

Fife Monitor Farm



“Danny, Max & Alison Milne along with John Weir”

Demperston Farm, Auchtermuchty

First Meeting Report

11th December 2013

*Date of Next Meeting: 5th February
2014*

Facilitators: Stephen Young 07502 339 613

Greg Dawson 07766 421 130



Introduction

Gavin Dick (HGCA) & Claire Hodge (Potato Council) welcomed everyone along and gave an outline of the objectives for the project before introducing Danny Milne who gave an overview of the farming operations as well as his reasons for wanting to be involved in the Monitor Farm project.

The Monitor Farm Programme

Aim: To improve the performance & profitability of the host Monitor Farm and other farms in the region.

How is this achieved?

- The community Group works together to improve the profitability of the Monitor Farm. By doing so everyone learns lessons to apply to their own businesses. The lessons are promoted more widely through press articles, open days, HGCA material and the placement of all the information on the web.
- The group analyses the current position of the business to identify weaknesses and opportunities. The farmer tries changes, simple try-outs are set up, specialists are brought in, visits to other farms and companies are arranged and performance is monitored and recorded.
- Identifying best practice on real farms.
- The approach is very practical – looking at real problems and trying out solutions in the field.

Structure:

- The Community Group is formed (this is basically everybody who attends the meetings and signs up for the programme). This group works with the Monitor Farmer and facilitators.
- A smaller Management Group of 6 or so people sit down twice a year with the Monitor Farmer to set details of the programme and to discuss progress. A chairman is elected from the Management Group.
- The facilitators (Stephen Young & Greg Dawson) do all the arrangement and organisation of meetings, specialists, trials etc. and write a report for all members after each meeting.
- There are 6 meetings per year and 2 open days over the 3 years of the programme.

The Farm Walk:

Demperston itself is 550 acres of arable and permanent pasture which is farmed by Danny and his father along with a further 200 acres at Dura Mains some 12 miles away. The group were led on a tour of the farm stading stopping at three points to gain further information on key aspects of the business.

[The Fife Arable Monitor Farm Programme is an HGCA and Potato Council project supported by the Scottish Government SRDP Skills Development Scheme.](#)

Grain Drying & Storage

- All grain storage and drying facilities are located at Demperston. Grain from Dura Mains is transported the 12 miles back to Demperston.
- Temporary storage of wet grain at harvest is provided by the appropriately washed and disinfected steel framed shed that houses the suckler cows during the winter months.
- Drying is carried out using an ageing 12t Opico mobile dryer fed by a reception bin. Grain is moved across the yard to the bin using a loader and grain bucket.
- A new store for dry grain was constructed in 2012 with a capacity for approximately 1000t. The store is not linked to the dryer and is not partitioned at present. Danny acknowledged that, with the benefit of hindsight, the shed could have been larger to accommodate a new drier as well as increasing storage capacity.
- It was recognised that the Community Group could provide valuable input into investment decisions to improve the capacity, efficiency and sustainability of the grain drying, handling and storage systems. The potential to combine storage and marketing through a grain co-operative was also considered an interesting area to explore with the group
- Decisions on grain sales are made on an annual basis with sales taking place during the growing season and post-harvest based on price and the family's perception of market conditions. The table below outlines the marketing and average prices.



Crop	When Sold	Avg Price
Spring Barley	Sold Pre harvest	£188/T
Winter Wheat	Sold "Cash & Carry" for Feb uplift	£172/T
Beans	Sold at Harvest for human consumption	£224/T
Winter Oats	Sold pre harvest	£155/T
Winter OSR	Still to sell	

Growing Crop

- Gavin Dick of HGCA introduced the group to Donald Hay of Agrii who provides the farm with agronomy recommendations and inputs.
- The cropping is diverse including winter wheat, winter oats, winter oilseed rape spring beans and rotational grass. The dominant crop is spring barley for malting which accounted for

around 45% of the rotational area for harvest 2013. The soil types are mixed but the lighter textured soils are considered well suited to malting barley production.

- Land was also let for potatoes to local grower John Weir up until 2012. No land was let in 2013 due to concerns over the perceived damage to soil structure and the knock on rotational effects. The group considered that similar situations were widespread following the difficult lifting conditions in 2012 and the increase in output prices for combinable crops in that harvest year. The relationship between potato businesses and their landlords and the respective responsibilities in selecting and managing land appropriately were identified as areas that would be interesting to explore.
- A split field of wheat sown with Invicta, Viscount, Leeds and a Hybrid variety has been established for observation in 2014. Replicated HGCA variety trials are available on a site near Glenrothes to inform decision making.
- A comprehensive machinery fleet is in place. Only a small number of tasks such as lime spreading and hedge cutting are contracted out.

The Livestock Enterprises

- The group were given an overview of the livestock enterprises by Alison who is from a livestock farming background.
- 79 Suckler cows calves to Limousin and Charolais bulls.
- All calves kept for a year and sold as stores (bulls castrated)
- Replacements currently bought, will be from single source in future.
- Cows recently scanned and 15 found to be barren, these will be fattened and sold.
- Performance recording has just begun. Which will allow more detailed analysis of the value being added by both the cattle and sheep.
- Feed and bedding is home grown where possible.



After the tour of the farm the group moved on to the Victoria Hall in Auchtermuchty for lunch and the afternoon session of the meeting. This started with a market update from Ian Keith, who carries out all of Frontier's Barley and Oat trading north of Newcastle. Ian is also an ex chair of the AIC.

Market Prospects and Update – Presented by Ian Keith, Frontier

Ian gave an informative presentation on the world commodities position and the response of the UK market.

- The market is currently underpinned by record maize and wheat production. As maize is currently trading at a substantial discount to wheat large volumes of wheat and barley in livestock rations in the UK have been replaced by maize
- The UK wheat price is reflecting the fact that there is a 3mt shortfall. Generally the wheat is of very good quality and this is pressurising premiums for biscuit and bread-making wheats. The Scottish market is currently trading £10/t below import price parity
- UK 2013 barley harvest produced an exportable surplus of circa 1.6 million tonnes - around double the average exported.
- Export activity has been strong. 50% of barley surplus already exported but a considerable effort would be needed to find outlets for the remainder.
- UK feed compounders are already using the maximum possible inclusion of barley. Even if the price falls back further increasing domestic use of harvest 2013 feed barley is unlikely.
- The increase in demand for Scottish Whisky creates market opportunities but demand for Scottish malting barley is effectively capped by the finite capacity of domestic malting plants Much of Scotland's increased demand for malt is being supplied from England where maltsters have spare capacity due to the downturn in brewing malt production
- UK oat production at a forty year high. Combined with the availability of milling quality oats from Scandinavian countries the price is unlikely to recover significantly from the current depressed levels during the current marketing year.
- 2013 Wheat planting in Scotland has been aided by good ground and growing conditions. The Scottish 2014 wheat harvest could potentially reach one million tonnes for the first time.
- Scottish grain distillers have moved from using wheat onto using maize this removes a local market outlet and potentially puts pressure on the Scottish premium over Wheat Futures next season
- The EU remains a net importer of oilseeds for vegetable oil resulting in strong demand from crushers. The residual OSR meal for inclusion in livestock rations is partially subject to substitution with Soya at the world market level. World soya production is forecast to be in excess of consumption for both 2012/13 and 2013/14. There is still uncertainty over southern hemisphere plantings so forecasts may yet be revised downwards.

Questions:

- How much wheat is being used by the UK bioethanol producers and does it represent a significant potential market?
 - Technical problems with one of the plants have resulted in it operating at around 25% capacity. The potential for increased use of wheat exists but is subject to world commodity and fuel pricing.
- What timescale is available for further barley exports before the southern hemisphere harvest enters the market?
 - The door appears to be already closing to further exports meaning that substantial upward movements in the market are unlikely in the current marketing year.
- Will the UK wheat price adjust downwards to reflect the world maize price as wheat imports increase?
 - Although Scottish production is on paper considerably less than consumption it's currently a 50:50 call whether domestic prices will rise to the level of imported

wheat or will weaken if the volume of maize imports means that we have in fact a surplus of wheat

Group Feedback Session:

The Community group was split into smaller breakout groups to gain their feedback after initial impressions of the farm and business were formed. This will give the foundation for further meetings in the future.

<u>Strengths</u>	<u>Weaknesses</u>
Family Labour employed	Multi Generation partnership adds complexity
Good soil types/Aspect	Distance between units, capital tied up.
Land owned	Grain handling/Drying needs update
Good enterprise mix/Risk Spread	Budgeting/Financial planning
Well Equipped	Not focussed on one enterprise
2 Units giving both Scale and succession options	Ageing Machinery, over mechanised?
Range of buildings & Houses	Older buildings need modernised
Enthusiastic, young farmers.	Need for Nutrient mapping of soil

The group were further asked both what opportunities they saw for the farm and what improvements they would make

<u>Opportunities</u>	<u>Improvements</u>
Property Development	Soil Sampling
Renewables: Turbine, Biomass (Drier?)	Budgeting
Machinery Sharing to modernise	Single Cropping @ Dura Mains
Use of Min til	Grain Handling/Drying Facilities
Cattle Finishing	Finish Calves at home
Rent of land for potatoes/Veg	Outwinter Cows
Building management plan Enterprise Costings/Benchmarking	Environmental Schemes (Greening)
Empty Cattle Court @ Dura Mains	Increase/Decrease Livestock

Conclusions

To conclude the meeting the group gave feedback on what further information they would like to enable them to take the project forward and plan future meetings.

- Crop Reports for last 3 years (Yield & Financial)
- Succession Plan, what are the roles/attitudes to the future?
- Livestock performance Figures (e.g. KG/acre)
- Gross Margins – Budgets etc.
- Marketing Strategy for Cottages
- Input Sourcing strategy
- Machinery Costings & Replacement policy
- Soil Nutrient planning.

Other Project Management

Members of the community group were asked to register their details to ensure they will receive further information and reminders of future meetings.

Further to this nominations were sought for the Management Group for the project. This group will assist the Monitor Farmer and facilitators to drive the project and ensure that the areas of interest to the community group are adequately covered. They also provide an independent point of contact for community group members to provide feedback and ideas.

Arable Business Groups

In addition to the Monitor Farm, the project will also establish an Arable Business Group (ABG).

The aim of the ABG is to form a small closed group of progressive growers (10-14 members) with a clear focus on the business /marketing. Benchmarking will form a key part of the ABG's with members expected to share production costs, gross margins, yields, prices, etc. to look for improvements. Use will be made of HGCA's 'CropBench' to provide the standard benchmarking tool. The ABG will meet 3 times per year and receive professional support.

Anyone wishing to find out more about the Arable Business Group please contact Stephen Young (07502 339613)