectiveness as an organisation.

DELIVERING OUR STRATEGY

We have identified a number of operational strategies and actions that we will pursue over the next 12 months to deliver against our strategic objectives - these are set out in more detail in our Operating Plan 2024. Our plan will ensure the organisation is focused on the priorities we need to deliver in order to provide the greatest support to members and to maximise our influence on policy and market issues. This will also enable every member of staff to connect their own objectives with the organisation's vision, purpose and strategic objectives, giving them a genuine sense of purpose.

It should be noted that our Operating Plan 2024 is not an exhaustive list of everything the organisation is involved with or delivering, nor will it prevent us from responding to unexpected issues or grasping new opportunities. It does however provide us with a framework to plan and deliver against our objectives and organise our resources accordingly.

The following diagram provides an illustration of our delivery model:



WAYS OF WORKING

We are building from a strong base. The organisation has a long history of achievement and delivering many successes for its members and indeed wider industry. This includes fending off challenges that regularly come in our direction. As such, we know how to do things well.

We will continue to learn and develop and use our talented staff team and wider resources in the most effective way possible in order to maximise our impact. In doing so, we will seek to strengthen our reputation as one of the most dynamic and professional organisations in Scotland in all that we do. This doesn't mean we will do things in a complex way – rather, it means we will do complex things very simply but incredibly effectively.

We recognise that we can't always do things on our own. That is why we will aim to strengthen our relationship with other organisations across Scotland and

beyond and deepen our collaboration where appropriate.

First and foremost, through our network of **Group Secretaries**. We are fortunate to have such a unique arrangement and to work in partnership with this talented group of individuals. The future success of our efforts to retain and attract new members is partly reliant on the function performed by the Group Secretaries - we can and will do more as an organisation to support their efforts. As a first step, we have created a new 'Group Secretary Liaison Group' so we can work more collaboratively and will build this over the next 12 months.

We will also seek to work more closely with **other farming organisations** working across the agricultural and rural industry in Scotland. All these organisations share our aspiration for a successful farming industry and on occasions our collective weight will carry greater influence. We are already an active participant in the Food and Agriculture Stakeholders' Taskforce (FAST) group and

are committed to strengthening these relationships further both strategically and operationally. We will also invest significant effort in strengthening our ties with the **Scottish Association of Young Farmers Clubs (SAYFC)** who provide a superb platform for future leaders across the agricultural industry.

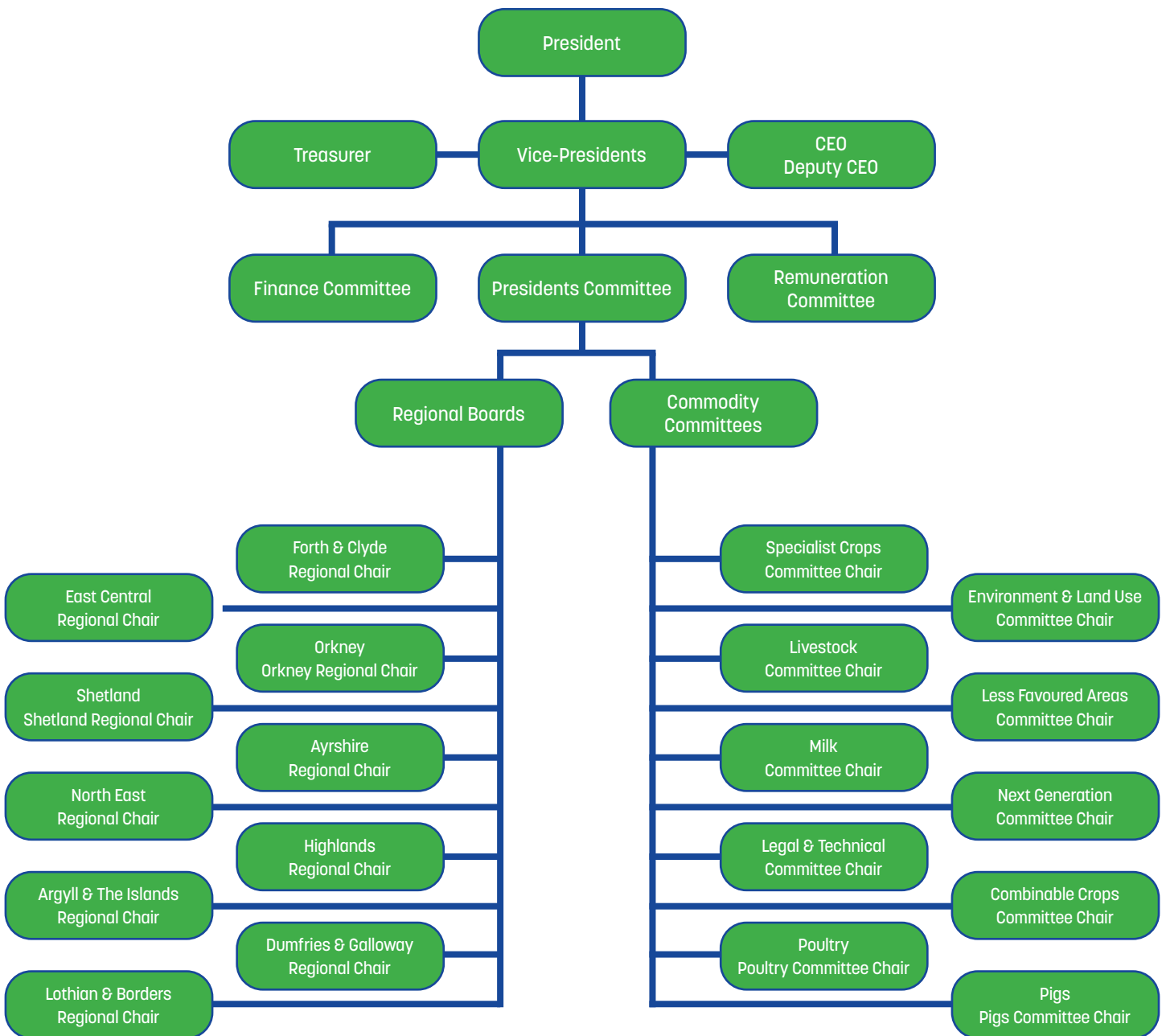
We enjoy excellent relations with our counterparts across the UK and there are regular discussions between our respective elected officials and across the relevant staff teams. We believe there is an opportunity to further strengthen our collective impact through more regular, formal dialogue, sharing of ideas, joint initiatives and, where appropriate, sharing resources. The big challenges facing farmers across the four nations are all similar in nature and therefore our collective strength, through our respective teams but also through our combined membership, is significantly greater and is a powerful force for good if channelled appropriately.

OUR SUCCESS MEASURES



We have developed a series of Key Performance Indicators to help us track, measure and manage our performance and progress against our strategic objectives – these are set out in our Operating Plan. These will be reviewed and reported on annually, although regular updates will be provided to the Board of Directors. We are striving to have a positive impact across all of our strategic objectives and we have identified the following outcomes that we are aspiring to achieve. Some will naturally take longer to achieve than others, but these shall provide a focus to drive our efforts.







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