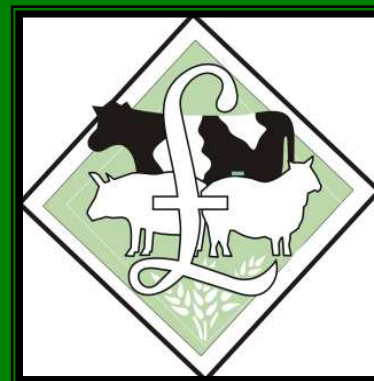


November 2010

The FARM CONSULTANCY Group

FCG Business Briefing

Issue 13



Welcome to the 13th issue of FCG Business Briefing. Once again this month, our consultants have contributed a variety of ideas, reminders and tips to help you improve your business management skills and information to improve your business efficiency and profit. From contract heifer rearing, to timely reminders, to dairy cow rationing, to grant application success, to securing land for outwintering, we have all current aspects covered. Contact our consultant contributors direct for more information.

If you have any queries or comments please contact Gerard Finnan at gerardfinnan@fcgagric.com.

Improve your chances of securing land to outwinter cattle - Gerard Finnan (Sherborne)

The offer of some nominal rent or the purchase of the straw in field will not be enough to tempt an arable farmer to have your livestock on his land, as he will look at it as hassle for a small return and not bother. The following approach needs to be taken:

- Introduce the potential landlord to an existing arable farmer renting out land. Highlight the potential extra subsequent crop yield e.g. Spring Barley + 0.25 to 0.5t/AC with less fertiliser input because of dung/manure from cattle.
- Offer that all temporary fencing + labour will be done by you the farmer.
- If you graze from December to February, the majority of grazed land will be available for the cultivations in February.
- You are putting a cover crop on the ground to help the environment and mop up surplus Nitrogen which would otherwise be leached.
- Show potential landlord an area of similar land where you may be outwintering yourself. Possibly start with lighter animals e.g. youngstock, if there are poaching/soil compaction concerns.



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

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Soil Protection Review Reminder - Ian Browne (Staffordshire)

The "Soil Protection Review 2010" booklet was sent out with the Cross compliance documents in January 2010. This is an important part of the ongoing cross compliance regime and needs to be dealt with soon. This will necessitate examining all your fields in terms of risks for erosion and damage to the soil structure and then highlighting the remedies that will need to be undertaken.

This is not too hard to do but is more onerous than previous versions of the cross compliance codes. The document must be signed and dated by the 31st December 2010 deadline. Get in contact with your local FCG office to check what you need to do to comply with recording the extra information which will save yourself time, give you peace of mind that it has been completed correctly and avoid a potential fine.

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

The Farm Consultancy Group

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**Why have cows milked well this year?- Gerard Finnan (Sherborne)**

Answer—A Dry year! resulting in Excellent Grass Utilisation, High Quality Grazed Grass & Increased Feed Supplementation.

The following ration is what a spring calving herd actually consumed per head per day in August this year.

4kgs DM Cake X 12.8 ME + 8kgs DM Silage X10.3 ME + 4.5kg DM Grass X 12ME =188MJ energy
In a normal August 1.6kg DM Cake X 12.8ME + 14.9kgs DM Grass at **11.2ME = 187 MJ** energy planned to be fed.
In reality, intakes fall short because the grass quality and quantity are not hitting the above targets.

On no cake and with grass only intakes of 16 kgs DM, the energy of the grass needs to be **11.8ME**..... The challenge of excellent grazing is getting intakes of 16kgs DM of 12ME grass consistently !!!!

The best spring calving grassland farmers use cake as a management tool to fill a short term grass shortage and not an aid to boosting production because grass quality has dropped. If cows respond to cake feeding at grass in ideal grazing conditions, there is scope to improve grass management. NZ trials on high stocked grass based systems have shown that increasing the energy of the grass eaten from 11 to 12 ME results in an increase of £575/ha in farm profitability (+£33k pa for a 200 cow spring calved dairy herd).

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

Silage Quality Autumn 2010 - Tom Tolputt (Looe)

The quality of the conserved forage this year is generally very good, but quantity is very variable. The main factors influencing the quality of grass silage are cutting date, heading date and a point often over looked, whether the farm is suitable for reseeding. Farmers growing grass on a mainly permanent pasture type farm are at a distinct disadvantage when it comes to both forage yield and quality. In some of these situations it is important to consider environmental schemes like HLS to supplement the farm's income where possible.



Your home produced forage is very valuable to your business and where a ley has been left for over six years, not only will it potentially produce just 60% of what it produced in its second year, but the quality of the grazing and silage could also be suffering as weed grasses start to become more dominant. Where part or all of the farm is suitable to plough, a good practical rotation will pay dividends, even though reseeding is an expensive process. If you value grass silage dry matter at say £100 per tonne and a new ley provides an extra 2 tonnes dry matter in the first 2 years following establishment, then you are doubling your money and will have better quality forage also. A new ley costs £91/acre in basic establishment costs with a potential gain of £200/ac in increased output within two years.

For more information contact Tom Tolputt at tomtolputt@fcgagric.com.

Defra Cuts Will Hit Agricultural Returns –James More (Louth)

Chancellor George Osborne's Spending Review announced on the 20 October is likely to hit farmers in their pockets. Currently information on where the cuts will be made is sketchy. A detailed plan of where the cuts will hit will be published by the end of November. Defra's budget will be cut by 29% by 2014/15 in real terms, amounting to £661M. This percentage cut is one of the biggest across all Government Departments. Cost savings through a push towards electronic submission of SPS and ELS claims, efficiencies within Defra, RPA, Natural England and the Environment Agency, plus reductions in "red tape" will help, but cuts to services are likely to also be needed.



We have seen the start, with an immediate halt to any further HLS applications until next April and the call for Natural England to reduce staff numbers to 400 from 2,000. Spending on HLS is set to increase year on year as more farmers enter the scheme, but this increase is now likely to be less than previously planned. Natural England have been quick to say that farmers should continue to apply for HLS, to start after next April and that ELS is still open to scheme renewals and new applications. Watch this space, everything is changing!

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

**Contract Heifer Rearing- Max Sealy (Chippenham)**

Should your business be looking to contract out heifer rearing as a way of freeing up land, labour and buildings which could be put to other more profitable livestock or cropping options? A number of businesses that we work with have contracted out heifer rearing very successfully and find the key benefits to be:

- Better care and attention than the owner is able to devote to the heifers.
- Lower feed costs due to the fact that heifers on a contract rearing unit are often fed better quality silage and have access to better grazing than is often available on dairy units where dairy cows have priority.
- Heifers can often be trained to cubicles especially if reared in ex dairy units which is not always possible on home units.
- Heifer growth targets can be set and monitored. This is key in achieving maximum lifetime yield.
- A means of exporting 'kgs of Nitrogen' to reduce stocking density in NVZ areas.
- The key advantage for the rearer is that he does not have large amounts of capital tied up in stock compared to beef rearing and has a regular source of income and cashflow.



FCG runs a number of these type of contracts with a great deal of flexibility in who pays for what i.e. feed, medicines and how contracts are constructed from simple buildings and labour rental through to more complicated contracts including targets and bonuses for achieving specific measurements.

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

SFP Payment Is Temporary, Business Performance Is Permanent- Charles Holt (Lincoln)

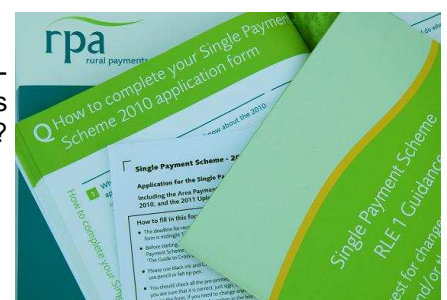
The Single Payment cannot be expected to see you through thick and thin to a ripe old age. You must regard it as a temporary cushion. The next CAP reform is due soon, and its conclusions will dictate at least a portion of your income up to 2020. A thirteen page draft report on the reform options has recently been leaked from Brussels. It makes potentially frightening reading for those dependent on the SFP, which of course includes most farmers. It outlines three main options for the EU.

The document envisages moves towards a "...greener and more equitably distributed first pillar..." Thankfully, food security is seen as a key concern, as well as the environment and climate change. The economy of rural areas of Europe is also at the front of the policy makers' minds. It confirms that milk quotas will go in 2015.

"Basic income support" is a concept introduced by the document, and it re-introduces the proposal of an upper ceiling of payments, or "capping" of payments received by large farms. There is however a proposal that the negative effects of this could be mitigated by relating the size of the farm to the staff numbers. "Market measures" such as intervention could be retained at their current level, but their removal is possible. Minimum levels of support are also envisaged.

There is a severe risk that your SFP will be sharply curtailed. You and your family and your business need to plan for this day. So how would you cope if it was halved, for instance, or even removed completely? Could your business survive? Start planning NOW!

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



**Is the Extra Cake Fed Profitable? - James Shenton (Sherborne)**

With compound prices heading north of £200 per tonne, it is now time to review marginal litre prices. The problem with rationing by computer is that cows don't know how to use them! It is easy to assume that an extra kilo of compound feed will give you a return but is this always the case? At higher levels of concentrate feeding, above 9kg fresh weight per cow per day, are you achieving extra total feed intake or just reducing forage intake?

At £210 per tonne, 1kg of Cake costs 21p. 21p will buy you enough energy to produce 2 litres of milk (0.5kg/litre). Milk is priced at 25p per litre so having spent 21p feed you net 50p worth of milk. However at higher feeding rates the law of diminishing returns comes into play and if your extra kg of concentrate replaces forage intake, you will lose 3p on each litre you produce in this way.

For more information please contact James Shenton at jamesshenton@fcgagric.com.

NVZ Derogation & Field Records Reminder - Ian Browne (Staffordshire)

This has to be applied for before the end of December 2010 (in reality before Christmas time as everything shuts down ...). The forms will presumably be similar to those used last spring. More importantly, everybody that applied last spring has to apply again and fill in their new stock numbers and cropping details. This is important and has been omitted from the Defra / EA radar up until now and yet is a critical aspect of the NVZ programme. Also note those who are in the new designated areas will have to partake in the exercise this time round.

Remember that you must have your NVZ field records up to date as part of cross compliance and that by January 2012 you will have to have sufficient storage plans and capacity in place to meet the regulations. If in doubt ask your local FCG consultant about what is involved or contact Ian Browne at ianbrowne@fcgagric.com.

Diversification Grant Success - Kevin Edwards (Gloucester)

This month we successfully obtained grant funding for the conversion of farm buildings to light industrial units in Gloucestershire. The grant from the Rural Development Program for England, (RDPE) in the South West, is paying 50% of all the costs involved in converting the barns to workshop units and installing a reed bed to handle waste water.



The grant is worth around £135,000 to our client and has meant that he has been able to go ahead with this diversification project securing the future for his business, allowing him to semi retire. As you can imagine the farmer is extremely happy with the result. The RDPE provides capital funding for businesses looking to diversify and create new income streams, e.g. livery yard, farm shop, light industrial units, processing for bottled milk or cheese and meat processing but not holiday lets.

At the Gloucester office we are currently dealing with a variety of different projects, including, farm shops, the expansion of cheese processing units, grain drying facilities and meat processing. By using our proven method we are confident of achieving success with all of these projects. If you are interested in applying for grant funding for a project please contact your local FCG office or Phil Cooper at philcooper@fcgagric.com.

The Farm Consultancy Group

Distributed throughout England & Wales, FCG exists to help rural businesses prosper. Each of our nine 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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