

TRANSITION

Securing a sustainable future for your farm business

ROBUST AND RESILIENT

Advice for maintaining farm
profitability in uncertain times



Help your farm remain profitable through change

PHOTOGRAPHY: STEPHEN DAVIES/ADOBE STOCK, SEAN EBSWORTH BARNES.
ON THE COVER: OUR COW MOLLY



Welcome to the fifth issue of *Transition*, the *Farmers Weekly* supplement to help secure a more sustainable future for your farm business.

This edition examines ways growers and livestock producers can ensure their farm businesses are best placed to remain profitable in the face of rising input costs and volatile commodity markets.

For some farmers, this will be a successful year. They are the lucky ones. Having secured vital inputs of fuel and fertiliser before soaring cost increases, these farmers then benefited from rising output prices.

Other producers have been far less fortunate. They have seen margins eroded by huge increases in feed costs and other expenses, which haven't been matched by a corresponding increase in farm output.

The coming year will be much more challenging.

Ag inflation has reached 25% and few farm businesses will escape unscathed. But there are actions that can be taken to mitigate the worst impacts and reduce exposure to unnecessary risk. This issue of *Transition* outlines how that can be achieved.

As always, we are grateful to our Transition Farmers, who are sharing their stories as they adapt to this new world (see p5). We are equally grateful to our Transition Partners for sharing their expertise and advice along the way.

For more about our Transition initiative, visit our knowledge hub at fwi.co.uk/transition

Johann Tasker, *Transition* editor

OUR PARTNERS

The *Farmers Weekly* Transition Partner Network is a UK-wide community of farmers, industry stakeholders and influencers working together to secure a sustainable future for UK agriculture





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TIM SCRIVENER
DMITRY NAUMOV/ADOBE STOCK
DAVID CALVERT/ALAMY STOCK PHOTO



If you are interested in joining the network and would like to find out more, please contact Anna Eccleston at anna.eccleston@markallengroup.com

Sandy by Trinity AgTech has kindly provided our sustainability indicators, working with our Transition Farmers to measure their environmental progress, product provenance and financial prosperity. For more information, please visit trinityagtech.com





To find out more
Call 024 7669 2051
Email info@ahdb.org.uk
Visit www.ahdb.org.uk/agri-market-outlook

Navigating the market storm: Agri-Market Outlooks

With the latest editions for Livestock and Cereals and Oilseeds being published and as farming in the UK continues to face unprecedented challenges during 2022, AHDB's Director of Economics and Analysis David Eudall highlights the importance of the Agri-Market Outlooks.

Some used to think that agriculture being 'volatile' was a cliché. It isn't. It is a fact.

If there was ever a more evident picture of the challenges that domestic agriculture faces, in July this year we have had the hottest temperatures ever recorded in the UK and a damaging war in a country (Ukraine) that produces significant volumes of global food, creating an unprecedented energy crisis. Additionally we have costs of production in the pig sector that are forcing businesses to leave the sector, distinctly changing consumer habits and the business impact of high inflation and low labour availability.

This list is an economists' dream and worst nightmare. A supply side shock? Check. A demand side change? Check. A prolonged issue with productivity? Check. A black swan event changing all the rules? Check. An economy facing a generational inflation spike? Check.

There are so many questions and currently a lot of these factors are still being defined and created. There's nothing concrete set at the moment. Just a constant state of flux and high-risk stakes.

The question is ultimately what can a farmer

do about this? And we say the first thing to do is plan, look ahead and understand your business. Manage what you can control and constantly review the things you can't control to monitor.

The summer AHDB Agri-Market Outlooks are a hugely valuable resource that provide a sector-by-sector review of where we're at, and what's ahead in the coming months. We know that one of the traits of top performing farms is to understand your market. Now, this doesn't mean we all have to be expert economists. It means we have to appreciate the risks and opportunities that our highly globalised markets present to us.

The first stage of mitigating these risks is to be aware of them. This is where our Outlooks provide that first hit of knowledge to act upon. Once the marketplace is laid in front of us we can then decide what course of action to take. For this we need that micro level knowledge of our business. Asking "if these are the risks put in front of us, what action can I take today to manage them?"

These Outlooks won't give the magic bullet or make everyone a market expert. But they

can be used to act as the starting point of a journey of market understanding. Bringing that global narrative of market trends by then using our weekly and daily insight publications such as Cattle and Sheep Weekly or Grain Market Daily to stay up to date and turn that amorphous blob of global markets into something that makes sense.

The first of our Outlooks will concentrate on the Livestock sectors and be released on July 29. A Cereals and Oilseeds outlook on will follow on August 12 using all of the latest harvest data.

You can also learn more about the Outlooks through our accompanying podcasts, which will be published at the same time.



David Eudall

Meet our Transition Farmers

These 16 farmers are sharing their journeys with us as they adapt their businesses

Karen Halton

Cheshire



Farm size 240ha

Enterprises

530-cow dairy herd

Transition goals

- Recruit/retain staff
- Maintain animal health and welfare
- Increase direct sales

James MacCartney

Rutland



Farm size 162ha

Enterprises

Beef and sheep

Transition goals

- Reduce disease in sheep
- Be better than net zero
- Establish herbal leys

Vaughan Hodgson

Cumbria



Farm size 244ha

Enterprises

Cereals, grassland, broilers

Transition goals

- Support the next generation
- Replace lost Basic Payment Scheme income
- Adapt to uncertain weather

Alan Steven

Fife



Farm size 138ha

Enterprises

Potatoes, brussels sprouts, parsnips, malting barley

Transition goals

- Reduce cultivations
- Improve soil health
- More resilient rotations

Andrew McFadzean

Ayrshire



Farm size 195ha

Enterprises

350 beef cattle, wheat, beans, barley, fodder beet

Transition goals

- Slash finishing time
- Reduce dependence on inputs using solar energy
- Improve grassland

Rachel and Richard Risdon

Devon



Farm size 110ha

Enterprises

300-cow dairy herd

Transition goals

- Secure adequate labour
- Better understanding of Environmental Land Management
- Reduce carbon footprint

Kit Speakman

Essex



Farm size 275ha

Enterprises

Mixed arable, beef and sheep

Transition goals

- Bridge income gap
- Fully diversified business
- Widen the rotation

Eddie Andrew

Sheffield



Farm size 73ha

Enterprises

Dairy, milk delivery service, ice cream parlour and farm shop

Transition goals

- Co-operating to reduce costs
- Establish a new dairy
- Reduce carbon footprint

Irwel Jones

Camarthenshire



Farm size 375ha

Enterprises

1,500 ewes on owned and rented land, suckler cows and followers, root crops

Transition goals

- Manage natural woodland
- Plant hedgerows
- Rely less on volatile inputs

Andy Bason

Hampshire



Farm size 800ha

Enterprises

Cereals, spring beans, oats, linseed and oilseed rape

Transition goals

- Cut carbon emissions by 30%
- Establish 10ha of agroforestry
- Establish 10ha of woodland

Alistair Hall-Jones

Lincolnshire



Farm size 680ha

Enterprises

Cereals, oilseed rape, spring beans, sugar beet, forage maize, anaerobic digestion, 900 sows

Transition goals

- Recruit/retain first-class staff
- Pursue technical efficiencies
- Pay back borrowing

Duncan Blyth

Albanwise Farming, Norfolk



Farm size 2,650ha

Enterprises

Cereals, oilseed rape, sugar beet, pulses, grassland, woodland, wetlands

Transition goals

- Improve soil health
- Develop natural capital revenues
- Achieve net zero by 2030

Philip Vickers

County Durham



Farm size 1,250ha

Enterprises

Winter wheat, oilseed rape, spring barley, spring beans, lupins, rotational grass; share-farming agreement with tenant sheep farmer

Transition goals

- Maintain margins while changing approach
- Improve soil health and resilience
- Enhance natural environment

Kate and Vicky Morgan

East Yorkshire



Farm size 1,700 breeding sows

Enterprises

Weaning 1,000 pigs a week – finished on-site and through B&B arrangements with local farmers, 140ha rented out

Transition goals

- Facilitate structural change in supply chain
- Establish more influence over own destiny
- Diversify

Ed Shuldham

Wiltshire



Farm size 1,800ha

Enterprises

Cereals, oilseed rape, oats, forage and grain maize, peas, solar, biomass, anaerobic digestion, events and property diversifications

Transition goals

- Help shape Sustainable Farming Incentive through participation in pilot
- Make more use of data
- Take natural capital

Fergal Watson

County Down



Farm size 285ha across three units

Enterprises

170-cow suckler herd, beans, wheat, spring barley, oats

Transition goals

- Recruit/retain farm staff
- Restructure suckler herd
- Improve business resilience

Visit our Transition hub to find out more about our Transition Farmers fwi.co.uk/transition-farmers



Why knowledge is key to improving farm enterprises

Farmers are taking different approaches to overcoming uncertainty. **Johann Tasker** reports on the findings from our latest Transition survey

More farmers are striving to secure a sustainable future for their businesses – but say they often lack the information needed to do so.

Rising input costs, volatile markets and huge changes in farm policy mean growers and livestock producers are taking a long, hard look at their enterprises to maintain farm incomes. Opportunities to generate revenue from “carbon farming” – soil management, environmental work and climate change mitigation – are of increasing importance alongside food production.

Farmers in England are often at the forefront of these changes as they seek to replace income lost from the phase-out of the Basic Payment Scheme (BPS). But producers in Scotland, Wales and Northern Ireland are also making headway.

The findings are from the second *Farmers Weekly* Transition survey – an annual state-of-the-industry poll examining how UK farm businesses are adapting to the opportunities and challenges they face. Carried out by Macleod Research during May and June 2022, the survey polled the opinions of 710 farmers across the

four UK home nations. All main enterprises, tenure types and farm sizes were represented.

Basic payments

Many results are consistent with those of the first survey 12 months ago. Farmers as a whole continue to remain heavily reliant on the BPS payments which, on average, account for about one-third of farm incomes.

But the number of farms where the BPS accounts for 75% or more of total revenue has halved – from one farm in 10 to one in 20. At the same time, the number of farms where the BPS accounts for less than one-quarter of revenue has grown from 35% to 42%. Survey respondents received an average £42,593 each in BPS payment – down from £51,166 in 2021.

Some 70% of respondents said their farm was fairly efficient, with 16% describing it as very efficient. Cereal growers were most likely to believe their business was efficient. Only 14% said their farm was not efficient.

On sustainability, one in five respondents said they believed their farm business was unsustain-

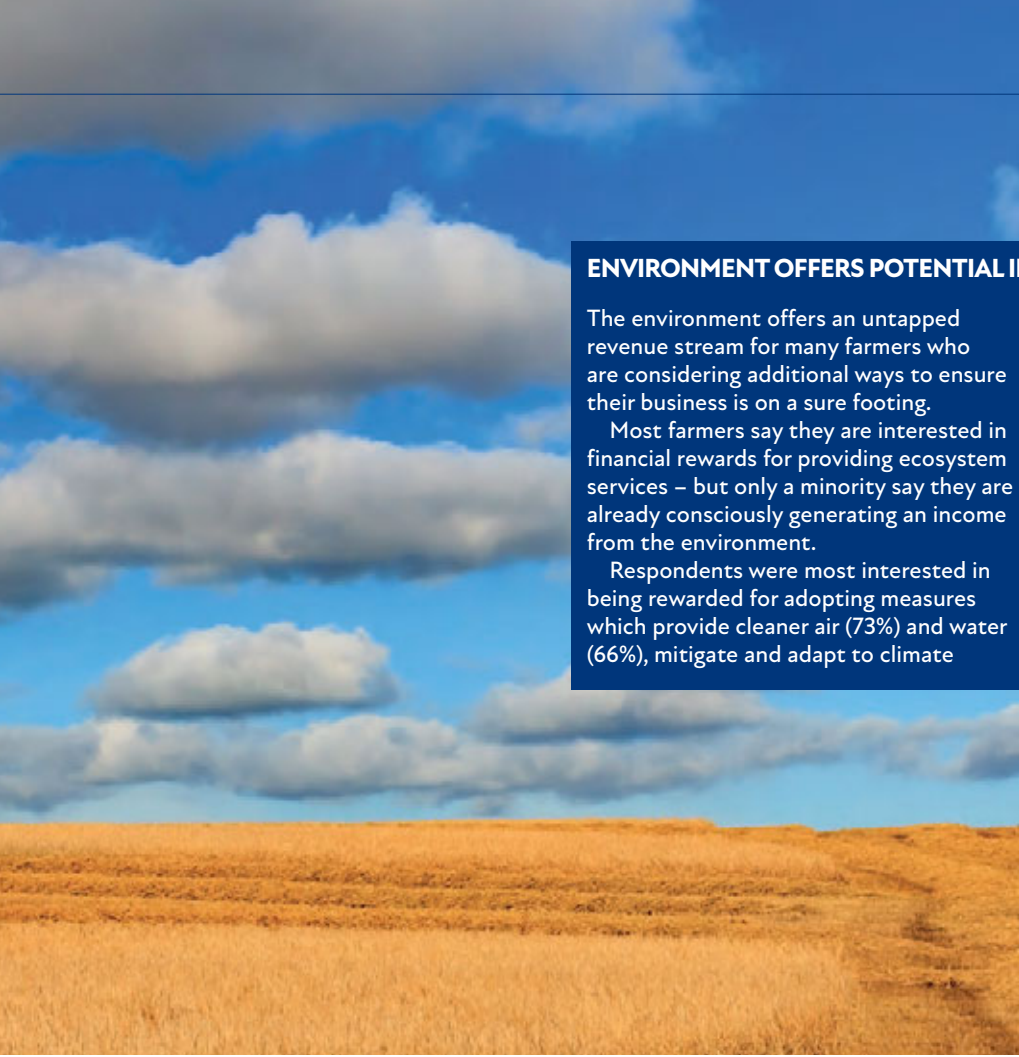
able in its current form – although half said their business was sustainable and one-third voiced no opinion either way.

Four out of five farmers in England say they are concerned about replacing the lost income as the BPS is phased out. The first BPS cuts were made last December and payments will halve by 2024 before disappearing altogether by 2028.

Tenant farmers were more likely to be very concerned (64%) than owner occupiers (43%) that BPS payments are being abolished. Only 7% of farmers said they were not concerned or not at all worried. When considering how their business will survive without the BPS payment, seven out of eight survey respondents had “no clear idea”, with one in four admitting they would continue farming only with great difficulty.

Adapting to change

When it comes to change, farms bigger than 500ha are more likely to feel in control of their own destiny and confident about their future after payments are withdrawn. But smaller farms are much more uncertain.



ENVIRONMENT OFFERS POTENTIAL INCOME STREAM

The environment offers an untapped revenue stream for many farmers who are considering additional ways to ensure their business is on a sure footing.

Most farmers say they are interested in financial rewards for providing ecosystem services – but only a minority say they are already consciously generating an income from the environment.

Respondents were most interested in being rewarded for adopting measures which provide cleaner air (73%) and water (66%), mitigate and adapt to climate

change (71%), and prevent pollution (70%).

Of all options, one in three respondents said they were already being rewarded for encouraging biodiversity and wildlife. Some 43% said they had no interest in being rewarded for heritage or public engagement.

In England, eight out of 10 farmers are interested in joining the government’s fledgling Environmental Land Management scheme, especially the Sustainable Farming Incentive (66%), a result consistent with 2021.

FLEDGING CARBON MARKET HAS A LONG WAY TO GO

More farmers have measured the carbon footprint of their farm – with a drop in the number of respondents who say they aren’t interested in doing so.

Some 18% of respondents said they had measured their carbon footprint, compared with just 14% last year. A further 48% said they were considering doing so, with 34% saying they had no intention.

Dairy farmers were most likely to have measured their carbon footprint – mindful, perhaps, of the public debate about the impact of dairy and livestock production on emissions.

Most farmers have yet to sign up to a carbon scheme. Only 2% of respondents said they belonged to a carbon capture or sequestration scheme, with only 1% belonging to a carbon credit trading scheme – both unchanged from 2021.

This number is expected to grow as the market develops. Some 88% of respondents said there was not enough detail or clear information about carbon storage to make a decision about it.

Some 71% of farmers in England say they are preparing their farm business for life after the BPS – slightly more than last year when only 65% were making plans. But one in three smaller farms (less than 99ha) say they haven’t started preparing at all.

Almost half (47%) of farmers who are preparing said they were trying to ramp up productivity. Other preparations include starting an on-farm diversification (38%), reducing farm staff (16%) and contracting out farm work (11%).

Others are increasing their off-farm income (39%). About two in three respondents (61%) now have an off-farm income source – up from 51% in 2021. This includes an off-farm job (27%), business (20%) or investment (15%).

“Respondents this year appeared more likely than last year to be exploring their options,” says survey analyst Heather Macleod. “They were more willing to try different strategies to maintain their income – but finding it demotivating when it didn’t work out.”

Tenant farmers and medium-sized producers were most likely to have no off-farm income. Of the main different enterprise types, sheep farmers and smaller producers were most likely to have an off-farm income.

Of all respondents who said they were struggling, farmers said the biggest hurdles preventing them from becoming more sustainable were lack of government support (32%), high input costs (15%) and lack of available funding (8%). ■

FOOD PRODUCTION SHOULD BE AT HEART OF NEW POLICIES



Three-quarters of UK farmers say they are unhappy with their government’s long-term vision for agriculture – and that number is growing.

Agriculture is a devolved issue across the UK, with administrations in London, Edinburgh, Cardiff and Belfast responsible for farming policy in England, Scotland, Wales and Northern Ireland, respectively.

Although farmers said they were willing to change and adapt their businesses, some 81% of all respondents said they were unhappy with their government’s policies for food and farming – up from 72% last year. “People have more opinions – and that opinion is no,” said analyst Heather Macleod.

Respondents across the UK believe there

should be more focus on food production. One in three farmers said policymakers didn’t know what they were doing and should be increasing UK self-sufficiency in food, relying less on imports.

One respondent said: “People with little or no actual experience of farming are making life-changing decisions affecting people’s entire livelihoods. There is no concrete plan or support in place on how direct payments can be replaced.

“Total uncertainty is very upsetting and worrying. Policymakers are getting the public riled up about the carbon footprint of UK agriculture, yet they are willing to import food from other countries, which causes a far bigger carbon footprint.”



Grow your future with grass

Sustain your farm's resilience by maximising homegrown forage

If you have livestock, what would you say is your farm's most productive asset? You might think it's your dairy cows, or your breeding ewes. Think again, we believe it's your grassland; at least, it should be.

The value of your grass

Grass remains the most cost-effective livestock feed. It is the primary source of quality, nutrient-rich forage which, when managed well, will increase farm biodiversity and soil health while maximising farm productivity, resilience and sustainability. With the potential to reduce inputs, both in fertiliser and brought in feed, and produce a high-quality feed, this translates into increased grass yield and more litres of milk and animal weight from more nutritious forage, while supporting animal health and maintaining overall farm productivity.

All too often we take grass for granted: if the field looks green, it must be healthy, and if we're getting plenty of bales from it, it must be productive. "Much of our grassland is often old and tired, with weeds and little of the original selected productive species left,"

How to increase your grassland productivity

Increasing your grassland productivity will at some point mean reseeding, ensuring the highest performing species are available. But what does that really mean? Grassland will always see weed ingress; this reduces the quality of the field overall as the original productive species is no longer available.

Overtime, more and more weeds will take over - taking a highly productive field at GI5 (Grass Index 5) down to a field with low productivity of GI1 (Grass Index 1). **Find out more about Barenbrug's Grassland Index Guide - barenbrug.co.uk/gi**

Research shows that just one year after reseeding, weed species can make up to 18% of a sward. After four years, that figure has more than doubled to 38% and, after eight years, weeds will be starting to dominate the sward. The highest performing grassland is at GI5, where the original selected productive species makes at least 80%, resulting in maximum productivity to deliver more energy resulting in more weight gain and higher milk yields. Maintaining your grassland at maximum productivity (GI5), by reseeding or overseeding poor performing fields, will make your grassland your most productive asset.

Research shows that one of the biggest barriers to reseeding old pastures is cost, in particular worry about return on investment. "Reseeding is a big cost, there's no doubt," says David. "But don't fixate on the cost of the machinery, labour, fuel, seed, fertiliser - instead focus on the long-term benefits secured by reseeding. "First of all, be assured that grass seed is far from the most expensive part of a reseed. Then consider that you're planting a crop that's going to yield continuously for at least five years and probably more."

A reseed might need an investment of around £900/ha, dependent on soil type and other factors. But if

reseeding a low performing field-GI3 (50% sown species and 50% weed species) - to achieve a GI5 then the first year will offer 15tDM/ha, against just 7tDM/ha from a GI3. With a DM value of £140/t, that's an additional £1,120 in increased yield.

"We don't tend to think about grass as a crop in the same way we regard wheat or barley. Yet modern grass varieties are as carefully bred and selected as any cereal variety, offering valuable new genetics that confer better quality, improved disease resistance, and a significant jump in yield potential. "By adopting a cropping mindset - 'what does the crop need to achieve its greatest return?' - livestock farmers can absolutely turbo-charge this most productive of farm assets," stresses David. Focus on what the crop needs to achieve the greatest return, by maximising and improving it each year. Grassland farmers need to be replacing nutrients following a cut and taking soil samples to monitor crop performance. By feeding and managing the soil, grass can reach its full potential.

We believe you can **Grow Your Future with Grass** and want to reinvigorate thinking about the value of good grassland - how it can elevate productivity, make more efficient use of inputs and provide environmental benefits.

Good Grass Guide

For further advice on grass and grassland management, order your copy of the Barenbrug Good Grass Guide. barenbrug.co.uk/goodgrass



CASE STUDY: TRANSITION FARMER ED SHULDHAM, WILTSHIRE

Business development manager Ed Shuldham is exploring ways of better utilising renewable heat and power at JM Stratton & Co, Codford, Wiltshire. The mainly arable business encompasses some 1,800ha of combinable crops and renewable energy – including a food-waste anaerobic digester generating 3.7MW, which is exported to the National Grid.

“We’re investigating ways we can utilise the heat and power from the anaerobic digester on the farm,” Mr Shuldham says. “We feel that using the renewable energy and electricity on site would be a lot better for our business.”

Some 90% of fertilising across the farm is done using digestate from the AD plant. “It’s a virtuous circle of food waste being turned into fertiliser and renewable energy which is used to grow crops and food,” he says.

“What we’re trying to achieve is really productive food production – and incorporating everything else into that. We have amazing potential for looking after the environment, for incorporating biodiversity into our farming methods, and for producing clean energy.”

● We are following Ed Shuldham as he helps adapt the farm business for the new environmental schemes. Find out more on p5



Analysis: Farmers are adaptable – but need more guidance

Growers and livestock producers are exploring new opportunities. But any changes must be viable for their business, says survey analyst Heather Macleod. “Farmers need to know they are making the right choices,” she says.

Although farmers view themselves primarily as food producers, they are keen to consider additional income streams, as long as they fit in with their personal goals and business objectives, explains Ms Macleod.

“It is clear from the survey that farmers are willing to change and many are already doing so. But there is a lack of information out there – especially from the government. Farmers need to know the policy framework they are operating within.

“Farmers say they are finding out more from the government about future support, but they aren’t happy about the level of information that they are receiving. It is too slow and often lacks detail.”



Heather Macleod

is something that comes through more in the comments. There is a feeling of frustration around that.

It was good to see that more farmers in England are preparing for the phase-out of the Basic Payment Scheme and exploring ways they might replace lost income against a background of their payments going down.

Green capital

Income from the environment is becoming increasingly important as a revenue stream, including for the two-thirds of farmers in England who say that they are interested in signing up for Defra’s Sustainable Farming Incentive. “People are finding out more about the options open too them, which is good. But for some farmers, it sometimes seems that the more they find out about the direction of travel, the less they like it.

“There is a lot of frustration out there. One comment in particular really stood out, seeming to encapsulate the feeling among small and medium family farms about the about the predicament that they often find themselves in.

“One farmer felt he had tried every option, but each turned out to be unsuitable. Like many, he was trying to increase production while cutting costs and it just wasn’t stacking up financially. It’s farmers like that who need help the most.”

Overcoming uncertainty

Larger farms are more likely to feel they can cope with uncertainty. But they feel still they are being held back by a lack of clarity when it comes to farm policy, rising input costs and volatile commodity markets.

Smaller farmers appear less likely to be aware of the changes – and less likely to be doing something to prepare for them, although that

CASE STUDY: TRANSITION FARMER ANDY BASON, HAMPSHIRE

Transition farmer Andy Bason is using a range of measures to prepare for the future at 800ha Newhouse Farm, near Alresford, Hampshire.



Andy Bason

Rotational changes, a focus on soil health and reductions in applications have seen an 18% reduction in fertiliser use over 10 years, while soil organic matter levels are up by more than 6% in some fields.

The farm switched to minimum tillage in 2000 and is now pushing towards no-till, using cultivations only strategically, says Mr Bason. Fuel use has fallen by 40%, from 82 litres/ha to 50 litres/ha.

He has a target to reduce carbon emissions by 30% and hopes to sell more of the farm’s output direct to the consumer. Food production remains a key goal, but delivering public goods is also on his agenda. As a result, Mr Bason has just started an agroforestry project and will be planting a 10ha woodland later this year – so he has the option of carbon capture and biodiversity gains as future income streams.

● We are following Andy Bason’s progress as he implements changes on his farm. To find out more turn to p5



How to stress-test your farm business

Reducing the impact of rising input costs is key to farm business survival. **Louise Impey** reports

Soaring input costs are putting a severe strain on farm cashflows – but growers and livestock producers can take steps to lessen the impact of rising ag inflation.

With little relief expected in the foreseeable future, farmers are being encouraged to improve their budgeting and cost management skills, and avoid taking unnecessary risks.

Input costs have climbed to their highest level for decades since Russia invaded Ukraine in February, adding to the uncertainty of an already volatile marketplace and commodity supply chains struggling to recover from the coronavirus pandemic.

Ag inflation now stands at 25.3%, according to the latest figures from farm business consultant Andersons. This is almost three times the Consumer Prices Index, which is itself set to remain at elevated levels for at least the remainder of the year.

Largely due to feed, fuel and fertiliser price increases, these inflationary pressures are coming at a time when all farms in England face further cuts in their basic payment, which will reduce by 35% during 2023.

While some sectors are withstanding the pressure better than others, attention is turning to the outlook for next year. The combination of

high input costs and tax on 2022 profits will stretch working capital requirements and demand tight financial management.

Even profitable businesses may need to have higher overdraft facilities for 2023 to finance higher input costs and meet their tax obligations.

The four Fs

Feed, fuel and fertiliser costs have all risen substantially. Now finance could become a big cost for farm businesses too, suggests Nick Evans, managing director of Oxbury, the specialist agricultural bank. “Funding, or finance, could become a big number and will need to be monitored,” he says.

“Farmers have gone out and bought nitrogen fertiliser at £650-£700/t on the basis that they will receive more for their crops or output – often helped by forward sales – but there is still plenty of uncertainty around markets.”

With so many inflationary factors at play – including geographical, political and climatic influences – even the experts admit it is diffi-



Above: The high value of crops this harvest will have tax implications. Left: Nick Evans of Oxbury (top) and Jonathan Armitage of Strutt & Parker

cult to know where things are heading. But action can be taken to reduce exposure to uncertainty. “Forward selling a proportion of your crop to lock in a margin is a sensible action and gives you some protection if commodity prices fall,” Mr Evans says. “If you’re borrowing for additional cashflow, it doesn’t make sense not to do this.”

Livestock producers and dairy farmers don’t have the same futures tools at their disposal, he accepts, but with grass being the cheapest source of feed, they will still need to secure fertiliser supplies.

“With the milk price nudging towards 50p/litre, it doesn’t matter whether you are running a low- or high-input system as both are performing very well. However, high-input units are more exposed to feed price fluctuations.”

Oxbury stress-tests every loan it makes, to



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For more ways to increase the resilience of your farm business, visit fwi.co.uk/transition

see whether it will be affordable for the borrower, says Mr Evans. It does this by taking the base rate (currently 1.25%) and adding three percentage points (to 4.25%) – and then assessing the impact on the farm business in question.

“That gives us the worst-case scenario, calculates what the repayments would be and shows whether or not the business can afford the repayments. Like all banks, we want to lend to people that can afford to pay us back.”

What can farmers do?

Every farm business should produce a cashflow forecast with assumptions and variables in it, says Mr Evans, so that you have the answers to a series of “what if” scenarios.

“There’s nothing worse than a surprise,” he says. “We can be fairly sure that interest rates will rise in the short-term, as the Bank of England’s priority is to control inflation and that’s the instrument that they use.”

DID YOU KNOW?
 One in five farmers believe their farm business is unsustainable in its current form
Source: Farmers Weekly Transition survey 2022

Oxbury will make assumptions for the year ahead, if they are not provided at the outset, using advance knowledge gained from futures contracts and other tools.

Careful tax planning is also advised. “At the moment, we have crops in the barn at very high values, grown with inputs purchased at pre-crisis levels. Keeping money aside for substantial tax payments is important,” Mr Evans says

Risk management techniques should be used as the stakes get higher, and cashflow forecasts will be essential for the next 18 months, agrees Jonathan Armitage, head of farming at business consultant Strutt & Parker.

“Look at what will happen to your cashflow and profits if, as expected, interest rates rise,” he says. “Do a sensitivity analysis to examine the impact of a 2% hike, for example.”

For arable farmers, risk-adjusted gross margins can be useful, he adds, as these involve working

out before drilling what the financial implications would be of writing off a proportion of that crop.

“Oilseed rape is a good example,” says Mr Armitage. “We know that the area is predicted to increase significantly next season in response to strong prices, but we are also aware of the challenges that growers have had with the crop. Knowing when to stop spending money on it is going to be really important.”

Growers should also consider their level of exposure to commodity price changes on a crop-by-crop basis, he suggests. “For most, the biggest exposure is to changes in the wheat price, so make sure your day-to-day decisions and sales strategy are in line with what the analysis shows.”

What to watch out for

In England, Defra has responded to the industry’s plight by releasing half of next year’s basic payment six months ahead of schedule.

This early injection of cash should start hitting bank accounts from the end of July. It will take some immediate pressure off farm cashflows and allow farmers to make informed input purchasing decisions.

But it is important to remember that this is >

Building resilience for the net zero era

Society has entered the era of decarbonisation. The rural sector is both part of the problem and part of the solution to the net zero challenge. This transition is not going to be simple. There are tricky decisions to make, opportunities to be grasped, risks to be avoided and trade-offs to be made. It's time for every business to start building in resilience and implementing change. We've highlighted below some of the key areas of focus.

Our teams are in it for the long haul, ready with our expertise, research and practical advice, to support you as we have been for over 160 years. For further information please contact Andrew Wraith, head of Savills food and farming

Livestock: Improving the health and wellbeing of livestock or adopting less intensive models of livestock management reduces the carbon footprint of dairy and meat



Food crops: reducing use of chemical inputs, implementing a more regenerative approach to soil health, shortening supply chains and increasing production efficiencies



Alternative crops: as supply chains increasingly switch to more sustainable sources, there are opportunities for innovative growers to plant alternative crops to meet the demands of the bioeconomy

Rural property: rural businesses can increase the energy efficiency of buildings and use sustainable materials in new builds



Forestry: managing existing forests in order to optimise growth and planting new trees not only creates important habitats but also sequesters carbon. Agroforestry creates stronger soil structures and crop resilience, sequestering carbon and producing food

Hedgerows: growing the length and width of hedgerows increases biodiversity and carbon sequestration



Renewable energy: Land offers opportunities to diversify into renewables such as solar, wind power, ground sourced heat pumps, hydro power and biomass boilers

Equipment: ensuring machinery is running at optimal efficiencies, investing in new technology and looking at options around sharing equipment



Soils and peatland: managing soil to build soil organic matter sequesters carbon and increases soil fertility. Restoring degraded peatland creates long-term carbon sinks

Waste management: creating circular economies and increasing efficiencies by finding uses for waste streams, for example anaerobic digestion, compost production and insect farms



Vertical farming: diversifying into new production systems which use new technology and fewer inputs, lowers the emissions impact per kilo of food produced

New skillsets: the future of farming will require new thinkers and doers, within innovative land occupation structures to enable collaboration to instigate change



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< early money, not extra money. Farmers who forget could be in for a shock when they receive only 50% of their basic payment in December, rather than the full amount. Farmers used to receiving a large December payment could face a tight first quarter in 2023 – especially if they have agreed fertiliser payments or have larger-than-usual tax commitments to settle following the rise in commodity prices.

George Badger of consultant Ceres Rural says: “Those who bought their fertiliser forward and then saw the value of their wheat crops increase by more than 50% since drilling are looking at a very good year in 2022, if harvest goes well.”

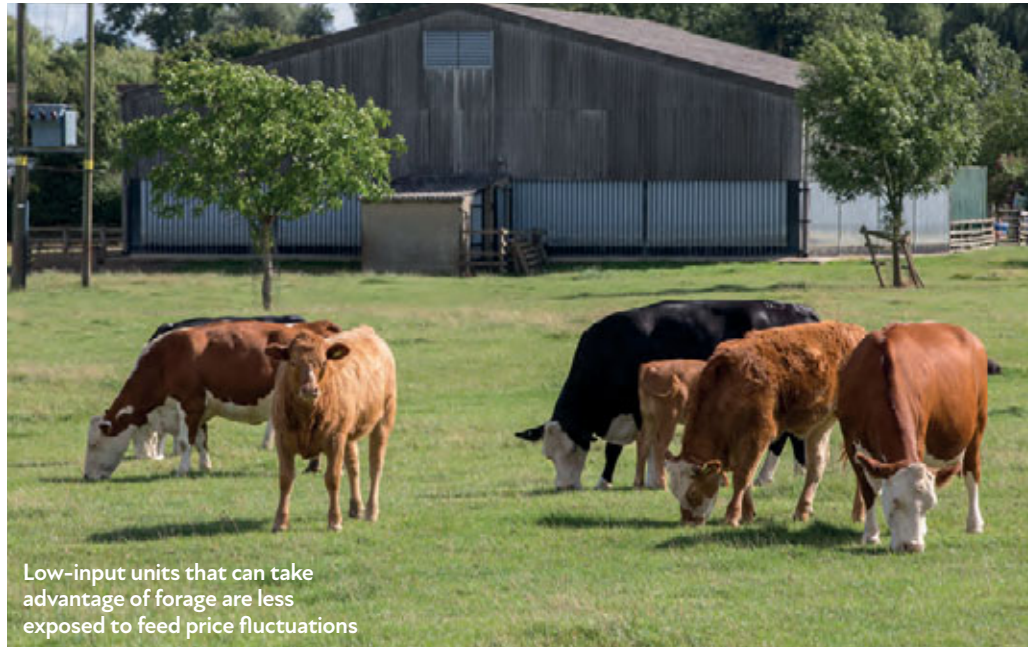
One strategy might be to invest money from a profitable 2022 in a new or alternative enterprise with better returns. But investing in capital items may still mean a large tax payment unless doing so qualifies for capital allowances.

“If you are spending money to take advantage of capital allowances, then be sure to check that your trading cashflow is strong enough for the basic payment reductions,” says Mr Badger, adding that futures markets should be closely monitored.

What help is out there?

A number of options are open to farmers. The Sustainable Farming Incentive, which opened last month, offers a modest but additional income stream to growers and livestock producers who take basic measures to look after soil health.

Oxbury says its remit is to make new loans to farmers to deliver additional cashflow. The bank says it recognises the lumpy nature of farm income – allowing recipients to amend their marketing strategies.



Low-input units that can take advantage of forage are less exposed to feed price fluctuations

Retail banks have also reacted

Lloyds Bank is offering discounted green lending through its Clean Growth Financing Initiative. Funding can support a range of investments – from small improvements in environmental impact through to large-scale renewable energy projects.

Barclays has put aside £250m to help farmers make their businesses more sustainable and energy-efficient. It is also offering rural project loans for farmers seeking to generate alternative income streams.

NatWest has reduced interest rates on loans up to £40,000. Its Green Loans and Green Asset

Finance products allow farms to borrow with no fees for investments in eligible clean energy, buildings, transport and agriculture projects.

Virgin Money is offering low-cost loans for investment in changes which reduce on-farm emissions. Loans are available with a 0% arrangement fee, providing the farmer completes a carbon audit and borrows more than £50,000.

Such investments are good for the environment as well as making farm businesses more sustainable. Farmers who are proactive about making their businesses fit for the future by reducing emissions will also reduce their costs, say lenders. ■

CASE STUDY: TRANSITION FARMER KIT SPEAKMAN, ESSEX



Next harvest is looking uncertain for Transition Farmer Kit Speakman, who is closely monitoring seed, fertiliser and grain prices, and considering his options.

Mr Speakman says he will make a late decision about his cropping plan, with the place for quality wheats in the rotation looking vulnerable given the high fertiliser price, lack of sufficient milling premium and risk of the crop not making specification.

Mr Speakman says 10t/ha wheat crops just aren't possible on his light Grade 3 drought-prone land at Little Braxted, Essex. Faced with rising input costs, growing barley, with its lower nitrogen requirement, for the farm's beef enterprise is more attractive.

“We've made great strides in boosting our soil organic matter content over the past 20 years to increase soil resilience and improve its water-holding capacity,” he says. “We also have the option to be able to irrigate our wheat, which we have done this year.”

The threat of commodity price downturns, higher costs and increasingly unpredictable weather are all risks to the business, making Mr Speakman delay his decisions and turn his focus to other income streams.

To increase resilience, the business has already successfully diversified into high-specification office lets, fishing lakes and cricket bat willow trees, as well as making good use of renewable energy.

“We're always seeking diversified income opportunities that allow us to improve our land, without relying on yields or commodity prices,” says Mr Speakman.

As a result, the business is involved in a biodiversity net gain trial and is testing out farm carbon calculator technology in preparation for reaching net zero.

Countryside Stewardship options are being used to provide financial returns from other areas of natural benefit on the farm, which were previously in an HLS agreement.

“We are working hard to future-proof the business,” says Mr Speakman. “Recent events have emphasised that markets and the weather can't be relied on.”

● Follow Kit Speakman and our other Transition Farmers as they adapt their business for the new environmental schemes and phase-out of the Basic Payment Scheme. Find out more on p5

BNG: CREATING FINANCIAL RESILIENCE



FOR MORE INFORMATION:
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Farmers are generating additional income through BNG and Habitat Banks, a scheme that sits alongside other enterprises and the new SFI programme.

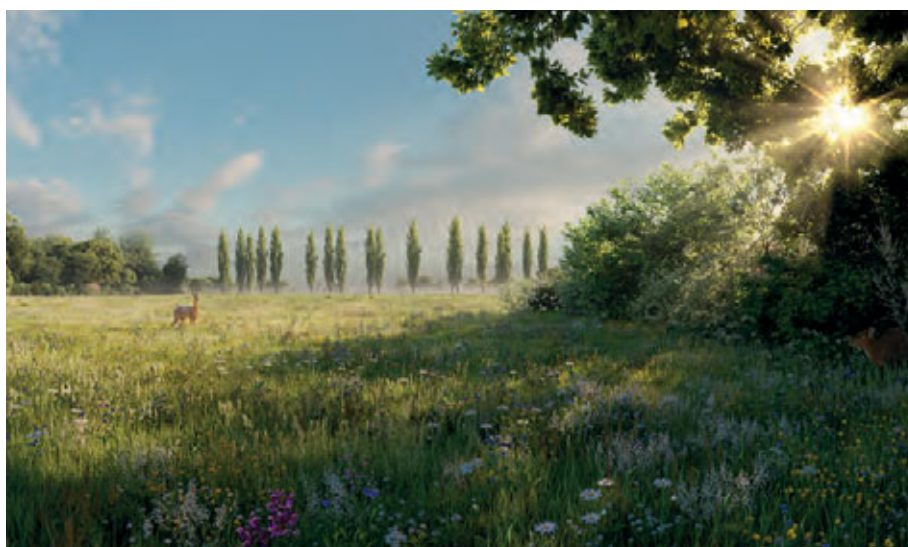
2022 has been a watershed year for farmers getting to grips with how they can use their natural capital for new diversification projects that build resilience as we draw closer to EU subsidies ending.

One such project, Habitat Banks from Environment Bank, is seeing hundreds of farmers across England sign up for the scheme, which enables nature restoration and biodiversity uplift. The scheme pays the farmer or landowner to not only manage a Habitat Bank - a parcel of land between 10 and 100 hectares - with full support from Environment Bank's team of ecologists, but also to lease the land for a guaranteed 30 year term.

There are many benefits to the scheme. It is uniquely designed to fit within existing farm enterprises including the production of food, tourism and other business streams, as well as alongside the government's new Sustainable Farming Initiatives (SFI). In fact, farms can enter the same area of land into both an SFI standards agreement and a Habitat Bank. Your Habitat Bank can also be grazed or cropped for hay.

Environment Bank covers all the costs for establishing and managing the Habitat Bank, extending to legal and tax advice where appropriate.

Importantly, the scheme won't affect inheritance tax obligations. Our legal document structure preserves the principally agricultural character of Habitat Banks on farms, and allows continued BPS claims, concurrent



Habitat Bank: Milton Keynes

countryside stewardship payments where there is no 'double funding' and SFI participation.

We have a ready-made, fully funded solution, and you don't have to manage the complex implementation process or take any of the risk of the scheme failing that you might find with a brokerage scheme – it all sits with us.

We consider all types of land, including

currently unproductive areas, old pasture and scrubland as well as under-performing arable land. This is across the acreage and doesn't have to be in one block.

To find out more about how you can build your business resilience through BNG and Habitat Banks, contact us today on 01904 202990 or register your land at environmentbank.com/registry.

Payments are guaranteed for 30 years and start immediately, increasing with inflation, up to £27,000 per hectare, plus a welcome bonus.

How supply chain is helping farmers work with nature

Various projects are cutting inputs and emissions for the benefit of all. **Louise Impey** reports

Inflationary pressure, changes to agricultural policy and the impacts of climate change make more resilient farm businesses increasingly important.

Resilience relates to the ability of a farm business to cope with external and internal shocks and adapt accordingly. This can involve adapting management practices, improving the use of resources and generating new income streams.

Being part of a collaborative supply chain can also be beneficial. Successful collaboration can create more sustainable and profitable results for everyone involved, says Duncan Rawson (right), of agri-food consultancy EFPF.

Food giant Kellogg's, for example, has developed a number of projects under its Origins programme to help farmers overcome the challenges faced by the supply chain – from climate change and biodiversity loss to reversing falling incomes (see “What is the Origins initiative?”



on the next page). “These are big issues which have been made even more challenging by recent world events,” says Mr Rawson. “There’s now greater urgency to deal with them and find a route to a more sustainable future.”

Nitrogen efficiency

A key project for the Kellogg's Origins programme is examining ways growers can improve

WHY IS NITROGEN EFFICIENCY IMPORTANT?

- As well as nitrogen trebling in price since the Ukraine invasion, artificial fertiliser is an important environmental issue.
- In wheat, nitrogen fertiliser accounts for 70-80% of its greenhouse gas emissions. Most of these emissions come from the application of nitrogen fertilisers and the doses are often in excess of the crop's need. This causes the emission of nitrous oxide – a gas with a global warming potential far higher (273 times) than carbon dioxide.
- The production of nitrogen fertilisers, which is very energy intensive, is another source of pollution.
- Reducing waste through better use of fertiliser will help to minimise the impacts of fertiliser use and meet climate targets, including net-zero commitments.

their nitrogen use efficiency (NUE).

“Fertiliser is one of the largest variable costs on most farms and the financial and environmental benefits of improving NUE have been apparent for a while,” says Mr Rawson.

During 2020 and 2021, data specialist Map of Ag undertook field trials with growers in the Kellogg's Origins group. The aim was to understand the levels of NUE being achieved and the effect they had on greenhouse gas (GHG) emissions. >

Nitrogen fertiliser accounts for up to 80% of greenhouse gas emissions in wheat





The Origins programme works with farmers to explore how they can farm hand-in-hand with nature

WHAT ELSE HAS BEEN DONE?

Work done with the support of Kellogg's Origins by the Game and Conservation Wildlife Trust on habitat management should help farmers with the goal of insecticide-free farming, believes Duncan Rawson.

It showed that building up a diverse range and abundance of natural enemies is essential for getting biological control to work, which is why a diversity of plants and farm habitats is required.

The aim is to deliver the right natural enemies, at the right time and in the right place, so they are present before any substantial growth in pests. In addition, work exploring the use of drones to support agronomic decisions has been trialled with Drone Ag.

A detailed analysis of one Origins farm was undertaken to compare different carbon assessment tools and to assess the challenges facing farmers in terms of generating a realistic and measurable carbon audit of their farm.

UK arable farms typically have a NUE of 64%, which means 36% of the nitrogen applied can't be accounted for, says Clive Blacker of farm input specialist Agrivation. Although better than the global NUE of about 40%, there is still room for improvement.

"We wanted to look at how farms could get more of that nitrogen into their crops," says Mr Blacker. "We started by benchmarking the group to find out where they were."

Results revealed a wide range of values when it came to NUE – from 45% right up to 118% – with both extremes causing concern. Lost nitrogen has a financial and environmental cost, while at levels above 100% there are issues with losing carbon from the soil. "Where you are taking nitrogen out of the soil and removing it in the crop, there's a danger you will degrade soils."

In-season monitoring

Having established a baseline, the next stage was to help growers make better nitrogen appli-

cation decisions by using the plant as a sensor. This meant using soil nitrogen supply analysis, tissue testing and handheld chlorophyll meters during the season.

"The aim of this was to capture the relevant data in-season and match the supply of nitrogen to the crop requirement," says Mr Blacker. Results showed a narrowing in the NUE range to 72%-101%, supporting the use of in-season monitoring.

Average nitrogen applications fell from 212kg/ha to 171kg/ha as a result, with a corresponding yield reduction of 0.14t/ha. At current nitrogen prices, this saved £93/ha in fertiliser, but reduced revenue by £42/t, resulting in a net cost benefit of £51/ha.

On just four of farms with 62ha in trials, there was an average 1% improvement in NUE. The minimum NUE was raised to 74%, saving the equivalent of 5.4 tonnes of fertiliser applications and reducing carbon emissions by more than 13t.

To give this figure some context, if these

savings were scaled up over a 1,000ha area, this would represent a saving of 42.6t of nitrogen with a financial benefit of more than £78,000 and an emissions reduction of 199t carbon dioxide equivalent (CO2e).

Other lessons from the work confirmed that nitrogen use becomes slowed and restricted in low temperatures. This is why uptake by the crop is delayed during cold, dry springs – a weather feature of the past two years, says Mr Blacker. "It's taking 22 days for the nitrogen to get into the plant in these cold conditions. Soil temperatures have to be above 10C for it to work well."

Greenhouse gases

The third part of the work has been to understand more about the GHG emissions associated with fertiliser use.

Where nitrogen use had come down in the group, there was a saving of 13.64t of GHG as measured in CO2e says Hugh Martineau, head of sustainability at Map of Ag.

On average, farms had emissions intensity at 229.2kg CO2e/t of grain produced, with the range being 177.5-369.2kg CO2e/t.

"We've also looked at the impact of organic matter [OM] on NUE, which shows that if you build OM over time, you can reduce nitrogen applications without affecting yields." In other words, there's a yield benefit from the additive effect of organic matter.

The trial work is set to continue. Other measurements, such as soil nitrogen and carbon stock will be taken, to see how they can help inform fertiliser application decisions.

"We also know that due to its price increase less nitrogen has been used in the current growing season," says Mr Martineau. "It will be interesting to see what effect that has had on yields and emissions." ■

WHAT IS THE ORIGINS INITIATIVE?

The Kellogg's Origins programme works with farmers around the world to support their transition to more sustainable or regenerative practices.

The programme was launched in 2014, with the aims of increasing productivity, enhancing environmental outcomes and having a positive impact on farmer livelihoods – and today there are more than 40 Origins projects taking place around the world.

Intent on delivering at the farm level, it takes a partnership approach and works with farmers to raise farm productivity and soil health, protect wildlife, reduce

greenhouse gas emissions, improve livelihoods and respect human rights.

In the UK, it takes the shape of a collaborative group of 18 farmers. The group has been given access to agricultural experts, on-farm trials, research and visits, so that they have the means to improve both economic and environmental performance.

This includes a guide to the benefits of creating farmland habitats, including integrated pest management. Called *Nature Based Solutions*, the booklet can be downloaded at allertontrust.org.uk/resources.

Six livestock apps to lift business performance

Livestock farmers are using apps to reduce labour costs, smooth out cashflow and minimise exposure to input price volatility. **Jonathan Riley** explores the options



Apps can be a labour-saving tool for busy farmers

A growing number of smartphone apps are helping livestock farmers improve their business performance – making mundane jobs easier and saving both time and money.

Producers are empowered to keep on top of their game with apps that let them ease pressure on farm staff, collect data more easily and increase the efficiency of their enterprises – ultimately making them more productive. Here are six to consider.



Breedr Cashflow

The Breedr app is a data recording tool that links to weigh cells and other information-gathering devices such as tag readers. It can also download to farm office equipment and connect to livestock recording services.

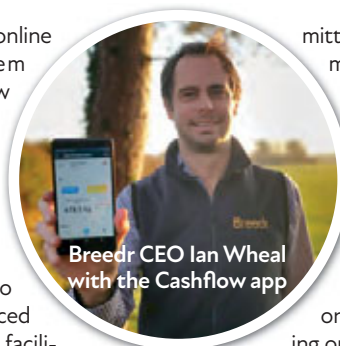
These features are key to saving labour and administration time. But, in a further develop-

ment, Breedr has set up an online buying and selling system backed by a £10m cashflow funding package.

Beef and sheep farms have money tied up in their animals for months between breeding and finishing periods. Because there is little or no cashflow between the two points, farmers are often forced to rely on savings, overdraft facilities or loans using a farm's fixed assets as security. This annual financial cycle carries a huge risk to the farm itself.

How it works

Instead of borrowing against the farm, Breedr Cashflow allows businesses to draw down cash secured against the value of the farm's livestock, rather than fixed assets. The lending confidence is founded on the robustness of the data sub-



mitted by app users through continual monitoring and recording of each animal. That has been deemed sufficient for financiers to lend against the growing stock as collateral.

Breedr Cashflow will provide cash up to 80% of the value of cattle or sheep – either those which a farmer plans to purchase or already has on the farm, smoothing out troughs in cashflow. For details, visit: breedr.co

Concept Dairy

Concept Dairy is an app-based milk price monitor that allows farmers to lock into contracts on futures values.

The aim of the tool is to increase transparency across the market and reduce price volatility for farmers. Processors also gain through having >



< a greater degree of certainty in their long-term supply.

How it works

Farm managers upload the herd's production levels and milk quality details into the app, which then displays milk futures prices in real-time on a calendar up to 24 months in advance.

The farmer views the basic forward prices offered by the processor, selects the month and submits the number of litres to sell, along with fat and protein levels. Once the processor has reviewed and accepted the proposed amounts and constituents, the details are displayed in green and the contract is locked in.

Prices are live and update daily. The business benefits through knowing that the contract price is guaranteed and has a greater degree of certainty. Spot prices are relatively high at the moment and although the projected value for June 2024 of 51.698p/litre is lower than today's highs, it is still well above the five-year average. By June 2024, the spot price may well have fallen back to a more typical number and the fixed price will be a bonus.

The app has additional features that provide further security for the farm business. For a small fee – for example, in the current market the fee is 2.69p/litre – the deal can be protected and will track upward price moves. That means if the spot price has risen above the projected level, as has been the case in the past 18 months, the business will not miss out.

More features are under development that will allow farmers to buy forward inputs such as fuel, feed and fertiliser at fixed prices. With both input and output prices locked in to provide a known margin, the farm business will be far less exposed to volatility.

For details, visit: conceptdairy.com



Offline recording allows data to be stored on the phone so features can be used without wi-fi. For example, medicines can be logged at purchase, preventing any mistakes or omissions that might occur if the details are written down and recorded later.

The app uses a smart barcode reader to identify the medicine, and a QR code scanner to automatically input the batch number and expiry date. It will alert the user to any expiry dates as they approach, and will keep track of quantities used and reorder dates.

Animals can be registered offline at the time of tagging, and then uploaded directly to BCMS and Aphis when in wi-fi range. Weight recording is logged against the tag and the app will calculate daily liveweight gains based on subsequent weighings.

For details, visit: herdwatch.co.uk

Herdwatch

Like Breedr, Herdwatch is one of a number of recording apps, but it is among the best-known examples across all livestock types with a broad range of features.

The app supports business resilience by cutting labour and administration times while helping to avoid cross-compliance penalties and misuse of medicines. Other compliance issues such as inspections are also supported.

The app is compatible with the British Cattle Movement Service (BCMS), Northern Ireland's Animal and Public Health Information System (Aphis) and Red Tractor.

How it works

Data recorded can be directly uploaded to BCMS and Aphis and inspection reports are created in a compatible format.

PHOTOGRAPHY: DMITRY MAUNOV/ADOBE STOCK, FAST-EXIT PARLOUR: ANDREW LINSKOTT/ALAMY STOCK PHOTO

How it works

Once installed and programmed, the foot-bath can be left to carry out the routine task. It monitors stock throughput via a counter and automatically drains, cleans and refreshes the bath according to the number of animals that have used it.

Alternatively, operations can be set to go ahead at certain times of the day, or manually at any point via a start switch on the app.

The bath drains rapidly before a jet-washing programme starts. Chemicals are dispensed at preset concentrations without any human intervention. This cuts staff exposure to chemicals and saves further time in putting on and taking off protective equipment each day.

The app connects to any number of baths, displaying chemical concentrations and alerting if dispensers are running low. It will also display

Hoofcount Footbath

Labour-saving devices can cut costs, improve work regimes and allow more time to concentrate on managing herd performance.

Most farms employ foot-baths as a prevention measure for lameness which can affect performance and ratchet up costs through treatment and management time.

Even a small unit could have a 260-litre bath which requires filling and emptying twice a day. This can take up to an hour to drain, clean and refill the bath for a 100-cow herd each day.

But one equipment manufacturer, Hoofcount, offers labour-saving, app-linked automatic foot-baths.



Hoofcount's app links to its automated foot-baths, minimising labour and exposure to chemicals

FLIPA/ALAMY STOCK PHOTO



There are apps to keep track of herd statistics ranging from medicine and feed stocks to daily liveweight gain and grazing

numbers passing through and confirm that operations are under way, removing the need for physical checks.

For details, visit: hoofcount.com



FeedAlert

Feed Alert is an app-linked monitoring system that can streamline feed reordering and cut waste.

Ordering according to the calendar can cause excess stocks to mount up in bins, increasing the likelihood of feed degradation and nutrient loss. Stale feed will see lower intakes, resulting in a drop-off in performance and wasted feed.

Alternatively, livestock farms risk running out of feed if they do not have an accurate method of assessing stocks. Buying stocks at critical low points mean the herd manager is more likely to be forced to accept a higher price.

How it works

FeedAlert is based on accurate weight monitoring of silo systems. Equipment from strain gauges to load cells can be supplied at purchase of a new silo, or retrofitted to any make of bin. Accuracies of up to 99.8% are possible depending on the number of load cells attached to the silo legs.

Measuring with this level of accuracy overcomes any potential discrepancy caused by bridging. Data can be viewed at the silo or remotely using the FeedAlert app.

The app will alert the user to falling feed levels to avoid outages, provides seven-day forecasting to tighten delivery periods, and displays a 30-day history and daily usage summaries. It can also be shared across the workforce to further reduce risks of outages.

For details, visit: feedalert.co.uk



FieldMargin

A whole-farm mapping, monitoring and recording app, FieldMargin is not limited to livestock production. Users can record inputs such as seed, spray and fertiliser, plan jobs and record when they've been completed.

As well as logging inputs and fieldwork, the app can provide a detailed map with additional features logged, such as fences, gateways, buildings, drains and water pipes to help workers navigate and avoid hazards.

Animal locations and movements can also be logged to make keeping on top of grazing days a simpler task. It can make it easier to monitor different herds round the farm, track animal numbers, calculate grazing days and pasture rest days.

How it works

FieldMargin says herd movements can be recorded with only a few taps, making it easy to keep up-to-date records. Livestock can be moved simply by selecting their new location on the map, with each herd having its own history and grazing records.

The app also automatically calculates field rest days to help estimate grazing availability. Users can see a history of when fields were previously grazed and for how long, and easily check current grazing.

A herd history facility shows when the herd was moved into a field and when they were removed to go somewhere else. On the removal date it will show how many days the animals had been grazing in that field.

For details, visit: fieldmargin.com ■

CASE STUDY: TRANSITION FARMER EDDIE ANDREW



OUR COW MOLLY

Transition Farmer Eddie Andrew's family-run farm produces milk and ice cream from his 90-cow dairy herd on the edge of the Peak District National Park.

The business, Our Cow Molly, has an ice cream parlour, a shop and a milk delivery service to about 1,200 local customers around Sheffield, just four miles away.

With so many enterprises, app-based technology plays a key role in monitoring equipment. Sensors on freezers are linked to staff smartphones, providing real-time information on temperature changes.

The farm enterprise also uses FieldMargin (see above) to save time and achieve more accurate fertiliser use. "With fertiliser prices so high, we wanted to tighten up on usage and make sure we were matching the crop

needs," Mr Andrew explains.

Shared with the farm contractor, the app allows all fieldwork to be logged and recorded. Details are shared with other staff members so all information on inputs is available at all times – saving time on administration and eliminating confusion.

"It means there is no wasted time or possible errors in explaining which fields need what fertiliser," Mr Andrew says. "The saved information acts as a record for later so we know exactly what's been done and when."

● Follow Eddie Andrew and our other Transition Farmers as they adapt their business for the new environmental schemes and phase-out of the Basic Payment Scheme. Find out more on [p5](#)

THE JOURNEY TO PROFITABLE, SUSTAINABLE FARMING CONTINUES.

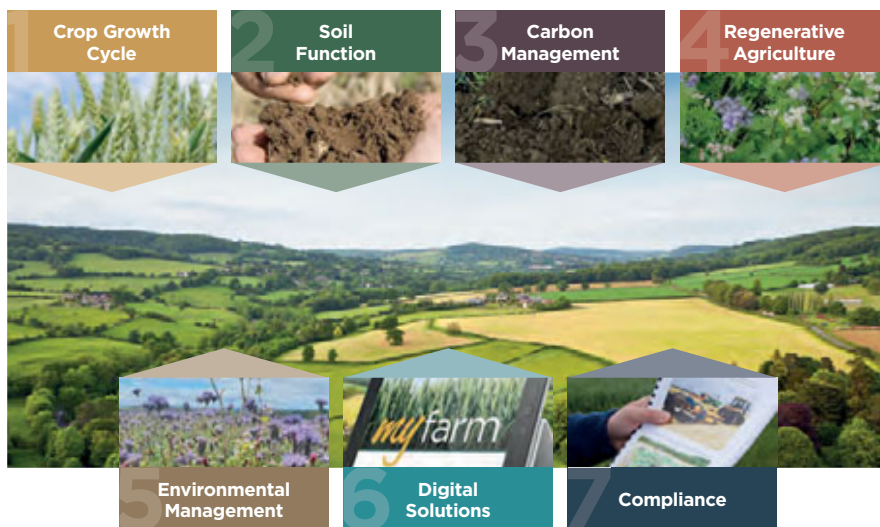


Take 7 steps to a sustainable future.

New farm policy means that environmental responsibility and commitment to sustainable crop production are more important than ever.

However, sustainability can mean different things on different farms and with changes to farm subsidies and future legislation leading to a new era of 'payments by results', it's vital that UK farmers have access to the right support and advice to deliver and evidence results.

Taking a holistic approach to farm management is therefore key and to help, Frontier's sustainability team has created a practical model of seven focus areas.



Each area is backed by the knowledge of our experts, underpinned by research, specialist services and advice that can be tailored to your business. No matter where you are on your journey to a more sustainable future, we can help you implement the crop production strategies that are right for your farm business.

- 1** Help with product selection, genetic and biological solutions and nutrition programmes.
- 2** Delve deep into your soils with specialist analyses from our Soil Life service.
- 3** Soil carbon benchmarking, auditing and farm-scale research.
- 4** Investigate alternative cropping and integrated pest management strategies.
- 5** Expert advice from Kings Crops on natural capital management, agri-environment projects, SFIs and ELMs, soil health, stewardship and conservation.
- 6** Comprehensive digital tools for every aspect of your sustainability journey. SOYL precision targets and optimises inputs; while MyFarm records, measures and manages farm performance.
- 7** Support with legislation, farm assurance, stewardship and the compilation of farm policies to evidence your work.



Talk to the people **that work for the company** that makes a sustainable difference.

To learn more about how we can support you, speak to your local Frontier contact or visit www.frontierag.co.uk/sustainable-crop-production





Why water company pays farmers to tackle pollution

A new scheme is helping farmers meet environmental targets. **Louise Impey** reports

Thousands of farmers could benefit from a new funding scheme from water company Severn Trent designed to help growers and livestock producers protect the environment.

The Regenerative Pathway package builds on a number of environmental initiatives introduced by the company. These include its Farming for Water and Steps schemes, which support farmers who protect river health and drinking water.

The new package aims to help more farmers in the Severn Trent region adopt regenerative farming practices – making their businesses more financially and environmentally resilient as basic payments are phased out across England.

Financial sense

Other companies are expected to offer similar incentives to farmers in the future. The Severn Trent package is an example of “private money for public goods” – where businesses are increasingly willing to pay farmers for looking after the environment.

Improved river water quality is just one benefit. For every £1 Severn Trent spends on catchment management schemes, the company says it saves up to £20 in water treatment costs, plus a further £4 in wider environmental benefits.

Financial and environmental pressure means farmers are increasingly having to embark on new ways of farming. Severn Trent catchment management lead Jodie Rettino says the new scheme includes guidance for farmers who adopt new management practices.

“It might be access to finance or to advice, or both,” she says. “They may need to make up-front investments for their new approach or understand more about what practices will work on their land and allow them to meet environmental targets.”

Carbon credits

Participating farmers will be able to tap into carbon credits and payments for biodiversity net gain. Severn Trent says farmers could receive multiple payments on the same land – as long as it is managed to scheme guidelines and provides ecosystem services.

The new package will be available to as many as 9,000 farmers across all of Severn Trent’s catchments, with selected partners and the company’s specialist advisers being used to help deliver results.

The first confirmed partner is Agreeena. It works with farmers to produce soil carbon credits generated by regenerative farming practices. Eligible farmers will be able to sign up to the >

WHAT'S IN THE SEVERN TRENT PATHWAY PACKAGE?

In total, farmers can choose from 50 options, with an open application window and simple application process.

The new package includes match-funding of up to £30,000 for farmers who build pesticide washdown areas – if completed within six months.

Free rainwater harvesting equipment is provided, with specialist on-farm advice on moving to more sustainable farming practices. The package also offers match-funding of up to £10,000 for options such as cover crops and soil tests.

Up to 75% funding is available for fencing in designated cryptosporidium catchments. The offer includes auxiliary items such as drinking troughs and hard bases, water pipes and pumps in fields where access to water has been lost.

Biodiversity options are priority items, making it quicker and easier to get funding for measures such as wildflower margins in surface water catchments and bird food options in groundwater catchments.

Decisions on funding applications are made within six weeks. As before, on-farm advice visits will be available, including expertise to ensure efficient nutrient use while fertiliser prices remain so high.

The scheme includes payments for tree planting near watercourses, and improvements to sprayer washdown areas



PAYMENTS TO SUPPORT REGENERATIVE FARMING

- Minimising soil disturbance – margins, beetle banks and non-inversion techniques
- Livestock integration – arable reversion, diverse herbal leys and fencing
- Maintain living roots – margins, cover crops and mini meadows
- Soil surface protection – margins, cover crops and mini meadows
- Introducing diversity – cover crops, bee and bird food, trees

◀ Agreena platform free for the first 12 months. Having reduced their greenhouse gas emissions, farmers who work with Agreena then own the credits created on their land and can choose whether to keep or sell them – depending on their farming system and the value of the developing carbon market. Thomas Gent of Agreena says: “The fact that the carbon certificates can be an extra income stream for farmers goes some way to recouping any additional investment they’ve had to make in a new farming system.” ■

CASE STUDY: MARTIN DOWNES PUTS MONEY TO GOOD USE



Warwickshire farm manager Martin Downes has introduced several measures that work financially and environmentally for his highly diversified business which includes 700ha of combinable crops.

In consultation with an adviser from Severn Trent, Mr Downes has put one-to-one funding to good use at Squab Hall Farm – which comprises 400ha of owned, rented and contract-farmed land and a 720ha arable joint venture near Leamington Spa.

He has reduced soil disturbance and created connected habitat areas with funding help, as well as receiving grants for technological improvements that make input targeting more effective.

Autocasting is being used to establish oilseed rape and stewardship mixes, currently with a 50% success rate – something Mr Downes would like to improve on in the farm’s heavy soils – but without losing moisture.

The farm’s sprayer washdown area – originally built for £9,000 and half-funded by Severn Trent – will now be upgraded and extended using the new funding package, which includes a rainwater harvesting system.

Tree planting will also now take place at Squab Hall, with a 4ha site due to be established later this year. The plan is to create an amenity area for farm staff and customers, with a ride through the middle of the woodland. Without funding, it would cost £30,000-£40,000 to plant the designated area.

“We are looking into the various funding options at the moment and the implications of choosing one over others,” he says. “Of course, when wheat pays over £300/t, it is a more difficult decision to make.”

TREES FOR WATER IS ‘EASY INVESTMENT’

A one-stop shop for on-farm tree planting is how Severn Trent describes its new Trees for Water scheme.

The scheme funds the trees and the first 10 years of maintenance. An annual payment of £200/ha for the first 10 years is on offer for sites over 8ha, although Severn Trent retains the carbon credits for the first 35 years.

The new scheme can be used to cover riparian buffer planting along watercourses and agroforestry – neither of which take land out of production but which help

reduce nutrient leaching and spray drift, while creating habitat and enhancing biodiversity.

The Trees for Water initiative is a complete end-to-end process for creating a woodland, with the water company undertaking any required site and environmental surveys, as well as regulatory consultation, to obtain permission for tree planting.

A management plan will be created by the Severn Trent forestry team, so that the ongoing maintenance and aftercare of young

trees ensures successful establishment and will be in place for the first 10 years.

While Severn Trent retains the carbon credits for 35 years, it will help to set up a Biodiversity Net Gain assessment, so any resulting uplift in biodiversity units can be part of the woodland’s offer and sold to a local developer.

The Severn Trent scheme funds all the trees and their planting, as well as 10 years of maintenance, and is being promoted as an easy investment for those looking to leave a legacy to their successors.



To find out more
 Call 0845 300 8034
 Email customersupportuk@zoetis.com
 Visit www.zoetis.co.uk

Improving genetic resilience

Genetic improvements in livestock production and efficiency don't have to come at the expense of health and longevity.

Genomic testing over the last 10-15 years has been a major driving force behind a marked jump in genetic progress on UK dairy herds. Herds that invest in the right genetics are likely to be far better placed to cope with future market demands and volatility by breeding healthy, efficient and fertile cattle that need fewer inputs to produce as much or more milk.

Genetic progress in the national dairy herd historically focused on production and type traits, with minimal direct selection for wellness and longevity. If you contrast this with natural selection, we have done little to nurture resilience in many of our breeds and cow lines. Thanks to recent developments in genomic technology we are now at a point where concurrent selection for efficiency and health is both possible and easy. The index Dairy Wellness Profit (DWP) from CLARIFIDE Plus is designed to select for Holstein and Jersey cattle that are productive, efficient, healthy and long lived. Bringing together highly reliable predictions for 17 direct health and fertility traits alongside production and feed efficiency, it is accurately predicting the profit potential of both heifers and bulls from just a few weeks of age¹.

The industry has always seen genetics as a way to meet the long term demands of processors, consumers and markets, but with ambitious targets for net zero looming, and genetic gain having a 3 year lag time, we need to be implementing these technologies now to ensure a bright future for dairy farming in the UK. This has been highlighted by several recent publications² as a relatively low cost and easy to implement way to reduce GHG emissions on farm. Alongside the increased profitability these better genetics bring, it's no surprise that genomic testing and targeted sexed semen use is already routine on many progressive UK dairies.

Use of genomic testing on farm offers the opportunity to improve health and efficiency with more accurate breeding decisions.

1. Fessenden et al. 2020
2. CIEL 2022, Kite 2020

As the world's leading animal health company, Zoetis is driven by a singular purpose: to nurture our world and humankind by advancing care for animals. After nearly 70 years innovating ways to predict, prevent, detect, and treat animal illness, Zoetis continues to stand by those

raising and caring for animals worldwide - from livestock farmers to veterinarians and pet owners. The company's leading portfolio and pipeline of medicines, vaccines, diagnostics, and technologies make a difference in over 100 countries.



Josh Batterham

Josh Batterham BVSc MRCVS is the genetics technical lead for Zoetis in the UK. Having spent 6 years in clinical farm animal practice in South Wales and Gloucestershire, Josh is now looking to improve dairy cow health, welfare and productivity by helping farmers make better breeding decisions with the help of genomics.

Tips to stay on top of your game

When it comes to running a successful farm business, mental resilience is just as important as financial resilience. **Jonathan Riley** reports

UK agriculture is undergoing huge and rapid changes – and while that means opportunities for some farmers, many others are finding the uncertainty and upheaval challenging.

Growers and livestock producers are increasingly expected to deliver much more than food – combating pollution, improving biodiversity and helping to mitigate the impact of climate change.

It's little wonder that calls to farm helplines are rising fast. In Scotland, they have doubled in a little over two years. Elsewhere in the UK, charities reported a 90% increase in call numbers last year and a further 50% rise in the first three months of 2022.

Commodity markets are volatile, input costs are rising and farm incomes are being squeezed, adding to the pressure on farmers. But wellbeing experts say support is available – and can improve mental resilience.

We are experiencing a level of uncertainty and transition in farming that we have never seen before, says Emma Haley of the You Are Not Alone (Yana) mental wellbeing charity for farmers. She points out that society has been fractured by a succession of events – including Brexit, the pandemic, and now Ukraine.

The financial hit from the domestic cost-of-living crisis is being felt on farms as fertiliser, feed, fuel and other key input costs have rocketed.

Everywhere you look there is continuous change, and this has had a huge effect on mental health and resilience levels on farms, she explains. But it is not always easy to tell when someone is suffering, so it is important to be aware of possible symptoms.

Recognising the symptoms of mental ill health

Spotting the signs of mental ill-health can be challenging because there may be no outward symptoms, says Alex Phillimore, of the Farming Community Network (FCN).

To confront this, people need to feel they can talk openly about any issues they may be experiencing in a guilt-free way, and have access to support networks and professional help where required. But there can be telltale signs to watch out for in others or as a self-diagnosis.

Typical symptoms can include: Change of routine

Farm or horticultural workers often have to operate according to a set routine to get regular

tasks completed. A sign that people may be suffering mental ill health can be a sudden change in those work patterns.

It could be that they bury themselves in their work, disregarding all else. In contrast, a lack of engagement with work or reluctance to get involved to tackle a task can be symptomatic of ill health.

Physical symptoms

Stress and tension can lead to headaches and physical fatigue. Constant worry can also cause intense waves of fear, often referred to as panic or anxiety attacks. These can have associated physical symptoms such as a fast-beating heart and breathlessness.

Sleep patterns

Disrupted sleep is a strong indicator of poor mental health. Whether it is difficulty in getting to sleep or waking up in the middle of the night and then turning over worries and troubles, this should be taken seriously.

Behavioural changes

When people are troubled, they can appear lost in their own thoughts, quieter than normal or distracted, or perhaps more serious and less likely to laugh and joke. Others may be uncharacteristically short-tempered, irritable or frustrated.

Alternatively it could be that someone is taking less care of their personal appearance or the farm is less tidy or organised.

Forgetfulness and mental fatigue

Endless pressure and tension take their toll on the brain's ability to process information. Mental exhaustion can show up as forgetfulness or mistakes – both potentially dangerous on a farm.

Avoidance

Avoiding people and gatherings, or not facing up to making decisions, are typical symptoms of mental ill health. Those finding life difficult will often withdraw from normal social circles,



cutting out visits to Young Farmers' Clubs, events or evenings at the pub. It may show up in mail being left unopened or an unwillingness to discuss issues.

Mr Phillimore says the symptoms should not be ignored. Mental health should be looked on in the same way as physical health, where a change should automatically trigger a call to the doctor for a check-up.

Breaking through

Having a conversation about mental health can feel uncomfortable, scary or awkward, according to Yana. It has produced a seven-step approach to starting a potentially difficult conversation on mental health. It is based around the mnemonic H-O-W-A-R-E U.

- 1. How are you?** Use eye contact and be positive when holding a conversation.
- 2. Observe changes** Explain what has made you concerned.
- 3. What about suicide and self-harm?** It is a difficult but essential question to ask.
- 4. Are you really OK?** Asking this a second time will overcome the usual knee-jerk response of 'I'm fine'.

Farming poses many challenges – and they can soon stack up



TIPS TO IMPROVE MENTAL RESILIENCE

Different things will work for different people, but taking care of personal wellbeing can help sufferers feel more able to manage stress and other symptoms of mental ill health. Here are some tips suggested by Mind, Yana, FCN and Rsabi:

Learn to be kinder to yourself

Self-criticism is often used by people to motivate themselves. But the language of self-criticism can be surprisingly self-destructive. Instead, it's important to verbally reward achievements, even small ones, and give yourself a pat on the back.

Take breaks during the day

Even if it is just 10 minutes between tasks to do something other than farming. The work ethic in farming pushes everyone to work constantly. But ultimately productivity will improve if you are not physically and mentally exhausted - you will also make fewer mistakes.

Develop interests and hobbies

Concentrating on something outside the

work environment will allow you to refocus on other issues. If loneliness or isolation are factors, shared hobbies can be a good way to meet people.

Plan exercise away from the farm

Taking time to exercise outside of the farm's confines, whether walking, running, cycling or swimming, will help broaden horizons. Scientifically, it has been shown that exercise releases endorphins (feelgood hormones) which can improve mood.

Get enough sleep

Stress can interrupt sleep patterns and the resulting lack of energy makes situations appear worse. Switch off devices and phones during the evening; these are known to disrupt sleep if used immediately before lights out.

A useful tip is to write down all the things that are weighing on your mind before going to bed. This will help you feel on top of the situation and, if you do wake in the night, you know there is no more you can achieve until the next day.

Build support

Talk to people you trust and let them know how you feel. Knowing there is a network of people willing to help can build mental resilience and alleviate stress. Friends and family may also offer practical support or solutions. Discussing issues with people who have had similar feelings or experiences can help too.

Organise time

Some people feel stressed because of the sheer number of different things that require attention in their lives. In this case, better organisation can help take back control.

Grouping the most important tasks around the times when you know you will have the most energy can help with improved concentration and efficiency.

List tasks in order of importance and tackle the most urgent thing first while perhaps creating a timetable. Set smaller, achievable targets to make step-by-step progression and don't attempt to do too much at once.

CASE STUDY: TRANSITION FARMERS FUNDRAISE FOR CHARITY



Transition Farmers Kate and Vicky Morgan have launched the Bite Into British campaign, urging consumers to support UK pig producers.

“We were going through a really tough time and we wanted to get some positivity into the industry,” says Kate, who farms with her sister at Pockthorpe, East Yorkshire. “But the campaign is for the whole industry, not just the pig sector.”

The campaign includes specially made gilets sponsored by For Farmers, with the slogan “Back British Farmers” and #BiteIntoBritish on the back. These are being sold for £30 each, with proceeds going to the Farming Community Network.

“Many pig producers have been making a loss for the past two years,” says Vicky. “Some are losing about £50 a pig. Despite increases, the pig price nowhere near covers production costs which have risen much faster.”

“The gilets have been really popular. It’s a simple message. We’re asking consumers to buy British when they are shopping in supermarkets and support British farmers. Much imported produce isn’t produced to the same standard.”

● We are following Kate and Vicky Morgan’s progress as they implement changes on their farm. To find out more, turn to p5

WAYNE HUTCHINSON

5. **Right here with you** Underline support and make regular commitments to be in contact.

6. **Engage in an activity** For example, go for a walk to help break any awkwardness of a face-to-face discussion.

7. **Understand** Show empathy and listen to how a person may want to be helped.

Chris McVey of Rsabi, formerly the Royal Scottish Agricultural Benevolent Institution, stresses the need to ask twice how someone is feeling. “We all resort to saying ‘fine’ or ‘OK’ when asked. But this can be a knee-jerk response and deflect any real conversation on the true depth of feeling,” he says.

Getting better

As soon as you realise that you, or someone you know, has a problem, it is important to take steps to deal with the issue and start towards recovery.

As with a physical illness, ignoring it can prolong or worsen the problem. Maintaining a front is also a potentially exhausting strategy that can ultimately make recovery times longer, Mr McVey says. It is important to recognise that mental ill-health – whether it is depression, anxiety, stress or some other manifestation – is extremely common and people are suffering, right now, the world over.

It is important to focus on getting well again. It is not a sign of weakness to face up to a problem – rather it is a strength to cut through the stigma. Ms Haley adds that more and more people are realising they need to do that and are talking about their situations.

As with other illnesses, it is likely there will be a need for support. The first step may be to visit a GP, or it could be via the many charity helplines available round the clock.

It can help to pick up the phone or email a support organisation just to have a chat. Most organisations will provide a volunteer to talk regularly.

It could be as simple as talking about a looming decision or how the weather is causing problems, says Mr Phillimore. Talking about what’s on our mind, especially if pressures are building up, can help us to offload and feel less overwhelmed.

The charities may be a faster route to fixing up expert counselling than the overstretched NHS. Some can also provide financial or even practical farm support to alleviate issues that may be adding to the mental health situation. Along with professional help, the individual can take steps to improve their mental resilience. ■



STEPHEN DAVIES/ADOBE STOCK

CHARITIES AND PROFESSIONAL SUPPORT

There is a huge amount of support available to rural people, whether it is an opportunity to pick up the phone and talk with total confidentiality to another person, or get help with a financial or practical farming issue.

The message from all of the charities is the same – don’t struggle by yourself; the support is there, so please make use of it. Here are just some of the contacts and services available:

● **Rabi**
0800 188 4444
help@rabi.org.uk

Provides people in all areas of agriculture with emotional, practical and financial support in times of need. Help ranges from in-person counselling and mental wellbeing training to grants for upskilling and help to live independently.

● **Rsabi**
0808 1234 555
rsabi@rsabi.org.uk

Supports people involved in Scottish agriculture emotionally, practically and financially. Support is available through the helpline, case officers and volunteers, as well as a call-out service for the lonely and vulnerable.

● **Yana**
0300 323 0400
helpline@yanahelp.org

Rooted in East Anglia, Yana offers a confidential helpline and counselling for individuals and their families involved with agriculture and other countryside businesses in East Anglia and Worcestershire. Other services include training around mental health issues and raising awareness.

● **The Farming Community Network**
03000 111 999
help@fcn.org.uk

Calls are answered in person from 7am to 11pm every day of the year. Services offered range from help with animal welfare, finance and farm paperwork to support with mental health and relationship issues.

● **Samaritans**
116 123
jo@samaritans.org

Offers help and support at critical moments.

● **Shout**
Text Shout to 85258

Text-based service for mental wellbeing support.

● **Staying safe**
Stayingsafe.net

Website for people at risk of suicide and those supporting them.

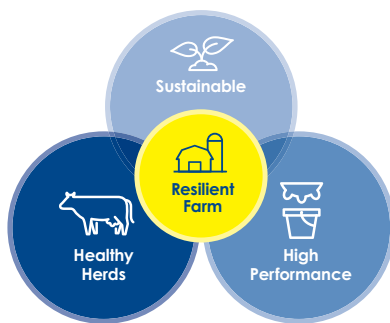
Healthy, high-performing herds

British co-products help support the environment, cow health and productivity

At a period of huge volatility for the entire agriculture industry, with raw material prices fluctuating rapidly, dairy producers are facing growing pressure to control feed costs while maintaining performance.

The Ukraine food corridor continues to affect the raw materials markets, while severe weather conditions are also affecting pricing. Making the right decisions will be critical to help keep the risks out of your books.

At **KW Feeds** we pride ourselves on our ability to supply feeding solutions focused on precision feeding, feed efficiency and responsible feed sourcing. By doing so, we can help deliver improved outputs and herd health, while helping you control your costs.



Healthy herds

In a recent survey amongst our dairy producers, all farmers voted the most important thing to them was a healthy herd. This is fundamental to all that we do at **KW Feeds**, as we know a healthy herd, is a high performing and resilient herd. That means working with you. We know that no two farm operations are the same and we all face different challenges and have different opportunities.

We help farmers focus on producing the

Subscribe to FeedCast

Our fortnightly **KW FeedCast** covers all you need to know about the raw material markets and topical product information, it ensures you have the up-to-date knowledge to help make better informed buying decisions for all your herd needs.

■ kwalternativefeeds.co.uk/kw-feedcast/

most efficient litre possible, by reviewing nutritional and management practices and using data available on farm to drive decision making.

Using a combination of nutritional and management strategies will ensure an efficient litre is produced.

We achieve this by working alongside you, with our procurement teams securing the best feed prices by constantly monitoring and assessing the world markets, while our local teams build long-term relationships and provide a reliable service, understanding your own operation and your needs.

Meeting sustainability demands

As a pioneer in alternative feeds, **KW Feeds** leads the way in the role of co-products in the dairy diet. Today more than ever, co-products play a crucial role in not only meeting local availability demands, but also supporting increasing environmental and sustainability demands.

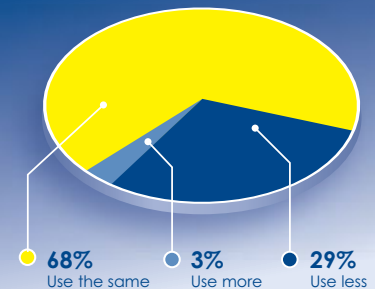
Co-products are highly desirable packages of nutrients, so using more co-products in feed rations can provide the majority of nutrition required, while driving down the footprint of the ration significantly by as much as a third compared to a more 'traditional' grain or soya.

Performance is key

Of course, the most important aspect is to ensure these co-products are meeting cow health and productivity requirements, particularly with the latest forage growth and quality outlook looking to be increasingly challenging. In another recent **KW** survey, 62% of responding dairy producers stated they aimed to take more advantage of grazing this year, while 64% said they would be using less fertiliser, despite 68% planning to utilise the same amount of forage.

Making the most out of home-grown low

How much forage are farmers planning to use?



“A healthy herd, is a high performing and resilient herd.”

carbon footprint material to ensure maintenance of yield and quality will be crucial. There is a substantial challenge to maintain performance from forage and consequently bridge the energy gap with expensively bought in feeds.

For example, **Vista Pre-T** (VPT) is a forage pre-treatment that works to reduce the lag time to digestion, in doing so raising the rumen's natural ability to digest forage. This increases the feeding value of the existing ration, so we can expect more from less or increases in feed efficiency.

Laboratory NIR analysis of 74 grass silage samples showed that after **Vista Pre-T** application, an average energy uplift of 0.8MJ/kg DM was recorded. This means that if the grass silage was provided at 35 kg/head/day (fresh weight) with a DM value of 32%, then applying **Vista Pre-T** would equate to an additional 8.96MJ of energy which could potentially be around 1.6-1.7 litres of milk increase/head/day.

Find out more. Contact us on 01977 686 262
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Make use of your KW team

Through smarter use of forage, there is less pressure on the pocket and the environment. Make use of your **KW** team, together we are using technical rationing alongside market insights and trends to empower you to maximise your returns. Our expert teams can work with you, your nutritionists and independent consultants to meet specific feed related needs through our exclusive range of products and services, helping you to build your resilience.





Expert planning and budgeting advice

Six experts give their top tips to ensure farm businesses remain profitable in the face of rising input costs and volatile commodity markets



Jo Franklin, Hertfordshire sheep and arable farmer

As a 10-year-old mixed farming business, it's about playing to our strengths. Rather than trying to expand, it's about utilising our land to

its optimum potential. So our arable enterprises are on our best land and we use the poorer land for sheep.

We've also started a sheep dairy enterprise. It has the potential to be a real cash generator. Our entire focus is about trying to create a closed-loop farm where we buy in as little as physically possible – and sell as much as physically possible.

Setting up any enterprise without an established supply chain is difficult. We have de-risked the sheep dairy by making sure it is low-investment, by not having a very intensive system, and making sure we are flexible.

We finish the sheep entirely off home-grown forage. We don't buy in any feed; we do still buy some fertiliser but we have other ways of keeping that in check – using our livestock, using technology and our cropping.

Every penny we spend and intend to spend for the next five years is on a spreadsheet. We budget and model everything. As soon as a price or cost changes, we can see how it will affect us and we adjust things accordingly.



Adam White, head of agriculture at Barclays UK

We're in a situation at the moment where cash is clearly king. Ag inflation means people need a lot more working capital simply to run

their business.

Budgeting and planning ahead is key to success. As a banker, there's little worse than getting a call on a Friday from a farmer who needs to borrow extra money to pay for something on Monday. Farmers need to be forward planning.

That's a given for most farms, but you also need to be horizon scanning – looking ahead to identify risks to your business that you can't always put into a cashflow, such as the extreme weather. Successful farmers do that really well.

The important thing is recognising uncertainty and planning for the worst case. That's what we ask borrowers to do – because there's nothing worse than agreeing a borrowing limit and then having to revisit it three months later because you didn't build in all factors.

Take the opportunity to de-risk your business where you can. If you're looking at borrowing, for example, we have a good indication of where interest rates are heading over the next few years, so consider a fixed rate.



Jon Dearsley, head of natural capital, Savills

There is a real opportunity at the moment for the environment to generate significant amounts of cash for the farm. But you need to make sure it is a good fit for

your own particular situation.

If you are an intensive vegetable grower, for example, it might not be easy to integrate something like biodiversity net gain into your wider farming operation. But it might be a more natural fit for a less-intensive farm business, with land already in stewardship.

You also need to take a long-term view. Biodiversity net gain is about long-term land management. Some of these agreements are for 30 years or more, so you really need to understand how it fits in with your business's objectives.

Once you know how it will integrate into your business – both in terms of land ownership and succession – it's then about deciding what sort of financial return you need for it to be worthwhile, or whether you will be taking a more holistic view.

Incorporating the environment into your other core products is going to be increasingly important for farmers – and will have a significant value in the marketplace as well, generating an additional income stream.



OUR EXPERTS
 Our panel were speaking during two *Farmers Weekly Transition Question Time* sessions, held during last month's Cereals event at Duxford, Cambridgeshire



Richard Taylor, farming director, Strutt & Parker, Yorkshire

The most important impact on profitability is price – which is a factor largely outside our control as farmers. But

it's how we react to that factor which really determines profitability.

That comes down to how well the farm business is managed. More technically efficient farms achieve the highest profits. That means knowing your data, measuring your parameters and farming as best as you can in the circumstances.

For budgeting, the important thing is to know your actual cost of production, rather than relying on standard figures. You need to know if your costs are higher than the market value of the crops or livestock you are producing.

Good marketing and high standards are important. You have to be doing the job right to achieve the right prices from supermarket buyers – and that means convincing consumers that they should be rewarding farmers for reaching those high standards.

Our wheat markets are geared towards barn fillers. Before planting, we always ask our merchants about the prospect for premiums, particularly on Group 3 or Group 4 wheats, so we know whether to keep them separate.

If your production costs are higher than the market value, you need to look at alternative enterprises that generate a profit. That might mean enterprises in addition to, or other than, food production.



Matt Culley, Hampshire farmer and NFU combinable crops board chairman

In the immediate short-term, we are focusing on input costs, especially nitrogen fertilisers. We scrutinise data

– especially our five-year average yields – as well as crop performance in the current season.

It's about knowledge – how the nitrogen cost per kilo fits in with our average yield and the price we can achieve per tonne of grain. Fertiliser is more expensive for this coming season, so we are focusing on efficiencies – making sure every operation is justified.

This spring, for example, it meant we were able to reduce our nitrogen use across the farm by 15-20% – without a corresponding reduction in yield. Within that, we also sought to use our nitrogen more efficiently.

We put on an extra pass of soil-applied nitrogen and also added 40kg of foliar feed nitrogen at the T2 timing, mixing it in with the fungicide. We are now using the crop performance data from this harvest to inform what we do next year.

In the longer term, we are looking at taking as much risk out of the business as possible, perhaps widening the rotation or bringing pulses in. They have a low nitrogen requirement and give a good entry to the following crop.

More broadly, we now make sure we can justify every operation we do – that it is a needed operation and that it's not going to have any unintended consequences.



Susan Twining, chief land use policy adviser, Country Land & Business Association

It's about doing your homework – and making sure you get good advice. Something like biodiversity

net gain is an emerging market and yes, you need to think about how it might fit within your system.

There are opportunities, but it's also about being very clear about any risks that you might be taking on – including thinking through the tax situation. Changing land use might affect your agricultural property relief for inheritance tax, for example.

There are also outstanding questions about how the income from biodiversity net gain might be treated for tax purposes. That is something we are working on with government – lobbying to get a good outcome for our members.

If you are not sure about anything then I would always suggest taking advice. That goes for when you're thinking long term too. It's important to think long term, but it can be difficult and is not something that necessarily comes very naturally.

With much of the new environmental proposals, there is a lot more detail to come. Most people are going to need a great deal more clarification but there will undoubtedly be opportunities. There will also be costs – it won't be a case of money for nothing. Whatever you do, you have to be sure it is right for you and your farm.

PHOTOGRAPHY: STRUTT & PARKER, TIM SCRIVENER, CLA

Biodiversity: What's in it for farmers?

As the government aims for high environmental targets, what financial benefits are on offer and how do farmers choose to what extent they become involved?

Biodiversity is not a new concept, but the extent to which it may influence a farm's direction and future is. Many are already taking small steps towards increasing biodiversity on their farms, such as introducing more wildflower species in field strips and margins. But higher potential rewards are on offer when a developer is looking to fulfil its biodiversity net gain requirement to deliver at least 10% more "nature" post-construction than pre-construction.

In *Farmers Weekly's* Transition Summit webinar – Benefiting from biodiversity – experts on policy, forestry, retail, farming and the environment navigated this complex subject to answer questions from delegates.

Q What is biodiversity net gain in the planning sense?

Under the amended Town and Planning Act, most developers in England will have to deliver more nature post-construction than pre-construction by at least 10%, explained Nick White, adviser to Natural England.

"There will be an opportunity for farmers to contract with them to meet any shortfall. This presents a 30-year funding opportunity for farmers who can demonstrate a change in land management – for example, introducing new habitat features. These could include

types of grassland, woodland, ponds, rivers or hedgerows."

Q How much land will be needed for biodiversity net gain?

Defra has published a biodiversity net gain market analysis study, said Madeleine Beresford, deputy head of land use at Defra. "We estimate the market could be worth £135m. We don't have a hard figure for what a biodiversity unit is worth, but pundits estimate £20,000-£30,000. The market has not kicked off yet, so we'll see what happens in the first few years. There may or may not be enough supply."

Mr White agreed that there is no set price yet. "It is a negotiation between the landowner and the developer. Know your full costs, including overheads, management, maintenance and monitoring reports [to measure biodiversity]. Expect to get all your costs back and make a profit, too."

Q What about the tax implications?

For institutions and charities, the tax angle is less of an issue, according to Jon Dearsley, head of natural capital at Savills. But for a private landowner benefiting from inheritance tax relief, as well as income tax relief on an annual basis, there is not a lot of clarity. "Many farmers use

the benefits of agricultural property relief when passing assets from one generation to the next, but it is unclear whether wider environmental schemes like biodiversity net gain will qualify under the definition of agriculture. But it will be a massive own-goal if Defra pushes farmers in one direction and the Treasury in another."

Q Thirty years seems like a long time – is this right for my farm?

It is important for farmers to look at how biodiversity net gain fits into their farming system, said Vicky Robinson, technical director at Leaf. "Thirty years is a long commitment and farmers shouldn't go into it lightly. But it is another option to agri-environment schemes, which have been the traditional route for restoring and creating habitats until now.

"At the moment there are quite high values for biodiversity net gain. If we're looking at a 30-year commitment, it could affect the landlord-tenant dynamic – landlords would need to countersign for the tenant to be able to enter into this."

Q As a farmer, what does biodiversity mean to you and what objectives are you working on to improve it?

"When we started 30 years ago it was maintenance of habitats," said Andrew Barber,

an organic hill farmer near Pitlochry, Perthshire. “We had a grant system pushing us that way and were trying to avoid water pollution, which was an issue due to phosphate enrichment of a local loch. We also had Pillar 2 environment funding, which encouraged us to look after semi-natural habitats – and there was an interest on our part, too. It is about making sure inputs are justified financially and environmentally, and concentrating on margin, not yield.”



Q The government has ambitious targets for tree planting that it isn't hitting. What's holding landowners back?

Grants are paid based on standardised costs up to a cap, which isn't sufficient, explained Stuart Pearson, business development director at Tilhill forest management. “It is a permanent landscape change and trees may be planted on land that could be used for other, less permanent, options.

“There is also a lot of uncertainty about where the Environmental Land Management scheme will sit. The government says we need more trees, but this is not coming down to grassroots level. It needs to review incentives if it is going to meet those targets. But it must be very careful it doesn't displace other options, as we don't want trees in the wrong place.”

Q Are there smaller schemes available that can support biodiversity net gain?

“It can be like a rabbit warren trying to navigate a way through existing schemes, funds and payments,” said Anna Clifford, senior environment consultant at Promar International.

“It's not necessarily about large-scale tree planting, but looking for smaller pockets, and smaller wins – encouraging farmers to try something new on a smaller scale before taking it wider,” she added. “These might be buffer strips, grass margins and in-field strips, providing wildlife corridors.”

Q As a retailer, would you pay farmers more for biodiversity net gain?

There is an opportunity to tell consumers what farmers are already doing, explained Steve McLean, head of agriculture and fisheries at Marks & Spencer. “There is great environmental work already happening on farms.

“There are people on social media who are negative about farming, but this is from a low base of understanding, and there is the opportunity to talk about what really goes on. Biodiversity and food production go hand-in-hand. In these tough times, the customer must get a value proposition, but this has to work for the farmer, too.” ■

WATCH THE WEBINAR

You can hear from the experts in full at fwi.co.uk/transition-summit-biodiversity. The Transition Summit webinars are part of the *Farmers Weekly Transition* project, which – through articles, panel discussions, podcasts and the on-farm results obtained by a group of Transition Farmers – aims to equip farmers with the information they need to adapt to some of the biggest changes the sector has seen for more than 50 years, including the loss of BPS. Find out more at fwi.co.uk/transition.

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