

New Entrants NEWS

October 2017



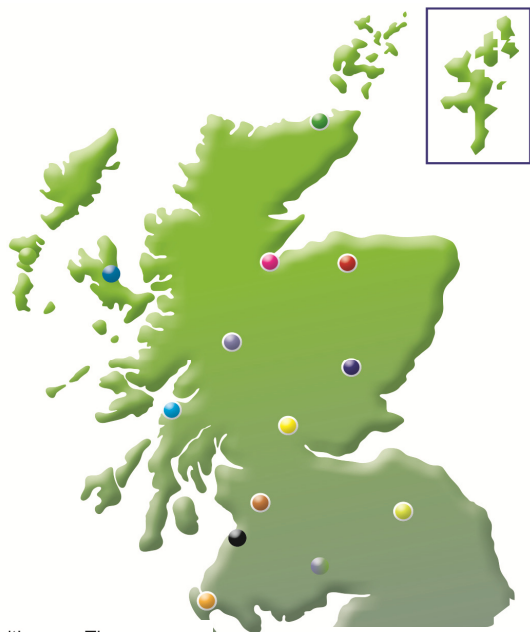
National Advice Hub
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The Farm Advisory Service, involves activities for new entrants to agriculture. In the last year we have held,

- Over 45 regional meetings specific to new entrants
- Hosted an inspirational new entrants conference where 150 people attended
- Developed guidance notes and case studies
- Issued newsletters and managed the network through social media.



The North East Group understanding the workings of a vet lab and disease surveillance.



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|----------------------------|----------------------------|
| ● Caithness - Thurso | ● Argyll - Oban |
| ● North East - Inverurie | ● Central - Stirling |
| ● Morayshire - Dufftown | ● Borders - St Boswells |
| ● Highland - Inverness | ● Ayrshire - Ayr |
| ● Angus - Forfar | ● Dumfriesshire - Dumfries |
| ● Wigtownshire - Stranraer | ● Western Isles - Uist |
| ● Lanarkshire - Lanark | ● West Coast - Portree |

The programme of winter regional meetings are about to commence and will be held over 14 different locations across Scotland, as shown on the map. The majority of these are held as evening workshops between October and March. The workshops have been designed specifically for new entrants to increase business knowledge and decision making, increase technical skills and aid business succession.

For further details of workshops in your area search the FAS events website at <https://www.fas.scot/forthcoming-events/> or contact Kirsten.Williams@sac.co.uk



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News.....

Exchange Rate € → £

The exchange rate that is used for direct farm payments is based on the average of the European Central Bank rates over the month of September. The 2017 exchange rate will be €1 = 0.89470, resulting in an increase of 4% from 2016 after financial discipline.

National BPS and Greening Loan Scheme

Those who receive Basic Payment Scheme and Greening will have received a letter detailing this year's loan scheme. Those eligible will receive 90% of their entitlement in the first two weeks of November up to a maximum of €150,000. If you wish to accept the loan you must sign and return this letter by the date stipulated.

New Entrants Programme Website

Have a look at the new and refreshed case studies online, these present a diverse range of farming systems. Which demonstrate the different ways to get started in the industry.



New Entrants Gathering 2018

The 2018 "New Entrants to Farming Gathering" will be held on **Tuesday 27th February 2018** at Perth Race Course.



New Entrant Grant Support

The New Entrants and Young Farmers Start Up Grants application window closed on the 30th September.

The New Entrants Capital Grant has an ongoing application window.

A brief reminder – this is competitive and open to individuals or groups. Eligibility for the grant includes being set up as the head of the holding for no more than 5 years prior to application. You must be an active farmer and submit a Single Application Form (SAF), full details can be found at

<https://www.ruralpayments.org/publicsite/futures/topics/all-schemes/new-entrants/new-entrants-capital-grant/>



News.....

Adding Value to Farm Produce

The New Entrants to Farming Programme will be holding a course at Elmwood in late January entitled, "Adding Value to Farm Produce".

This will be a two day workshop including

- A lamb demo "from carcase to cutlet"
- Understanding your market
- Regulations
- Your business plan
- Developing a brand



This is aimed at new entrants who are looking at adding value and creating a brand for their produce.

Spaces are limited, with only 12 places available for this course.

For more information please contact Robert.Logan@sac.co.uk

Success in the North East

Two members of the North East group have been rewarded for their efforts on gaining a foothold on the farming ladder.

Duncan Morrison has been awarded the Royal Northern Agricultural Societies (RNAS) under 35 award. Duncan is a graduate of SAC Craibstone, after graduating with a degree in agriculture he chose the career path of being a stockman. Unfortunately he was told he was going to be made redundant as the owner of the farm was going to sell the livestock and rent out the land and buildings. Duncan saw this as an opportunity and asked his former boss if he could buy the cows and rent the farm.

Duncan has shown great determination and passion in gaining both land and finance to achieve his own farming goal. His business now consists of 45 suckler cows and a successful fencing business.

Gordon and June Whiteford are finalists in the British Farming Awards, new entrants, against the odds category.

The business started on 3ha of seasonal rented land where a mobile poultry unit was placed, housing 3,000 organic laying hens. After doubling numbers the couple were successful in gaining a tenancy through the Crown Estate, now farming 10,000 hens, cattle and sheep. A case study on the Whiteford's can be found at <https://www.fas.scot/downloads/case-study-gordon-whiteford/>

Good luck for the awards evening!



News from the groups

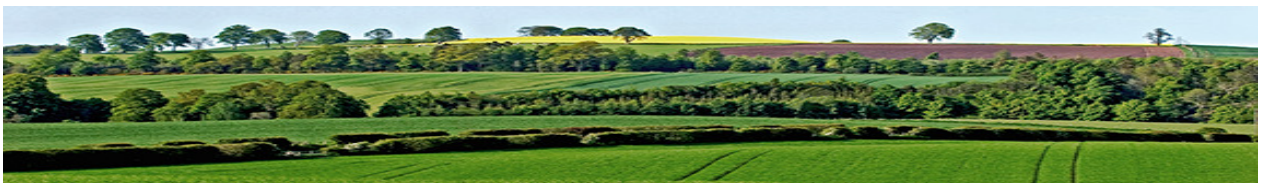
Mike Halliday updates on the Dumfries Group

Dumfries

The Dumfries group met at the start of October to cover asset finance where Donald Stewart (Farming & Industrial Finance) addressed the group.

Key Take Home Messages Included:

- Lending in Agriculture is current at the highest level since records began: £2.3bn in loans & £1.1bn in H/P and other sources. This is due to a sustained period of very low interest rates (Base Rate: 0.25%); Agriculture is viewed as a safe & secure sector by lenders; it's been a good time to consider new projects and / or a chance to restructure existing arrangements.
- Long term debt held as an overdraft is an expensive way to fund borrowing due to annual arrangement fees (normally a % of the borrowing). Alternatives, such as term loans, should be considered.
- Hire Purchase is a good way to purchase machinery. Normally a deposit (typically 10%) plus VAT is paid up front and the balance is paid over 5 years. This provides benefits to the purchaser as no additional security charge over the business is required (funder uses asset being purchased as security). It helps with cash flow as machine is paid over a long period.
- Term Loans have a one-off arrangement fee and can be set up with fixed or variable rates of interest. It can be a good idea to have a proportion of debt at a fixed rate and the balance at a variable rate. There is also Interest Only term loans – but remember at the end of the loan, the original capital has to be paid.
- One size does not fit all; your finance needs are likely to be a mix of different facilities; regular reviews recommended- your business and the options available are constantly changing; new entrants should keep an eye on their credit rating – it will affect their ability to borrow.



News from the groups

Hazel Laughton updates on the Lanark Group

Lanark

The Lanark group met at the end of September to develop business planning skills and improve efficiency within the sheep enterprise by following prime lambs from 'Hoof to Hook'.

The group visited Carstair's Mains Farm by kind permission of Andrew Baillie who currently runs a flock of 650 ewes and finishes around 600 lambs per year from grass after replacements and tup hogs have been selected.

Robert Paterson, lamb procurement specialist for Farmstock discussed the 'EUROP' lamb grading system before heading to the sheep shed for a practical session on grading live lambs. The group were shown how to assess conformation and fat cover and 10 live lambs were graded by the group to follow through to the hook at Scotbeef two days later.

Following a tour of the abattoir which included the cattle kill line in operation the group saw Andrew's 10 lamb carcasses. The carcasses ranged from R to E grades for conformation and 1 to 3H for fat cover for demonstration purposes. Bill MacKinnon, Head of Procurement explained the positive and negative points in terms of conformation, fat cover the penalties involved in producing out of spec lambs and what processors are looking for.



Key take home messages included:

- Finishing lambs as quickly as possible remains key to profitability, combined with knowing the market and selling lambs in the desired spec.
- Overfat lambs incur penalties for additional time taken to trim unwanted fat.
- Weight and visual appraisal are general guides to an animal's readiness for market, however to ensure accurate selection, handling the live animal is essential.
- It is important to note daily live weight gain (DLWG) to ensure lambs are thriving. If a lamb has a poor DLWG keeping it longer may have no impact on live weight.
- The kill out percentage for lambs weaned off milk can drop by 5% from 49-51% to around 47%. Lambs on wet, poor grass can drop further to 43%.



New Entrants Mentoring

New entrants to farming are being offered free one-on-one mentoring as featured in the spring 2017 newsletter. This is aimed to overcome the financial and technical challenges of setting up a farm or croft, supported through the Farm Advisory Service.

The mentoring programme pairs new starters in farming or crofting with experienced farmers in a support role during those crucial early stages.

This support is available to you if the business was set up within the last five years. For more information see <https://www.fas.scot/new-entrants/>.

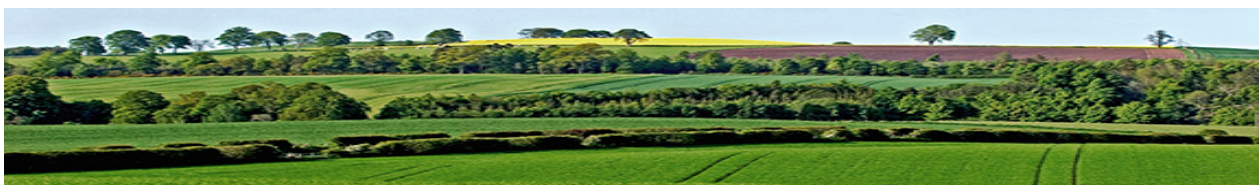
“This is not just about financial support to help establish these links, we are building productive partnerships between young people with entrepreneurial spirit and experienced farmers to help new entrants lay the foundations for profitable and sustainable businesses.” said Caroline Wood, one-to-one programme manager for the Farm Advisory Service.

An applicant to the mentoring scheme will be paired with a mentor whose skill set matches the new farmer’s specific business needs and ambitions. Typical skills that mentors may offer include:

- Detailed knowledge and experience of agriculture and running farm businesses
- A mastery of traditional skills such as stone walling and hedge laying
- Food and drink industry experience
- Animal husbandry and marketing

For more information on the Farm Advisory Service, or to find out how Scottish Government funding and support programmes are helping young farmers and crofters to achieve business success, visit <https://www.fas.scot/new-entrants/>

Caroline Wood
Programme Manager, Ricardo



Woodlands –

An overlooked resource?

Woodlands on a farm, either existing or newly created, can offer a surprising range of benefits.

Timber production, either firewood for the house or possibly valuable sawlogs from a plantation, are the best known. Woodlands also provide shelter for crops and livestock, a habitat for wildlife, help reduce diffuse pollution beside watercourses and stabilise river banks, provide cover for game birds and privacy and screening.

Indeed their very presence on a farm can enhance its capital value by 10 or 15%. Other less obvious benefits include biosecurity, for example, by excluding livestock from wetter areas with a high risk of fluke.

The Forestry Grant Scheme (FGS) supports woodland management with a wide range of options. Woodfuel production is expanding rapidly and can offer opportunities as a farm diversification. The FGS can partially fund the purchase of equipment such as firewood processors or small harvesting machinery where it can present diversification / contracting opportunities in the local area.

If access to a woodland is poor there are also Infrastructure grants for putting in forest roads, bellmouths or loading areas. This can now be combined with an application for a woodland creation scheme of between 10 and 50 hectares of productive conifer woodland.

This means you will be able to build access routes to help get started and then manage your new farm woodland as it grows. It creates an opportunity to diversify your business and bring previously less considered parts of the farm into production.

Semi-natural woodlands can be enhanced with infill planting, control of invasive species such as rhododendron or improvements to public access, again funded by the FGS.

Woodland creation can be used to help solve problems on a farm or provide an alternative source of income from less productive land. For example the capital grants for fencing provide a way of subsidising fencing or by planting an area you may eliminate the need for expensive reseeding or drainage. The package of grants for woodland creation is competitive with other land uses and you can claim basic payment on afforested land for twenty years.

With careful consideration it is possible for woodlands to work for you in many ways. If you are able to do some or all of the work yourself the economics become even more attractive. For further information please contact a forestry consultant.

Please determine responsibilities and permissions for maintaining woodland and woodland creation within any tenancy or alternative land management agreement at the outset.

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