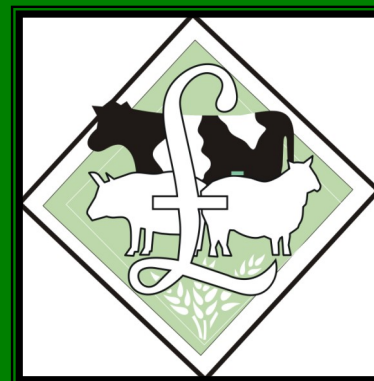


June 2011

The FARM CONSULTANCY Group

FCG Business Briefing

Issue 20



Welcome to our sixth issue of 2011. We have a trade stand this year at Cereals 2011 on the 15th—16th June. Come along and meet my colleagues who will be happy to discuss any farm management issues with you. Put a face to a name and quiz one of our contributors below in more detail.

Our article contributors have once again provided challenging, timely and informative management tips over the next five pages. Please contact them direct with the email address at the end of each article. Also check out our updated website at www.fcgagric.com. There are further news articles and tips here, updated regularly.

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

The Cost of Straw Removal - George Drewett (Chippenham)

The table below illustrates the cost of replacing the nutrient value of the straw removed (off take) from a winter wheat crop yielding 8 tonnes per ha. Fertiliser prices are based on current costs (93p per kg for Phosphate and 58p per kg for Potash). The current cost of off take will be £38 per ha plus spreading, with the risk of further increase throughout the year. Organic matter will also be reduced substantially.

Current indications are that straw will be in short supply this year, encouraging arable businesses to sell. However consideration must be given to the impact of off take loss and the cost of nutrients to replace this. Organic manure could be used to replace these nutrient values. Based on current fertiliser pricing after spreading costs, FYM would have a nutrient value of approximately £5 per tonne. A 'muck for straw' arrangement could be set up to provide benefits for both the livestock and arable farmer.

Other organic manure, such as broiler manure and sewage sludge, will provide significant financial benefits compared to the price of artificial fertiliser. Thought should be given to application date for issues relating to NVZ's and nutrient loss.

Nutrient	£/tonne	Nutrient Cost £/kg	Offtake kg/ha	£/ha	£/ac
P	345	0.93	10	£9.26	£3.75
K	350	0.58	50	£29.17	£11.80
Total Value				£38.43	£15.55

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For further information contact George at georgedrewett@fcgagric.com or your local FCG consultant.

Driving Licence and Age Requirements for Agricultural Vehicles - James More (Louth)

All on road drivers of agricultural vehicles must hold the correct licence for the vehicle being driven. This includes casual and seasonal workers and those from overseas. Licence category F (agricultural tractor) is usually included automatically on Full UK licences. This allows most types of agricultural vehicle to be driven on the road. If a trailer of over 750kg is to be towed behind an agricultural vehicle (other than a tractor), a category B + E licence is required. For a tracked vehicle, not defined as an agricultural vehicle, a category H licence is required. Read more at <http://www.fcgagric.com/news/20110608-drivinglicenceandagerequirementsfroagriculturalvehicles.htm> or contact James More at jamesmore@fcgagric.com.

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ELS Option ED1 – Maintenance of Weatherproof Traditional Farm Buildings- James More (Louth)

With the loss of the “management plans” from Entry Level Stewardship Schemes when they come up for renewal, most applicants will have to find some additional points to continue in the scheme. Traditional Buildings can be a substantial source of points. A traditional building is a building or part of a building constructed before 1940 for a use associated with agriculture and built using traditional methods and materials. Eligible buildings must:

- i) be in a sound and weatherproof condition;
- ii) have been built for a purpose associated with agriculture and
- iii) still be used for an agricultural purpose, or currently be empty or unused.

Maintenance of these buildings refers to routine work necessary to protect the fabric of the building and keep it weatherproof. Such work includes:

- i) regular inspections to check condition;
- ii) keeping gutters and downpipes operational and
- iii) undertaking minor repairs such as replacing slipped slates, renewing guttering, painting woodwork, replacing broken glass and re-pointing walls.



If you do not convert your building to non-agricultural use during the life of the agreement and maintain them in a weatherproof condition for the period, they could provide you with 2 ELS points per square metre of ground floor area. **For more information contact James More at jamesmore@fcgagric.com.**

K.I. S. S. Goodbye to Complexity - William Waterfield (Andover)



Successful business strategies are often summarised in simple anagrams. ‘Keep it Simple Stupid’ is one of the best known and remains relevant today. With rising commodity prices and incomes, there is the temptation to try and maximise income from areas that the core business is neither adapted to, or resourced to manage, when this is not the key business objective. Successful businesses nearly always have a well developed strategy and philosophy that is understood not only by the management but by the whole team. It is often more complex than expected to develop and manage a simple business plan.

Once the key business drivers and business plan is understood by the main partners and personnel, then it is easier to say no to distractions that are not essential to the business objectives and plans.

Contact William Waterfield at w.waterfield@fcgagric.com for more information.

How Do You Value Your Tenancy? - Max Sealy (Chippenham)

Increasingly we see the value of tenanted farms rising and a number of landowners with tenanted farms looking to change the tenancy agreements they have in place, for a variety of reasons. We have recently dealt with two cases of surrender and re-grant on rented arable farms whereby the tenant has agreed to a change in circumstances of his tenancy and relinquished surplus property in return for a favourable rent deal and relinquishing of responsibility for some of the unproductive areas of the farm that were costing in both rent and repairs.



Some landlords will consider selling the freehold where a long term tenancy is in place, with historically low fixed interest over 20 years or more and rising commodity prices, now may be a good time to consider these sort of deals with landlords. Often you need to find a way into these sort of discussions and this can be through the need to invest in the farm in facilities such as grain storage, buildings, repairs to houses or of course livestock or dairy facilities. For more information read more at <http://www.fcgagric.com/news/20110608-Howdoyouvalueyourtenancy.htm> or **contact Max Sealy at maxsealy@fcgagric.com.**

Disclaimer: Whilst every care is taken to provide accurate information, no liability can be accepted for any omission or inaccuracy of fact or opinion. These comments are for general guidance only. For specific recommendations consult the signposted consultant.



Organic Crops - Benefiting From Increased Weeding—William Waterfield (Andover)

Weed competition is one of the main reasons that farmers give for not growing organic crops. The majority of organic farmers will tolerate a level of weed competition and argue that with less intense rotations, higher seed rates, tined weeding and narrow rows, crops can be grown successfully without herbicides.

However, in some cases, weeds are such a serious problem, both economically and visually, that it has proved impossible to counter the residual weed burdens and in some cases, resulting in crops becoming uneconomic. For one of our organic clients growing up to 160 hectares of combinable crops per year, the answer has been to move to inter-row weeding using an automatically guided Garford Robocrop weeder system.

Not only have the majority of annual weeds been eliminated in both cereals and legumes, grass weeds have been controlled. The Garford Robocrop is set up to work on the same width as the drill; in this case a 4m power harrow drill combination was adapted to 9 inches row spacing. Come the spring, the Robocrop is used to inter row weed the crop, following the same bouts as the drill. There is no chance of miss matching bouts and taking out whole rows. Although, as the machinery is quite expensive with a 4m version starting at about £24,000, the cost per ha works out at around £35 / ha, depending on the acreage covered.



To read more visit <http://www.fcgagric.com/news/20110608-organiccropbenefitingfromweeding.htm> or contact William Waterfield at w.waterfield@fcgagric.com for more information.

Re-Negotiating Contracts – Charles Holt (Lincoln)

Just because you have a binding contract with someone does not mean it cannot be changed, or even broken. Clearly if you break a contract unilaterally, you risk being sued for breach of contract, with all the attendant hassle, legal costs and business problems that can result. That is rarely to be recommended. The context in which I am suggesting that a contract can be altered is, for instance, if a rent has been agreed on a FBT, that later on seems out-of-kilter, or a rate for a job turns out to be unfair. If you feel you are losing out, it is often worth trying to get the contract altered.

I have been going through this process with a client who has entered into a Contract Farming Arrangement (as land owner) when land rentals were far lower than now. He would like a bigger slice of the resulting profits, as crop prices have risen markedly. Contractually, he is not entitled to it. But by approaching the contractor diplomatically and setting out the case, and offering something in return (in this case a contract extension) I have done a much better deal for the client.

You would be unlikely to get much help when approaching big organisations with such proposals, such as banks, fertiliser salesmen or grain merchants. But asking cannot hurt, and you never know, they may have some other way of alleviating your problem.

For more information contact Charles Holt at charlesholt@fcgagric.com.





How's Your Digestion? – James Shenton (Sherborne)

Making sure that what you feed your cows is being adequately digested is the key to ensuring a cows yields as well as the nutritionalists magic box thinks they will. How do we do this? Well in the era of high technology we don't use any of it; we wash muck through a sieve! In the last week we have seen two interesting samples.

Case One

Cows were being fed maize silage as a buffer and had a low butterfat test (3.70), low milk ureas (120). The herd was being fed a fat source along with a blend. The fat source had not lifted butterfats. Washing the muck showed that (see picture below) the fibre level was not being digested to a high enough level hence the low fat test.



buffer
feeding



No buffer
feeding

Answer – Maize was mopping up any protein available in the diet and this caused fibre digestion to drop. The farmer also had more than adequate grazing and so the buffer feeding was stopped. **Results:**

1. Milk quality slightly more (3.75% fat) milk yield similar
2. Cost of ration cut considerably
3. Milk urea levels rose
4. Less, valuable feed wasted

Case 2

Client feeding diet performing below expected levels. Feeding wholecrop, bale silage blend plus grazing. The muck sample after washing (see below) showed the grain was not all being digested. Altering the protein levels may help this diet but the grain was quite mature so the expected energy of the sample was reduced and the diet recalculated.



Contact James at jamesshenton@fcgagric.com or your local FCG consultant for more information.

Slow Filling Water Troughs? – Gerard Finnan (Sherborne)

In this dry weather are your cows constantly standing around troughs waiting for them to refill? Are you considering increasing trough or pipe size to improve storage / flow rates? Your problem may easily be solved by changing to higher flow rate valves in troughs. This could increase the flow rate two – ten fold, especially if you have got good water pressure without changing the size of the pipe.

The link to the attached video explains this very clearly <http://www.youtube.com/watch?v=lq4KI6fcG6A>

For more information contact Gerard at gerardfinnan@fcgagric.com or your local FCG office.

Short Straw As Well as Short of Straw! - Patrick Godwin (Sherborne)



Straw is going to be short this year. Due to the very dry conditions, many cereal crops will die before they ripen and consequently will be shorter than usual. Obviously this will produce less to bale. Crops that have ripened too quickly also tend to break up in the combine and prove difficult to bale, producing a bundling effect on the pickup and leaving lots of short straw on the ground and not in the bale.

Beware if you are buying straw by the acre and baling yourself. If you are going to be short of straw, or it is proving very expensive, contact **Patrick Godwin** at patrickgodwin@fcgagric.com or your local FCG consultant to discuss other bedding and feeding options for your livestock.



How Efficient Are Your Machinery Operations? - Ian Browne (Stafford)



Fuel is one of the fastest growing costs in many businesses carrying out a lot of field operations. Do you know how efficient your equipment is and whether it is carrying out effective work or is it just recreational? All too often, inefficient use occurs from equipment by driving or hitching up inappropriate combinations of tractors and machines.

Consider recording the amount of diesel used for a task by starting on a full tank and then refilling at the end of the day / task and record the details. This can then be analysed against area, soil

type or task in terms of fuel use and speed of operation.

This is something that all farmers could benefit from. It may necessitate fitting a fuel meter to the bowser or main fuel storage tanks. If nothing else, it will make you more aware of the fuel use on the farm and may help you decide on a better cultivation plan or approach to a task.

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

Web Links to other articles include.....

Quarterly Budget Review- Ian Browne (Stafford)

We are coming up to the end of the first quarter of the (new) financial year. Have you managed to analyse the figures for last year and what lessons have been learnt? Read more at <http://www.fcgagric.com/news/20110608-quarterlybudgetreview.htm>

Zero Budgeting – Ian Browne (Stafford)

This is a technique used by some people whereby you take a blank sheet of paper and build up the whole business picture from scratch and take nothing for granted. Read more at <http://www.fcgagric.com/news/20110608-zerobudgeting.htm>

Borrowing Money In Difficult Times- Charles Holt (Lincoln)

It is well known that borrowing money in the current business climate is difficult. If your business is in difficulty, it is even more of a challenge. Read more at <http://www.fcgagric.com/news/20110608-borrowingmoneyindifficulttimes.htm>

The Tale Is In The Topper – James Shenton (Sherborne)

The grazing season is well under way, what lessons have we learned so far? Read more at <http://www.fcgagric.com/news/20110608-thetaleisinthetopper.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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