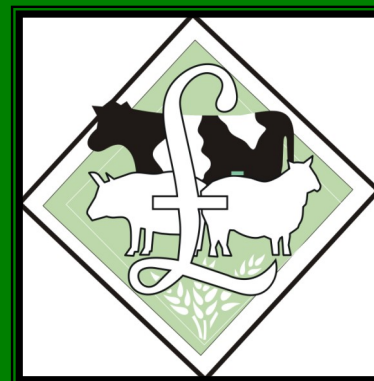


February 2012

The FARM CONSULTANCY Group

FCG Business Briefing

Issue 28



Welcome to our second issue of 2012. This newsletter focuses on improving profitability, partnerships and planning. We have timely reminders on making better use of slurry and improving grass leys. We also have some valuable information relating to fixing rates for single payments, plus links to further helpful articles on the website. Make 2012 a more profitable year by contacting our contributors for more in depth information.

For feedback or comments contact Gerard Finnan at gerardfinnan@fcgagric.com.

How FCG Works?- Max Sealy (Chippenham)

The FARM CONSULTANCY Group

Most readers of this newsletter will be in regular contact with one of more of our FCG offices. Many others will be unaware how the Farm Consultancy Group works. The Farm Consultancy Group is a group of independent consultants. We all run our own businesses, some working on our own, others with employed staff and associates and in two cases the businesses are operated as partnerships between two FCG members. We collaborate on everything that makes sense to do so, including training, indemnity insurance, marketing, software development, office supplies etc. The biggest of these is training, whether these are internal sessions run by colleagues, or where we combine to get training from the leading experts in whatever field in which we are seeking training. We are in virtual daily email contact with each other and there are always a number of queries going around about various topics, ranging from technical queries to business ideas. This is a great strength to our clients, as it means if somebody has an idea there is a fair chance somebody else within FCG will have experienced it, or had a client experience it and may well be able to pass on some relevant help. In this way we feel our clients are also very much part of the FCG ethic.



FCG only works for farming businesses. We have no links at all with the dairy trade or the feed industry, other than through our buying groups, where we work closely with contacts in the feed industry. Some of our offices are involved in the management of farmer groups. Any data we collect is never passed on to third parties, such as dairy companies and needless to say we treat our clients as our first priority. Trust and confidence are the hallmarks of our businesses. We have a rotating Chairmanship. I am Chairman for two years and then will be succeeded by another member of the group. It is the Chairman's role to drive the business forward and ensure we achieve the objectives we set for each other at the start of each Chairmanship.

For more information contact Max at maxsealy@fcgagric.com.

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New Year Resolutions - Charles Holt (Lincoln)

New Year resolutions have a habit of being forgotten by now. Did any of yours relate to your business? If so, did you make one to prepare a Farm Business Review? Should this Review appraise your business structure, and your plans for eventual succession? These are crucial questions for any business. For a farm business they are perhaps even more important than for other businesses, because traditionally farmers have a burning ambition to pass on their farm to their heirs.

It is never too late to instigate such a piece of work. Of course you can do this internally, using your own business resources, partners and their skills. But you may well benefit from the discipline and experience brought in by an outsider. Most members of the FCG are well-versed in such Reviews, and of course they can be tailored to the specific areas of your business that you want to concentrate on. For more information contact Charles at charlesholt@fcgagric.com or any one of my colleagues, to discuss what this approach could do for your business.

The Farm Consultancy Group

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Brilliant on the Basics - William Waterfield (Andover)

For most businesses there are no more than 4 key drivers for profitability. By identifying and focussing on these issues farmers can radically improve their financial performance. As the recent Dairy Co Milk Bench + Report highlights, for UK dairy farmers there are really only three issues 1) cost of production, 2) stocking rate and 3) labour efficiency including family labour, that really drive profits.



At the same time, for most systems in excess of 50% of the variation in profits can be explained by 4 costs. These are labour, equipment and machinery, herd replacement costs and feed/forage costs. For arable farmers the key drivers are often about machinery costs and especially the costs of establishment and the ability to control spray costs.

For more information contact William at w.waterfield@fcgagric.com.

Are You In Partnership? And if So, With Whom? - Max Sealy (Chippenham)



Having recently been involved in two cases where family partnerships were being dissolved for various reasons, it is worth reviewing partnership agreements amongst family members, in particular, to question whether there is a relevant partnership agreement in place and whether this partnership agreement covers the actual circumstances now prevailing on the farm. In one case, the partnership agreement had been drawn up along time ago and had never been altered despite the fact that two of the partners mentioned in the agreement were now dead.

The partnership agreement also did not reflect the change in the ownership status of the farm (from tenanted to owner occupied) and in one case did not allow for profits to be allocated in the way that was currently being carried out. If you do not have a partnership agreement and many family businesses still do not, as was the case in the other example we were involved with, then the Partnership Act of 1890 governs how the partnership proceeds and any changes necessary. Needless to say, this is a very outdated piece of legislation and won't always result in what you thought might or should happen at the end of your partnership agreement. Also, a number of businesses have incorporated, thus leaving old agreements redundant. These need to be brought up to date as a part of this process. You should always seek good legal advice and there are a number of lawyers and solicitors that we work with who are experts in partnership matters.

For more information contact Max at maxsealy@fcgagric.com.

How Are Your Leys Looking? - Simon Best (Chippenham)

February is the perfect time to assess autumn sown grass leys as we now head to the back end of winter. The mild autumn and winter has significantly enhanced establishment and many of the leys that got off to a good start are now approaching shin height. There is a widespread worry that these leys are looking 'too good' and if we do suffer a late cold spell, we could see a large amount of winter kill. For leys that have reached an advanced stage and have a suitably firm seedbed, consider briefly introducing sheep onto the ley to just graze the grass down and encourage tillering. This would then help to avoid any possible frost damage. The potential increase in tillers will increase the production of the sward and reduce weed seed establishment.

This will offset the reduction of grass originally grazed by the sheep. For leys planted in late autumn where establishment has not been so impressive, now would be the time to assess your options. Often leys that look 'poor' now do come good with careful management. See how close the plants are spaced. A fully grown ryegrass plant will have a base the size of a man's hand. If you fear the spacing of plants is too sparse, you may need to consider introducing some additional seed in the spring via over-seeding to boost plant numbers and production for the year ahead. With the focus on achieving more production from forage, we should be prepared to invest additional time and capital to ensure we obtain a highly productive and sustainable grass ley.

For more information contact Simon at simonbest@fcgagric.com.



**Make Better Use Of Slurry This Spring - Mike Lowe (Helston)**

With vast amounts of money spent by many farmers in NVZs on slurry storage, make sure that you make good use of this valuable resource. Grazing ground generally needs little or no additional P & K as there is sufficient P & K recycled through the animals unless the soil index is 0 or 1. Usually soil indices on grazing fields are above this, especially where intensive dairy herds are involved. As slurry is particularly rich in K and silage removes large amounts of P & K, it is more efficient to apply it to silage ground and save on expensive compound fertiliser. In the case of 1st cut silage with P & K indices at 2, the following is broadly the case (to cover all the parameters would take up more than the whole newsletter, so to be sure that the calculations are correct for you, consult your FCG FACTS qualified adviser). The table assumes a spring application but note the importance of knowing the dilution of the slurry. The following are the main points –

	N kg	P ₂ O ₅ kg	K ₂ O kg
Available nutrients required for 1 st cut silage per Ha	120	40	80
Supplied by 25 tonnes/ha undiluted cattle slurry or 50t/ha at 50% dilution with water (Available nutrients in kg)	30	15	72
Required from inorganic fertilizer kg/ha	90	25	8
or in units/acre	72	20	6

Required from inorganic fertilizer kg/ha

or in units/acre

- Many slurry stores contain half water or worse, yet we normally talk of the amount applied per area without a reliable analysis. If 50 tonnes /ha undiluted slurry are applied, the K₂O application would be far too high. With expensive fertilisers, it pays to analyse slurry.
- Grants for slurry analysers will be available under the next round of the FFIS scheme.
- The slurry applied above is worth £87/ha (£35/acre).
- If the slurry is injected, more will be available and there is less chance of contamination in silage.

For more information on the value of slurry, contact Mike at mikelowe@fcgagric.com.

Crop Marketing - James More (Louth)

At a recent meeting of industry experts discussing crop marketing strategy for the 2012 crop it was concluded that:

1. Up to 50% of budgeted wheat tonnage should be sold forward at a target price of £140 - £150 tonne based on November movement. High world stocks and high predicted production levels suggest pressure on ex farm prices.
2. Up to 40% of budgeted OSR tonnage should be sold forward at a target price of £325 - £335 tonne based on Harvest movement. World stocks are tight and Eastern European production levels are questionable so price increases are possible, but good cover should be taken.
3. Spring Malting Barley contract prices are firm so a good percentage of budgeted tonnage should be covered.
4. Milling Oat prices are firm, production is likely to increase in 2012, expect prices to continue at a premium to wheat, take some contracted cover.
5. Bean prices are firm, wait until quality is known after harvest before marketing.



For more information contact James at jamesmore@fcgagric.com.

Preventing & Curing Calf Scours Naturally! - Gerard Finnan (Sherborne)

Yogurt is a naturally occurring source of lactic acid bacteria - the good guys. By adding yogurt, you are directly placing lactic acid bacteria in the calf's stomach. Click on the link for guidance on making yogurt milk:

<http://www.fcgagric.com/services/documents/Addthreesmallplasticbottlesofnaturalyogurttotwopintsofwarmmilk.pdf>.

The yogurt milk should have a thick consistency - if you have been successful in making up the culture. However, when you feed the calves the next morning, always leave 12-16 litres of yogurt milk in the bottom of the container. This is approximately 10pc of the total amount of milk in the barrel. This is your starter for the next feed and the next one after that. There is no need to wash buckets or containers after the calves have used them.

This will speed up the whole business of feeding the calves. Yogurt milk is a live culture and it will not deteriorate. At the end of three to four weeks clean all equipment and make up a new culture and start the whole system again. Don't add milk containing antibiotics to the culture. It will completely destroy it. Simple, saves time and you will have healthier calves!

For more information contact Gerard at gerardfinnan@fcgagric.com.

**“To Fix Or Not To Fix?” That Is The Question - Phil Cooper (Sherborne)**

With a high percentage of Single Payments already made for 2011 the question now must turn to 2012 and what the exchange rate will be at in September when the rate is fixed for this year's payment. There is a high level of volatility in the markets at the moment with the pound currently being much stronger against the Euro than in recent months. The main question to ask yourself is, do you think the pound will weaken over the next eight months? The answer is probably, "I don't know".

No one really knows what will happen in Europe and whether there will still be a Euro currency in eight months time. There is no right or wrong answer to the question of whether to fix or not, the only right thing to do is consider the situation. Am I a risk taker or not? If you are happy to play the field and accept the rate in September, then there is no need to fix. If, however, you would like some security and one less thing to worry about, then the advice is to fix. The most important thing is to consider the options and make a decision. Don't just ignore it.

For more information contact Phil at pcooper@fcgagric.com.

**Plan Ahead Now - Ian Browne (Staffordshire)**

Over half way through the winter, it is time to reflect on what has been occurring and make plans for next year. For some there has been a severe shortage of fodder and solutions have had to be found that are far from ideal. What is to prevent this occurring again? On many farms there will be no luxury of a carry over of forage, so you must plan to build up stocks for next winter now.

By assessing what livestock numbers you will have next winter, you can calculate how much of each feed type you will need. Have you got the ability to produce this from your own crop areas? If not, what are you going to do about it and when? Already I have a few farmers where we are in the process of contracting in maize crops (purchased on a weight basis to ensure value all around) and crops for taking as whole crop cereal. Additional grassland for cutting or wintering out on could be arranged if forward planning is implemented.

For more information contact Ian at ianbrowne@fcgagric.com.

Web Links to other articles include....**Beware Ploughing Permanent Pasture - James More (Louth)**

Under the draft regulations for the latest round of CAP reform it is proposed that each...

Read more at: <http://www.fcgagric.com/news/20120201.htm>

Organic Production Continues to be More Profitable than Conventional Systems - William Waterfield (Andover)

So says the latest Organic Farm Incomes report for 2009-10....

Read more at: <http://www.fcgagric.com/news/20120201organicproductioncontinuestobemoreprofitable.htm>

Achieving High Dairy Cow Fertility - Phil Cooper (Sherborne)

High fertility rates are the key to maintaining tight block calving herds and thus profit ...

Read more at: <http://www.fcgagric.com/news/20120201AchievingHighDairyCowFertility.htm>

UK Milk Prices- Charles Holt (Lincoln)

The analysis from Dairy Co suggests a rather more pessimistic outlook than from some ...

Read more at: <http://www.fcgagric.com/news/20120201UKMilkPrices.htm>

Accurate Soil Sampling - Gerard Finnan (Sherborne)

The best time to take soil samples is between October and March on grassland...

Read more at: <http://www.fcgagric.com/news/20120201AccurateSoilSampling.htm>

The Farm Consultancy Group

Distributed throughout England & Wales, FCG exists to help rural businesses prosper. Each of our ten offices can offer a variety of Farm Consultancy services, some general and some very specific. Whichever office you approach, you will find an enthusiastic and professional response to your enquiry. To visit our website please click on the link below.

www.fcgagric.com

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