

The Farm Management Handbook 2020/21

Editor

Alastair Beattie

SAC Consulting

November 2020

*This publication is co-funded by the Scottish Government and EU
as part of the SRDP Farm Advisory Service*

Enquiries:

Telephone: 0131 603 7525

Email: fmh@sac.co.uk

Website: www.sruc.ac.uk/fmh

Price: £28 plus postage and packaging

© SAC Consulting 2020

ELECTRONIC VERSION OF THE FARM MANAGEMENT HANDBOOK

An electronic version is available free at www.fas.scot as part of the SRDP Farm Advisory Service.

ORDERING A HARD COPY OF THE FARM MANAGEMENT HANDBOOK IS EASY

If you would like to order a hard copy of the publication it can be obtained from SAC Consulting as detailed below:

- Visit the SAC Consulting webpages and order online: www.sruc.ac.uk/fmh
- Email: fmh@sac.co.uk
- Telephone: 0131 603 7525 (answerphone out of office hours)
- Contact your local SAC Consulting office (see pages 546-548)
- Write to: Farm Management Handbook Sales, SAC Consulting, 2 Technopole Centre, Bush Estate, Penicuik, Midlothian EH26 0PJ (cheques payable to SAC Commercial Ltd)

Foreword

The publication of the 41st edition of the Farm Management Handbook sees UK agriculture facing an unprecedented level of uncertainty. Having finally exited the EU on the 31st January 2020, the UK entered a transition period in which trade negotiations commenced. Those negotiations are currently on-going and there remains a significant degree of uncertainty whether the UK will manage to strike a trade deal with the EU by the end of the transition period on 31st December 2020.

Leaving aside the uncertainties that remain in relation to international trade deals, 2020 has witnessed huge levels of disruption to the world economy as governments all around the globe try to get to grips with the COVID-19 pandemic. Whilst agricultural production has rolled on, the impact upon global markets, supply and demand, and product prices has been immeasurable and has provided yet another set of challenges for farmers and those employed within industry supply chains.

All the above means that forward planning and farm budgeting are more important than ever before. The 41st edition of the Farm Management Handbook, produced with the support of the Scottish Government's SRDP Farm Advisory Service (FAS) provides a comprehensive and up-to-date source of information for all involved in the assessment and planning of farm and rural businesses.

As always, the crop and livestock financial data remain central to the Farm Management Handbook. In addition to reviewing all financial margin data, this year we have added commentary on the impact of COVID-19 upon the various sectors and some of the possible consequences are considered.

The SAC Farm Management Handbook is a budgeting book. Provision of physical information upon which the financial measures are based enables the user to adjust data, where necessary, to account for differences occurring locally or on individual farms. The Handbook is an annual publication, more regular market and input cost data are provided at www.fas.scot under '*Publications*'. Enterprise budgets are expressed to gross margin level. The fixed costs of an individual business should also be considered when preparing forward budgets as they can have a significant impact on the profitability and/or success of a business.

The Handbook could not be produced without the help of colleagues and friends throughout the industry. This help, and indeed all comments and suggestions, are very much appreciated.

Alastair Beattie
November 2020

Acknowledgements

SAC Consulting Rural Business Unit acknowledges with thanks the considerable assistance received from many people outside SRUC and from specialist colleagues within the organisation. In particular, the following people have made major contributions to this edition of the Handbook:

Stephen Adlard, Rebecca Audsley, Christine Beaton, Iain Boyd, Philip Burgess, Julian Bell, Craig Bothwell, Aileen Carr, George Chalmers, Gavin Elrick, John Farquhar, Lisa Fitzsimmons, Janis Forrest, Poppy Frater, Gillian Inman, Calum Johnston, Ewan Johnston, Lorna MacPherson, Siobhan MacDonald, Neil Melville, Peter Lindsay, Chloe McCulloch, Robin Mair, Dr Foteini Manolaraki, Colin Mason, Robert Ramsay, Martin Richards, Anna Sellars, Mary Sheehan, Janette Sutherland, Alistair Trail, Kirsten Williams, Malcolm Young and Mary Young.

SAC Consulting would like to thank the following organisations for their contribution to the Handbook:

The Scottish Government

Chiene + Tait CA, Edinburgh

The Scottish Machinery Rings

SAC Consulting would also like to thank the individuals and organisations that help update the Handbook but do not wish to be formally acknowledged. Your contributions are very much appreciated.

Contents

Enterprise Budgeting	1
Crop Inputs.....	3
Introduction.....	4
Fertiliser.....	4
Lime.....	4
Slurry and Manure.....	4
Nutrient Planning.....	6
Residual Values of Fertilisers, Manures and Lime.....	8
Pesticide Use	12
Arable.....	15
Introduction.....	16
Wheat - Winter	20
Wheat - Spring	22
Barley - Winter.....	24
Barley - Spring.....	26
Oats - Winter	28
Oats - Spring	30
Triticale	32
Oilseed Rape - Winter	34
Oilseed Rape - Spring.....	36
Spring Field Beans	38
Spring Peas.....	40
Cauliflower and Broccoli.....	42
Timothy - Hay, Greencut	44
Stubble to Stubble Arable Operations.....	46
Equivalent Grain Weights at Varying Moisture Contents	47
Futures and Options Markets	47
Potatoes.....	49
Introduction.....	50
Potatoes - Loose New (Covered and Open).....	54
Potatoes - Early Set Skin Pre-Pack Bakers (Covered and Open)	56
Potatoes - Pre-Pack Salads	58
Potatoes - Maincrop Ware (Pre-Pack Bakers).....	60
Potatoes - Maincrop Ware (Pre-Pack Premium Varieties).....	62
Potatoes - Maincrop Ware (Processing - Chips).....	64
Potatoes - Maincrop Ware (Processing - Crisps).....	66
Potatoes - Seed (Low and High Number Varieties)	68
Potatoes - Dual Purpose (Seed and Ware).....	70
Grassland	73
Introduction.....	74
Sward Improvement	76
Preserved Grass Production Costs	77
Grassland - Grazing	78
Grassland - Silage and Aftermath Grazing	80

Grassland - Hay and Aftermath Grazing	82
Forage Crops	85
Introduction.....	86
Brassica and Root Crop Technical Data	87
Preserved Forage Crop Technical Data and Production Costs	89
Forage Peas and Pea/Cereal Mixtures (Arable Silage)	90
Forage Maize	92
Whole Crop Cereal - Winter Wheat	94
Rye for Early Grazing	96
Kale	98
Forage Rape	100
Dutch or Stubble Turnips	102
Swedes and Turnips	104
Chicory	106
Fodder Beet	108
Red Clover	110
Livestock	113
Livestock Units	114
Livestock Traceability	115
Animal Health Planning	118
Nutritive Values and Relative Values (£) of Feedingstuffs	121
Gestation Table	124
Dairying.....	127
Introduction.....	128
Lactation Curves	131
Dairy Cow - Summary of Assumptions	132
Dairy Cow - Low Input Spring Calving	134
Dairy Cow - 7,000 Litres.....	136
Dairy Cow - 8,500 Litres.....	138
Dairy Cow - High Output Housed Year Round	140
Replacement Heifer Rearing.....	142
Contract Dairy Heifer Rearing	146
Total Cost of Production - Dairying	147
Beef Cattle	149
Introduction.....	150
General Reference Data	152
Hill Suckler Cows	156
Upland Suckler Cows - Mainly Silage Diets.....	158
Lowground Suckler Cows - Mainly Straw Diets	160
Spring Calving Cows Producing 18 - 20 Month Finished Cattle	162
Overwintering Spring-Born Suckled Calves.....	164
Finishing Spring-Born Suckled Calves Intensively at 12 Months.....	166
Finishing Year Old Autumn-Born Suckled Calves at 18 Months	168
Finishing Year Old Spring-Born Suckled Calves at 18 - 20 Months ..	170
Beef Cattle Summer Finishing	172
Calf Rearing Costs to 3 Months	174

Intensive Finishing of Dairy Bred Bulls.....	176
Forage Based Finishing Dairy Steers at 24 Months	178
Sheep	181
Introduction.....	182
General Reference Data	184
Extensive Hill.....	186
Improved Hill	188
Draft Blackface Ewes	190
Crossbred Ewes	192
Pure Bred Flock.....	194
Early Finished Lamb Production	196
Easy Care (Wool Shedding).....	198
Gimmering.....	200
Short Keep Lambs - Winter Finishing on Rape.....	202
Short Keep Lambs - Indoor Finishing on Concentrates	204
Long Keep Lambs - Finishing on Swedes.....	206
Red Deer	209
Introduction.....	210
Red Deer - Lowground Breeding and Feeding	214
Red Deer - Upland Breeding Selling Calves	216
Red Deer - Finishing Stag Calves.....	218
Pigs.....	221
Introduction.....	222
Breeding Pigs - Indoor Units	226
Breeding Pigs - Outdoor Units	228
Finishing Pigs	230
Poultry.....	233
Introduction.....	234
Chicken Egg Production.....	234
Broiler Meat Production	236
Brexit issues	237
Useful Poultry References.....	238
Laying Hens - Free Range	240
Broilers	242
Organic Farming	245
Introduction.....	246
Organic Farming Contacts	249
Organic Wheat - Winter.....	250
Organic Oats - Spring.....	252
Organic Barley - Spring	254
Organic Beans - Spring	256
Organic Potatoes - Maincrop.....	258
Organic Dairying.....	260
Organic Suckler Cows - Mainly Silage Diets.....	264
Organic Finishing Cattle	266

Organic Breeding Ewes - Finished Lamb Production	268
Crofts and Small Farms	271
Introduction.....	272
Crofting.....	272
Small Farms	274
Rural Aid Schemes for Crofts and Small Farms	274
Croft and Small Farm Gross Margins	277
Suckler Herd - Croft and Small Farm.....	280
Sheep Flock – Croft and Small Farm	282
Free Range Laying Hens - Croft and Small Farm	284
Diversification	287
Introduction.....	288
Diversification Considerations.....	288
Part-Time Off-Farm Work.....	290
Sources of Information	291
Speciality Crops	291
Alternative Livestock	296
Retailing	297
Tourism	302
Sports & Leisure Tourism.....	305
Equestrian Enterprises.....	307
Wedding Venues.....	313
Pet Boarding Facilities	314
Forestry and Farm Woodlands.....	317
Introduction.....	318
Trees and the Law	318
Plant Health.....	319
Woodland and Shelter.....	322
Scottish Timber Log Prices	323
Christmas Trees.....	323
Financial Assistance for Farm Woodlands.....	326
Trees and Taxation	336
Renewable Energy	339
Introduction.....	340
Grants and Incentives	341
Wind Power	348
Hydro Power	349
Solar Photovoltaics	350
Biomass Heating	351
Farm Scale Biodiesel	353
Anaerobic Digestion	354
Biomass Crops for Energy	359
Fuel.....	363
Introduction.....	364
Fuel Prices	364
Calorific Values of Fuels	365

Fuel Cost Values	366
Fuel Storage	366
Labour and Machinery	369
Introduction	370
Standard Labour Requirements	370
Machinery Operating Data	371
Estimating Machinery Costs	375
Machinery Contractors' Charges	379
Grain Drying	383
Drainage	383
Fencing	385
Dry Stone Walling	386
Agricultural Vehicles on the Road	387
Labour Legislation and Policy	388
Health and Safety	393
Land and Buildings	397
Introduction	398
Land Tenure	398
Charges for Short-Term Lets and Services	405
Space Requirements for Livestock and Storage	406
Planning Permission and Building Warrant	410
Wayleaves and Easements	414
Guide to Building Costs	416
Climate Change and the Environment	421
Introduction	422
Agriculture and Climate Change	422
Farming for a Better Climate	424
Forestry and Climate Change	425
Pollution and the Environment	426
New Entrants	431
Introduction	432
Starting Up an Agricultural Business	432
Business Planning	434
Financial Planning	435
Business Structure	438
Farming Opportunities	438
Finance	442
New Entrants Initiatives	442
Whole Farm Data	447
Introduction	448
Source of Contents for 2020	448
Description of Farm Types	449
Definition of Terms	450
England - LFA Grazing Livestock Farms	452
England - Lowland Grazing Livestock Farms	453

England - Dairy Farms	454
England - Cereal Farms	455
England - General Cropping Farms	456
England - Specialist Pig Farms	457
England - Specialist Poultry Farms	458
England - Horticulture Farms	459
England - Mixed Farms	460
Scotland - Specialist Sheep (LFA) Farms	461
Scotland - Specialist Beef (LFA) Farms	462
Scotland - Cattle and Sheep (LFA) Farms	463
Scotland - Dairy Farms	464
Scotland - Specialist Cereal Farms	465
Scotland - General Cropping Farms	466
Scotland - Mixed Farms	467
Rural Aid Schemes	469
Introduction	470
Overview of 2020 CAP Schemes	470
Scotland	472
England	484
Wales	488
Northern Ireland	493
Cross Compliance	496
Credit	499
Amortisation Table	500
Sinking Fund Table	501
Approximate Annual Percentage Rates of Annual Nominal Rates ...	502
Approximate Annual Percentage Rates of Annual Flat Rates	503
Compounding Table	504
Annuity Tables	505
Discount Tables	506
Long-Term Loans	507
Medium-Term and Short-Term Credit	507
Taxation	511
Introduction	512
Income Tax	512
Property Rental Income	514
Tax Credits	514
Pensions	515
Capital Allowances	516
Losses	517
Relief for Fluctuating Profits (Averaging)	517
Herd Basis of Livestock Valuation	518
Self-Assessment Procedures	518
Corporation Tax Procedures	519
Corporation Tax Rates	519
Annual Tax on Enveloped Dwellings	519

Capital Gains Tax.....	520
Inheritance Tax.....	521
Value Added Tax.....	523
National Insurance Contributions (NICs).....	527
Stamp Duty (SD)	527
Stamp Duty Land Tax (SDLT)/Land Building Transaction Tax (LBTT) in Scotland.....	528
Single Farm Payment Scheme/Basic Payment Scheme	528
Commercial Woodlands	529
Anti-Avoidance	529
Making Tax Digital.....	530
Summary of Income Tax and Capital Gains Tax Rates	531
Miscellaneous	533
Summary of Farm Management Practices.....	534
Glossary of Acronyms	538
Imperial-Metric Conversion	543
Contacts.....	545
SAC Contact Details.....	546
Machinery Ring Contact Details	551
Index.....	553

Enterprise Budgeting

The Farm Management Handbook is designed to provide guidelines in preparing forward budgets.

Output

Output is based on anticipated sales prices (adjusted for replacement costs where required) plus enterprise specific subsidies (as applicable). Livestock output prices are based on market forecasts while crop output prices are based on forward sales values for 2021 as set in summer 2020.

All non enterprise specific subsidies, e.g. Basic Payment Scheme (BPS) and Less Favoured Area Support Scheme (LFASS) are excluded from the enterprise gross margins. These subsidies are regarded as whole farm income therefore should be included in whole farm gross margin budget calculations. See Rural Aid Schemes section (page 469) for more information on subsidies.

Variable costs

Variable costs (e.g. feed, seed, fertiliser, vet and medicine and sprays) are specific to an enterprise and vary in proportion to the size of the enterprise. Enterprise gross margins will vary considerably between individual businesses due to differing land quality, climate, production system, yields, prices and managerial abilities. All variable costs are based on projected prices for the year ahead, set in summer 2020.

Gross margins

A gross margin is **not** a profit figure. No account is taken of "fixed" or "overhead" costs such as labour, power and machinery, property upkeep, rent or finance charges.

The gross margin of an enterprise is:

OUTPUT

less

VARIABLE COSTS

Enterprise performance levels are expressed on a per head and, for land using enterprises, on a per hectare (acre) basis. It is also assumed that the enterprise is in a "steady state" where, for instance, the size of a dairy herd is the same at the start and end of the year.

The gross margin data represents good technical performance at estimated prices for 2020/21 but should not be regarded as industry standards or targets, nor should it be used as actual data for compensation purposes. That is, these are indicative margins that should be customised to the specific requirements of the user.

Fixed costs

Fixed costs (e.g. labour, machinery, general overheads and finance) are costs that cannot readily be allocated to a specific gross margin. Fixed costs are generally unaffected by small changes in enterprise size but can vary from year to year. As a result, they are often referred to as overhead or indirect costs. Depreciation (for property and machinery) is also considered as a fixed cost and it is useful to keep this separate to allow a broad assessment of the capital investment needs of a business. If actual fixed costs are not available for a particular farm type, the figures in the Whole Farm Data section (page 447) can be used.

Rounding

Because of rounding, individual items may not add to sub-totals or totals.

Remember! The gross margins are indicative and are not industry standards or targets. Care should therefore be taken when comparing actual results with values in the handbook or when using this information for budgeting purposes. Data should be adjusted to reflect local physical differences and changes in price.

Should you require assistance in using the Handbook, please contact your local SAC Consulting office. For contact details see Contacts section (page 545).

Crop Inputs

Introduction

Crop inputs such as fertilisers, organic manures, lime and sprays all have a quantifiable value on farm. This section provides information that many of the crop gross margins and grassland and forage crop cost of production data refer to and include.

Fertiliser

Fertiliser levels used in the enterprise data are intended only as a guide for budgeting purposes and should not be regarded as a recommendation. In practice, many factors affect the level of N, P₂O₅ and K₂O required by a specific crop, including previous cropping policy, the quantity of organic manures being used and soil nutrient status. Budgeted N levels will require adjustment for Nitrate Vulnerable Zone (NVZ) Action Programme regulations.

Fertiliser prices used are based on typical prices paid in summer 2020. Fertiliser costs used in the gross margins are shown in the table below.

	Fertiliser Price	Nutrient Cost
Nitrogen (Ammonium Nitrate)	£226.00 /t	£0.66/kg N
Phosphate (Triple Super Phosphate)	£250.00 /t	£0.54/kg P ₂ O ₅
Potassium (Muriate of Potash)	£247.00 /t	£0.41/kg K ₂ O

All gross margins assume nutrients are derived from purchased fertiliser and applied to soils at moderate P and K status. Nutrient inputs for crops should be adjusted for applied organic nutrients which can reduce costs.

Lime

No charge for share of lime is included in the variable costs of arable, grassland and forage crops. Costs for lime will vary significantly depending on type (e.g. calcium, magnesium), distance from source, type of haulage (artic or 8 wheeler) and spreading contractor's charges. An appropriate annual maintenance charge (including delivery and application) to be included in individual margins could be calculated to suit specific farm practice using the example below:

Cost	Rate	Frequency of application	Annual charge
£35/t	3.7t/ha	4 years	£32.34/ha

For more information on lime see SRUC Technical Note 656.

Slurry and Manure

Use of slurries or manures has not been considered in the enterprise data but organic manures are a valuable source of major nutrients (N, P₂O₅ and K₂O), secondary nutrients, trace elements and organic matter.

When planning inorganic fertiliser applications for crops and grassland, the total crop requirement should be adjusted to account for any use of slurries and manures.

The following table is an estimated value based on the total nutrients present in the stored slurry and manure prior to application to land.

Manure Type	DM (%)	Total plant nutrient	kg/t or kg/m³	£/kg	Total value (£/t or £/m³)
Cattle FYM (Fresh)	25	N	6.0	0.66	3.93
		P ₂ O ₅	3.2	0.54	1.74
		K ₂ O	8.0	0.41	3.29
					8.96
Cattle Slurry	6	N	2.6	0.66	1.70
		P ₂ O ₅	1.2	0.54	0.65
		K ₂ O	3.2	0.41	1.32
					3.67
Sheep FYM (Fresh)	25	N	7.0	0.66	4.59
		P ₂ O ₅	3.2	0.54	1.74
		K ₂ O	8.0	0.41	3.29
					9.62
Pig FYM (Fresh)	25	N	7.0	0.66	4.59
		P ₂ O ₅	6.0	0.54	3.26
		K ₂ O	8.0	0.41	3.29
					11.14
Pig Slurry	4	N	3.6	0.66	2.36
		P ₂ O ₅	1.8	0.54	0.98
		K ₂ O	2.4	0.41	0.99
					4.32
Layer manure	35	N	19.0	0.66	12.45
		P ₂ O ₅	14.0	0.54	7.61
		K ₂ O	9.5	0.41	3.91
					23.97
Broiler/turkey litter	60	N	30.0	0.66	19.65
		P ₂ O ₅	25.0	0.54	13.59
		K ₂ O	18.0	0.41	7.41
					40.65

Availability to crops of the nutrients in organic manures will be significantly altered by the timing and method of application, and other factors including temperature, rainfall and crop growth stage and health. For further guidance on the use of organic manures, refer to SRUC Technical Note 650.

Nutrient Planning

Using the information below, total quantities of slurries and manures produced on farm can be calculated.

Livestock	Typical volume of excreta produced	
	m ³ /day	m ³ /wk
Dairy Cow (annual milk yield > 9,000l)	0.064	0.45
Dairy Cow (annual milk yield 6,000-9,000l)	0.053	0.37
Dairy Cow (annual milk yield < 6,000l)	0.042	0.29
Dairy Heifer (13 months to first calf)	0.040	0.28
Dairy Heifer (3 to 13 months)	0.020	0.14
Beef Cow (> 500kg)	0.045	0.32
Beef Cow (≤ 500kg)	0.032	0.22
Steer/heifer (over 25 months)	0.032	0.22
Steer/heifer (13 to 25 months)	0.026	0.18
Cattle (3 to 13 months)	0.020	0.14
Bull beef (over 3 months)	0.026	0.18
Calf (up to 3 months)	0.007	0.05
Sow (130 to 225kg) & litter	0.011	0.08
Maiden Gilt (90 to 130kg)	0.006	0.04
Breeding Boar (66 to 150kg)	0.006	0.04
Breeding Boar (over 150kg)	0.008	0.06
Weaner (7 to 31kg)	0.001	0.01
Grower (31 to 66kg) - dry fed/liquid fed	0.004/0.007	0.03/0.05
Finisher (66kg to slaughter) - dry fed/ liquid fed	0.006/0.010	0.04/0.07
Ewe (> 60kg)	0.005	0.04
Ewe (≤ 60kg)	0.003	0.02
Lambs (6 months to tupping)	0.002	0.01
Goat	0.003	0.02
Breeding deer	0.006	0.04
Other deer	0.003	0.02
Horse	0.024	0.17
Laying Hens (per 1000, up to 17 wks)	0.040	0.28
Laying Hens (per 1000 caged, > 17 wks)	0.120	0.84
Laying Hens (per 1000 free range, > 17 wks)	0.091	0.64
Broilers (table, per 1000)	0.120	0.84
Broiler (breeders, per 1000, up to 25 wks)	0.040	0.28
Broiler (breeders, per 1000, > 25 wks)	0.120	0.84
Turkeys (per 1000, male)	0.160	1.12
Turkeys (per 1000, female)	0.120	0.84
Ducks (per 1000)	0.100	0.70

When calculating quantities of slurries and manures as part of a farm waste management plan, adjustments for livestock numbers, housing periods and collection of contaminated water and bedding (e.g. straw and sawdust) will be required.

For further information on nutrient planning refer to Nitrate Vulnerable Zones guidance and SRUC Technical Notes 633, 649, 650, 651, 652, 655, and 668 or Nutrient Management Guide (RB209).

For more information on NVZ's across the UK, see:

Scotland -

www.gov.scot/Topics/farmingrural/Agriculture/Environment/NVZintro

England -

<https://www.gov.uk/guidance/nutrient-management-nitrate-vulnerable-zones>

Wales -

<https://gov.wales/nitrate-vulnerable-zones-nvz-guidance-farmers>

Northern Ireland -

<https://www.daera-ni.gov.uk/articles/nitrates-directive>

Planet Scotland

PLANET Scotland is a software system designed to help farmers improve their financial and environmental performance through better use of organic and bagged fertilisers. It has been specially developed to take Scottish soils, cropping and growing conditions into account. This practical approach to nutrient management aims to give farmers a real win:win and, with the increasing focus on reducing emissions that contribute to climate change, could also help farms reduce their carbon footprint and so benefit both the business and the wider environment.

PLANET stands for Planning Land Application of Nutrients for Efficiency and the Environment and this outlines the approach that the software takes. Farmers and growers in NVZs will already be familiar with this planning approach and PLANET Scotland will allow NVZ farmers to use information produced by PLANET as part of their NVZ record keeping as well as benefiting from all of PLANET's other features. It will also integrate with standard desktop agronomy packages and therefore will only require key data to be entered once. In addition to fertiliser application, the software will also help with farm gate nutrient balances and with planning slurry storage requirements.

The software is available free of charge to all Scottish farmers and growers and to their consultants. There is a programme of workshops, on-line and PC-based training packages including video material, a helpline for IT and technical enquiries, and a dedicated website available to help users. To find out more, see www.planet4farmers.co.uk.

Residual Values of Fertilisers, Manures and Lime

Many fertilisers and manures have a residual value that needs to be calculated as part of a farm valuation or when a farm transfers between owners or tenants.

Estimates of the residual value of manures can be obtained by a feeding stuff calculation or by calculation of nutrients in manure (FYM) or slurry. The following valuations are based on information taken from SRUC Technical Notes on fertilisers as noted on page 7. Valuers must show discretion in the values used and to vary the values used according to the standard of husbandry, previous cropping, the state of drainage and the effectiveness of crop protection. Values are given in respect to growing seasons, not calendar years.

Compensation for manures using the residual values of feeding stuffs

Residues of feeding stuffs fed to livestock will be recovered in manures or slurries thus giving these organic manures a specific value. The values of nutrients in purchased feeds or feeds produced on the farm which are retained in farmyard manures or slurries can be calculated using the figures in the following table.

Feeding stuff	Average % in feeding stuff			Compensation value (£)	
	N	P ₂ O ₅	K ₂ O	per tonne of food consumed	
				Before 1 growing season	After 1 growing season
Soya bean meal or cake	6.99	1.50	2.68	10.24	5.12
Rapeseed meal or cake	5.77	2.33	1.55	6.68	3.34
Beans	4.53	1.03	1.39	5.58	2.79
Peas	3.52	1.15	1.14	4.61	2.30
Fish meal	10.50	7.63	1.03	7.45	3.73
Wheat	1.75	0.65	0.47	2.01	1.01
Barley	1.78	0.79	0.52	2.21	1.10
Oats	1.48	0.67	0.52	2.11	1.05
Maize	1.42	0.60	0.37	1.61	0.81
Bran & other offals of wheat	2.54	2.36	1.49	5.76	2.88
Maize gluten 60%	9.68	0.58	0.12	2.73	1.37
Brewers' & distillers' grain (wet)	1.07	0.23	0.02	0.36	0.18
Brewers' and distillers' grain (dried)	3.42	1.03	0.06	1.22	0.61
Hay	1.49	0.51	2.16	7.14	3.57

Feeding stuff	Average % in feeding stuff			Compensation value (£) per tonne of food consumed	
	N	P ₂ O ₅	K ₂ O	Before 1	After 1
				growing season	growing season
Dried grass	2.80	0.73	2.92	9.84	4.92
Grass silage	0.69	0.19	0.79	2.64	1.32
Wheat straw	0.54	0.15	1.07	3.46	1.73
Barley straw	0.58	0.22	1.53	4.91	2.46
Oat straw	0.46	0.18	1.82	5.77	2.88
Straw treated with ammonia	0.96	0.18	1.22	4.03	2.02
Swedes	0.15	0.06	0.24	0.79	0.40
Turnips	0.19	0.08	0.20	0.68	0.34
Potatoes	0.30	0.09	0.58	1.88	0.94
Dried sugar beet					
pulp (molasses)	1.55	0.15	1.92	6.32	3.16
Pot ale syrup	2.52	2.26	1.25	4.99	2.49
Molasses (sugar cane)	0.65	0.20	3.42	10.76	5.38
Compound cakes & meals					
for each 1% crude protein	0.16	0.08	0.06	0.24	0.12
Feed additives containing					
urea for each 1% crude					
protein	0.16	0.00	0.00	0.04	0.02

For further feeding stuffs see PLANET (www.planet4farmers.co.uk).

The calculation of nutrients in FYM or slurry from feeding stuffs depends on the following principles:

- The proportions of nutrients present in FYM and slurry will under ideal conditions be 35% for N, 45% for P₂O₅ and 75% K₂O.
- Where storage conditions are sub-optimal then these percentages should be reduced by up to half.
- For slurry the percentage given in a) for N should only be used for spring or summer application. For autumn and winter application the allowances should be reduced by 2/3 and 1/3 respectively.

An example calculation for the value of FYM taken from the nutrients from a feeding stuff is shown in the following table:

e.g. residual value of one tonne of barley fed to livestock.

Plant Nutrient	kg/t	£/kg	Total £/t	%	Value of FYM (£/t)	
					Before 1 growing season	After 1 growing season
N	17.8	0.66	11.66	35	4.08	2.04
P₂O₅	7.9	0.54	4.29	45	1.93	0.97
K₂O	5.2	0.41	2.14	75	1.61	0.80
			18.09		7.62	3.81

In calculating the value of manures, instances occur where records of the feeds fed to livestock are not available. In this case the value of stored farmyard manure or slurry can be estimated on the basis of the average nutrient content as shown in the following tables whilst also considering, in the case of slurry, the season of application.

Residual value of fertilisers and manures

The current value of the major plant nutrients, the principal forms used in agriculture, and proportions available for use over time for which compensation can be estimated is detailed in the following table:

Source		Proportion of applied plant nutrients available for crop use after (growing season)		
		1	2	3
N	(a) Inorganic fertilisers, dried blood, dried poultry manure and liquid digested sludge	nil	nil	nil
	(b) Other organic manures	1/5	1/10	nil
P₂O₅	All fertilisers and manures	1/2	1/4	1/8
K₂O	All fertilisers and manures	nil	nil	nil

Storage and application principals, as per those stated in the previous section, will affect the value of manures. In the following examples, the proportion of nutrients available in the three growing seasons following application as a compound fertiliser (for example 20:10:10), fresh cattle FYM and cattle slurry, are valued.

e.g. application of 1 tonne of 20:10:10 compound fertiliser.

Plant Nutrient	kg/t	£/kg	Total £/t	Value of fertiliser (£/t) after (growing season)		
				1	2	3
N	200	0.66	131.01	nil	nil	nil
P ₂ O ₅	100	0.54	54.35	27.17	13.59	6.79
K ₂ O	100	0.41	41.17	nil	nil	nil
			226.53	27.17	13.59	6.79

e.g. application of 1 tonne of fresh cattle FYM.

Plant Nutrient	kg/t	£/kg	Total £/t	Value of organic manure (£/t) after (growing season)		
				1	2	3
N	6.0	0.66	3.93	0.79	0.39	nil
P ₂ O ₅	3.2	0.54	1.74	0.87	0.43	0.22
K ₂ O	8.0	0.41	3.29	nil	nil	nil
			8.96	1.66	0.83	0.22

e.g. application of 1 tonne of fresh cattle slurry.

Plant Nutrient	kg/m ³	£/kg	Total £/t *	Value of organic manure (£/t) after (growing season)		
				1	2	3
N	2.6	0.66	1.14	0.23	0.11	nil
P ₂ O ₅	1.2	0.54	0.65	0.33	0.16	0.08
K ₂ O	3.2	0.41	1.32	nil	nil	nil
			3.10	0.55	0.28	0.08

* N adjustment for winter application timing.

Residual value of lime

The loss of lime from soils varies over time and for specific field circumstances (e.g. soil type, annual rainfall, high use of nitrogen) however, the average rate of loss from the soil is equivalent to about 0.35 tonnes of calcium oxide (CaO) per hectare per annum.

Considering this, there is a residual value for lime applications which may be useful when valuing farm assets in a farm valuation or a farm transfer between owners or tenants.

Compensation for lime residues should be based on the neutralising value (NV) of the lime applied, normally reduced by 0.35 tonnes of calcium oxide per hectare or by one-seventh, whichever is the greater for each growing season since the time of application. Compensation for lime should be calculated on the basis of the current price (delivered and spread) for the residual quantity.

An appropriate calculation of residual quantity of liming materials is set out in the following table:

Quantity applied (NV %) t/ha	CaO equiv. applied t/ha	Annual loss of CaO equivalent t/ha	Residual quantity of CaO equivalent (t/ha) after (growing season)						
			1	2	3	4	5	6	7
7.0 (50%)	3.50	$\frac{1}{7}(0.50)$	3.0	2.5	2.0	1.5	1.0	0.5	nil
4.4 (46%)	2.02	0.35	1.67	1.32	0.97	0.62	0.27	nil	nil

Pesticide Use

For each of the arable and potatoes gross margins, and the grassland and forage crops variable cost data, pesticides (including herbicides, insecticides, fungicides, nematicides and plant growth regulators where applicable) are included as appropriate for each crop. Pesticide programs are from independent agronomists.

Pesticide product prices used are only an indication of industry prices and do not account for volume/group discounts and regional variances. Agronomy fees (not included in gross margins and variable cost data) can range from £10/ha for spring cropping to £13/ha for winter cropping.

Read the label before you buy, and use pesticides safely. Care must be taken to choose a brand of a pesticide product which has been authorised for use on the crop it is intended to spray. Not all brands of a particular pesticide are authorised for the same uses or crops. Be on the lookout for counterfeit pesticides.

A full list of pesticides can be found in The UK Pesticide Guide 2020 and on www.plantprotection.co.uk.

The use of pesticides is controlled under the Food and Environment Protection Act 1985, and subsequent EU Regulations.

Anyone who uses a pesticide must take “reasonable precautions” to protect human health or the environment. Anyone with the need to use a professional pesticide product in the course of their business or employment may not use that pesticide or give instruction to others on the use of that pesticide unless they have received adequate instruction, training and guidance in the correct use of that pesticide. They must hold a Chemicals Regulation Directorate (CRD) recognised Certificate of Competence unless they are working under the direct supervision of someone who holds a certificate (i.e. they are being trained). Those previously operating under ‘grandfathers rights’ (i.e. born before 31 December 1964) must now also have a Certificate of Competence.

It is the responsibility of the purchaser of a professional pesticide product to ensure that the intended user holds a Certificate of Competence.

Those who hold a Certificate of Competence approved by the CRD for the safe application of pesticides can join the National Register of Spray Operators (NRoSO). The scheme ensures that operators participate in ongoing continuous professional development (CPD).

The recognised certificates of competence for the use of pesticides are issued by the National Proficiency Tests Council (Tel: 024 7685 7300). Training providers in a particular location can be found on the LANTRA website www.lantra.co.uk/. In Scotland, these include local machinery rings, SRUC and the Scottish Skills Testing Service.

Those selling or advising on the use of pesticides must be BASIS qualified and be a member of the BASIS Professional Register.

Quality assurance schemes, such as Scottish Quality Crops or Red Tractor Assurance, require that competence to advise on pesticide usage and to apply pesticides is demonstrated by evidence of appropriate training and qualifications, i.e. BASIS Professional Register numbers, Pesticide Application (PA) certificates or equivalent, and NRoSO membership details.

Off-label use

The product label does not cover every possible use of a pesticide product. Minor uses are often covered by an Extension of Authorisation for Minor Use (EAMU). Use of any chemical in accordance with an EAMU is entirely at growers' risk, and growers must obtain and read the appropriate document for that particular authorisation and the general Guidance Notes on off-label uses before using it (available at <https://secure.pesticides.gov.uk/offlabels/search.asp>).

Pesticides no longer authorised

Pesticide product authorisations may be reviewed, amended, suspended or revoked at any time. A number of pesticides have been withdrawn from use. Once sale of the pesticide has ended, there is generally a use-up period. As it is an offence to use a pesticide no longer authorised, it is advisable to use up any pesticides under revocation before the end of this period. To check if a pesticide product is still authorised, or is under revocation, take a note of the MAPP number from the label, then go to <https://secure.pesticides.gov.uk/pestreg/ProdSearch.asp>.

Arable

Introduction

Markets and price drivers

In 2020, the UK grain market faces greater potential disruption to normal patterns of supply and use than have been seen for many years due to COVID-19, the reduced cereal harvest and Brexit uncertainties. The impacts of COVID-19 on the global and UK economy and grain demand are far reaching and still emerging.

Taking a look at the world market, grain stocks are set to rise for the second year in a row from 109 days of supply in 2019 to 110.5 days in 2020; the highest in three years. While potentially negative for prices, these stock gains are moderate and the market remains sensitive to crop condition changes in the months ahead. Much of this rise in output is driven by a strong increase in the US maize production and higher wheat output in Australia and Russia. Grain output in the EU is set to fall following the wet autumn and hot dry spring and summer in many areas.

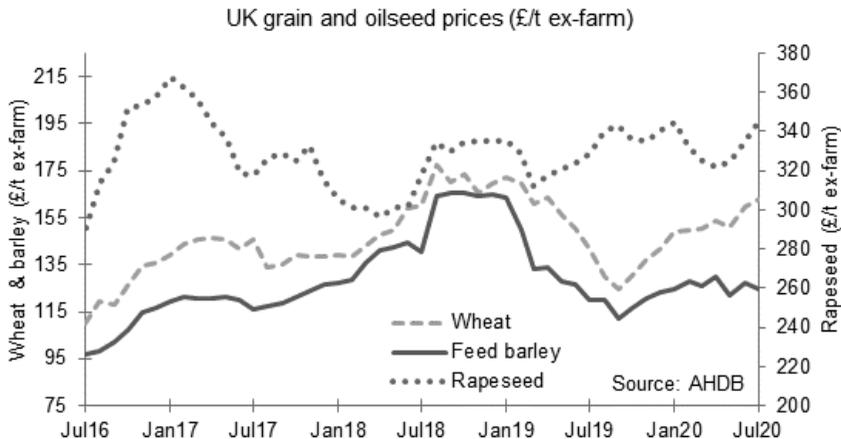
In Scotland, whisky production and exports fell sharply during the initial COVID-19 lockdown, leaving a stock overhang in the malting barley and wheat markets in Scotland. Whisky exports to the US have also fallen due to US tariff restrictions imposed on Scotch malt whisky exports; curbing US exports. The impact is that malting barley uplift at harvest in Scotland is expected to be reduced leaving many farmers with the need to find additional drying and storage capacity for their malting barley.

The wider UK cereal market is expected to face a large deficit in wheat supply due to the reduced autumn sowings and poor growing season. This has pushed UK wheat prices to import parity levels to ensure sufficient wheat and maize imports to offset the lower harvest. At the same time the large increase in spring barley sowings is expected to result in a major surplus of feed barley for export.

The UK's trading relationship with the EU remains undecided leaving the prospect of import tariffs into the EU if no agreement is reached within the next few months. If this exit occurs under a 'No Deal' the timing could be particularly difficult for barley export trade as the UK will have a large surplus for export and EU tariffs could be imposed at the height of a typical UK barley export campaign. Already, UK barley exports are being pressured into early movement over the autumn period as sales beyond the end of December are on hold. The UK has also declared its own global import tariffs for grains which in general maintain similar protection to EU tariffs except for maize where tariffs have been set to zero. This leaves the UK grain market more exposed to low global maize prices than it had been under EU membership.

The short-term outlook for the UK cereal market is increasingly hard to predict or navigate. Despite this, longer-term optimism remains particularly in the whisky distilling market with the construction of a new

maltings in Inverness now underway which promises to increase the market for locally grown malting barley.



Livestock feed followed by milling, malting, distilling and exports are the main UK markets. In Scotland, the whisky sector uses around half of total Scottish grain output. Whisky exports in 2020 are expected to continue to suffer from US import tariffs on Scotch malt whisky and global economic uncertainty resulting from COVID-19. As a result, demand for malting barley and wheat for distilling are both expected to fall in 2020. The Scottish cereal area is lower in 2020 and yields are expected to be only average or below. The final balance between supply and demand will determine local barley pricing for malting and distilling. Scottish wheat is currently priced below English wheat and is facing a price ceiling set by the cost of imported maize. Forward grain prices for harvest 2021 are currently £17/t lower than current values reflecting the market assumption of a return to a normal UK wheat harvest; weather permitting.

Marketing

Achieving a satisfactory grain price is essential for profitable cereal production. Grain and oilseed producers benefit from well-developed futures markets which make for transparent pricing and enable crops to be bought and sold up to two years ahead of harvest. Given that prices readily swing £50 to £100/t between seasons, arable farmers should consider spreading sales to achieve a satisfactory average. It is essential that arable farmers set their own target prices based on their costs and margin requirements.

Premium crops such as malting barley and milling oats are generally grown on contract as there can be little or no spot trade at harvest, particularly in Scotland. Contract conditions vary widely but will require that specific standards are attained such as moisture, germination, nitrogen levels and screenings. Many contracts offer growers flexibility in the pricing, through use of min-max or LIFFE wheat futures as a base.

Margins

Crop returns are highly sensitive to the yield and market price. Differences in fixed costs, particularly machinery, can have the greatest impact on profitability while variations in input costs such as fertiliser and sprays are relatively small between farms. Higher straw prices in the north and west can result in a good return from straw than in otherwise more marginal cereal cropping areas. Straw prices have been strong in recent years boosting returns across Scotland.

Variety choice

Crop varieties should be selected to match the farm conditions, the chosen agronomic strategy and intended end use. Feed markets are less demanding but may require some parameters to be met such as minimum specific weight. For home use other characteristics such as straw length can be important. Premium markets such as malting barley and milling wheat have very specific requirements and lists of approved varieties. See links below to relevant market and variety information:

Scottish varieties;

https://www.sruc.ac.uk/downloads/file/4500/scottish_recommended_lists_for_cereals_202021_tables

UK recommended varieties; <https://ahdb.org.uk/rlcomments>

Malting requirements and varieties; www.ukmalt.com/

Milling requirements; www.nabim.org.uk/wheat/wheat-varieties/

Subsidies and support

For details of the latest subsidy arrangements see the Rural Aid Scheme section on page 469.

Wheat - Winter

PHYSICAL DATA

(a) Seed

Certified seed second generation (C2) sown at 230 kg/ha (1.83 cwt/acre).

(b) Fertiliser

200 : 67 : 83 kg/ha N : P₂O₅ : K₂O (160 : 54 : 66 units/acre). See page 4 for more information on nutrient planning.

(c) Sprays

Herbicides Autumn residual herbicide to control annual meadow grass and broad leaved weeds and one herbicide in spring.

Fungicides Four fungicide applications at GS25-30, GS31-32, GS39 and GS59 to cover eyespot, septoria and head diseases, including growth regulation.

Additional treatments to the basic programme could include:

Take all £185/t for seed treatment.

Mildew £19.75/t for seed treatment.

Aphids £7.00/ha

Wild oats £22.40/ha

Slugs £11.00/ha

Annual meadow grass £24.95/ha per application.

Black grass £37.00/ha (spring control).

Bromes £38.50/ha

Desiccant £4.40/ha

(d) Other crop expenses

For baling straw, costs for net wrap at 50-77p/bale for large round straw bales average weight 200kg are included. Omit other expenses costs if selling straw in the bout.

Additives can be used to preserve moist grain for feeding livestock. Cost will vary depending on product, length of storage period and moisture content at treatment. Alkaline grain treatments (for grain harvested at 16-22% moisture for long term storage), add £19-21/t. Propionic acid treatments (for grain harvested at 18-20% moisture for long term storage), add £6-10/t. Ammonia treatment for feeding straw will cost £23-26/t straw. Treatment costs exclude grain processing and straw tubelining (see pages 380-381 for these costs).

Wheat - Winter

GROSS MARGIN DATA

Grain yield: t/ha (t/acre)	6.0	(2.4)	8.0	(3.2)	10.0	(4.0)
Straw yield: t/ha (t/acre)	3.2	(1.3)	4.2	(1.7)	5.2	(2.1)
OUTPUT			£/ha (acre)			
Grain @ £150/t*	900		1,200		1,500	
Straw @ £60/t	192		250		312	
	<u>1,092</u>	(442)	<u>1,450</u>	(587)	<u>1,812</u>	(733)
VARIABLE COSTS						
Seed @ £425/t	98		98		98	
Fertiliser	202		202		202	
Sprays	148		148		148	
Other expenses	10		13		17	
	<u>458</u>	(185)	<u>461</u>	(187)	<u>465</u>	(188)
GROSS MARGIN	<u>634</u>	(257)	<u>989</u>	(400)	<u>1,347</u>	(545)

GRAIN PRICE SENSITIVITY

£130 /t	514	(208)	829	(335)	1,147	(464)
£165 /t	724	(293)	1,109	(449)	1,497	(606)
£180 /t	814	(329)	1,229	(497)	1,647	(667)

* Feed price (milling premium £15-40/t, biscuit premium £5-15/t)

Basis of data:

Sale price estimate for 2021 harvest, November ex-farm spot price at 15% moisture content and average quality. Straw sold baled, ex-farm price estimate for arable areas.

Wheat - Spring

PHYSICAL DATA

(a) Seed

Certified seed second generation (C2) sown at 220 kg/ha (1.75 cwt/acre).

(b) Fertiliser

150 : 52 : 71 kg/ha N : P₂O₅ : K₂O (136 : 42 : 57 units/acre). See page 4 for more information on nutrient planning.

(c) Sprays

Herbicides One application for spring germinating broadleaved weeds.

Fungicides Two applications for leaf diseases at GS31-32 and GS39-49.

Additional sprays to the basic programme could include:

Mildew £15.80/ha

Wild oats £22.40/ha

Desiccant £4.40/ha

(d) Other crop expenses

For baling straw, costs for net wrap at 50-77p/bale for large round straw bales average weight 200kg are included. Omit other expenses costs if selling straw in the bout.

Additives can be used to preserve moist grain for feeding livestock. Cost will vary depending on product, length of storage period and moisture content at treatment. Alkaline grain treatments (for grain harvested at 16-22% moisture for long term storage), add £19-21/t. Propionic acid treatments (for grain harvested at 18-20% moisture for long term storage), add £6-10/t. Ammonia treatment for feeding straw will cost £23-26/t straw. Treatment costs exclude grain processing and straw tubelining (see pages 380-381 for these costs).

Wheat - Spring

GROSS MARGIN DATA

Grain yield: t/ha (t/acre)	4.5	(1.8)	6.5	(2.6)	8.5	(3.4)
Straw yield: t/ha (t/acre)	2.5	(1.0)	3.6	(1.4)	4.7	(1.9)
OUTPUT			£/ha (acre)			
Grain @ £150/t*	675		975		1,275	
Straw @ £60/t	149		215		281	
	<u>824</u>	(333)	<u>1,190</u>	(482)	<u>1,556</u>	(630)
VARIABLE COSTS						
Seed @ £468/t	103		103		103	
Fertiliser	156		156		156	
Sprays	48		48		48	
Other expenses	8		11		15	
	<u>315</u>	(127)	<u>318</u>	(129)	<u>322</u>	(130)
GROSS MARGIN	<u>509</u>	(206)	<u>872</u>	(353)	<u>1,234</u>	(500)

GRAIN PRICE SENSITIVITY

£130 /t	419	(170)	742	(300)	1,064	(431)
£165 /t	577	(234)	969	(392)	1,362	(551)
£180 /t	644	(261)	1,067	(432)	1,489	(603)

* Feed price (milling premium £15-40/t, biscuit premium £5-15/t)

Basis of data:

Sale price estimate for 2021 harvest, November ex-farm spot price at 15% moisture content and average quality. Straw sold baled, ex-farm price estimate for arable areas.

Barley - Winter

PHYSICAL DATA

(a) Seed

Certified seed second generation (C2) sown at 220 kg/ha (1.75 cwt/acre). Alternatively, hybrid 6 row sown at 145 kg/ha (1.16cwt/ac). Conventional seed price used.

(b) Fertiliser

180 : 67 : 83 kg/ha N : P₂O₅ : K₂O (144 : 54 : 66 units/acre). See page 4 for more information on nutrient planning.

(c) Sprays

Herbicides Autumn residual herbicide to control annual meadow grass and broad leaved weeds and one herbicide in spring.

Fungicides Three fungicide applications at GS25-30, GS31 and GS49 for rhynchosporium, mildew and other leaf diseases.

Additional sprays to the basic programme could include:

Wild oats £22.40/ha

Aphids £6.30/ha

Desiccant £4.40/ha

(d) Other crop expenses

For baling straw, costs for net wrap at 50-77p/bale for large round straw bales average weight 200kg are included. Omit other expenses costs if selling straw in the bout.

Additives can be used to preserve moist grain for feeding livestock. Cost will vary depending on product, length of storage period and moisture content at treatment. Alkaline grain treatments (for grain harvested at 16-22% moisture for long term storage), add £19-21/t. Propionic acid treatments (for grain harvested at 18-20% moisture for long term storage), add £6-10/t. Ammonia treatment for feeding straw will cost £23-26/t straw. Treatment costs exclude grain processing and straw tubelining (see pages 380-381 for these costs).

Barley - Winter

GROSS MARGIN DATA

Grain yield: t/ha (t/acre)	6.0	(2.4)	7.5	(3.0)	9.0	(3.6)
Straw yield: t/ha (t/acre)	3.3	(1.3)	4.1	(1.7)	5.0	(2.0)
OUTPUT			£/ha (acre)			
Grain @ £130/t*	780		975		1,170	
Straw @ £65/t	215		268		322	
	<u>995</u>	(403)	<u>1,243</u>	(503)	<u>1,492</u>	(604)
VARIABLE COSTS						
Seed @ £399/t	88		88		88	
Fertiliser	188		188		188	
Sprays	97		97		97	
Other expenses	11		13		16	
	<u>384</u>	(155)	<u>386</u>	(156)	<u>389</u>	(157)
GROSS MARGIN	<u>611</u>	(248)	<u>857</u>	(347)	<u>1,103</u>	(447)

GRAIN PRICE SENSITIVITY

£110 /t	491	(199)	707	(286)	923	(374)
£145 /t	701	(284)	969	(392)	1,238	(501)
£160 /t	791	(320)	1,082	(438)	1,373	(556)

* Feed price (malting price approx. £10-20/t higher)

Basis of data:

Sale price estimate for 2021 harvest, November ex-farm spot price at 15% moisture content and average quality. Straw sold baled, ex-farm price estimate for arable areas.

Barley - Spring

PHYSICAL DATA

(a) Seed

Certified seed second generation (C2) sown at 190 kg/ha (1.51 cwt/acre).

(b) Fertiliser

130 : 52 : 71 kg/ha N : P₂O₅ : K₂O (104 : 42 : 57 units/acre). See page 4 for more information on nutrient planning.

(c) Sprays

Herbicides Post emergence herbicide to control broadleaved weeds.

Fungicides Two applications at GS31 and GS45 for rhynchosporium, mildew and other leaf diseases.

Additional sprays to the basic programme could include:

Mildew £13.00/ha

Wild oats £22.40/ha

Aphids £6.30/ha

Desiccant £4.40/ha

(d) Other crop expenses

For baling straw, costs for net wrap at 50-77p/bale for large round straw bales average weight 200kg are included. Omit other expenses costs if selling straw in the bout.

Additives can be used to preserve moist grain for feeding livestock. Cost will vary depending on product, length of storage period and moisture content at treatment. Alkaline grain treatments (for grain harvested at 16-22% moisture for long term storage), add £19-21/t. Propionic acid treatments (for grain harvested at 18-20% moisture for long term storage), add £6-10/t. Ammonia treatment for feeding straw will cost £23-26/t straw. Treatment costs exclude grain processing and straw tubelining (see pages 380-381 for these costs).

Barley - Spring

GROSS MARGIN DATA

Grain yield: t/ha (t/acre)	4.0	(1.6)	5.5	(2.2)	7.5	(3.0)
Straw yield: t/ha (t/acre)	2.1	(0.8)	2.9	(1.2)	3.9	(1.6)
OUTPUT			£/ha (acre)			
Grain @ £130/t*	520		715		975	
Straw @ £65/t	135		186		254	
	<u>655</u>	(265)	<u>901</u>	(365)	<u>1,229</u>	(497)
VARIABLE COSTS						
Seed @ £419/t	80		80		80	
Fertiliser	143		143		143	
Sprays	56		56		56	
Other expenses	7		9		12	
	<u>286</u>	(116)	<u>288</u>	(117)	<u>291</u>	(118)
GROSS MARGIN	<u>369</u>	(149)	<u>613</u>	(248)	<u>938</u>	(379)

GRAIN PRICE SENSITIVITY

£110 /t	289	(117)	503	(204)	788	(319)
£145 /t	429	(174)	695	(281)	1,050	(425)
£160 /t	489	(198)	778	(315)	1,163	(471)

* Feed price (malting price approx. £15-50/t higher)

Basis of data:

Sale price estimate for 2021 harvest, November ex-farm spot price at 15% moisture content and average quality. Straw sold baled, ex-farm price estimate for arable areas.

Oats - Winter

PHYSICAL DATA

(a) Seed

Certified seed second generation (C2) sown at 190 kg/ha (1.51 cwt/acre).

(b) Fertiliser

140 : 53 : 104 kg/ha N : P₂O₅ : K₂O (112 : 42 : 83 units/acre). See page 4 for more information on nutrient planning.

(c) Sprays

Herbicides Autumn residual herbicide to control annual meadow grass and broad leaved weeds and one herbicide in spring.

Fungicides Two sprays for mildew and crown rust at GS31 and GS49 including growth regulation.

(d) Other crop expenses

For baling straw, costs for net wrap at 50-77p/bale for large round straw bales average weight 200kg are included. Omit other expenses costs if selling straw in the bout.

Additives can be used to preserve moist grain for feeding livestock. Cost will vary depending on product, length of storage period and moisture content at treatment. Alkaline grain treatments (for grain harvested at 16-22% moisture for long term storage), add £19-21/t. Propionic acid treatments (for grain harvested at 18-20% moisture for long term storage), add £6-10/t. Ammonia treatment for feeding straw will cost £23-26/t straw. Treatment costs exclude grain processing and straw tubelining (see pages 380-381 for these costs).

Oats - Winter

GROSS MARGIN DATA

Grain yield: t/ha (t/acre)	5.0	(2.0)	7.5	(3.0)	9.0	(3.6)
Straw yield: t/ha (t/acre)	3.2	(1.3)	4.7	(1.9)	5.7	(2.3)
OUTPUT			£/ha (acre)			
Grain @ £150/t*	750		1,125		1,350	
Straw @ £60/t	189		284		340	
	<u>939</u>	(380)	<u>1,409</u>	(570)	<u>1,690</u>	(684)
VARIABLE COSTS						
Seed @ £449/t	85		85		85	
Fertiliser	163		163		163	
Sprays	74		74		74	
Other expenses	10		15		18	
	<u>332</u>	(134)	<u>337</u>	(136)	<u>340</u>	(138)
GROSS MARGIN	<u>607</u>	(246)	<u>1,072</u>	(434)	<u>1,350</u>	(546)

GRAIN PRICE SENSITIVITY

£130 /t	507	(205)	922	(373)	1,170	(473)
£165 /t	682	(276)	1,184	(479)	1,485	(601)
£180 /t	757	(306)	1,297	(525)	1,620	(656)

* Milling price

Basis of data:

Sale price estimate for 2021 harvest, November ex-farm spot price at 15% moisture content and average quality. Straw sold baled, ex-farm price estimate for arable areas.

Oats - Spring

PHYSICAL DATA

(a) Seed

Certified seed second generation (C2) sown at 190 kg/ha (1.51 cwt/acre).

(b) Fertiliser

100 : 53 : 104 kg/ha N : P₂O₅ : K₂O (80 : 42 : 83 units/acre). See page 4 for more information on nutrient planning.

(c) Sprays

Herbicides Typical weed control for annual broadleaved weeds.

Fungicides Two sprays at GS25-30 and GS49 for mildew and crown rust including growth regulator.

(d) Other crop expenses

For baling straw, costs for net wrap at 50-77p/bale for large round straw bales average weight 200kg are included. Omit other expenses costs if selling straw in the bout.

Additives can be used to preserve moist grain for feeding livestock. Cost will vary depending on product, length of storage period and moisture content at treatment. Alkaline grain treatments (for grain harvested at 16-22% moisture for long term storage), add £19-21/t. Propionic acid treatments (for grain harvested at 18-20% moisture for long term storage), add £6-10/t. Ammonia treatment for feeding straw will cost £23-26/t straw. Treatment costs exclude grain processing and straw tubelining (see pages 380-381 for these costs).

Oats - Spring

GROSS MARGIN DATA

Grain yield: t/ha (t/acre)	3.5	(1.4)	5.0	(2.0)	6.5	(2.6)
Straw yield: t/ha (t/acre)	2.1	(0.8)	3.0	(1.2)	3.9	(1.6)
OUTPUT			£/ha (acre)			
Grain @ £150/t*	525		750		975	
Straw @ £60/t	126		180		234	
	<u>651</u>	(263)	<u>930</u>	(376)	<u>1,209</u>	(489)
VARIABLE COSTS						
Seed @ £458/t	87		87		87	
Fertiliser	137		137		137	
Sprays	59		59		59	
Other expenses	7		10		12	
	<u>290</u>	(117)	<u>293</u>	(118)	<u>295</u>	(120)
GROSS MARGIN	<u>361</u>	(146)	<u>637</u>	(258)	<u>914</u>	(369)

GRAIN PRICE SENSITIVITY

£130 /t	291	(118)	537	(217)	784	(317)
£165 /t	414	(168)	712	(288)	1,011	(409)
£180 /t	466	(189)	787	(318)	1,109	(449)

* Milling price

Basis of data:

Sale price estimate for 2021 harvest, November ex-farm spot price at 15% moisture content and average quality. Straw sold baled, ex-farm price estimate for arable areas.

Triticale

PHYSICAL DATA

(a) Seed

230 kg/ha (1.83 cwt/acre).

(b) Fertiliser

180 : 52 : 71 kg/ha N : P₂O₅ : K₂O (144 : 42 : 57 units/acre). See page 4 for more information on nutrient planning.

(c) Sprays

Herbicides Pre-emergence application.

Fungicides Two sprays at GS31 and GS39-45 including growth regulation.

(d) Other crop expenses

For baling straw, costs for net wrap at 50-77p/bale for large round straw bales average weight 200kg are included. Omit other expenses costs if selling straw in the bout.

Triticale

GROSS MARGIN DATA

Grain yield: t/ha (t/acre)	4.0	(1.6)	6.0	(2.4)	8.0	(3.2)
Straw yield: t/ha (t/acre)	2.6	(1.1)	3.9	(1.6)	5.2	(2.1)
OUTPUT			£/ha (acre)			
Grain @ £140/t	560		840		1,120	
Straw @ £50/t	130		195		260	
	<u>690</u>	(279)	<u>1,035</u>	(419)	<u>1,380</u>	(558)
VARIABLE COSTS						
Seed @ £504/t	116		116		116	
Fertiliser	175		175		175	
Sprays	58		58		58	
Other expenses	8		12		17	
	<u>357</u>	(145)	<u>361</u>	(146)	<u>366</u>	(148)
GROSS MARGIN	<u>333</u>	(134)	<u>674</u>	(273)	<u>1,014</u>	(410)

GRAIN PRICE SENSITIVITY

£120 /t	253	(102)	554	(224)	854	(346)
£155 /t	393	(159)	764	(309)	1,134	(459)
£170 /t	453	(183)	854	(346)	1,254	(507)

Basis of data:

Sale price estimate for 2021 harvest, November ex-farm spot price at 15% moisture content and average quality. Straw sold baled, ex-farm price estimate for arable areas.

Oilseed Rape - Winter

PHYSICAL DATA

(a) Seed

Oil 45%
Seed rate Hybrid - 4kg/ha : Conventional - 5kg/ha
Conventional seed price used.

(b) Fertiliser

200 : 49 : 38 + 75 kg/ha N : P₂O₅ : K₂O + SO₃
(160 : 39 : 30 + 60 units/acre). See page 4 for more information on nutrient planning.

(c) Sprays

Herbicides Pre-emergence herbicide to control annual meadow grass and broadleaved weeds.

Fungicides Autumn and spring fungicides for sclerotinia, light leaf spot or phoma.

Desiccation Desiccation, including the use of a pod-sealant, has largely replaced swathing. If swathing is used over desiccation, reduce spray costs by £14.00/ha. For swathing costs see page 380.

Additional sprays to the basic programme could include:

Slugs £11.00/ha per application.

Sclerotinia £44.90/ha (high risk situations)

Rape winter stem weevil and pollen beetle £5.60/ha

Volunteer cereals £10.80/ha

Mayweed £14.10/ha

(d) Other crop expenses

Assuming straw has been chopped. If baling, include costs for net wrap at 50-77p/bale for round straw bales, average weight 200 kg.

Oilseed Rape - Winter

GROSS MARGIN DATA

GROSS MARGIN DATA

Grain yield: t/ha (t/acre)	3.0	(1.2)	4.0	(1.6)	5.0	(2.0)
Straw yield: t/ha (t/acre)	-	(0.0)	-	(0.0)	-	(0.0)

OUTPUT

			£/ha (acre)			
Grain @ £335/t	1,005		1,340		1,675	
Straw @ £0/t	-		-		-	
	<u>1,005</u>	(407)	<u>1,340</u>	(542)	<u>1,675</u>	(678)

VARIABLE COSTS

Seed @ £12/kg	60		60		60	
Fertiliser	173		173		173	
Sprays	137		137		137	
Other expenses	-		-		-	
	<u>370</u>	(150)	<u>370</u>	(150)	<u>370</u>	(150)

GROSS MARGIN	<u>635</u>	(257)	<u>970</u>	(392)	<u>1,305</u>	(528)
--------------	------------	-------	------------	-------	--------------	-------

GRAIN PRICE SENSITIVITY

£285 /t	485	(196)	770	(312)	1,055	(427)
£385 /t	785	(318)	1,170	(473)	1,555	(629)
£435 /t	935	(378)	1,370	(554)	1,805	(730)

Basis of data:

Sale price estimate for 2021 harvest, November ex-farm price including oil bonus. An average oil content of 43% has been assumed resulting in a bonus of 4.5% above the base price. The oil bonus comprises a 1.5% increase in the price for every 1% rise in oil content above 40%.

Oilseed Rape - Spring

PHYSICAL DATA

(a) Seed

Oil	45%
Seed rate	5 kg/ha

(b) Fertiliser

100 : 28 : 22 + 40 kg/ha N : P₂O₅ : K₂O + SO₃
(80 : 22 : 18 + 32 units/acre). See page 4 for more information on nutrient planning.

(c) Sprays

Herbicides Pre-emergence herbicide for problem weeds such as shepherds' purse.

Fungicides One spray to control pollen beetle.

Desiccation Desiccation has largely replaced swathing. If swathing is used over desiccation, reduce spray costs by £14.00/ha. For swathing costs see page 380.

Additional sprays to the basic programme could include:

Volunteer cereals £10.80/ha

Sclerotinia £36.00/ha

Pod sticker £8.00/ha

(d) Other crop expenses

Assuming straw has been chopped. If baling, include costs for net wrap at 50-77p/bale for round straw bales, average weight 200 kg.

Oilseed Rape - Spring

GROSS MARGIN DATA

GROSS MARGIN DATA

Grain yield: t/ha (t/acre)	1.8	(0.7)	2.5	(1.0)	3.0	(1.2)
Straw yield: t/ha (t/acre)	-	(0.0)	-	(0.0)	-	(0.0)

OUTPUT

			£/ha (acre)			
Grain @ £335/t	603		838		1,005	
Straw @ £0/t	-		-		-	
	<u>603</u>	(244)	<u>838</u>	(339)	<u>1,005</u>	(407)

VARIABLE COSTS

Seed @ £14/kg	70		70		70	
Fertiliser	90		90		90	
Sprays	39		39		39	
Other expenses	-		-		-	
	<u>199</u>	(81)	<u>199</u>	(81)	<u>199</u>	(81)

GROSS MARGIN	<u>404</u>	(163)	<u>639</u>	(258)	<u>806</u>	(326)
--------------	------------	-------	------------	-------	------------	-------

GRAIN PRICE SENSITIVITY

£285 /t	314	(127)	514	(208)	656	(265)
£385 /t	494	(200)	764	(309)	956	(387)
£435 /t	584	(236)	889	(360)	1,106	(448)

Basis of data:

Sale price estimate for 2021 harvest, November ex-farm price including oil bonus. An average oil content of 43% has been assumed resulting in a bonus of 4.5% above the base price. The oil bonus comprises a 1.5% increase in the price for every 1% rise in oil content above 40%.

Spring Field Beans

PHYSICAL DATA

(a) Seed

250 kg/ha (1.99 cwt/acre).

(b) Fertiliser

0 : 40 : 40 kg/ha N : P₂O₅ : K₂O (0 : 32 : 32 units/acre). See page 4 for more information on nutrient planning.

(c) Sprays

Herbicides Pre-emergence herbicide and control of annual meadow grass and broadleaved weeds.

Fungicide Two applications to control chocolate spot and downy mildew.

Desiccation Cost included.

Additional sprays to the basic programme could include:

Volunteer cereals £12.00/ha

(d) Other crop expenses

Additives can be used to preserve pulses for feeding livestock. Cost will vary depending on product used, length of storage period and moisture of pulses at treatment. For pulses harvested at 20% moisture for long term storage, add £9-13/t grain treated with propionic acid, excluding processing (see page 380 for processing costs).

Spring Field Beans

GROSS MARGIN DATA

Grain yield: t/ha (t/acre)	2.5	(1.0)	5.0	(2.0)	6.0	(2.4)
OUTPUT	£/ha (acre)					
Grain @ £200/t	500		1,000		1,200	
	<u>500</u>	(202)	<u>1,000</u>	(405)	<u>1,200</u>	(486)
VARIABLE COSTS						
Seed @ £498/t	125		125		125	
Fertiliser	42		42		42	
Sprays	101		101		101	
Other expenses	-		-		-	
	<u>268</u>	(108)	<u>268</u>	(108)	<u>268</u>	(108)
GROSS MARGIN	<u>232</u>	(94)	<u>732</u>	(297)	<u>932</u>	(378)

GRAIN PRICE SENSITIVITY

£170 /t	157	(64)	582	(236)	752	(304)
£215 /t	270	(109)	807	(327)	1,022	(414)
£230 /t	307	(124)	882	(357)	1,112	(450)

Basis of data:

Sale price estimate 2021 harvest, November ex-farm price. Deductions for field beans, which do not meet minimum quality standards, can reduce the price considerably.

Spring Peas

PHYSICAL DATA

(a) Seed

250 kg/ha (1.99 cwt/acre).

White/Large Blue Compounding Pea

(b) Fertiliser

0 : 20 : 30 kg/ha N : P₂O₅ : K₂O (0 : 16 : 24 units/acre). See page 4 for more information on nutrient planning.

(c) Sprays

Herbicides A pre-emergence herbicide to control annual and broadleaved weeds.

Fungicide Two sprays at flowering for downy mildew and botrytis control.

Insecticide Aphid control.

Desiccation A desiccant is included.

(d) Other crop expenses

Additives can be used to preserve pulses for feeding livestock. Cost will vary depending on product used, length of storage period and moisture of pulses at treatment. For pulses harvested at 20% moisture for long term storage, add £9-13/t grain treated with propionic acid, excluding processing (see page 380 for processing costs).

Spring Peas

GROSS MARGIN DATA

Grain yield: t/ha (t/acre)	2.5	(1.0)	4.0	(1.6)	5.5	(2.2)
OUTPUT	£/ha (acre)					
Grain @ £200/t	500		800		1,100	
	<u>500</u>	(202)	<u>800</u>	(324)	<u>1,100</u>	(445)
VARIABLE COSTS						
Seed @ £537/t	134		134		134	
Fertiliser	23		23		23	
Sprays	102		102		102	
Other expenses	-		-		-	
	<u>259</u>	(105)	<u>259</u>	(105)	<u>259</u>	(105)
GROSS MARGIN	<u>241</u>	(97)	<u>541</u>	(219)	<u>841</u>	(340)

GRAIN PRICE SENSITIVITY

£170 /t	166	(67)	421	(170)	676	(274)
£215 /t	279	(113)	601	(243)	924	(374)
£230 /t	316	(128)	661	(268)	1,006	(407)

Basis of data:

Sale price estimate for 2021 harvest, November ex-farm price. Deductions for protein peas, which do not meet minimum quality standards, can reduce the price considerably. Bad weather at harvest can result in very high loss levels.

Cauliflower and Broccoli

PHYSICAL DATA

(a) System

Transplants grown in trays in glasshouses over winter are purchased and field planted from early March to late summer for harvest from June/July to November (or early spring the following year if overwintered cauliflower). Varieties, geographical location and use of crop covers dictate management, harvest timing and end market.

(b) Seed

	Cauliflower	Broccoli
Sowing rate	38,000 plants/ha	46,000 plants/ha

Cost varies with variety, disease resistance and target market.

(c) Fertiliser

	N	P ₂ O ₅	K ₂ O
Cauliflower	290 kg/ha	100 kg/ha	175 kg/ha
Broccoli	250 kg/ha	100 kg/ha	175 kg/ha

Adjustments made for soil status where necessary. See page 4 for more information on nutrient planning.

(d) Sprays

Herbicides Stale seed beds burnt off with glyphosate. Residual herbicide applied post transplanting.

Fungicides Applications to control mildew, white blister, ring spot and alternaria.

Insecticides For aphid and caterpillar control.

Trace elements Boron, manganese, magnesium sulphate, molybdenum applications all may be required.

(e) Other crop expenses

Based on 1/5 of the grown area being under covers (i.e. nets, fleece or polythene).

(f) Irrigation

Irrigation can be necessary. These costs have not been included.

(g) Casual labour

These costs are not included. Using the data below a guide to cost could be calculated *. Labour charged at £12.84/hr at rates below:

Operation	hr/ha
Transplanting	17
Harvest (fresh)	32
Harvest (florets)	20
Additional labour	17

Cauliflower and Broccoli

GROSS MARGIN DATA

	Cauliflower		Broccoli	
Yield: t/ha (t/acre):				
Processing	16.0	(6.5)	10.0	(4.0)
Heads	17.5	(7.1)	10.0	(4.0)
Average	16.8	(6.8)	10.0	(4.0)
OUTPUT				
		£/ha (acre)		
@ £400/t	6,400		-	
@ £600/t	-		6,000	
	<u>6,400</u>	(2,590)	<u>6,000</u>	(2,428)
VARIABLE COSTS				
Modules	1,140		736	
Fertiliser	316		290	
Sprays	200		200	
Other expenses	204		180	
	<u>1,860</u>	(753)	<u>1,406</u>	(569)
GROSS MARGIN	<u>4,540</u>	(1,837)	<u>4,594</u>	(1,859)
PRICE SENSITIVITY				
£450 /t	5,340	(2,161)	3,094	(1,252)
£525 /t	6,540	(2,647)	3,844	(1,556)
£600 /t	7,740	(3,132)	4,594	(1,859)
£675 /t	8,940	(3,618)	5,344	(2,163)
£750 /t	10,140	(4,104)	6,094	(2,466)
£825 /t	11,340	(4,589)	6,844	(2,770)

Basis of data:

Crops have target markets of fresh heads for supermarket fresh sales and floretted for processing (e.g. stews or freezer packs). An average for yield and price has been budgeted.

Prices are based on previous years averages, in season prices can be affected by regional availability, weather effects, customer demand and supermarket promotions.

* Ignoring the effect of COVID-19, labour is broadly increased across all operations by circa 7% - driven partly by the minimum living wage increase, but in the main labour is just less efficient.

Timothy - Hay, Greencut

PHYSICAL DATA

(a) System

As practised on the Carse of Stirling and Clackmannan.

(b) Yield

Average between 7 t/ha (2.8 t/acre) and 8 t/ha (3.2 t/acre) with some aftermath grazing (or alternatively round bale silage).

Price rises usually as the season progresses but hay also loses weight with storage - as much as 15% over a winter, depending upon the conditions of storage.

(c) Seed

Annual charge: assumes a 10-year sward life and that 'Basic' seed will be sown to keep open the option of a seed crop.

Seed rate: 13-18 kg/ha.

(d) Fertiliser

Standard practice would see only N applied annually, usually as sulphate of ammonia, supported by periodic dressings of phosphate and potash.

The fertiliser costs overleaf consider an application of the rates below.

See page 4 for more information on nutrient planning.

kg/ha (units/acre)	Average	Premium
N	80 (64)	120 (96)
P ₂ O ₅ (annual allocation)	40 (32)	50 (40)
K ₂ O	48 (38)	60 (48)

(e) Sprays

Annual nominal charge to cover a range of circumstances.

(f) Other crop expenses

Net wrap cost is costed on the basis of 5-6 round bales/t and assuming one roll of net will wrap 410 bales.

Timothy - Hay, Greencut

GROSS MARGIN DATA

Average yield: t/ha (acre)	7.0	(2.8)	8.0	(3.2)
OUTPUT		£/ha (acre)		
Hay (ex-field or early store) @ £110/t	770		880	
Aftermath grazing let @ £40/ha	40		40	
	<u>810</u>	(328)	<u>920</u>	(372)
VARIABLE COSTS				
Seed (annual charge)	11		11	
Fertiliser	94		130	
Sprays (annual charge)	5		5	
Other expenses	15		17	
	<u>125</u>	(51)	<u>163</u>	(66)
GROSS MARGIN	<u>685</u>	(277)	<u>757</u>	(306)

Stubble to Stubble Arable Operations

The costs of stubble to stubble operations for winter wheat, winter barley, spring barley and winter oilseed rape are illustrated below. These calculations should be adapted and adjusted for site specific circumstances.

Assumptions:

- Yield data taken from crop gross margins on pages 21, 25, 27 and 35.
- All straw is assumed to be baled.
- Contractors assumed to undertake all cultivation, sowing, crop maintenance, harvesting and carting to store. See pages 379-382 for contractor costs.
- Fuel cost itemised separately to contractors charges. Machinery fuel use (l/ha) and fuel cost on page 376-377.
- Drying costs based on costs on page 383.

	Winter wheat	Winter barley	Spring barley	Winter OSR
Yield - grain (t /ha)	8.0	7.5	5.5	4.0
Yield - straw (t /ha)	4.2	4.1	2.9	-
Grain MC at harvest (%)	18	16	15	10
	£/ha			
Cultivation costs				
<i>Plough and cultivate</i>	111	111	111	111
<i>Sow</i>	37	37	37	37
<i>Roll and destone</i>	19	19	19	19
<i>Spray</i>	68	55	41	55
<i>Fertilise</i>	32	21	21	21
<i>Fuel</i>	32	30	30	30
	299	273	259	273
Harvest costs				
<i>Harvest</i>	91	91	91	92
<i>Bale/stack</i>	60	59	41	-
<i>Carting</i>	8	12	8	4
<i>Dry grain</i>	88	53	-	36
<i>Fuel</i>	11	9	8	6
	258	223	149	138
Total cost (£/ha)	557	496	408	411
Total cost (£/ac)	225	201	165	166
Cost per t grain (£/t)	70	66	74	103

Equivalent Grain Weights at Varying Moisture Contents

The formula for converting wet grain weight to dry grain weight is:

$$\text{Weight loss} = \frac{W_1 (M_1 - M_2)}{100 - M_2}$$

where: W_1 = starting weight of grain.
 M_1 = starting moisture of grain.
 M_2 = final moisture of grain.

This formula accounts only for weight change due to moisture loss only.

100t at Moisture Content %	Final moisture content %								
	20	19	18	17	16	15	14	13	12
	Dried grain - t								
35	81.25	80.25	79.27	78.31	77.38	76.47	75.58	74.71	73.86
33	83.75	82.72	81.71	80.72	79.76	78.82	77.91	77.01	76.14
31	86.25	85.18	84.15	83.13	82.14	81.18	80.23	79.31	78.41
29	88.75	87.65	86.59	85.54	84.52	83.53	82.56	81.41	80.68
27	91.25	90.12	89.02	87.95	86.90	85.88	84.88	83.91	82.95
25	93.75	92.59	91.46	90.36	89.29	88.24	87.21	86.21	85.22
23	96.25	95.06	93.90	92.77	91.67	90.59	89.53	88.51	87.50
21	98.75	97.53	96.34	95.18	94.05	92.94	91.86	90.80	89.77
19	-	100.00	98.78	97.59	96.43	95.30	94.19	93.10	92.41
17	-	-	-	100.00	98.81	97.65	96.51	95.40	94.32
15	-	-	-	-	-	100.00	98.84	97.70	96.59

Further information on storage requirements for grain can be found on page 407, costs of grain storage are found on pages 405 and 418 and costs of grain drying on page 383.

Futures and Options Markets

The futures markets offer a means to manage price risk in a wide range of agricultural commodities. In the UK the most relevant markets are the UK LIFFE feed wheat futures (www.theice.com) and the Paris European Rapeseed futures and Milling Wheat futures (www.euronext.com). Contracts for futures (forward prices) and options (price insurance) are available in both of these markets. Further details on the market, lists of registered brokers and how to trade can be found at the website above.

On a global basis the most important agricultural futures market is the Chicago Board of Trade which offers contracts on wheat, maize, oats, soyabeans, soyameal and others, see www.cmegroup.com. AHDB Cereals and Oilseeds has detailed market information on their website and also provides a guide to price risk management, futures and options. See <https://cereals.ahdb.org.uk/markets.aspx>.

Potatoes

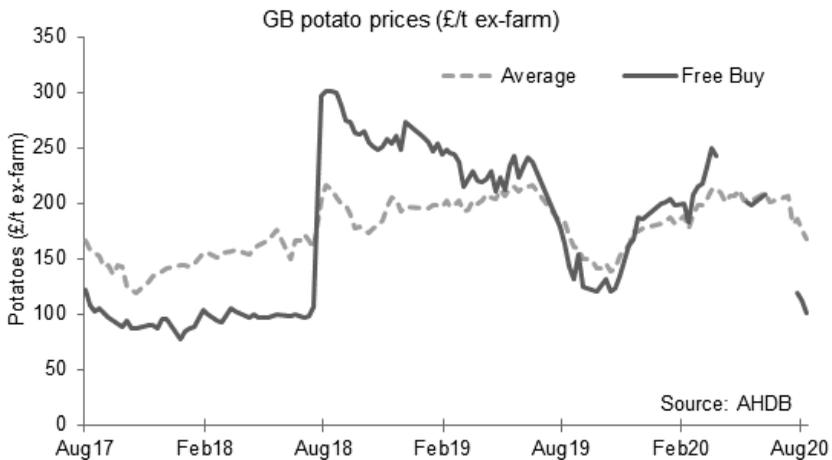
Introduction

Markets and Price Drivers

The potato market in the UK is split between seed, ware for fresh market and ware for processing. The 2019/20 season potato marketing season has been dominated by two significant events. Firstly, the wettest autumn for 20 years resulted in large areas of crop being very difficult to harvest. Some crops were left in the ground until the spring. Meanwhile, some harvested crops were very challenging to store in good condition. The processing sector was worst affected by these issues. Secondly, the global COVID-19 pandemic resulted in significant and unexpected market disruption. Fresh potato sales increased during the 'lockdown' phase of the pandemic, meanwhile processing potato sales (as chips), largely eaten outside the home, declined very significantly.

In 2019 the total GB area planted was 118,953, an increase of 854ha on the previous season. The average reported yield also increased from 41.7 t/ha to 45.6 t/ha, resulting in a total GB crop of ca. 5.1mt.

The following chart illustrates the weekly average free-buy price trend during the trading period August 2017 - August 2020.



Consumer Trends

Potatoes have experienced declining retail sales over the past 20 years as there is a shift in consumer demand for quick, easy, and convenient meals. Research indicates that only 35% of consumers enjoy and are confident in cooking a variety of dishes. This leaves 32% who claim they have a limited repertoire of meals they feel confident cooking, and 33% who either do not enjoy cooking, or have a basic to no level of culinary skills (Source: AHDB/YouGov, Consumer Tracker, August 2018). Studies also indicate that consumer lifestyles are changing as there is a

significant rise in the number of 1–2 person households, with this consumer demographic moving towards a more varied, convenient and healthy diet which is enjoyable, and offers good value for money.

Potato Market Performance

Within the potato market, the biggest sector by value is fresh, accounting for 34%, followed by crisps at 32%, frozen at 25%, and chilled potatoes 9% of total potato retail sales (Source: AHDB, 2019).

The volume of fresh potatoes sold in GB retail had started to recover, increasing by 0.4% for the year ending August 2018, temporarily reversing the much longer downward trend. However, prior to COVID-19 sales of fresh potatoes were once again in decline (-1.3% per annum). However, in response to COVID-19 sales increased significantly. The long-term effects of these changes are currently unclear.

In the year ending August 2018, sales value for the crisping category grew by 4.5% and volume sales by 5.2%. Premiumisation in this sector was driving performance, with hand-cooked crisps and sharing bags performing strongly during the previous 12 months.

Pre-COVID-19, the frozen potato sector was worth £735 million, with 63% of the value coming from frozen chips, and 37% from other frozen potato products. The sector was growing in value by 3.2% year-on-year and volume by 0.6%. This volume growth was coming mainly from frozen chips. Frozen chips had seen a turnaround in performance as a result of increased premium products which appeal to the older consumer and smaller occupancy household, as opposed to children and teenagers (Source: AHDB/Kantar Worldpanel, 2018). A large proportion of frozen chips are eaten outside the home and recovery of this sector post COVID-19 is required for the market to recover fully.

Marketing

Contracts have been a standard feature of the ware and processing market for a long time where factories need to procure supplies well in advance, and ensure that their growers attain a sustainable price. The fresh market is more volatile and complex with some growers utilising cold storage to lengthen their supply season and take advantage of higher free-buy prices later in the season. In seasons of oversupply in the market, contracts have become more popular where growers have tried to lock down a proportion of their crop for a known price. However, in a season of undersupply, growers will hold onto uncontracted stocks as long as possible to negotiate higher prices. Given the price volatility in the free-buy market, contracts are becoming more popular among fresh market growers, particularly for those who are forward planning, or obtaining capital from the bank to support business expansion.

The grower's hand is also strengthened in negotiations by producing potatoes free from damage, disease and skin blemish, as aesthetics are a major selling point in the fresh potato sector.

The seed market is virtually all done on contract where growers multiply seed stocks in partnership with the seed houses. Growers must attain high standards of crop health, seed purity and hygiene, good yields of the correct size band and timely and accurate supply. Reputation and reliability will gain growers higher quality contracts.

Margins

Crop returns are highly sensitive to the net (packed out) yield achieved which also affects the price. Attention to crop health and damage minimisation are critical. Seed costs are variable with growers looking to multiply their own seed where they can. Fertiliser costs can be adjusted according to the market with savings on nitrogen and potash for new, salad and seed potato growers. Sprays are quite uniform across the board but the need for nematicides to combat Potato Cyst Nematode (PCN) is a significant outlay. Differences in fixed costs, particularly machinery, have the greatest impact on overall profitability.

Variety Choice

The most important factor when selecting a potato variety is suitability for the end market. For crisps, tubers with good shape, high dry matter, resistance to damage and yellow flesh are required. For chips, oval tubers with good uniformity and low reducing sugar content are best. For the fresh packing market, taste and resistance to disease causing skin blemishes are important.

The most popular variety is Maris Piper which can be boiled, chipped or roasted equally well, and commands brand loyalty. Salad varieties are popular as they can be boiled within 20 minutes without peeling and chopping, which makes them competitive with pasta and rice.

Resistance to pests and diseases is becoming increasingly important due to the loss of key chemical active ingredients. The most valuable traits are resistance to PCN (which also helps to reduce the viable population of PCN in the field), blackleg, powdery scab and blight. Gross yield as with wheat and barley is not as important as net/sold yield is to potatoes. Emphasis is on quality over quantity in the pursuit of profitability.

Potatoes - Loose New (Covered and Open)

PHYSICAL DATA

(a) Seed

Nominal planting rate of 3.5 t/ha. No charge included for chitting. Bought in seed. Cost varies with variety, e.g. Rocket, Epicure, seed size and classification grade. Seed rate also varies with variety and seed size.

(b) Fertiliser

90 : 150 : 110 kg/ha N : P₂O₅ : K₂O (72 : 120 : 88 units/acre). See page 4 for more information on nutrient planning.

(c) Sprays

Seed treatment Treatment for rhizoctonia.

Herbicides Residual herbicide tank mix with multiple active ingredients.

Blight control 3-5 spray program with protectant and tuber blight control chemicals. Cost may be higher in high blight pressure years.

Desiccation Haulm destruction by pulverizing. No chemical cost. For pulverising costs, see page 381.

(d) Other crop expenses

AHDB levy costs are included.

25 kg bags (£9.00-9.50/t of crop) could be an *additional* item, depending on circumstances.

Includes cost of fleece material and labour cost of covering, uncovering and general maintenance during the season.

(e) Irrigation

Irrigation may be applied in some circumstances for yield and quality. These costs are not included. Annual capital charge could be £350-500/ha plus £1.60-1.90/ha.mm with a contract charge of approximately £5.40/ha.mm.

(f) Casual labour

These costs are not included. Costs calculated using the data below could be used. Labour charged at £12/hr (assumes lifting and grading done at the same time) at the rates below:

Operation	hr/ha
Lifting (by harvester)	20
Grading	low yield 25
	medium yield 38

Potatoes - Loose New (Covered and Open)

GROSS MARGIN DATA

	Covered		Open	
Yield: t/ha (t/acre):				
Ware	14	(5.7)	20	(8.1)
Stockfeed	-	(0.0)	-	(0.0)
OUTPUT	£/ha (acre)			
Ware @ £475/t	6,650		-	
Ware @ £300/t	-		6,000	
Stockfeed @ £0/t	-		-	
	<u>6,650</u>	(2,691)	<u>6,000</u>	(2,428)
VARIABLE COSTS				
Seed @ £320/t	1,120		1,120	
Fertiliser	186		186	
Sprays	321		326	
Other expenses	918		43	
	<u>2,545</u>	(1,030)	<u>1,675</u>	(678)
GROSS MARGIN	<u>4,105</u>	(1,661)	<u>4,325</u>	(1,750)
WARE PRICE SENSITIVITY				
£200 /t	255	(103)	2,325	(941)
£350 /t	2,355	(953)	5,325	(2,155)
£500 /t	4,455	(1,803)	8,325	(3,369)
£650 /t	6,555	(2,653)	11,325	(4,583)
£800 /t	8,655	(3,503)	14,325	(5,797)

Potatoes - Early Set Skin Pre-Pack Bakers (Covered and Open)

PHYSICAL DATA

(a) Seed

Planted at 2.4 t/ha with bought in seed. Cost varies with variety, e.g. Marfona, Osprey etc, seed size and classification grade.

(b) Fertiliser

170-180 : 130 : 200 kg/ha N : P₂O₅ : P : K₂O (136-144 : 104 : 160 units/acre). See page 4 for more information on nutrient planning.

(c) Sprays

Seed treatment Seed treatment for Rhizoctonia control.

Nematicide Assumption of 15-20% of the area treated with nematicide for free living nematode or PCN control.

Herbicides Covered crops residual herbicide tank mix. Uncovered crops contact plus reduced rate residual herbicides applied pre-emergence.

Blight control 8-9 spray program including protectant, curative and tuber blight protection chemicals.

Slug control 3-4 applications.

Desiccation Pulverising followed by 2 spray chemical desiccation program. For pulverising costs, see page 381.

(d) Other crop expenses

AHDB levy costs and fleece for covered crop included.

(e) Irrigation

Irrigation may be applied in some circumstances for yield and quality. These costs are not included. Annual capital charge could be £350-500/ha plus £1.60-1.90/ha.mm with a contract charge of approximately £5.40/ha.mm.

(f) Casual labour

These costs are not included. Costs calculated using the data below could be used. Labour charged at £12/hr at the rates below:

Operation	hr/ha
Lifting (by harvester)	20
Grading (half the grading done by regular labour)	44
	50
	low yield
	high yield

Potatoes - Early Set Skin Pre-Pack Bakers (Covered and Open)

GROSS MARGIN DATA

	Covered		Open	
Yield: t/ha (t/acre):				
Ware	42	(17.0)	47	(19.0)
Stockfeed	-	(0.0)	-	(0.0)
OUTPUT	£/ha (acre)			
Ware @ £260/t	10,920		-	
Ware @ £180/t	-		8,460	
Stockfeed @ £0/t	-		-	
	<u>10,920</u>	(4,419)	<u>8,460</u>	(3,424)
VARIABLE COSTS				
Seed @ £340/t	816		816	
Fertiliser	264		271	
Sprays	586		551	
Other expenses	918		43	
	<u>2,584</u>	(1,046)	<u>1,681</u>	(680)
GROSS MARGIN	<u>8,336</u>	(3,373)	<u>6,779</u>	(2,744)

WARE PRICE SENSITIVITY

£50 /t	-484	-(196)	669	(271)
£100 /t	1,616	(654)	3,019	(1,222)
£125 /t	2,666	(1,079)	4,194	(1,697)
£175 /t	4,766	(1,929)	6,544	(2,648)
£200 /t	5,816	(2,354)	7,719	(3,124)
£250 /t	7,916	(3,204)	10,069	(4,075)

Potatoes - Pre-Pack Salads

PHYSICAL DATA

(a) Seed

Nominal planting rate of 5 t/ha. Bought in seed. Variety e.g. Charlotte etc. Cost varies with variety and seed size.

(b) Fertiliser

90 : 170 : 110 kg/ha N : P₂O₅ : K₂O (72 : 136 : 88 units/acre). See page 4 for more information on nutrient planning.

(c) Sprays

Seed treatment Seed treatment for Rhizoctonia. Assumption of 50% of the area treated with an in furrow fungicide for blackdot control.

Herbicides Contact plus reduced rate residual herbicides applied pre-emergence.

Nematicide Assumption of 20% of area treated with reduced rate nematicide for free living nematode control.

Blight control 8-9 spray program including protectant, systemic, curative and tuber blight control chemicals. Cost may be higher in high blight pressure years.

Slug control 2 applications of slug pellets.

Desiccation Pulverizing followed by reduced rate chemical desiccation. For pulverising costs, see page 381.

(d) Other crop expenses

AHDB levy costs and an average period of 6 months cold storage are included.

(e) Irrigation

Irrigation may be applied in some circumstances for yield and quality. These costs are not included. Annual capital charge could be £350-500/ha plus £1.60-1.90/ha.mm with a contract charge of approximately £5.40/ha.mm.

(f) Casual labour

These costs are not included. Costs calculated using the data below could be used. Labour charged at £12/hr (assumes lifting and grading done at the same time) at the rates below:

Operation	hr/ha
Lifting (by harvester)	20
Grading	
low yield	25
medium yield	38

Potatoes - Pre-Pack Salads

GROSS MARGIN DATA

Yield: t/ha (t/acre):

Ware	37	(15.0)
Stockfeed	4	(1.6)
	<u>41</u>	<u>(16.6)</u>

OUTPUT

	£/ha (acre)	
Ware @ £295 /t	10,915	
Stockfeed @ £20 /t	80	
	<u>10,995</u>	<u>(4,450)</u>

VARIABLE COSTS

Seed @ £320/t	1,600	
Fertiliser	197	
Sprays	601	
Other expenses	1,851	
	<u>4,249</u>	<u>(1,719)</u>
GROSS MARGIN	<u>6,746</u>	<u>(2,730)</u>

WARE PRICE SENSITIVITY

£75 /t	-1,394	-(564)
£150 /t	1,381	(559)
£200 /t	3,231	(1,308)
£250 /t	5,081	(2,056)
£300 /t	6,931	(2,805)
£375 /t	9,706	(3,928)

Potatoes - Maincrop Ware (Pre-Pack Bakers)

PHYSICAL DATA

(a) Seed

Planted at 2.4 t/ha (can range from 2.0-3.0 t/ha for 35-55 mm seed depending on variety). Bought in. Cost varies with variety, seed size and classification grade.

(b) Fertiliser

200 : 130 : 200 kg/ha N : P₂O₅ : K₂O (160 : 104 : 160 units/acre). See page 4 for more information on nutrient planning.

Reduce N by 33% for indeterminate varieties, e.g. Vales Sovereign.

(c) Sprays

Seed treatment Seed treatment for rhizoctonia control. Assumption 50% of the area treated with in furrow fungicide for control of blackdot.

Nematicide Assumption of 15-20% of area treated for free living nematode or PCN control.

Herbicides Contact plus reduced rate residual herbicide tank mix.

Blight control 12 spray blight program for moderate blight pressure including protectant, systemic, curative and tuber blight protection chemicals.

Slugs control 2-3 applications.

Desiccation 2-3 spray chemical desiccation program.

(d) Other crop expenses

AHDB levy costs and costs for average cold storage period of 6 months are included.

(e) Irrigation

Irrigation may be applied in some circumstances for yield and quality. These costs are not included. Annual capital charge could be £350-500/ha plus £1.60-1.90/ha.mm with a contract charge of approximately £5.40/ha.mm.

(f) Casual labour

These costs are not included. Costs calculated using the data below could be used. Labour charged at £12/hr at the rates below:

Operation	hr/ha
Lifting (by harvester)	20
Grading (half the grading done by regular labour)	55
low yield	55
high yield	70

Potatoes - Maincrop Ware (Pre-Pack Bakers)

GROSS MARGIN DATA

Yield: t/ha (t/acre):

Bakers	16	(6.5)	24	(9.7)
Pre-pack	26	(10.5)	31	(12.5)
Outgrades	8	(3.2)	10	(4.0)
	<u>50</u>	<u>(20.2)</u>	<u>65</u>	<u>(26.3)</u>

OUTPUT

£/ha (acre)

Bakers @ £280/t	4,480		6,720	
Pre-pack @ £170/t	4,420		5,270	
Outgrades @ £20/t	160		200	
	<u>9,060</u>	<u>(3,667)</u>	<u>12,190</u>	<u>(4,933)</u>

VARIABLE COSTS

Seed @ £355/t	852		852	
Fertiliser	284		284	
Sprays	685		685	
Other expenses	2,248		2,909	
	<u>4,069</u>	<u>(1,647)</u>	<u>4,730</u>	<u>(1,914)</u>

GROSS MARGIN

	<u>4,991</u>	<u>(2,020)</u>	<u>7,460</u>	<u>(3,019)</u>
--	--------------	----------------	--------------	----------------

WARE PRICE SENSITIVITY

£50 /t	1,871	(757)	3,740	(1,514)
£130 /t	3,951	(1,599)	6,220	(2,517)
£210 /t	6,031	(2,441)	8,700	(3,521)
£290 /t	8,111	(3,282)	11,180	(4,524)

Note:

Many packers will split grade the pack size (e.g. 45/50-65/70 mm) from the baker (65/70-85 mm), paying a flat rate for all sizes above the 45/50 mm bottom riddle.

Potatoes - Maincrop Ware (Pre-Pack Premium Varieties)

PHYSICAL DATA

(a) Seed

Planted at 1.9 t/ha (varies with variety e.g. Maris Piper, Desiree, King Edward etc). Bought in. Cost varies with variety, seed size and classification grade.

(b) Fertiliser

180 : 130 : 200 kg/ha N : P₂O₅ : K₂O (144 : 104 : 160 units/acre). See page 4 for more information on nutrient planning.

(c) Sprays

Seed treatment Full rate seed treatment for rhizoctonia control. Treated with in furrow fungicide for control of blackdot.

Nematicide Assumption of 15-20% of area treated for free living nematode or PCN control.

Herbicides Contact plus reduced rate residual herbicides applied pre-emergence.

Blight control 12 spray blight program for high blight pressure including protectant, systemic, curative and tuber blight protection chemicals.

Slugs control Comprehensive reduced dose season program.

Desiccation 3 spray chemical desiccation program.

(d) Other crop expenses

AHDB levy costs, average cold storage period of 6 months and sprout suppression are included.

(e) Irrigation

Irrigation may be applied in some circumstances for yield and quality. These costs are not included. Annual capital charge could be £350-500/ha plus £1.60-1.90/ha.mm with a contract charge of approximately £5.40/ha.mm.

(f) Casual labour

These costs are not included. Costs calculated using the data below could be used. Labour charged at £12/hr at the rates below:

Operation	hr/ha
Lifting (by harvester)	20
Grading (half the grading done by regular labour)	low yield high yield
	55 70

Potatoes - Maincrop Ware (Pre-Pack Premium Varieties)

GROSS MARGIN DATA

Yield: t/ha (t/acre):				
Pre-pack	45	(18.2)	57	(23.1)
Outgrades	5	(2.0)	8	(3.2)
	<u>50</u>	(20.2)	<u>65</u>	(26.3)
OUTPUT				
		£/ha (acre)		
Pre-pack @ £210/t	9,450		11,970	
Outgrades @ £20/t	100		160	
	<u>9,550</u>	(3,865)	<u>12,130</u>	(4,909)
VARIABLE COSTS				
Seed @ £310/t	589		589	
Fertiliser	271		271	
Sprays	695		695	
Other expenses	2,398		3,104	
	<u>3,953</u>	(1,600)	<u>4,659</u>	(1,886)
GROSS MARGIN	<u>5,597</u>	(2,265)	<u>7,471</u>	(3,023)
WARE PRICE SENSITIVITY				
£50 /t	-1,603	-(649)	-1,649	-(667)
£100 /t	647	(262)	1,201	(486)
£150 /t	2,897	(1,172)	4,051	(1,639)
£200 /t	5,147	(2,083)	6,901	(2,793)
£250 /t	7,397	(2,994)	9,751	(3,946)

Potatoes - Maincrop Ware (Processing - Chips)

PHYSICAL DATA

(a) Seed

Planted at 3.0 t/ha with 35/55mm seed (varies depending on variety, e.g. Maris Piper, Markies, etc). Bought in. Cost varies with variety, seed size and classification grade.

(b) Fertiliser

180 : 130 : 300 kg/ha N : P₂O₅ : K₂O (144 : 104 : 240 units/acre). See page 4 for more information on nutrient planning.

Organic manures may be best avoided for processing crops – late and variable release of N could affect fry quality.

(c) Sprays

Seed treatment None unless rhizoctonia infection present on seed.

Nematicide Assumption of 15-20% of area treated for free living nematode or PCN control.

Herbicides Contact plus reduced rate residual herbicides applied pre-emergence.

Blight control 12 spray blight program for high blight pressure including protectant, systemic, curative and tuber blight protection chemicals.

Slug control Comprehensive reduced dose season program.

Desiccation 3 spray chemical desiccation program.

(d) Other crop expenses

AHDB levy costs, storage and sprout suppressant costs are included. Chip processing in Scotland is mainly for chip shops, so costs of bags need to be included (£9.00-9.50/t of crop for 25 kg bags).

(e) Casual labour

These costs are not included. Costs calculated using the data below could be used. Labour charged at £12/hr at the rates below:

Operation	hr/ha
Lifting (by harvester)	20
Grading (half the grading done by regular labour)	40

Potatoes - Maincrop Ware (Processing - Chips)

GROSS MARGIN DATA

	Off-field		Ex-store	
Yield: t/ha (t/acre):				
Ware	52	(21.0)	52	(21.0)
Stockfeed	5	(2.0)	5	(2.0)
	<u>57</u>	<u>(23.1)</u>	<u>57</u>	<u>(23.1)</u>
OUTPUT	£/ha (acre)			
Off-field @ £140/t	7,280		-	
Ex-store @ £180/t	-		9,360	
Stockfeed @ £20/t	100		100	
	<u>7,380</u>	<u>(2,987)</u>	<u>9,460</u>	<u>(3,828)</u>
VARIABLE COSTS				
Seed @ £280/t	840		840	
Fertiliser	312		312	
Sprays	551		551	
Other expenses	43		2,231	
	<u>1,746</u>	<u>(706)</u>	<u>3,934</u>	<u>(1,592)</u>
GROSS MARGIN	<u>5,634</u>	<u>(2,281)</u>	<u>5,526</u>	<u>(2,236)</u>
WARE PRICE SENSITIVITY				
£50 /t	954	(386)	- 1,234	-(499)
£110 /t	4,074	(1,649)	1,886	(763)
£170 /t	7,194	(2,911)	5,006	(2,026)
£230 /t	10,314	(4,174)	8,126	(3,289)
£300 /t	13,954	(5,647)	11,766	(4,762)

Note:

Prices quoted include typical bonus additions for good dry matter, low tuber count, good size (length), good fry colour and low defect levels.

Potatoes - Maincrop Ware (Processing - Crisps)

PHYSICAL DATA

(a) Seed

Planted at 3.0 t/ha. 35/55mm seed, varies depending on variety, e.g. Hermes, Saturna, Lady Rosetta, Lady Claire, etc. Bought in. Cost varies with variety, seed size and classification grade.

(b) Fertiliser

200 : 130 : 300 kg/ha N : P₂O₅ : K₂O (160 : 104 : 240 units/acre). See page 4 for more information on nutrient planning.

Organic manures may be best avoided for processing crops – late and variable release of N could affect fry quality.

(c) Sprays

Seed treatment None unless rhizoctonia infection present on seed.

Nematicide Assumption of 15-20% of area treated for free living nematode or PCN control.

Herbicides Contact plus reduced rate residual herbicides applied pre-emergence.

Blight control 12 spray blight program for high blight pressure including protectant, systemic, curative and tuber blight protection chemicals.

Slug control 3 applications.

Desiccation 3 spray chemical desiccation program.

(d) Other crop expenses

AHDB levy costs, processing storage for a 4 month period and sprout suppressant costs are included.

(e) Irrigation

Irrigation may be applied in some circumstances for yield and quality. These costs are not included. Annual capital charge could be £350-500/ha plus £1.60-1.90/ha.mm with a contract charge of approximately £5.40/ha.mm.

(f) Casual labour

These costs are not included. Costs calculated using the data below could be used. Labour charged at £12/hr at the rates below:

Operation	hr/ha	
Lifting (by harvester)	20	
Grading (half the grading done by low yield regular labour)	44	
	high yield	55

Potatoes - Maincrop Ware (Processing - Crisps)

GROSS MARGIN DATA

	Off-field		Ex-store	
Yield: t/ha (t/acre):				
Ware	44	(17.8)	44	(17.8)
Stockfeed	4	(1.6)	4	(1.6)
	<u>48</u>	<u>(19.4)</u>	<u>48</u>	<u>(19.4)</u>
OUTPUT	£/ha (acre)			
Off-field @ £135/t	5,940		-	
Ex-store @ £170/t	-		7,480	
Stockfeed @ £20/t	80		80	
	<u>6,020</u>	<u>(2,436)</u>	<u>7,560</u>	<u>(3,059)</u>
VARIABLE COSTS				
Seed @ £360/t	1,260		1,260	
Fertiliser	325		325	
Sprays	551		551	
Other expenses	43		2,239	
	<u>2,179</u>	<u>(882)</u>	<u>4,375</u>	<u>(1,770)</u>
GROSS MARGIN	<u>3,841</u>	<u>(1,554)</u>	<u>3,185</u>	<u>(1,289)</u>
WARE PRICE SENSITIVITY				
£50 /t	101	(41)	-2,095	-(848)
£110 /t	2,741	(1,109)	545	(221)
£170 /t	5,381	(2,178)	3,185	(1,289)
£230 /t	8,021	(3,246)	5,825	(2,357)
£300 /t	11,101	(4,493)	8,905	(3,604)

Note:

Prices quoted include typical bonus additions for good dry matter, low tuber count, good size (length), good fry colour and low defect levels.

Potatoes - Seed (Low and High Number Varieties)

PHYSICAL DATA

(a) Seed

Planted at 4.8 t/ha (can range from 3.5-6.1 t/ha for 35/55 mm seed depending on variety and top riddle size on which daughter crop will be sold). Half bought in. Cost varies with variety, seed size and classification grade.

(b) Fertiliser

80 : 170 : 110 kg/ha N : P₂O₅ : K₂O (64 : 136 : 88 units/acre). See page 4 for more information on nutrient planning.

Reduce N by 25% for indeterminate varieties, e.g. Cara and Markies.

(c) Sprays

Seed treatment Multipurpose seed treatment applied at grade plus reduced rate fungicide applied for rhizoctonia.

Nematicide Assumption of no treatment applied. Application may be required in field and varieties at risk of spraing.

Herbicides Contact plus reduced rate residual herbicides applied pre-emergence.

Blight control 8-9 spray program with protectant, systemic, curative and tuber blight protection products for moderate-high blight pressure.

Aphid control Up to 8 applications.

Slug control 2 applications.

Desiccation Pulverising followed by chemical desiccation. For pulverising costs, see page 381.

(d) Other crop expenses

AHDB levy costs, SPCS field inspection fees, roguing and labels are included. Positive ventilation and cold storage. Other costs may include bags (£7.50-11.20/t of crop), chemical treatment at storage time and royalties (which will depend on variety).

(e) Casual labour

These costs are not included. Costs calculated using the data below could be used. Labour charged at £12/hr at the rates below:

Operation	hr/ha
Lifting (by harvester)	20
Grading (half the grading done by regular labour)	40

Potatoes - Seed (Low and High Number Varieties)

GROSS MARGIN DATA

	Low		High	
Yield: t/ha (t/acre): seed	25	(10.1)	35	(14.2)
Yield: t/ha (t/acre): ware	6	(2.4)	6	(2.4)
Yield: t/ha (t/acre): s/feed	2	(0.8)	2	(0.8)
	<u>33</u>	(13.4)	<u>43</u>	(17.4)
OUTPUT	£/ha (acre)			
Seed @ £260/t	6,500		-	
Ware @ £60/t	360		-	
Stockfeed @ £20/t	40		-	
Seed @ £220/t	-		7,700	
Ware @ £60/t	-		360	
Stockfeed @ £20/t	-		40	
	<u>6,900</u>	(2,792)	<u>8,100</u>	(3,278)
VARIABLE COSTS				
Seed @ £380/t	1,824		1,520	
Fertiliser	190		190	
Sprays	656		625	
Other expenses	2,645		3,405	
	<u>5,315</u>	(2,151)	<u>5,740</u>	(2,323)
GROSS MARGIN	<u>1,585</u>	(641)	<u>2,360</u>	(955)
SEED PRICE SENSITIVITY				
£150 /t	-1,165	-(471)	-90	-(36)
£250 /t	1,335	(540)	3,410	(1,380)
£300 /t	2,585	(1,046)	5,160	(2,088)

Potatoes - Dual Purpose (Seed and Ware)

PHYSICAL DATA

(a) Seed

Planted at 3.8 t/ha (can range from 3.5-5 t/ha for 35x55 mm seed depending on variety. Half bought in. Cost varies with variety, seed size and classification grade.

(b) Fertiliser

150 : 150 : 200 kg/ha N : P₂O₅ : K₂O (120 : 120 : 160 units/acre). See page 4 for more information on nutrient planning.

(c) Sprays

Seed treatment Multipurpose seed treatment applied at grade plus reduced rate fungicide applied for rhizoctonia. Fungicide incorporated into soil on 50% area for powdery scab control.

Nematicide Assumption of no treatment applied. Application may be required in field and varieties at risk of spraing.

Herbicides Contact plus reduced rate residual herbicides applied pre-emergence.

Blight control 8-9 spray program with protectant, systemic, curative and tuber blight protection products for moderate blight pressure.

Aphid control Up to 8 applications.

Slug control 2-3 applications.

Desiccation Pulverising followed by chemical desiccation. For pulverising costs, see page 381.

(d) Other crop expenses

AHDB levy costs, SPCS field inspection fees; roguing and labels and positive ventilation and cold storage are included. Other costs may include bags (£7.50-£11.20/t of crop), chemical treatment at storage time and royalties (which will depend on variety).

(e) Irrigation

Irrigation may be applied in some circumstances for yield and quality. These costs are not included. Annual capital charge could be £350-500/ha plus £1.60-1.90/ha.mm with a contract charge of approximately £5.40/ha.mm.

(f) Casual labour

These costs are not included. Labour charged at £12/hr as per labour rates on page 66 for low yields.

Potatoes - Dual Purpose (Seed and Ware)

GROSS MARGIN DATA

Yield: t/ha (t/acre): seed	22	(8.9)
Yield: t/ha (t/acre): ware	19	(7.7)
Yield: t/ha (t/acre): s/feed	4	(1.6)
	<u>45</u>	(18.2)
OUTPUT	£/ha (acre)	
Seed @ £220/t	4,840	
Ware @ £110/t	2,090	
Stockfeed @ £20/t	80	
	<u>7,010</u>	(2,837)
VARIABLE COSTS		
Seed @ £260/t	988	
Fertiliser	262	
Sprays	679	
Other expenses	3,512	
	<u>5,441</u>	(2,202)
GROSS MARGIN	<u>1,569</u>	(635)

WARE PRICE SENSITIVITY

£50 /t	429	(174)
£110 /t	1,569	(635)
£170 /t	2,709	(1,096)
£230 /t	3,849	(1,558)

Grassland

Introduction

This section covers basic technical and financial cost data related to grassland production.

The variable cost data tables for grass, silage and hay provide the basis of the forage costs for the livestock enterprise gross margin figures.

Potential dry matter yields (kgDM/ha) at different N levels/ha

kg N/ha	Yield (kgDM/ha)	Cow grazing days /ha	Stocking density (LU/ha)
0	3,000	240	0.46
75	4,200	335	0.64
125	5,500	439	0.84
175	7,000	559	1.07
250	8,000	639	1.23
310	10,000	799	1.53

The values above assume low clover content, use table below to account for clover contribution.

Accounting for clover: Clover Content (%DM)	Potential Nitrogen supply (kg N/ha)
20-30%	180
40%	240
50-60%	300

Grazing system and utilisation rate

The following table outlines the potential increase in utilised grass DM that is achieved by adopting rotational (3-8 fields) or paddock (more than 8 paddocks) grazing systems. In addition to the extra yield produced more grass is utilised by either grazing (higher stocking rates) or by identifying surplus grass for conservation. A rotational grazing system will improve the quality of the pasture.

System	Annual Yield (t DM/ha)	Utilisation (%)	Usable yield (t DM/ha)	Percentage increase on set stocking
Set stocking	8.5	50	4.3	-
Rotational	10.2	65	6.6	56%
Paddock	10.2	80	8.2	92%

Livestock units

The livestock unit (LU) system reflects the energy requirements of different classes of stock. The following table is a guide to LUs along with annual ME requirements and possible kgDM required (depending on forage quality).

This information along with data on grass production and utilisation can be used to calculate potential stocking rates for land. Adjustments must be made for any rough grazing, length of time stock are on the farm and the contribution of purchased feed, e.g. 1 tonne of barley @ 86% DM with 12.5ME provides 10,750 MJ ME.

Class of stock	LU	MJ ME /year	kgDM @ 10.5ME
750 kg dairy cow producing 9,000 litres milk	1.60	76,500	7,286*
625 kg dairy cow producing 4,500 litres milk	1.00	48,000	4,571
650 kg beef cow plus calf to weaning	0.75	36,000	3,429
Beef heifer 300 kg to calving at 2	0.60	28,800	2,743
Bulls	0.65	31,200	2,971
Cattle 0-12 months	0.34	16,320	1,554
Cattle 12-24 months	0.65	31,200	2,971
Cattle over 24 months	0.80	38,400	3,657
Breeding ewe 60 kg	0.09	4,320	411
Breeding ewe 70 kg	0.10	4,800	457
Breeding ewe 80 kg	0.11	5,280	503
Rams	0.08	3,840	366
Lambs birth to weaning/sale	0.04	1,920	183
Ewe lambs - weaning to 2 yrs	0.06	2,880	274

* will require significant concentrate supplementation

More detail on LUs can be found on page 114.

Stocking rate

Stocking rate is expressed as grazing livestock units, GLU per effective (adjusted) hectare where:

- 2.5 GLU/ha (1 per acre) is very intensive (very high N input)
- 2.0 GLU/ha is intensive (high N input)
- 1.5 GLU/ha is semi intensive (moderate N input or high clover %)
- 1.0 GLU/ha is extensive (low N input/clover based)
- 0.5 GLU/ha is very extensive (very low/no N inputs)

Choice of seed mixtures

The seed mixture should be chosen using recommended varieties tested in Scotland by SRUC, England & Wales by NIAB-TAG or Northern Ireland by DAERA. Grass swards will contain mainly PRG, white clover and Timothy. Varieties chosen should be compatible and chosen according to the farm system, the use of the ley (silage, hay, dual purpose), special requirements such as disease resistance and winter hardiness.

Swards that are worn out with a low percentage of sown species remaining will have a lower yield potential and will have a much lower response to nitrogen. If sward performance is not sufficient to maintain stocking rates, or requires additional purchased feed, then renewing the sward is recommended.

Sward Improvement

Options for sward improvement range from full ploughing (reseeding/replacement) to oversowing (renovation). The approximate costs of different improvement methods are outlined in the following table. These include variable costs as well as the cultivation costs.

Assumptions:

- A long-term seed mixture at full rate, 37kg/ha, for ploughing and direct drilling, and half rate, 18kg/ha, for oversowing.
- Fertiliser inputs are based on moderate P and K soil status. No fertiliser assumed for the over sow. pH is assumed to be ideal thus no cost for lime is included.
- Chemical costs for the destruction of the old sward prior to cultivation have been assumed for ploughing and direct drilling options. Other pesticides may be required for specific circumstances.
- Cultivation methods are assumed to be carried out by contractors. Contractor costs can be found on pages 379-382.
- Machinery fuel use (l/ha) and fuel cost on page 376-377.

	Plough	Direct drill	Over sow
Reliability	High	Mod/High	Moderate
Speed of improvement	Moderate	Moderate	Rapid
Loss of grass production	High	High	Low
	£/ha (acre)		
Variable costs			
<i>Seed</i>	156	156	76
<i>Fertiliser</i>	81	81	-
<i>Sprays</i>	9	9	-
	246 (100)	246 (100)	76 (31)
Cultivation costs			
<i>Spray</i>	14	14	-
<i>Plough</i>	64	-	-
<i>Power harrow/subsoil</i>	54	-	-
<i>Harrow</i>	-	-	23
<i>Roll and destone</i>	19	-	-
<i>Sow</i>	33	56	33
<i>Roll</i>	24	24	24
<i>Fertilise</i>	11	11	-
<i>Fuel cost</i>	34	11	7
	251 (102)	115 (47)	87 (35)
Total costs	497 (201)	362 (146)	163 (66)
<i>No. of years per cultivation</i>	7	7	7
Total cost per annum	71 (29)	52 (21)	23 (9)

Preserved Grass Production Costs

The following table shows the cost of producing preserved grass as silage or hay.

Assumptions:

- Yield and N fertiliser are outlined on pages 80 and 82.
- Establishment costs based on figures on page 76.
- Annual variable costs are based on variable cost data (less annual share of seed) shown on pages 81 and 83.
- Annual production costs are assumed to be carried out by contractors. Contractor costs can be found on pages 379-382.
- Machinery fuel use (l/ha) and fuel cost on page 376-377.
- Other crop expenses for ensiled silage are based on using plastic sheets. For baled silage, this includes net wrap and plastic wrap as described on page 81. For hay, the cost for net wrap is included in the annual variable costs.
- Land rent and maintenance or a finance charge associated with a silage clamp have not been included in the calculations.
- Yield potential will vary and no account has been taken for wastage in the preserved state and at feeding.

	Silage 1 cut ensiled	Silage 1 cut bales	Hay 1 cut bales
N fertiliser use (kgN/ha)	125	125	125
Yield (t FW/ha)	20	20	6
Yield (t DM/ha)	6	6	5
Bale weight (round 4' x 4' - kg)	-	650	250
		£/ha	
Establishment costs (annual share)	71	71	71
Annual variable costs	124	124	177
Annual production costs			
<i>Spray</i>	14	14	14
<i>Fertilise</i>	11	11	11
<i>Mow</i>	24	24	24
<i>Rake</i>	16	-	41
<i>Lift, cart and clamp crop</i>	120	-	-
<i>Bale, wrap and stack</i>	-	157	51
<i>Other crop expenses</i>	3	86	-
<i>Fuel</i>	26	12	15
	214	304	156
Total cost per annum (£/ha)	409	499	404
Cost per t FW (£/t)	20	25	67
Cost per t DM (£/t)	68	83	79
Cost per bale (£/bale)	-	16	17

Grassland - Grazing

PHYSICAL DATA

(a) System

Assume a 7 year sward life.

Establishment costs described on page 76.

(b) Yield

See page 74 for the dry matter yield and stocking rate (LU/ha) assumptions for varying Nitrogen application rates.

(c) Seed

A nominal annual charge (assume a 7 year sward life, for longer leys reduce the annual charge accordingly):

Mixture	£/ha
One year	105-130
Two-three years	115-170
Four-six years	125-175
Permanent	130-185

(d) Fertiliser

See page 4 for more info on nutrient planning.

kg/ha (units/acre)/annum										
N	0	(0)	75	(60)	125	(100)	175	(140)	250	(200)
P ₂ O ₅	0	(0)	10	(8)	15	(12)	20	(16)	30	(24)
K ₂ O	0	(0)	15	(12)	15	(12)	20	(16)	30	(24)

(e) Sprays

A nominal annual charge (assume a 7 year sward life, for longer leys reduce the annual charge accordingly) to cover a herbicide during establishment, followed by a herbicide to control a broader range of perennial weeds, such as docks, thistles and nettles.

Grassland - Grazing

VARIABLE COST DATA

Fertiliser kg N/yr	0 (0)	75 (60)	125 (100)	175 (140)	250 (200)
VARIABLE COSTS *	£/ha (acre)				
Seeds	23	23	23	23	23
Fertiliser	0	61	96	134	192
Sprays	10	10	10	10	10
Other expenses	-	-	-	-	-
	<u>33 (13)</u>	<u>94 (38)</u>	<u>129 (52)</u>	<u>167 (68)</u>	<u>225 (91)</u>

FERTILISER PRICE SENSITIVITY (+/-)

10 p/kg N	0 (0)	7 (3)	13 (5)	17 (7)	25 (10)
10 p/kg P ₂ O ₅	0 (0)	1 (0)	2 (1)	2 (1)	3 (1)
10 p/kg K ₂ O	0 (0)	1 (0)	2 (1)	2 (1)	3 (1)

* The cost per tonne of dry matter grown varies and should also include a share of reseedling costs (contractor/machinery upkeep/fuel). Cost will also depend on the actual response to nitrogen (see page 74), and grazing utilisation.

Grassland - Silage and Aftermath Grazing

PHYSICAL DATA

(a) System

Assume a 7 year sward life.

Establishment and harvest costs are described on page 76 and 77.

(b) Yield

Settled silage (kg fresh weight) at 25%DM.

Fertiliser N kg/ha (units/acre)/annum	70	(56)	130	(104)	250	(200)	310	(248)
Silage t/ha (t/acre)								
1st cut	20	(8.1)	20	(8.1)	25	(10.1)	20	(8.1)
2nd cut	-	-	10	(4.0)	15	(6.1)	16	(6.5)
3rd cut	-	-	-	-	-	-	16	(6.5)
Total	<u>20</u>	<u>(8.1)</u>	<u>30</u>	<u>(12.1)</u>	<u>40</u>	<u>(16.2)</u>	<u>52</u>	<u>(21.0)</u>

Apportionment - the following yield ratios are suggested:

Silage	50	80	80	95
Aftermath	50	20	20	5

(c) Seed

A nominal annual charge (assume a 7 year sward life, for longer leys reduce the annual charge accordingly):

Mixture	£/ha
One year	105-130
Two-three years	115-170
Four-six years	125-175
Permanent	130-185

(d) Fertiliser

Neither P₂O₅ nor K₂O is assumed for aftermaths, although their use would be recommended subject to nutrient management planning. See page 4 for more info on nutrient planning.

Silage cuts	kg/ha (units/acre)/annum							
For silage	One	Two	Two	Three				
N	70	(56)	100	(80)	220	(176)	310	(248)
P ₂ O ₅	34	(27)	51	(41)	68	(54)	88	(70)
K ₂ O	120	(96)	180	(144)	240	(192)	312	(250)
For aftermath								
N	0	(0)	30	(24)	30	(24)	-	-

Grassland - Silage and Aftermath Grazing

VARIABLE COST DATA

Fertiliser kg N/ha

(units/acre)/annum 70 (56) 130 (104) 250 (200) 310 (248)

Silage cuts One Two Two Three

VARIABLE COSTS

£/ha (acre)

Seeds	23	23	23	23
Fertiliser	114	187	300	379
Sprays	10	10	10	10
Other expenses	-	-	-	-
	<u>147</u>	(59) <u>220</u>	(89) <u>333</u>	(135) <u>412</u> (167)

FERTILISER PRICE SENSITIVITY (+/-)

10 p/kg N	7	(3)	13	(5)	25	(10)	31	(13)
10 p/kg P ₂ O ₅	3	(1)	5	(2)	6	(2)	9	(4)
10 p/kg K ₂ O	12	(5)	18	(7)	24	(10)	32	(13)

(e) Sprays

A nominal annual charge (assume a 7 year sward life, for longer leys reduce the annual charge accordingly) to cover a herbicide during establishment, followed by a herbicide to control a broader range of perennial weeds, such as docks, thistles and nettles.

(f) Other crop expenses

Heavy duty silage covers cost approximately £1.73/m² (7-10 year lifespan). Associated gravel bags cost approximately £1.40/bag. Silage sheets cost approximately £0.18/m² for top sheets and £0.37/m² for wall liners. Clamp film is approximately £0.11/m². If baling, include costs for net wrap at 50-77p/bale for large round bales and bale wrap at £1.70-3.00/bale depending on number of layers of net and wrap and size of bales.

The use of an inoculant will typically add £1.15-1.60/t depending on the product chosen and its rate of application.

Grassland - Hay and Aftermath Grazing

PHYSICAL DATA

(a) System

Assume a 7 year sward life.

Establishment and harvest costs are described on page 76 and 77.

(b) Yield

Fertiliser N kg/ha (units/acre)/annum	80 (64)	140 (112)	180 (144)
Hay t/ha (t/acre)	5 (2.0)	6 (2.4)	7 (2.8)
Aftermath (cow grazing days)	125	140	180

Apportionment - a yield ratio of 75 : 25, hay : aftermath should be used.

To prevent heating in store, aim to bale hay at 15-20% moisture and leave to stand in field until heating ceases.

(c) Seed

A nominal annual charge (assume a 7 year sward life, for longer leys reduce the annual charge accordingly):

Mixture	£/ha
One year	105-130
Two-three years	115-170
Four-six years	125-175
Permanent	130-185

(d) Fertiliser

Neither P₂O₅ nor K₂O is assumed for aftermaths, although their use would be recommended subject to nutrient management planning. See page 4 for more info on nutrient planning.

		kg/ha (units/acre)/annum					
For hay	N	80	(64)	80	(64)	80	(64)
	P ₂ O ₅	30	(24)	35	(28)	42	(34)
	K ₂ O	90	(72)	108	(86)	126	(101)
For aftermath	N	-	-	60	(48)	100	(80)

(e) Sprays

A nominal annual charge (assume a 7 year sward life, for longer leys reduce the annual charge accordingly) to cover a herbicide during establishment, followed by a herbicide to control a broader range of perennial weeds, such as docks, thistles and nettles.

(f) Other crop expenses

Net wrap cost is costed on the basis of 5-6 round bales/t and assuming one roll of net will wrap 410 bales.

Grassland - Hay and Aftermath Grazing

VARIABLE COST DATA

Fertiliser kg N/ha (units/acre)/annum	80	(64)	140	(112)	180	(144)
VARIABLE COSTS	£/ha (acre)					
Seeds	23		23		23	
Fertiliser	106		155		193	
Sprays	10		10		10	
Other expenses	10		12		14	
	<u>149</u>	(60)	<u>200</u>	(81)	<u>240</u>	(97)

FERTILISER PRICE SENSITIVITY (+/-)

10 p/kg N	8	(3)	14	(6)	18	(7)
10 p/kg P ₂ O ₅	3	(1)	4	(2)	4	(2)
10 p/kg K ₂ O	9	(4)	11	(4)	12	(5)

Forage Crops

Introduction

Home-grown forage crops offer high yielding alternatives to grass; but establishment cost and time out of pasture production must be considered. Yield, quality, and utilisation are key to cost-effective forage crop production. Increasing the amount of grazed forage in the diet reduces reliance on expensive purchased feed and aids with filling the forage gap in the winter months.

Forage crops can be useful in both arable and grazing rotations; they make a good break crop between grass to grass re-seeds and provide time to correct deficiencies in pH, P and K, soil compaction and weed control. They can also be used as a pioneer crop in uncultivated areas.

Crops can be either full season crops or catch crops. To ensure high DM yields and to justify the cost of production and length of time taken out of production a full season crop should be grown on good land with full cultivations and correct agronomy. A catch crop can be grown after silage, wholecrop cereal or early harvested cereals to give a bonus crop of forage and allow an early re-seed the following spring.

Wholecrop silage

Wholecrop silage can provide a high-starch, high-fibre feed, replacing some or all of the grass silage in the ration. It is high yielding; therefore production costs per kilogram of dry matter (DM) are competitive with other forages, although the crude protein can be lower, unless using a legume or a cereal-legume mix. The earlier harvest reduces risk of bad weather at harvest time and provides time for winter cropping. Compared with grass silage, managing consistent quality is easier.

Brassicas and root crops

Brassica crops such as kale, forage rape, rape/kale hybrids, fodder beet, grazing turnips and swedes and stubble turnips provide nutritious, cost effective feeds. Out-wintering on brassicas and root crops can extend the grazing season and can allow for more animals to be kept, with minimal extra capital investment in buildings.

Leafy brassicas are generally high in protein while roots/bulbs are higher in energy. Fodder beet is the highest energy yielding crop, allowing high stocking densities – some farmers will manage 100 ewes per hectare for around two and a half months (Jan – Mar).

Forage brassica and root crops should only be fed to livestock up to 70% of the total DM intake and a grass runback and fresh water should always be provided. Another source of forage should be supplied, for example straw for dry cows, silage or hay for more productive stock. For lamb finishing, concentrates can also provide additional nutrition. Correct mineral/trace element supplementation is important when using forage crops.

The use of an electric fence is advisable to encourage stock to eat the whole crop evenly for high utilisation.

It is important to assess the yield of the crop (by cutting and weighing several 1m² sections) and then accurately working out the area the group of stock require each day. To assess the yield, make a frame that is 1m² and cut several representative samples of the crop. Place the sample in a bag and weigh using a spring balance. Multiply the average of your samples by 10,000 to give a fresh weight per hectare then again by the DM% (from the following tables) to give DM yield/ha. The crop can then be rationed to the stock based on their nutritional requirements, taking into account the likely utilisation % and other forages that are also being fed to the stock.

Brassica and Root Crop Technical Data

The following tables provide technical data that can be used in conjunction with the variable cost data for all the crops illustrated later in the section.

Variable costs include seed, chemical and fertiliser as per variable cost data for each crop. Costs of establishment are not included and will vary enormously depending on previous cropping, nutrients in the soil, whether it is a full season or catch crop and past experience of the various methods of establishment. Machinery costs on pages 379-382 can be referred to for typical ploughing, cultivation and drilling costs.

	Kale	Forage rape	Kale/rape hybrid	Chicory
Sown	May- Jul	Apr- Aug	Apr-Aug	May-Jul
Utilised	July-Mar	Aug- Dec	Jun-Jan	Mar-Nov
Variable cost (£/ha)	282	134-169	124-282	110
Grazings	1	1	1-2	Several
DM (%)	15-17	10-14	12-15	12
ME (MJ/kgDM)	10.5	10.5	10.5	12
CP (%)	14-17	19-20	18-19	18
% utilisation	80	80	80	70
Av DM yield (t/ha)	7.5	4.5	6	10
Cow graze days/ha ¹	1,260	756	1,008	1,680
ha/50 cows/100days ¹	4.0	6.6	5.0	3.0
Lamb graze days/ha ²	6,000	3,600	4,800	7,000
ha/250 lambs/100days ²	4.2	6.9	5.2	3.6

	Swede	Turnips	Stubble turnips	Fodder beet
Sown	Mar-May	Apr- Jun	May-Sept	Mar-May
Utilised	Oct-Apr	Sep-Apr	Aug-Dec	Oct-May
Variable cost (£/ha)	291	297	157	514
Grazings	1 or lifted	1	1	1
DM (%)	11-15	12-15	12-15	13-16
ME (MJ/kgDM)	12.5	10.5	10.5	13
CP (%)	10-11	17-18	17-18	6-8
% utilisation	80	80	80	80
Av DM yield (t/ha)	8	5	4	15
Cow graze days/ha ¹	1,600	840	672	-
ha/50 cows/100days ¹	2.6	4.6	7.9	-
Lamb graze days/ha ²	6,400	4,000	3,200	12,000
ha/250 lambs/100days ²	3.9	6.3	7.8	2.1

¹ Cows getting 50MJ/day from crop and the rest from other forage.

² Lambs allowed 1kg DM/day of crop.

The nutritional qualities shown above represent an average, crops vary, and it is advised to analyse high value crops for dry matter, Metabolisable Energy (ME) and protein to ensure appropriate allocations are being made.

Dry cow wintering example - A herd of dry suckler cows require 75MJ/hd/day ME. On a diet of kale and straw, 50MJ is expected to come from kale. At 7.5tDM/ha, 10.5ME and 80% utilisation each m² of kale will contain 6.3 MJ. Therefore the herd of 50 cows require 397m² of kale per day.

Lamb grazing example - 250 store lambs are given an allowance of 1kgDM of forage rape per head/day. With a yield of 4.5tDM/ha and utilisation of 80% then the group of lambs will require 694m²/day or approximately 0.49ha (1.2ac) per week.

Preserved Forage Crop Technical Data and Production Costs

The following table shows the cost of preserving forage crops including arable silage, forage maize and wholecrop wheat.

Assumptions:

- All crops ensiled.
- Yield potential will vary depending on site, timing, weather conditions and wastage at feeding.
- For breakdown, see variable cost data for each individual crop.
- Establishment and production costs based on contractor charges on pages 379-382, and fuel use (l/ha) and fuel cost on page 376-377.
- Total cost per annum does not include land rent and maintenance or finance charge associated with a silage clamp. The true cost will be higher due to wastage.

	Arable silage	Forage maize	Wholecrop ferm'd	crack'd
	pea/ cereal mix ensiled	under plastic ensiled	winter wheat ensiled	winter wheat ensiled
Yield (t FW/ha)	30	40	25	15
Yield (t DM/ha)	8	15	10	12
ME (MJ/kgDM)	10	10.5	10.5	10.5
CP (%)	16	9	9.5	9.5
		£/ha		
Variable costs	242	495	392	576
Establishment costs				
<i>Plough</i>	64	64	64	64
<i>Sow</i>	57	139	57	57
<i>Roll and de-stone</i>	19	19	19	19
<i>Fuel</i>	31	31	31	31
	170	253	170	170
Production costs				
<i>Spray</i>	14	14	41	41
<i>Fertilise/Slurry/FYM</i>	11	15	32	32
<i>Lift, cart and clamp crop</i>	160	172	160	160
<i>Other crop expenses</i>	3	3	3	3
<i>Fuel</i>	12	26	14	14
	200	230	251	251
Total cost per annum (£/ha)	612	977	813	996
Cost per t FW (£/t)	20	24	33	66
Cost per t DM (£/t)	76	65	81	83

Forage Peas and Pea/Cereal Mixtures (Arable Silage)

PHYSICAL DATA

(a) System

Forage peas (sown Mar-Jun) are grown as a catch crop to be grazed *in situ*, zero-grazed or ensiled/baled (harvested at flowering when pods have formed but not yet filled and wilted for 1-2 days). Peas can be grown alone, or in mixtures with barley or oats and undersown with grass for arable silage. Peas are highly palatable to livestock so must be introduced gradually and monitored to prevent bloat. Total production costs including establishment and harvest are described on page 89.

(b) Yield (in 12-16 weeks)

	Fresh t/ha (t/acre)	Dry matter t/ha (t/acre)
Forage peas	20-30 (8-12)	6-8 (2.4-3.2)
Arable silage	20-35 (8-14)	6-10 (2.4-4.0)

(c) Seed rates (kg/ha)

Forage peas:		Arable silage undersown with grass:	
direct drill	125	peas	40-60
(broadcast	150)	cereal	60-80
		total	100-140

Seed mixtures cost (p/kg):

Cereal	38.3
Peas	57

(d) Fertiliser – kg/ha (units/acre)

	Forage peas		Undersown arable silage			
			at sowing		after harvest	
N	0	(0)	40-60	(32-48)	50	(40)
P ₂ O ₅	50	(40)	90	(72)	25	(20)
K ₂ O	50	(40)	90	(72)	25	(20)

Apportionment of the cost of fertiliser in the seed bed and the residual value of nitrogen to the subsequent crop may be justified. See page 4 for more information on nutrient planning.

(e) Sprays

Pre emergence herbicide for forage peas can be used at a cost of £55.80/ha. There are no broad spectrum post emergence herbicides available for this crop. Varietal tolerance to a proposed spray should be ascertained.

A silage additive (£1.00-£1.60 per tonne silage – depending on the product chosen and its rate of application) is recommended for silages with a high pea content.

Forage Peas and Pea/Cereal Mixtures (Arable Silage)

VARIABLE COST DATA

	Forage Peas		Arable silage undersown	
VARIABLE COSTS			£/ha (acre)	
Seed	94		67	
Fertiliser	48		175	
Sprays	-		-	
Other expenses	-		-	
	<u>142</u>	(57)	<u>242</u>	(98)

FERTILISER PRICE SENSITIVITY (+/-)

10 p/kg N	0	(0)	10	(4)
10 p/kg P ₂ O ₅	5	(2)	12	(5)
10 p/kg K ₂ O	5	(2)	12	(5)

Forage Maize

PHYSICAL DATA

(a) System

Forage maize is ensiled and the clamp should be monitored for overheating. Introduce gradually into the animal's diet, ensuring there is an adequate source of long fibre in the ration and protein supplementation is essential. Contractor costs for establishment and harvest are described on page 89.

(b) Yield

	Without plastic	With plastic
Fresh (t/ha)	40	50
DM (t DM/ha)	12	15

(c) Seed

Target established plant density 100,000 plants/ha; sow at 15% above target plant density. Do not sow too early (soil temperature 8-10°C, 10 cm depth for 7 days).

Seed cost based on £67.50/pack (45,000 seeds).

(d) Fertiliser

	kg/ha	(units/acre)
N	120	(96)
P ₂ O ₅	60	(48)
K ₂ O	165	(132)

Maize sown under plastic will have no placement fertiliser and will rely on nutrients from slurry only. See page 4 for more information on nutrient planning.

(e) Sprays

Pre-emergence herbicide, then later before 8 leaf stage (without plastic). Post-emergence herbicide treatment approximately £37.50/ha.

In some years, slugs can be a problem. Pellets will cost in the region of £11.00/ha per application.

Forage Maize

VARIABLE COST DATA

	Without plastic		With plastic	
VARIABLE COSTS			£/ha (acre)	
Seed	184		184	
Fertiliser	179		-	
Sprays etc.	75		75	
Other expenses	-		236	
	<u>438</u>	(177)	<u>495</u>	(200)

FERTILISER PRICE SENSITIVITY (+/-)

10 p/kg N	12	(5)	-
10 p/kg P ₂ O ₅	6	(2)	-
10 p/kg K ₂ O	17	(7)	-

Whole Crop Cereal - Winter Wheat

PHYSICAL DATA

(a) System

Whole cropping of wheat provides an alternative feed to silage providing a good source of starch and fibre. The crop can be harvested at various growth stages creating different products. Additives can be used for improving preservation and feed quality. For example grain moisture >45% (soft dough, soft cheese) fermented whole crop, grain moisture 30% (hard cheese) crimped grain or urea treated whole crop and <30% treated and processed whole crop. See page 20 for more detail on growing winter wheat.

(b) Yield

	Fermented whole crop	Cracked whole crop
Fresh (t/ha)	29	14
DM (t DM/ha)	10	12

(c) Seed

Certified seed second generation (C2) sown at the rate of 220 kg/ha.

(d) Fertiliser

See page 4 for more information on nutrient planning.

	kg/ha	(units/acre)
N	200	(160)
P ₂ O ₅	67	(54)
K ₂ O	83	(66)

(e) Sprays

Herbicides Autumn residual herbicide to control annual meadow grass and broad leaved weeds.

Fungicides Two applications at GS31-32 and GS39 for eyespot, leaf diseases (e.g. septoria).

For sprays against other hazards see page 20.

(f) Other crop expenses

Fermented whole crop wheat can be made successfully without an additive, but the use of additives can improve aerobic stability. Additive costs range from £1.00-£1.60 per tonne - depending on the product chosen and its rate of application. Refer to page 89 for other crop expenses such as plastic covers.

Whole Crop Cereal - Winter Wheat

VARIABLE COST DATA

	Fermented whole crop	Cracked whole crop	
VARIABLE COSTS	£/ha (acre)		
Seed @ £425/t	94		94
Fertiliser	202		202
Sprays etc.	96		96
Other expenses	-		184
	<u>392</u>	(159)	<u>576</u> (233)

FERTILISER PRICE SENSITIVITY (+/-)

10 p/kg N	20	(8)	20	(8)
10 p/kg P ₂ O ₅	6	(2)	6	(2)
10 p/kg K ₂ O	8	(3)	8	(3)

Rye for Early Grazing

PHYSICAL DATA

(a) System

A catch crop of winter rye sown after early harvested cereal (Sep/Oct) and followed by light grazing at the end of the calendar year and subsequent cropping.

(b) Yield

Can be variable but, given early sowing, dry matter yields of up to 0.75t DM/ha in autumn and 2.25t DM/ha in spring can be achieved. Total dry matter yields up to 5.5t DM/ha can be achieved.

Forage rye can provide early spring grazing for 15-20 cows or 50-60 sheep per hectare over a three-week period.

(c) Seed

Rate – 185 kg/ha.

Early sowing is important but it is often difficult to obtain good viable seed in August or early September.

(d) Fertiliser

See page 4 for more information on nutrient planning.

	kg/ha (units/acre)				Total	
	Seed bed		Early spring			
N	-	-	80	(64)	80	(64)
P ₂ O ₅	30	(24)	-	-	30	(24)
K ₂ O	30	(24)	-	-	30	(24)

Rye for Early Grazing

VARIABLE COST DATA

VARIABLE COSTS	£/ha (acre)	
Seed	97	
Fertiliser	81	
Sprays etc.	-	
Other expenses	-	
	<hr/>	
	178	(72)
	<hr/>	

FERTILISER PRICE SENSITIVITY (+/-)

10 p/kg N	8	(3)
10 p/kg P ₂ O ₅	3	(1)
10 p/kg K ₂ O	3	(1)

Kale

PHYSICAL DATA

(a) System

System involves strip grazing behind an electric fence (to reduce crop wastage), allowing at least 3m of space per cow and a runback including hay/straw and water.

Kale can also be fed as part of a catch crop mixture which includes kale, stubble turnips and forage rape. Each brassica complements each other by means of nutritional benefits (see pages 87-88). Other benefits include winter hardiness and a prolonged utilisation period of the crop, with some varieties being early maturing and others being late.

(b) Yield

	Fresh		DM t/ha (t/acre)	
Autumn kale	70	(28.3)	8	(3.2)
Winter kale	50	(20.2)	7	(2.8)

Strip-grazed, a suitable daily allowance per cow (3 hr grazing) would be 47kg FW, including 20% wastage.

(c) Seed

Rate (direct drilled ungraded seed) – 4.0 kg/ha at £13/kg.

Seed treated with neonicotinoid which is still approved for animal feed, game and seed.

(d) Fertiliser

	kg/ha	(units/acre)
N	160	(128)
P ₂ O ₅	50	(40)
K ₂ O	170	(136)

Fertiliser rates will vary greatly with circumstances. Some farmers may also choose to top dress some of the N. See page 4 for more information on nutrient planning.

(e) Sprays

Herbicides Stale seed bed and a pre emergence herbicide.

Slugs Slug pellets may be broadcast or drilled with the seed at a cost of £11.00/ha.

Flea Beetle Insecticide may be required at a cost of £7.00/ha.

Kale

VARIABLE COST DATA

VARIABLE COSTS	£/ha (acre)
Seed	60
Fertiliser	202
Sprays etc.	20
Other expenses	-
	<hr/>
	282 (114)

FERTILISER PRICE SENSITIVITY (+/-)

10 p/kg N	16	(6)
10 p/kg P ₂ O ₅	5	(2)
10 p/kg K ₂ O	17	(7)

Forage Rape

PHYSICAL DATA

(a) System

Grazed system which must be introduced gradually with an area of runback with alternative forage, e.g. grass/hay/straw, as well as free access minerals and water.

There are several hybrids (rape/kale) on the market which are quick to establish and can be utilised within 10-12 weeks after sowing. They offer the benefit of early grazing in summer/autumn if other forage supplies are limited.

Sown with Italian ryegrass provides additional feed, grazing after the rape has been utilised and ensilaging opportunity.

(b) Yield

Total dry matter yield of approximately 4.5t DM/ha. About 50 lambs/ha (20 lambs/acre) (starting weight approx. 27 kg) will finish off rape, with a suitable 'run back' on to grass or stubble.

(c) Seed

	kg/ha	(lb/acre)
Drilled	6	(5.3)
Direct drilled/broadcast	8	(7.1)

These rates will need to be varied with soil condition.

Seed cost – £3.50/kg.

Inclusion of 10 kg Italian ryegrass would add approx. £22.50/ha to the cost.

(d) Fertiliser

	kg/ha (units/acre)	
	Drilled/broadcast	Direct drilled
N	100 (80)	140 (112)
P ₂ O ₅	25 (20)	25 (20)
K ₂ O	35 (28)	35 (28)

Catch crops after early potatoes would require less fertilisers. See page 4 for more information on nutrient planning.

(e) Sprays

Burn off land pre drilling for direct drilled crops only.

Insecticide for flea beetle may be required at a cost of £7.00/ha.

Forage Rape

VARIABLE COST DATA

	Broadcast		Drilled		Direct drilled	
VARIABLE COSTS			£/ha (acre)			
Seeds	40		30		40	
Fertiliser	94		94		120	
Sprays etc.	-		-		9	
Other expenses	-		-		-	
	<u>134</u>	(54)	<u>124</u>	(50)	<u>169</u>	(68)

FERTILISER PRICE SENSITIVITY (+/-)

10 p/kg N	10	(4)	10	(4)	14	(6)
10 p/kg P ₂ O ₅	2	(1)	2	(1)	2	(1)
10 p/kg K ₂ O	3	(1)	3	(1)	3	(1)

Dutch or Stubble Turnips

PHYSICAL DATA

(a) System

Grazed system which must be introduced gradually with an area of run-back with alternative forage e.g. grass/hay/straw as well as free access to minerals and water. Strip grazing is preferred to reduce wastage.

There are hybrids on the market which are sown in the spring and establish quickly, allowing utilisation in the summer. It is a leafy plant which has the potential to regrow but also to bolt.

It can be grown with other brassicas e.g. rape, which would offer an element of protection for the stubble turnip from frost prior to grazing.

(b) Yield

Can be highly variable particularly affected by date of sowing; but drilled crops sown in early July can finish 50-70 lambs/ha (20-28 lambs/acre) (starting weight approx. 27kg), although often requiring cereal supplementation to do so. Total dry matter yield approximately 4t DM/ha.

(c) Seed

Seed rates can be varied to alter the proportions of leaf to bulb.

	kg/ha	(lb/acre)
Direct drilled	3.6	(2.7-5.4)

Seed cost – £4.60/kg

(d) Fertiliser

These rates are variable, higher N rates increase the leaf to bulb ratio. See page 4 for more info on nutrient planning.

	kg/ha (units/acre)	
N	90	(72)
P ₂ O ₅	100	(80)
K ₂ O	50	(40)

(e) Sprays

Burn off land pre-drilling for direct drilled crops only.

Insecticide for flea beetle may be required at a cost of £7.00/ha.

Dutch or Stubble Turnips

VARIABLE COST DATA

	Drilled		Direct drilled	
VARIABLE COSTS			£/ha (acre)	
Seed	23		23	
Fertiliser	134		134	
Sprays etc.	-		9	
Other expenses	-		-	
	<u>157</u>	(63)	<u>166</u>	(67)

FERTILISER PRICE SENSITIVITY (+/-)

10 p/kg N	9	(4)	9	(4)
10 p/kg P ₂ O ₅	10	(4)	10	(4)
10 p/kg K ₂ O	5	(2)	5	(2)

Swedes and Turnips

PHYSICAL DATA

(a) System

The crop allows for two feeding systems, strip grazing by use of electric fencing or lifting and storing in a clamp. Roots must be clean and undamaged to prevent the risk of fungal disease in storage.

(b) Yield

	Swedes		Turnips	
	Fresh	DM <i>roots, t/ha (t/acre)</i>	Fresh	DM
Average	75 (30.4)	8.0 (3.2)	60 (24.3)	5.0 (2.0)
Premium	100 (40.5)	9.5 (3.8)	80 (32.4)	7.5 (3.0)

In addition, turnips will yield 15 to 30 t leaf/ha (1.5 to 3.0 t DM).

(c) Seed

Swede seed graded, dressed and precision sown (15 cm spacing) at 0.4 kg/ha and treated with neonicotinoid which remains approved for swede.

Turnip at 5kg/ha, untreated seed as neonicotinoid treatment not now approved.

Seed cost (p/kg):

Swedes – graded	97
Turnips – treated	11

(d) Fertiliser

See page 4 for more info on nutrient planning.

	Swedes		Turnips	
	<i>kg/ha (units/acre)</i>			
N	90	(72)	90	(72)
P ₂ O ₅	200	(160)	200	(160)
K ₂ O	150	(120)	125	(100)

(e) Sprays

Pre-emergence herbicide for annual grass and broad leaved weeds.

Insecticide for flea beetle may be required at a cost of £7.00/ha.

Swedes and Turnips

VARIABLE COST DATA

	Swedes		Turnips	
VARIABLE COSTS			£/ha (acre)	
Seed	39		55	
Fertiliser	229		219	
Sprays etc.	23		23	
Other expenses	-		-	
	<u>291</u>	(118)	<u>297</u>	(120)

FERTILISER PRICE SENSITIVITY (+/-)

10 p/kg N	9	(4)	9	(4)
10 p/kg P ₂ O ₅	20	(8)	20	(8)
10 p/kg K ₂ O	15	(6)	13	(5)

Chicory

PHYSICAL DATA

(a) System

Three year ley incorporating chicory, plantain and white clover. The crop is best utilised in a rotational grazed system. This allows for grazing every ~6 weeks to prevent the plant from flowering and crown damage. No winter grazing. The crop should be rested, typically by mid-September, in year of establishment and by November thereafter. Additional animal health benefits should also be considered.

(b) Yield

Can be variable and thrives better in warmer soils. A crop suitable for over 40 lambs/ha (16 lambs/acre) is possible in year of establishment (year 1). Adopt a restricted grazing period in year one. Some 15-30 ewes and twins/ha (6-12 ewes and twins/acre) can be grazed in years 2 and 3, typically from June, and lambs during that autumn.

About 40 lambs/ha (16 lambs/acre) (starting weight of approx. 34kg) will finish off pure chicory within 4 weeks. Crop would then be available to finish a further 12-25 lambs/ha (5-12 lambs/acre).

(c) Seed

Rate – 10 kg/ha.

Sow into a fine, warm and firm seedbed by early June.

Seed costs - £15.00/kg. Includes plantain and white clover. Cost annualised over an assumed three year rotation.

(d) Fertiliser

	kg/ha	(units/acre)
N	50	(40)
K ₂ O	25	(20)
P ₂ O ₅	25	(20)

Little or no fertiliser is required where established on a prime site using white clover as a companion crop. See page 4 for more info on nutrient planning.

(e) Sprays

An annual charge to cover pre-drilling stale seed bed preparation.

Otherwise, herbicides must not be used to control weeds in chicory. Poor competitor so good establishment is critical. Only topping should be carried out to control tall weeds post-emergence.

Chicory

VARIABLE COST DATA

VARIABLE COSTS	Direct drilled £/ha (acre)
Seed	50
Fertiliser	57
Sprays etc.	3
Other expenses	-
	<hr/>
	110 (45)

FERTILISER PRICE SENSITIVITY (+/-)

10 p/kg N	5	(2)
10 p/kg P ₂ O ₅	2	(1)
10 p/kg K ₂ O	2	(1)

Fodder Beet

PHYSICAL DATA

(a) System

Fodder beet can be grazed behind an electric fence or harvested and fed as chopped or whole. If harvesting the crop soil contamination should be kept to a minimum to prevent further cleaning costs and promote intakes.

The crop has a large yield potential, which offers a palatable, digestible feed for animals through the winter. It is a high cost crop to establish, but the return in DM is cost effective. This crop is from the beet family and is not a brassica.

Transition of animals on and off the crop requires careful consideration.

(b) Yield

	Roots - t/ha (t/acre)			
	Fresh			DM
Average	60	(24.3)	10	(4.0)
Premium	90	(36.4)	14	(5.7)

In addition, fodder beet will yield 35 t leaf/ha (3 to 4 t DM), as winter progresses this will die off with frost and snow damage.

(c) Seed

Pelleted monogerm seed precision drilled at 15 cm spacing in 55 to 65 cm rows (approx. 3-4 kg/ha). Treated seed is available at a premium cost.

(d) Fertiliser

	kg/ha	(units/acre)
N	100	(80)
P ₂ O ₅	60	(48)
K ₂ O	150	(120)

Potash level may be reduced to 75 kg/ha where agricultural salt (400 kg/ha) is applied.

All or part of the nutrient requirement can be satisfied with slurry or FYM. See page 4 for more info on nutrient planning.

(e) Sprays

Pre-emergence broad leaved weed control and then up to four post emergence applications at low rates.

Fodder Beet

VARIABLE COST DATA

VARIABLE COSTS	£/ha (acre)
Seed	210
Fertiliser	160
Sprays etc.	144
Other expenses	-
	<hr/>
	514 (208)

FERTILISER PRICE SENSITIVITY (+/-)

10 p/kg N	10	(4)
10 p/kg P ₂ O ₅	6	(2)
10 p/kg K ₂ O	15	(6)

Red Clover

PHYSICAL DATA

(a) System

Red clover-ryegrass mixtures provide a good silage crop whilst offering high quality aftermaths for finishing lambs. Up to 300g per day growth rate is possible for weaned lambs grazing red clover. Not suitable for winter grazing or intense autumn grazing.

Phyto-oestrogens affect ewe fertility so avoid grazing 6 weeks either side of tupping and limit grazing replacement ewe lambs on red clover as there is some, albeit limited, evidence that it affects reproductive tract development.

(b) Yield

	t/ha (t/acre) Fresh	DM
Average	37	10
Premium	56	15

(c) Seed

For a high red clover sward:

15kg/ha (6kg/acre) red clover

5kg/ha (2kg/acre) grass seed

Spring sowing at 10-15mm depth when soil temperatures exceed 10°C works best.

(d) Fertiliser

	kg/ha	(units/acre)
N	0	(0)
P ₂ O ₅	70	(56)
K ₂ O	70	(56)

P and K application should be guided by recent soil analysis. Clover require higher pH than grasses, target 6-6.5. Nitrogen application is not required. See page 4 for more information on nutrient planning.

(e) Sprays

Do not use residual herbicides on previous crops that could affect germination of clover.

Red Clover

VARIABLE COST DATA

VARIABLE COSTS	£/ha (acre)
Seed @ £8.5/kg	151
Fertiliser	67
Sprays etc.	-
Other expenses	-
	<hr/>
	218 (88)

FERTILISER PRICE SENSITIVITY (+/-)

10 p/kg N	0 (0)
10 p/kg P ₂ O ₅	7 (3)
10 p/kg K ₂ O	7 (3)

Livestock

Livestock Units

	Livestock units		Livestock units
Dairy cows	1.00	<u>Ewes and ewe replacements</u> ³	
Dairy bulls	0.65	Hill Ewes	0.06
Beef cows	0.75	Upland Ewes	0.08
Beef bulls	0.65	Lowland Ewes	0.11
Heifers in calf (rearing)	0.80	Rams	0.08
<u>Other cattle</u> ¹		<u>Lambs</u>	
0-12 months	0.34	Store lambs <1 year	0.04
12-24 months	0.65	Breeding ewe hoggs	0.04
Over 24 months ²	0.80	6 months – 1 year	0.06
Horses	0.80	Other sheep > 1 year	0.08

¹ excluding intensive beef systems

² reduced in proportion to time animal on farm

³ excluding suckling lambs

Notes

1. A Livestock Unit is usually defined in terms of feed requirements. The ratios in the table above are based on metabolisable energy requirements, with one unit being considered as the maintenance of a mature 625 kg Friesian cow and the production of a 40-45 kg calf, and 4,500 litres of milk at 36 g/kg of butterfat and 86 g/kg solids-not-fat.
2. To calculate the stocking density of grazing livestock, allowances should strictly be made for variation in output, e.g. yield per cow or liveweight gain per head, and also for quantities of non-forage feed consumed by each category of stock.
3. To calculate the total livestock units on a farm reduce in proportion the time animals are on farm within any year. The appropriate livestock units should be multiplied by the monthly average livestock numbers, except in the case of lambs and purchased stores where throughput should be used.
4. Because of the range in breed and type of animal within any one category (e.g. Friesian and Jersey dairy cows), the results obtained from the use of these figures must be interpreted with care.
5. Livestock units used by the Scottish Government for calculating stocking densities as part of eligibility for subsidy schemes differ slightly. See page 472 for more detail.

Basis of data: Defra, 'Definitions of Terms used in Agricultural Business Management' (Mar 2010).

Livestock Traceability

Cattle – current situation

All cattle are required to have a 'passport'. Without a passport cattle cannot be slaughtered for human consumption.

Cattle are required to be double tagged. Beef calves must have both tags fitted within 20 days of birth. Dairy calves must have one tag fitted within 36 hours of birth and the second tag fitted within 20 days of birth. **NOTE:** For all calves, births must be registered on the Cattle Tracing System (CTS) within **7 days of tagging** and within 27 days of birth. Lost or illegible tags (including those with backs or fronts missing), must be replaced within 28 days of discovery.

Deaths must be reported and passports returned within 7 days. If the animal is over 24 months of age, it must be tested for BSE.

When an animal moves from one holding to another, both off and on movements should be recorded in the holding register within 36 hours of the movement taking place. For further guidance see www.bcms.gov.uk.

An on-farm record must be retained for all cattle on the holding. All dairy births (within 7 days), any other calf (within 30 days), deaths (within 7 days) and movements (within 48 hours) all need to be recorded in farm records. These records must be retained for a 10 year period. A copy of a herd register can be downloaded at www.fas.scot/downloads/sample-blank-herd-register-bovine-animals/.

In Scotland, links between holdings no longer apply. To keep cattle you must register each holding that you use (owned, rented or seasonally rented) with ScotMoves (www.scoteid.com). Cattle moving to and from the different holdings (location codes) within a business now have to be recorded with ScotMoves within 48 hours of moving. This can be done by email, online, telephone/fax, paper or by using software packages. ScotMoves is not compulsory and on/off movements can be lodged with BCMS but the keeper must be registered as a keeper of cattle at the receiving holding and no more than one keeper can be registered on that holding. Full details including possible exemptions can be found at www.scoteid.com.

Cattle Tracing System changes - late 2020 early 2021

BCMS has reached the end of its working life and cattle tracing is being devolved to each country and CTS will no longer be available for Scottish users. The Scottish equivalent will be run by ScotEID through ScotMoves which is already used and will continue to be used by Scottish producers for movements. The change to the new process is due to start in November 2020 after the bulk of the autumn sales and calvings. However, if this timescale is missed it will be implemented in January 2021 before the spring calving starts.

When this happens CTS will no longer be available to Scottish users and all registrations, movements and deaths will be through ScotMoves.

Cattle Electronic ID

The move to compulsory electronic tagging of cattle may well start with calves born in the summer of 2021 (at the time of writing this has yet to be confirmed). The use of ScotMoves in the first instance will not require electronic tags and paper passports will still be issued.

Sheep

To keep sheep you must register each holding that you use (owned, rented or seasonally rented) with your local Rural Payments and Inspections Directorate (RPID) office. It is compulsory for all Scottish sheep born after 31 December 2009 to be tagged with an Electronic Identifier (EID) before they leave the holding of birth (unless under a concession) or are 9 months old, whichever comes first.

There are three types of tag that can be used:

- Slaughter Tags (a single EID tag with a flock mark and no visible individual identifier).
- A matching set of double tags with individual identifiers, one of which must be an EID tag.
- An EID bolus and black ear tag.

All sheep that are to be sold or slaughtered by the time they are one year old can be identified with any one of the above tags (tag types must not be mixed). However, the most common type for sheep under 12 months old are slaughter tags for store and finished lambs.

Any animals kept beyond 12 months of age must have a matching set of double tags with individual numbers – one an EID tag. Any slaughter tagged animals that are to remain on the holding after they are a year old, must be upgraded (provided they are completely traceable) by removing the slaughter tag and replacing with a matching set of double tags with individual identifiers one of which must be an EID tag on or before they are one year old. These must be recorded in the replacement register.

A record of identification must be kept in the flock records with the date the animals were EID tagged and their individual number if double tagged or flock number if slaughter tagged. Batch recording can be used.

Any homebred sheep losing their tags must have them replaced within 28 days of discovery. If they are on the holding of birth you can use your existing double tags one of which must be EID. If the sheep are not on the holding of birth, then red replacement EID tags must be used. The exception to this is upgrading bought in ewe lambs that can be upgraded to your own existing tags provided they are fully traceable. Replacement tags must be recorded in the flock records.

Flock books should include a section on identification and replacements and a continuous record must be kept. The register must be retained for three years. A holding register (orange book) is downloadable from the Farm Advisory Service website www.fas.scot/downloads/blank-flock-register/.

Records for all on/off movements, identification and replacement of tags must be completed in the register within 48 hours.

An annual flock inventory must be completed usually with the December Census.

All sheep movements in Scotland must be reported to SAMU (Scottish Animal Movements Unit) within 3 days. Any EID animals moving through Scottish Critical Control points (markets, abattoirs etc) are logged and uploaded to the ScotEID database. These movements can form part of your records. The ScotEID website (www.scoteid.com) is a source of information on tagging rules and regulations as is Scottish Government's own website at www.gov.scot/Topics/farmingrural/Agriculture/animal-welfare/IDtraceability/SheepandGoats

Goats

The rules for goats are identical to sheep except the EID component is not compulsory and tattoos can be used.

Deer

To keep deer you must register each holding that you use (owned, rented or seasonally rented) with your local Rural Payments and Inspections Directorate (RPID) office. Deer must be identified as required by the Tuberculosis (Deer) Order 1989 (as amended) before moving on or off a holding and before a TB test (unless under 16 weeks old).

The owner/keeper must complete a movement declaration found at www.gov.scot/Topics/farmingrural/Agriculture/animal-welfare/Diseases/MovementRestrictions/ExemptHTML

The movement declaration must be retained on the premises of departure for six months.

Pigs

To keep pigs you must register your holding with the local RPID office and obtain a County Parish Holding (CPH) number for every holding that you use within 30 days of when pigs are first kept. You must also contact your local Animal Health Office (AHPA) to register as a keeper of pigs and also to obtain a pig herdmark. All pigs born on your holding must be identified before leaving the holding of birth by an eartag or a permanent tattoo (either on the ear or a slapmark on the shoulder). See www.gov.scot/publications/pig-identification-registration-guidance-keepers-scotland/.

If under 12 months old, a temporary mark (paint) can be used for farm to farm movements only. For all movements to a show or exhibition, for breeding purposes, to a semen collection centre or, intra-community trade or export or under a walking licence, all pigs must also have an eartag or a tattoo with the herd mark and a unique individual identification number) not a slapmark. A slapmark, eartag or tattoo can be used for movement to a market or slaughterhouse. All replacement tags must be cross referenced in the holding register.

Movements must be notified either prior to leaving the holding or on the day of the move. This can be done electronically through www.scoteid.com or by telephone or in writing to the ScotEID information Centre. The receiving keeper must check and confirm receipt of pigs within 3 days of their arrival. The movements also need to be noted in the holding register within 48 hours of the move. These records must be kept for a minimum of 3 years and once a year the pigs on the holding must be recorded. ScotEID can be used for this. Rules for movements between England, Wales and Northern Ireland, and for imports and exports can be found at: www.gov.scot/publications/pig-identification-registration-guidance-keepers-scotland/pages/5/

Poultry

Following the Avian Influenza (Preventative Measures) (Scotland) Order 2007 any person keeping more than 50 poultry must register as a keeper. This can be done through www.gov.uk/poultry-registration-scotland, by post, telephone or email. Movement records must be kept for poultry and/or eggs. Where the breeding, laying or broiler flock has more than 250 birds, salmonella testing records must be kept.

All livestock movements

All movements of cattle, sheep, goats and other ruminating animals (except camelids) and swine are subject to a standstill period (unless an exemption applies). This period of standstill, in effect, does not permit the movement of any animal to a market if it has been presented at a market within the previous 13 days (20 for pigs), or an English or Welsh market within the previous 6 days (20 for pigs), except any animal marketed in a livestock market in any of the Scottish island areas. Many exemptions apply and they can be found at: www.gov.scot/Topics/farmingrural/Agriculture/animal-welfare/Diseases/MovementRestrictions/ExemptHTML

Animal Health Planning

Health Planning safeguards the health and productivity of farm animals by setting out disease prevention, detection and management procedures. The approach is farm specific and requires regular reviews that lead to updates in the health programme for the stock, and is always done in conjunction with the farm vet. Once the issues are identified and

actions agreed the farmer and vet set SMART targets that will allow the farmer to achieve the flock or herd health planning objectives.

Specific: use flock/herd actual data to set targets i.e. *“I want to reduce pneumonia incidence in my herd to less than 10 cases a year”*

Measurable: ensure that changes can be measured i.e. *“I currently have 30 cases a year”*

Achievable: ensure that targets are realistic i.e. *“I will consult with my vet and implement appropriate vaccination programmes”*

Relevant: use objectives that will benefit the enterprise i.e. *“This will increase my income by an estimated 15%”*

Time-based: ensure that the time period is realistic i.e. *“I want to achieve this within 12 months”*

Many vets' practices have devised their own health planning system, which reflects particular needs for their practice area. Before engaging with a particular health plan system, farmers should consult with their vet on what would be most suitable for their farm and requirements.

Health planning need not be computer-based, but the advantage of a programme run on the web is that all the flock/herd information such as production data, treatments, management actions, laboratory reports etc are kept in one place and the farmer, their vet and advisors can access them from different locations and can collaborate in real time.

The web-based Health Plan tools available include:

- Scottish Animal Health Planning System (SAHPS), www.sahps.co.uk/
- My Healthy Herd (MHH), www.myhealthyherd.co.uk
- WLBP Animal Health Plan, <https://farmrecords.wlbp.co.uk>

SRUC Veterinary Services has developed the SAHPS to support vets and farmers involved in flock/herd health planning. The concept of SAHPS requires the farmer to enter farm data into the web-based system including production data, treatments/vaccines, disease incidents and the vet to analyse this data to identify risks and to plan actions to improve profits while safeguarding animal health and welfare. In order to make the data collection easier and allow farmers to record events as they occur a mobile phone application for Herd Health Planning (SAHPS APP) is under development.

The SAHPS has been fully funded to date by the Scottish Government and is free to Scottish veterinary practices and farmers. It is also available to veterinary practices and farmers in England and Wales on a chargeable basis.

SAHPS allows you to:

- Create a tailored and comprehensive health plan
- View and compare production and disease data year on year

- Compare performance with similar enterprises locally and nationally *
- View and update a calendar of forthcoming events for your enterprise(s), i.e. add a reminder to order drugs or treat an individual animal
- Upload your documents, i.e. laboratory and abattoir reports

In 2019, key performance data taken from SAHPS highlighted that:

- Cattle herds in the upper quartile weaned 24% more calves than the lower quartile and had 15% fewer barren cows.
- Sheep flocks in the upper quartile weaned 58% more lambs than the lower quartile and had 8% fewer barren ewes.

For more information visit at <http://www.sahps.co.uk/> or email enquiries@sahps.co.uk.

Premium health schemes

The Premium Cattle Health Scheme (PCHS) and the Premium Sheep and Goat Health Scheme (PSGHS) identify herds and flocks free from certain diseases and offer a control programme for those herds/flocks in which the diseases occur. Diseases covered by these schemes are:

PCHS

- Bovine Virus Diarrhoea (BVD)
- Leptospirosis
- Infectious Bovine Rhinotracheitis (IBR)
- Johne's Disease
- Neospora
- Bovine TB (England only)

PSGHS

- Maedi Visna (MV)
- Caprine Arthritis Encephalitis (CAE)
- Enzootic Abortion of Ewes (EAE)
- Scrapie

In addition to the livestock health schemes mentioned above, SRUC Veterinary Services offers the Premium Assured Strangles Scheme (PASS) supported by the British Horse Society (BHS).

PASS aims to:

- Protect healthy horses and equine yards from infection with Strangles.
- Eliminate Strangles from infected yards by detecting/treating carriers.
- Prevent the spread of disease locally by actively eliminating infection.
- Offer a national control programme to reduce the risk of Strangles for all horses.

For more information on all the above health schemes visit at <https://www.sruc.ac.uk/vets>

Veterinary medicine records

If you are the keeper of food producing animals or treat farm animals intended for human consumption, you must keep the following for 5 years from the date of treatment, or disposal of the veterinary medicine products:

- A record of the proof of purchase or, where medicines were not bought, documentary evidence of how they were acquired.
 - ✓ name of the product and the batch number
 - ✓ date of acquisition
 - ✓ quantity acquired
 - ✓ name and address of the supplier

- A record of all veterinary medicine products administered to the animals, including those administered by the vet.
 - ✓ name of the product and the batch number
 - ✓ date of administration
 - ✓ amount of product administered
 - ✓ identification of the animals treated
 - ✓ withdrawal period

- A record of the disposal of all veterinary medicine products that have not been used for animal treatment.
 - ✓ date of disposal
 - ✓ quantity of product involved
 - ✓ how and where it was disposed of

All the above information is compulsory to be retained for 5 years whether or not the animal has been sold, slaughtered or died.

Nutritive Values and Relative Values (£) of Feedingstuffs

The tables are provided as a general guide and should be used with care. Each foodstuff has been attributed a specific nutritive value and often this will vary, e.g. the nutritive value of draff (see page 122). The relative values of the feedingstuffs are also affected by the rationing situation.

The relative values for ruminants are calculated on an ME (metabolisable energy) and CP (crude protein) basis using barley and rapeseed meal as standard reference foods. The relative values for pigs are calculated on a NE (net energy) and Dig Lys (digestible lysine) basis, using barley and hipro soya as standard reference foods.

If the relative value of a foodstuff is higher than the price then it is good value for money. For ruminants this does not take into account other characteristics of the feedstuff, for example, the high digestible undegradable protein (DUP) content of soya bean meal for ewes in late pregnancy or digestible fibre properties of sugar beet pulp. For pigs relative value does not take into account the content of other amino acids and for both types of animal the negative characteristics such as low palatability.

Nutritive values of feedingstuffs-ruminants

	Dry matter (g/kg)	ME (MJ/kg DM)	CP (g/kg DM)
Rapeseed meal	900	12.0	400
Barley	860	13.2	115
Hay (average)	850	8.6	85
Hay (good)	860	9.2	100
Silage (average)	240	10.6	130
Silage (good)	240	11.2	140
Barley straw	860	6.3	35
Oats	870	12.0	100
Wheat	860	13.6	115
Maize	860	13.8	95
Brewers grains (draff)	230	11.1	200
Wheat dark grains	900	13.5	340
Malt dark grains	900	12.2	265
Maize gluten (20%)	880	12.9	220
Soya bean meal (47%)	890	13.3	530
Potatoes	210	13.3	90
Swedes	105	14.0	90
Molassed sugar beet feed	890	12.5	100

Relative values (£) of feedingstuffs-ruminants

	£/t					
RAPESEED MEAL		210			230	
BARLEY	120	140	160	120	140	160
Hay (average)	70	79	88	72	81	90
Hay (good)	81	91	100	83	93	102
Silage (average)	28	32	35	29	32	36
Silage (good)	29	33	36	30	34	37
Barley straw	38	45	51	38	44	51
Oats	105	123	141	105	123	141
Wheat	124	145	166	123	145	166
Maize	121	144	166	119	142	165
Brewers grains (draff)	34	37	39	36	39	41
Wheat dark grains	204	212	221	219	227	236
Malt dark grains	34	37	39	36	39	41
Maize gluten (20%)	155	168	181	162	175	188
Soya bean meal (47%)	264	260	257	291	287	284
Potatoes	28	33	38	27	33	38
Swedes	15	18	20	14	17	20
Molassed sugar beet feed	113	132	151	112	132	151

Nutritive values of feedingstuffs-pigs

	NE (MJ/kg as fed)	Dig Lys (g/kg as fed)
Hipro soya bean meal	8.4	26.6
Barley	9.6	2.8
Oats	8.0	3.0
Wheat	10.5	2.5
Wheat feed	7.7	4.6
Wheat bran	6.2	4.0
Maize	11.1	1.8
Wheat dark grains	9.3	5.6
Maize gluten (20%)	7.0	4.0
Peas	9.7	12.5
Beans	8.6	12.8
Molassed sugar beet feed	6.6	2.9
Molasses	7.0	0.1
Biscuit waste	11.7	2.5
Rapeseed meal	6.5	14.0

Relative values (£) of feedingstuffs-pigs

	£/t					
HIPRO SOYA BEAN MEAL	300			350		
BARLEY	120	140	160	120	140	160
Oats	105	122	138	107	123	139
Wheat	127	149	171	126	148	170
Wheat feed	115	130	144	120	134	149
Wheat bran	95	107	118	100	111	122
Maize	127	151	175	124	148	173
Wheat dark grains	140	157	174	146	163	180
Maize gluten (20%)	103	116	130	107	121	134
Peas	199	213	226	219	233	246
Beans	191	201	212	212	222	233
Molassed sugar beet feed	90	103	116	92	105	118
Molasses	72	88	104	68	84	100
Biscuit waste	139	164	189	137	162	187
Rapeseed meal	179	184	189	204	209	214

Gestation Table

Date of service	Births due		Date of service	Sow	Births due		Date of service	Sow	Births due		Date of service	Sow	Births due	
	Cow	Ewe			Cow	Ewe			Hind	Cow			Ewe	Hind
01-Jan	12-Oct	30-May	19-Aug	24-Apr	06-May	15-Feb	03-Oct	23-Dec	28-Aug	08-Sep	20-Jun	05-Feb	27-Apr	31-Dec
06	17	04-Jun	29	29	11	20	08	28	02-Sep	13	25	10	02-May	05-Jan
11	22	09	29	04-May	16	25	13	02-Jan	07	18	30	15	07	10
16	27	14	03-Sep	9	21	02-Mar	18	07	12	23	05-Jul	20	12	15
21	01-Nov	19	8	14	26	07	23	12	17	28	10	25	17	20
26	06	24	13	19	31	12	28	17	22	03-Oct	15	02-Mar	22	25
31	11	29	18	24	05-Jun	17	02-Nov	22	27	08	20	07	27	30
05-Feb	16	04-Jul	23	29	10	22	07	27	02-Oct	13	25	12	01-Jun	04-Feb
10	21	09	28	03-Jun	15	27	12	01-Feb	07	18	30	17	06	09
15	26	14	03-Oct	8	20	01-Apr	17	06	12	23	04-Aug	22	11	14
20	01-Dec	19	8	13	25	06	22	11	17	28	09	27	16	19
25	06	24	13	18	30	11	27	16	22	02-Nov	14	01-Apr	21	24
02-Mar	12	30	19	24	05-Jul	16	02-Dec	21	27	07	19	06	26	01-Mar
07	17	04-Aug	24	29	10	21	07	26	01-Nov	12	24	11	01-Jul	06
12	22	09	29	04-Jul	15	26	12	03-Mar	06	17	29	16	06	11
17	27	14	03-Nov	9	20	01-May	17	08	11	22	03-Sep	21	11	16
22	01-Jan	19	8	14	25	06	22	13	16	27	08	26	16	21
27	06	24	13	19	30	11	27	18	21	02-Dec	13	01-May	21	26
01-Apr	11	29	18	24	04-Aug	16	01-Jan	23	26	07	18	06	26	31
06	16	03-Sep	23	29	09	21	06	28	01-Dec	12	23	11	31	05-Apr
11	21	08	28	03-Aug	14	26	11	02-Apr	06	17	28	16	05-Aug	10
16	26	13	03-Dec	8	19	31	16	07	11	22	03-Oct	21	10	15
21	31	18	8	13	24	05-Jun	21	12	16	27	08	26	15	20
26	05-Feb	23	13	18	29	10	26	17	21					
01-May	10	28	18	23	03-Sep	15	31	22	26					

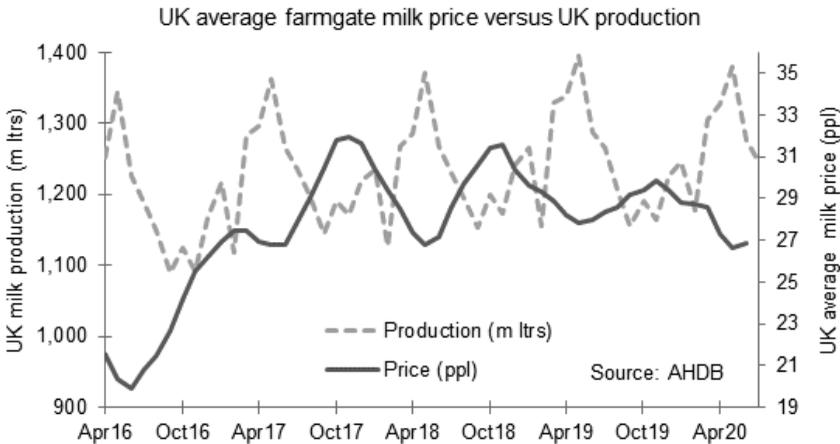
Note: Refer to the Miscellaneous section for gestation values for the above livestock. Values will change for different breed types.

Dairying

Introduction

Farm-gate milk prices and price drivers

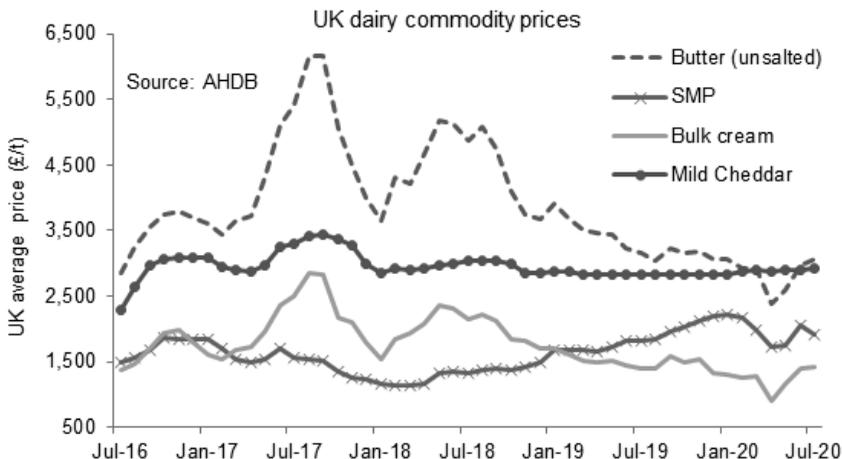
UK farm-gate prices were fairly steady in the last quarter of 2019 and the first quarter of 2020, averaging between 28.7 - 29.9ppl (including aligned prices) mainly due to milk production being slightly below forecasted volumes. The impact of COVID-19 in the UK throughout March, April and May was devastating to the dairy industry, particularly for milk processors supplying the food service and hospitality sector where markets disappeared literally overnight. While the increase in demand in liquid milk was seen in the retail sector, it was not enough to make up the shortfall in lost sales into the food service industry. Farm suppliers to the food service industry were hit with severe price cuts of up to 5ppl in the space of 2 months. Reports of milk being dumped (estimated at over 1 million litres) and requests by processors to reduce milk volumes meant challenging times for farmers. As a result, the spring flush did not materialise as expected. It was also a very dry spring in 2020, with grass slow to get going, delaying turnout in some areas. Milk supply for the 2019/20 milk year was 14,963 million litres, up 91 million litres from the previous year. The UK average farm-gate milk price peaked at 29.87ppl in November 2019 and the lowest milk price during the last milk year was 27.84ppl in May 2019.



The UK farm-gate milk price is mainly driven by the commodities market. Dairy fats (butter and cream) have fallen steadily in price over the 12-month period from June 2019 to May 2020. During this period butter has fallen from £3,240/t to £2,600/t and cream has dropped from £1,450/t to £1,170/t. The market for cheddar has remained relatively stable over the last 12 months at around £2,830/t to £2,910/t. SMP peaked at £2,200/t in January 2020 but fell to a 12-month low of £1,730/t in April 2020.

The fall in commodity prices in the 2019/20 milk year was mainly due to oversupply of milk in the first half of the year. Buyers were also stocking

up with products in preparation for the UK leaving the EU on the 31st October 2019, reducing demand for product.



EU milk production increased by 0.5% in 2019, with the biggest increases in production coming from Ireland and Poland. However, it is expected that growth in 2020 will be only 0.4% (excluding the UK). Although 2020 got off to a strong start, with production up by 2.5% (year to date in March) dry weather and lower demand for products and lower milk prices means that production in the second half of 2020 will likely be less than 2019 levels.

World milk supplies for March 2020 were 1.7% above the same month last year, with an average daily production of 815 million litres. Dry weather greatly impacted on milk output in New Zealand with production being back 1.9%. Strong production was recorded in the US and the EU (excluding the UK) for March 2020, with output being up 2.8% and 1.2% respectively, compared to the same month last year. Growth in global milk production for 2020 is predicted to be no more than 1% with the US expected to contribute the most, increasing production by an estimated 1.8%. It is forecast that dry conditions across the globe will limit growth.

Milk supply contracts

All UK dairy farmers are contracted to supply milk to an individual milk purchaser/processor. A select number of dairy farmers are on 'retailer aligned contracts'. Farmers on these contracts have seen their farm-gate milk prices maintained based on a cost of production formula used by the individual retailers. At the time of writing (June 2020), aligned milk contracts are in the region of 29.82 - 33.40ppl. The majority of non-aligned farm-gate milk prices are in the region of 26.5ppl for a standard liquid litre based on 4% butterfat and 3.3% protein.

The price paid for milk going for manufacturing purposes places more emphasis on compositional quality, with a standard liquid litre being

based on 4.2% butterfat and 3.4% protein. Historically liquid contracts have tended to be poorly rewarded for components compared to manufacturing contracts but this has changed in recent years. Depending on the contract, bonuses and penalties are awarded with milk composition being either above or below the standard litre respectively. Some contracts pay purely on the kgs of milk solids produced.

Additional bonuses for milk collections may include every other day collections, volume bonuses and flexible collection times.

Fixed price contracts

From time to time, some milk purchasers offer fixed contracts, allowing producers to fix a certain proportion of their milk at a given price for a period of time. '*Futures contracts*' allow farmers to reduce their exposure to market volatility in milk prices and plan ahead with purchasing key inputs such as feed and fertiliser. Futures broker FC Stone calculates regular forward milk prices based on European milk futures contracts and currency exchange rates. Futures market based values are referred to as UK Milk Futures Equivalent (UKMFE) and the current price as of mid-June 2020 was 27.66ppl. The price the farmer receives will be lower than these futures values once adjusted to reflect processor margin and transport costs. To put this in perspective, the estimated cash cost of production for all year-round calving herds for the 12-month period ending March 2020 was 25.4ppl for the top 25% and 28.5ppl for the middle 50% respectively (AHDB Dairy).

Outlook

Little growth in domestic and global milk production is predicted for 2020 due to margins being tight with low farmgate prices and high input costs.

Demand for milk and dairy products slowly started to pick up during the summer of 2020 and is expected to continue in the second half of 2020. However, this will likely be limited by continued social distancing measures and less consumer spending due to lower economic growth. It is expected that demand for dairy products will be about 80% of previous levels. Normally with seasonally lower milk production later in the year, a lift in farm-gate milk prices is often seen. However, uncertainty around future trading arrangements with the EU after 31st December 2020 (and the possibility of further waves of COVID-19) means that it is very difficult to predict what milk prices might do and the best we can hope for is stability in the market place.

Lactation Curves

The table below is an example of a lactation curve for a cow yielding 5,000 litres and can be used for budgeting purposes.

Month	Month of calving											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
January	12.3	-	-	4.7	6.4	7.4	8.5	9.6	10.6	11.8	12.9	13.4
February	12.0	11.0	-	-	4.5	5.9	6.8	7.7	8.6	9.7	10.8	11.6
March	13.0	13.5	12.4	-	-	5.3	6.8	7.7	8.6	9.8	10.9	12.0
April	11.9	12.8	13.4	12.4	-	-	5.3	6.7	7.6	8.6	9.8	10.8
May	12.1	13.2	14.3	15.1	14.1	-	-	6.0	7.5	8.6	9.7	10.8
June	10.4	11.7	12.8	13.8	14.6	13.8	-	-	6.0	7.3	8.3	9.4
July	8.7	9.9	11.0	12.0	13.2	14.1	13.1	-	-	5.5	6.9	7.9
August	7.5	8.5	9.4	10.6	11.7	13.0	13.9	12.8	-	-	5.3	6.6
September	6.7	7.5	8.4	9.5	10.8	12.0	13.4	13.9	12.8	-	-	5.3
October	5.4	6.8	7.6	8.6	9.7	11.2	12.5	13.6	14.2	13.1	-	-
November	-	5.1	6.1	7.0	7.9	9.1	10.3	11.5	12.5	13.0	12.1	-
December	-	-	4.6	6.3	7.1	8.2	9.4	10.5	11.6	12.6	13.3	12.2
	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Basis of data: These figures are based on the SAC 'Dairy Herd Forecasting Model' and are broadly applicable to other yield levels.

It should be noted that the figures are intended only as a general guide and that annual yield, lactation number, calving index, feeding regime and geographical area will all affect the actual curve obtained.

Dairy Cow - Summary of Assumptions

(a) Milk Price 2020

The following gross margins include four annual yield levels, based on average production of 1,000,000 litres per annum:

Litres /cow	Calving system	Contract type	Average price (ppl) *
5,000	Spring	Manufacturing	29.0
7,000	All year round	Manufacturing	29.0
8,500	All year round	Liquid	28.0
10,000	All year round	Liquid	28.0

* Use price sensitivity to change gross margins to reflect current milk price.

(b) Feeding

The systems shown are all based on an ad-lib silage feeding regime. As milk yield increases, forage quality becomes more critical. Although high milk yields can be achieved using conventional systems based on grass, grass silage and concentrates, the inclusion of a second forage, such as wholecrop cereal or maize silage, will normally enhance performance. Forage replacers' such as 'grainbeet' along with distillery by-products, fodder beet and potatoes can also be considered to enhance intakes and performance. Good grassland management and well-preserved grass silage with high intake characteristics are necessary to avoid excessive concentrate use (target concentrate use per litre should be less than 0.4kg). Multi-cut silage is popular as a means of improving forage quality and reducing demand for purchased concentrates and protein sources.

Many dairy farms have replaced part or all of the purchased compound dairy cake or blends with home mixes. These mixes typically cost £10-20/t less than purchased products. They do, however, incur greater demand on labour and machinery and require more storage capacity.

(c) Other livestock expenses

These are taken from commercial dairy herds and include milk recording, bedding, sawdust and dairy detergents.

Dairy Cow - Low Input Spring Calving

PHYSICAL DATA

Calving period	Spring
	/cow
Average annual yield (litres)	5,000
Herd life (years)	5.0
Calving interval (days)	370
Cow size (kg)	500
Feed requirements (kg):	
Silage	7,000
Concentrates	750
Concentrates fed (kg/litre)	0.15
Overall forage area (ha):	
Silage & aftermath grazing	0.20
Grazing	0.27
Total	<u>0.47</u>

Basis of data:

1. A spring calving herd managed on a low input system. Calving between February and April. Maximum utilisation of grazed grass; 150 days winter feeding period. A herd of 200 cows to produce 1m litres assumed at 4.4% BF and 3.5% P.
2. Calf sale/transfer value is an average of dairy heifers, males and beef cross calves at £120.45/hd then adjusted for calving interval and mortality. The calf value can be altered by £9.17 for each £10 difference in the sale/transfer price.
3. Cull cow sale price of £401.25/hd has been adjusted for herd life and mortality. The annual share can be altered by £1.95 for each £10 difference in cull cow price.
4. Heifer purchase/transfer price varies according to yield. A purchase price equating to 15ppl has been used. This has been adjusted for herd life and mortality. The annual share can be altered by £2.04 for each £10 difference in purchase/transfer price.

Dairy Cow - Low Input Spring Calving

GROSS MARGIN DATA

Calving period	Spring /cow
Average annual yield (litres)	5,000
OUTPUT	
Spring milk @ 29 p/litre	1,450
Calf value	111
Cull cow (annual share)	80
	<hr/>
	1,641
Heifer replacement (annual share)	153
	<hr/>
	1,488
VARIABLE COSTS	
Concentrates @ £245/t	184
AI	35
Vet & medicines	45
Other livestock expenses	86
	<hr/>
	350
Gross Margin before forage	<hr/>
	1,138
Forage variable costs:	
silage @ £333/ha	67
grazing @ £225/ha	61
	<hr/>
Total Variable Costs	478
GROSS MARGIN £/cow	<hr/>
	1,010
GROSS MARGIN £/forage ha	<hr/>
	2,149

Sensitivity-Change ±

1 p/litre in milk price
£10/t in concentrate price

Change in Gross Margin/head (£)

50
7

Dairy Cow - 7,000 Litres

PHYSICAL DATA

Calving period	All year
	/cow
Average annual yield (litres)	7,000
Herd life (years)	4.2
Calving interval (days)	390
Cow size (kg)	600
Feed requirements (kg):	
Silage	8,500
Concentrates	1,800
Concentrates fed (kg/litre)	0.26
Overall forage area (ha):	
Silage & aftermath grazing	0.25
Grazing	0.24
Total	<u>0.49</u>

Basis of data:

1. A moderate input system calving all year round; 200 days winter feeding period. A herd of 143 cows to produce 1m litres assumed at 4.2% BF and 3.4% P.
2. Calf sale/transfer value is an average of dairy heifers, males and beef cross calves at £130.00/hd then adjusted for calving interval and mortality. The calf value can be altered by £8.61 for each £10 difference in the sale/transfer price.
3. Cull cow sale price of £481.50 /hd has been adjusted for herd life and mortality. The annual share can be altered by £2.34 for each £10 difference in cull cow price.
4. Heifer purchase/transfer price varies according to yield. A purchase price equating to 15ppl has been used. This has been adjusted for herd life and mortality. The annual share can be altered by £2.45 for each £10 difference in purchase/transfer price.

Dairy Cow - 7,000 Litres

GROSS MARGIN DATA

Calving period	All year /cow
Average annual yield (litres)	7,000
OUTPUT	
All year milk @ 29 p/litre	2,030
Calf value	112
Cull cow (annual share)	115
	<hr/>
	2,257
Heifer replacement (annual share)	257
	<hr/>
	2,000
VARIABLE COSTS	
Concentrates @ £245/t	441
AI	46
Vet & medicines	74
Other livestock expenses	91
	<hr/>
	651
Gross Margin before forage	<hr/>
	1,349
Forage variable costs:	
silage @ £333/ha	83
grazing @ £225/ha	54
	<hr/>
Total Variable Costs	788
GROSS MARGIN £/cow	<hr/>
	1,212
GROSS MARGIN £/forage ha	<hr/>
	2,474

Sensitivity-Change ±

1 p/litre in milk price
£10/t in concentrate price

Change in Gross Margin/head (£)

70
18

Dairy Cow - 8,500 Litres

PHYSICAL DATA

Calving period	All year
	/cow
Average annual yield (litres)	8,500
Herd life (years)	3.6
Calving interval (days)	400
Cow size (kg)	650
Feed requirements (kg):	
Silage	9,200
Concentrates	2,800
Concentrates fed (kg/litre)	0.33
Overall forage area (ha):	
Silage & aftermath grazing	0.25
Grazing	<u>0.23</u>
Total	<u>0.48</u>

Basis of data:

1. A moderate input system calving all year round; 230 days winter feeding period. A herd of 118 cows to produce 1m litres assumed at 4.1% BF and 3.3% P.
2. Calf sale/transfer value is an average of dairy heifers, males and beef cross calves at £164.00/hd then adjusted for calving interval and mortality. The calf value can be altered by £8.40 for each £10 difference in the sale/transfer price.
3. Cull cow sale price of £459.03/hd has been adjusted for herd life and mortality. The annual share can be altered by £2.71 for each £10 difference in cull cow price.
4. Heifer purchase/transfer price varies according to yield. A purchase price equating to 15ppl has been used. This has been adjusted for herd life and mortality. The annual share can be altered by £2.86 for each £10 difference in purchase/transfer price.

Dairy Cow - 8,500 Litres

GROSS MARGIN DATA

Calving period	All year /cow
Average annual yield (litres)	8,500
OUTPUT	
All year milk @ 28 p/litre	2,380
Calf value	135
Cull cow (annual share)	129
	<hr/>
	2,644
Heifer replacement (annual share)	364
	<hr/>
	2,280
VARIABLE COSTS	
Concentrates @ £245/t	686
AI	55
Vet & medicines	90
Other livestock expenses	90
	<hr/>
	921
Gross Margin before forage	<hr/>
	1,359
Forage variable costs:	
silage @ £333/ha	83
grazing @ £225/ha	52
	<hr/>
Total Variable Costs	1,056
GROSS MARGIN £/cow	<hr/>
	1,224
GROSS MARGIN £/forage ha	<hr/>
	2,550

Sensitivity-Change ±

1 p/litre in milk price

£10/t in concentrate price

Change in Gross Margin/head (£)

85

28

Dairy Cow - High Output Housed Year Round

PHYSICAL DATA

Calving period	All year /cow
Average annual yield (litres)	10,000
Herd life (years)	3.0
Calving interval (days)	415
Cow size (kg)	650
Feed requirements (kg):	
Silage	14,600
Concentrates	3,800
Concentrates fed (kg/litre)	0.38
Overall forage area (ha):	
Silage & aftermath grazing	0.40
Grazing	0.00
Total	<u>0.40</u>

Basis of data:

1. A high input, high output system calving all year round and housed for 365 days on a complete ration. A herd of 100 cows to produce 1m litres assumed at 4.0% BF and 3.2% P.
2. Calf sale/transfer value is an average of dairy heifers, males and beef cross calves at £172/hd then adjusted for calving interval and mortality. The calf value can be altered by £8.09 for each £10 difference in the sale/transfer price.
3. Cull cow sale price of £459.03/hd has been adjusted for herd life and mortality. The annual share can be altered by £3.11 for each £10 difference in cull cow price.
4. Heifer purchase/transfer price varies according to yield. A purchase price equating to 15ppl has been used. This has been adjusted for herd life and mortality. The annual share can be altered by £3.06 for each £10 difference in purchase/transfer price.

Dairy Cow - High Output Housed Year Round

GROSS MARGIN DATA

Calving period	All year /cow
Average annual yield (litres)	10,000
OUTPUT	
All year milk @ 28 p/litre	2,800
Calf value	139
Cull cow (annual share)	150
	<hr/>
	3,089
Heifer replacement (annual share)	459
	<hr/>
	2,630
VARIABLE COSTS	
Concentrates @ £245/t	931
AI	65
Vet & medicines	105
Other livestock expenses	110
	<hr/>
	1,211
Gross Margin before forage	<hr/>
	1,419
Forage variable costs:	
silage @ £333/ha	133
grazing @ £225/ha	-
	<hr/>
Total Variable Costs	1,344
GROSS MARGIN £/cow	<hr/>
	1,286
GROSS MARGIN £/forage ha	<hr/>
	3,215

Sensitivity-Change ±

1 p/litre in milk price
£10/t in concentrate price

Change in Gross Margin/head (£)

100
38

		Approx closing lwt (kg)	Cow grazing (days)	Mainly silage ration		
				Conc (kg)	Straw (kg)	Silage (kg)
Early autumn						
(1st Sept)/27 months						
Birth		40	-	-	-	-
0-2	(S-O)	90	-	170	100	-
3-8	(N-A)	200	-	450	800	-
9-14	(My-O)	320	100	300	-	-
15-20	(N-A)	430	-	150	-	5,000
21-27	(My-N)	540	170	110	-	1,500
Total			270	1,180	900	6,500

Forage (ha) 0.65 - - 0.21

Early spring						
(1st April)/27 months						
Birth		40	-	-	-	-
0-2	(A-M)	90	-	170	100	-
3-8	(J-N)	200	50	450	800	-
9-14	(D-My)	320	50	300	-	-
15-20	(J-N)	430	80	150	-	3,250
21-27	(D-J)	540	80	100	-	3,250
Total			260	1,170	900	6,500

Forage (ha) 0.63 - - 0.21

Early spring						
(1st Feb)/30 months						
Birth		40	-	-	-	-
0-3	(F-A)	85	-	100	100	-
4-9	(My-O)	170	52	350	800	600
10-16	(N-My)	290	-	350	-	4,000
17-21	(J-O)	390	120	-	-	-
22-28	(N-My)	510	-	200	-	4,500
29-30	(J-J)	540	-	-	-	-
Total			172	1,000	900	9,100

Forage (ha) 0.59 - - 0.29

Replacement Heifer Rearing

PHYSICAL DATA

Time of birth	Early autumn	Early spring	Early autumn	Early spring	Early autumn	Early spring
Age at calving	24 months	24 months	27 months	24 months	27 months	30 months
Ration type	Mainly silage	Mainly silage	Mainly silage	Mainly silage	Mainly silage	Mainly silage
Milk, whole	litre 10	10	10	10	10	10
Milk, substitute	kg 40	40	40	40	40	40
Concentrates:						
starter (proprietary)	kg 80	80	80	80	80	80
rearing (150 g/kg DCP)	kg 360	360	360	360	360	360
mainly cereal mix	kg 270	300	300	300	300	-
straw	kg 250	350	700	700	700	250
Forage: silage	kg 5,500	5,500	6,500	6,500	6,500	9,100
grazing	ha 0.18	0.18	0.21	0.21	0.21	0.29
Total forage	ha 0.53	0.37	0.65	0.63	0.63	0.59
<i>Basis of data:</i>	ha 0.71	0.55	0.86	0.84	0.84	0.88
(a) Quality of forage:	ME (MJ/kg DM)	DM (g/kg)	'Substitution Rate'			
Silage	10.5	220	3 to 3.5			

(b) The forage hectares shown are derived from the Grassland section for silage (220 kgN, 2 cuts), and grazing (175 kgN). The hectares for silage include a proportion of aftermath grazing, which in turn has been deducted from the grazing requirement.

(c) Intensification of grazing can save up to 25% of the area allocated.

Replacement Heifer Rearing

GROSS MARGIN DATA

Time of birth	Early autumn	Early spring	Early autumn	Early spring	Early autumn	Early spring
Age at calving	24 months	24 months	27 months	24 months	27 months	30 months
Ration type	Mainly silage					
OUTPUT - Heifer at calving	1,295	1,295	1,295	1,295	1,295	1,295
Less heifer calf	133	133	133	133	133	133
	<u>1,162</u>	<u>1,162</u>	<u>1,162</u>	<u>1,162</u>	<u>1,162</u>	<u>1,162</u>
VARIABLE COSTS						
Milk, whole @ 28.5 p/litre	3	3	3	3	3	3
Milk, substitute @ £1680/t	67	67	67	67	67	67
Concentrates starters @ £268/t	21	21	21	21	21	21
rearing @ £244/t	88	88	88	88	88	88
mainly cereal mix @ £205/t	55	62	62	62	62	-
straw @ £60/t	15	21	42	42	42	15
Vet & medicines	40	40	40	40	40	40
AI & other livestock expenses	67	67	67	67	67	67
	<u>356</u>	<u>369</u>	<u>390</u>	<u>390</u>	<u>390</u>	<u>301</u>
	806	793	772	772	772	861
Gross margin before forage						
Forage variable costs:						
silage @ £220/ha	40	40	46	46	46	64
grazing @ £167/ha	89	62	109	105	105	99
Total Variable costs	<u>485</u>	<u>471</u>	<u>545</u>	<u>541</u>	<u>541</u>	<u>464</u>
GROSS MARGIN (birth to calving)	<u>677</u>	<u>691</u>	<u>617</u>	<u>621</u>	<u>621</u>	<u>698</u>
GROSS MARGIN (birth to calving)	954 (386)	1,256 (508)	717 (290)	739 (299)	793 (321)	793 (321)

Note: The calf price of £120 and value of heifer sold of £1400 have been adjusted to allow for mortality (5-10%) and barren and reject heifers (5-10%) respectively.

Contract Dairy Heifer Rearing

Contract rearing dairy heifers by a dedicated rearer allows the farm to focus purely on the milking herd and reduces time and resources previously allocated to youngstock. Contracts are often based on certain targets being met, such as growth rate, age at bulling and age at first calving. Achieving target body weight at different stages throughout the rearing process is the basis of efficient heifer rearing programmes, with a target liveweight and age at first calving being a key requirement of the contract. The aim should be for heifers that calve at 24 months to reach 85-90% of mature body weight at calving.

Contract rearers tend to take delivery of heifers from between 2 to 4 months of age, returning them to the dairy farmer at 4 to 6 weeks before calving.

There are various types of contract in use:

- Contract payment based on per animal per day. This is where the farmer pays a flat rate fee per head per day based on the actual rearing costs.
- Weight gain on a per kilogram basis contract. The difference between the delivery weight to the rearer and the return weight to the farmer is divided by the number of days to determine growth rate per day. The danger with this type of contract is that the rearer must avoid producing heifers that are over-conditioned.
- Sell and buy-back contract. The rearer buys the calves at an agreed price, with the farmer retaining the right to buy back the heifers 4 to 6 weeks prior to calving. The rearer retains control of the system but is responsible for all costs and losses incurred. The farmer runs the risk of buying back heifers at an age or weight that is not desirable in their system.
- A full contract where the farmer stipulates the rearing policy and covers all costs such as feed, semen, veterinary medicine and transport costs (as well as any losses). The rearer only provides the labour and facilities.

Care must be taken to ensure that both the rearer and the dairy farmer's responsibilities are clearly defined and that the rearer has insurance to cover any third-party claims involving the heifers in his care.

A summary of charges are as follows (These are based on the rearer paying all costs associated with the heifers in their care (excluding transport):

	<i>£/day</i>	Charge <i>£/month</i>
From 14 days to 3 or 6 months of age	1.28-1.51	39-46
From 14 days to calving (at 2 years of age)	1.18-1.35	36-41
From 6 months to calving (at 2 years of age)	1.02-1.25	31-38

Total Cost of Production - Dairying

Low Input, Low Output (5,000 Litres)

	Profitability ppl	% of output	/100 cows (@ 5,000)
Milk price (ppl)	29.00	100%	145,000
Concentrates	3.68	13%	18,400
Forage and bulk feed	2.56	9%	12,800
Sundry livestock	1.95	7%	9,765
Net replacement costs	-0.76	-3%	- 3,800
GROSS MARGIN	21.57	74%	107,835
Labour	3.50	12%	17,500
Power & machinery	4.00	14%	20,000
General overheads	1.00	3%	5,000
Depreciation	0.90	3%	4,500
OPERATING PROFIT	12.17	42%	60,835
Property, rent & finance	1.60	6%	8,000
NET PROFIT	10.57	36%	52,835

Medium - High Output (8,500 Litres)

	Profitability ppl	% of output	/100 cows (@ 8,500)
Milk price (ppl)	28.00	100%	238,000
Concentrates	8.07	29%	68,600
Forage and bulk feed	1.59	6%	13,500
Sundry livestock	2.77	10%	23,505
Net replacement costs	1.18	4%	10,000
GROSS MARGIN	14.40	51%	122,395
Labour	2.80	10%	23,800
Power & machinery	3.70	13%	31,450
General overheads	1.00	4%	8,500
Depreciation	1.00	3%	8,500
OPERATING PROFIT	6.15	21%	52,239
Property, rent & finance	2.40	8%	20,400
NET PROFIT	3.75	13%	31,839

The cost structure of a business varies considerably between farms and system type. The above is therefore only for illustration.

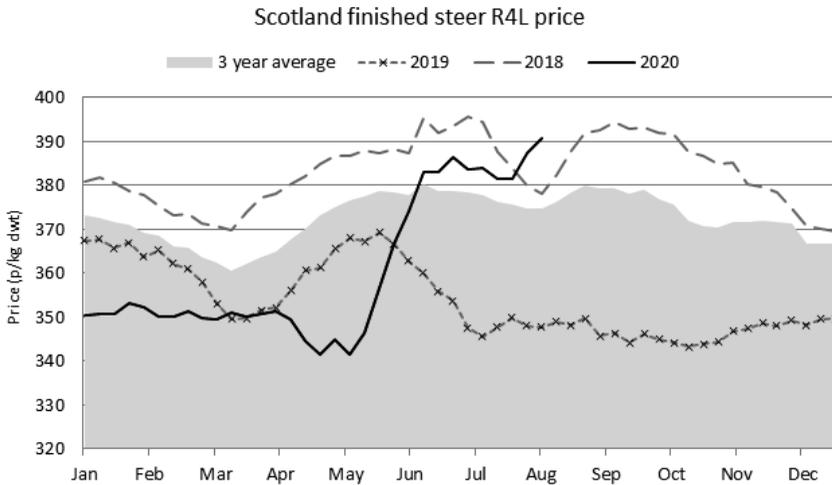
Source: Milk price, variable and replacement costs (SAC Consulting), fixed costs (AHDB Dairy Evidence Report GB Dairy Herd Performance 2018/19, Top 25% producers by net margin).

Beef Cattle

Introduction

Markets and price drivers

The last few years have seen supply and demand become increasingly important to the beef market. With no intervention, the beef industry is now exposed to market forces and as such, beef price has become much more volatile. The market was particularly depressed in 2019 with demand sluggish and over supply of imports being key factors affecting price. The majority of Scottish processing is now controlled by foreign companies.



Source: AHDB

The UK is still heavily reliant on imports of beef, particularly from Ireland. The volume of beef imported to the UK has a major effect on the UK price.

Volatility and lack of certainty impacts producer confidence especially considering beef production's long lead-time. Meeting carcass specification of the intended market is essential, and a short finishing period is likely to be most cost effective. Carcass balance issues also influence the producer price, for example, demand for higher value steaks over the BBQ season can lift whole carcass value. Beef demand is equally sensitive to inflation, the competitiveness of beef imports and alternative proteins such as chicken. This was particularly clear in the spring of 2020 when COVID-19 restrictions led to panic buying of low value cuts, while high value cuts were not needed as the hospitality sector was shut down.

With few exceptions, beef is traded on the commodity spot market and therefore most producers cannot use forward contracts or other price levelling mechanisms as a risk management tool. There is now a great

deal of interest in shortening supply chains and dealing with or close to the end consumer. While the whole beef industry can't do this, there are opportunities for some businesses to deal directly with their consumer and ensure both profitability and business resilience.

Marketing

The vast majority of prime cattle marketed in Scotland are marketed direct to the slaughterhouse and sold deadweight. However, a large proportion will be traded at some stage in their lives through the auction system. The live cattle auction provides a valued service, bringing many buyers and sellers together and creating genuine, healthy competition to buy livestock.

While some farmers sell all their cattle on one day, many seek to spread their risk by targeting several large sales per year. Price can be influenced by gaining feedback from buyers and selling the right type of cattle at the appropriate sales. Similarly, when selling direct to processors, a higher price might be achievable if a large number of in-specification cattle can be delivered at pre-arranged times and/or agreed to be spread throughout the year.

Margins

The bottom-line contribution of cattle is highly sensitive to the sales price. With the current market system, farmers have very limited options to influence the price they receive. For most farmers, efficiency savings are the key to improving financial performance. Efficiency savings also bring about a reduction to the carbon footprint for individual farm businesses.

The most profitable suckler cow enterprises make a positive net margin before subsidy. Top performing suckler beef systems tend to rear more calves per cow, to heavier weights, using less purchased feed. To achieve this, grassland management is key. Furthermore, while fixed costs may be lower, they are also diluted by selling more kilos of beef. The best farmers target investment in infrastructure and equipment towards things that lead to cost savings.

Budgeted 2020/21 suckler cow gross margins are lower for the year. Costs are estimated marginally lower, but any benefit is countered by a reduced sale price. The finisher's margin was particularly challenging last year due to high store cattle purchase prices, high input costs and a very poor sale price, especially over winter and into spring 2020. The value of prime cattle is forecast to strengthen into autumn 2020 but prospects remain uncertain due to COVID-19 and Brexit.

Other benefits

It is important to remember that the cows form part of a business. How the enterprise complements other parts of the business is also important. For example, the share and spread of demand for labour and machinery will affect the success of the enterprise mix in a business. Furthermore,

well managed multiple enterprises can spread risk and improve cash flow, having additional and multiple sale dates.

Suckler cows play a vital role in managing upland grazings, providing benefit to biodiversity, landscape management and grazing quality. Mixed livestock grazing systems also contribute to reduced worm burdens for both cattle and sheep. Their manure is also an important source of nutrients for arable cropping as part of a crop rotation. Consequently, any enterprise should not be viewed in isolation.

Subsidies and support

The Scottish Suckler Beef Support Scheme (SSBSS), commenced in 2015. Payment is made on male and female calves, which are at least 75% beef bred, born on your holding and have been kept there for at least 30 days. The net payment rate per eligible calf on the mainland was approximately £98 and £144 on the islands, for last year (2019). Actual payment rates are determined by the number of calves claimed each year and the exchange rate for that year. Payments are confirmed once applications are validated in the Spring following the year of claim.

The Beef Efficiency Scheme (BES) is a five-year scheme focusing on cattle genetics and management practice – aiming to improve genetic selection in respect of growth rates, feed conversion, maternal behaviour, nutrition practice and disease resistance. A payment equivalent to £32 per calf will be available each year for the first three years, paid on an area basis. We are now in year four of the scheme and at present, farmers will not be paid for their involvement in the scheme during the current year.

For further details on payments and the requirements of these schemes see pages 477 and 482 in the Rural Aid Schemes section.

General Reference Data

Effect of slaughter age on performance of intensively finished Holstein bulls

Slaughter weight (kg)	326	399	456	494
Slaughter age (days)	223	270	301	358
Finishing period (days)	150	185	207	276
Finishing gain (kg)	233	288	331	390
Finishing gain (kg/day)	1.55	1.56	1.60	1.41
Feed intake (kg)	998	1,422	1,653	2,152
FCR (kg feed/kg gain)	4.28	4.94	4.99	5.52
Carcass weight (kg)	172	215	242	267
KO%	52.9%	54.0%	53.0%	54.1%
Saleable meat yield (kg)	127	158	176	193
Saleable meat yield (%)	73.9%	73.2%	72.8%	72.2%

Store cattle valuations

The sale value of store cattle can vary depending on time of sale. This variation has been removed for the gross margins.

The age and weight of calves at sale varies depending on season or month of calving - *be cautious when comparing spring and autumn calving herds.*

Note that an increasing share of fixed costs are attributable as the length of time trading stock spend on farm increases – this is true where other breeding or trading stock could have made use of the farm resources.

Foster calves

To reduce risk of disease, it is assumed that no foster calves are bought to replace dead calves. No cost for replacement calves has been included in the margins thus, if foster calves are bought, the appropriate adjustment should be made to the gross margin.

Liveweight to deadweight-price conversion

In order to calculate the deadweight price, divide the liveweight price by the killing out percentage (KO %). For example: $200 \text{ p/kg} / 0.52 = 385 \text{ p/kg deadweight}$. See following quick reference table:

Liveweight Price (p/kg)	Killing out %					
	50%	52%	54%	56%	58%	60%
	Deadweight price (p/kg)					
160	320	308	296	286	276	267
162	324	312	300	289	279	270
164	328	315	304	293	283	273
166	332	319	307	296	286	277
168	336	323	311	300	290	280
170	340	327	315	304	293	283
172	344	331	319	307	297	287
174	348	335	322	311	300	290
176	352	338	326	314	303	293
178	356	342	330	318	307	297
180	360	346	333	321	310	300
182	364	350	337	325	314	303
184	368	354	341	329	317	307
186	372	358	344	332	321	310
188	376	362	348	336	324	313
190	380	365	352	339	328	317
192	384	369	356	343	331	320
194	388	373	359	346	334	323
196	392	377	363	350	338	327
198	396	381	367	354	341	330
200	400	385	370	357	345	333
202	404	388	374	361	348	337
204	408	392	378	364	352	340
206	412	396	381	368	355	343
208	416	400	385	371	359	347
210	420	404	389	375	362	350
212	424	408	393	379	366	353
214	428	412	396	382	369	357
216	432	415	400	386	372	360
218	436	419	404	389	376	363
220	440	423	407	393	379	367
222	444	427	411	396	383	370
224	448	431	415	400	386	373
226	452	435	419	404	390	377
228	456	438	422	407	393	380
230	460	442	426	411	397	383

Hill Suckler Cows

PHYSICAL DATA

	Spring Feb-Apr	Autumn Sep-Nov
Calving period		
Calves weaned	90%	90%
Month of weaning	October	July
Days to weaning	220	270
Month of sale	October	October
Lwt of calves: at weaning (kg)	235	270
Lwt of calves: at sale/transfer (kg)	235	335
Herd life of cows (years)	7	7
Herd life of bulls (years)	4	4
Cow mortality (%)	1	1
Calf mortality (%)	4.5	4.5
Cow:bull ratio (:1)	35	35
Feeding/cow and calf (winter days):	180	200
silage (t)	5.4	7.5
straw (kg)	-	-
creep feed (kg) (incl. pre sale)	-	250
cow concentrates (kg)	50	200
cow cobs (kg)	50	50
grazing (hill/rough pasture)	>0.5	>0.6
Silage fertiliser (kg N/ha)	125	125
Silage:		
yield (t/ha from 1-cut)	20	20
DM quality (g/kg)	220	220
ME quality (MJ/kg DM)	10	10
Rough grazing (ha)	>0.6	>0.5
Silage & aftermath grazing (ha)	0.27	0.375
Housing system: In cubicles*.		
Straw for general use incl. calving pens	0.33	0.42
Straw bedding (if in bedded courts) (t)	1.25	1.50

Based on bought-in straw.

* Amend bedding costs for cows outwintered or housed on straw.

Assumptions:

1. Grazing is assumed to be hill grazing with some improvements, carrying a maintenance charge of £50/grazing livestock unit.
2. SSBSS value is based on mainland payments, adjusted for living calves at 30 days of age, and an exchange rate of £0.89/€. For further detail on this scheme see pages 152 and 477-478.

Hill Suckler Cows

GROSS MARGIN DATA

	Spring	Autumn
	Feb-Apr	Sep-Nov
	£/cow	£/cow
Calving period		
OUTPUT		
Calf sales (lwt - 90% crop)		
Steers		
350 kg @ 214 p	-	642
250 kg @ 214 p	451	-
Heifers		
320 kg @ 212 p	-	642
220 kg @ 212 p	451	-
Scottish Suckler Beef Support Scheme	90	90
	<hr/> 541	<hr/> 732
<i>Less:</i> Replacement - cow	83	83
bull	25	25
	<hr/> 433	<hr/> 624
VARIABLE COSTS		
Cow concentrates @ £224/t	11	45
Cow cobs @ £245/t	12	12
Creep feed @ £222/t	-	56
Vet & medicines	35	35
Straw bedding @ £100/t (bought-in)	33	42
Commission, haulage & tags	43	50
	<hr/> 134	<hr/> 240
Gross Margin before forage	<hr/> 299	<hr/> 384
Forage variable costs:		
silage @ £147/ha	40	55
grazing @ £10/grazing livestock unit	11	15
	<hr/> 51	<hr/> 70
Total Variable Costs	<hr/> 185	<hr/> 310
GROSS MARGIN £/cow	<hr/> 248	<hr/> 314

Sensitivity-Change ±

10 p/kg in lwt sale price	
Sale weight ± 10kg	
Herd life ± 1 year	

Change in Gross Margin/head (£)

21	30
19	20
16	16

Replacement Cost prices:

Cull cow	£720	In-calf heifer (purch.)	£1,250
Cull bull	£1,000	Replacement bull	£4,500

Upland Suckler Cows - Mainly Silage Diets

PHYSICAL DATA

Breed: Commercial cows bred to a range of bulls, mostly continental.

Calving period	Feb-Apr	May-Jun	Aug-Oct
Calves weaned	92%	92%	92%
Month of weaning	October	February	July
Days to weaning	220	270	300
Month of sale	October	April	October
Lwt of calves: at weaning (kg)	260	310	340
Lwt of calves: at sale/transfer (kg)	275	350	400
Herd life of cows (years)	7	7	7
Herd life of bulls (years)	4	4	4
Cow mortality (%)	1	1	1
Calf mortality (%)	4.5	4.5	4.5
Cow:bull ratio (:1)	35	35	35
Feeding/cow and calf (winter days):	180	180	200
silage (t)	5.4	6.4	7.5
straw (t)	0.6	0.5	0.35
calf concentrates (kg)	100	500	350
cow concentrates (kg)	100	150	200
Grazing fertiliser (kg N/ha)	125	125	125
Silage & aftermath fertiliser (kgN/ha)	200	200	200
Silage:			
yield (t/ha from 1-cut)	23	23	23
DM quality (g/kg)	220	220	220
ME quality (MJ/kg DM)	10.5	10.5	10.5
Overall forage area (ha):			
silage and aftermath grazing	0.23	0.28	0.33
grazing	0.30	0.30	0.34
	<u>0.53</u>	<u>0.58</u>	<u>0.67</u>

Housing system: In cubicles*

Straw for general use incl. calving pens	0.33	0.33	0.42
Straw bedding (if in bedded courts) (t)	1.25	1.75	1.50

Based on bought-in straw, adjust if home-grown.

* Amend bedding costs for cows overwintered or housed on straw.

Assumptions:

1. Mainly grass farm either buying in all straw and concentrates or growing small amount of cereals. May/June calves weaned in February when on silage diets.
2. SSBSS value is based on mainland payments, adjusted for living calves at 30 days of age, and an exchange rate of £0.89/€. For further detail on this scheme see pages 152 and 477-478.

Upland Suckler Cows - Mainly Silage Diets

GROSS MARGIN DATA

Calving period	Feb-Apr	May-Jun	Aug-Oct
OUTPUT	£/cow	£/cow	£/cow
Calf sales (lwt - 92% crop)			
Steers			
290 kg @ 214 p	539	-	-
370 kg @ 214 p	-	686	-
420 kg @ 214 p	-	-	784
Heifers			
330 kg @ 212 p			
380 kg @ 212 p			
Scottish Suckler Beef Support Scheme	92	92	92
	<hr/>	<hr/>	<hr/>
	631	778	876
Less: Replacement - cow	102	102	102
bull	29	29	29
	<hr/>	<hr/>	<hr/>
	500	647	745
VARIABLE COSTS			
Cow concentrates @ £224/t	22	34	45
Calf concentrates @ £212/t	21	106	74
Vet & medicines	37	37	37
Feeding straw @ £90/t (bought-in)	54	45	32
Bedding straw @ £90/t (bought-in)	30	30	38
Commission, haulage, tags & levies	47	53	57
	<hr/>	<hr/>	<hr/>
	211	305	283
Gross Margin before forage	<hr/>	<hr/>	<hr/>
	289	342	462
Forage variable costs:			
silage @ £147/ha	35	41	48
grazing @ £129/ha	39	39	44
	<hr/>	<hr/>	<hr/>
	74	80	92
Total Variable Costs	<hr/>	<hr/>	<hr/>
	285	385	375
GROSS MARGIN £/cow	<hr/>	<hr/>	<hr/>
	215	262	370
GROSS MARGIN £/ha	<hr/>	<hr/>	<hr/>
	401	453	555

Sensitivity-Change ±

	Change in Gross Margin/head (£)		
10 p/kg in lwt sale price	25	32	37
Sale weight ± 10kg	20	20	20
Herd life ± 1 year	19	19	19

Replacement cost prices:

Cull cow	£898	In-calf heifer (purch.)	£1,550
Cull bull	£1,125	Replacement bull	£5,200

Lowground Suckler Cows - Mainly Straw Diets

PHYSICAL DATA

Breed: Dairy-beef cross cows bred to range of bulls, mostly continental.

Calving period	Feb-Apr	May-Jun	Aug-Oct
Calves weaned (%)	92%	92%	92%
Month of weaning	October	December	July
Days to weaning	220	200	300
Month of sale	October	April	October
Lwt of calves: at weaning (kg)	260	310	340
Lwt of calves: at sale/transfer (kg)	275	350	395
Herd life of cows (years)	7	7	7
Herd life of bulls (years)	4	4	4
Cow mortality (%)	1	1	1
Calf mortality (%)	4.5	4.5	4.5
Cow:bull ratio (:1)	35	35	35
Feeding/cow and calf (winter days):	190	190	210
silage (t)	1.5	-	-
straw (kg)	1,500	2,200	1,300
calf concentrates (kg)	120	550	400
cow concentrates (kg)	500	550	1,100
Grazing fertiliser (kg N/ha)	175	175	175
Silage & aftermath fertiliser (kg N/ha)	175	-	-
Silage:			
yield (t/ha from 1-cut)	23	23	23
DM quality (g/kg)	220	220	220
ME quality (MJ/kg DM)	10.5	10.5	10.5
Overall forage area (ha):			
silage and aftermath grazing	0.07	-	-
grazing	0.34	0.38	0.40
	<u>0.41</u>	<u>0.38</u>	<u>0.40</u>

Housing system: Straw bedding assumed*

Straw bedding (t)	0.75	1.05	0.90
-------------------	------	------	------

Based on home-grown straw, adjust if bought-in.

* Amend bedding costs for cows outwintered or housed elsewhere.

Assumptions:

- Mixed farm growing sufficient grain to cover concentrate and straw feeding/bedding requirements. Only purchasing protein and minerals. May/June calves weaned earlier to reduce cow wintering costs. Small amount of silage made to cover extra grass growth in early season.
- SSBSS value is based on mainland payments, adjusted for living calves at 30 days of age, and an exchange rate of £0.89/€. For further detail on this scheme see pages 152 and 477-478.

Lowground Suckler Cows - Mainly Straw Diets

GROSS MARGIN DATA

Calving period	Feb-Apr	May-Jun	Aug-Oct
OUTPUT	£/cow	£/cow	£/cow
Calf sales (lwt - 92% crop)			
Steers			
Heifers			
290 kg @ 214 p	260 kg @ 212 p	539	-
370 kg @ 214 p	330 kg @ 212 p	-	686
420 kg @ 214 p	370 kg @ 212 p	-	-
774			
Scottish Suckler Beef Support Scheme	92	92	92
	631	778	866
Less: Replacement - cow	102	102	102
bull	33	33	33
	496	643	731
VARIABLE COSTS			
Cow concentrates @ £175/t (home-mix)	88	96	193
Calf concentrates @ £180/t (home-mix)	22	99	72
Feeding straw @ £65/t (home-grown)	98	143	85
Bedding straw @ £65/t (home-grown)	49	68	59
Vet & medicines	37	37	37
Commission, haulage & tags	47	53	56
	341	496	502
Gross Margin before forage	155	147	229
Forage variable costs:			
silage @ £147/ha	10	-	-
grazing @ £167/ha	57	63	67
	67	63	67
Total Variable Costs	408	559	569
GROSS MARGIN £/cow	88	84	162
GROSS MARGIN £/ha	216	220	404

Sensitivity-Change ±	Change in Gross Margin/head (£)		
10 p/kg in lwt sale price	25	32	37
Sale weight ± 10kg	20	20	20
Herd life ± 1 year	19	19	19

Replacement cost prices:

Cull cow	£898	In-calf heifer (purch.)	£1,550
Cull bull	£1,125	Replacement bull	£5,800

Spring Calving Cows Producing 18 - 20 Month Finished Cattle

PHYSICAL DATA

Breed: Commercial cows bred to a range of bulls, mostly continental

	Steers	Heifers
Calving period	Feb-Apr	Feb-Apr
Calves weaned (%)	92%	92%
Month of weaning	October	October
Calves sold finished (%)	91%	91%
Sale weight (kg lwt)	598	559
Dead weight (kg dwt)	335	313
Weaning weight (kg lwt)	280	240
Herd life of cows (years)	7	7
Herd life of bulls (years)	4	4
Cow:bull ratio (:1)	35	35
Feeding/cow and calf (winter days):		
silage (t)	5.0	5.0
straw bedding (t)	2.0	2.0
calf concentrates (kg) pre-weaning	100	100
cow concentrates (kg)	100	100
Forage area (ha):		
silage + aftermath	0.16	0.16
grazing	0.30	0.30
Overwintered calves:		
Feeding period 180 days, October-April		
Liveweight gain (kg)	110	110
Average daily liveweight gain (kg)	0.6	0.6
Feeding: barley/protein/minerals (t)	0.30	0.35
silage (t)	3.5	3.0
Silage area (ha)	0.11	0.10
Finishing cattle:		
Feeding period (days): at grass	180	180
housed	60	60
Liveweight gain	208	209
Daily liveweight gain: at grass	0.8	0.8
housed	1.1	1.1
Feeding: concentrates at grass (t)	0.20	0.25
barley/protein/minerals in house (t)	0.70	0.70
straw fed in house (t)	0.1	0.1
Grazing area (ha)	0.23	0.20

Housing system: Straw bedding assumed, home-grown*

* Amend bedding costs for cows overwintered or on slurry systems.

Assumption: SSBSS value as per note on page 160.

Spring Calving Cows Producing 18 - 20 Month Finished Cattle

GROSS MARGIN DATA

OUTPUT	Spring born	
	Steer £/cow	Heifer £/cow
Calf sales (dwt - 91% crop)		
335 kg @ 370 p	1,128	-
313 kg @ 370 p	-	1,054
Scottish Suckler Beef Support Scheme	91	91
	<u>1,219</u>	<u>1,145</u>
Less: Replacement - cow	102	102
bull	33	33
	<u>1,084</u>	<u>1,010</u>
VARIABLE COSTS		
Cow concentrates @ £224/t	22	22
Calf concentrates @ £212/t	21	21
Barley, protein & minerals @ £178/t housed	178	187
Barley, protein & minerals @ £178/t at grass	36	45
Feeding straw @ £65/t (home-grown)	7	7
Bedding straw @ £65/t (home-grown)	130	130
Vet & medicines	70	70
Commission, levies & haulage	83	80
	<u>547</u>	<u>562</u>
Gross Margin before forage	<u>537</u>	<u>448</u>
Forage variable costs:		
silage @ £220/ha	59	57
grazing @ £129/ha	68	65
	<u>127</u>	<u>122</u>
Total Variable Costs	<u>674</u>	<u>684</u>
GROSS MARGIN £/cow	<u>410</u>	<u>326</u>
GROSS MARGIN £/ha (acre)	<u>512 (207)</u>	<u>429 (173)</u>

Sensitivity-Change ±

10 p/kg in dwt sale price	
Not bedded on straw	
£10/t in straw price	

Change in Gross Margin/head (£)

30	28
130	130
21	21

Replacement cost prices:

Cull cow	£898	In-calf heifer (purch.)	£1,550
Cull bull	£1,125	Replacement bull	£5,750

Overwintering Spring-Born Suckled Calves

PHYSICAL DATA

	Spring-born		Spring-born		
	Steer		Heifer		
Purchase/transfer date	October		October		
Sale/transfer date	April		April		
Feeding period (days)	180		180		
Liveweight: at purchase/transfer (kg)	290		260		
at sale/transfer (kg)	390		350		
Average daily liveweight gain (kg/day)	0.6		0.5		
Mortality (%)	1%		1%		
Feeding:	diet basis	silage	straw	silage	straw
barley/protein/minerals (t)	0.30	0.66	0.35	0.66	
silage (t)	3.5	-	3.0	-	
straw (t) ME 6.5 MJ/kg DM	-	0.8	-	0.7	
Silage area (ha)	0.11	-	0.10	-	
Silage: yield (t/ha)	31	31	31	31	
DM quality (g/kg)	240	240	240	240	
ME quality (MJ/kg DM)	10.6	10.6	10.6	10.6	
N-fertiliser (kg/ha)	220	220	220	220	

Housing system: Straw bedding assumed*.

Straw bedding (t) 0.5 0.3 0.5 0.3

Cost @ £65/t based on home grown straw - adjust if bought in.

* Amend bedding costs if overwintered or on slurry systems.

Assumptions:

1. Silage diet concentrates phased out by 4 weeks to turnout.
2. Silage could be costed on a per tonne basis for clamp silage instead of a per hectare basis to reflect the true cost of growing, making, storing and handling silage.

Overwintering Spring-Born Suckled Calves

GROSS MARGIN DATA

OUTPUT	Spring-born			
	Steer £/head	Heifer £/head		
Sale value (lwt - 1% mortality):				
388 kg @ 214 p	822	-		
348 kg @ 212 p	-	730		
Less: Weaned calf (lwt):				
290 kg @ 214 p	621	-		
260 kg @ 212 p	-	551		
	<u>201</u>	<u>179</u>		
VARIABLE COSTS				
<i>Diet basis</i>	<i>silage</i>	<i>straw</i>	<i>silage</i>	<i>straw</i>
Barley, protein & minerals @ £178/t	53	-	62	-
Barley, protein & minerals @ £178/t	-	117	-	117
Feeding straw @ £65/t (home-grown)	-	52	-	46
Bedding straw @ £65/t (home-grown)	33	20	33	20
Vet & medicines	29	29	29	29
Commission, levies & haulage	44	44	41	41
	<u>159</u>	<u>262</u>	<u>165</u>	<u>253</u>
Gross Margin before forage	<u>42</u>	<u>- 61</u>	<u>14</u>	<u>- 74</u>
Forage variable costs:				
silage @ £220/ha	24	-	22	-
Total Variable Costs	<u>183</u>	<u>262</u>	<u>187</u>	<u>253</u>
GROSS MARGIN £/head	<u>18</u>	<u>- 61</u>	<u>- 8</u>	<u>- 74</u>
GROSS MARGIN £/ha (acre)	<u>162 (65)</u>	<u>-</u>	<u>- 80</u>	<u>-(32)</u>
Sensitivity-Change ±			Change in Gross Margin/head (£)	
10 p/kg in lwt sale price	38	38	35	35
10 p/kg in lwt purchase price	29	29	26	26
Not bedded on straw	33	20	33	20
£10/t in straw price	5	11	5	9

Finishing Spring-Born Suckled Calves Intensively at 12 Months

PHYSICAL DATA

	Spring-born	
	Steer	Bull
Purchase/transfer date	October	October
Sale date	April	April
Feeding period (days)	180	195
Liveweight: at purchase/transfer (kg lwt)	280	291
at sale (kg lwt)	541	603
Deadweight at sale (kg dwt)	298	338
Average daily liveweight gain (kg/day)	1.45	1.60
Mortality (%)	1.0	1.0
Feeding:		
barley/protein/minerals (t)	1.5	1.7
straw (t) ME 6.5 MJ/kg DM	0.3	0.3
Housing system: Straw bedding assumed*.		
Straw bedding (t)	0.5	0.5

Based on home-grown straw, adjust if bought-in.

* Amend bedding costs if on slurry based systems.

Finishing Spring-Born Suckled Calves Intensively at 12 Months

GROSS MARGIN DATA

OUTPUT	Steer £/head	Bull £/head
Sale value (dwt - 1% mortality):		
298 kg @ 370 p (541 kg lwt)	1,090	-
338 kg @ 362 p (603 kg lwt)	-	1,210
Less: Store purchase (lwt):		
280 kg @ 214 p	599	-
291 kg @ 197 p	-	573
	<u>491</u>	<u>637</u>
VARIABLE COSTS		
Barley, protein & minerals @ £185/t	278	315
Feeding straw @ £65/t (home-grown)	20	20
Bedding straw @ £65/t (home-grown)	33	33
Vet & medicines	29	29
Commission, levies & haulage	54	57
Total Variable Costs	<u>414</u>	<u>454</u>
GROSS MARGIN £/head	<u>77</u>	<u>183</u>

Sensitivity-Change ±	Change in Gross Margin/head (£)	
10 p/kg in dwt sale price	29	34
10 p/kg in lwt purchase price	28	29
Not bedded on straw	33	33
£10/t in straw price	7	7

Finishing Year Old Autumn-Born Suckled Calves at 18 Months

PHYSICAL DATA

	Autumn-born	
	Steer	Heifer
Purchase/transfer date	October	October
Sale date	April	March
Feeding period (days)	180	165
Liveweight: at purchase/transfer (kg lwt)	420	380
Liveweight: at sale (kg lwt)	607	563
Deadweight at sale (kg dwt)	340	310
Average daily liveweight gain (kg/day)	1.0	1.1
Mortality (%)	1.0	1.0
Feeding:		
barley/protein/minerals (t)	0.70	0.61
kg/day	3.9	3.7
silage (t)	4.5	3.8
kg/day	25.1	23.1
Silage area (ha)	0.15	0.12
Silage: yield	31	31
DM quality (g/kg)	240	240
ME quality (MJ/kg DM)	10.6	10.6
Silage fertiliser (kg N/ha)	220	220
Housing system: Straw bedding assumed*.		
Straw bedding (t)	0.75	0.70

Based on home-grown straw, adjust if bought-in.

* For slatted court omit bedding costs.

Assumptions:

1. Calves from Upland/Lowground Suckler Cows – silage or straw diet.
2. Silage could be costed on a per tonne basis for clamp silage instead of a per hectare basis to reflect the true cost of growing, making, storing and handling silage.

Finishing Year Old Autumn-Born Suckled Calves at 18 Months

GROSS MARGIN DATA

	Steer £/head	Heifer £/head	
OUTPUT			
Sale value (dwt - 1% mortality):			
340 kg @ 370 p (607 kg lwt)	1,245	-	
310 kg @ 370 p (563 kg lwt)	-	1,136	
<i>Less: Weaned calf (lwt):</i>			
420 kg @ 214 p	899	-	
380 kg @ 212 p	-	806	
	<u>346</u>	<u>330</u>	
VARIABLE COSTS			
Barley, protein & minerals @ £185/t	130	113	
Bedding straw @ £65/t (home-grown)	49	46	
Vet & medicines	22	22	
Commission, levies & haulage	58	55	
	<u>259</u>	<u>236</u>	
Gross Margin before forage	87	94	
Forage variable costs:			
silage @ £220/ha	33	26	
Total Variable costs	<u>292</u>	<u>262</u>	
GROSS MARGIN £/head	<u>54</u>	<u>68</u>	
GROSS MARGIN £/ha (acre)	<u>360</u> (146)	<u>567</u> (229)	
Sensitivity-Change ±			
	Change in Gross Margin/head (£)		
10 p/kg in dwt sale price	34	30	
10 p/kg in lwt purchase price	42	38	
Not bedded on straw	49	46	
£10/t in straw price	7	7	

Finishing Year Old Spring-Born Suckled Calves at 18 - 20 Months

PHYSICAL DATA

	Spring-born	
	Yearling steer	Yearling heifer
Purchase/transfer date	April	April
Sale date	December	October
Feeding period (days): at grass	180	180
housed	60	-
Liveweight: at purchase/transfer (kg lwt)	390	350
at housing (kg lwt)	535	-
at sale (kg lwt)	598	569
Deadweight at sale (kg dwt)	335	313
Average daily lwt gain: at grass (kg/day)	0.8	0.8
housed (kg/day)	1.1	-
Mortality (%)	0.3	0.3
Feeding:		
concentrates at grass (t)	0.20	0.25
barley/protein/minerals in house (t)	0.7	-
straw fed in house (t) ME 6.5 MJ/kg DM	0.1	-
Housing system: Straw bedding assumed*		
Straw bedding (t)**	0.25	-
Grazing area (ha)	0.23	0.20
Grazing fertiliser (kg N/ha)	175	175
Stocking rate at grass (animals/ha)	4.2	5.0

* Amend bedding costs if on slurry based systems.

** Based on home-grown straw, adjust if bought-in.

Finishing Year Old Spring-Born Suckled Calves at 18 - 20 Months

GROSS MARGIN DATA

	Steer £/head	Heifer £/head
OUTPUT		
Sale value (dwt - 0.3% mortality):		
335 kg @ 370 p (598 kg lwt)	1,236	-
313 kg @ 370 p (569 kg lwt)	-	1,155
<i>Less: Yearling calf (lwt):</i>		
390 kg @ 214 p	835	-
350 kg @ 212 p	-	742
	<u>401</u>	<u>413</u>
VARIABLE COSTS		
Barley, protein & minerals @ £178/t (at grass)	36	45
Barley, protein & minerals @ £178/t (housed)	125	-
Feeding straw @ £65/t (home-grown)	7	-
Bedding straw @ £65/t (home-grown)	16	-
Vet & medicines	16	16
Commission, levies & haulage	58	56
	<u>258</u>	<u>117</u>
Gross Margin before forage	<u>143</u>	<u>296</u>
Forage variable costs:		
grazing @ £167/ha	<u>38</u>	<u>33</u>
Total Variable costs	<u>296</u>	<u>150</u>
GROSS MARGIN £/head	<u>105</u>	<u>263</u>
GROSS MARGIN £/ha (acre)	<u>457 (185)</u>	<u>1,315 (532)</u>

Sensitivity-Change ±	Change in Gross Margin/head (£)	
10 p/kg in dwt sale price	33	31
10 p/kg in lwt purchase price	39	35
Not bedded on straw	16	-
£10/t in straw price	3	-

Beef Cattle Summer Finishing

PHYSICAL DATA

	Steer	Heifer
Liveweight at purchase (kg)	450	420
Liveweight at slaughter (kg lwt)	586	564
(kg dwt)	340	310
Cattle bought	mid-April	mid-April
Cattle sold	mid-September	mid-September
Finishing period (days)	150	150
Liveweight gain (kg)	136	144
Daily liveweight gain (kg)	0.9	1.0
Supplementary feed:		
barley, proteins & minerals (kg)	308	250
Grazing area (ha)	0.23	0.20
Grazing fertiliser N (kg/ha)	175	175
Feed levels per day:		
first 8 weeks (kg)	0	0
next 6 weeks (kg)	3	2
next 4 weeks (kg)	4	3
last 2 weeks* (kg)	5	4

* Feed at this level to finish by mid-September. Many will house by this time if finishing later.

Assumptions:

In practice, a proportion of the following cattle may be sold as forward stores or housed for autumn finishing at heavier weights. If so, additional concentrate feeding will be required.

Beef Cattle Summer Finishing

GROSS MARGIN DATA

	Steer £/head	Heifer £/head
OUTPUT		
Sale value (dwt):		
340 kg @ 370 p (586 kg lwt)	1,258	-
310 kg @ 370 p (564 kg lwt)	-	1,147
Less: Purchased store calf in April (lwt):		
450 kg @ 214 p	963	
420 kg @ 212 p	-	890
	<u>295</u>	<u>257</u>
VARIABLE COSTS		
Barley, protein & minerals @ £178/t	55	45
Vet & medicines	16	16
Commission, levies & haulage	58	55
	<u>129</u>	<u>116</u>
Gross Margin before forage	<u>166</u>	<u>141</u>
Forage variable costs:		
grazing @ £167/ha	38	33
Total Variable costs	<u>167</u>	<u>149</u>
GROSS MARGIN £/head	<u>128</u>	<u>108</u>
GROSS MARGIN £/ha (acre)	<u>557</u> (225)	<u>540</u> (219)
 Sensitivity-Change ±		
	Change in Gross Margin/head (£)	
10 p/kg in dwt sale price	34	31
10 p/kg in lwt purchase price	45	42

Calf Rearing Costs to 3 Months

PHYSICAL DATA

	Bucket fed	Ad-lib fed
Liveweight (kg): at birth	40	40
at sale, 3 months	110	115
Liveweight gain (kg/day)	0.78	0.83
Feeding period (days)	90	90
Mortality (%)	5	4
	kg	kg
Feeding*: Milk substitute	28	42
Calf concentrates	160	150
Hay	35	30
Bedding (straw)	0.2	0.2

* Homebred calves receive colostrum followed by whole milk up to 10 days of age.

Calf Rearing Costs to 3 Months

VARIABLE COST DATA

	Bucket fed	Ad-lib
VARIABLE COSTS		
Feed:		
milk substitute @ £1680/t	47	71
calf concentrate @ £293/t	47	44
hay (purchased) @ £120/t	4	4
	<hr/>	<hr/>
	98	119
Vet & medicines & tags	22	22
Bedding straw @ £65/t (home-grown)	13	13
	<hr/>	<hr/>
	35	35
	<hr/>	<hr/>
Total Variable Costs	133	154

Sensitivity-Change ±	Change in costs/head (£)	
£100/t in milk substitute price	2.80	4.20
£10/t in calf concentrate price	1.60	1.50

Assumptions:

1. Dairy calves do not receive SSBSS payments – eligible calves have to be 75% beef genetics.
2. Adjust straw cost if bought-in.

Intensive Finishing of Dairy Bred Bulls

PHYSICAL DATA

	Holstein	Continental Cross
Breed		
Liveweight at start (kg)	110	120
Feeding period (days)	290	300
Liveweight at slaughter (kg lwt)	500	545
Deadweight at slaughter (kg dwt)	265	300
Killing out percentage (%)	53	55
Overall daily liveweight gain (kg/day)	1.3	1.4
Mortality (%)	3	3
Feeding ¹ :		
110-120 kg liveweight/purchase to slaughter:		
concentrates (barley/protein/minerals) (t)	2.15	2.30
straw (t)	0.4	0.4
Housing system: Straw bedding assumed ² .		
Straw bedding ³ (t)	0.6	0.6

¹ For home bred calves see '*Calf rearing costs to 3 months*' (pages 174-175) for cost of feeding to 12-14 weeks (or 110-115kg lwt).

² If housed on slurry based systems omit bedding costs.

³ Adjust straw cost if bought-in.

Intensive Finishing of Dairy Bred Bulls

GROSS MARGIN DATA

	Holstein £/head	Continental Cross £/head
OUTPUT		
Sale value (dwt - adj 3% mortality):		
265 kg @ 308 p	792	-
300 kg @ 346 p	-	1,007
<i>Less: Calf purchase (3 months):</i>		
@ £220	220	-
@ £320	-	320
	<hr/> 572	<hr/> 687
VARIABLE COSTS		
Concentrates @ £185/t	398	426
Feeding straw @ £65/t (home-grown)	26	26
Bedding straw @ £65/t (home-grown)	39	39
Vet & medicines	18	18
Commission, haulage & levies, etc.	47	52
Total Variable costs	<hr/> 528	<hr/> 561
GROSS MARGIN £/head	<hr/> 44	<hr/> 126
 Sensitivity-Change ±		
£10/t in concentrate price	21	22
10 p/kg in dwt sale price	25	29

Forage Based Finishing Dairy Steers at 24 Months

PHYSICAL DATA

	Holstein	Continental
Breed		Cross
Liveweight at start (kg) ¹	110	125
Feeding period (days)	659	659
Liveweight at slaughter (kg lwt)	618	632
Deadweight at slaughter (kg dwt)	315	335
Killing out percentage (%)	51	53
Overall daily liveweight gain (kg/day)	0.8	0.8
Mortality (%)	3	3
Feeding:		
110-125 kg liveweight/purchase to slaughter:		
concentrates (2nd stage calf mix) (t)	0.15	0.15
concentrates (barley/protein/minerals) (t)	0.59	0.68
silage (t) - over two housing periods	6.0	6.4
Grazing area - over two summers (ha)	0.42	0.42
Silage area - for two housing periods (ha)	0.30	0.32
Silage:		
yield	20	20
DM quality (g/kg)	240	240
ME quality (MJ/kg DM)	10.6	10.6
Silage fertiliser (kg N/ha)	125	125
Housing system: Straw bedding assumed ² .		
Straw bedding ³ (t)	1.2	1.2

¹ For home bred calves see 'Calf rearing costs to 3 months' (pages 174-175) for cost of feeding to 12-14 weeks (or 110-115kg lwt).

² If housed on slurry based systems omit bedding costs.

³ Adjust straw cost if bought-in.

Forage Based Finishing Dairy Steers at 24 Months

GROSS MARGIN DATA

	Holstein	Continental Cross ³
OUTPUT	£/head	£/head
Sale value (dwt - adj 3% mortality):		
315 kg @ 346 p	1,057	-
335 kg @ 359 p	-	1,167
<i>Less: Calf purchase :</i>		
@ £220	220	-
@ £320	-	320
	<u>837</u>	<u>847</u>
VARIABLE COSTS		
Concentrate calf mix @ £240/t	28	28
Concentrate barley blend @ £185/t	109	126
Bedding straw @ £65/t (home grown)	78	78
Vet & medicines	32	32
Commission, haulage & levies, etc.	53	56
Total Variable costs	<u>300</u>	<u>320</u>
Gross Margin before forage	<u>537</u>	<u>527</u>
Forage variable costs:		
silage @ £147/ha	44	47
grazing @ £129/ha	54	54
	<u>98</u>	<u>101</u>
Total Variable costs	<u>398</u>	<u>421</u>
GROSS MARGIN £/head ¹	<u>439</u>	<u>426</u>
GROSS MARGIN £/ha (acre) ²	<u>305 (123)</u>	<u>288 (117)</u>

Sensitivity-Change ± Change in Gross Margin/head (£)

£10/t in concentrate price	6	7
10 p/kg in dwt sale price	31	32

¹ Unlike other beef finishing enterprises featured in the Farm Management Handbook, spanning over two years effectively incurs double the fixed cost share, which is not included above.

² This enterprise produces a strong gross margin per head but the extensive nature of this enterprise dilutes its return per hectare.

³ The higher sales value of a continental-cross steer is majorly offset by the higher calf purchase price.

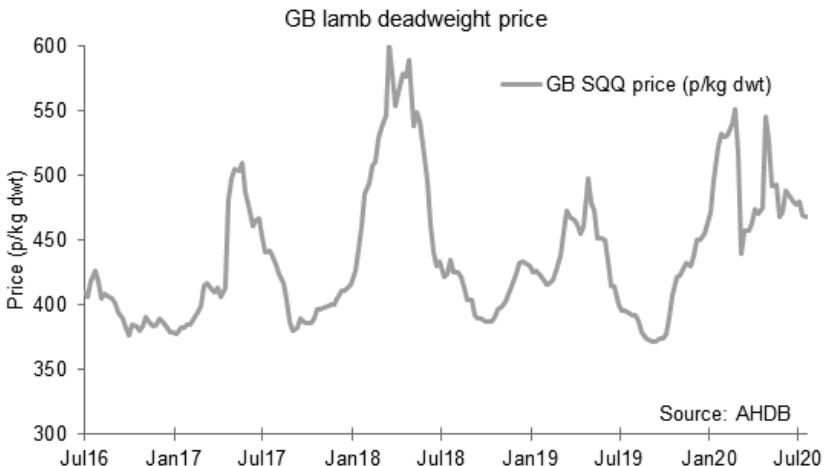
Sheep

Introduction

Markets and price drivers

The UK is unique in the EU, being a significant sheep meat producer and exporter. It is one of the largest sheep meat producers in the world and both the third largest exporter and importer. To address seasonality of supply and carcass balance issues, the UK exports around 30% of sheep meat production and imports the equivalent quantity in fresh, frozen and processed forms. The significance of exports makes trade links, export demand, and exchange rate competitiveness highly important.

Lamb can be a comparatively expensive protein on the retail shelf, therefore, consumption stimulated by Islamic festivals and the extent and duration of retail price promotions are major drivers of domestic sales. The producer price is also significantly influenced by seasonality of supply as shown in the chart below - being predominantly finished off grass or forage crops means there is a strong relationship between the weather, grass growth and lamb supply.



Producer price is also affected by sheepmeat imports, principally from New Zealand. Historic trade links and being a high value market means that GB remains a major customer, however, China is a major and increasing, and more local market for NZ lamb. This has resulted in NZ using a declining proportion of its EU quota in recent years. Variation in imports from both Australia and New Zealand is also affected by inclement weather. Consequently, recent years have shown that the timing of imported lamb onto GB markets rather than the volume is having a bigger influence on the producer price.

Marketing

Prime lamb sales are almost entirely reliant on the spot market. Since it is a seasonal product, the timing of sales has a large influence on price. As highlighted in the above chart, the GB deadweight prime lamb price fluctuates greatly within a season. The Islamic festival of Ramadan is an

important marketing date, although difficult to target as it moves forward 10 days each year. Old season lamb tends to recover value heading towards the Easter market and as supply declines. The cost, however, associated with growing a lamb for the early market or delaying sale until the price rises again in early spring must also be taken into account.

The auction market accounted for 52% of sheep sales across the UK (2019). Similar to the cattle market, the live auction system provides an important service. It is a mechanism that brings together sheep and customers to establish a transparent price.

The most common method to spread risk, when selling at livestock auctions, is to target multiple sales per year. The future price may be influenced by gaining feedback from buyers and acting on that information. Similarly, when selling direct to processors, an improved price may be achieved if a large number of in-specification lambs can be delivered at pre-arranged times.

Supermarket specification lamb accounts for the majority of domestic sales, however, a butcher's lamb is also a sizeable market (c. 10%). Exports include the heavy lamb trade to northern European countries, particularly France, which accounted for 40% of sheepmeat exports in 2019. Belgium and Luxemburg are particularly important outlets for E and U grade lambs. The light (Euro) lamb market, predominantly to southern Mediterranean countries, has declined over recent years, causing significant concerns for remote and hard hill flocks.

Technical performance

Sheep enterprise margins are inevitably sensitive to the sales price. However, there is limited opportunity to influence the overall market and greater potential exists through improving output per hectare and cost control. Top performing flocks consistently rear more lambs, sell more finished (if they are on the right land type) and use less purchased feed. Grassland management is also better. Whilst fixed costs on these top performing farms may be lower, they are also spread over more kilos of lamb sold (higher output).

Significant uncertainty overhangs sheep enterprise performance in 2020/21 due to lack of clarity on any future trade deal with the EU (at the time of writing) given the exposure and reliance of the UK sector for sheepmeat exports. At the very least, contingency planning by customers on the European continent is forecast to reduce export demand whilst the risk of a contracting national sheep flock would add to autumn supply to put pressure on the producer price.

Subsidies and support

The Scottish Upland Sheep Support Scheme (SUSSS) is a coupled support payment for sheep to provide additional support to producers on LFASS category A land. The payment rate is estimated at €100/ewe hogg annually, but actual payment rates will be determined by the

number of hogg applications each year. The full payment is made in the summer following the year when the claim is made. This support has not been included in the 2020/21 budget gross margins due to the specific nature of scheme eligibility. For more details, see Rural Aid Schemes, page 478.

General Reference Data

Sheep feeding

Suggested daily rations (kg fresh matter) for Scottish Blackface ewes (60 kg lwt) during pregnancy using average quality baled silage (DM 300g/kg, ME 10.5MJ/kg DM) and hay (DM 830g/kg, ME 8.3MJ/kg DM).

Weeks before lambing	Single-bearing ewes		Twin-bearing ewes	
	<i>Silage</i>	<i>Concentrates</i>	<i>Silage</i>	<i>Concentrates</i>
8	2.8	0	2.8	0
6	2.8	0	2.7	0.15
4	2.7	0.25	2.5	0.35
2	2.6	0.35	2.3	0.45
	<i>Hay</i>	<i>Concentrates</i>	<i>Hay</i>	<i>Concentrates</i>
8	1.1	0	1.1	0.1
6	1	0.15	1	0.4
4	0.9	0.4	0.8	0.6
2	0.85	0.55	0.7	0.8

Suggested daily rations (kg fresh matter) for crossbred ewes (e.g. mule, 75 kg lwt) during pregnancy using average quality baled silage (DM 300 g/kg, ME 10.5 MJ/kg DM) and hay (DM 830 g/kg, ME 8.3 MJ/kg DM).

Weeks before lambing	Single-bearing ewes		Twin-bearing ewes	
	<i>Silage</i>	<i>Concentrates</i>	<i>Silage</i>	<i>Concentrates</i>
Mid-pregnancy	2.8 *	0	3 *	0
8	3.3	0	3.2	0.15
6	3.2	0.1	3	0.35
4	3.1	0.25	2.8	0.5
2	3	0.4	2.7	0.75
	<i>Hay</i>	<i>Concentrates</i>	<i>Hay</i>	<i>Concentrates</i>
Mid-pregnancy	1 *	0	1.1 *	0
8	1.3	0	1.4	0.15
6	1.3	0.15	1.2	0.35
4	1.2	0.35	1.1	0.65
2	1.1	0.6	0.8	1

* restricted amount fed. Requirements in mid-pregnancy can also be met with grazed grass or forage crops such as swedes or fodder beet.

Concentrates based on high quality compound, e.g. ME 12.5 MJ/kg DM and 18% CP (fresh basis). If the silage has an ME above 11.0MJ/kgDM and CP above 11% then research has shown that supplementation with soya or treated rapeseed meal with high Digestible Undegradable Protein at 100g/hd/day per lamb carried for 3-4 weeks pre lambing can replace conventional compound feeds (mineral supplementation will also be required). Farmers lambing their flocks from mid-April can meet the pregnant ewe's requirements on grass alone.

Wool

The total payment made to producers on receipt of their 2020 clip includes the balancing payment due from 2019 plus the advance payment for 2020. The balancing payment made to producers for their 2019 clip is based on the final average price achieved at auction for the 2019 season less the advance payment already made, after deducting the handling costs for the 2019 clip. The 2019 clip average values ranged from £0.30/kg (Mountain wool) up to £2.30/kg (Lustre wool).

Deductions for haulage and handling depend on the point of delivery. For wool picked up by a haulier, or delivered by the producer to a haulier's premises or authorised collection centre, charges are as follows:

2,000 kg or over: A charge of £5.15 per approved container.

501 to 1,999 kg: A charge of £7.45 per approved container.

Under 500 kg: A charge of £10.80 per approved container.

A charge of £5.15 per approved container will apply when a producer delivers to a haulier's premises or authorised Collection Centre. There is no carriage recharge made to producers who deliver their wool direct to their authorised grading depot. The carriage charge (if applicable) is divided between the 'advance' and the 'balance' payments. For more details of wool prices, charges, collection centres and grading depots, please contact the BWMB (www.britishwool.org.uk).

Development of wool shedding breeds

With the development of wool shedding breeds labour and shearing costs can be reduced. Wool shedding breeds can be looked at once per day and flystrike incidence is greatly reduced although normal protection against ectoparasites is still recommended. Dagging is eliminated and tailing is not required. Potential savings in protein and energy requirements may exist but are hard to quantify. Wool contamination of pastures is not an issue. Fences do get covered in shed wool, but this does not impact the fencing. Shearing costs are largely eliminated after 9 years of repeated crossing to wool shedding breeds. There is enough wool for insulation from upland and hill weather conditions but there is some evidence that they are less willing to lie down on wet ground and thus less suitable to finishing/wintering on stubble turnips.

Extensive Hill

PHYSICAL DATA

Breeds	Blackface, South Country & Lairg type Cheviot		
	Lambs reared (%)		
	80%	90%	100%
Ewe hoggs wintered	Away	Away	Away
Lamb crops per ewe (avg)	4	4	4
Ram flock life (seasons)	3	3	3
	/100 ewes tupped		
Rams (no.)	3	3	3
Lamb numbers:			
marked	80	90	100
sold/retained	77	87	97
sold: finished lambs	0	10	15
store lambs	51	51	56
flock replacement	26	26	26
Ewe numbers:			
draft/cast	14	15	16
mortalities	12	11	10
Wool sales (kg)	160	160	160
Concentrate feeding (kg)	1,800	1,900	2,000
Hay reserve (/annum) (kg)	3,000	3,000	3,000

Basis of data:

1. Lambs are assumed sold at or by the autumn sales 2020 (estimated price).
2. Lambing percentage reflects the range of performance found.
3. Finished lambs – assume 34 kg liveweight (15 kg carcass weight).
4. Mortality in ewe hoggs is assumed to be 3%.
5. Ewe concentrate feeding – 18% CP, ideally a balanced compound with feeding of ewes selected on the basis of scanning results. Assumes self-feed blocks are used on less accessible hills although expensive per unit of energy, ME range 8.5 to 12 MJ/kg DM, total block intake can range from 25-100 blocks/100 ewes.
6. Higher performance can result from better winter nutrition and provision of improved summer grazing for selected ewes, particularly those nursing twins.
7. Grazing is not charged. For improved grazings an annual maintenance charge of £50/ha covers a share of lime and fertiliser.
8. Hay from good in-bye land receiving 140kg/ha N, yielding 6t/ha.

Extensive Hill

GROSS MARGIN DATA

			Lambs reared (%)		
			80%	90%	100%
OUTPUT			£/100 ewes tupped		
Finished lambs:	10 @	£53	-	530	-
	15 @	£53	-	-	795
Store lambs:	51 @	£38	1,938	1,938	-
	56 @	£38	-	-	2,128
Draft/cast ewes:	14 @	£39	546	546	-
	16 @	£44	-	-	704
Wool sales 160kg @	£0.45/kg		72	72	72
			2,556	3,086	3,699
Less: ram replacement (net)			350	350	350
			<u>2,206</u>	<u>2,736</u>	<u>3,349</u>
VARIABLE COSTS					
Sheep feed @	£256/t		461	486	512
Away wintering ewe hoggs at	£18.02/head (inc. haulage)		474	474	474
Vet, medicines & dips			457	466	474
Commission, levies, haulage, shearing, scanning & tags			524	583	647
			<u>1,916</u>	<u>2,009</u>	<u>2,107</u>
Gross margin before forage			<u>290</u>	<u>727</u>	<u>1,242</u>
Forage variable costs:					
0.6 ha hay @	£240/ha		144	144	144
Total Variable Costs			<u>2,060</u>	<u>2,153</u>	<u>2,251</u>
GROSS MARGIN			<u>146</u>	<u>583</u>	<u>1,098</u>
Sensitivity-Change ±			Change in Gross Margin/100 ewes (£)		
£5/hd in all lamb sales			255	305	355
£5/hd in draft ewe price			84	128	95
Hay charged at market value (£175/t)			-381	-381	-381

Improved Hill

PHYSICAL DATA

Breeds Hill breeds inc Blackface hill type, NCC
 Breeds of rams Bluefaced Leicester, NCC, Texel, Suffolk
 Lambing period Assumed to commence 2nd week April

	Lambs reared (%)		
	110%	120%	130%
Ewe hoggs wintered	Home	Home	Home
Lamb crops per ewe	4	4	4
Ram flock life (seasons)	3	3	3
	/100 ewes tupped		
Rams (no.)	3	3	3
Lamb numbers:			
marked	113	123	133
sold/retained	110	120	130
sold: ewe lambs	10	20	30
finished lambs	10	20	30
store lambs	62	52	42
flock replacement	28	28	28
Ewe numbers:			
draft/cast	14	15	16
mortalities	10	9	8
Ewe hoggs purchased	0	0	0
Wool sales (kg)	250	250	250
Concentrate feeding (kg)	2,500	3,000	3,500
Hay feeding	2,000	2,000	2,000
Hay reserve (/annum) (kg)	1,500	1,500	1,500
Bedding straw - 6wk period (kg/day)	80	80	80
Improved permanent pasture assumed (ha)	10.0	10.0	10.0

Basis of data:

1. Estimate of stock prices autumn/early winter 2020.
2. Finished lambs – assume 36 kg liveweight (16-17 kg carcass weight).
3. Ewes are first tupped as Gimmers.
4. Ewe concentrate feeding – ideally a balanced compound 18% CP.
5. The level of concentrate feeding can vary greatly from farm to farm.

Improved Hill

GROSS MARGIN DATA

OUTPUT		Lambs reared (%)		
		110%	120%	130%
		£/100 ewes tupped		
Ewe lambs:	10 @ £75	750	-	-
	20 @ £75	-	1,500	-
	30 @ £75	-	-	2,250
Finished lambs:	10 @ £59 (36kg lwt)	590	-	-
	20 @ £59	-	1,180	-
	30 @ £59	-	-	1,770
Store lambs:	62 @ £45	2,790	-	-
	52 @ £45	-	2,340	-
	42 @ £45	-	-	1,890
Draft/cast ewes:	14 @ £54	756	756	756
Wool sales 250kg @ £0.45/kg		113	113	113
		<u>4,999</u>	<u>5,889</u>	<u>6,779</u>
Less: ram replacement (net)		400	400	400
		<u>4,599</u>	<u>5,489</u>	<u>6,379</u>
VARIABLE COSTS				
Sheep feed @ £256/t		640	768	896
Vet, medicines & dips		582	591	599
Bedding straw @ £90/t (bought-in)		302	302	302
Commission, levies, haulage, shearing, scanning & tags		730	804	879
		<u>2,254</u>	<u>2,465</u>	<u>2,676</u>
Gross margin before forage		<u>2,345</u>	<u>3,024</u>	<u>3,703</u>
Forage variable costs:				
0.7 ha hay @ £240/ha		168	168	168
improved permanent pasture @ £129/ha		1,290	1,290	1,290
		<u>1,458</u>	<u>1,458</u>	<u>1,458</u>
Total Variable Costs		<u>3,712</u>	<u>3,923</u>	<u>4,134</u>
GROSS MARGIN		<u>887</u>	<u>1,566</u>	<u>2,245</u>
GROSS MARGIN per forage ha		89	157	225
Sensitivity-Change ±		Change in Gross Margin/100 ewes (£)		
10 p/kg lwt in finished lamb price		35	69	104
£5/hd in all lamb sales		410	460	510
£5/hd in cast ewe price		70	70	70
10% lamb rearing rate		413	502	591

Draft Blackface Ewes

PHYSICAL DATA

Breeds	Draft Blackface to a terminal or crossing sire		
Lambing period	Commencing mid-March		
	Lambs reared (%)		
	130%	140%	150%
Ewe flock life (seasons)	1.5	1.5	1.5
Ram flock life (seasons)	3	3	3
	/100 ewes tupped		
Rams (no.)	2.5	2.5	2.5
Lamb numbers:			
marked	133	143	153
sold/retained	130	140	150
sold:			
store	32	27	22
finished	65	70	75
breeding	33	43	53
Ewe numbers:			
sales	64	64	64
mortalities	3	3	3
purchased	67	67	67
Wool sales (kg)	250	250	250
Concentrate use:			
Ewe concentrate: ME 12.5 MJ/kg, 18% CP (kg)	3,500	4,000	4,500
Forage: hay - 12,600 kg and			
aftermath grazing (ha)	2.5	2.5	2.5
grazing (ha)	8.0	8.0	8.0
Total forage (ha)	<u>10.5</u>	<u>10.5</u>	<u>10.5</u>
Bedding straw (kg/day)	80	80	80

Basis of data:

1. Estimated breeding stock prices, autumn 2020.
2. Estimate of finished and store lamb prices, summer and autumn 2020.
3. Hay yield and quality 6 t/ha; ME 8.5 MJ/kg DM.
4. Hay and aftermath grazing fertiliser level 140 kg N/ha; grazing fertiliser level 125 kg N/ha.
5. Liveweight of lambs at sale: 36 kg, 32 kg store or sold as ewe lambs for breeding.
6. Straw bedding based on 80 kg/day for 100 ewes housed over a 6 week lambing period.

Draft Blackface Ewes

GROSS MARGIN DATA

OUTPUT	Lambs reared (%)		
	130%	140%	150%
	£/100 ewes tupped		
Ewe lambs: 33 @ £83	2,739	-	-
43 @ £83	-	3,569	-
53 @ £83	-	-	4,399
Finished lambs: 32 @ £59 (36 kg lwt)	1,888	-	-
27 @ £59 (36 kg lwt)	-	1,593	-
22 @ £59 (36 kg lwt)	-	-	1,298
Store lambs: 65 @ £45	2,925	-	-
70 @ £45	-	3,150	-
75 @ £45	-	-	3,375
Cast ewes: 64 @ £44	2,816	2,816	2,816
Wool sales 250kg @ £0.45/kg	113	113	113
	<u>10,481</u>	<u>11,241</u>	<u>12,001</u>
Less: ewes purchased - 67 @ £66	4,422	4,422	4,422
ram replacement (net)	354	542	542
	<u>5,705</u>	<u>6,277</u>	<u>7,037</u>
VARIABLE COSTS			
Ewe concentrate @ £256/t	896	1,024	1,152
Vet, medicines & dips	619	628	636
Bedding straw @ £90/t (bought-in)	302	302	302
Commission, levies, haulage, shearing, scanning & tags	1,249	1,310	1,372
	<u>3,066</u>	<u>3,264</u>	<u>3,462</u>
Gross margin before forage	<u>2,639</u>	<u>3,013</u>	<u>3,575</u>
Forage variable costs:			
hay @ £240/ha	600	600	600
grazing @ £129/ha	1,032	1,032	1,032
Total Variable Costs	<u>4,698</u>	<u>4,896</u>	<u>5,094</u>
GROSS MARGIN	<u>1,007</u>	<u>1,381</u>	<u>1,943</u>
GROSS MARGIN per forage ha	96	132	185

Sensitivity-Change ±	Change in Gross Margin/100 ewes (£)		
10 p/kg lwt in finished lamb price	111	93	76
£5/hd in store lamb price	325	350	375
£5/hd in breeding stock value	165	215	265
£5/hd in cast ewe price	320	320	320
£5/hd in ewe purchase price	335	335	335
10% lamb rearing rate	755	831	907

Crossbred Ewes

PHYSICAL DATA

Breeds	Large crossbred (75-85kg) e.g. Scotch Mule, Mule-cross		
Breed of ram	Terminal Sire		
Lambing period	Commencing early April		
	Lambs reared (%)		
Lambing period	150%	160%	170%
Lamb crops per ewe (avg)	4.5	4.5	4.5
Ram flock life (seasons)	3	3	3
	/100 ewes tupped		
Rams (no.)	2.5	2.5	2.5
Lamb numbers:			
marked	152	162	172
sold/retained	150	160	170
sold: finished lambs	120	140	160
store lambs	30	20	10
Ewe numbers:			
culls	17	17	17
mortalities	5	5	5
gimmers purchased	22	22	22
Wool sales - ewes, rams & hogs (kg)	270	270	270
Ewe concentrate: ME 12.5 MJ/kg DM, 18% CP (kg)	4,500	5,000	5,500
Forage: improved grazing (ha)	10.0	10.0	10.0
silage (ha)	2	2	2
Total forage (ha)	<u>12</u>	<u>12</u>	<u>12</u>
Bedding straw (kg/day)	80	80	80

Basis of data:

1. Estimates of gimmer, finished and store lamb and cast ewe prices 2020. Finished lambs at 42 kg, store 34 kg.
2. Silage two cuts, 32 t/ha, 130 kg/ha N.
3. Concentrate use increases with increasing scanning percentage.
4. Bedding straw based on 80 kg/day for 100 ewes housed over a 6 week lambing period.
5. Modern rams are capable of running at 80/100:1 in lowland flocks, stocked tightly.

Crossbred Ewes

GROSS MARGIN DATA

OUTPUT

	Lambs reared (%)		
	150%	160%	170%
	£/100 ewes tupped		
Finished lambs: 120 @ £74 (42kg lwt)	8,880	-	-
140 @ £74	-	10,360	-
160 @ £74	-	-	11,840
Store lambs: 30 @ £54	1,620	-	-
20 @ £54	-	1,080	-
10 @ £54	-	-	540
Cast ewes: 17 @ £73	1,241	1,241	1,241
Wool sales 270kg @ £0.65/kg	176	176	176
	<u>11,917</u>	<u>12,857</u>	<u>13,797</u>
Less: gimmers purchased - 22 @ £118	2,596	2,596	2,596
ram replacement (net)	500	500	500
	<u>8,821</u>	<u>9,761</u>	<u>10,701</u>
VARIABLE COSTS			
Ewe concentrate @ £256/t	1,152	1,280	1,408
Vet, medicines & dips	696	704	713
Bedding straw @ £90/t (bought-in)	302	302	302
Commission, levies, haulage, shearing, scanning & tags	1,207	1,275	1,343
	<u>3,357</u>	<u>3,561</u>	<u>3,766</u>
Gross margin before forage	<u>5,464</u>	<u>6,200</u>	<u>6,935</u>
Forage variable costs:			
silage @ £147/ha	294	294	294
grazing @ £129/ha	1,290	1,290	1,290
Total Variable Costs	<u>4,941</u>	<u>5,145</u>	<u>5,350</u>
GROSS MARGIN	<u>3,880</u>	<u>4,616</u>	<u>5,351</u>
GROSS MARGIN per forage ha	323	385	446

Sensitivity-Change ±

Change in Gross Margin/100 ewes (£)

10 p/kg lwt in finished lamb price	484	564	645
£5/hd in all lamb sales	750	800	850
£5/hd in cast ewe price	85	85	85
£5/hd in gimmer price	110	110	110
10% lamb rearing rate	1,050	1,144	1,238

Pure Bred Flock

PHYSICAL DATA

Breeds	Mid-sized (60-65kg) e.g. Lley, Romney		
Lambing period	March-April		
	Lambs reared (%)		
	150%	160%	170%
Lamb crops per ewe	4.5	4.5	4.5
Ram flock life (seasons)	3	3	3
	/100 ewes tupped		
Rams (no.)	2.5	2.5	2.5
Lamb numbers:			
marked	152	162	172
sold/retained	150	160	170
sales:			
ewe lambs	25	35	45
finished lambs	75	85	95
store lambs	28	18	8
flock replacements	22	22	22
Ewe numbers:			
culls	18	18	18
mortalities	4	4	4
gimmers purchased	-	-	-
Wool sales (kg)	270	270	270
Ewe concentrate: ME 12.5 MJ/kg, 18%CP (kg)	4,500	5,000	5,500
Forage: grazing (ha)	10.0	10.0	10.0
silage (ha)	2.0	2.0	2.0
Total forage (ha)	<u>12</u>	<u>12</u>	<u>12</u>
Bedding straw (kg/day)	80	80	80

Basis of data:

1. Estimate of ewe lamb, finished and store lamb prices, cast ewe prices, summer and autumn 2020.
2. Silage two cuts, 32t/ha, 130kg/ha N.
3. For wool sales, add 200kg for Romneys.
4. Finished lambs liveweight at sale, 38 kg, store lambs 32 kg.
5. Bedding straw based on 80 kg/day for 100 ewes housed over a 6 week period. This can be deducted if no housing required.
6. Modern rams are capable of running at 80/100:1 in lowland flocks, stocked tightly.

Pure Bred Flock

GROSS MARGIN DATA

OUTPUT	Lambs reared (%)		
	150%	160%	170%
	£/100 ewes tupped		
Ewe lambs: 25 @ £80	2,000	-	-
35 @ £80	-	2,800	-
45 @ £80	-	-	3,600
Finished lambs: 75 @ £63 (38kg lwt)	4,725	-	-
85 @ £63	-	5,355	-
95 @ £63	-	-	5,985
Store lambs: 28 @ £50	1,400	-	-
18 @ £50	-	900	-
8 @ £50	-	-	400
Draft/cast ewes: 18 @ £70	1,260	1,260	1,260
Wool sales 270kg @ £0.65/kg	176	176	176
(add £290/100 ewes for Romney wool)	9,561	10,491	11,421
Less: ram replacement (net)	542	542	542
	<u>9,019</u>	<u>9,949</u>	<u>10,879</u>
VARIABLE COSTS			
Barley, protein & minerals @ £256/t	1,152	1,280	1,408
Vet, medicines & dips	784	794	803
Bedding straw @ £90/t (bought-in)	302	302	302
Commission, levies, haulage, shearing, scanning & tags	1,028	1,097	1,164
	<u>3,266</u>	<u>3,473</u>	<u>3,677</u>
Gross margin before forage	<u>5,753</u>	<u>6,476</u>	<u>7,202</u>
Forage variable costs:			
silage @ £147/ha	294	294	294
grazing @ £129/ha	1,290	1,290	1,290
	<u>1,584</u>	<u>1,584</u>	<u>1,584</u>
Total Variable Costs	<u>4,850</u>	<u>5,057</u>	<u>5,261</u>
GROSS MARGIN	<u>4,169</u>	<u>4,892</u>	<u>5,618</u>
GROSS MARGIN per forage ha	347	408	468
Sensitivity-Change ±			
	Change in Gross Margin/100 ewes (£)		
10 p/kg in finished lamb price	274	310	347
£5/hd in all lamb sales	640	690	740
£5/hd in cast ewe price	90	90	90
10% lamb rearing rate	813	906	999

Early Finished Lamb Production

PHYSICAL DATA

Breeds	Suffolk/Continental cross ewe to terminal sire		
Lambing period	Mid-December to end January		
	Lambs reared (%)		
	140%	150%	160%
Lamb crops per ewe (avg)	5	5	5
Ram flock life (seasons)	3	3	3
	/100 ewes tupped		
Rams (no.)	2.5	2.5	2.5
Lamb numbers:			
marked	143	153	163
sold finished	140	150	160
Lamb liveweight at slaughter (kg)	40	40	40
Lamb deadweight at slaughter (kg)	19	19	19
Ewe numbers:			
culls	18	18	18
mortalities	4	4	4
gimmers purchased	26	26	26
Wool sales - ewes, rams & hogs (kg)	270	270	270
Concentrate use:			
ewe concentrate: ME 12.5 MJ/kg, 18% CP (kg)	6,000	6,500	7,000
lamb concentrate (kg)	3,000	3,750	4,000
Total concentrate (kg)	<u>9,000</u>	<u>10,250</u>	<u>11,000</u>
Forage: silage (ha)	2.4	2.4	2.4
grazing (ha)	5.6	5.6	5.6
Total forage (ha)	<u>8.0</u>	<u>8.0</u>	<u>8.0</u>
Bedding straw (kg/day)	80	80	80

Basis of data:

1. Breeding stock prices, autumn 2020.
2. Finished lamb prices, June 2020 average.
3. Silage two cuts, 32 t/ha, 130 kg/ha N
4. Bedding straw based on 80 kg/day for 100 ewes housed over a 12 week housing period.
5. Modern rams are capable of running at 80/100:1 in lowland flocks, stocked tightly.

Special features: Ewes housed at lambing and often up to weaning. Lambs creep fed at grass or weaned at 6 weeks and finished on concentrates. Ewes grazed tightly during summer. Often a part flock system. Small flocks, high labour input.

Early Finished Lamb Production

GROSS MARGIN DATA

OUTPUT	Lambs reared (%)		
	140%	150%	160%
	£/100 ewes tupped		
Finished lambs 140 @ £87 (40 kg lwt)	12,180	-	-
150 @ £87	-	13,050	-
160 @ £87	-	-	13,920
Cast ewes: 18 @ £85	1,530	1,530	1,530
Wool sales 270kg @ £0.65/kg	176	176	176
	13,886	14,756	15,626
Less: gimmers purchased - 26 @ £118	3,068	3,068	3,068
ram replacement (net)	500	500	500
	10,318	11,188	12,058
VARIABLE COSTS			
Barley, protein & minerals @ £256/t	1,536	1,664	1,792
Lamb concentrate @ £247/t	741	926	988
Vet, medicines & dips	597	598	599
Bedding straw @ £65/t (home-grown)	437	437	437
Commission, levies, haulage, shearing, scanning & tags	1,262	1,328	1,393
	4,573	4,953	5,209
Gross margin before forage	5,745	6,235	6,849
Forage variable costs:			
hay @ £240/ha	576	576	576
grazing @ £129/ha	722	722	722
Total Variable Costs	5,871	6,251	6,507
GROSS MARGIN	4,447	4,937	5,551
GROSS MARGIN per forage ha	556	617	694

Sensitivity-Change ±	Change in Gross Margin/100 ewes (£)		
10 p/kg lwt in finished lamb price	538	576	614
£5/hd in cast ewe price	90	90	90
£5/hd in gimmer price	130	130	130
£10/tonne concentrate price	90	103	110

Easy Care (Wool Shedding)

PHYSICAL DATA

Breeds	Typically Easycare		
	late April/May		
Lambing period	Lambs reared (%)		
	140%	150%	160%
Lamb crops per ewe	4.5	4.5	4.5
Ram flock life (seasons)	3	3	3
	/100 ewes tupped		
Rams (no.)	2.0	2.0	2.0
Lamb numbers:			
marked	144	154	164
sold/retained	140	150	160
sales:			
ewe lambs	10	20	30
finished lambs	68	68	68
store lambs	40	40	40
Ewe numbers:			
culls	18	18	18
mortalities	4	4	4
Wool sales (kg)	0	0	0
Concentrate use:			
barley/SBP to ewes at tupping (kg)	0	0	0
lamb finishing supplement (kg)	750	750	750
Total barley and concentrate (kg)	<u>750</u>	<u>750</u>	<u>750</u>
Forage: grazing (ha)	8.5	8.5	8.5
silage aftermath (ha)	1.7	1.7	1.7
Total forage (ha)	<u>10.2</u>	<u>10.2</u>	<u>10.2</u>

Basis of data:

1. Breeding stock price estimates, autumn 2019.
2. Estimate of finished and store lamb prices, autumn 2019.
3. Silage two cuts, 32 t/ha, 130 kg/ha N.
4. Access to 10 ha of non-rotational grazed set-aside or 20 ha cattle pasture/100 ewes from 1 September - 14 January assumed. Lambs sold finished October/November, store November/December.
5. Significant savings in labour at lambing on this system. Hill genotype, or Lleyl used as ram on ewe lambs lambing outside.
6. Liveweight of lambs at sale: 38 kg.
7. Modern rams are capable of running at 80/100:1 in lowland flocks, stocked tightly.

Easy Care (Wool Shedding)

GROSS MARGIN DATA

OUTPUT		Lambs reared (%)		
		140%	150%	160%
		£/100 ewes tupped		
Ewe lambs	10 @ £80	800	-	-
	20 @ £80	-	1,600	-
	30 @ £80	-	-	2,400
Finished lambs:	68 @ £63 (38kg lwt)	4,284	-	-
	68 @ £63	-	4,284	-
	68 @ £63	-	-	4,284
Store lambs:	40 @ £43	1,720	-	-
	40 @ £43	-	1,720	-
	40 @ £43	-	-	1,720
Draft/cast ewes:	18 @ £58	1,044	1,044	1,044
Wool sales 0kg @ £0/kg		-	-	-
		7,848	8,648	9,448
<i>Less:</i> ram replacement (net)		433	433	433
		7,415	8,215	9,015
VARIABLE COSTS				
Barley & mineralised SBP @ £256/t		-	-	-
Lamb finishing pellets @ £247/t		185	185	185
Vet, medicines & dips		468	476	484
Commission, levies, haulage, scanning & tags		862	924	987
		1,515	1,585	1,656
Gross margin before forage		5,900	6,630	7,359
Forage variable costs:				
silage @ £147/ha		250	250	250
grazing @ £129/ha		1,097	1,097	1,097
		1,347	1,347	1,347
Total Variable Costs		2,862	2,932	3,003
GROSS MARGIN		4,553	5,283	6,012
GROSS MARGIN per forage ha		446	518	589
Sensitivity-Change ±		Change in Gross Margin/100 ewes (£)		
	10 p/kg lwt in finished lamb price	248	248	248
	£5/hd in all lamb sales	590	640	690
	£5/hd in cast ewe price	90	90	90
	10% lamb rearing rate	680	760	840

Gimmering

PHYSICAL DATA

Breeds	Crossbred, Cheviot, Lleyn
System	Ewe lambs purchased in autumn, wintered on swedes and hay, grazed tightly in summer and sold as gimmers in autumn
	/100 sheep
Mortalities (no.)	2
Wool sales (kg)	270
Concentrate use:	
Barley (kg)	1,500
Forage: hay-5,000 kg (ha)	1.0
swedes (ha)	1.5
grazing (ha)	3.0
Total forage (ha)	<u>5.5</u>

Basis of data:

1. Ewe lamb price, autumn 2020.
2. Estimate of gimmer price, autumn 2020.
3. Hay yield and quality 6 t/ha; ME 8.5 MJ/kg DM.
4. Hay and aftermath grazing fertiliser level 140 kg N/ha; grazing fertiliser level 125 kg N/ha
5. Yield of swedes 75 t/ha. See page 104-105 for swede production costs.
6. Where an all-hay diet is envisaged, approximately 22 t or 3.1 ha extra hay with aftermath grazing would be required to replace 2 ha of swedes.

Gimmering

GROSS MARGIN DATA

OUTPUT	£/100 sheep
Crossbred gimmers: 98 @ £118	11,564
Wool sales 270kg @ £0.65/kg	176
	<hr/>
	11,740
<i>Less:</i> Crossbred ewe lambs purchased - 100 @ £83	8,300
	<hr/>
	3,440
VARIABLE COSTS	
Concentrates - barley & minerals @ £247/t	371
Vet, medicines & dips	320
Commission, levies, haulage, shearing, scanning & tags	1,072
	<hr/>
	1,763
	<hr/>
Gross margin before forage	1,677
Forage variable costs:	
hay @ £240/ha	240
swedes @ £291/ha	437
grazing @ £129/ha	387
	<hr/>
Total Variable Costs	2,827
	<hr/>
GROSS MARGIN	613
	<hr/>
GROSS MARGIN per forage ha	111

Sensitivity-Change ±	Change in Gross Margin/100 sheep (£)
£5/hd in sale price	490

Short Keep Lambs - Winter Finishing on Rape

PHYSICAL DATA

System	Store lambs purchased in September/October, sold finished November/December	
Grazing period: range, low to high		
stocking period (days)		45-75
average (days)		55
Stocking rate: range (no./ha)		40-60
average (no./ha)		50
Liveweight at start (kg)		27
Liveweight at slaughter (kg)		42
Deadweight at slaughter (kg)		19
		/100 lambs
Mortalities (no.)		2
Area of rape (ha)		2
Area of grass 'run-back' (ha)		1
Concentrates (cereal) fed (kg)		500

Basis of data:

1. Estimate of store lamb price, autumn 2020.
2. Estimate of finished lamb/hogg price, November/December 2020.
3. Performance from lambs grazing rape can vary greatly between years. The requirement for supplementary concentrates is also very variable from year to year, and area to area. Cereal supplementation will be more necessary in higher rainfall areas, and it may be difficult to finish lambs in very high rainfall areas. Small lambs under 25 kg liveweight fail to perform well on rape and should be finished inside. A dry run back area with suitable forage and water should be provided. See page 100-101 for forage rape production costs.

Short Keep Lambs - Winter Finishing on Rape

GROSS MARGIN DATA

OUTPUT	£/100 lambs
Finished lambs: 98 @ £82 (42 kg lwt)	8,036
Less: Store lambs purchased - 100 @ £41	4,100
	<hr/>
	3,936
VARIABLE COSTS	
Concentrates - barley & minerals @ £247/t	124
Vet & medicines	160
Commission, levies, haulage, shearing, scanning & tags	805
	<hr/>
	1,089
Gross margin before forage	<hr/>
	2,847
Forage variable costs:	
forage rape @ £134/ha	268
Total Variable Costs	<hr/>
	1,357
GROSS MARGIN	<hr/>
	2,579
GROSS MARGIN per forage ha	<hr/>
	860

Sensitivity-Change ±	Change in Gross Margin/100 lambs (£)
£5/hd in lamb sale price	490

Short Keep Lambs - Indoor Finishing on Concentrates

PHYSICAL DATA

System	Store lambs housed in December, sold finished February
Liveweight at housing (kg)	28
Liveweight at slaughter (kg)	36
Deadweight at slaughter (kg)	16.5
Food conversion efficiency (kg feed/kg lwt gain)	range 7-10
Finishing period (days)	60
Daily liveweight gain (g)	100-150
	/100 lambs
Mortalities (no.)	2
Concentrates: whole barley (kg)	4,020
sugar beet pulp (kg)	1,610
protein supplement (46% CP) (kg)	805
salt/minerals/vitamins (kg)	165
Total mix (kg)	<u>6,600</u>
Hay feeding (kg)	300
Bedding straw (housed period) (kg/day)	80

Basis of data:

1. Estimate of store lamb price, autumn 2020.
2. Estimate of finished lamb price, February 2021.
3. Suitable for lambs that are difficult to finish outside: ram lambs, anything under 25 kg in the autumn and thin lambs.
4. Profitability depends on rising lamb prices rather than food conversion efficiency. Late-born smaller lambs, non-standard types, any lambs under 25 kg liveweight and lambs that have failed to finish outside are all suitable for this system.
5. Care should be taken when introducing housed lambs to concentrate feeding where starchy cereals (e.g. barley) are used. Acidosis can often result, causing digestive upsets and in some cases, mortality. Typical feed conversion rate is 8.25 kg concentrate to produce 1 kg lwt (including concentrate fed during introductory period), for Blackface and other hill breeds. Crossbred lambs convert at 7-7.5 kg when gaining from 30-35 kg to 40-45 kg. Minerals will contain no Mg and low P.

Short Keep Lambs - Indoor Finishing on Concentrates

GROSS MARGIN DATA

OUTPUT	£/100 lambs
Finished lambs: 98 @ £59 (36 kg lwt)	5,782
Less: Store lambs purchased - 100 @ £38	3,800
	<u>1,982</u>
VARIABLE COSTS	
Concentrates homemix @ £247/t	1,630
Vet & medicines	160
Bedding straw @ £90/t (bought-in)	302
Commission, levies, haulage, shearing, scanning & tags	715
	<u>2,807</u>
Gross margin before forage	- 825
Forage variable costs:	
hay @ £240/ha	10
Total Variable Costs	<u>2,817</u>
GROSS MARGIN	<u>- 835</u>

Sensitivity-Change ±	Change in Gross Margin/100 lambs (£)
10 p/kg lwt in finished lamb price	367
£5/hd in store lamb purchase price	500
£10/t in concentrate price	66
10 days in finishing period - straw, feed and hay	333

Long Keep Lambs - Finishing on Swedes

PHYSICAL DATA

Breeds	Blackface, Cheviot, Texel, Crossbred wethers
System	Store lambs purchased in September/October, run over stubbles and grassland to mid-December, folded on swedes to end March/mid-April
Liveweight at start (kg)	27
Liveweight at slaughter (kg)	44
Deadweight at slaughter (kg)	21
Finishing period (days)	70
	/100 lambs
Mortalities (no.)	4
Concentrates: barley and minerals (kg)	1,500
Forage: hay (ha)	0.50
swedes (ha)	1.33
grazing (ha)	1.00
Total forage area (ha)	2.83

Basis of data:

1. Estimate of store lamb price, autumn 2020.
2. Estimate of finished hogg price, spring 2021.
3. Hay yield and quality 6 t/ha; ME 8.5 MJ/kg DM.
4. Hay and aftermath grazing fertiliser level 140 kg N/ha; grazing fertiliser level 125 kg N/ha.
5. Yield of Swedes - 75 t/ha. See pages 104-105 for swede production costs. Use winter hardy varieties of swedes after December. A dry run back area with suitable forage and water should be provided. Supplement with an extra 100 g/head/day of soya if swede tops lost by frost and no grassy runback available. Provide access to dry lying area.
6. Grazing requirement approximately 8 ha for 2 months after purchase; equivalent to 1 ha on annual basis.

Long Keep Lambs - Finishing on Swedes

GROSS MARGIN DATA

OUTPUT	£/100 lambs
Finished lambs: 96 @ £88 (44 kg lwt)	8,448
Less: Store lambs purchased - 100 @ £41	4,100
	<hr/>
	4,348
<hr/>	
VARIABLE COSTS	
Concentrates homemix @ £247/t	371
Vet & medicines	340
Commission, levies, haulage, shearing, scanning & tags	816
	<hr/>
	1,527
	<hr/>
Gross margin before forage	2,821
Forage variable costs:	
hay @ £240/ha	120
swedes @ £291/ha	387
grazing @ £129/ha	129
	<hr/>
Total Variable Costs	2,163
	<hr/>
GROSS MARGIN	2,185
	<hr/>

Sensitivity-Change ±	Change in Gross Margin/100 lambs (£)
£5/hd in lamb sale price	480
£5/hd in store purchase price	500
30% in pasture utilisation	191

Red Deer

Introduction

The June 2017 agricultural census recorded 8,000 farmed deer in Scotland – from 96 registered holdings, up 1,000 head (15%) from the previous year. It is estimated that deer and deer farm numbers have significantly increased since 2017. In 2018 Scotland produced around 3,500 tonnes of venison from wild deer, with farmed production only around 100 tonnes. The total UK venison market is estimated to be worth £100m with the farm sector in Scotland valued at approximately £540k. Over the last ten years, UK retail sales of venison have steadily grown with recent research showing that the UK venison retail market grew by 11% in 2019. However, UK supply has not kept pace over the same period and imported venison continues to fill the vacuum created by market demand. Since a record wild cull in 2017, the wild sector has however seen decreasing volumes of venison produced. Imports from New Zealand have also dramatically reduced with New Zealand products going to other markets including the USA. To combat this, there is a drive in Scotland to encourage increased production of Scottish farmed venison and in so doing, reduce the UK's reliance on imports. It is estimated that an additional 1200 tonnes of venison per annum will be required to keep step with demand.

A sector wide strategy for venison “Beyond the Glen” was launched in September 2018 and has been developed to fit with the Scotland Food and Drink strategy Ambition 2030.

As part of the strategy, The Scottish Venison Association was formed as a successor to the Scottish Venison Partnership with the aim of implementing the strategy which aims to substantially increase the farmed sector output from 100 tonnes to 850 tonnes. This will be achieved by growing the annual kill from 1.7k to 15k animals and growing the value of the sector to £4.6m.

In the longer-term, the required increase to meet demand could be achievable if the relative profitability of farmed deer were to improve compared to beef and sheep. Much will depend on what changes to agricultural support and trade access are made following Brexit and whether these create opportunities for new enterprises such as deer farming. Interestingly non-EU venison enjoys tariff free access to the EU compared to tariffs of ~50% for beef and sheep-meat. Brexit is likely to bring further challenges for import and export. The sector may find post-Brexit that imports, and exports diminish further and more wild roe venison, which is traditionally exported to Europe, is available for the UK market.

Support and subsidies

Historically deer farming did not attract support payments and subsidies putting it at a disadvantage to cattle and sheep farming. However, the

reformed CAP regime now enables deer farmers to claim support payments under the Basic Payment Scheme.

Starting deer farming

The main barriers to people entering deer farming are the start-up costs which are estimated at upwards of £100,000 for a 100 hind breeding herd. Red deer breeding hinds will generally cost from £350 - £600 for pedigree stock with breeding stags costing from £1000 - £2,000. Other significant costs include fencing at £8.00 - £10.50/m and handling facilities, crush and weigh scales at £10,000 - £20,000.

Other barriers identified had been access to an abattoir, knowledge of where to obtain limited breeding stock and specialist knowledge relating to the industry. As the sector has grown, these barriers have been addressed with a dedicated deer abattoir opening in Fife and, as the sector expands, more breeding stock made available. Also, the development of a new Scottish Venison Industry Strategy and funding of previous initiatives such as the Deer Farm and Park Demonstration Project have helped spread knowledge about the sector.

Once set up, there is a relatively low labour demand for deer farming meaning that it may fit well with existing livestock or arable enterprises. In general, deer are relatively healthy and free from disease. The main health issues are: TB, Johne's disease, cryptosporidium, copper deficiency and lungworm, all of which are manageable with good practice. Scotland also remains officially and internationally recognised as free of bovine TB and measures are taken to ensure this status remains.

Farmed venison processing and markets

Deer farmers are unique in the livestock sector in being able to kill their deer either on the farm or in an abattoir. No matter how the farmed animals are processed, the deer must be examined ante-mortem by a vet within 72 hours of death. The meat must be processed through facilities that have been licensed and regularly inspected by the Food Standards Agency or Food Standards Scotland. Only two supermarkets in the UK purchase farmed venison generally from abattoir killed carcasses.

At the moment there are two dedicated abattoirs in the UK killing Scottish farmed deer, one in Scotland and one in Yorkshire.

Stagison is the only deer abattoir and processing plant in Scotland. Stagison is BRC accredited and accepts deer from farms and estates all over Scotland. They currently take calves from 6 months old that they finish on their on-site farm, to yearlings that are ready to process. Prior to the COVID-19 epidemic, Stagison supplied venison to chefs, suppliers and independent retailers in the Scottish food industry and offered fresh and frozen venison products under the Stagison brand. Since COVID-19 outbreak, Stagison has seen an upturn in demand for their retail butchered products both online and locally. Their services have been in

demand from deer farmers who have been able to set up on-farm shops and provide local delivery services from their own farms.

A large proportion of Scottish finished farm deer are marketed collectively through the UK wide producer cooperative First Venison Ltd. This comprises a dedicated supply route through a state-of-the-art slaughter and processing facilities in Yorkshire before selling through the national retailer, Waitrose.

There is also an abattoir at Trefrank Farm, near Bodmin, Cornwall that has recently opened to sell venison under the Westcountry Premium Venison brand.

An alternative option is for farmers to sell their deer to finishers. There are a number of producers in England and Scotland that will accept deer from 6 months old and finish them on their own farm before processing.

Venison Market and Consumer Information

Detailed market research undertaken across the UK has indicated that the retail home venison market is growing in value, recording an increase of 10.9% through 2019. Market research undertaken by Kantar and funded by the Scottish Government has, for the first time, given an accurate snapshot of how the UK retail venison market is performing and of consumer views in Scotland and the rest of the UK towards buying and eating venison. The Kantar research found that the UK retail venison market was worth £14.4m in 2019, with a total of 1,221 tonnes sold in the last 12 months. An additional two times that amount of venison is produced, the majority of it from Scotland's wild deer, which goes to market via other routes – catering, hotels and restaurants and foodservice; independent butchers, farmers markets and mail order; and for export.

Kantar's research drilled down into the UK grocery retail sector, establishing that sales of primary cuts (including diced, cubed, stewing, steak, mince and roasting), were worth £7.1m (up by 43%), burgers and grills some £5.2m and sausages worth £1.0m. Venison is sold in the UK grocery retail sector at an average price of £11.78 per kilogram. The retail market is dominated by two brands accounting for 59% of sales with Highland Game (who specialise in wild venison) at #1 and Waitrose own label at #2. In terms of retailer share of venison Waitrose is in front with 33.2% of the market, Sainsbury's following with 13% and then Morrisons with 10.7%.

Attitudinal research undertaken by 56 Degree Insight highlighted that 49% of venison is bought from the supermarket; 26% from butchers; 14% from farm shops; and 9% from mail order. Venison shoppers are likely to be older and more affluent, 30% of all venison is consumed by those aged 65 and over. Also 52% choose venison because of taste; 34% because of high quality; 24% because of health/nutritional qualities; 22% to try something different; and 19% because they can buy it locally.

Venison is 5x more likely to be eaten as a treat and 2x more likely to be eaten for health reasons versus other red meat.

Impact of COVID-19

Due to the COVID-19 epidemic, venison sales into the restaurant/catering/foodservice sector has significantly reduced. As the restaurant sector begins to reopen, we anticipate venison sales to recover slightly but the sector is anticipating a significant downturn for the remainder of 2020 and potentially beyond. To overcome this downturn in foodservice sector, a number of deer farms which have previously sold through a processor into the food service sector, have taken the decision to sell directly to the consumer using their own farm shop or on-line sales.

The impact of COVID-19 may be more significant for the wild sector with a number of estates indicating that deer stalking may not take place during the coronavirus restrictions. This would have a huge impact on income generated by the estates from stalking and would also reduce the amount of wild venison on the market. This may reduce the impact for farmed venison.

Discussions have taken place between Scottish Venison Association and Scottish Government regarding funding for a recovery plan for Scottish venison post COVID-19. The major asks relevant for the farmed sector are:

- Consumer advertising and PR campaign during October 2020 – February 2021 covering Scotland and London & SE England focussing on wild and farmed venison.
- Funding to develop a short supply chain project in Scotland - local venison for local markets.

References

A range of information relating to deer farming is available from the organisations below:

- “Beyond the Glen”. A strategy for the Scottish Venison Sector to 2030: www.deer-management.co.uk/wp-content/uploads/2018/09/Venison-Strategy-1.pdf
- Scottish Venison: <https://www.scottish-venison.info>
- The Venison Advisory Service: www.venisonadvisory.co.uk/
- The Deer Farm & Park Demonstration Project: <http://deerfarmdemoproject.scottish-venison.info/>
- The Scottish Venison Partnership (now Association): www.scottish-venison.info/
- The British Deer Farms and Parks Association: <http://bdfpa.org/>
- Quality Assured Farm Venison Scheme: <https://www.saiglobal.com/assurance/farm-assurance/quality-assured-farm-venison.htm>

Red Deer - Lowground Breeding and Feeding

PHYSICAL DATA

Calving period		May-Jun
Sale period		Aug-Nov
Herd life:	hinds (years)	12
	stags (years)	6
Calves born		90%
Calves reared		85%
Hind deaths (no.)		1
Liveweight at sale:	15-18 month stags (kg)	108
	15-18 month hinds (kg)	85
	cull hinds (kg)	110
Killing out percentage		54%
		/100 hinds
Stags (no.)		3
Sales:		
	15-18 month stags (no.)	43
	15-18 month hinds (no.)	35
	cull hinds (no.)	7
Winter feeding period (days):		
	hinds and stags	100
	calves	180
Feeding:	concentrates (t)	20.5
	silage (t)	161.2
Silage:	yield (t/ha from 2 cuts)	31
	ME quality (MJ/kg DM)	10
	fertiliser (kg N/ha)	220
Grazing	fertiliser (kg N/ha)	175
Total forage area required (ha)		
Silage and aftermath grazing		5.2
Grazing		13.0
		<hr/>
		18.2

Hay (3.8 ha at 7 t/ha) and swedes (1.7 ha at 75 t/ha) can be fed as an alternative to silage.

Housing system (straw bedding assumed):

Hinds housed January to April, calves housed November to April.

Straw bedding (t/hd)	- hinds and stags	0.10
	- calves	0.10
Antler sales	- kg per stag	5.50
	- kg per yearling	0.5
	- yearling antlers saleable	10%

Red Deer - Upland Breeding Selling Calves

PHYSICAL DATA

Calving period		May-Jun
Sale period		Nov-Dec
Herd life:	hinds (years)	12
	stags (years)	6
Calves born		90%
Calves reared		85%
Hind deaths (no.)		1
Liveweight at sale:	stag calves (kg)	50
	hind calves (kg)	40
	cull hinds (kg)	110
Killing out percentage		54%
		/100 hinds
Stags (no.)		3
Sales:		
	stag calves (no.)	43
	hind calves (no.)	35
	cull hinds (no.)	7
Winter feeding period (days):		
	stags	150
	calves	30
Feeding:	concentrates (t)	11.3
	hay (t)	4.2
Hay:	yield (t/ha)	7
	ME quality (MJ/kg DM)	8.5
	fertiliser (kg N/ha)	125
Grazing	fertiliser (kg N/ha)	125
Total forage area required (ha)		
Hay and aftermath grazing		0.6
Grazing		10.0
		<hr/>
		10.6
Hill outrun		70.0
Housing system (straw bedding assumed):		
Hinds overwintered on hill, replacement calves housed November to April.		
Straw bedding (t/hd)	- hinds and stags	0.00
	- calves	0.10
Antler sales	- kg per stag	5.50

Red Deer - Upland Breeding Selling Calves

GROSS MARGIN DATA

OUTPUT		£/100 hinds
Sale value:		
Stag calves	50 kg @ 275 p/kg lwt	5,844
Hind calves	40 kg @ 380 p/kg lwt	5,394
Cull hinds	59.4 kg @ 305 p/kg dwt	1,268
Antlers:	16.5 kg @ £10 /kg	165
		<u>12,671</u>
Less: hinds purchased		3,600
share of replacement stag		952
		<u>8,119</u>
VARIABLE COSTS		
Concentrates @ £270/t		3,043
Vet & medicines		573
Bedding straw @ £90/t (bought-in)		63
Other livestock expenses		2,350
		<u>6,029</u>
Gross Margin before forage		<u>2,090</u>
Forage variable costs:		
hay @ £200/ha		120
grazing @ £129/ha		1,290
		<u>1,410</u>
Total Variable Costs		<u>7,439</u>
GROSS MARGIN £/100 hinds		<u>680</u>
GROSS MARGIN £/ha		<u>64</u>

Sensitivity - Change ±	Change in Gross Margin/100 hinds (£)
£5/hd in all deer sales	425

Replacement cost prices:

Cull hind	£181	Hind (purch.)	£450
Cull stag	£204	Replacement stag	£2,000

Red Deer - Finishing Stag Calves

PHYSICAL DATA

Time of purchase		October
Sale period		Aug-Nov
Stags reared		97
Liveweight:	at purchase (kg)	50
	at sale (kg)	108
Killing out percentage		54%
Deadweight at sale (kg)		58
Mortality		3%
Liveweight gain (kg/day)		0.15
		/100 stags
Feeding:	concentrates (t)	10.9
	silage (t)	80.6
Silage:	yield (t/ha)	31
	ME quality (MJ/kg DM)	10
	fertiliser (kg N/ha)	220
Grazing	fertiliser (kg N/ha)	175
Total forage area required (ha)		
Silage and aftermath grazing		2.6
Grazing		5.5
		<hr/> 8.1
Hay (2.0 ha at 7 t/ha) and swedes (0.8 ha at 75 t/ha) can be fed as an alternative to silage.		
Housing system (straw bedding assumed):		
Calves housed November to April.		
Straw bedding (t/hd)	- calves	0.10
Antler sales	- kg per yearling	0.50
	- yearling antlers saleable	10%

Red Deer - Finishing Stag Calves

GROSS MARGIN DATA

OUTPUT			£/100 stags
Sale value:			
Finished stags	58 kg @	500 p/kg dwt	28,130
Antlers:	4.9 kg @	£10 /kg	49
			<u>28,179</u>
Less: calves purchased	50 kg @	275 p/kg lwt	13,750
			<u>14,429</u>
VARIABLE COSTS			
Concentrates @ £270/t			2,946
Vet & medicines			243
Bedding straw @ £90/t (bought-in)			873
Other livestock expenses			2,140
			<u>6,202</u>
Gross Margin before forage			<u>8,227</u>
Forage variable costs:			
silage@ £220/ha			520
grazing @ £167/ha			710
			<u>1,230</u>
Total Variable Costs			<u>7,432</u>
GROSS MARGIN £/100 stags			<u>6,997</u>
GROSS MARGIN £/ha			<u>864</u>

Sensitivity - Change ±	Change in Gross Margin/100 stags (£)
£5/hd in stag sales	485

Basis of data:

Sale price - slaughter price based on expected prices for sales to the abattoir. In practice many deer farms sell part of their production direct to retailers, caterers and consumers at deadweight prices over £5.50/kg but with additional processing and marketing costs.

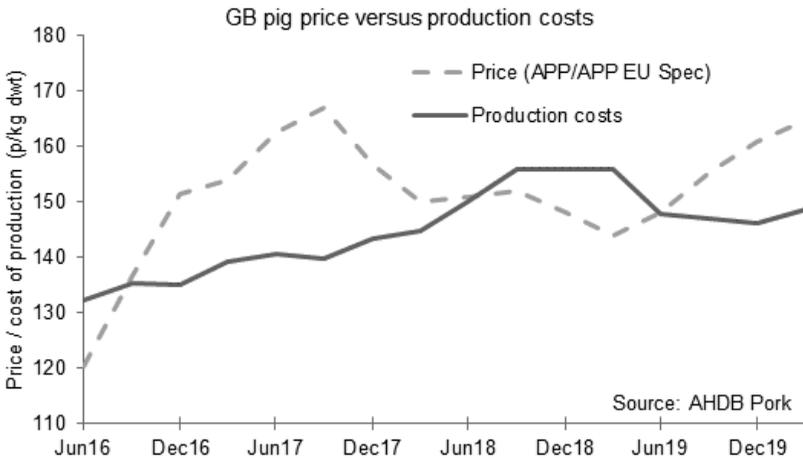
Pigs

Introduction

Markets and prices

Finished pig prices have risen steadily over the past 12 months with the APP EU being around 17 p/kg deadweight higher than June 2019 equating to almost an extra £15 per finished pig (assuming an 85kg carcass). This increase in finisher returns (combined with a decrease in feed prices) has also supported increases in both the 7kg and 30kg weaner markets. The relative weakness of sterling since the Brexit referendum has supported UK values however EU and global market factors continue to impact. While EU prices rose quite sharply in the spring of 2019, this has not been repeated in the UK with prices slowly climbing to current levels. It should also be noted that the effects of the COVID-19 outbreak have seen prices fall significantly in the EU whilst prices have continued their slow climb in the UK.

According to AHDB the average UK pig finisher was losing £10 per head in early 2016. Since then, as prices received increased, positive margins were made, reaching a peak of £23/head (27p/kg) in autumn 2017. In the light of subsequent price falls through 2018 and rising costs (mainly feed) this situation was then reversed with the average producer losing £11/head (13p/kg) by the start of 2019 (Q1 2019). Since then, prices received have steadily increased and coupled with sharply falling feed prices in spring 2019, producers were soon breaking even again (Q2 2019) and the most recent data (Q1 2020) showed producers were making a margin of £14/head (16p/kg).



The 2019 UK June census showed a small decrease in the breeding herd, down 0.2% on the year to 404,000 head. The Scottish breeding herd population in contrast increased by 19.0% to 36,164 head between June 2018 and June 2019 - the highest since the June census in 2011. In addition, there were also 4,802 gilts over 50kg to be used for breeding – a decrease on the year of 13.6% however it should also be noted that

within the breeding herd the number of gilts in pig had risen by 23.3%. The move away from natural serving to artificial insemination continues although breeding boar numbers increased slightly on the year (by 6.8%). Overall total pig numbers increased very slightly on the year by 0.8% suggesting that the effects of the breeding herd increasing has not translated fully into extra pigs being finished in Scotland with a large number of weaners still moving to England for finishing and slaughtering.

Sow productivity increased overall in 2019 with AHDB Pork reporting the average number of pigs weaned per sow in the UK for the 12 months to December 2019 being 26.11, compared with 25.4 in 2018. It should be noted that performance in 2018 was adversely affected by the dry, hot summer which had resulted in an unexpected small reduction in performance in 2018. The indoor herd continued to improve productivity with pigs weaned per sow increasing from 27.4 to 27.45 on the year, with top third producers achieving over 30 pigs weaned per sow per year. 2019 saw the outdoor herd close the gap in terms of productivity with numbers weaned per sow increasing to 24.12. UK production still lags behind the EU with the EU average for 2018 at 28.12 piglets.

The UK is far from self-sufficient in pig meat with domestic production just over half of total UK consumption. Clean pig slaughterings increased by just over 2% in 2019 and when coupled with the continuing trend of increased slaughter weights (84.9kg in 2019), meant that at 959,600t UK pig meat was produced, up 32,600t (3.4%) on the year. UK domestic consumption figures declined in 2019 however exports showed a 9% increase on the year to 378,000 tons. The UK also imports a significant volume of product from a range of countries in order to fulfil the shortfall in domestic production although these reduced by 6.9% (917,000t) in 2019. Most of these suppliers are from within the European Union with the biggest being Denmark, Germany and the Netherlands.

With UK product being seen by some markets as premium and the need to ensure maximum value from the carcass the UK also exports a relatively large volume of lower value product. Most exports of UK pig meat have been to the EU in recent years however the volume going to China is increasing yearly particularly in light of their domestic supply problems caused by African Swine Fever.

Marketing and processing

The UK pig industry is more rationalised than other livestock sectors, such as beef and sheep with the supply chain for pigs more vertically integrated than the beef and sheep sectors with contracts more common. The majority of pigs in Scotland are also marketed through two producer co-operatives.

In Scotland, expansion of capacity at the remaining slaughterhouses has not so far led to any significant recovery in local fattening and slaughtering however the Scottish clean pig kill did increase to 342,300 head in 2019, a rise of 2.7% on 2018 with clean pig slaughterings in

Scotland at their highest since 2012. Despite the increased slaughtering capacity large numbers of weaners continue to head to England for finishing and slaughter.

In 2018, Quality Meat Scotland launched '*Provenance and Profit – A strategy for Scotland's pig industry*'. The initiative aims to double the sector value by 2030. This was to be achieved by greater collaboration and linkages throughout the sector to develop the Scottish industry to achieve its goal. Quality Meat Scotland have also run successful marketing campaigns recently including "Go Places with Pork" which aimed to build on the "Specially Selected Pork" brand by promoting the health benefits and versatility of pork.

Margins

Feed is the biggest cost in pig production and accounts for approximately 50-60% of overall costs. As such the profitability of pig production generally hinges on three factors; the price received for pigs, the feed price and the efficiency of feed conversion. The more enduring route to profitability for pig producers is to raise the number of pigs reared per sow. Numbers produced have continued to increase in recent years and since summer 2016 pig production has been profitable barring a short period where feed prices spiked following the dry summer of 2018. This has encouraged many producers to invest in their businesses, not only to accommodate the increased numbers of pigs but also to provide the space to take these pigs through to increasingly heavier weights. In addition, producers have also invested in new technology to further drive production efficiencies and improve environmental performance.

Breeding Pigs - Indoor Units

PHYSICAL DATA*

	4 week weaning	
	Average	Premium
Litters/sow/year (no)	2.27	2.35
Live pigs born/litter (no)	13.75	15.00
Piglet mortality (%)	12.00	10.00
Weaners/litter (no)	12.10	13.50
Pigs weaned/sow/annum**	27.47	31.73
Pigs sold/sow/annum	26.64	30.77
Age at weaning (days)		27.0
Age at sale/transfer (days)		75
Liveweight at weaning (kg)		7.30
Liveweight at sale (kg)		33.0
Sow:boar ratio		100
No. sows replaced annually (%)		57.0
No. boars replaced annually (%)		40
Sow mortality (%)		6.00
Feed use (conventional diets):		
sow meal (sow, boar, gilt) (kg)		1,300
Daily liveweight gain (g/day)		0.440
Feed conversion ratio (:1)		1.70
<i>Feed (kg of feed/sow/annum):</i>		
Creep feed (14 days of age to 9 kg lwt)	75	86
Weaner diet (9 to 15 kg lwt)	299	346
Rearing diet (15 to 34 kg lwt)	873	1,008
Total feed/sow/annum	2,547	2,740

* Based on data derived from AHDB Pork.

** Per sow and gilt in the herd, rounded and with an allowance for barreners.

Breeding Pigs - Indoor Units

GROSS MARGIN DATA

	£/sow/annum 4 week weaning	
	Average	Premium
OUTPUT		
Weaners sold @ £55*	1,465	1,693
Less:		
sow and boar replacement (net)	<u>55</u>	<u>55</u>
	<u>1,410</u>	<u>1,638</u>
VARIABLE COSTS		
Feed:		
sow meal @ £230/t	299	299
creep feed @ £800/t	60	69
weaner diet @ £495/t	148	171
rearing diet @ £245/t	214	247
Vet & medicines	28	30
Other livestock expenses	<u>85</u>	<u>90</u>
Total Variable Costs	<u>834</u>	<u>906</u>
GROSS MARGIN	<u>576</u>	<u>732</u>
Gross Margin/weaner sold	<u>21.62</u>	<u>23.79</u>

Sensitivity-Change ±	Change in Gross Margin/sow/annum (£)	
£1/weaner sold	27	30
1 weaner pig for sale	55	55
£5/t in feed prices	13	14

Replacement cost prices:

Cull sow (160 kg @ 75 p/kg dwt)	£120	Replacement gilt	£205
Cull boar (180 kg @ 65 p/kg dwt)	£117	Replacement boar	£800

* Weaners sold includes a 3% post weaning mortality.

Basis of data:

1. Feed cost is purchased feed, an estimate derived from quoted list prices.
2. Vet and medicine costs and other livestock expenses are SAC Consulting estimates.

Breeding Pigs - Outdoor Units

PHYSICAL DATA

	Average	Premium*
Breeding herd		
Stocking rate (sows/ha)	14	14
Litters/sow/year (no.)	2.25	2.30
Live pigs born/litter (no.)	12.3	13.0
Piglet mortality (%)	12.5	10.5
Weaners/litter (no.)	10.7	11.6
Pigs weaned/sow/annum	24.1	26.8
Weight at weaning (kg)	7.5	7.5
Age at weaning (days)	26.5	26.0
Proportion sows replaced annually (%)	50.0	50.0
Proportion boars replaced annually (%)	40	40
Sow mortality (%)	5.0	4.5
Sow:boar ratio (:1)	100	100
Sow feed used (kg/annum)	1,300	1,450
Weaners		
Post weaning mortality (%)	3.8	3.0
Weaners sold/sow	23.21	25.96
Age at sale/transfer (days)	75	75
Weight at sale (kg)	33.00	33.00
Weight gain (kg)	25.50	25.50
Daily liveweight gain (g/day)	469	469
Feed conversion ratio (:1)	1.70	1.70
Weaner feed (kg/weaner)	43.35	43.35

* Selected on pigs reared/sow/year.

Breeding Pigs - Outdoor Units

GROSS MARGIN DATA

	£/sow/annum	
	Average	Premium
OUTPUT		
Weaned pigs @ £55	1,277	1,428
Less: sow and boar replacement (net)	48	48
	<u>1,229</u>	<u>1,380</u>
VARIABLE COSTS		
Feed: sow cobs @ £240/t	312	348
weaner feed @ £340/t	355	394
Vet & medicines	35	35
Transport	30	30
Other livestock expenses	80	80
Total Variable Costs	<u>812</u>	<u>887</u>
GROSS MARGIN	<u>417</u>	<u>493</u>
GROSS MARGIN/weaner sold	<u>17.94</u>	<u>18.98</u>
GROSS MARGIN £/ha (acre)	<u>5,832</u> (2,360)	<u>6,896</u> (2,791)

Sensitivity-Change ±	Change in Gross Margin/sow/annum (£)	
£1/weaner sold	23	26
1 weaner pig for sale	55	55
£5/t in feed prices	- 2	1

Replacement cost prices:

Cull sow (160 kg @ 75 p/kg dwt)	£120	Replacement gilt	£205
Cull boar (180 kg @ 65 p/kg dwt)	£117	Replacement boar	£800

Note:

Sow costs are higher than indoor units due to the requirement for cob nuts for management purposes.

Finishing Pigs

PHYSICAL DATA

Type of finisher	All Average	Finishers Premium
Liveweight: at purchase/transfer (kg)	33.0	33.0
at slaughter (kg)	110.0	113.0
Deadweight: at slaughter (kg)	82.9	85.6
Killing out (%)	75.4	75.75
Mortality (%)	3.3	3.0
Liveweight gain (g/day)	828	889
Feed conversion ratio (:1)	2.86	2.63
Feed use (kg)	220	210
Days in herd	93	90
Sale price (p/kg dwt)	160	161
Feed price (£/t)	210	210

Finishing Pigs

GROSS MARGIN DATA

	£/hd	
	All Average	Finishers Premium
OUTPUT		
Sales	132.70	137.81
Less: weaner cost @ £55 (plus allowance for mortality)	56.79	56.65
	<hr/> 75.92	<hr/> 81.16
VARIABLE COSTS		
Feed	46.20	44.10
Vet & medicines	2.0	2.0
Other livestock expenses	8.00	8.00
Total Variable Costs	<hr/> 56.20	<hr/> 54.10
GROSS MARGIN	<hr/> 19.72	<hr/> 27.06
Sensitivity-Change ±		
1 p/kg dwt in sale price	0.83	0.86
£10/t in feed prices	2.20	2.1

Basis of data:

Other livestock expenses include deductions for power, water, bedding, haulage, commission and levies.

Poultry

Introduction

Food supply chains have been pushed to the limit since the coronavirus outbreak early in the year, and poultry markets have been no exception. Producers and processors had to respond quickly to stockpiling, while food service has adapted as much as possible to find new markets for products such as liquid egg and reducing broiler meat demand with the long-term closures of food outlets. The egg sector has fared rather better, with demand driving up the weaker prices experienced in 2019. Poultry meat processing has struggled to meet demand given social distancing and health restrictions, with a high proportion of workers in a small number of processing plants tested positive for coronavirus, and processors have worked hard to put measures in place. Throughout production and processing PPE and hand sanitiser have been challenging to get hold of, as well as sawdust bedding with the closure of sawmills. Some egg and poultry meat producers have diversified into new markets, shifting markets away from food service to offering products like meat boxes and liquid egg products marketed at consumers, either through retailers or as direct sales.

While planning applications for poultry sites has been paused during the pandemic, positive indications from government, such as the announcement of new post-Brexit tariff schedules in May suggest that the poultry sector will be more protected post-Brexit than it would have been according to 2019's draft tariff schedule. Furthermore, the establishment of the Trade and Agriculture Commission shows an interest to maintain quality standards, despite pressure from the USA to relax them, compounded by a number of leading retailers recently having pledged never to sell chlorinated chicken.

Chicken Egg Production

In 2019 the UK produced 31.6 million cases of eggs (360 eggs to a case) up 600,000 cases on 2018. Of these, 72% of eggs were produced in England and Wales, 12% in Scotland and 15% in Northern Ireland (source - Defra 2020a). Since the new year, panic buying in March and a strain on demand prompted an increase in layer egg settings (+7.4%) followed by an increase in layer placings (+9.4%) in the second quarter of the year, as the industry responded to an increase in egg, and particularly shell egg, demand from the consumer market (+18%). Producers have also seen an increase in farm-gate egg prices through the Q2 2020, at an average increase of 78.4 ppp (pence per dozen), a 10% increase from Q2 2019 and a 3.8% increase on Q1 2020; while these increases may be welcome, there is no guarantee these will hold until later in the year.

Free-range production rose 4% from 2018. The table below shows egg production by system as a % of total egg production by year.

	1965	1980	2010	2019
Cage*	53%	95%	50%	42.3%
Barn	37%	4%	5%	1.9%
Free range	10%	1%	42%	52.6%
Organic	-	-	3%	3.1%

* enriched cages became a legal requirement for cage systems for laying hens in 2012.

Trends for eggs by production type have varied widely over the past 50 years, and anyone considering investing in an egg production business should be sure of the market for their egg type. In recent years, the market share of free-range egg production has edged steadily higher due to consumer demand and EU regulations (Council Directive 1999/74/EC) that banned conventional cages in 2012 on welfare grounds. In 2018 UK processors bought 14.7% of total egg output; while historically free range eggs have not penetrated the retail market, a retailer pledge to move away from caged eggs and the general trend of increasing free range and declining barn egg production, indicates that there may be a shift to more free range sourcing in processing.

Independent egg producers can sell their eggs via the large egg producers/packers, or through local businesses (e.g. hotels, farmer's markets). British Free Range Egg Producers Association (BFREPA) is in the process of drawing up model contracts between producers and packers, following an industry consultation on addressing producer claims of an imbalance of rights in contracts favouring packers. Their guidance on contracts can be found here: <https://www.bfrepa.co.uk/wp-content/uploads/2019/10/Contracts-Booklet-October2019.pdf>. Flock size and thus scale of egg output will probably govern which route an egg producer favours. See page 118 for information on poultry keeping regulations.

Over 90% of eggs in the UK are produced using the British Lion Quality Code of Practice, which ensures that the eggs sold are indeed British and adhere to various UK and EU legislation governing the food safety of eggs, in particular that laying hen flocks are vaccinated against Salmonella and that all eggs are traceable. For more information, see <http://www.egginfo.co.uk/>.

Egg grading

Egg grading percentages are dependent on a large number of variables, e.g. lighting programmes and feed specifications and can be altered by changing the feeding and lighting during rearing and the feed specifications during lay. Most major breed management manuals provide suitable information. The following table shows the egg grading ratios as a percentage with weight for each grade.

	Ratio	Grade A weight
Very large	4.0%	>73g
Large	42.0%	63-72.99g
Medium	43.0%	53-62.99g
Small	4.0%	<53g
Seconds	7.0%	-

Egg price indicators

	Pence per 6 pack			
	Very large	Large	Medium	Mixed weight
Cage	-	-	-	70
Barn	-	-	-	-
Free range	170	123	99	116
Organic	320	250	183	175

Source: Leading supermarkets average price for standard 6 packs (July 2020).

Quality assurance

The predominant and most recognised hen egg assurance scheme is the British Lion Quality Code of Practice.

For updates on changes to the Code of Practice for Lion Quality eggs visit the British Egg Industry Council website at:

www.britisheggindustrycouncil.com

Other assurance schemes, such as Freedom Foods free range egg production, or Soil Association organic egg production, can be found at:

- www.freedomfood.co.uk/industry/rspca-welfare-standards
- www.soilassociation.org/farmersgrowers/technicalinformation/poultrylaying

Broiler Meat Production

The UK produced 1.64 million tonnes of broiler chicken meat in 2019, a decrease of 2.1% from 2018. Since the beginning of the year slaughterings and placings have both reduced, 2.1% and 1.9% respectively in Q2 2020 versus the same period last year. This can largely be attributed to the effects of coronavirus, with slaughterings peaking in April in line with a supply chain response to stockpiling but falling with the loss of food service markets and a funnelling of processing capacity with new health and social distancing measures. A drop in broiler egg settings (-2.1%) and placings (-1.8%) reflects the industry attempting to contract production in line with demand, although as restaurants begin re-opening this may see a return to normal, ahead of the annual dip in demand around Christmas in favour of other meats. Globally, African Swine Fever continues to be a problem for pork

producers in East Asia, driving global demand and trade in other white meats. Demand for chicken meat is likely to be more resilient than other meats in the case of an economic downturn as the impacts of coronavirus pinch household grocery budgets.

The majority of broiler chickens are reared conventionally, with free range and organic production accounting for about 5% of the market. Conventional rearing typically means in light-controlled houses but providing natural daylight through windows (along with other types of environmental enrichment, such as perches and bales of wood shavings/straw) is becoming increasingly popular. Both male and female broiler chicks grow rapidly, so either or both sexes can be reared, depending on what target slaughter weight is desirable. With conventional rearing, the average liveweight at the point of slaughter (at around 36-40 days of age) is 2.2 kg (Defra 2020b).

Legislation governing the keeping of conventionally reared broiler chickens (Council Directive 2007/43/EC) stipulates the maximum stocking densities allowed, but note that the UK does not permit the highest stocking density of >39-42 kg/m² (Defra 2011). For more information on housing space requirements see page 407.

Many broiler producers sell their produce under the Assured Chicken Production scheme, which is part of the Red Tractor farm assurance scheme, to ensure food safety and traceability. For more information, see <https://assurance.redtractor.org.uk/standards>

Brexit issues

Future prospects for the egg and poultry meat sectors will, like many others, be closely tied to the nature of the UK's withdrawal agreement with the EU and the potential for subsequent third country trade deals. The government announced in May that it will maintain the EU's current tariffs on egg and egg product imports, applying these to any country with which we do not have a Free Trade Agreement (FTA). If the UK is able to agree an FTA with the EU by the end of the year this is much more favourable position than per 2019's draft tariff schedule; if not then poultry trade will likely be impacted by reciprocated tariffs by the EU, driving up input and equipment costs. It may be good news, however, for the egg sector, as the UK exports a large number of eggs to the EU.

The government has also recently established the Trade and Agriculture Commission, within whose remit will be to inform policies for trade agreements to protect food, welfare and environmental standards, as well as develop export opportunities for UK agricultural produce. This will be of particular importance, as there are concerns that a coming recession may push some consumers to ditch quality British eggs for cheaper imports as the household grocery budget tightens, but it is hoped the

renewed appreciation for British farming during lockdown and awareness of protecting British standards will buffer the potential impact of this.

Also, while tariffs have received more attention in recent months, the heavy reliance on EU labour remains one of the most urgent issues needing addressed during negotiations and continues to be a threat to both egg and poultry-meat production.

Useful Poultry References

- BPC 2018: www.britishpoultry.org.uk/
- BFREPA – www.bfrepa.co.uk & www.theranger.co.uk
- USDA 2019, Livestock and Poultry: World Markets and Trade
- Council Directive 1999/74/EC Laying down minimum standards for the protection of laying hens, pp1-5.
- Council Directive 2007/43/EC Laying down minimum rules for the protection of chickens kept for meat production, pp1-10.
- Defra 2011 Interim guidance for keepers of conventionally reared meat chickens: www.gov.uk/government/publications/meat-chicken-keeper-guidance
- Defra 2020a. United Kingdom Egg Statistics: www.gov.uk/government/statistics/egg-statistics.
- Defra 2020b. United Kingdom Poultry and Poultry Meat Statistics: www.gov.uk/government/statistics/poultry-and-poultry-meat-statistics
- <https://www2.gov.scot/Topics/farmingrural/Agriculture/Livestock/eggs>

Laying Hens - Free Range

PHYSICAL DATA

Source: Hyline Brown Management Guide 2019
Egg stock Brown

Body weight at 17 weeks (kg)	1.40-1.48
Body weight at 70 weeks (kg)	1.91-2.03
Age at 50% production (age, weeks)	20
Peak production (%)	95-96

Laying period:

Pullets housed (weeks)	17
Pullets point of lay (weeks)	18
Weeks in lay per annum adjusted for downtime	48.5
Bird laying cycle (week 18 to 72) (eggs)	319-330
Adjusted egg production (bird/annum) *	272

Mortality:

Livability during lay (%) - refer to breed management guides	0.97
Stocking density (birds/ha)	2,500

Feed:

Feed use (16 to 18 weeks) (kg/hd)	1.10
Feed use (19 to 72 weeks) (kg/hd)	41.664

* Adjusted for 365d, mortality, downtime (pullet to lay, washing)

Note:

Other bird expenses include veterinary treatments, disinfectants, litter, dead bird disposal and range maintenance.

Laying Hens - Free Range

GROSS MARGIN DATA

	£/1000 bird/annum Wholesale	£/doz Wholesale
OUTPUT	£	£
Eggs sales @ £0.814/doz	18,459	0.81
Old hen value less catching cost	44	0.00
<i>Less:</i>		
Pullet purchase @ £4.17 per bird	4,170	0.18
	<u>14,333</u>	<u>0.63</u>
VARIABLE COSTS		
Concentrate feed purchased @ £256.5/t	9,667	0.43
Other bird expenses	750	0.04
Total Variable Costs	10,417	0.46
GROSS MARGIN	<u>3,916</u>	<u>0.17</u>

Sensitivity ±	Change in Gross Margin/1000 birds/annum (£)
£0.10/doz eggs sold	2,268
£10/t feed	377
1% increase in mortality at point of lay (£/1000 birds)	39

Basis of data:

1. Egg price based on BFREPA UK average packer to producer free range price, as at July 2020.
2. High numbers of second grade eggs may be penalised and devalue the average price received.
3. Pullet price based on estimated BFREPA price (16 week fully vaccinated 3,000 bird order), July 2020.
4. Producers selling direct to market will incur additional packaging, grading and marketing costs as well as increased transport, labour and administration costs.

Grading, packaging and marketing costs vary significantly from business to business depending on the degree of automation, the size of the packing operation and the requirements of the customer being supplied.

Broilers

PHYSICAL DATA

Average finished bird weight (kg)	2.2
Killing out %	74%
Average wholesale price (p/kg - lwt)	121
Average age at finishing (days)	37

Age ranges between 39-44 days depending on breed and final weight

Chick costs (p/bird)	36
Chick mortality (%)	4

Price of chicks dependent on size of order and should presume to be fully vaccinated

Feed use (kg/bird)	3.6
Feed conversion ratio	1.65

Stocking density (birds/m ²)	18
Broiler stocking density limited to 33 kg/m ² , for more details see the broiler meat production introduction.	

System turn around time 50-55 days, 6 or 7 crops per year.

Note:

Other bird expenses include veterinary treatments, bedding and power.

Broilers

GROSS MARGIN DATA

OUTPUT	p/bird
Bird sales 2.2 kg @ 89.54 p/kg lwt	196.99
<i>Less:</i>	
Replacement - chicks incl. mortality	37.44
	<u>159.55</u>
VARIABLE COSTS	
Concentrate feed purchased @ £300/t	108.00
Other bird expenses	23.81
Total Variable Costs	<u>131.81</u>
GROSS MARGIN	<u>27.74</u>

Sensitivity ±

10 p/kg
£10/t feed

Change in Gross Margin/bird (p)

22.00
3.60

Organic Farming

Introduction

In 2019 the area of organic farmland in the UK increased by 2.40% to 485,200ha compared to the 474,000ha in 2018. This is mainly due to an increase in arable crops, temporary grassland and woodland. The organic land area has decreased steadily from a high of 743,500ha in 2008 to a low of 474,000ha in 2018. The area of organic land in the UK now covers 2.7%. In contrast, organic production in Europe (EU28) has grown by 34% over the 2012- 2018 period, covering 7.5% of farmland.

The area of land used for organic farming in Scotland in 2019 was 92,100ha; this has increased from 91,600ha in 2018 and represents 1.6% of Scottish farmland. The area of in-conversion land however has fallen from 8,500ha in 2018 to 6,800 in 2019.

The total number of organic livestock in the UK has also increased, but this is solely due to a 2.4% increase in poultry numbers, with cattle, sheep, and pig numbers decreasing. Other stock (goats, deer and horses) remained constant.

Total organic food sales in the UK have increased by 5.3% in 2018 creating a market worth £2.3 billion. Organic produce makes up 1.5% of the UK food and drink sector.

At farm level, the organic milk price premium is generally 10ppl premium on conventional milk. The finished beef price trend has generally followed the conventional price, with an organic premium of approximately 100p/kg. The premium for organic lamb remains small at around 10p/kg.

The prices for organic cereals, have remained buoyant, with premiums of over £100/t for organic cereals, but this is dependent on price of imported organic cereals.

Scottish Government support for the organic sector remains strong through the Scottish Organic Action Plan, and through funding for organic farming in the 2014-2020 SRDP.

Why farm organically?

Organic produce attracts a price premium. This premium can be volatile, depending on supply and demand. Organic farming systems also have lower variable costs than conventional systems, as many inputs are prohibited. When enterprise output can be maintained, organic farming enterprises have the potential to leave a good gross margin.

In Scotland, organic farming is also supported under the Agri-environment Climate Scheme (AECS) of the Rural Development Programme. Attractive rates are available for both organic conversion and maintenance funding as shown in the following table.

£/ha	Year 1 Conversion	Year 2	Year 3	Year 4 Maintenance	Year 5
Arable	280	280	65	65	65
Fruit/veg	400	400	200	200	200
Improved grass	140	140	55	55	55
Rough grazing	12.50	12.50	8.50	8.50	8.50

The first two years of organic conversion payments are higher than the latter three years where maintenance rates apply. This is to compensate for lower output during the conversion period before organic premiums can be attained.

Land that is managed organically is exempt from all Greening requirements of the Basic Payment Scheme (BPS) (see the Rural Aid Schemes section on page 469).

The principles of organic farming also accord with the ethos of many land managers. Using clover and livestock manures to provide fertility, the promotion of health rather than treatment of disease, and an 'acceptable' weed burden that provides food for birds and pollinating species are the aims of some land managers. Going through the formal process of certification allows produce to be sold as organic, and so receive a price premium.

How to get into organic farming

Some farm businesses require big changes to their systems in order to convert, while others will require little change. It is worth talking through the implications of converting with an adviser. Many organisations run organic farm walks throughout the year, giving farmers the chance to visit an organic farm which will demonstrate the link between organic farming and good environmental management.

There are several different organic bodies that provide certification (details on page 249). The choice of certification body can depend on several factors, including cost and the enterprises operated on the farm. Grant funding is available for farmers, and it is advisable that this is secured before conversion.

Organic conversion

Converting to organic farming will require changes in farm management with emphasis on increasing a farm's self-reliance: growing most of its own livestock feed; recycling nutrients through manure management; and using ley phases with a lot of clover to fix nitrogen, and which helps to provide fertility for arable crops later in the rotation. As well as building fertility, crop rotations also provide clean grazing and help manage the weed burden. The requirement for more 'natural' production restricts the amount of concentrates that can be fed to cattle and sheep, emphasising a forage-based system. Housed livestock have maximum stocking densities, and must also have a dedicated lying area, possibly necessitating changes to housing with existing slatted floors.

Technical information

The data used in the preparation of the gross margins overleaf has been a necessary compromise of organic production figures from across Scotland. This should be borne in mind when using the margins, for example, in areas where straw is difficult to source a much higher price should be allocated to bedding.

Silage yield is based on a lower yielding, two cut system. Where yields are high due to a large clover yield in a year with an early spring, this should be increased. If only one cut is taken and yields are lower then the forage area will have to be adjusted accordingly. Silage costs are based on baling and wrapping a third of the silage produced. This cost will increase or decrease depending on the proportion of pit or baled silage.

Organic certification

Any farmer wishing to produce food for sale as organic must comply with regulations setting out the minimum standards of production. Certification bodies have their own standards which are generally more specific, and in some respects stricter than the basic EU standards. All farmers in the UK are certified to this higher level.

Compared to 2018, the number of licensed producers and processors in Scotland has decreased from 577 in 2018 to 559 in 2019.

Organic Farming Contacts

Certification bodies

Scottish Organic Producers Association (SOPA)	0131 335 6606 info@sopa.org.uk
The Biodynamic Association (BDA)	01453 759 501 office@biodynamic.org.uk
Organic Farmers and Growers (OF&G)	01939 291 800 info@ofgorganic.org
Irish Organic Association (IOA)	+353 090 643 3680 info@irishoa.ie
The Organic Food Federation	01760 720 444 info@orgfoodfed.com
Organic Trust Ltd.	+ 353 (0) 185 30271 organic@iol.ie
Quality Welsh Food Certification Ltd. (QWFC)	01970 636 688 enquiries@qwfc.co.uk
Soil Association Certification Ltd.	England: 0300 330 0100 Scotland: 0131 666 2474
Global Trust Certification Ltd.	01244 898165 gtenquiries@saiglobal.com
Information and advice	
SAC Consulting	01467 625385
The Organic Research Centre	01488 658 298 hello@organicresearchcentre.com

Organic Wheat - Winter

PHYSICAL DATA

(a) Seed

Organic seed sown at 200 kg/ha (1.60 cwt/acre).

(b) Fertiliser

No manure or mineral fertiliser applied routinely to first crop after ley. Annualised cost of rock phosphate and permitted potash fertiliser (e.g. sulphate of potash) after derogation.

(c) Trace elements

Trace elements (e.g. manganese sulphate).

(d) Other crop expenses

Net wrap at 50-77p/bale for round straw bales.

Organic Wheat - Winter

GROSS MARGIN DATA

Grain yield: t/ha (t/acre)	4.0	(1.6)	5.3	(2.1)	6.5	(2.6)
Straw yield: t/ha (t/acre)	2.1	(0.9)	2.8	(1.1)	3.4	(1.4)
OUTPUT			£/ha (acre)			
Grain @ £250/t*	1,000		1,325		1,625	
Straw @ £45/t	95		126		155	
	<u>1,095</u>	(443)	<u>1,451</u>	(587)	<u>1,780</u>	(720)
VARIABLE COSTS						
Seed @ £550/t	110		110		110	
Fertiliser	47		47		47	
Trace elements	10		10		10	
Other crop expenses	8		11		14	
	<u>175</u>	(71)	<u>178</u>	(72)	<u>180</u>	(73)
GROSS MARGIN	<u>920</u>	(372)	<u>1,273</u>	(515)	<u>1,600</u>	(647)

GRAIN PRICE SENSITIVITY

£230 /t	840	(340)	1,167	(472)	1,470	(595)
£270 /t	1,000	(405)	1,379	(558)	1,730	(700)
£290 /t	1,080	(437)	1,485	(601)	1,860	(753)

* Feed price (milling premium £30/t)

Basis of data:

Sale price estimate for 2021 crop, September/October ex-farm spot price at 15% moisture content and average quality.

Organic Oats - Spring

PHYSICAL DATA

(a) Seed

Organic seed sown at 200 kg/ha (1.60 cwt/acre).

(b) Fertiliser

No manure or mineral fertiliser applied routinely to first crop after ley. Manure applied to 2nd and 3rd crop after ley. Annualised cost of rock phosphate and permitted potash fertiliser (e.g. sulphate of potash) after derogation.

(c) Trace elements

Trace elements (e.g. manganese sulphate).

(d) Other crop expenses

Net wrap at 50-77p/bale for round straw bales.

Organic Oats - Spring

GROSS MARGIN DATA

Grain yield: t/ha (t/acre)	3.0	(1.2)	4.0	(1.6)	5.0	(2.0)
Straw yield: t/ha (t/acre)	1.8	(0.7)	2.4	(1.0)	3.0	(1.2)
OUTPUT			£/ha (acre)			
Grain @ £280/t*	840		1,120		1,400	
Straw @ £45/t	81		108		135	
	<u>921</u>	(373)	<u>1,228</u>	(497)	<u>1,535</u>	(621)
VARIABLE COSTS						
Seed @ £530/t	106		106		106	
Fertiliser	47		47		47	
Trace elements	10		10		10	
Other crop expenses	7		10		12	
	<u>170</u>	(69)	<u>172</u>	(70)	<u>175</u>	(71)
GROSS MARGIN	<u>751</u>	(304)	<u>1,056</u>	(427)	<u>1,360</u>	(551)

GRAIN PRICE SENSITIVITY

£260 /t	691	(280)	976	(395)	1,260	(510)
£300 /t	811	(328)	1,136	(460)	1,460	(591)
£320 /t	871	(352)	1,216	(492)	1,560	(631)

* Milling price (feed price £30/t lower)

Basis of data:

Sale price - estimate for 2021 crop, September/October ex-farm spot price at 15% moisture content and average quality.

Organic Barley - Spring

PHYSICAL DATA

(a) Seed

Seed sown at 200 kg/ha (1.6 cwt/acre).

(b) Fertiliser

No manure or mineral fertiliser applied routinely to first crop after ley. Manure applied to 2nd and 3rd crop after ley. Annualised cost of rock phosphate and permitted potash fertiliser (e.g. sulphate of potash) after derogation.

(c) Trace elements

Trace elements (e.g. manganese sulphate).

Organic Barley - Spring

GROSS MARGIN DATA

Grain yield: t/ha (t/acre)	3.0	(1.2)	4.0	(1.6)	5.0	(2.0)
Straw yield: t/ha (t/acre)	1.6	(0.6)	2.1	(0.9)	2.7	(1.1)
OUTPUT			£/ha (acre)			
Grain @ £230/t*	690		920		1,150	
Straw @ £50/t	80		106		133	
	<u>770</u>	(312)	<u>1,026</u>	(415)	<u>1,283</u>	(519)
VARIABLE COSTS						
Seed @ £530/t	106		106		106	
Fertiliser	47		47		47	
Trace elements	10		10		10	
Other crop expenses	6		8		11	
	<u>169</u>	(68)	<u>171</u>	(69)	<u>173</u>	(70)
GROSS MARGIN	<u>601</u>	(243)	<u>855</u>	(346)	<u>1,110</u>	(449)

GRAIN PRICE SENSITIVITY

£210 /t	541	(219)	775	(314)	1,010	(409)
£250 /t	661	(268)	935	(378)	1,210	(490)
£270 /t	721	(292)	1,015	(411)	1,310	(530)

* Feed price (malting premium £30/t)

Basis of data:

Sale price estimate for 2021 crop.

Organic Beans - Spring

PHYSICAL DATA

(a) Seed

Seed sown at 225 kg/ha (1.8 cwt/acre).

(b) Fertiliser

No manure or mineral fertiliser applied routinely to first crop after ley. Manure applied to 2nd and 3rd crop after ley. Annualised cost rock phosphate and permitted potash fertiliser (e.g. sulphate of potash) after derogation.

(c) Trace elements

Trace elements (e.g. manganese sulphate).

Organic Beans - Spring

GROSS MARGIN DATA

Grain yield: t/ha (t/acre)	3.0	(1.2)	5.0	(2.0)
OUTPUT		£/ha (acre)		
Grain @ £375/t*	1,125		1,875	
	<u>1,125</u>	(455)	<u>1,875</u>	(759)
VARIABLE COSTS				
Seed @ £700/t	175		175	
Fertiliser	47		47	
Trace elements	10		10	
Other crop expenses	-		-	
	<u>232</u>	(94)	<u>232</u>	(94)
GROSS MARGIN	<u>893</u>	(362)	<u>1,643</u>	(665)

GRAIN PRICE SENSITIVITY

£335 /t	773	(313)	1,443	(584)
£415 /t	1,013	(410)	1,843	(746)
£435 /t	1,073	(434)	1,943	(786)

* Feed price

Basis of data:

Sale price estimate for 2021 crop. Deductions for high levels of field beans which do not meet minimum quality standards can reduce the price considerably.

Organic Potatoes - Maincrop

PHYSICAL DATA

(a) Seed

Planted at 2.5 t/ha. This figure can rise to 4 t/ha depending on seed size. Organic seed must be used unless a derogation is obtained for specialist varieties.

(b) Fertiliser

Farm yard manure used, no artificial fertiliser.

(c) Sprays

Seed treatment None.

Nematicide Assumption of no treatment applied.

Herbicides None used.

Blight control Copper oxychloride (derogation obtainable).

Aphid control None used.

Slug control 2 applications of ferric phosphate (derogation obtainable) for high risk situations. If low risk situation (i.e. sandy soils), reduce spray cost by £43/ha.

Desiccation Pulverising and/or gas burning. See page 381 for costs.

(d) Other crop expenses

AHDB levy costs, SGRPID field inspection fees; roguing and labels and positive ventilation and cold storage are included. Other costs may include bags (£7.50-£11.20/t of crop) and royalties (which will depend on variety).

(e) Irrigation

Irrigation may be applied in some circumstances for yield and quality. These costs are not included. Annual capital charge could be £350-500/ha plus £1.60-1.90/ha.mm with a contract charge of approximately £5.40/ha.mm.

(f) Casual labour

These costs are not included. Costs calculated using the data below could be used. Labour charged at £12/hr as per labour rates on page 66 for low yielding potato crops.

Organic Potatoes - Maincrop

GROSS MARGIN DATA

Yield: t/ha (t/acre): seed	-	(0.0)	-	(0.0)
Yield: t/ha (t/acre): ware	25	(10.1)	49	(19.8)
Yield: t/ha (t/acre): s/feed	1	(0.4)	2	(0.8)
	<u>26</u>	(10.5)	<u>51</u>	(20.6)
OUTPUT			£/ha (acre)	
Seed @ £0/t	-		-	
Ware @ £310/t	7,750		15,190	
Stockfeed @ £20/t	20		40	
	<u>7,770</u>	(3,144)	<u>15,230</u>	(6,163)
VARIABLE COSTS				
Seed @ £360/t	900		900	
Fertiliser	-		-	
Sprays	49		49	
Other expenses	2,059		3,884	
	<u>3,008</u>	(1,217)	<u>4,833</u>	(1,956)
GROSS MARGIN	<u>4,762</u>	(1,927)	<u>10,397</u>	(4,207)
WARE PRICE SENSITIVITY				
£150 /t	762	(308)	2,557	(1,035)
£250 /t	3,262	(1,320)	7,457	(3,018)
£310 /t	4,762	(1,927)	10,397	(4,208)
£360 /t	6,012	(2,433)	12,847	(5,199)

Organic Dairying

Introduction

Organic dairy farming aims for self-sufficiency within a unit. An effective way of doing this is by utilising high quality grass and grass silage as the main source of both protein and energy. This achieves economies in concentrate feeding. Further economies are made by replacing compound feeds and blends with home mixes. The higher reliance on forage means that milk output is around 20 to 25% lower than in a conventional system.

Gross margins

The enterprise performance levels are specific to the individual cow per annum based on the whole herd performance divided by the average number of cows in the herd. They allow for a number of variables, but also contain a number of constant assumptions.

Variables

Traditionally dairy herds could either be classed as spring or autumn calving. A more level production of milk is now being encouraged by milk purchasers. This has resulted in adjustments to calving patterns, with more herds now achieving all-year round calving.

Feeding systems vary ranging from a simple system of silage or grass ad-lib with parlour cake fed to yield. Higher input systems may make use of a partial mixed ration with a low level of concentrate fed along with silage, again topped up with parlour feeding. Total mixed rations may also be fed without additional parlour feed. Organic concentrate costs are significantly higher, in the region of about 80-100% over conventional feeds. Whatever the system, forage inclusion must be a minimum 60% of the total ration on a dry matter basis. It is a requirement of the organic certification standards that dairy cows must be at pasture when conditions allow, which is typically over 200 days on average per year.

Constant assumptions

Herd life	3 to 5 years
Calving interval	390 days
Cow mortality	1-2%
Calf mortality (up to 7 days)	8%
Size of cow	600 kg
Winter feeding period	180 days

Rations

For simplicity the feeds included have been restricted to ad-lib silage and grass plus 18% crude protein, 13.0 ME compound cake.

Organic Dairying - Summary of Assumptions

(a) Average price assumed (ppl)

An average price of 37ppl is assumed. This will fluctuate seasonally and may be partly dependent on quality characteristics such as hygiene measures and milk fat and protein percentage.

(b) Calf value

A sale/transfer price of £155/hd has been adjusted for calving interval and mortality. The calf value can be altered by £8.61 for each £10 difference in the sale/transfer price.

(c) Cull cow (annual share)

A sale price of £513.00/hd has been adjusted for herd life and mortality, and assumes no variation between high and low yielding cows. The annual share can be altered by £2.34 for each £10 difference in cull cow price. Assumed herd life of 4.17 years.

(d) Heifer replacement (annual share)

Heifer purchase/transfer price varies according to yield. A purchase price equating 15ppl has been used, here, and this has been adjusted for herd life and mortality. The annual share can be altered by £2.45 for each £10 difference in purchase/transfer price.

(e) Other livestock expenses

These are taken from commercial dairy herds and include milk recording, bedding sawdust and dairy detergents.

Organic Dairy Cow - 7,000 Litres

PHYSICAL DATA

Calving period	All year /cow
Average annual yield (litres)	7,000
Feed requirements (kg)	
Silage (kg)	8,500
Concentrates (kg)	1,800
Concentrates fed per litre (kg)	0.26
Overall forage area (ha)	
Silage and aftermath grazing	0.32
Grazing	0.35
Total	<hr/> <u>0.67</u>

Basis of data:

See *Summary of assumptions-physical data*, page 260-261.

Organic Dairy Cow - 7,000 Litres

GROSS MARGIN DATA

Calving period	All year
	/cow
Average annual yield (litres)	7,000
OUTPUT	£
All year milk @ 37 p/litre	2,590
Calf value	113
Cull cow (annual share)	115
	<hr/>
	2,818
Less: Heifer replacement (annual share)	257
	<hr/>
	2,561
VARIABLE COSTS	
Concentrates @ £400/t	720
AI	46
Vet & medicines	74
Other livestock expenses	91
	<hr/>
	930
Gross margin before forage	<hr/>
	1,631
Forage variable costs:	
Silage @ £77/ha	25
Grazing @ £77/ha	27
	<hr/>
Total Variable costs	982
GROSS MARGIN £/cow	<hr/>
	1,579
GROSS MARGIN £/ha	<hr/>
	2,357

Sensitivity-Change ±

1 p/litre in milk price	70
£10/t in concentrate price	18

Organic Suckler Cows - Mainly Silage Diets

PHYSICAL DATA

Breed:	Commercial type cows bred to a range of bulls, mostly continental
Calving period	Feb-Apr
Calves weaned (%)	92
Month of weaning	October
Days to weaning	220
Month of sale	October
Liveweight of calves at sale	
Steers (kg)	260
Heifers (kg)	240
Herd life of cows (years)	7
Herd life of bulls (years)	4
Cow mortality (%)	2
Calf mortality (%)	3
Cow:bull ratio (:1)	35
Feeding/cow and calf (winter days):	180
silage (t)	6
calf concentrates (kg)	180
cow concentrates (kg)	-
Straw (t)	0.9
Silage:	
yield	30 t/ha from 2 cuts;
quality	DM 220 g/kg; ME 10.5 MJ/kg DM
Overall forage area (ha)	
silage and aftermath grazing	0.20
grazing	0.45
	<hr/>
	0.65

Assumptions:

Mainly grass farm either buying in all straw and concentrates or growing small amount of cereals.

Note:

1. Cull cow value based on 100% of cull cows into the food chain.
2. SSBSS based on 94% calves claimed. See pages 152 and 477-478 for more details.

Organic Suckler Cows - Mainly Silage Diets

GROSS MARGIN DATA

Calving period	Feb-Apr	
OUTPUT	£/cow	
Calf sales (lwt - 92% crop)		
Steers		
260 kg @ 214p		490
Heifers		
240 kg @ 212p		490
Scottish Suckler Beef Support Scheme		92
		<u>582</u>
Less: Replacement - cow		88
bull		26
		<u>468</u>
VARIABLE COSTS		
Barley @ £303/t		55
Minerals		15
Vet & medicines		20
Straw - feeding & bedding @ £90/t (bought-in)		81
Commission, tags & levies		26
		<u>197</u>
Gross Margin before forage		<u>271</u>
Forage variable costs:		
silage @ £77/ha		15
grazing @ £77/ha		35
		<u>50</u>
Total Variable Costs		<u>247</u>
GROSS MARGIN £/cow		<u>221</u>
GROSS MARGIN £/ forage ha (acre)		<u>341</u> (138)

Sensitivity-Change ±

10 p/kg in lwt sale price	23
Sale weight ± 10kg	20
Herd life ± 1 year	18

Replacement cost prices:

Cull cow	£900	In-calf heifer (purch.)	£1,450
Cull bull	£1,150	Replacement bull	£4,750

Organic Finishing Cattle

PHYSICAL DATA

Liveweight at purchase (kg)	250
Liveweight at slaughter:	
kg lwt	580
kg dwt	320
Cattle bought	October
Cattle sold	January
Finishing period (days)	440
Liveweight gain (kg)	330
Daily liveweight gain (kg)	0.75
Supplementary feed-barley, protein & minerals (kg)	700
Straw (t)	0.8
Overall forage area (ha)	
silage and aftermath grazing	0.22
grazing	0.25
	<hr/>
	0.47
	<hr/>

Organic Finishing Cattle

GROSS MARGIN DATA

OUTPUT	£/head	
Sale value (dwt):		
320 kg @ 425p	1,360	
Less: Purchased store calf in October (lwt)		
250 kg @ 213p	<u>533</u>	
	<u>827</u>	
VARIABLE COSTS		
Barley, protein & minerals @ £355/t	249	
Vet & medicines	18	
Straw - feeding & bedding @ £90/t (bought-in)	72	
Commission, tags & levies	<u>47</u>	
	<u>386</u>	
Gross Margin before forage	<u>441</u>	
Forage variable costs:		
silage @ £77/ha	17	
grazing @ £77/ha	<u>19</u>	
	<u>36</u>	
Total Variable Costs	<u>422</u>	
GROSS MARGIN £/head	<u>405</u>	
GROSS MARGIN £/ha (acre)	<u>862</u>	(349)
Sensitivity-Change ±		
10 p/kg in dwt sale price	32	
Dwt sale weight ± 10kg	43	

Organic Breeding Ewes - Finished Lamb Production

PHYSICAL DATA

Breeds	Crossbred ewe to terminal sire
Lambing period	April/May
Lamb crops per ewe (avg)	4
Ram flock life (seasons)	3
	/100 ewes tupped
Rams (no.)	2.5
Lamb numbers: marked	150
mortalities	5
sold finished	145
Lamb lwt at slaughter (kg)	42
Lamb dwt at slaughter (kg)	20
Ewes: culls	20
mortalities	5
gimmers purchased	25
Wool sales (kg)	272
Concentrate use: barley/mineral (kg)	2,000
Total concentrate (kg)	2,000
Forage (ha): silage	1
grazing	12
Total forage (ha)	13

Basis of data:

1. Silage yield and quality 30 t/ha from 2 cuts; ME 10.5 MJ/kg DM.
2. Breeding stock and finished lamb prices 2020/21 season.

Organic Breeding Ewes - Finished Lamb Production

GROSS MARGIN DATA

OUTPUT	£/100 ewes tugged	
Finished lambs: 145 @ £74/hd	10,730	
Cast ewes: 20 @ £73/hd	1,460	
Wool sales: 272kg @ £0.65/kg	177	
	<u>12,367</u>	
Less: 25 gimmers purchased @ £150/hd	3,750	
ram replacement (net)	292	
	<u>8,325</u>	
VARIABLE COSTS		
Cereals & minerals @ £456/t	912	
Vet, medicines & dips	400	
Commission, levies, shearing, scanning & tags	919	
Gross margin before forage	<u>6,094</u>	
Forage variable costs:		
1 ha silage @ £77/ha	77	
12 ha grazing @ £77/ha	924	
Total Variable Costs	<u>3,232</u>	
GROSS MARGIN	<u>5,093</u>	
GROSS MARGIN £/ forage ha (acre)	<u>392</u>	(159)

Sensitivity-Change ± Change in Gross Margin/100 ewes (£)

£1/hd in finished lamb price	145
£1/hd in draft ewe price	20
5% change in lambs sold	537

Crofts and Small Farms

Introduction

This section gives an overview of crofting and small farms.

Information on land tenure and legislation is included as well as information on support schemes specifically directed to crofts and small farms.

Gross margins have been designed with a smaller scale in mind. These focus on beef cattle, sheep and poultry.

For new entrants to farming, this section should be read in conjunction with the New Entrant section on page 431.

Crofting

Crofting is a form of land tenure which is unique to Scotland. Generally, a croft is a relatively small agricultural land holding which is normally held in tenancy and which may or may not have buildings or a house associated with it.

Crofts range in size from less than 0.5 ha to more than 100 ha. An average croft is nearer 5 ha.

A crofter is the tenant or owner-occupier of a croft. Usually, the crofter holds the croft on the "statutory conditions", which apply to every croft tenancy, and will not have a written lease.

There are 20,570 crofts in Scotland with 15,388 individual crofters making up crofting households with a total population of around 33,000.

There are legislative duties which must be adhered to when taking over a croft. Residence on the croft is required or the crofter must reside within 32km. There is a duty not to neglect the croft, to cultivate and maintain the croft for agriculture or to put it to another purposeful use (e.g. any use which does not have an adverse effect on the croft, the public interest, the interests of the landlord or the use of adjacent land).

Common grazings

There are over 1,000 common grazings in the crofting counties. A common grazing is an area of land shared by a number of crofter shareholders. The use of a common grazing is governed by a grazing committee, elected by the shareholders in the Common. Individual shareholders have a 'souming' which governs the amount of stock they are allowed to graze. Details of shares and 'soumings' are contained in the Regulations for the Common Grazing.

The Crofting Commission

The Crofting Commission is a Non-Departmental Public Body (NDPB) responsible for regulating crofting. The Commission comprises of five

Crofting Commissioners elected from geographic areas in the crofting counties, and two Commissioners appointed by the Scottish Government.

Obtaining a croft

There are a number of ways to obtain a croft. The following table gives detail of these and the requirements involved.

Type of change	Description	Notification to Crofting Commission	Register Croft for first time
Assignment	Transfer of a croft tenancy from tenant crofter to proposed new tenant	Assignment Application Croft Tenancy form	Yes
Sub - Let	Transfer of a croft tenancy from tenant crofter to proposed new tenant for a fixed period of time	Subletting Application Croft Tenancy form	No
Change of ownership – tenant purchasing croft	Purchase of Croft	Notification of change of ownership form	No
Change of ownership – change of owner-occupier	Purchase of Croft	Notification of change of ownership form	Yes
Letting	Croft is let by landlord or owner-occupier to a tenant	Application to Let Croft (Whole or Part)	Yes
Short Term Letting	Owner Occupier letting a croft to a tenant for less than 10 years	Short Term Let Application Owner-Occupier Crofter	No

Crofting terms

Decrofting is the term used for the process of removing land from crofting tenure. This is typically used to secure a house site suitable for commercial lending.

Resumption, similar to decrofting, is the removal of land from croft tenure; in this case it is carried out by the landlord, following permission from the Scottish Land Court.

Apportionment is the term used when someone who shares in a common grazing wants to take part of the common grazing for their own exclusive use.

Crofting register

The crofting register is map based and provides a definitive record of the extent of, and interest in, land within crofting tenure in Scotland. The register shows the boundaries of land and also name and address of the crofter. The register is maintained by the Keeper of the Registers of Scotland.

Applications to register a croft should be submitted to the Crofting Commission. As well as completing Form A which can be found at <https://www.ros.gov.uk/services/forms/guidance-and-forms> you must also supply a clear and legible map showing the boundaries of the croft. Maps that meet the desired standard can be acquired from local authorities, architects and surveyors and distributors of Ordnance Survey maps.

Small Farms

In contrast to crofts, small farms are not specifically mentioned in legislation; instead they are governed under the same agricultural tenancy legislation as detailed in pages 398-403. In order to be eligible for small farm specific grants and services, the Scottish Government deems a small farm to be a holding between 3ha and 30ha in size.

Rural Aid Schemes for Crofts and Small Farms

Agriculturally active crofts and small farms are entitled to the same direct subsidies that are available to the rest of the farming industry, as detailed in the Rural Aid Schemes section on page 469. There are also grant schemes specifically designed to benefit crofters and small farmers.

Crofting Agricultural Grant Scheme (CAGS)

This scheme provides grants for crofters to make improvements to their crofts and help to sustain their businesses. Funds of up to £25,000 for individual crofters and £125,000 for groups of crofters can be used for capital projects, such as the construction or improvement of agricultural buildings and for the establishment of Common Grazings Committees.

CAGS grant rates are shown in the following table:

	Young Crofters ²	Individuals Other Crofters	Young Crofters ²	Groups ¹ Other Crofters
LFA	80%	60%	90%	80%
NLFA	60%	40%	80%	60%

¹ e.g. Grazing committees.

² under 41 years old, with adequate occupational skills and competence, and in business for less than 5 years.

Funding for eligible capital projects can cover all aspects of the project, including the cost of materials, transportation of materials, costs of contractors and own labour. Items eligible for grant aid include:

1. Erection or improvement of agricultural buildings, and shelters for the temporary housing and sheltering of out-wintered livestock.
2. Works associated with agricultural building, including yards, hard-standings, dungsteads, and silos (excluding grain silos).
3. Investment in land management, including the initial grassland improvement works for the restoration of degraded land and the control of bracken.
4. Slurry stores.
5. Arterial drainage and field drainage.
6. All other forms of general drainage including under drainage, hill drainage and ditching.
7. Provision or improvement of facilities for the organised feeding of out-wintered livestock, including permanently fixed troughs and feed barriers, and associated concrete bases.
8. Provision or improvement of equipment for the handling and treatment of livestock.
9. Planting of shelter belts and the provision of fences, hedges, walls, gates or stock grids.
10. Provision or improvement of amenities, including water supplies, mains electricity connections, electricity generators or gas supplies.
11. Provision of electrical equipment.
12. Provision or improvement of access tracks to land improvement areas, roads, bridges, culverts or boat slips.
13. Assistance of up to £500 towards the establishment of a properly constituted Common Grazings Committee.

Small Farms Grant Scheme

This scheme provides support to eligible farmers or crofters for investments related to development, modernisation or adaptation of small farms, i.e. holdings that have between 3ha and 30ha of eligible agricultural area. To be eligible, total gross income for sole traders should be no more than £30,700 and £41,000 for partnerships or groups. Funds of up to £25,000 for individuals and £125,000 for groups can be used to erect or improve agricultural buildings, provision of slurry stores, field drainage, handling facilities, shelter belts, electrical equipment and for access.

Croft House Grant (CHG)

This scheme provides grants for crofters to improve and maintain the standards of crofter housing, with the aim of attracting and retaining people within the crofting areas of Scotland. Grants are available for new builds, major repairs, internal improvements and rebuilding work.

Intervention rates

Funding of 40% of the costs up to a maximum of £38,000 in high priority areas and up to £28,000 in standard priority areas. Projects below £8,000 in value are ineligible for grant aid under CHG.

New House

There are limits applied to the size of a new build house which relate to the number of bedrooms:

House type	Two bed single storey	Two bed two storey	Three bed single storey	Three bed two storey	Four bed single storey	Four bed two storey	Five bed single storey	Five bed two storey
Maximum eligible floor area (m2)	112	120	138	146	164	172	191	199

These limits also apply to house improvement grants where the proposal is to increase the size of the dwelling house.

House Improvements

The grant can be used to facilitate minor and major improvements to existing croft houses. Croft houses which have been decrofted for mortgage purposes are still eligible provided the applicant meets the remaining scheme requirements. Please see below examples of minor and major improvements; this list is not exhaustive.

Example of Minor improvements include:

- First time provision of modern fitted kitchens (not replacement).
- First time provision of bathrooms, or replacement of new bathroom suites.
- First time provision of storm porches with floor area not exceeding four square metres.
- First time provision of a central heating system, or replacement of elements of the system which have come unsafe or un-serviceable.
- Rewiring where the existing wiring has become unsafe or un-serviceable.

Examples of Major improvements include:

- Replacement of doors and windows.
- Replacement of roof covering.
- Replacement of gutters and down pipes.
- Provision of, or modification and repairs to chimneys and flues.
- Repairs to cracks in walls.
- Provision of chemical damp proof courses.
- Provision of, or replacement of external rendering, where this is required to maintain water tightness.
- Replacement of decayed or undersized structural elements such as lintels.
- Repairs to timber roof and floor structure where water ingress or infestation has led to decay.

- Provision of, or modification to external walls, and internal partitions as required to create a functional dwelling house.
- Provision of thermal and sound insulation to external wall linings, internal partitions, floors, and roof spaces.
- Provision of, or replacement of floors, solums and under-floor ventilation.
- Lowering external ground levels and provision of external drainage where required to divert surface water from the building.
- Provision of ramps and other means of access.
- Application of chemical treatment for woodworm and other infestations.

Quotes

No quotes are required for new build houses; improvement works require a minimum of two competitive quotes for the proposed works. If the crofter is a builder and wishes to carry out the work this is acceptable; however, they must submit a quotation. In these circumstances the crofter would need to submit the two other competitive quotes in addition to his/her own. The quotations must be submitted along with the application.

Eligibility & Application Windows

Eligibility is partly based on the production of a 5 year business plan for the croft. Applications are accepted all year round, but decisions are typically made four times a year with the following closing dates: 1st March, 1st June, 1st September and 1st December.

Scoring

Applications are assessed on a points system to help prioritise funding. Scoring takes into account: Current accommodation, assignation re-let details, other property which is/was owned and could/has been sold, and also current and proposed croft activity.

Agri-Environment Climate Scheme (AECS)

Full details of AECS can be found on page 480-481. There are a number of options which are particularly relevant for crofters and small farms. These include:

Management Option	Payment Rate
Conservation Management of Small Units (up to 30ha)	£77.78/ha
Cattle Management on Small Units (up to a max of 20ha @ 2 ha/cow)	Retention - £107.38/ha Introduction - £162.63/ha
Cropped machair	£239.76/ha

Croft and Small Farm Gross Margins

The gross margins on the following pages give an insight into livestock enterprises on a smaller scale. The gross margins are an illustration and must be adjusted for specific circumstances. The variable costs take

account of added costs for smaller volumes being purchased and/or for being based in remote areas. All concentrate feeding and straw (for feeding and bedding) are assumed to be bought-in.

Beef

The suckler cow margins are based on crofts and small farms with a mixture of inbye ground and rough grazing/common grazing. The margins provide an illustration of a herd with 10 native type suckler cows on in-wintered (native cross cattle) and out-wintered (pure native) systems calving mainly in February - April.

Output is based on a calving percentage of 90% and selling weaned calves in October. Income from the SSBSS (see page 477-478 for more detail) is based on the Island rate. This should be reduced for £40/cow (90% calving percentage) if budgeting for a mainland system. Adding value to output would come from direct marketing beef.

Replacement costs are based on purchasing all breeding stock. If hiring a bull, this cost should be adapted.

For more information on keeping cows see pages 114-124, 150-179, 406 and 409.

Sheep

For crofts and small farms, sheep provide a basis in getting started in commercial livestock farming. Compared to cattle, sheep require a lower capital investment to establish a flock and income can be generated within a 12 month period due to their short gestation period.

The sheep gross margins illustrate technical and financial performance for a range of croft and small farm situations. The margins are based on Blackface and Cheviot hill breeds and Mule and Texel type lowland breeds. Where other breeds are used, prices should be adjusted accordingly. Income comes from selling lambs and cast sheep at the auction market either as store or finished animals. Adding value to output would come from direct marketing lamb or fleece.

Replacement costs are based on retaining homebred ewe lambs or buying in gimmers for lowland situations. Rams are assumed to be hired. Where buying rams, costs should be adjusted. The margins do not account for keeping flock replacements.

For more information on keeping sheep see pages 114-124, 182-207, 406 and 409.

Free range chicken egg production

Free range egg production is an ideal enterprise for a croft or small farm business. There is a smaller land requirement compared to other livestock, low flock set-up costs and quick and regular cashflow. Any significant capital expense will be mainly dictated by requirement for bird housing.

When keeping more than 50 birds the keeper must be registered (see page 118 for more detail). If the intention is to sell eggs beyond the farm gate, e.g. to farm shops or local shops, then the business should be registered with the Scottish Government Eggs and Poultry Unit. For details and guidance see:

<https://www.ruralpayments.org/publicsite/futures/topics/inspections/all-inspections/egg-and-poultry-inspections/>.

For alerts from APHA about poultry diseases see:

http://animalhealth.system-message.co.uk/AH_subscribe_index.php

The enterprise illustrated assumes chicken egg production using hybrid birds. Egg production using native chicken breeds or other species, such as ducks or geese could also be considered. The gross margin assumes buying point of lay pullets, purchase of feeding in 25kg bags (purchasing at least 1t at a time) and marketing eggs at the farm gate using labelled (with laying date and best before) half dozen boxes. When selling the eggs at the farm gate, a premium price is available as customers appreciate the eggs freshness, provenance and taste.

Other croft and small farm enterprise options

See the Diversification section on page 296 for more information on other livestock and farm diversification ideas.

Suckler Herd - Croft and Small Farm

PHYSICAL DATA

Breed: Cross bred native and purebred native cows bred to native bull.

	Upland suckler in-wintered	Hill suckler out-wintered
Calving period		Feb-Apr
Calves weaned	90%	90%
Month of weaning	October	October
Days to weaning	220	220
Month of sale	October	October
Lwt of calves: at weaning (kg)	253	210
Lwt of calves: at sale/transfer (kg)	253	210
Herd life of cows (years)	10	10
Herd life of bulls (years)	4	4
Cow mortality (%)	1	2
Calf mortality (%)	4	4
Cow:bull ratio (:1)	10	10
Feeding/cow and calf (winter days):	180	180
silage (t)	5.4	6
straw (t)	0.6	0
calf concentrates (kg)	100	100
cow concentrates (kg)	180	225
Grazing fertiliser (kg N/ha)	75	75
Silage & aftermath fertiliser (kgN/ha)	125	125
Silage:		
yield (t/ha from 1-cut)	20	20
DM quality (g/kg)	250	250
ME quality (MJ/kg DM)	10.5	10.5
Overall forage area (ha):		
silage and aftermath grazing	0.27	0.30
grazing	0.40	0.40
	<hr/> 0.67	<hr/> 0.70
Housing system: In cubicles (if straw bedding used, adjust straw costs)		
Straw for general use incl. calving pens	0.25	0.00
Straw bedding (t)	0.75	0.00

Suckler Herd - Croft and Small Farm

GROSS MARGIN DATA

	Upland suckler in-wintered	Hill suckler out-wintered
OUTPUT	£/cow	
Calf sales (lwt)	90%	90%
Steers		
270 kg @ 225 p	506	-
Heifers		
220 kg @ 215 p	-	402
200 kg @ 210 p		
Scottish Suckler Beef Support Scheme	128	128
	<hr/> 634	<hr/> 530
Less: Replacement - cow	57	52
bull	30	30
	<hr/> 547	<hr/> 448
VARIABLE COSTS		
Cow concentrates @ £280/t	50	63
Calve concentrates @ £280/t	28	28
Vet & medicines	35	35
Straw feeding and bedding @ £150/t	128	0
Commission, haulage, tags & levies	56	52
	<hr/> 297	<hr/> 178
Gross Margin before forage	250	270
Forage variable costs:		
silage @ £306/ha	83	92
grazing @ £94/ha	38	38
	<hr/> 121	<hr/> 130
Total Variable Costs	418	308
GROSS MARGIN £/cow	<hr/> 129	<hr/> 140
GROSS MARGIN £/ha	<hr/> 192	<hr/> 200

Sensitivity-Change ±

10 p/kg in lwt sale price	
Sale weight ± 10kg	
Herd life ± 1 year	

Change in Gross Margin/head (£)

23	19
20	19
11	5

Replacement cost prices:

Native cross cull cow	£700	Native cross i/c heifer (purch.)	£1,200
Pure native cull cow	£600	Pure native i/c heifer (purch.)	£1,000
Cull bull	£800	Replacement bull (purch.)	£2,000

Sheep Flock - Croft and Small Farm

PHYSICAL DATA

Breeds:

	Hill - Lowland		
Breed of Sire	Hill	Low	Low
Breed of Dam	Hill	Hill/Low	Low
Lambing period	Early April		

Lambs reared (%)

80%	120%	160%
4.5	4.5	4.5

/10 ewes tupped

Rams Hired	1	1	1
Lamb numbers:			
marked	8	12	16
sold/retained	8	12	16
sold: finished lambs	0	1	13
store lambs	5	8	3
retained for breeding	3	3	0
Ewe numbers:			
culls	1	2	2
mortalities	2	1	1
gimmers purchased	0	0	3
Wool sales - ewes, rams & hogs (kg)	16	25	27
Ewe concentrate (kg)	180	300	500
Forage: improved grazing (ha)	0	1	2
silage/hay (ha)	0	0.2	0.3
Total forage (ha)	0	1.2	2.3
Bedding straw (kg/day/hd)	0	0.8	0.8

Sheep Flock - Croft and Small Farm

GROSS MARGIN DATA

OUTPUT

		Lambs reared (%)		
		80%	120%	160%
		/10 ewes tupped		
Finished lambs:	0 @	£0	-	-
	1 @	£62	-	62
	13 @	£68	-	884
Store lambs:	5 @	£38	190	-
	8 @	£44	-	352
	3 @	£53	-	159
Cast ewes:	1 @	£37	37	-
	2 @	£55	-	110
	2 @	£72	-	144
Wool sales:	16 @	£0.45	7	-
	25 @	£0.45	-	11
	27 @	£0.65	-	18
			<hr/>	<hr/>
		234	535	1,205
<i>Less: gimmers purchased @ £120/hd</i>		-	-	360
ram hire @ £5/ewe		50	-	-
ram hire @ £6/ewe		-	60	60
		<hr/>	<hr/>	<hr/>
		184	475	785
VARIABLE COSTS				
Ewe concentrates @ £280/t		50	84	140
Vet, medicines & dips		80	83	85
Bedding straw @ £150/t		-	50	50
Commission, levies, haulage, shearing, scanning & tags		52	84	139
		<hr/>	<hr/>	<hr/>
		182	301	414
Gross margin before forage		<hr/>	<hr/>	<hr/>
		3	175	372
Forage variable costs:				
silage @ £306/ha		-	61	77
grazing @ £94/ha		-	94	188
Total Variable Costs		<hr/>	<hr/>	<hr/>
		182	456	678
GROSS MARGIN		<hr/>	<hr/>	<hr/>
		3	19	107

Sensitivity-Change ±

Change in Gross Margin/100 ewes (£)

10 p/kg lwt in finished lamb price	-	4	50
£5/hd in all lamb sales	25	45	80
£5/hd in cast ewe price	5	10	10
£5/hd in gimmer price	-	-	15

Free Range Laying Hens - Croft and Small Farm

PHYSICAL DATA

System:	Hybrid
Body weight at 17 weeks (kg)	1.44
Body weight at 70 weeks (kg)	1.97
Age at 50% production (age, weeks)	20
Peak production (%)	80
Pullets housed (weeks)	16
Pullets point of lay (weeks)	18
Weeks in lay per annum adjusted for downtime	49.1
Bird laying cycle (week 18 to 85)	270
Adjusted egg production (eggs/bird/annum) *	184
Livability during lay (%) - refer to breed management guides	92%
Feed use (16 to 18 weeks) (kg/hd)	1.23
Feed use (19 to 72 weeks) (kg/hd)	49.14

* Adjusted for 365d, mortality, downtime (pullet to lay, washing)

Free Range Laying Hens - Croft and Small Farm

GROSS MARGIN DATA

OUTPUT	£/100 bird/annum	£/doz
Eggs sales @ £3/doz	4,598	3.00
Old hen value less catching cost	0	0.00
<i>Less:</i>		
Pullet purchase @ £7.5 per bird	750	0.49
	<u>3,848</u>	<u>2.51</u>
VARIABLE COSTS		
Feed @ £401/t	1,479	0.97
Other bird expenses	400	0.08
Packaging - trays & cases	192	0.13
Total Variable Costs	<u>2,071</u>	<u>1.18</u>
GROSS MARGIN	<u>1,777</u>	<u>1.33</u>

Sensitivity ±	Change in Gross Margin/100 birds/annum (£)
£0.10/doz eggs sold	153
£10/t feed	37
1% increase in mortality at point of lay (£/100 birds)	-2

Note: Costs are typically much higher in a smaller flock, however, this can be mitigated through higher value egg sales direct to customers.

Diversification

Introduction

Over the next five years we are likely to see significant changes to the agricultural landscape. A new focus on agricultural subsidies and the way farming is funded in future, coupled with Brexit and the markets we supply, will require farmers to make changes to their businesses and for some, look at new ways to boost profitability and long-term sustainability. COVID-19 is also having a major impact on rural businesses, markets, and supply chains worldwide. It is very difficult, at this stage, to predict the medium to long-term impacts following Coronavirus but we remain positive that there will be opportunities for diversified businesses in future.

As the agricultural industry moves towards a clearer focus on providing environmental benefits – natural habitat, water resources, carbon sequestration, landscapes, and social capital – we are likely to see diversification become critical to business survival as farmers reduce their dependency on direct farm payments.

Diversification enterprises can provide additional revenue for farm businesses, with farms that engage in diversified activities financially performing better than those that don't by around £19,600 per annum (source: Scottish Farm Business Income Estimates 2017-18). Many diversified enterprises set out to complement the existing farming activity, but over time can become more profitable, rewarding, and steer the business in a new direction.

While diversification makes good sense for many farmers, succeeding in diversification projects can prove challenging. Diversification enterprises should ideally complement the existing business model, drawing upon the current skills, experience, buildings, machinery, and/or land capabilities. It is important that farmers do not diversify out of desperation, as new business enterprises can take a considerable amount of time, commitment and investment to show results. Depending on the type of diversified enterprise chosen, it may also place pressures and demands on other resources, labour, capital, buildings, land and machinery on the existing enterprise.

Diversification Considerations

Before launching a new business venture, it is crucial to assess the following factors:

1. **Resources** – Are there any under-utilised resources e.g. outbuildings, cottages, machinery, land, watercourses, woodland, upland pasture etc. suitable for farm diversification? Is the proposed new venture correct for you, your family and the farming business? Do you or your family have specific qualities, skills and experience to pursue a specific business venture? Do you have the time to invest

in the new business venture while continuing to run the core farming activities? Do you need to take on additional labour?

2. **Location** – Does your existing business, or proposed new venture, have location advantages? Is it near to a busy commuter route? Is it close to tourist attractions? Does the farm have good access? E.g. tarmac/gravel tracks. Consider accessibility and ease of customer use.
3. **Market** – Assess the market you intend to supply. It is highly recommended that any business carries out a full feasibility study and market research into their proposed venture. Are there any opportunities in the market? What is your USP? Can you develop your USP? Who are your customers? Where are they located? What is the size of your market? Is it growing or saturated? Who are your competitors? Identify strengths and weaknesses in your competitors and consider differentiation.
4. **Labour** – Do you have sufficient labour and resource to run the new venture along with the existing farm business? Do you need to employ part-time or full-time staff? Don't spread resource thinly just to try and reduce costs. It is important to maximise efficiency but maintain good product/service quality and customer experience. As we learn new lessons following the Coronavirus pandemic, businesses of all sectors should be placing an increased focus on the health, safety, and welfare of their employees and customers. Do staff feel safe in the workplace? Do they have any health concerns or family circumstances? Can you exercise flexi-working? Do they have the right equipment and PPE to carry out their jobs? You will need them to be flexible and understanding as situations change in the future.
5. **Legal** – Entering into a new business venture may have a different tax and VAT structure from the existing farming enterprise. Seek legal advice from your accountant and/or lawyer when scoping a new business venture. HMRC should be consulted regarding VAT issues, see pages 523-527 for details on VAT. Diversified businesses may require additional staff. This will increase the amount of employer's National Insurance and pension contributions payable under automatic enrolment. The proposed diversified business may be subject to Inheritance Tax and/or Capital Gains Tax in future when the farm owner/manager passes away. Diversification can change how farmland and buildings are treated for Inheritance Tax purposes.
6. **Insurance** – Changes to your insurance policy may be required when setting up a diversified enterprise. New activities relating to property and/or agricultural buildings will result in a change in cover. Agricultural buildings which are no longer used for livestock or machinery may be classed as a "change in agricultural use". Contents insurance may be required if the new business has internal

materials contained within the buildings, holiday accommodation, or glamping activities. Public Liability Insurance is required to protect you if a member of the public suffers personal injury, or if any of their property is damaged, as a result of your business activities. Employers Liability Cover would be required if you employ full-time or part-time staff to manage, administrate or assist with the business enterprise. This also covers cleaning and maintenance staff.

7. **Risk Management** – A Health and Safety and Fire Plan is required before setting up a new business venture. Business Interruption Cover is insurance that covers the loss of income that a business suffers after a natural disaster e.g. fire, wind, flooding etc. Although Business Interruption Cover is not essential, it is advantageous to cover any financial loss/loss of income incurred due to a natural disaster. One lesson learnt following the Coronavirus pandemic is the need for crisis management. Business owners and managers should make plans should there ever be a spike in the virus, or another global health crisis, and assess what they would do to reduce the impact to their business.
8. **Hygiene** – If you are responsible for developing and maintaining a business' food safety management procedures, you are legally required to have formal food safety and hygiene certification – contact your local authority for more information. Following registration, your business will undergo regular inspections to ensure that you meet food hygiene standards and legislation. You must also follow the principles of Hazard Analysis and Critical Control Point (HACCP). Useful information can also be found on the Food Standards Scotland website (<http://www.foodstandards.gov.scot>).
9. **Planning Permission** – Planning permission may be required if the new business venture involves erecting or modifying a permanent building. Planning permission may also be required if there is a change of agricultural land or change of land use. It is advisable to contact your local authority and/or professional planning consultant early to gauge what planning regulations are required. Getting your local authority on board early is beneficial in the long run and they can answer any questions or concerns you may have before a project begins. See pages 410-414 for further details.

Part-Time Off-Farm Work

Although off-farm employment is not typically seen as 'farm diversification' it can provide an additional income stream to the farm business and utilise existing personal skills and talents. Consider how you/your family can put existing skills, qualities and talents to greater use, provide additional income, and how this could be achieved whilst maintaining core farm operations. Agricultural contracting continues to

be a popular off-farm activity, using either surplus machinery or labour capacity, or machinery purchased specifically for this work. Contracting charges for a range of agricultural activities are shown on pages 379-382.

Sources of Information

SAC Consulting published a guide for farm diversification giving advice on suitable diversification enterprises supported with case studies of successful diversified businesses. This guide can be found here:

<https://www.ruralbrexit.scot/resource/future-proof-your-business-through-diversification-report/>

Links to support organisations and other useful sources of information include:

SRUC – <https://www.sruc.ac.uk/>

AHDB Beef and Lamb Box Scheme –

<http://beefandlamb.ahdb.org.uk/directselling/box-schemes/>

Food Standards Scotland – <http://foodstandards.gov.scot/business-and-industry/advice-for-new-businesses>

Soil Association – <https://www.soilassociation.org/>

Business Gateway – <https://www.bgateway.com/>

Scotland Food & Drink – <https://www.foodanddrink.scot/>

Connect Local – <https://connectlocal.scot/>

Quality Meat Scotland – <http://qmscotland.co.uk/>

Visit Scotland – <https://www.visitscotland.com/accommodation/caravan-camping/glamping/>

Inspired Camping – <https://www.inspiredcamping.com/starting-a-glamping-business/>

Food Hygiene – HACCP <https://www.food.gov.uk/business-guidance/hazard-analysis-and-critical-control-point-haccp>

Speciality Crops

Speciality oil crops

Several speciality oil crops have been grown in the UK for a wide range of uses. Some oilseed crops perform particularly well in Scotland yielding higher oil levels while others are not suited to Scotland due to agronomic constraints, particularly the higher risk of a late and wet harvest. Production of several crops has been concentrated in the south of England or overseas to ensure more reliable harvest conditions. Crops with greater potential for cultivation in Scotland are outlined below.

Oilseed rape – Developing specialist markets for conventional oilseed rape (*Brassica napus*) and also cultivation of oilseed rape varieties with specialist oil profiles allows diversification whilst having the benefit of a crop which is familiar to growers. Several growers throughout Scotland have set up specialist brands of cold pressed rapeseed oil for culinary

use in recent years. These include Mackintosh of Glendaveny, Ola Oils, Summer Harvest, Borderfields, Supernature and Black and Gold. Markets have been developed which recognise the excellent nutritional characteristics of rapeseed oil (it has the lowest levels of saturated fatty acids of all commonly used fats and oils) in combination with the benefits of cold pressing to maintain natural vitamin content.

High Erucic Acid Rapeseed (HEAR) is grown to produce erucic acid, used as a specialist lubricant particularly for plastics for which it has clearance for food contact. Seed from HEAR varieties is not suitable for human consumption and HEAR varieties cannot be grown in the same rotation as conventional varieties. Yields are typically below the best conventional varieties but similar to average yielding conventional varieties. Contracts for production are available from a number of merchants with current premiums around £25-35/t over conventional rapeseed.

Another oilseed rape type, with high oleic, low linolenic levels in its oil (HOLL), is used as a specialist healthy frying oil. The oil profile of this type means that it is very stable, resisting oxidation and retaining its taste in a catering environment. Details of varieties can be found on the North UK Oilseed Rape Varieties List (AHDB).

Linseed – Linseed oil is high in α -linolenic acid, and used for the manufacture of coatings, drying agents and putty. Although this fatty acid would be desirable for nutrition, its presence leads to rapid oxidation of the oil, reducing shelf life. The area of linseed has recently increased in the south of England as an alternative to oilseed rape which has become more difficult to establish since the neonicotinoid insecticide ban. In Scotland the area of linseed grown is currently low. Spring sown varieties tend to be rather late maturing for Scottish conditions. The introduction of autumn sown varieties provides an earlier harvest and these have potential for Scotland if winter hardiness can be confirmed with trials currently in progress.

Minor oilseed crops – A range of more novel oilseed crops can be grown in the UK and Scotland though few are presently being widely grown due to limited contracts and agronomic limitations though this may change.

Crambe: Like HEAR, Crambe (*C abyssinica*) is grown for the erucic acid contained in its seeds. It has been grown extensively in the UK and it grows well in Scotland. Crambe contains higher levels of erucic acid than HEAR, but its yields are slightly lower.

Echium: Echium (*Echium plantagineum*) also known as Viper's bugloss, produces high levels of stearidonic acid (14% of oil). The oil has valuable application in cosmetics and in skin care for the treatment of eczema and sunburn and as an anti-wrinkle preparation, as well as for health supplements such as a fish oil alternative as an Omega 3, 6 and 9

source. Echim has been successfully grown in trials in Scotland, although it is challenging to grow and produces low yields. It is spring sown, the crop flowers for an extended period and time of swathing has to be carefully selected to maximise seed setting.

Specialist oilseed crops seed suppliers and contract buyers include; Premium Crops (www.premiumcrops.com), and Nature's Crops (www.naturescrops.com).

Camelina: Part of the *Brassicaceae* family like canola and mustard, camelina used to be grown in the UK prior to oilseed rape and imported palm oil. It has uses in the food market as a distinctively nutty and pepper oil, or as a seed for topping baked products, and is high in Omega 3 fatty acids. There is also growing interest in its use as a biofuel, particularly for aviation. Technical notes on growing have been produced by Bangor University: (<http://www.calu.bangor.ac.uk/Technical%20leaflets/030201Camelinafinal.pdf>).

Speciality grains and pulses

Minor cereals and grains – with growing consumer interest in low gluten or gluten-free cereals and many supermarkets having special diet sections, there is increasing opportunity for producers to diversify into alternative cereals. While yields may be lower than conventional varieties, premiums for certain crops can compensate for this, and cereals such as rye, emmer and spelt can perform well in challenging conditions, depending on careful variety choice.

Dehulling and processing can be challenging as machinery may need to be adjusted, and small quantities can be a barrier for larger processors. A 'growing contract' is advisable for alternative cereal crops, as well as consulting the processor on the best choice of variety for the intended use/market.

Buckwheat can be sold as gluten-free if not contaminated with other cereals. Quinoa is also a popular alternative to cereals and has been successfully grown in several areas of the UK; though not grown commercially in Scotland, it has been trialled and improving climate may provide more opportunities for quinoa in the near future. Hodmedod, a company based in Suffolk, are growing the first chia and camelina seed crops, as well as a variety of pulses, in the UK, proving that there is market potential, albeit niche.

Alternative proteins – Grain legumes are often seen as a low income crop in arable rotations, with higher value break crops such as rape given preference. However, improving prices, reflecting increasing market interest for locally grown (and soya alternative) legumes for both feed and food, offers great potential for future domestic pea and bean production.

Higher value feed markets, such as protein substrate for salmon feed, as well as more options for products destined for human consumption (with a premium of up to £100/t), offer better returns from vegetable proteins than in recent years.

Changing consumer demands has seen a year on year growth in meat alternative products such as Quorn, and Beyond Meat, as well as more sophisticated ways of processing vegetable proteins, providing increasing demand and higher-value markets for pulse crops. Hodmedod, a company based in Suffolk, were also successful in growing the first lentil crop since Roman times in 2017, as well as marketing a range of pulses, including fava beans, yellow and green split peas and carlin peas.

Legumes require no additional nitrogen and can carry over 30kg N/ha in the soil for subsequent crops, reducing N leaching and costs of applied N (of £24/ha). They are beneficial in arable rotations for disease, weed and nitrogen management, and although they are less profitable as stand-alone crops, their returns are improved when factoring in yield benefits and reduced input costs to subsequent crops in the whole rotation. Trials of intercropping peas with spring barley in Scotland have shown to have no adverse effects on yield and improved returns, and farmers in Scotland are actively and productively doing this; alternative methods of cropping such as this therefore offer potential for expanding production of other legumes. The PGRO publish an annual list of recommended varieties, as well as an agronomy guide for grain legumes, trial results and troubleshooting guides (www.pgro.org). Technical notes from spring bean and lupin research at SRUC are available here:

http://www.sruc.ac.uk/info/120582/organic_farming_technical_summaries/1288/field_beans_and_lupins

Lupins: Lupins can be grown as a high-quality alternative to soya for livestock feed, and offer a much higher protein content than either peas or beans. Largely spring varieties are available in the UK, and prefer a pH of 7 or less. An Agronomy Guide for growing lupins is available on the PGRO website (<http://www.pgro.org/downloads/Lupin-Agronomy-Guide-2014.pdf>).

Essential oil crops

Essential oil crops are generally grown on a smaller-scale than the specialist oil crops mentioned above and can provide high value opportunities. Several are being grown throughout the UK, including lavender, peppermint, rose and rosemary, although the less favourable conditions at harvest in Scotland limit production potential.

Tea

The Tea Gardens of Scotland are one of a very small number of Scottish producers of tea. Tea produced in Scotland is a niche and high value product and is challenging to produce, with many tea growing businesses

integrating with visitor experiences such as gardens, tastings, and blending courses.

Fibre crops

Flax and hemp for fibre can both be cultivated successfully in Scotland and more widely in the UK. There is interest in increasing the use of natural fibres, however, commercial scale processing of these fibres is currently absent or limited in Scotland and the UK at present.

The use of natural fibre products and the particular attributes of products derived from these fibres, is generating global interest in these crops for a wider range of fibre qualities. End uses include biocomposites for car components in the automotive industry, lightweight glass replacement in the aviation industry and insulation materials in the construction industry. A further use for hemp in construction is as hemcrete, where the inner core of the stem is blended with a lime based binder and cast around a timber frame. Hemcrete's qualities of high levels of thermal insulation and excellent strength characters are of note and it meets building regulations, counting towards the code for sustainable homes (CSH). There is also scope for hemp to be used in sustainable packaging alternatives, as industry, consumers and policy increasingly look for non-plastic options.

Flax is traditionally used for high quality linen production requiring exacting production conditions, however, there is no longer a viable commercial market for it in the UK. There are no longer any large-scale buyers of hemp in the UK since Hemcore of Essex went into administration in 2013. A family run business remains processing its own hemp for horse bedding and construction in Yorkshire www.eastyorkshirehemp.co.uk/. There is also a nascent hemp producers association; www.ukhemp.co.uk/.

Industrial hemp is usually grown for either fibre or oils/seeds, and there are currently around 40 producers across the UK; currently dual purpose varieties struggle in the UK as the seeds ripen a month after the fibre is suitable for harvest. Hemp can be incorporated into an arable or mixed arable rotation as a break crop, and is effective in improving soil, sequestering carbon, absorbing soil pollutants, and reducing use of applications. Hemp is relatively hardy, but performs best on deeper, lowland soils.

In addition to using the stems for fibre, the oil from the seeds has an application in the higher-value specialist food market, a market which has more than doubled during the last five years due to interest in health claims, and is expected to triple in value over the next five years; products from this include essential oils, cooking oils, teas, milk alternatives, and flours/meals.

The lack of processing facilities in Scotland and the UK limits greater cultivation of these crops as they are bulky and expensive to transport in

their raw state, hence it is necessary to have processing facilities close to the site of production for economic viability. Only varieties of hemp with a THC content of less than 0.2% and from EU approved seed can be grown; a licence is required for the cultivation of hemp, which can be obtained through the processor of the hemp fibre, or applied for directly through the Home Office, and lasts for three growing seasons.

Alternative Livestock

There are a wide range of alternative livestock enterprises that farmers can diversify into, many of which can use existing husbandry skills, and complement existing livestock systems on the farm. Alternative livestock are principally kept for fibre (e.g. cashmere goats, alpacas, angora goats, etc), meat (e.g. wild-boar, buffalo, ostrich, venison, ducks, geese, rabbits, etc), milk and dairy products (e.g. dairy-goats, dairy-sheep, etc) or worms for a variety of reasons including; composting of green waste, fishing bait, sale of composting and earthworms for household food waste/compost, etc.

Diversification into alternative livestock can have considerable capital costs to start-up, particularly through the requirement to purchase livestock and equipment. The economic viability of alternative livestock and rare breeds should also be explored, if your intention is to be highly profitable. Whether you keep alternative livestock for fibre, meat, or other uses, the end markets can be very niche with limited demand. Market research is advisable before you commit.

Often the early adopters of alternative livestock species control the breeding stock and command premium prices for their stock so some industries in infancy can be expensive to enter. Examples of stock prices include:

- Breeding female alpacas cost around £3,000 to £15,000 depending on age and pedigree. Stud males cost £10,000 to £40,000 depending on age and pedigree. Stocking density is 4 to 6 alpacas per acre. Fleeces vary in price - hand spinners pay £40 - £80 depending on quality. Specialist shearing is required at a cost of around £15 per animal (Source: BobCat Alpacas, Edinburgh, 2019).
- Wild boar stock costs: Gilts and young boars around £350 - £500. In-pig sows and adult boars around £500 - £700 (Source: SRUC, 2019).
- Dairy goats cost around £175 - £250/hd.
- Cashmere goats cost around £100/hd with bucks costing around £150 - £250/hd.
- Dairy ewes generally cost from £150 - £300/hd.
Goat stocking density: around 20-25 goats per acre (Source: G Webster, Scottish Goatkeepers' Federation, 2019).

In addition to the actual cost of livestock, there are high capital costs associated with stock control, such as housing, fencing and specialist

handling facilities (e.g. specialised wild boar and deer fencing). If alternative livestock are being farmed for meat then it is also recommended to check that local abattoirs are licensed to slaughter that specific type of animal and, if not, what alternatives may exist.

Honey production may be a suitable diversification option for some farmers. Bees play an important role in the pollination of food crops and could be introduced alongside an existing arable, fruit or vegetable enterprise. More information can be obtained from the Scottish Beekeepers' Association (www.scottishbeekeepers.org.uk) and the British Beekeepers' Association (www.bbka.org.uk).

Insect farming could provide a sustainable alternative protein source for animal feed, while helping to reduce the EU's reliance on protein imports. In 2017, the EU passed legislation allowing the use of select insect meal in aquaculture feed. Insect farming provides a circular economy opportunity to turn organic residues, including pre-consumer food waste, into feedstock for food systems. Scotland is well placed to become a global leader in this emerging industry, contributing to the Scottish Government's circular economy objectives and food waste reduction targets. Insect farming also has the opportunity to support aquaculture, agriculture and food and drink businesses. Insects need high quality feeds to perform well just like any other livestock. Production systems can be very expensive, highly automated with purpose-built units. More information can be found here:

<https://www.zerowastescotland.org.uk/event/insect-farming-scotland>

Farmers considering diversifying into alternative livestock must assess the market potential for their product and ensure that an adequate return can be generated to meet start-up costs. Some novel livestock industries have a limited infrastructure in place (to buy specialised feed, sale of breeding stock, or marketing of finished produce) meaning it is more difficult to negotiate on price or find alternative suppliers. There is a tendency in some forms of alternative livestock to rely on selling breeding stock as a means of recovering the capital investment, but market outlets for meat, fibre, and other products must be closely examined (perhaps through farmers' markets and farm shops, or finding specialist high value niche markets for products).

It is advised that anyone who is considering diversifying into alternative livestock should contact the appropriate producer association for advice and support at an early stage of the diversification process.

Information specifically on deer farming can be found on pages 210-219.

Retailing

Selling farm produce directly to consumers can be an excellent diversification option for farmers enabling them to add value to their food

or drink products. Farm retailing evolved in the 1970s when farmers sold fresh produce at the farm gate and fruit farms welcomed the general public to pick their own fruit.

Since then, farm shops have multiplied as farmers have diversified in order to add value to their produce and farm businesses. Those thinking of entering this market should take into consideration the production costs of the venture, the time, commitment, travel, competition and support required to sell directly to the consumer.

Growth in demand in the farm retail market has been promoted by food conscious consumers looking to re-connect with the countryside, purchasing fresh, local and traceable food with strong provenance.

As with any business venture, market research, a feasibility study, and a rigorous business plan incorporating a marketing plan should be prepared and should include information and research into all the relevant aspects of the proposal, such as:

- The size of the local population within a 30-60 minute drive of the proposed retail outlet(s).
- Capital costs: car parking and access, construction, storage facilities, website creation, brand and digital investment, purchase of delivery van(s), interior design and materials etc.
- Running costs: including business rates, rent, staff costs advertising, and other fixed/variable costs.
- Consideration of range, variety and pricing (this should reflect the quality of produce offered including the freshness, environmental impact and provenance of the produce on offer).
- Planning permission requirements.
- Legislative requirements (e.g. environmental health, food hygiene, labelling, health and safety, trading standards, access from the local Highways Authority, accessibility requirements). There may be further legislative requirements following COVID-19.

Further advice is available from a number of sources including:

- SAC Consulting Food and Drink: www.sruc.ac.uk/foodanddrink; 01224 711 044
- Connect Local: <http://connectlocal.scot/>
- Taste of Scotland: <http://taste-of-scotland.com/farmers-markets-in-scotland/>
- National Farmers' Retail and Markets Association: www.farma.org.uk; 0345 319 6740
- The Larder - A Guide to Scotland's Food & Drink: <https://food.list.co.uk/guides/the-larder/>
- Scottish Government food and drink policy: <https://beta.gov.scot/policies/food-and-drink/>
- Scotland Food and Drink: <http://www.foodanddrink.scot/>
- Food Tourism Scotland Strategy:

Farmers' markets

Farmers markets provide a great opportunity for producers to sell directly to consumers, and for consumers to purchase fresh, local food and drink on the high street. Most farmers' markets are held monthly, with some held more frequently, particularly in areas with larger populations. Most farmers' markets will have the ethos of providing consumers with high quality food and drink grown or produced locally and some markets will consider other products produced in the local area such as arts and crafts or other artisan products.

Markets are often run by the farmers and/or producers themselves, or by town centre management companies, local councils, or by companies appointed by the council to run markets. All farmers' markets and individual stallholders are expected to meet the same health and safety standards as any other retail outlet. Farmers' markets can provide the opportunity to communicate the benefits of the product and gather feedback directly from the end user. Farmers' markets can be considered more expensive by consumers, although research has indicated that product pricing is comparable with retailers where similar high-quality produce is available.

In recent years some farmers markets have noticed a decline in footfall as there is a shift in demand among consumers to purchase produce online. This trend has been accelerated following the Coronavirus pandemic as consumers become more aware of how and where their food comes from. During the pandemic, some consumers turned to small businesses to support them through uncertain times and reduce the need to visit supermarkets due to health, hygiene, and social distancing concerns.

There are a number of individual farm businesses and farm shops which provide an e-commerce platform for customers to order produce either by click and collect, or a delivery service. 'Neighbourfood' is an example of an online market where consumers can order food and drink online via the web-based platform and collect from a local collection hub. This provides consumers with a fantastic online farmers market and provides producers with the opportunity to showcase their produce easily with relatively low cost.

More information can be found here:

<https://www.neighbourfood.co.uk/>
<https://www.neighbourfood.co.uk/markets>

Producers considering selling produce through a farmers' market should:

- Assess what is already being sold at the market. Will there be a demand for the produce? Is there enhancement of the product range?
- Contact the market organiser for more information on the operation of the local market.
- Visit a local market and obtain information on competitors' products and prices.
- Consult other sources of advice, e.g. Farm Retail Association <https://farmretail.co.uk/> There is also a Farm Retail Association (FRA) Facebook members' forum which provides an informal platform for farm shops and stakeholders to share knowledge and information.
- Consider whether the business can commit the time, money and other resources to preparing and selling produce at farmers' markets.
- Think about how the customer will be attracted to the product. Consider the product itself, packaging, information about the product, layout of the stall and price.
- Consider how the product can be stored and displayed, ensuring compliance with all legislation and other regulations. For more information contact Food Standards Scotland (www.foodstandards.gov.scot)

Farm shops

Farm shops vary in size and product/service offering. The farm retail market is saturated in some regions and therefore it is important to carry out a feasibility study before starting. New retail outlets or farm cafes must provide a unique selling point or have a strong attraction in order to attract and retain customers. Many farm shops are now becoming food tourism destinations where customers will spend a morning or afternoon participating in recreational/leisure activities during their visit.

Points to consider when planning a farm shop:

- The increase in popularity of farm shops is linked to the growing trend amongst consumers to buy local food with strong provenance and traceability. Most farm shop businesses are based around products that are produced or made on the farm, in the shop, or where possible, within the local area.
- Good accessibility, road networks and infrastructure.
- A storage area similar in size to that of the shop, with good vehicle access will be required. Some of this will need to be chilled or refrigerated, depending on products sold.
- Building costs vary considerably depending upon size, type and extent of the development. Refurbishing redundant buildings can be more expensive than building new but may produce a more 'authentic' farm shop feel than a new build. If starting small, build in capacity for expansion as the business grows, including the car parking area.
- Linking the farm shop to produce grown or made on the farm and telling the history or provenance of the farm is a key marketing tool.

- Encouraging customers to stay longer by providing additional recreational/leisure activities will generally increase average spend per customer. A café and/or other activities such as children's play area, walking paths etc. will help to extend customer stay and potentially increase customer spend.
- Retailing is a customer service business, so recruiting and retaining good staff is essential. If the shop has a butchery and/or café selling good quality meals then a master butcher and chef may be necessary.
- Franchising areas (e.g. butchery or café) out to existing local businesses is worth considering as they can bring the necessary skills and will help to reduce running costs.
- Consider local and regional competition and, where possible, incorporate a defined USP to differentiate from other farm shops.

Depending upon size and location, a well presented farm shop and café can generate an annual turnover of between £500,000 and £1,000,000 with some larger farm shops generating well over £1million per annum. Staff costs generally range between 20%-40% of total business turnover depending on the type of business, with the percentage usually higher in the café (30%-50%) than the shop (12%-20%) (Source: Farm Retail Association, 2019).

Vending machines

With strong consumer demand for local, traceable food, installing a vending machine is a relatively low-cost method of diversification. Farm vending allows consumers to purchase fresh local produce such as potatoes, vegetables, eggs, soft fruit, and more, 24 hours per day, 365 days per year. Farm vending provides farmers with significantly higher profit margins than mainstream markets, and ensures that profits are retained at the farm gate. Farm vending allows consumers to purchase fresh produce direct from the farm, or from a collection point e.g. attraction, shopping centre, or train station, without the overheads involved with a farm shop.

Machines are custom built and come in varying locker sizes. A 28 locker ambient vending machine costs around £9,000* and refrigerated models of similar size and dimensions cost around £12,000* (*prices vary depending on supplier, installation, and additional services).

In the correct location, with a good variety of produce available, machines have a payback period of around 12 months. Vending machines should be ideally positioned where there is good vehicular access and/or areas with high customer footfall on a farm near to the main road, shopping centre, caravan park, petrol station etc. Machines need to be kept under cover to protect them from the elements and consideration should be given for parking and groundworks. Planning permission may be required if the machine is located within a purpose built shed/outbuilding. Keeping vending machines stocked with varied fresh produce is important to ensure repeat custom.

Milk vending is also growing in popularity in Scotland. Many dairy farmers have diversified into milk vending as a means to increase profit margin. Milk vending machines vary in size and specification. Prices range from £6,000 to £16,000 depending on brand, features, installation, and product technology (prices vary depending on supplier, installation, and service package). Basic tanks will include milk tanks, agitator, control system, chilled milk compartment, and a dispenser system. More advanced models can include contactless payment systems and SMS alert systems when machines are running low on stock.

Consider health & hygiene measures in light of the coronavirus pandemic to keep customers safe.

Tourism

Agri-Tourism

Farm-based recreation or ‘agri-tourism’ is becoming increasingly popular among tourists/visitors and is a diversification enterprise which promotes a more diverse and sustainable rural economy. Agri-tourism provides farmers, crofters and landowners with additional income and the opportunity to connect with the public showcasing life in the countryside.

Across many rural parts of Scotland, particularly across the Highlands and Islands, agri-tourism provides economic prosperity and supports livelihoods in many communities. Agri-tourism provides customers with the opportunity to visit and stay at a farm, or rural business, eat a variety of local food and drink on offer, visit local tourist attractions, towns, cities and villages, and support the Scottish food and drink sector.

Agri-tourism has moved towards the provision of rural experiences where customers can get a real hands-on flavour of the countryside, or the daily life of a farmer. Bespoke packages can be created which may include accommodation, private dining experiences, or offered as a stand-alone activity.

Farm Tours

Farm tours and supervised on-farm experiences can be very socially beneficial for both farmers and customers, strengthening relationships between farmers and the general public. Farm tours and other educational enterprises can also be very financially rewarding for farmers and relatively easy to set up without considerable overheads

Ecotourism and nature-based tourism

An increasing number of tourists and visitors are looking for “green” holidays or activities. Ecotourism, which tends to be connected to educational aspects such as the promotion of sustainability, is different from nature-based tourism which can be viewed as tourism to places of natural significance or beauty, although there is some overlap between the two concepts.

Businesses looking to diversify could consider their own 'green credentials' and how they could, if necessary, modify their marketing to attract the maximum number of customers. Many businesses are members of initiatives such as the Green Business Tourism Scheme (www.green-tourism.com) and membership of such schemes can be used in marketing and promotional material. Tourism businesses could incorporate nature-based activities such as wildlife-watching and adventure-based activities into their offering to take advantage of their natural capital. Information on the local environment, scenery and nature-based activities in the area could also be provided to potential customers. Signposting and collaboration between businesses adds to the customer experience and also supports the local economy.

Self-catering

Planning permission and building regulations (see pages 410-414) are the essential first steps when considering offering self-catering accommodation. If starting a new business or converting/extending your premises, you should contact your local authority planning department for their advice on planning permission at a very early stage. Any structural alterations to a property, or the construction of a new building, will be subject to building regulations, so again contact your local authority. Compliance with other regulations, particularly fire will also be required. Self-catering accommodation may be more successful when located along popular tourist routes and in areas with good tourist facilities/activities. As there may be strong competition for business in some areas, it is important to offer a high standard of accommodation and possibly other facilities, which may increase capital costs. Suitable parking and good vehicle accessibility are important. Good marketing is required to maximise occupancy rates and participation in quality assurance schemes will also be beneficial, e.g. VisitScotland Quality Assurance Schemes (www.visitscotland.org). Membership of associations can also be beneficial, such as the Association of Scotland's Self-Caterers (<http://www.assc.co.uk/>).

A large proportion of customers base their accommodation choices on reviews on sites such as Trip Advisor (<https://www.tripadvisor.co.uk/>) and/or Facebook. Managing and responding to reviews on these sites is important in order to ensure customer satisfaction and maintaining a positive reputation in the marketplace.

It is important to keep properties well maintained and presented to encourage repeat custom and promote customer recommendations.

Bed and breakfast

In common with self-catering units, the quality of bed and breakfast (B&B) accommodation must be of a high standard in order to attract customers in what is a very competitive market. Location and proximity to tourist attractions and facilities are also important selling points. It is important to consider seasonality and regional variations in occupancy when

budgeting/forecasting. Compliance with all appropriate regulations, particularly fire regulations and relevant food hygiene regulations will also be required. If the establishment offers dinner, business rates may apply.

Glamping

Glamping pods, Wigwams, Yurts, Shepherd Huts, Bell Tents and other glamping facilities may be a suitable diversification option for farmers, landowners, and/or rural businesses. The glamping market in some regions has reached saturation point and careful consideration should be given to competition in your area before starting.

Glamping is a tourism experience where individuals, couples, or groups seek to immerse themselves in the natural environment by going back to basics and re-connecting with nature from a luxurious base. Glamping has become a popular option for UK holiday-makers and overseas visitors seeking the luxuries of hotel accommodation alongside the freedom and adventure of camping. Glamping sites provide electricity, heating, kitchen and toilet facilities as standard with many sites now offering saunas, jacuzzi's and hot tubs. Due to the popularity and availability of glamping in the agri-tourism market, customer expectations have increased, and many providers are now operating in competition with 4- and 5-star rural accommodation providers.

Glamping pods generally sleep 2 to 6 people depending on size and specifications, providing a romantic space for couples or a functional getaway for small groups.

Glamping sites should ideally be located near areas of spectacular scenery, on the banks of lochs, nestled beneath hillsides, along popular walking or cycling routes, or within close proximity of towns, villages or cities. Planning permission may be required for a glamping site in some locations. Seek advice from your local authority at an early stage of the diversification project.

Costs – basic glamping pods range from £3,000-£8,000 each with more advanced models ranging from £10,000-£20,000 each. Basic wigwams start around £7,000 with larger more advanced models ranging from £14,000-£20,000. Yurts also vary in size, shape and cost. Small 10ft yurts start around £4,000-£6,000 with larger models 25ft-40ft ranging from £15,000-£40,000. Costs, delivery charges and installation will vary with certain manufacturers. Maintenance costs are around 5-10% of the capital value per annum.

Customer charges vary depending on season, quality, size and location. Good examples range between £45 and £90 per night during peak season with luxury examples reaching highs of £120+ per night (based on 2 people sharing).

Sources of information

Sources of further information for tourist accommodation include:

- Criteria/guidance for Small Serviced Classification (http://www.visitscotland.org/business_support/quality_assurance/accommodation/self_catering_accommodation.aspx)
- Farm Stay (www.farmstay.co.uk)
- Accommodation in Scotland (<http://www.explorescotland.net/holiday-in-scotland/accommodation/>)
- Farm Business Innovation Diversification into Glamping (http://www.farmbusinessshow.co.uk/news/blog.asp?blog_id=2518)

Sports & Leisure Tourism

The sports and leisure tourism market has grown rapidly over the past 5 years. The health and wellness industry covers a range of areas from healthy eating, staying fit, and maintaining a healthy weight, to looking after mental and physical health. The retail value of the health and wellness market in the UK increased from over £18 billion in 2015 to nearly £20 billion in 2018 (Source: Statista 2019). UK farmers could tap into this market by providing customers with the opportunity to enhance their health, fitness and wellness in a natural countryside setting.

Wellness Tourism

Wellness tourism has emerged as a growth trend in the UK, and the increased recognition of the importance of the natural environment for wellness places farms and estates in a prime position to offer experiences, facilities, activities, and treatments.

Wellbeing is no longer seen as a quick fix, a total lifestyle change, or sticking to an intense regime. Wellbeing is a holistic approach where consumers can switch off from their busy lives and reconnect with nature through outdoor activities, mindfulness, and conscious movement, such as yoga or pilates.

Farm/Outdoor Fitness

Farm fitness is a relatively new concept which is quite novel as a diversification enterprise. Farm/outdoor fitness generally suits those who have a personal interest in health and fitness. It is possible to start a farm/outdoor fitness enterprise and employ suitable staff with appropriate skills, qualifications, and enthusiasm, but careful consideration should be given to how the enterprise fits in with existing farming operations.

The Farm Fitness brand began as a purpose-built outdoor gym facility developed by an English farmers' son. Farm fitness is a custom training facility located against the idyllic farmyard backdrop with stunning countryside views. Customers can pre-book to use the outdoor equipment or get a personalised training session replicating farming activities. Farm Fitness was voted one of the best gym's in the world and 'coolest outdoor space' by fitness magazine Men's Health (<https://www.farmfitness.co.uk/>).

Other farm-based gyms have recently entered the market offering personalised, and group training sessions. A Scottish example is PeaceFit, a new facility based at Peacehill Farm, Wormit, in Fife. <https://www.facebook.com/PeaceFit-676231872759347/>

Outdoor fitness has also increased in popularity as fitness enthusiasts across the UK seek the adventure and thrill of outdoor fitness pursuits. This has largely been driven by the increase in outdoor events such as 'Tough Mudder', 'Men's Health Survival of the Fittest' and the 'Beast Race'. Farmers could tap into this market as a method of diversification by using land and obstacles surplus to requirements. The 'Wolf Run', voted Farmers Weekly Farm Diversification of the Year 2018, is a farm-based 10km adventure race featuring 25 man-made and natural obstacles, including lakes, fallen trees, bale stacks and a 100m waterslide (<https://thewolfrun.com/>). Outdoor fitness is a relatively low-cost diversification option for farmers seeking to test the market before investing in purpose-built gym facilities. Health & safety, risk assessments, and insurance should be considered for this enterprise, along with an environmental assessment to review possible damage to natural habitat, woodland, fields, etc.

Children's activities

Farm-based children's soft play areas are popular among families during the holiday season. Converting old farm buildings or utilising fields for use as a children's play park can be a profitable venture for farmers/landowners. Location, ease of access, and activities offered determine the success of the enterprise. A children's play park would complement a farm shop, café or retail outlet. During the summer a straw bale maze is a novel activity for kids. A farm can charge around £5-10 per child per visit. Public liability insurance, health and safety, and PVG disclosure checks would be required.

Outdoor Education

Outdoor education plays an important role in children's development, educating them on the provenance of food, farming, and the environment. Outdoor education and activities also promote good mental and physical health, by allowing those from an urban area the opportunity to explore the countryside in a safe and supervised environment.

Care Farming

Care Farming is a form of commercial farming promoting good mental and physical health through normal farming activity. Essentially, Care Farming is where different client groups can participate in a variety of farming activities under the supervision and support of a skilled farmer and their team. There are currently around 230 care farms in the UK providing health, social, and educational care services for a wide range of client groups including people with mental ill health, learning disabilities, autism, and dementia.

Hovercrafts

Hovercrafting is an extremely popular activity for stag and hen parties, corporate days, and tourists. A hovercraft is a cross between an aircraft and a boat designed to travel over water and land at speed. Hovercrafting can be incorporated into an existing farming enterprise, utilising spare grass fields (and rivers/lochs if available). Hovercraft activities can be hired out for £100-200 per person per hour. Package deals can be offered to larger groups. New hovercrafts cost around £8,000-15,000 each excluding VAT. Prices vary depending on supplier and availability. Public liability insurance would be required to run a hovercraft activity centre.

Equestrian Enterprises

Equestrian related enterprises are often seen as good diversification options for farms or rural occupiers as they can easily complement the existing infrastructure land and business model of the farm. Enterprises that are commonly considered are:

- Horse Livery
- Cross Country Course
- Riding School
- Horse Bed and Breakfast
- Horse Riding Holidays
- Equine Health
- Equine Chiropractic
- Equine Massage

It must be decided from the outset on the service that is to be provided and thus the level of input that is required. Factors to be considered include:

Demand – In many areas there is an oversupply of equestrian facilities and it is strongly recommended that a feasibility study should be carried out before embarking on any new venture.

Location – Good riding country, with access for safe, off-road riding and within easy reach of at least one centre of population is the ideal situation. Enterprises with unique offerings, specialist services/facilities or located on the outskirts of major towns/cities may be able to command a premium price.

Land – On free draining ground, horses and ponies will require around 0.50-0.75 hectares (1-2 acres) of well established, moderate quality grazing per head (equine grass mixtures are available). A larger area will be required where land is poorer or where year round turnout is required. If not enough land is available or where the diversified business is to be kept separate from the main farm business, rent may be required. Grassland management costs will vary according to land available but may include a reseeding policy, with annual fertiliser applications, weed

control, and seasonal field operations such as harrowing, rolling and topping.

Fencing – Well maintained fencing which is suitable for horses (electric fencing is often preferred), with good gates and an adequate water supply. In some cases smaller paddocks or all weather turnout areas may be required. See pages 385-386 for fencing costs.

Shelter – This will include field shelters and/or well ventilated permanent stables. Wooden field shelters or loose boxes cost around £2,000-£5,000 each. Conversion of an existing agricultural building may be less expensive. Construction of a 12 box yard, including tack and feed rooms could cost around £25,000 upwards (excluding groundworks and services). Rubber matting in stables is desirable but not essential. Some customers may have their own preferences. Prices for field shelters / stables may vary between suppliers, and planning permission should be obtained before development.

General facilities – Lorry and car parking areas, secure tack and feed stores, a muck disposal area, covered hard standing area with water supply, good drainage, grooming area, kitchen and toilet facilities are basic requirements. If storage of customers tack and equipment is provided on-site, this should be factored into your insurance cover.

Riding facilities – An all-weather outdoor schooling area is almost essential in order to attract customers (e.g. livery yards) and an indoor arena may also be desirable (e.g. for riding schools). A 40m x 20m outdoor schooling area could cost around £10,000-£40,000. A similar size indoor arena could cost around £75,000-£150,000. Both outdoor and indoor costs are determined by the level of ground works required, the size of the arena, the surface chosen and provision of lighting and mirrors. Planning permission may be required for an indoor and/or outdoor arena/school.

Labour – Personnel with customer care and people skills are essential for equestrian enterprises and often a yard/facility manager with experience/qualifications in horse care and events is an important asset. Businesses employing labour will have costs such as wages, employers' liability insurance and the cost of personal protective clothing. Training may be required for business owners or employees to develop their skills.

Operating costs – These are highly dependent on service provision and can include feed (concentrates and forage), bedding (straw or shavings), electricity and water, machinery repairs, fuel, property repairs, insurance, advertising/website/social media management and business rates.

Horse health and welfare – Information on the minimum requirement for keeping horses can be found in the Code of Practice for the Welfare of Equidae <http://www.scotland.gov.uk/Resource/Doc/271583/0080953.pdf>. Many yards will operate a worming programme on site but the cost of

wormer would generally be an additional charge. It may be appropriate to consider a health scheme for the horses in the yard, e.g. the Premium Assured Strangles Scheme (PASS) (see page 120 for more detail). Although most horse owners are registered with a recognised veterinary practice, the yard should have a point of contact with a local vet in case of an emergency.

Health and safety – All businesses should be aware of health and safety regulations, see pages 393-395 for more details or the publication at: http://adlib.everysite.co.uk/resources/000/264/078/Livery_Yards_Guidance_2006.pdf.

Fire safety - Businesses should also be aware of their responsibilities with regards to fire safety. More details can be found at: <https://www.gov.uk/government/collections/fire-safety-law-and-guidance-documents-for-business>

Value added tax (VAT) – Advice from an accountant or tax advisor should be sought to make a judgement on whether the services and products provided should be vatable, e.g. depending on the business's VAT status the provision of DIY livery may not attract VAT, however the additional services provided through full livery are likely to attract VAT.

Rates – Buildings used for agriculture are normally exempt from rates however horses are not considered as agricultural 'livestock'. Where a business is providing buildings for use by horses, these buildings are potentially rateable. Advice should be taken from local Council representatives for specific circumstances. The Small Business Bonus Scheme may apply depending on the size of the enterprise and the area occupied for commercial purposes.

Planning – For any new buildings or change of use of agricultural buildings/land (i.e. outdoor arena), planning permission will be required. Advice should be taken from a local planning consultant or the local Council planning department. For more information on planning regulations see pages 410-414.

Approved centres – This would show clients that the business has been assessed against detailed criteria and recognised as being well managed, offering first rate customer care, high levels of horse husbandry and general good practice throughout. See www.bhs.org.uk and www.abrs-info.org for more information.

Living accommodation – Facilities may need to be provided for staff (if required) and for guests where a lodging service is on offer, e.g. bed and breakfast, dormitories/bunkhouses or self-catering in a farm cottage/static caravan/log cabin. When providing accommodation and meals, investigation into local authority regulations, e.g. fire and food hygiene, should be carried out. Membership of quality assurance schemes may also be considered.

Horse livery

On-farm horse and pony livery can range from providing grazing only, to DIY livery, and full livery (including labour, grazing, stabling, grooming, feeding and possibly exercise).

Financial returns will vary depending on the level of service (which is dependent on the knowledge of the person/s running the yard) and facilities being provided (e.g. a basic farm diversification or a specialist professional yard).

Livery services are likely to range from 70-100% occupancy. Grass and DIY livery are realistically the base market for farm diversification projects while part and full livery services will be more suited to yards with skilled personnel.

Examples of livery services and approximate returns are shown in the following table:

Livery	Service	Returns (£/horse/wk)
Grass	Grass keep only, no stable	£15-30
DIY	Stable and grazing only, all horse care carried out by horse owner (hay and bedding can be included as extra)	£20-45
Part	Full care* for part of the week (e.g. weekdays with DIY at weekend)	£60-90
Full	Full care* including or excluding exercise	£75-150

* *full care includes stable, grazing, labour, feeding, bedding but excludes wormer, vet costs and farrier.*

Example gross margins (**not** including site specific fixed costs such as labour, rent, rates, maintenance, PPE, insurance, professional and subscription/licence fees, etc) for livery services are shown in the following table. Variable costs can also fluctuate, whether or not the business provides feeding (hay etc.) and bedding. Some livery enterprises can offer discounts for bulk purchases.

Adding value to a livery enterprise is common by providing customers with additional services. These services can include the provision of horse care assistance to DIY livery horse owners, clipping (if skilled personnel are available), products (such as straw and hay/haylage) or other enterprises described in the following sections. Horse transport may also be offered for an additional charge.

	Grass	DIY	Part	Full
Occupancy (wks)	44	44	44	44
Price (£/wk)	25	40	80	110
	£/horse/year			
OUTPUT				
Livery	1,105	1,768	3,536	4,862
Other Income	-	-	-	-
	1,105	1,768	3,536	4,862
VARIABLE COSTS				
Concentrates 0.6t @ £350/t	-	-	217	217
Hay 2.5t @ £160/t	-	-	396	396
Bedding - shavings 1.2t @ £280/t	-	-	329	329
Misc	-	-	-	-
	-	-	942	942
Forage variable costs:				
grazing 0.6ha @ £33/ha	20	20	20	20
Total Variable Costs	20	20	961	961
GROSS MARGIN	1,105	1,768	2,594	3,920

Cross country schooling course

The availability of a fairly extensive area of well drained ground in an accessible location is essential for this enterprise. Varied terrain with access to a river/stream provides options for different jump constructions including a water jump. Initial investment may be high and in addition to many of the equestrian enterprise factors previously mentioned, can include:

- General groundworks
- Field access (for official and emergency service vehicles)
- Jump purchase
- Jump construction
- Communications

It is estimated that jumps cost in the range of £250 to £1,000 per jump. It is highly recommended that the course and all jumps are approved by an experienced and approved course designer in terms of siting, fence design, construction, materials and safety. A consultation fee for this would be expected.

Income will be seasonal depending on factors such as geographical location, weather and availability of land (out with normal farm management practices). The season would commonly run from the end February/start March through to October. Hire costs per horse range from £20 - £35 per hour depending on the number/height/range of jumps available.

Maintenance of the ground and jumps will be cost specific to this enterprise.

Riding school

A riding school is a specialised facility which requires experienced management and operation.

Basic requirements include the availability of land (for grazing and riding), stabling, ancillary areas and riding facilities. An indoor schooling area is almost essential in Scotland to ensure an income all year round.

The level of investment will be heavily influenced by the availability of buildings for conversion. Horses and ponies will also need to be purchased and costs can range from £750 - £4000 depending on size and suitability.

Income should be budgeted on year-round accessibility with evenings and weekends being the peak times out-with school holidays. Lesson charges range from £10-£50 per rider per hour depending on the number of horses in the ride, the quality of the horse/pony being hired, and level of instruction being given. Up to 8 riders may safely join a low level, slow paced beginner type lesson.

Labour and operating costs (as described previously) should be budgeted. Teaching staff will cost upwards of £20 per hour in addition to basic wage rates for yard staff. Management time and costs in terms of staffing will be significant. Local authority licensing under the Riding Establishments Act 1964 and 1970 will be essential when offering horses for lessons (riding lessons offered to someone on their own horse would not require this licence).

Horse bed and breakfast

This enterprise is focussed on providing a bed and breakfast service for horses (and humans) who require respite while on long journeys or as an overnight stay prior to, or during an event. The proximity of the facility to major arterial routes or areas of particular interest for off-road riding or equestrian events is an important factor to consider.

Horse B&B is largely successful where equine facilities are already in place and limited investment is required. Requirements include the availability of one or more stables and an area for the turnout of horses. Accommodation for people (i.e. bed and breakfast in a house or self-catering) can be optional and add value to the service.

Income may be irregular depending on location and on the time of year where there are local scenic riding routes/events available. Charges vary depending on the services and quality offered.

Running costs and management requirements will vary but are likely to be fairly minimal.

Horse riding holidays

Location is fundamental to the success of horse-riding holidays. A riding holiday centre is most suited to premises in scenic and rural areas. Good access to off-road riding over a variety of terrain is essential.

The service can include the provision of horses to hire or there can be the option for guests to bring their own horses.

Basic facilities could include:

- A covered area for tacking up.
- Stables (for hire horses and/or guest's horses).
- Grazing (for hire horses and/or guest's horses).
- A tack room.
- Toilet facilities.
- Living accommodation for guests.

The service can be enhanced by providing other riding facilities, i.e. all weather or indoor arenas, show jumping and cross country facilities, riding lessons, and all-inclusive luxury accommodation. With the above in mind, investment could be great if starting with a blank canvas. This enterprise will work best when there are already horses and facilities in place. Local authority licensing will apply where horses are provided.

Income is likely to be based on short stays (e.g. weekend) or on weekly terms and are likely to be seasonal (end March to end September). Prices will range with a high dependence on the service and facilities provided. These can start at £250 for shorter stays to £1,300 for longer and more intensive/themed stays.

Operating costs will be influenced by the level of services provided. Basic, smaller scale enterprises will have costs for facilities/infrastructure, maintenance, and the keep of horses/ponies. Premium enterprises will have a much greater expense for labour and catering.

Riding for the differently abled

A riding school for differently abled adults and/or children is a rewarding diversification enterprise. Horses and ponies provide therapy, achievement and enjoyment to people who are differently abled. Providing a safe, fun, and supporting learning environment can improve the lifestyle for people with physical and learning difficulties, mental illnesses or other additional support needs. For further information see <http://www.rda.org.uk/>.

Wedding Venues

Converting old or disused farm buildings into a wedding venue may be a profitable diversification option for farmers. Farm-based wedding venues have grown in popularity over the past 5-10 years as couples see farm barns, marquees, and farm countryside as the special place to host their

wedding. In the UK, 250,000 couples marry each year with just over 70% choosing a civil ceremony (Source: Office for National Statistics, 2019). It is also estimated that the average cost of a UK wedding is now more than £25,000, with the venue usually being one of the biggest expenses.

Combining a working farm and a wedding venue does not come without its challenges, and requires considerable commitment and a specific skillset to run successfully. However, developing a successful wedding venue on a working farm can be a very lucrative diversification option providing significantly higher profits than the core farm business. Prices vary depending on location, package offering, and unique selling points. As a guide, farm-based wedding venues can generate between £3,500 - £7,500 solely for the ceremony and reception. Additional service packages can be added on.

Wedding venue considerations:

- Location of the venue near to a main road with good access and transport links. The location should ideally have a picturesque landscape with suitable car parking, toilet facilities and accessibility for differently abled people.
- The level of service offered; basic package of the venue as standard but extra services such as; catering, bar, disco/band/entertainment, transport, and on-site accommodation could be included for an additional charge.
- Planning permission may be required for the renovation or erection of the proposed venue.
- Legislation requirements such as; health and safety, food hygiene, public liability insurance, alcohol licencing, and employment law may apply to the venture.

Pet Boarding Facilities

In 2017, total UK consumer spending on pets, and pet related products, was £4.62 billion. This was an 82% rise in spending since 2005. Spending on veterinary services and other pet services also rose by 75% from just over £2 billion in 2005 to £3.5 billion in 2017 (Source: Statista, 2019).

Animal husbandry is second nature to many farmers and may be a suitable diversification option to capitalise on spare farm buildings. Boarding kennels or a cattery could be incorporated into an existing farm business. Kennel and cattery units vary in size and specifications. Commercial dog kennels cost around £1,500-£4,000 per dog and a commercial cattery facility costs around £750-£3,000 per cat. This includes groundwork, mains water supply and electricity connection. Prices vary depending on suppliers, availability and installation.

Pet boarding facility considerations:

- The location of the business should ideally be situated near a town or city with a large customer population.
- A change of building or land use may require a change in your insurance.
- Running a kennels or cattery business is a lifestyle choice and the owner may be tied to the business 24/7.
- Noise impacts from dogs and cats may cause offence or nuisance to neighbours.
- Before starting the business, you must contact the local authority to cover any building planning issues, business rates, operating licences and any other obligations.
- You must receive a licence under the Animal Boarding Establishment Act 1963.
- Public liability and product liability insurance is required. You should also be insured for professional indemnity and against the loss of income if you lose your licence. Liability to animals in your care custody and control is definitely required. In the case of kennels and catteries, cover for vets' fees can be extended to include any illness in a client pet that commences within 72 hours after leaving your establishment. Property damage cover should also be purchased.

For further information and a guide to building kennels or a cattery visit <https://www.gla.ac.uk/t4/~vet/files/teaching/SAHusbandry/boardingkennels.pdf>

Forestry and Farm Woodlands

Introduction

Woodlands can be a valuable part of the farm business, providing multiple benefits such as shelter for livestock, windbreaks for crops and income from timber. They also have a positive impact on a larger scale by capturing carbon, creating wildlife habitat, and contributing to natural flood management.

Increasing the area of woodland in Scotland is a key Scottish Government objective to help meet national carbon emission reduction, supply the demand for wood products with home-grown timber, and restore and expand native woodlands for biodiversity benefits. Farmers are being encouraged to plant new woodlands and actively manage existing woodlands to benefit the farm business and provide public goods.

On 1 April 2019 forestry became fully devolved in Scotland. Scottish Forestry replaced Forestry Commission Scotland, taking responsibility for policy, regulation and the Forestry Grant Scheme (FGS). Forestry and Land Scotland (FLS) replaced Forest Enterprise Scotland in looking after publicly owned forests. Both new organisations are agencies of the Scottish Government.

This section provides guidance on trees and the law, plant health, woodlands and shelter, timber prices, Christmas trees, financial assistance for farm woodlands, and taxation.

Trees and the Law

Felling Permissions

Anyone wishing to fell trees requires a Felling Permission (previously called a felling licence) issued by Scottish Forestry, unless an exemption applies or another form of felling approval such as a felling licence (including a forest plan) has previously been issued. It is an offence to fell trees without a Felling Permission and where no exemptions apply. Illegal felling can result in a fine of up to £5,000 per tree and a criminal record for those involved.

Changes to the regulation of tree felling in Scotland came into effect on 1 April 2019 when the Forestry and Land (Scotland) Act 2018 replaced the Forestry Act 1967 in Scotland. Felling Licences issued before 1 April 2019 are still valid, if the expiring date has not been passed.

Exemptions

You may be allowed to fell trees without a Felling Permission if an exemption applies. The new regulations made some changes to exemptions, full details are available from Scottish Forestry: <http://forestry.gov.scot/support-regulations/felling-permissions>. Two

important changes are that a Felling Permission is now required to clear windblown trees or to fell nuisance trees.

Exemptions include:

- Up to 5 cubic metres of timber within any set calendar quarter. However this exemption does not apply in native broadleaved woodland between 0.1 and 0.5 hectares inclusive and Caledonian Pinewood sites.
- Trees with a stem diameter of 10cm or less, when measured 1.3m from the ground.
- A tree that poses an immediate danger to people or property.
- Completely dead trees. Trees that are dying or have blown over are not exempt.

Restrictions

Felling must also comply with legislation and best practice regarding water quality, flood risk, conservation areas, and protected species such as badgers or bats.

Felling trees covered by a Tree Preservation Order (TPO) or within a Conservation Area requires additional consent from the Local Authority. Felling within a Site of Special Scientific Interest (SSSI) requires consent from Scottish Natural Heritage (SNH).

Obligation to replant

Felling Permission, except those for thinning, are issued on the condition that the felled area will be replanted within a specified timescale. This includes the obligation to carry out the maintenance necessary for the trees to become established. Scottish Forestry may allow replanting in an alternative area of the same size as the felled area.

Grant funding is available to help with restocking through the Woodland Improvement Grant (WIG) for Restructuring Regeneration. Note that you first need to have an approved Long-term Forest Plan (LTFP) or Management Plan to be eligible for WIG funding.

Plant Health

The threat posed by tree pests and diseases is increasing, due to increased global travel, and imported plants and wood products. Climate change is also altering the ranges of many plant pathogens. The risk of spreading tree diseases can be reduced by taking simple biosecurity measures, such as cleaning mud from shoes, dogs' paws, and bike and car tyres between visits to different woodlands. Five of the most common current threats to tree health are described below but this list is not exhaustive.

You can find guides to symptoms of tree pests and diseases on Observatree www.observatree.org.uk/resources and Forest Research

websites: <http://forestresearch.gov.uk/tools-and-resources/pest-and-disease-resources>. If you are concerned about the health of any trees, seek professional advice and report any confirmed cases on the Tree Alert online reporting tool: <https://treealert.forestresearch.gov.uk/>. It is required by law that diseases classified as notifiable are reported.

Scottish Forestry monitors woodlands for early warning signs of tree health problems and issues Statutory Plant Health Notices (SPHNs) to landowners. An SPHN will usually require the felling of trees to contain an infection and avoid it spreading further.

Larch disease – notifiable disease

P. ramorum is currently the biggest threat to tree health in Scotland, having already infected and killed thousands of hectares of larch. *P. ramorum* does not affect the quality of the timber so infected trees can still be processed but only by facilities that hold a licence to handle the material. A Management Zone covers the centre of the primary outbreak in Galloway. The area covered by the management zone is best viewed on the Scottish Forestry Map viewer:

<https://scottishforestry.maps.arcgis.com/apps/webappviewer/index.html?id=0d6125cfe892439ab0e5d0b74d9acc18>

There are no movement restrictions, including records of such movement, if Phytophthora-infected larch wood from inside the management zone remains wholly within that zone. The disease is spreading throughout Scotland and any movement of affected wood outside of the management zone requires a movement licence.

Outside the Management Zone, Scotland is split into three risk zones, based on how suitable the climate is for *P. ramorum*: Zone 1 is highest risk and covers most of the west coast; central regions are Zone 2; Zone 3 in the east is the lowest risk. For a map of the zones, see: <https://forestry.gov.scot/sustainable-forestry/tree-health/tree-pests-and-diseases/phytophthora-ramorum>.

The rules around felling and planting larch vary between the zones but **outbreaks of *P. ramorum* are occurring in all three risk zones**. All woodland owners should remain vigilant and regularly inspect for symptoms of the disease. While larch is the main timber tree at risk (Japanese, European and hybrid *Larix* species are all affected), rhododendron and other ornamental shrubs are also susceptible and help spread the disease. Other susceptible tree species include sweet chestnut, horse chestnut, beech and several non-native oak.

P. ramorum is a notifiable disease so must be reported. First check the symptoms against online guidance and report the outbreak through Tree Alert (see above for links). If *P. ramorum* is confirmed, Scottish Forestry will issue an SPHN (if outside the management zone), placing a legal requirement on the owner to fell the infected trees, and a buffer zone around them, within a set period. If you receive an SPHN, grant aid is

available to assist with agents' fees and restocking. For further information see page 334 and: <https://www.ruralpayments.org/topics/all-schemes/forestry-grant-scheme/tree-health/>.

Chalara Ash dieback *Hymenoscyphus fraxineus* – notifiable disease if found in new areas

First discovered in the UK in 2012, Chalara Ash dieback is a fungal infection which is spreading throughout Scotland. Young trees are most vulnerable, while mature trees may only succumb to the disease once weakened by prolonged exposure. The airborne spores can spread within miles of an outbreak but transport of plants and spores in mud on tyres and shoes is thought to be responsible for spreading the disease over longer distances.

The general advice is not to fell live ash trees, even if they are infected, unless they pose a safety risk. This will allow resistant trees to be identified as future breeding stock. Ash is one of the last tree species to come into leaf in spring so it's best to look for Chalara symptoms from July to September.

A Plant Health Order prohibits movement of ash seeds, plants and trees within the country. However, ash firewood and timber can continue to be moved but it is recommended that any leaf material is removed before movement.

Chalara is a notifiable disease if an outbreak is found in an area previously thought to be unaffected, see online map: <http://chalaramap.fera.defra.gov.uk/>.

Juniper disease *Phytophthora austrocedri* – notifiable disease

Phytophthora austrocedri is a fungus-like pathogen which threatens juniper trees in Britain. Juniper (*Juniperus communis*) is an important but declining native species, thus a significant proportion of juniper woodlands are protected. Infected trees have been found at sites across Scotland and the north of England. The pathogen primarily attacks roots and extends up into the lower stem. Eventually the tree will be killed by girdling of the main stem. The pathogen is notifiable and all suspected cases must be reported through Tree Alert.

Red band needle blight *Dothistroma septosporum*

D. septosporum is a fungus which typically attacks older needles on conifers, initially creating yellow bands that turn red. Sometimes all but the base of the needles can turn brown, rather than causing bands. Infected needles will die and fall off, gradually weakening the tree. This reduces timber yields and can eventually kill trees.

It has been found on a range of conifer species, but pine are the most common hosts, including Corsican, Lodgepole and Scots pine. The disease exists throughout Scotland and is managed through silvicultural methods, and by planting less susceptible tree species in future rotations.

It is not a notifiable disease and there are no restrictions on timber movement.

Dutch elm disease *Ophiostoma novo-ulmi*

This disease has already killed 60 million elm trees in Britain and continues to spread throughout Scotland. It is caused by a fungus that is spread from tree to tree by the elm bark beetle.

Local authorities may require owners to fell elms infected by Dutch elm disease, under the Dutch elm disease (Local Authorities) (Amendment) Order 1988. To prevent the spread of the disease, regulations also control the movement of elm logs within the terms of a licence. It is not a notifiable disease.

Woodland and Shelter

Trees and woodland can provide valuable protection from wind and driving rain which can:

- Reduce lamb and ewe mortality resulting from evaporative chilling.
- Increase weight gain in livestock.
- Increase milk yields in cows.
- Improve livestock health and condition.
- Reduce feed costs.
- Reduce evapotranspiration of pasture and crops.
- Protect light soils.
- Increase soil organic matter content.

Woods can act as a wind shield or a wind break, depending on the porosity of the wood. These principles are set out below:

Wind Shield

- Virtually impermeable woodland (<40% porosity).
- Reduces wind speed by up to 90%.
- Wind speed reduction over distance of up to 10 times tree height from lee side of forest.
- Greatest shelter within distance of 3 to 5 times of tree height.
- Completely stops wind within small area; high turbulence in field.
- Best for livestock protection.

Wind Break

- Permeable woodland (40-60% porosity).
- Reduces wind speed by up to 70%.
- Wind speed reduction over distance of 20-30 times tree height from lee side of forest.
- Achieves reduced wind speeds across large area.
- Little turbulence well above ground.
- Best for crops and silage.

Scottish Timber Log Prices

The table below provides a comparison of Scottish timber prices. The values are for clear fells only. Prices vary according to market conditions, quality of timber, total volume harvested, ease of access and transport cost. Values are given in £/t, sold on an out-turn tonnage basis. Roadside sales are net of harvesting costs, while standing sales are net of harvesting and haulage costs and represent the gross margin of that crop.

Typical broadleaf and conifer log prices for the year pre-April 2020 are as follows:

Species	Log Type	Price (£/t)	
		Roadside	Standing
Larch*	Random length	55-65	42-55
Scots pine	Logs	45-55	30-45
Sitka spruce	Green logs	50-65	35-55
Sitka spruce	Red logs	35-45	20-35
Sitka spruce	Pallet wood	35-45	20-35
Mixed conifers	Chipwood or pulp	28-40	7 - 20
Hardwd Logs	Various	20-200	5-180

* This is specific to large trees.

Timber crop values, at clear fell, range considerably with quality crops usually selling well. Estimated standing sale timber values for Sitka spruce (YC 16), thinned and felled at 45 years old can be £6,000 to £16,000/ha.

Woodland owners increasingly keep part of the timber harvested for their own use for woodfuel. The cost to harvest and extract small round-wood to roadside is typically in the range £13-18 per tonne.

Christmas Trees

Christmas trees can provide a profitable cash crop for either a small acreage as a diversification on farm or on a larger commercial scale. By planting a new area annually, a steady income can be realised as the trees mature in an average of eight to ten years and are harvested and re-planted.

Site choice

Soils should have a good structure, lighter soils with no plough pan are preferred. Drainage should be good, with no wet areas. Nutrient status should be adequate, or capable of being rectified. The site should not be in a frost pocket and should be free from perennial weeds.

Christmas tree species

Common Name	Botanical Name	Length of production and Soils
Noble fir	<i>Abies procera</i>	Soft needles. Approximately 10-12 years to reach 2m height. Susceptible to late frosts. Soil pH approx. 5.0.
Scots pine	<i>Pinus sylvestris</i>	Naturally grown on poor sites, pH slightly alkaline and acidic 5.0-7.5. Ready for market in 5-7 years depending on size required. Deep rooted.
Norway spruce	<i>Picea abies</i>	Traditional Christmas tree. Soil pH 5.5-6.5. Approximately 8-12 years to reach marketable size.
Nordman fir	<i>Abies nordmanniana</i>	Susceptible to late frosts. Soil 5.0. Approximately 10-12 years to reach 2 m in height.
Frasier fir	<i>Abies fraseri</i>	Soil pH 5.0-5.8. Approximately 8-12 years to reach marketable size.

Planting and spacing

Typical plant spacings and the number of trees per hectare are set out in the table below. Loading areas should be allowed for and access tracks/paths every 12-15 rows would be desirable, and this is reflected in the plant spacing in the right column.

Spacing	Trees/ha, planted areas	Trees/ha, inc. paths etc.
1m x 1m	10,000	8,700
1m x 1.2m	8,300	7,220
1.2m x 1.2m	6,900	6,000

Fencing for rabbits and deer will likely be required and would be site specific. Drainage may also be required.

Pruning and shearing

To improve the quality of the trees from year 1, pruning and shearing will be required. This increases the density of the foliage and the tree shape.

Weeding and fertilising

Regular weeding is required to prevent competition for nutrients and water, but also to maintain the form of the Christmas trees. Heavy weed growth can cause shading and/or restrict growth of the lower branches, thereby reducing the quality of the tree.

Soil fertility should be assessed and remediated ahead of planting. This then requires only nitrogen to be applied annually from year three, and top-ups of phosphorus and potassium.

Pests and diseases

Common pests and diseases of Christmas trees are listed as follows:

Phytophthora root rot - This is a fungal disease present in the soil, affecting a broad range of tree species. It causes yellowing of the needles, wilting and death of branches.

Red band needle blight - This is caused by the fungus *Dothistroma septosporum* which can occur in all conifers, but it mainly affects pines. This affects all ages of needle growth and leads to heavy defoliation.

Aphids and adelgids - These both suck the host plants' sap and inject substances which affect both reproduction and plant growth. These can both be treated with broad spectrum insecticides.

Needle cast disease - This is caused by fungi and affects the previous growing season's needles. This causes brown and or yellow spots on the needles and can cause needle loss. The advice is to apply a fungicide treatment and the removal of heavily infected trees.

Planting and felling legislation

Where the planting area exceeds 20ha, or 2ha in a sensitive area such as a National Park or National Scenic Area, an Environmental Impact Assessment (EIA) determination is required from Scottish Forestry. The determination would stipulate whether an EIA is required or not, or if more information is required to inform the determination.

Whilst felling regulations apply to all woodland, the cutting of Christmas trees will fall under the following exemption:

- Felling of trees of 10cm diameter or less, measured at 1.3m above ground level

If there is any doubt as to whether the exemption applies or not, seek advice from Scottish Forestry.

Costs

Production costs over the whole production cycle, over a seven-year period are in the order of £24,500/ha. This comprises the following elements, based on 7,220 trees/ha:

	£
Purchase of transplants	3,250
Planting by machine	1,080
Fertiliser	700
Herbicides	1,350
Pruning/shearing	7,200
Harvesting and marketing	10,850
	<hr/>
	24,430

Fixed costs tend to be associated with planning and set-up and comprise the following:

- Land rental or land purchase (£400-600/ha/yr for rental, £8,000-13,000/ha for purchase)
- Deer and rabbit fencing (£10/m)

- Hard standings (large area required if retailing from site, £300-400/20t materials plus machine time)
- Drainage (£200-400/ha for subsoiling, £2,000+/ha for plastic land drains with backfill)

Prices

Wholesale prices are approximately £1.80 to 2.20/ft for Spruce and Pine, and £2.30 to 4.90/ft for Fir species. Based on an effective planting density (including paths, etc) of 7,220 trees/ha and adjusting by 10% for losses/unmarketable trees, the income of marketed 6ft (average height) trees would be approximately £78,000/ha for Norway Spruce and Scots Pine and £160,000/ha for lower needle drop species such as Nordmann Fir. The latter is equivalent to £20,000/ha/year. Retail price for Nordmann fir can be around £303,000/ha. These prices are based on good quality Christmas Trees. It can be difficult for new entrants to break into the market, particularly for small scale operations, as quality will be unproven.

More information on growing Christmas trees can be obtained from the British Christmas Tree Growers Association (BCTGA) at www.bctga.co.uk or Centre for Alternative Land Use at <http://www.calu.bangor.ac.uk/Technical%20leaflets/050403%20CALU%20Christmas%20trees.pdf>

Financial Assistance for Farm Woodlands

Financial assistance for the creation and maintenance of forestry and farm woodlands is supported through the Forestry Grant Scheme (FGS) under the 2014-20 Scotland Rural Development Programme (SRDP).

The FGS is entirely administered, except for payments, by Scottish Forestry. Full details of the new FGS can be found at: <https://www.ruralpayments.org/publicsite/futures/topics/all-schemes/forestry-grant-scheme/>.

The following information has been adapted from the above website to give an overview of the scheme options. Applicants should refer to the full scheme guidance as revisions are likely and applicants should always check if there have been any updates.

Forestry activity is supported under eight categories and these are:

1. Woodland creation
2. Woodland improvement grant
3. Sustainable management of forests
4. Agro-forestry
5. Forest infrastructure
6. Tree health
7. Harvesting and processing
8. Co-operation

Woodland creation

Grants for woodland creation largely continue as they have since 2015. These can be very attractive for planting of a significant scale especially for productive woodlands. 60-70% of new planting tends to be of productive woodlands. Scottish Forestry managed to reach the annual target set by the Scottish Government for 2018/19. Counting schemes in the pipeline they are above target for 2019/20. The structure involves capital payments for planting and fencing, with payments for tree shelters, bracken control, and gorse removal if needed, together with an annual maintenance payment claimed on the Single Application Form. Of particular note is that you can continue to claim Basic Payment on land planted under the scheme.

There is also the 'sheep and tree package' where the forest infrastructure grant (see below) can be claimed when planting between 10 and 50 ha of Productive or Diverse conifer in blocks of at least 10ha on upland sheep farms.

There are nine options for woodland creation, each with specific requirements for composition and stocking densities. These are:

1. Conifer, predominantly Sitka spruce.
2. Diverse conifer, species other than Sitka.
3. Broadleaves, productive species at high stocking.
4. Native Scots pine.
5. Native upland birch.
6. Native broadleaves, other native woodlands, mainly lower ground NVC types.
7. Native low density.
8. Small or Farm woodland, mixed woodlands less than 10ha, no individual block to be more than 5ha in size.
9. Northern & Western Isles.

A higher rate of grant is payable in four target areas and these are:

1. Conifer, Diverse Conifer or Broadleaves in areas defined as being preferred or potential in the relevant local authority woodland strategy or equivalent.
2. Areas identified by the Cairngorms National Park Authority as a priority for woodland expansion, for predominately Scot's Pine or native broadleaved options.
3. Woodlands for Water, in priority areas identified by SEPA, for all options other than the Conifer option.
4. Native woodland options within the area identified as the "Highland Native Woodland Target area".

In addition, a capital grant is payable for the use of vegetatively propagated Sitka Spruce.

The planting grants and capital grants applicable to the woodland creation scheme are as follows:

Planting Grant	Payment rate (£/ha)		
	<i>Initial Planting</i>	<i>Annual Maintenance</i>	<i>Total for 5 yrs</i>
Standard Areas			
Conifer*	1,920	208	2,960
Diverse conifer*	2,160	336	3,840
Broadleaves*	2,880	528	5,520
Native Scots Pine	1,840	272	3,200
Native upland birch	1,840	128	2,480
Native broadleaves	1,840	272	3,200
Native low-density broadleaves	560	96	1,040
Small or farm woodland*	2,400	400	4,400
Northern and Western Isles	3,600	624	6,720
Target Areas			
Conifer	2,160	234	3,330
Diverse conifer	2,430	378	4,320
Broadleaves	3,240	594	6,210
Native Scots Pine	2,070	306	3,600
Native upland birch	2,070	144	2,790
Native broadleaves	2,070	306	3,600
Native low-density broadleaves	630	108	1,170
Small or farm woodland	2,700	450	4,950
Northern and Western Isles	n/a	n/a	n/a

* Where ploughing is the agreed method of ground preparation, the Initial planting payment rate is reduced by £240/ha for the Conifer option, £270/ha for the Diverse conifer option, £360/ha for the Broadleaved option and £300/ha for the Small or fam woodland option.

Capital Item Grant	Payment rate
Genetically improved Sitka Spruce	£150/ha
Stock fence	£4.40/m
March stock fence	£2.75/m
Deer fence	£7.60/m
Deer fence - high cost	£9.90/m
Upgrading stock fence to deer fence	£3.28/m
Rabbit-proofing stock or deer fence	£1.60/m
Tree shelter: above 1.2 metres	£2.00 each
Tree shelter: 0.6 to 1.1 metres	£1.16 each
Vole guard	£0.19 each
Enhancing or modifying a stock fence - Black Grouse and Capercaillie core areas	£2.00/m
Enhancing or modifying a deer fence	
- Low cost Black Grouse/Capercaillie core areas	£2.00/m
- High cost Black Grouse/Capercaillie core areas	£4.48/m
Conversion of deer fence to stock fence Black Grouse and Capercaillie core areas	£1.60/m
Gate for stock fence	£136 each

Capital Item Grant	Payment rate
Gate for deer fence	£172 each
Badger gate	£64 each
Self-closing gate for non-vehicular access	£280 each
Building or restoring drystone dykes	£26.40/sq. m
Bracken control, mechanical or chemical removal	£225/ha
Gorse removal	£720/ha

Please note that due to the high demand for planting grants Scottish Forestry are now paying more attention to the 'value for money' of the schemes. Schemes with a total grant value (including 5 years of maintenance payments but excluding any CSGN contribution and basic payments) of greater than £6000/ha are classed as 'high cost' schemes. There is a smaller pool of money available for these schemes and grant funding is therefore more competitive. It is usually necessary to demonstrate a significant level of public benefit.

Two illustrative budgets (using the grant rates in the previous table) have been prepared based upon the current FGS to indicate typical incomes and expenditures between the various planting models and specifications for smaller farm woodlands. Some allowance has been made for the costs of grant application, general management, protection or game-keeping, insurance or long-term maintenance in these examples. Supplier and contractor costs are typical of those that apply for the stated quantities and land type and will vary with the circumstances.

Example 1 - 40ha site for diverse conifer

Assumptions:

- Planting diverse conifers in target area.
- Up to 10% of the area can be retained as open ground and still get the full grant on it.
- Up to 5% of the area must be planted with broadleaves.
- Minimum stocking densities of 2,500 stems/ha for conifers and 1,100 stems/ha for broadleaves are required.

Item	Quantity	Typical supplier/ contractor cost	Grant
Design/grant application fees	-	£6,000	-
Supply and erect fencing (m)	2,600	£11.50/m	£9.20/m ¹
Supply and hang deer gates	2	£265/each	£172 each
Continuous mounding (ha)	36	£300/ha	-
Conifers (incl. planting)	88,400	45p each	-
Broadleaves (incl. planting) ²	2,220	85p each	19p each ³
Contract supervision fees	-	£10,780 over 5 yr	-
Replacement planting	-	£5,500 over 3 yr	-
Weeding with herbicide	90,620	8p each	-
Contingency		5% of costs	-

Item	Quantity	Typical supplier/ contractor cost	Grant
Initial planting grant	40ha	-	£2430/ha
Maintenance grant (5 years)	40ha	-	£378/ha/yr

Cash flow summary	Year 1	Years 2-3	Years 4-6	Total
Establishment costs	£115,000	£23,700	£12700	£151,400
Grant income	£121,886	£30,240	£45,360	£197,486
Cumulative balance	£6,886	£6,540	£32,660	£46,086

¹ includes £7.60/m for deer fencing and 1.60/m for rabbit proofing

² also includes vole guards

³ grant for vole guard only

If the proposal is located in a standard area the planting grant and maintenance grant will decrease, the grant income will be £19200 less.

If the proposal is located within the Central Scotland Green Network (CSGN) inner core area, an additional top-up grant of £2,500/ha is available, giving an *additional* income of £100,000. In the CSGN outer core area an additional top-up grant of £1500/ha is available giving an additional income of £60,000. In the CSGN fringe area an additional top-up grant of £750/ha is available giving an additional £30,000. The CSGN payments are limited and may not be available if the budget for a particular year has already been allocated. You can check which zone you are in using Scottish Forestry's Map Viewer:

<https://scottishforestry.maps.arcgis.com/apps/webappviewer/index.html?id=0d6125cfe892439ab0e5d0b74d9acc18>

Example 2 - 20ha site for native broadleaves

Assumptions:

- Planting native broadleaves in a standard area.
- Up to 15% of the area can be retained as open ground and still get the full grant on it.
- Minimum stocking densities of 1,600 stems/ha for broadleaves are required.

Item	Quantity	Typical supplier/ contractor cost	Grant
Design/grant application fees	-	£3,500	-
Supply and erect fencing (m)	1,800	£11.50/m	£9.20/m ¹
Supply and hang deer gates	2	£265/each	£172 each
Continuous mounding (ha)	17	£318/ha	-
Broadleaves (incl. planting) ²	27,625	85p each	19p each ³
Contract supervision fees	-	£7,500 over 5 yr	-
Replacement planting	-	£3,000 over 3 yr	-
Weeding with herbicide (2/yr)	27,625	8p each	-

Contingency		5% of costs	-
Initial planting grant	20ha		- £1,840/ha
Maintenance grant (5 years)	20ha		- £272/ha/yr

Cash flow summary	Year 1	Years 2-3	Years 4-6	Total
Establishment costs	£67,400	£9,500	£5,000	£81,900
Grant income	£58,953	£10,880	£16,320	£86,153
Cumulative balance	-£8,447	£1380	£11,320	£4,253

- 1 includes £7.60/m for deer fencing and 1.60/m for rabbit proofing
- 2 also includes vole guards
- 3 grant for vole guard only

If the proposal is located within the Central Scotland Green Network (CSGN) inner core area, an additional top-up grant of £2,500/ha is available, giving an *additional* income of £50,000. In the CSGN outer core area an additional top-up grant of £1500/ha is available giving an additional income of £30,000. In the CSGN fringe area an additional top-up grant of £750/ha is available giving an additional £15,000. The CSGN payment are limited and may not be available if the budget for a particular year has already be allocated. You can check which zone you are in using Scottish Forestry's Map Viewer:

<https://scottishforestry.maps.arcgis.com/apps/webappviewer/index.html?id=0d6125cfe892439ab0e5d0b74d9acc18>

When planning farm woodlands it is important to consider other benefits and costs. For example:

- Additional benefits can include shelter, conservation, sporting, amenity and carbon sequestration. See pages 425-426 for further information on forestry and climate change.
- The loss of agricultural production from the land is an opportunity cost and this can be minimised by planting less productive land, such as where bracken has established. If a significant proportion of the farm is planted it may be possible to reduce fixed costs.
- Potentially, one of the largest financial impacts is the effect on land values. Generally, the more productive the land that is planted with trees, the greater the potential loss in capital value; but in some circumstances capital values can be improved by new woodland, for example through better shelter, amenity or sporting.

Woodland Improvement Grant

This grant aims to support forest management, activity to enhance the environment and the public's enjoyment of existing woodlands. There are five options in this category:

1. Habitats and Species
2. Restructuring Regeneration
3. Low Impact Silvicultural Systems (LISS)
4. Woodlands In and Around Towns (WIAT)

5. Planning including Long-term Forest Plan, Forest Plan Renewal, Woodland Grazing Plan, WIAT Urban Woodland Management Plan and Deer Management Plan

Grant payments for options under the Woodland Improvement Grant are as follows:

Option	Grant payment
Habitats and Species	Standard costs for capital works and items from a set list. Actual costs are available for work in woodland SSSI and Natura sites where it can be demonstrated that the actual costs of the eligible capital items will be higher than the set standard costs list for this option
LISS	Standard costs for capital works and items from a set list
WIAT	Standard costs for capital works and items from a set list
Long-term Forest Plan	£25/ha for first 200ha, £5/ha thereafter (minimum £500; maximum £15,000)
Forest Plan Renewal	£10/ha for first 200ha, £5/ha thereafter (minimum £500; maximum £10,000)
Woodland Grazing Management Plan	£1,200 per plan
WIAT Urban Woodland Management Plan	£1,000 for any area up to 10ha, £25/ha thereafter
Deer Management Plan	£12/ha for first 500ha, £1/ha thereafter (minimum £5,000; maximum £15,000)

Payments for restocking, (known as restructuring regeneration) comprise a single capital payment. An approved long-term Forest Plan or Woodland Management Plan must be in place to be eligible for these grants. The payments are:

Delivering UKFS Woodland (no more than 75% of area as a single species)	£300/ha
Delivering Diversity and Resilience Woodland (no more than 60% of area as a single species)	£550/ha
Improved Vegetative Stock for Sitka Spruce	£60/ha

Sustainable Management of Forests

These grants support a range of activities in existing woodlands that will:

- Increase species and structural diversity through Low Impact Silvicultural Systems (LISS) management.
- Encourage natural regeneration to expand native woodlands.

- Bring native woodlands and designated woodland features into active management and good ecological condition.
- Support management of rural and urban woodlands for public access.
- Control grey squirrels where they are a threat to the red squirrel population.
- Control predators to benefit Capercaillie and Black Grouse.
- Reduce deer impacts to a level that will allow regeneration of conifer and broadleaved species.

The grant support for this category comprises nine options. All payments are made for up to a maximum of five years. An approved long-term Forest Plan or Woodland Management Plan must be in place to be eligible for these grants. Approved Deer Management Plans and/or Woodland Grazing Plans may also be required to be eligible for some options.

Grant	Payment rate
LISS	£30/ha/yr
Native woodlands	£25/ha/yr
Livestock exclusion	£43/ha/yr
Woodland grazing	£100/ha/yr
Public access - Rural Woods	£100/ha/yr
Public access - WIAT	£100/ha/yr for first 10ha £10/ha/yr for any additional areas
Grey squirrel control	£200 per trap/yr
Predator control for Capercaillie & Black Grouse	£6.60/ha/yr
Reducing deer impact	£6.00/ha/yr

Forest Infrastructure

This option has two aims:

1. Existing Woodlands - To provide support for new access infrastructure that will bring small-scale, undermanaged woodlands or inaccessible woodlands back into active management to improve the economic value of forest and woodland through timber production, to increase the area of woodland in Scotland that is in sustainable management and to improve the environmental and social benefits of woodland. This option is limited to woodlands of up to 50 hectares in size.
2. Sheep and Trees - To provide support for new access infrastructure to new woodlands as part of the Sheep and Trees initiative. This initiative is aimed at raising awareness of the many opportunities woodland can bring to land managers. This option, as part of the Sheep and Trees grant package, is only available for upland livestock farmers when creating between 10ha and 50ha of productive conifer and diverse conifer woodland and is limited to up to 30 metres per hectare planted with a cap of 1,500 metres per application.

Grant support is available for a number of capital grant operations associated with new forest infrastructure. The capital grant operations and payment rates available are:

Grant	Payment rate
Construction of:	
- forest road with on-site material *	£25.80 per linear metre
- lay-bys, turning areas, and loading bays	£6.60 per square metre
Bell-mouth junction **	£32.40 per square metre

* in the Sheep and Trees option allowance of up to 30 metres/ha of woodland creation (cap of 1,500 metres/application)

** not available for the Sheep and Trees option

Agro-forestry

Agroforestry can be described as an integrated approach to land management, where trees and agriculture co-exist to provide multiple benefits. This option provides grant support to help create small-scale woodlands within sheep grazing pasture. These trees can:

- provide shelter for livestock
- provide timber
- increase biodiversity
- enhance the landscape

This grant has two payment types:

- a capital grant for initial establishment
- an annual maintenance grant that is paid for five years

The rate of capital grant that can be claimed depends on the number of trees that are planted per hectare. Two stocking levels and grant rates are available:

Planting density	Initial payment	Annual maintenance
400 trees/ha	£3,600/ha	£84/ha/yr
200 trees/ha	£1,860/ha	£48/ha/yr

The rate per hectare has been set to cover:

- purchase of trees and stakes
- purchase or construction of appropriate protection
- planning, site assessment, supervision, ground preparation, and planting

A contribution is also included to the cost of beating-up and weeding.

Tree Health

This option provides support to prevent the spread of *Phytophthora ramorum* (see page 320 for more detail).

This option helps with the restoration of forests affected by the disease by supporting the work to remove infected trees and carry out subsequent replanting.

Grant support consists of a number of standard cost capital items. These are available for work to help prevent the spread of disease and restore affected woodlands. The eligible items and payment rates for eligible operations on infected land are listed in the following table:

Grant	Payment
Agent services - Advisory	£200
Agent services - Compliance	£500
Agent services - Harvesting and marketing	£1,000
Tree clearance (clearing saw)	
- Larch under 26 years - first 5ha	£600/ha
- Larch under 26 years - >5ha up to 10ha	£450/ha
- Larch under 26 years - >10ha	£300/ha
Tree clearance (other mechanised equipment)	
- Larch under 26 years - first 5ha	£1,200/ha
- Larch under 26 years - >5ha up to 10ha	£900/ha
- Larch under 26 years - >10ha	£600/ha
Un-economic felling	
- Larch on Islands - first 5ha	£2,400/ha
- Larch older than 26 years - first 5ha	£1,200/ha
- Larch greater than 26 years - >5ha up to 10ha	£900/ha
- Larch greater than 26 years - >10ha	£600/ha
Restocking - Delivering Diversity and Resilience in Woodlands	£1,400/ha
Manual Rhododendron Eradication	
- Light	£3,500/ha
- Medium	£5,500/ha
- Difficult	£7,300/ha
Mechanised Rhododendron Eradication	
- Light	£2,200/ha
- Medium	£3,400/ha
- Difficult	£5,600/ha
Foliar Spray Treatment Rhododendron Eradication	£200/ha
Follow-up Rhododendron Eradication	£200/ha
Stem Injection Rhododendron Eradication	
- Medium	£3,000/ha
- Difficult	£4,500/ha

Harvesting and Processing

This option supports investments in two main areas:

1. New specialised equipment which will increase the local small-scale harvesting and processing capacity with the aim of helping to bring woodlands into management, promoting the economic and sustainable production of timber and timber products through

processing, adding value to local economies on a non-industrial scale (processing less than 10,000 tonnes per annum) and providing support to facilitate and support diversification and to assist with the creation of new small enterprises and related employment.

2. New specialised equipment for forest tree nurseries (including tree nurseries in England and Wales) and equipment for afforestation ground preparation projects with the aim of promoting economic development in rural areas in Scotland by supporting new and existing forestry businesses and scaling up and expanding the capacity within the forest tree nursery sector and the forestry contractor resource to help delivery of the Scottish Government ambitious woodland creation target.

Grant support is based on actual costs with a maximum contribution of 40 per cent. The balance of funding must come from private funds and not from other public funds. Public funds include all EU funds, and any UK government funds, including local authority and lottery grants. In any single application, the minimum and maximum grant award totals will be:

- Aim 1 – harvesting and primary processing equipment minimum £2,500 and maximum £50,000
- Aim 1 – secondary processing equipment minimum £1,000 and maximum £6,000
- Aim 2 – nursery and ground prep equipment minimum £2,500 and maximum £50,000

One application round will normally be run each year with a closing date of 31 January for the submission of applications. Applications with a claim year of 2020 must spend grant awards by the end of March 2021.

The grant cannot be used for purchase of chippers or second-hand equipment. A business case must be submitted as part of the grant application.

Co-operation

This option aims to encourage landscape-scale collaborative projects between two or more landowners by providing support for project facilitation and co-ordination. The subsequent management activity can be supported through other options within the Forestry Grant Scheme.

Grant support of £250 per day is available for up to 40 days to support the cost of a project co-ordinator for the following stages of a project:

- Feasibility – this stage is the initial exploratory phase
- Consolidation – this stage focusses on the detail of the project.

Trees and Taxation

Forestry enjoys several benefits in relation to taxation. Their value to stimulating the forestry sector was recognised in the Land Reform Review in 2014. Taxation considerations for forestry are listed below:

Income Tax - All income from timber sales are exempt from Income Tax. Any surplus generated by forestry grants is exempt from Income Tax (e.g. in a woodland creation project with FGS funding). This does not apply to Farmland Premium.

Capital Gains Tax (CGT) - There is no CGT applied to the gain in value of commercial trees. CGT does however apply to a gain in value on the land.

Inheritance Tax (IHT) - Where commercial woodland has been in individual ownership for at least two years, it will normally attract 100% IHT Business Property Relief.

Corporation Tax (CT) - Where a company owns woodland which is independent of their trading operations, there is no CT liability on income generated by timber sales or surplus resulting from forestry grants.

For more detail see the Taxation section on page 511.

Renewable Energy

Introduction

Fluctuating energy prices, government incentives and a growing awareness of the impact of climate change have prompted many farmers to consider generating renewable energy, as well as assessing where energy efficiency savings can be made. The introduction of the Feed-in Tariff (FIT) and Renewable Heat Incentive (RHI) greatly reduced the payback periods for renewable energy projects and helped kick-start the industry. However, as uptake has increased, tariffs have been reduced or removed entirely as the technologies developed. FITs closed to all new applications from 1st April 2019, the non-domestic RHI scheme is due to close to new applications in March 2021 and other incentives have reduced. Energy savings are now the driving factor for most farm scale renewable projects. This section provides an introduction to the renewable energy technologies that are most relevant to the rural sector: wind, hydro, anaerobic digestion, biomass heating, ground source heat pumps, biodiesel and energy crops. Landowners pursuing renewable energy projects are advised to seek independent advice to verify likely energy yields, costs and technical and economic viability, rather than rely solely on information supplied by equipment manufacturers who may be pursuing their own agenda.

Energy efficiency

Before considering installing any renewable energy generation technologies it makes sense to review what opportunities there may be to improve energy efficiency. Undertaking an energy audit helps to identify energy uses and highlight potential opportunities to reduce energy bills as well as to improve your business's carbon footprint (see page 424 for more detail on carbon footprinting). The first step in reducing energy use is to measure current usage levels in order to set a baseline. This can be measured by taking meter readings or by using figures from business trading accounts. Using more regular physical and financial records will provide greater detail and understanding of energy uses. Comparing the level of energy used in subsequent years against the baseline figure will then give an idea of trends in energy consumption. Sources of energy inefficiency can then be identified and addressed, both in terms of technical solutions and management changes.

Benchmarking energy use against other similar farms can also highlight where improvements need to be made. There can be differences in energy use of 30% or more with comparable businesses. The greatest savings in energy use will come from changes to farming systems and practices, therefore agricultural knowledge is vital to be able to exploit these potential savings.

Renewables options appraisal

Each renewable energy technology has different characteristics, which will influence whether or not it is suited for use on a particular farm. It is vital to carefully consider what your objectives are and what you want

from a renewable energy installation at an early stage. The following factors are important to consider before deciding which renewable energy technology option(s) you wish to investigate:

- What is the scale and pattern of your energy demand?
- What energy resources do you have available on your farm?
- How much capital do you have access to for investment?
- What level of risk are you willing to take?

For general information on energy efficiency and renewables, see:

- Farming for a Better Climate (www.farmingforabetterclimate.org/)
- Energy Savings Trust (www.energysavingtrust.org.uk)
- Carbon Trust (www.carbontrust.com)
- Scottish Renewables (www.scottishrenewables.com)
- Renewable Energy Association (www.r-e-a.net)

Grants and Incentives

Renewable electricity – Feed-in Tariffs & Smart Export Guarantee

The FIT scheme was one of the main incentives for farmers looking to install renewable energy technologies, but this closed to new applications on 1st April 2019. The Smart Export Guarantee (SEG) has been introduced as a partial replacement to the FIT export tariff and enables generators to be paid for electricity exported to the grid. SEG is an obligation set by the government for licensed electricity suppliers to offer a tariff and make payment to small-scale low-carbon generators for electricity exported to the National Grid, as long as they meet certain criteria. The SEG rate is determined by the various licensees, but the payment rate is lower than the old FIT scheme, where both an export and generation tariff were offered. Using renewables to offset your own energy demand and therefore reduce your energy bills is still the best option. Some small-scale renewable technologies no longer need to rely as heavily on incentive payments to be financially viable. The lower cost of the technology and the savings from offsetting energy bills can make some appropriately designed small scale renewable projects an economically viable option.

Renewable Heat - Renewable Heat Incentive

The Renewable Heat Incentive (RHI) is a Government scheme that provides financial support for the generation of renewable heat and production of biomethane. Renewable systems suitable to the farm scale such as biomass boilers, solar thermal panels, heat pumps (ground, water and air source) and heat recovered from anaerobic digestion systems (non-domestic scheme only) are eligible.

There are two distinct RHI schemes; non-domestic and domestic. The non-domestic RHI opened at the end of November 2011, while the domestic RHI only launched in April 2014. The non-domestic RHI scheme is due to close to new applications in March 2021. An extension

to the domestic RHI up to March 2022 was announced in the March 2020 budget and a flexible, third allocation of tariff guarantees on the non-domestic RHI was introduced. The Government are currently consulting on options for the future support for low carbon heat, beyond the Renewable Heat Incentive (RHI) and further announcements are expected in 2020/2021. The **non-domestic RHI** scheme makes a tariff payment for every kWh of heat produced over a 20-year term, with payments being adjusted annually in line with inflation. The RHI cannot be claimed if a grant is also being claimed for the installation of a scheme. Tariff levels have been calculated to bridge the financial gap between the cost of conventional and renewable heat generation systems, plus a financial profit.

RHI tariffs are reviewed and can be reduced regularly as a result of degression, according to the level of uptake of the various eligible technologies. A quarterly forecast made by the Department for Business, Energy and Industrial Strategy (BEIS) advises whether any tariffs will be reduced, what the new tariffs will be, and if any reductions are to be implemented, applicants are only given just under one month's notice. However, due to the monthly forecast updates from BEIS it is possible to predict with a certain degree of certainty any reductions about 2-3 months in advance. Please refer to the Ofgem website for the most up-to-date tariff rates: www.ofgem.gov.uk/environmental-programmes/non-domestic-renewable-heat-incentive-rhi/tariffs-and-payments

The farm scale relevant (July 2020) tariffs are:

Renewable technology	Development size (kWth)	p/kWh
Commercial Biomass	Small <200 Tier 1	3.15
	Small <200 Tier 2	2.21
	Medium 200-1M Tier 1	3.15
	Medium 200-1M Tier 2	2.21
	>1M Tier 1	3.15
	>1M Tier 2	2.21
Solid Biomass Combined Heat and Power	All	4.57
Water/Ground Source Heat Pump	Small <100 Tier 1	9.68
	Small <100 Tier 2	2.89
	Large >100 Tier 1	6.98
	Large >100 Tier 2	2.08
Air Source Heat Pump	All	2.79
Deep Geothermal	All	5.56
Solar Collectors		11.12
Bio-methane	First 40,000 MWh Tier 1	4.92
	Next 40,000 MWh Tier 2	2.90
	Tier 3	2.24
Biogas Combustion	<200	4.80
	200-600	3.77
	>600	1.20

For more information on the non-domestic RHI scheme, see Ofgem: www.ofgem.gov.uk/environmental-programmes/non-domestic-renewable-heat-incentive-rhi

The **domestic RHI** scheme is open to single domestic premises, including farmhouses. A building is considered to be a single domestic premises if it is defined as a 'separate and self-contained premises for Council Tax purposes.

There are a number of eligibility criteria for the scheme. If you are considering a renewable heat project it is vital that you familiarise yourself with these criteria to avoid installing a system, which is not eligible for tariff payments. Tariff levels have been calculated to bridge the financial gap between the cost of conventional and renewable heat generation systems. It is important to note that payments for the domestic scheme are made over a seven-year term (rather than the 20 year term for the non-domestic scheme), and the tariff levels are currently set at (July 2020):

- 10.85 p/kWh for air source heat pumps;
- 6.97 p/kWh for biomass boilers, and biomass pellet stoves;
- 21.16 p/kWh for ground source heat pumps;
- 21.36 p/kWh for solar thermal.

The domestic RHI tariff rates are subject to review and possible depression on a quarterly basis, in much the same way as for the non-domestic tariffs. For the most up-to-date tariff rates refer to the Ofgem website at:

www.ofgem.gov.uk/environmental-programmes/domestic-rhi/contacts-guidance-and-resources/tariffs-and-payments-domestic-rhi/current-future-tariffs.

Since 1 April 2016 tariffs are adjusted in line with the Consumer Price Index.

Payments are made on the basis of the expected annual heat demand of the building concerned, rather than by metering the actual heat use or heat generation. The exception is solar thermal systems where payments are calculated using the estimated annual generation figures calculated by your MCS installer on your MCS certificate.

To be eligible your scheme must only heat a single property and have an Energy Performance Certificate (EPC), which includes heat demand figures, no more than 24 months old. Furthermore, your renewable heating product must be certified by the Microgeneration Certification Scheme (MCS). Any product or installations that do not have an MCS certificate will not be eligible for the Domestic RHI.

After your scheme is installed you have 12 months to apply to the domestic RHI scheme, starting from the commissioning date shown on your MCS certificate. If you fail to submit within this timeframe, you will not be eligible under the new scheme rules. All applications could be

audited so you must ensure that you have all the relevant paperwork ready for an audit. Where applicable you would need to produce:

- A copy of your MCS Installation Certificate.
- Copy(s) of your MCS Compliance Certificates.
- Copy(s) of your domestic EPC.
- Copy of your utility bill or council tax bill.
- Purchase receipts for the renewable technologies.
- Fuel receipts for biomass boilers and stoves.
- Calibration certificates, if applicable (where the heating system is metered).

For further information on the domestic RHI scheme see:

www.ofgem.gov.uk/environmental-programmes/domestic-renewable-heat-incentive

As of 5 October 2015, the **RHI Biomass Sustainability Criteria** came into effect for the domestic and non-domestic RHI schemes. These criteria are in place to ensure any biomass used in systems receiving the RHI is sourced from sustainable sources. They have to be sustainable from both a carbon point of view and also a “land use” aspect (i.e. growing of the biomass does not involve damaging protected land types). These criteria are designed around imported timber, which has far higher risk of breaching the carbon and land use criteria. As a result, evidence requirements for end users using UK timber are more stringent than what is necessarily required. The type of end user will dictate how these criteria are met, for example:

- Biomass boiler end users who buy in woodfuel (i.e. chips, pellets, firewood or briquettes), have to buy all their fuel from an RHI approved supplier on the *Biomass Suppliers List*, (<http://biomass-suppliers-list.service.gov.uk/find-a-fuel>). For end users in the domestic scheme this is the *ONLY option*.
- Biomass boiler end users who “self-supply” their own woodfuel from their own land, will need to register as a self-supplier on the *Biomass Suppliers List* (<https://biomass-suppliers-list.service.gov.uk/supplier-registration>). Self-supply is deemed to be sustainable therefore they do not need to demonstrate the carbon or land use sustainability. However, they do usually need some kind of woodland management plan in place.
- Biomass boiler end users who produce their own woodfuel (e.g. buy in roundwood from the commercial market and chip it to produce their own fuel), will need to register as a full supplier on the *Biomass Suppliers List*. As long as you are a small business you are able to use the online simple application process. This includes a simplified carbon calculator, which needs a few basic questions about the raw material wood, where it comes from and how it is processed. This will give an estimated carbon footprint for your fuel and needs to be less than 34.8gCO₂e/MJ heat. Most woodfuels (even pellets) pass this

with ease with typical values for chip from UK timber in the range of 5-8gCO₂e/MJ heat.

- Biomass boiler end users using straw for the year for the first time, have an equivalent to the BSL for non-woody crops – the **Sustainable Fuels Register** was launched to enable users of straw, *Miscanthus* and other non-woody biomass to register their fuels for a 1 year period, which will avoid the need to report directly to Ofgem on a quarterly basis and carrying out complex calculations. If the straw is purchased on the commercial market then this enables suppliers of straw to sell to RHI boilers, without the end user having to trace the exact growing location of every load. However, in the case of straw, the market is fairly buoyant already, it remains to be seen if commercial straw merchants will consider registering themselves unless there is a higher price for use as fuel, which currently there does not appear to be. Full details can be found at www.sfregister.org
- Anaerobic digestion end users using the spare heat from the CHP unit, or burning the gas directly for heat, will need to report directly to Ofgem with evidence that the feedstocks meet the criteria. This will involve using a complex piece of software to calculate the carbon footprint. In addition, evidence of the land use for the past 7-15 years will need to be given to prove that the land used to grow the feedstock has not fallen into any protected categories over the years. If it is your own land then IACS data should be sufficient, however, if the crop is purchased on the commercial market then this is going to be very difficult.

Changes to the RHI

The RHI scheme is likely to see significant changes in 2021 with the closing of the non-domestic RHI in March 2021, the introduction of a flexible, third allocation of tariff guarantees on the non-domestic RHI and potential changes to future support for low carbon heat. Details of the changes announced in 2020 can be viewed here:

<https://www.gov.uk/government/publications/changes-to-the-renewable-heat-incentive-rhi-schemes/changes-to-rhi-support-and-COVID-19-response>.

The UK government regularly reviews RHI regulations and it is worth keeping up with the latest developments. A review of rates in 2018 saw the government increase payment rates for biomethane and biogas, and although depression has since reduced prices, they are still substantially higher compared to the previous year.

The government provided updated guidance in 2018 on what it deems eligible heat uses. The non-domestic scheme is for renewable heat installations that are heating anything other than individual domestic premises. A wood-fired boiler heating the farmhouse but predominantly with another use or building with a demand for heat e.g. holiday cottages, dairy hot water, grain drying, poultry sheds or glass houses, would be eligible under the current non-domestic scheme.

Biomass combustion has gone through the greatest financial reductions and changes. The consequences of these changes is that in most cases the most financially viable projects will have both a high heat usage relative to the boiler size, and a high existing fuel bill i.e. projects will most likely be viable if they have RHI income and fuel savings.

Heat from Anaerobic Digestion, will need to meet the 50% of biogas from wastes or residues to be eligible.

Drying digestate is no longer eligible, therefore it will be more difficult to find a use for the heat. Additionally, a new installation is only eligible for drying wood chip if it can be shown that the system is replacing an existing fossil fuel drier.

Renewable electricity - Renewable Obligation Certificates (ROCs) and Contracts for Difference (CfDs)

Large-scale renewable electricity production in the UK is now supported by the Contracts for Difference. The Renewables Obligation (RO) ended to new entrants on the 31st March 2017.

Contracts for Difference (CfD) are available for all low carbon electricity generation (including nuclear and Carbon Capture and Storage - CCS) and guarantee operators a set price (known as the 'strike price') for each MWh of energy that they produce over the duration of the contract. Investors are able to lock in for a 15-year term to a given strike price, which is set at a level intended to be sufficient to cover the long-run costs of their low carbon technology. Key terms of the contract cannot be altered, even in the event that a future government seeks to change policy objectives, thus this should help to provide more certainty to investors.

The CfD works by drawing up a contract between the government and the generator that agrees a reference price or a strike price (based on wholesale rates). The generators will then sell some energy to suppliers, and the cost at which they sell it at may be the same as the strike price; below it; or slightly above it. If the sales of energy by the generators are the same as the strike price, then there is no further action. If the price is below that price, it will trigger top-up payments by the suppliers, while if the sales by the generators are at a higher price, it will result in generators paying back the difference.

The third round of contracts for less established technologies ran from 29th May 2019 to 18th June 2019. This included Advanced Conversion Technologies, Anaerobic Digestion (>5MW), Dedicated Biomass with CHP, Geothermal, Offshore Wind, Remote Island Wind (>5MW), Tidal Stream and Wave. With a budget of £60million it was £230m below what was offered in the last round the previous year. The variation in money available in each round makes planning developments very difficult and likely only accessible to larger projects.

The fourth allocation round plans to open in 2021, subject to any required state aid approval of planned changes. There is however a consultation on changes to CfD which closed in May 2020 and more information is expected later in the year. The consultation proposes changes to the CfD scheme that would, if implemented, apply to contracts awarded through future allocation rounds. The proposed changes relate to:

- Delivering the UK's 2050 net zero emissions target.
- Bioenergy.
- Allocation round design.
- Improving the operation of the CfD.
- Supporting a smart, flexible system.

For more information, please view details at:

www.gov.uk/government/publications/contracts-for-difference/contract-for-difference.

Renewable transport fuels (biofuels)

Support for biofuels is provided by the Renewable Transport Fuels Obligation (RTFO). Small biodiesel producers are also entitled to a duty free allowance for the first 2,500 litres that they produce if this is used for personal consumption only.

The RTFO requires suppliers of transport or non-road mobile machinery fuel in the UK to show that a percentage of the fuel that they supply comes from renewable and sustainable sources. Fuel suppliers who supply at least 450,000 litres of fuel a year are affected; this includes suppliers of biofuels as well as suppliers of fossil fuel. Companies supplying less than 450,000 litres a year in the UK can still register if they want to claim Renewable Transport Fuel Certificates (RTFCs). Any company that supplies sustainable biofuel for use in road transport or non-road mobile machinery in the UK can claim RTFCs. These RTFCs can then be traded or sold to companies that need them to meet their obligations under the RTFO.

The RTFO came into effect on 15 April 2008 and the amount of biofuel that must be supplied by volume increased annually up to April 2013 when it reached 4.75%. In April 2018 new biofuel targets came in aiming at doubling the use of renewable fuels in the UK within 15 years and cutting the reliance on imported diesel. Changes to the RTFO will compel owners of transport fuel who supply at least 450,000 litres a year or more, to make sure the mix is at least 12.4% biofuel by 2032.

In 2019, bioethanol comprised 31% of supply, biodiesel 61% and biomethanol and others 8%. 67% of biofuel covered by the RTFO is made from wastes, principally used cooking oil. United Kingdom feedstocks made up 12% of verified renewable fuel.

As well as obliging fuel suppliers to meet targets for the volumes of biofuels supplied, the RTFO requires companies to submit reports on carbon emission savings and the sustainability of biofuels.

The major changes announced in 2018 are:

- Increasing the biofuels volume target from the current 4.75% to 9.75% in 2020, and 12.4% in 2032.
- Setting an additional target for advanced waste-based renewable fuels, starting at 0.1% in 2019 and rising to 2.8% in 2032.
- Setting a sustainable level for crop biofuels, an initial maximum cap of 4% of fuel in 2018, reducing annually from 2021 to reach 3% in 2026 and 2% in 2032.
- Bringing renewable aviation fuels and renewable fuels of non-biological origin into the scheme.

For further information on the RTFO please see:

www.gov.uk/guidance/renewable-transport-fuels-obligation

Wind Power

On-farm wind power has two main scales of operation to consider, with commercial wind farm sites having a focus on exporting power to the grid, while small to medium scale generation is more concerned with offsetting purchased power within the farm business. Even if the power generated is primarily being used on the farm, demand may not always be constant, therefore it is likely that a proportion of the power produced will have to be sold to the grid at certain times.

For landowners with suitable sites for large-scale wind developments there are a number of development options available:

- Allow a developer to install the turbine(s) in exchange for an annual payment;
- Install the turbine(s) independently either by self-funding or using bank finance, or any combination of the two;
- Joint venture scheme with developer or neighbour;
- Community project with local buy-in.

Wind turbines

Wind turbines are best located in exposed areas with open fetch especially in the direction of the prevailing wind, away from residencies, though situated as close as possible to a grid connection and with good road access. Farmland is often ideal because the total footprint of a turbine development is relatively small and does not lead to a significant loss of agricultural land.

Larger wind turbines take advantage of the higher wind speeds that exist at greater altitude and so are more efficient and economic, however, they also require a larger capital investment.

When comparing the potential benefits of wind power, it is important to be able to compare like with like, therefore, an understanding of the following terms is key:

Rated power - The maximum power that can be produced when the turbine is operating within its safety limits. It is quoted in kW, which is a measure of the energy produced per second.

Theoretical power production - Rated power x number of hours of production per day x number of days operation per year: $500 \text{ kW} \times 24 \text{ hrs} \times 365 \text{ days} = 4,380,000 \text{ kWh}$.

Capacity factor - Wind is not always blowing at a speed sufficient to spin the turbine and generate power, therefore, the capacity factor refers to the percentage of the total available time that the turbine is actually generating power, e.g. 30%.

Actual power production per year - Theoretical power x capacity factor: $4,380,000 \text{ kWh} \times 30\% = 1,314,000 \text{ kWh}$.

The actual power produced will depend on the average wind speed in the area and other factors such as the height of the turbine, diameter of the rotor and the proximity of any feature that shelters the turbine or creates turbulence such as buildings, trees, walls, and the like.

Hydro Power

Small-scale run-of-river hydro schemes can be a viable source of renewable electricity on a suitable site.

The key factors that determine the power produced by a hydro scheme are:

Head - The vertical distance through which the water will fall.

Flow Rate - The quantity of water that will be available for power production.

Developers of hydropower schemes require a water use licence from Scottish Environment Protection Agency (SEPA) who will seek to ensure a balance between the benefits to renewable energy generation and the adverse impacts on the water environment. Schemes where the fall in the river between the intake and discharge points has a gradient of 1 in 10 or steeper will be more likely to obtain a water use licence.

Civil engineering costs vary greatly from site to site. Development costs for very small schemes are much higher per kW capacity than larger schemes. Small sites where the available head is 3 m or less are unlikely to provide a reasonable return on investment unless existing infrastructure can be utilised to reduce capital cost. Higher head schemes need lower flows and hence smaller and cheaper equipment to generate the same power as low head schemes.

The flow rate will vary during the year, however, for a scheme to be viable there must be sufficient flow to keep the system operating at near its rated power for a large proportion of the time. Some flow must usually be left in the stream for environmental sustainability and consideration of the needs of migrating fish is important.

An indication of the power production of a scheme can be obtained from the following equation:

$$\text{Power produced (kW)} = 7 \times \text{Flow rate (m}^3\text{/s)} \times \text{Head (m)}$$

A capacity factor of 50% can be expected where a scheme is sized on the mean flow of the river, therefore a 10 kW scheme may have an annual output of approximately 43,800 kWh, which is sufficient for about 10 houses.

Further information can be obtained from British Hydropower Association (www.british-hydro.org).

Solar Photovoltaics

The sun's energy has always been used by farmers for growing and drying crops. With electricity prices on the increase, farmers can now look to harness the power of the sun in a rather different way. Solar photovoltaic (PV) panels, which produce electricity from sunlight, have become an increasingly common sight on farms in recent years. Despite the comparatively low solar insolation levels in Scotland when compared to the south of England, solar PV can still be a viable option north of the border.

PV panels can be either roof or ground-mounted. Roof mounted arrays are more efficient in terms of land use because they make use of an existing area of space that is not currently adding value to a farm business. Farms also commonly have large areas of roof available in the form of barns and sheds, although it is important to check that roofs are strong enough to support a system if retrofitting to an existing structure. Another issue is that roofs do not always face in the optimum direction (south) or at the optimum angle (usually around 30-40 degrees) and may be shaded by other structures, and in these cases ground-mounted arrays can be an alternative option.

Ground mounting allows for the ideal positioning of panels, which maximises the efficiency of a scheme. However, it can also mean that land use is diverted away from food production and into energy production, which can be controversial. Land used for small-scale livestock, such as sheep and poultry, is ideal for ground-mounted solar development. The panels are mounted on a framework at a height that allows animals to graze and forage beneath them without damaging or compromising the operation of the system. Advice on the impacts of

installing ground mounted solar panels on area based agricultural subsidy payments should be taken.

The capital costs of panels have fallen meaning that solar PV can still be a viable long-term investment in the right location and under the right conditions.

Biomass Heating

Biomass heating can be an attractive option for farms, even where the farm does not have its own source of biomass fuel. This is because the RHI has transformed the economics of installing biomass systems and is increasing the demand for woodfuel (see pages 341-345 for information on RHI).

Biomass boilers are a well proven, efficient and reliable technology that has been developed over many years in countries such as Austria and Germany. These boilers are generally technologically advanced and highly efficient. More basic boilers are available which are less efficient and have very little automation, and consequently come at a significantly lower capital cost.

There are four main types of biomass boiler: woodchip boilers, pellet boilers, log boilers and straw boilers. All four options have pros and cons and care must be taken to ensure the right type of system is selected to match user requirements, including factors such as the degree of automation required, the scale and patterns of heat demand, capital cost and local fuel availability.

A few key facts about different woodfuel options include:

- Woodchip and pellet boilers can be fully automated.
- Log and straw boilers can be an economic option where farms have their own log or straw supply. However, they must be loaded manually, generally on a daily basis as a minimum.
- Woodchip is a lower cost fuel when compared to pellets, but is bulky and can be difficult to handle.
- Wood pellets are clean, easier to handle, require less space to store and have a higher energy output. They are more expensive than chip and cannot be produced on-farm. However, the capital cost of a pellet boiler is lower than a chip boiler.
- Woodchip boilers and their fuel supply systems have higher capital costs, and for technical reasons they are generally not suited to smaller, domestic applications (e.g. below 50kW).

Costs for biomass boilers are highly variable depending on the individual system requirements. There may also be significant costs associated with installations such as constructing a fuel store, or purchasing specialist vehicles to use for handling or loading fuel, etc.

The introduction of the RHI has resulted in non-domestic woodfuel systems that are creating demand for poor quality timber and creating an additional driver for poor quality farm land to be used for agri-forestry.

In most small-scale situations it is not practical to produce electrical power from biomass, because such systems are complex and expensive. For this reason generating power is only worth considering when there is a large demand for both heat and power.

The following examples give an indication of the economics of biomass heating projects:

Example One - 950 kW wheat straw fired boiler for grain drying:

Assumptions:

- 250,000 kWh annual heat demand (drying 2,000 tonnes of grain per year, no district heating system)
- Installed cost of £200,000 (approximate)
- Usual cost of oil is around 4.90 p/kWh
- Wheat straw supplied from the farm at £50/t
- Calculations do not account for inflation, interest rates on capital borrowing or operation and maintenance costs
- The figures used for RHI income is only available up to March 2021 when the non-domestic scheme will close to new applicants
- COVID-19 has caused uncertainty in fuel markets and oil price fluctuations, therefore long-term trends have been used in the figures and not the recent dramatic variations

	p/kWh	Output (kWh)		Income (£)
Income from Tier 1 RHI	3.15	250,000		7,875
Income from Tier 2 RHI	2.21	0		0
Oil bill savings	3.11	250,000		7,786
		Total:		15,661
		Approximate payback (years):		12.77
		Income & savings over 20 years:		313,214

Example Two - 450 kW chip boiler for estate district heating scheme:

Assumptions:

- 558,000 kWh annual heat demand (based on figures from oil bills)
- Installed cost of £420,000 (approximate)
- Current cost of oil is 5.00 p/kWh
- Chips supplied from the farm at £65/t
- Calculations do not account for inflation, interest rates on capital borrowing or operating and maintenance costs
- The figures used for RHI income is only available up to March 2021 when the non-domestic scheme will close to new applicants

- COVID-19 has caused uncertainty in fuel markets and oil price fluctuations, therefore long-term trends have been used in the figures and not the recent dramatic variations

	p/kWh	Output (kWh)	Income (£)
Income from Tier 1 RHI	3.15	558,000	17,577
Income from Tier 2 RHI	2.21	0	0
Heating bill savings	2.83	450,000	12,735
Income from heat sales to cottage	2.83	108,000	3,056
		Total:	<u>33,368</u>
		Approximate payback (years):	<u>12.59</u>
		Income & savings over 20 years:	<u>667,368</u>

Example Three - 200 kW wood pellet boiler for poultry sheds:

Assumptions:

- 320,000 kWh annual heat demand (based on figures from LPG bills)
- Installed cost of £130,000 (approximate)
- Current cost of LPG is 5.80 p/kWh
- Pellets supplied in bulk delivery at £200/t
- Calculations do not account for inflation, interest rates on capital and maintenance costs
- The figures used for RHI income is only available up to March 2021 when the non-domestic scheme will close to new applicants
- COVID-19 has caused uncertainty in fuel markets and oil price fluctuations, therefore long-term trends have been used in the figures and not the recent dramatic variations

	p/kWh	Output (kWh)	Income (£)
Income from Tier 1 RHI	3.15	262,800	8,278
Income from Tier 2 RHI	2.21	57,200	1,264
Heating bill savings	0.47	320,000	1,493
		Total:	<u>11,036</u>
		Approximate payback (years):	<u>11.78</u>
		Income & savings over 20 years:	<u>220,713</u>

Farm Scale Biodiesel

On-farm biodiesel production is not currently competitive with diesel due to the high cost of rapeseed and vegetable oil, the low price of diesel and difficulties accessing support payments. Biodiesel can be made from a wide range of vegetable oils and animal fats (tallow). High quality straight vegetable oil (SVO) can also be used as a fuel at higher inclusion rates in certain engines. The use of biodiesel and SVO above 5% inclusion could impact on engine manufacturer's warranties.

On-farm biodiesel production from rapeseed involves two stages; cleaning and crushing the seed to extract oil and esterification of the oil by mixing with methanol in the presence of a catalyst to remove glycerol.

Although chemically this is a simple process there is a need for careful quality control to achieve the required standards. Handling methanol and the catalyst (usually potassium hydroxide) on the farm is hazardous and requires attention to health and safety and insurance. To produce SVO is the same as for biodiesel without the esterification reaction step. Rapeseed meal is an important co-product of the crushing process and a useful protein supplement for animal feed.

Growers should calculate an 'on the road' price taking into account the costs of feedstock, capital and operating costs, allowing for income from production of rapeseed meal, and adding the full fuel duty and VAT. Small-scale producers may benefit from a 2,500 litre tax free personal allowance. Production costs for SVO are considerably lower.

Renewable Transport Fuel Obligation (RTFO) Certificates offer the potential for increased returns however it may prove difficult for smaller operators to access this income. Biodiesel from waste materials such as tallow receive double RTFC's. Data on carbon and sustainability performance must be independently verified before RTFCs are awarded. The RTFO buy out price is currently 30p/litre though certificates have recently exceeded this level due to the rising cost of biofuels. The UK government is consulting on future changes to the scheme including raising the buyout price to between 40p and 50p/litre.

Anaerobic Digestion

Anaerobic digestion (AD) uses bacteria to convert organic matter into methane and carbon dioxide (referred to as "biogas"), in the absence of oxygen. The biogas can be used to provide heat, generate electricity or upgraded to biomethane (carbon dioxide is removed) for injection into the gas grid. In addition AD can provide other benefits; utilising wastes, reducing emissions of methane, cutting odours and enhancing water quality.

Feedstock can be any biodegradable non woody plant, animal matter (manures/slurry), energy crops (grass, rye or maize silage, beet) and food waste. Food wastes are becoming less attractive due to falling gate fees for accepting them, complex licensing and regulation and higher capital costs of the plant for pasteurisation. However, sustainability requirements that 50% of biogas must be derived from wastes or residues has the potential to open up new markets for AD, so long as the waste material is responsibly sourced and suitable for AD. It is important that the mix is kept relatively consistent and that the balance of carbon to nitrogen is suitable for the bacteria. Feedstock can comprise conventional grass silage, however, specialised energy crops are likely to perform better overall in an AD plant, as they are not selected for feed quality, just dry matter yield and nitrogen efficiency.

The high degree of automation and control in a modern biogas plant means that on-farm plant costs are high; in the region of £0.75/m³ to £1.50/m³ of biogas produced. Government incentives are essential for the viability of the sector, so any change to support payments and RHIs (see pages 341-345) should be closely monitored. For any proposed plant, the cost and availability of feed stock will be the main factors determining viability. If you do not have enough of your own land available to produce sufficient feedstock, securing long term contracts for off-farm feedstocks will be essential if you are seeking a bank loan. A thorough feasibility study is also recommended to assess the viability of any project being considered.

For larger scale AD plants, whether gas-to-grid or Combined Heat and Power, farmers are mainly involved as feedstock suppliers. The capital costs of gas-injection plants are higher due to the need to “scrub” the gas to meet grid standards (remove carbon dioxide). The location of these plants is also dependent on local gas grid capacity. Where feasible, gas to grid AD plants have a clear economic advantage, and this is reflected in the increasing number of new plants following this approach. For farmers supplying feedstock the principles are the same though there may be greater seasonality of pricing in gas to grid plant reflecting payment structures for wholesale gas (higher prices in the winter).

Farmers growing crops for AD feedstock will find that prices vary from plant to plant and will reflect the basis of the sale; standing crop or delivered plant. Typical feedstock payment rates are; £65 to £85/t Dry Matter standing and £85 to £105/t Dry Matter delivered. Prices will also reflect shared costs such as specialist machinery and the value assigned to digestate.

Based on recent prices AD energy crops are currently attractive for many arable growers in part due to the low prices for conventional cereals this season. The relative profitability of AD and cereal crops will change from year to year and that is why AD crops are best included as part of range of crops and market outlets. AD plant operators are unique in offering relatively long contracts of 5 to 10 years for feedstock crops. Therefore, the best approach for most farmers is likely to be to include AD crops as part of mixed cropping system. This will deliver some security of income from long term AD contracts alongside flexibility to benefit from any rise in grain prices that may occur.

AD crops may also offer other potential benefits to the farm business including; spreading the workload, providing early entry for oilseed rape and enabling grass to be brought back profitably to all-arable rotations.

Farmers growing AD feedstock must now meet key sustainability standards to receive support. Ofgem require all RHI claimants to demonstrate their feedstocks meet sustainability criteria regarding land use change (rarely relevant in UK) and carbon emissions. For the RHI the carbon intensity of the feedstock must be less than 34.8 g CO₂

equivalent per MJ of energy produced. In crop production the main source of greenhouse gases is inorganic nitrogen fertiliser, so usage needs to be minimised. In AD systems this is partly achieved by the application of digestate back to the crop. With careful planning it is likely that most crops grown for AD will be able to meet these carbon targets. Ofgem provide an online calculator and guidance though it is advised that expert advice is also sought when preparing this information especially for the first time. See www.ofgem.gov.uk for full details.

Crop Costs for Anaerobic Digestion

PHYSICAL DATA

(a) Yield and harvest

Yields are based on crops grown in southern and central Scotland assuming average weather conditions and SRUC's experience from recent trials. Actual yields will vary widely and are much less certain in the north with maize not recommended outwith south west Scotland. Trial results indicate that rye yields are more consistent year to year than beet, reflecting the crop's longer growing period. Harvest of winter hybrid rye is typically around the middle to end of July with maize and energy beet harvests in late October.

(b) Seed

Certified seed has been assumed for all crops and hybrid seed for rye and maize.

(c) Fertiliser

Full rates of artificial fertiliser have been calculated to match crop offtake. Where digestate from an Anaerobic Digestion (AD) plant is applied fertiliser rates should be adjusted accordingly. In practice digestate use is likely to reduce but not entirely replace the requirement for artificial fertiliser due to mismatches in nutrient availability and timing between crops.

(d) Sprays

Full rates based on current best practice have been assumed.

(e) Contract

These include the cost of specialist contractors for harvesting and transporting the roots or silage produced to a nearby (within 3 miles) AD plant. Transport costs should be adjusted accordingly to the distances involved.

(f) Output prices

The price in the market for AD feedstock will be determined by local feedstock supply and demand issues and the conditions of the contract. The contract price will reflect the basis of the sale; standing crop, ex-farm or delivered to plant. It will also reflect the method agreed to share other costs such as specialist machinery and the value and costs assigned to any digestate applied to the land (see previous pages).

Crop Costs for Anaerobic Digestion

COST OF PRODUCTION DATA - LOCAL DELIVERED BASIS

	Energy beet	Hybrid rye	Grass silage	Maize
Yield: fresh (t/ha)	67.5	42.0	36.0	38.0
Dry matter (%)	22%	34%	29%	30%
Yield : dry matter (t/ha)	14.85	14.28	10.44	11.40
Methane yield (m ³ /fresh t)	99	108	95	106
Energy (MWhr TH/fresh t)	1.2	1.3	1.1	1.3
Energy (MWhr TH/ha)	79.7	54.1	40.9	48.0
	£/ha			
COSTS				
Seeds	194	154	22	173
Fertiliser	149	204	243	179
Sprays	167	48	10	75
Contract cultivation	276	219	54	241
Contract harvesting	313	142	334	138
TOTAL COSTS (£/ha)	1,099	767	664	806
TOTAL COSTS (£/t)	16	18	18	21
TOTAL COSTS (£/MWhr TH)	14	14	16	17

Note: Contract costs include fuel. The above cost of production data exclude charges such as land rental, interest, management time and any margin requirements which will be important to include when considering any contract price agreement.

Biomass Crops for Energy

Willow short rotation coppice

Willow is a perennial biomass crop grown principally for energy production on a 15 to 20 year rotation with harvesting every 3 to 4 years once established. Returns from the crop are highly dependent on yield and woodchip price. The main market for the woodchip is on contract to power generators and large-scale thermal plants. The woodchip is not suitable for small-scale biomass heating schemes without significant grading and drying costs due to the high bark and moisture content and oversized chips. Given the limited markets, high costs of establishment, variable growth rates and lack of planting grants the crop is largely uneconomic.

Short rotation forestry

This is a variation on conventional forestry based on early harvesting of fast growing species through coppicing and regrowth. In general, the most economic age to harvest conventional timber species is at maturity so the case for shorter rotations in most species remains unproven. A number of tree species capable of coppicing can be used for short rotation forestry (SRF), e.g. Alder, Notofagus, Poplar, Eucalyptus and Sycamore. Large- scale trials with a number of species and sites are currently being carried out by the Forestry Commission. As with conventional forestry, a wide range of sites will be suitable for cultivation of these species, including sites which have a lower nutrient status and a poorer land classification.

Trees are grown to butt size 15-20 cm for harvest at 8-20 years. Current advice is to plant at 2m square and apply broad spectrum herbicide to control weeds during establishment. Nitrogen application in the first year should be avoided as there is no benefit to growth. SRF has not been examined on a sufficiently extensive scale or time period to derive crop data as yet. Yields will vary from site to site, with average annual increments estimated at between 4 to 9 m³/ha/yr or around 1.5 to 3.2 ODT/yr. Planting grants may be available as part of the forestry grant schemes being offered under Rural Development across the UK. See the Forestry Commission (<https://forestry.gov.scot/>) for updates on the energy forestry trials work underway.

Miscanthus

Miscanthus is a perennial energy crop suited to the southern half of the UK with viability dependent on yields, contract prices and proximity to biomass power stations or other market outlets. The crop has also found a higher value outlet as poultry and horse bedding due to its high level of moisture absorbency and low dust levels. The miscanthus chips are also less favoured than woodchips for fuel due to low bulk density and high chlorine content. As a result, growing the crop for bedding is becoming the preferred end use in many areas. The crop uses a C4 photosynthetic pathway, like maize, requiring high light intensities and temperatures.

Yields at suitable sites south of a line from the Severn to the Wash are expected to be 12-15 ODT/ha. Lowground sites north of this may also be feasible but as with maize, yields and viability are likely to be reduced.

The crop is established using rhizomes, typically at 15,000 plants/ha. Like willow coppice, planting requires specialist equipment and relatively costly planting material resulting in high establishment costs. After the first year the crop can be harvested annually and has a useful life of 15-20 years. Weed control is necessary in the establishment year and possibly in the first spring. Nutrient demand is low with typically an application of 40N:40P:40K kg/ha in year one. Most crops are unlikely to require further applications although up to 150 kg/ha N may be applied over the first 2 years in some situations. The need for pest and disease control is low.

Reed canary grass

Reed canary grass is a perennial plant well suited to cultivation in northern and western parts of the UK and commonly grown in Scandinavia for fodder and increasingly for AD. In the UK the plant is widely used as a game cover crop. It grows well under marginal conditions, including upland areas and brownfield sites in northern and western areas. It is a perennial crop established from seed (unlike *Miscanthus*) leading to considerable cost advantages.

Establishment and cultivation are undertaken with existing farm equipment with the need for some nitrogen fertiliser to achieve maximum yield. Trial yields vary from 5 to 14 ODT/ha with the crop performing better at more northern sites where average yields of over 10 ODT/ha have been achieved. Further work is needed to determine viability but it has cost saving and land use flexibility advantages compared to other perennial crops and can utilise more marginal land. The crop also has useful flexibility in its end use; in the summer it can be cut for AD production or grazed by cattle; in the winter and spring it can be baled for biomass fuel or animal bedding.

Fuel

Introduction

This section provides information on fuel prices, calorific values, relative costs accounting for efficiency of conversion, costs and regulations for liquid fuel storage.

When comparing different fuels, it is essential to include any losses from conversion to heat as different fuels and technologies differ significantly.

Fuel Prices

The figures provided below are an approximation of the price in spring/summer 2020. These should be used as a guide only and should be supported by actual quotes that take into consideration site specific information. In most cases fuel prices change on a daily basis and the price will depend on many factors including the volume purchased, location, length of contract and supply profile. Fuel prices this year have also been impacted by the COVID-19 crisis which has caused prices to fluctuate.

All prices are all exclusive of climate change levy (CCL), where applicable, and VAT.

Electricity

The following prices apply to Scottish businesses in each of the two distribution areas:

		North <i>p/kWh</i>	South
'03' profile*	Single rate	14.851	13.380
'04' profile*	Day/night rate	15.340/11.697	14.279/10.575

* first 2 digits of MPAN/supply number – denotes type/size of business supply

Standing charges vary widely. For large supplies they are less relevant, however, for small supplies the standing charge will be a much greater proportion of the annual cost.

Gas

Tariff type (piped gas for farms and businesses)	unit p/kWh	daily charge	average p/kWh
Credit (domestic)	3.01	31.44	3.77
Debit (domestic)	2.31	21.44	2.84
Pre-pay (domestic)	2.91	32.90	3.71
Business - <5,000 kWh	2.95	16.20	4.13
Business - <30,000 kWh	3.07	6.80	3.15
Business - >245,000 kWh	2.55	121.80	2.73

Propane

	Price
Propane (bulk, not in a long term contract)	38.00 p/litre
Propane (47 kg cylinders)	£68.93 per cylinder
Butane (12 kg cylinders)	£30.52 per cylinder

Diesel oil

	p/litre
Gas oil (red diesel), 35 sec, tractor	43.00
Kerosene, 28 sec, Aga Cookers, etc	32.50
Derv (white diesel)	117.20

Coal

	£/t
House coal (100 x 10kg bags)	257.60

Biomass Fuels

	Price
Firewood - seasoned hardwood logs (delivered)	£98.81/m ³
Firewood - seasoned softwood logs (delivered)	£76.13/m ³
Woodchips (G30, 30% moisture)	£120/t
Wood pellets (5 t blown, including delivery)	£225/t
Wood pellets (100 x 10kg bags, including delivery)	£333.00/t

Straw

	£/t
Large round bales (ex farm)	55

Calorific Values of Fuels

These values are only approximate and may vary quite considerably:

Electricity	3.60 MJ/kWh
Gas	3.60 MJ/kWh
Propane/Butane	50.00 MJ/kg; 25.50 MJ/litre
Gas oil	42.50 MJ/kg; 35.70 MJ/litre
Kerosene	43.50 MJ/kg; 36.64 MJ/litre
Coal	31.40 MJ/kg
Firewood (20% moisture content)	14.71 MJ/kg
Woodchips (30% moisture content)	12.50 MJ/kg
Wood pellets	16.85 MJ/kg
Straw (20% moisture content)	13.80 MJ/kg

Note: 1 tonne liquefied propane gas = 1,957 litres (approx.)
1 m³ of loose seasoned hardwood timber = 0.35 tonnes (approx.)
1 m³ of loose seasoned softwood timber = 0.25 tonnes (approx.)

Fuel Cost Values

The fuel cost values have been corrected for efficiencies:

	p/MJ	Efficiency (%)	p/MJ	p/kWh
Electricity	3.99	100	3.99	14.35
Gas	0.64	80	0.80	2.89
Propane (bulk)	1.49	80	1.86	6.71
Propane (47 kg)	2.94	80	3.67	13.22
Butane (12 kg)	5.41	80	6.76	24.34
Gas oil	1.20	70	1.72	6.19
Kerosene	0.89	70	1.27	4.56
Coal (open fire)	0.82	25	3.28	11.81
Firewood (efficient log boiler) ¹	2.07	80	2.59	9.32
Firewood (basic log boiler) ²	1.92	60	3.20	11.52
Woodchips ³	0.96	80	1.20	4.32
Wood pellets (blown)	1.34	85	1.57	5.66
Wood pellets (bagged)	1.98	85	2.33	8.37
Straw (cereal)	0.40	60	0.66	2.39

¹ burning softwood 20% moisture content

² burning hardwood 20% moisture content

³ 30% moisture content

Fuel Storage

Safe storage for fuel on farms, rural businesses and dwellings should be a high priority. Regulation for the storage of fuel is covered by the Water Environment (Controlled Activities) (Scotland) Regulations 2011. These regulations are applicable for farms, although there are exclusions. For example: where oil is stored for use exclusively as a fuel for heating a farmhouse or other residential premises and where that oil storage capacity is less than 2500 litres (in this case Building Regulations (Scotland) 2004 apply to new tanks) and if any storage tank is underground.

The regulations apply to both new and existing oil storage tanks storing petrol, diesel, mineral oil, heating oil, lubricating oil, waste oil and vegetable/plant oil above ground (inside or outside a building). One of the main requirements for new and existing above-ground tanks where there is a storage capacity of 200 litres or more, is the provision of a secondary containment system (bund) of sufficient capacity to contain at least 110% of the largest tank or 25% of the total storage capacity. For further detail on the regulations, guidance should be sought from your local SEPA office or see:

<https://www.sepa.org.uk/regulations/water/pollution-control/oil-storage-in-scotland/> or refer to NetRegs, more detail on page 427.

Fuel storage tanks come in various types, shapes and sizes. When choosing your fuel tank, siting should be taken into consideration. Guide prices for storage tanks are shown below:

Plastic tanks	Capacity (litres)				
	1200	1500	2000	2500	5000
Single skin	£345	£515	£640	£680	£1,200
Bunded	£1,060	£1,060	£1,109	£1,169	£2,100
Dispensing (bunded)	-	£1,345	-	£1,640	£3,050
Underground	£2,250 (1400 litres)		£2,650 (3000 litres)		

All tank prices are ex VAT and do not include delivery and, design and installation charges.

Labour and Machinery

Introduction

The largest component of fixed costs on farm is labour and machinery. This is also the most variable between farms. For this reason, it is essential to fully understand and manage both labour and machinery costs as they can have a large bearing on the financial viability of the farm business. This section details the key elements including standard labour requirements by enterprise, machinery operating data such as rates of work per hour, methods to calculate the cost of owned machinery, detailed contractors charges for a wide range of farm operations and regulations for on-road use. The final section details essential information on labour costs, regulation and health and safety requirements.

Standard Labour Requirements

Enterprise <i>CROPS (per hectare)</i>	Hours/ annum	Enterprise <i>LIVESTOCK (per animal)</i>	Hours/ annum
Cereals	18	Dairy cows	
Oilseeds	16	50 cows	42
Hops	60	100 cows	35
Sugar beet	33	150+ cows	28
Field beans and peas	16	Beef cows	26
Potatoes		Other cattle	12
early	200	Sheep	
main crop	110	ewes and rams (lowland)	5.2
Fodder crops	6	ewes and rams (LFA)	3.7
Miscanthus	16	other sheep (lowland)	2.9
Outdoor vegetables/salad	280	other sheep (LFA)	3.1
Other peas and beans	500	Pigs and poultry	
Vining peas	12	sows	28
Top and soft fruit	425	finishing and rearing pigs	2.3
Hardy nursery stock	1,900	piglets (<20 kg)	0.2
Fruit/vegetables under cover	7,000	broilers	0.09
Flowers/plants under cover	13,000	laying hens	0.36
Mushrooms	7,220	growing pullets	0.24
Fallow	2.9	other poultry	0.10
Grassland	3.1	Goats	12
Silage (made by farm)		Deer	15
1 st cut	12	Horses*	40
2 nd cut	10		
Rough grazing	1.5		

Note: There are difficulties in standardising labour requirements and these figures represent 'typical' labour requirements under representative

conditions for enterprises of average size and performance. They are not necessarily reflective of economic viability.

If calculating farm labour demand, note that crop coefficients should be reduced proportionately for operations carried out by contractors. Livestock coefficients should be reduced pro rata if an animal is not on farm for a full year.

These figures relate to those published in a report of the UK Farm Classification Document (October 2014) and which recommends that 1900 hours of labour are equivalent to one standard annual labour unit. To reflect smaller field sizes, the standard labour requirements for field enterprises should be increased by 50% for Northern Ireland.

* Detailed figures for horses can be found in the following publication: The Equine Business Guide, ABC, 7th Edition, 2019.

Machinery Operating Data

Rates of work

The following figures are typical rates of work for conditions in northern UK. Actual rates of work can vary widely from these figures depending on the organisation of the system. Methods of calculating rates of work are shown later.

For 'stand alone' operations such as ploughing and cultivating, factors such as soil type and conditions, field size and shape, topography, operator experience and size of tractor will affect the overall work rate.

Rates of work for planting, drilling, spraying and fertilising operations will depend on application rates and external field factors such as ease and speed of refilling and location of materials (e.g. water, fertiliser, seed potatoes).

For other operations, which require a system approach, such as grain, silage and potato harvesting, additional factors such as crop yields, labour and transport availability can have a marked effect on work rate.

	Typical rate of work (ha/8 h day)
Ploughing (reversible plough):	
4 furrows	6.9
6 furrows	10.4
Cultivating:	
heavy disc, 3 m, 100 mm deep	13.4
light tine, 3.5 m, 100 mm deep	15.7
harrows, 4.5 m	20.2
combination cultivator (for seedbed preparation), 3 m	13.6

	Typical rate of work (ha/8 h day)	
power harrow, 3 m, 150 mm deep		10.0
roller, 2.4 m, heavy		12.3
roller, 7.3 m, light		46.7
potatoes, bedforming, 1.83 m bed		6.0
potatoes, stone windrowing basic, 2 row (Reekie)		4.5
Fertilising:		
twin disc, 1,000 kg capacity		24.0
lime spreader, 2 machines and 1 loader		32.0
slurry, 6,000 litre size, 0.8 km haul		29.6
Grain drilling: establishment (following ploughing)		
3 m grain only drill		15.2
3 m grain/fertiliser drill		11.2
3 m combination power harrow/grain only drill		9.6
4 m combination power harrow/grain/fertiliser drill		11.3
4 m trailed machine/grain/fertiliser drill		32.5
Grass: seed sowing - drill 3.7 m wide		10.4
Roots: precision sowing, 2 row		2.4
Potatoes: planting, 2 row, cupped design (narrow spacing)		6.0
Potatoes: planting, 6 row, belt design (wide spacing)		15.0
	<i>Application rate</i>	
	<i>200 litres/ha</i>	<i>100 litres/ha</i>
Spraying:		
tractor mounted, 850 litre tank, 12 m boom, no bowser	33.6	40.0
tractor mounted, 800 litre tank + 600 litre on front, 18 m boom	52.0	64.0
tractor mounted, 800 litre tank + 600 litre on front, 18 m boom, with bowser	60.8	72.0
sprung LGP vehicle, 800 litres, 12 m boom, with bowser	68.0	87.2
self-propelled, 2,500 litres, 24 m boom, with bowser	144.0	176.0
Grain:		
combine harvesting, drum width 1.05 m, typical cutter bar width 3-3.7 m		14.3
combine harvesting, drum width 1.30 m, typical cutter bar width 6.6 m		26.9
combine harvesting, drum width 1.6 m, typical cutter bar width 7.7 m		31.4
combine harvesting, drum width 1.7 m, typical cutter bar width 9.12-11.97 m		42.8

Typical rate of work (ha/8 h day)	
Potatoes:	
haulm pulverising: 1.8 m, 2 row	6.5
harvesting: two row trailed, elevator discharge	3.5
Turnip harvesting	1.6
Silage making:	
(i) 5 men, 75 kW + precision chop harvester, 3 trailers, buckrake	
800 m haul:	9.0
1,500 m haul:	7.4
(ii) 6 men, 90 kW + precision chop harvester, 3 trailers, buckrake	
800 m haul:	16.0
1,500 m haul:	10.0
(iii) 6 men, self propelled harvester, 4 trailers, buckrake (will usually involve a rake operator at some point to 'group' the smaller mower bouts into a single larger bout)	40.8
(iv) 2 men, forage wagon, buckrake (depending on distance to pit)	15.0-20.0
Grass:	
mowing, disc, 2.4 m width of cut	15.4
mowing, disc, 3.0 m width of cut	19.2
mowing, disc, 9.0 m width of cut	46.1
baling hay, conventional baler	6.4
baling straw, conventional baler	9.6
baling straw, round baler	16.0

Days available for field work

(e.g. ploughing, cultivating, drilling, root harvesting)

Calculated for Bush Estate, Midlothian, altitude 200 m.

Month	Field work days for three soil types and two month probability levels					
	Light soil		Medium soil		Heavy soil	
	50%	75%	50%	75%	50%	75%
January	25	24	22	18	20	12
February	25	23	21	17	19	12
March	25	24	21	18	20	15
April	27	25	22	19	24	17
May	28	26	25	22	26	20
June	28	26	27	24	27	24
July	29	27	28	26	28	26
August	28	26	27	25	27	24
September	27	25	25	23	24	20
October	26	23	23	19	22	17
November	26	22	23	18	23	17
December	26	23	22	18	23	14

Probability levels of 75% (18 years out of 24) and 50% (12 years out of 24) are shown in the table so that different risk levels can be compared. The 75% probability level is recommended for machinery and labour planning.

If machinery and labour are adequate for 18 years out of 24, other facilities such as contractors, overtime and casual labour can be used during the remaining years. Alternatively, the operation can be performed in wetter conditions.

Soils data used for the calculation of these figures are based on three drainage categories:

Light soils	Freely drained sandy loam	e.g. Darvel series
Medium soils	Moderately drained loamy clay	e.g. Macmerry series
Heavy soils	Imperfectly drained clay loam	e.g. Winton series

Workday figures in the table are based on the daily fluctuations of soil moisture content, predicted from daily values of rainfall, sunshine hours and mean air temperature. A day is assumed to be a work day if the soil moisture content at 9 am is below the lower plastic limit and the total rainfall during the same day does not exceed 10 mm.

Meteorological data spanning 24 years has been used.

The following example uses the figures in the previous table to help calculate the work rate of a tractor.

Example: A tractor has to be purchased to plough 120 ha of heavy soil between mid-August and mid-September. What work rate will be required?

From the preceding table, at 75% probability, the number of days available on a heavy soil during the months of August and September are 24 and 20 respectively.

- Therefore, days available second half of August = $24/2 = 12$
 - Therefore, days available first half of September = $20/2 = 10$
-
- 22

Assuming an eight-hour working day, the total time available is 176 hr. In order to complete the work within the desired period the tractor should be capable of ploughing at least 0.68 ha/hr (calculated by dividing 120 ha by 176 hr).

Alternatively, if the lower probability of 50% is chosen for the same soil and area the tractor work rate would be calculated as:

- Days available second half of August = $27/2 = 13.5$
 - Days available first half of September = $24/2 = 12.0$
-
- 25.5

Assuming an eight-hour working day, the total time available is 204 hr. In order to complete the work within the desired period the tractor should be capable of ploughing at least 0.58 ha/hr (calculated by dividing 120 ha by 204 hr).

Typical field efficiencies

Field efficiency is a measure, as a percentage, of a machine's field capacity after taking into account for failures to utilise the full operating capacity. These failures result from items such as overlapping, turning and other routine time delays associated with the operation. Typical figures, shown in the following table, are expressed as a percentage.

Ploughing	90%	Grain only drilling	75%
Power harrow + grain only drill	60%	Combining	85%

Calculating workrate

$$\text{Workrate (ha/hr)} = \frac{\text{working width (m)} \times \text{forward speed (km/hr)} \times \text{field efficiency (\%)}}{10}$$

For example, a 9.1m combine travelling an average of 6km/hr has a work rate of 4.64 ha/hr as per the calculation below:

$$\text{Workrate (ha/hr)} = \frac{9.1 \text{ (m)} \times 6 \text{ (km/hr)} \times 85 \text{ (\%)}}{10} = 4.64 \text{ ha/hr}$$

Estimating Machinery Costs

Machinery costs on many farms can be a major contributor to high levels of fixed costs. Part of the reason for this is that often farmers do not have a clear idea of what their machinery is costing them. Consequently, to improve machinery management the first step is to establish current machinery costs.

To compare the cost of doing the job in-house against the rates charged by a local contractor, the actual machinery costs must be costed. This is a straightforward task for an operation like combining where one machine is involved. But for more complex operations, such as sowing or silage harvesting, the task is more difficult as only part of the tractor's duties are attributable to the operation. In such cases a wider assessment of the farm's annual machinery usage must also be undertaken.

Example calculation - cost estimate for purchasing and operating a combine harvester

To illustrate the principle behind estimating machinery costs this example has been shown on pages 376-379, showing the purchase of a combine harvester for £220,000 versus using contractors.

This method is based on estimating the annual fixed and operating costs of the machine given expected annual use and machine life. These

estimates can then be used in a partial budget for comparison with alternative policies such as the use of a contractor.

The following three tables provide the supporting information for the steps in the machinery calculation.

Table 1: Depreciation - average annual fall in value

Frequency of renewal (years)	Complex (high depreciation rate) ¹	Established (many moving parts) ²	Simple (few moving parts) ³
1	34.0%	26.0%	19.0%
2	24.5%	19.5%	14.5%
3	20.0%	16.5%	12.5%
4	17.5%	14.5%	11.5%
5	15.0%	13.0%	10.5%
6	13.5%	12.0%	9.5%
7	12.0%	11.0%	9.0%
8	11.0%	10.0%	8.5%
9	10.0%	9.5%	8.0%
10	9.5%	8.5%	7.5%

Typical frequency of renewal with heavy use
 Typical frequency of renewal average use
 Typical frequency of renewal with light use

¹ e.g. Potato Harvesters, Pea Viner

² e.g. Tractors, Combines, Balers, Forage Harvesters

³ e.g. Ploughs, Trailers

Table 2: Fuel consumption

Fuel is a significant cost for farming and rural businesses. Actual fuel consumption will vary depending on variables such as the power and size of machine used, depth of operation, correct calibration, appropriate maintenance of machinery, speed and care of operation. The table below gives an indication of the fuel cost of some farming operations based on red diesel costs of 43 p/l (Jul 2020).

	Fuel consumption (l/hour)	Time taken for operation (hours/ha)	Diesel usage (l/ha)	Diesel cost (£/ha)
Subsoiling	18.9	1.11	21.00	9.03
Ploughing (6 furrow)	26.8	1.11	29.75	12.79
Heavy Cultivation	26.8	0.71	19.13	8.22
Light Cultivation	8.6	0.47	4.02	1.73
Power harrow	26.8	1.00	26.78	11.51
Fertiliser spreading	8.6	0.18	1.57	0.68
Grain drilling 3m	18.9	0.53	9.95	4.28

	Fuel consumption (l/hour)	Time taken for operation (hours/ha)	Diesel usage (l/ha)	Diesel cost (£/ha)
Rolling 7.3m light	8.6	0.33	2.88	1.24
Potato Planting 2 row	10.8	1.33	14.40	6.19
Mowing 3m	18.4	0.49	9.01	3.87
Baling straw, round bales	26.8	0.50	13.39	5.76
Forage harvesting	61.2	0.40	24.48	10.53
Spraying 24m	10.8	0.18	1.96	0.84
Towing (trailer)	16.2	0.40	6.48	2.79
Combine harvesting 7.7m	37.8	0.31	11.63	5.00
Potato harvesting 2 row	21.6	2.29	49.37	21.23

Table 3: Estimated annual cost of spares and repairs (as a percentage of purchase price at various levels of use)

	Approximate Annual Use (Hours)				
	500	750	1000	1500	+ each additional 100
Tractors	5.0%	6.7%	8.0%	10.5%	5.0%

	Approximate Annual Use (Hours)				
	50	100	150	200	+ each additional 100
Harvesting machinery					
Combine harvesters, balers, potato harvesters	1.5%	2.5%	3.5%	4.5%	2.0%
Other implements					
Ploughs, cultivators, toothed harrows, hoes	4.5%	8.0%	11.0%	14.0%	6.0%
Rotary cultivators, mowers, pea cutter windrowers	4.0%	7.0%	9.5%	12.0%	5.0%
Disc harrows, fertiliser spreaders, FYM spreaders, combine drills, potato planters (with fertiliser), sprayers, hedge cutters	3.0%	5.5%	7.5%	9.5%	4.0%
Swath turners, tedders, side delivery rakes, unit drills, forage harvesters, semi-automatic potato planters	2.5%	4.5%	6.5%	8.5%	4.0%

	Approximate Annual Use (Hours)				
	50	100	150	200	+ each additional 100
Corn drills, milking machines, hydraulic loaders	2.0%	4.0%	5.5%	7.0%	3.0%
Grain driers, grain cleaners, rolls, hammer mills	1.5%	2.0%	2.5%	3.0%	0.5%

Example calculation - Purchase of combine harvester versus using contractors

Cost element	Value	ref	Factor	Calculation
Area harvested (ha)	600	A	-	-
Work rate (ha/hr)	2.75	B	-	-
Annual hours worked (hr)	218	C	-	A / B
Machine life (yr)	6	D	-	-
Purchase price (£)	220,000	E	-	-
F'cast 5yr selling price (£)	26,400	F	12%	E*depreciation% (table 1)
Average value (£)	123,200	G	-	(E+F) / 2
Depreciation (£)	32,267	H	-	(E-F) / D
Interest (£)	6,160	I	5%	G*interest rate (%)
Insurance (£)	1,848	J	£15	G*£ per £1k
Annual fixed costs (£)	<u>40,275</u>	K	-	H+I+J
Fuel use (l/ha)	12	L	-	(table 2)
Fuel cost (£)	3,096	M	£0.43	A*L*fuel price (£/l)
Spares and repairs (£)	9,900	N	4.5%	E*% (table 3)
Labour (£)	2,727	O	£12.50	labour (£/hr)*(A/B)
Annual operation costs (£)	<u>15,723</u>	P	-	M+N+O
Annual cost (£)	<u>55,998</u>	Q	-	K+P
Annual cost (£/ha)	93	R	-	Q / A
Contractor charge (£/ha)	96			(incl. fuel)

Based on these assumptions, owning a combine is cheaper (£93/ha) than average contractor's charges (£96/ha) but other factors must be considered:

- If the farmer increases the area harvested the overall cost of the combine increases to reflect higher fuel, repairs and depreciation costs. But this increase is spread over a much larger area and consequently reduces cost per ha.

- Work rate has a major effect on machinery cost. Many factors influence work rate efficiency, some of which are beyond the control of the farmer, while others can be improved upon.
- Contractor's charges are also highly variable depending on the above and other factors such as the level of local competition amongst contractors which can greatly affect charges.

For more information on payment terms involved in purchasing machinery see credit options on pages 507-509.

Machinery Contractors' Charges

Prices are indicative market rates taken from various contractors and machinery rings throughout Scotland with the costs of the driver (generally) included. Fuel is not normally included in contract charges. However, as prices and contractors arrangements (e.g. farm fuel used) vary considerably within areas, the prices listed below only serve as a guide and local information should be sourced for specific operations.

Costs of carrying out specific operations, i.e. arable stubble to stubble and preserved forage are illustrated on pages 45 and 77.

	Average price	Price range
Arable cultivation		
Ploughing	£57.19 /ha	£45.71-£64.99
with press	£7.05 /ha	£4.94-£9.12
Discing	£41.28 /ha	£29.65-£57.55
Power harrow	£53.51 /ha	£44.48-£70.05
Min till cultivations	£45.45 /ha	£37.07-£60.22
Cambridge roller	£13.97 /ha	£8.65-£19.35
with paddles	£7.72 /ha	£5.56-£9.88
Subsoiling	£67.17 /ha	£46.28-£91.18
Topping - fallow	£30.81 /ha	£22.24-£38.18
Rotovating	£67.18 /ha	£54.36-£77.22
Grassland maintenance		
Heavy flat roller	£23.45 /ha	£18.53-£27.82
Topping - grass	£30.86 /ha	£22.49-£38.18
Chain harrowing	£23.12 /ha	£8.65-£35.83
Spring tine harrowing	£32.15 /ha	£24.71-£40.40
Aeration	£23.06 /ha	£11.12-£29.65
Sward lifting	£62.10 /ha	£50.66-£80.31
Sowing		
Grass seed - broadcast	£28.09 /ha	£22.98-£33.36
Grass seed - with harrows	£32.78 /ha	£21.00-£37.24
Grass seed - direct drilling	£56.42 /ha	£44.97-£76.60
Grain (no fert.)	£37.34 /ha	£24.71-£46.26

	Average price	Price range
Oilseed rape (no fert.)	£58.53 /ha	£54.36-£67.16
Turnips	£67.54 /ha	£44.48-£88.96
Beet	£68.20 /ha	£54.36-£88.96
One pass cultivation/drill (cereals, no fert.)	£56.61 /ha	£44.48-£64.25
One pass cultivation/drill (OSR, no fert.)	£56.22 /ha	£54.36-£59.30
with fertiliser	£5.56 /ha	£4.32-£7.41
Maize (without plastic)	£63.87 /ha	£48.28-£88.96
Maize (with plastic)	£138.99 /ha	-
Fertiliser spreading		
Spinner	£10.65 /ha	£8.65-£13.84
with variable rate	£3.44 /ha	£3.09-£3.71
Liquid fertiliser (surface)	£14.10 /ha	£13.17-£16.06
Irrigating (/25mm)	£160.62 /ha	£123.55-£197.68
Manure and lime		
Rotary - medium	£37.16 /hr	£30.00-£49.50
Rear discharge - medium	£40.03 /hr	£34.00-£47.00
Rear discharge - large	£46.85 /hr	£42.00-£52.80
Slurry - medium	£35.30 /hr	£30.00-£40.00
Slurry - large	£44.99 /hr	£37.00-£53.54
Lime	£5.71 /t	£4.00-£8.89
with gps	£2.50 /t	-
Umbilical - splash plate	£79.67 /hr	£70.00-£89.00
- injection	£81.60 /hr	£78.20-£85.00
with additional pumps	£39.22 /hr	£31.10-£46.50
Spraying		
Spraying	£13.68 /ha	£11.12-£17.99
with gps	£2.50 /ha	-
Slug pellet application	£8.01 /ha	£6.18-£9.88
Weed wiping	£45.00/hr	£35.00-£55.00
Combinable harvesting		
Cereals	£90.83 /ha	£76.60-£105.26
with yield mapping	£4.94 /ha	-
with chopper	£8.11 /ha	£6.35-£10.38
Oilseed rape - direct	£92.06 /ha	£76.60-£105.93
Oilseed rape swathing	£48.45/ha	£43.86-£57.01
Peas and beans	£100.59 /ha	£94.94-£106.25
Crimping/bruising grain/pulses	£12.56 /t	£8.60-£18.00
Straw chopping	£37.07 /ha	£34.59-£42.01
Forage		
Mower	£24.25 /ha	£21.00-£30.29
Mower and conditioner	£30.36 /ha	£23.47-£34.59

	Average price	Price range
Tedding/raking	£16.28 /ha	£10.50-£19.77
Precision chop - self-propelled	£64.49 /ha	£49.42-£80.31
Cutting, raking, chopping and carting	£160.18/ha	£154.19-£166.62
Forage box	£111.00 /hr	£107.20-£117.00
Forage harvester (whole crop)	£105.92 /ha	£88.78-£125.45
with processor	£13.59 /ha	-
Maize (including forager, 3 trailers and buckrake)	£171.50 /ha	£160.00-£179.54
Baling and wrapping		
Silage/hay - 4x4	£2.54 /bale	£1.90-£3.31
with chopper	£0.40 /bale	£0.30-£0.50
Silage – 5x4x2.3	£4.00 /bale	£3.70-£4.30
Hay - small square	£0.58 /bale	£0.43-£0.74
Straw - 4x4	£2.42 /bale	£1.90-£3.31
Straw - 4x5	£3.03 /bale	£2.40-£3.51
Straw - 8x4x2.3	£4.18 /bale	£4.00-£4.40
Straw - 8x4x4	£7.03 /bale	£6.50-£7.80
Straw - small square	£0.65 /bale	£0.43-£0.80
Wrapping - round	£2.08 /bale	£1.30-£2.66
incl. wrap (4 layers)	£4.22/bale	£3.60-£5.00
incl. wrap (6 layers)	£5.52/bale	£4.80-£6.25
Wrapping - square	£2.95 /bale	£2.40-£3.49
incl. wrap (4 layers)	£5.72/bale	£4.90-£6.62
Wrapping - tube-line, silage	£2.43 /bale	£1.75-£2.95
Wrapping - tube-line, straw	£2.40 /bale	£1.75-£3.00
Stacking	£0.49 /bale	£0.35-£0.60
Ag bagging	£6.75 /t	-
Baling and wrapping incl. wrap (4 layers)	£7.03/bale	£6.25-£7.90
Root and potato work		
Deep plough	£68.55 /ha	£61.78-£76.50
Deep ridge	£63.01 /ha	£40.77-£85.25
Bed tilling	£143.73 /ha	£103.78-£222.39
Destoning	£242.16 /ha	£177.91-£276.75
Bed forming	£74.13 /ha	£34.59-£113.67
Potato planting - without fertiliser	£123.76 /ha	£54.36-£222.39
Potato planting - with fertiliser	£149.00 /ha	£81.54-£234.75
Potato pulverising	£59.30 /ha	£39.54-£76.60
Potato harvesting - excl. pickers	£466.20 /ha	£370.65-£630.11
Turnip harvesting	£41.00 /hr	-
Tractor hire - including driver		
4 WD up to 100 hp	£28.08 /hr	£25.00-£33.50
4 WD 101 - 150 hp	£32.13 /hr	£26.00-£38.12
4 WD 151 - 220 hp	£36.60 /hr	£28.00-£43.00

	Average price	Price range
4 WD 220 - 300 hp	£46.72 /hr	£30.00-£58.00
4 WD over 300 hp	£61.57 /hr	£34.00-£79.75
Tracked	£56.33 /hr	£55.00-£57.65
with loader	£4.00 /hr	-
with trailer	£7.00 /hr	-
4 WD telehandler	£34.10 /hr	£27.00-£43.52
JCB type excavator	£31.13 /hr	£28.00-£33.50
Tracked excavator 15-25t	£37.88 /hr	£30.00-£43.89
with rock pecker	£13.75 /hr	£12.50-£15.00
Skidsteer	£77.50 /day	£60.00-£100.00
Tractor with post chapper (+ man)	£38.83 /hr	£32.50-£46.00
Labour		
Casual	£11.00 /hr	£10.00-£12.00
Experienced/skilled ¹ (weekdays)	£13.13 /hr	£12.00-£14.05
Cereal/potato roguing	£13.50 /hr	£13.00-£15.00
Secretarial	£17.25 /hr	£16.50-£18.00
Livestock services		
Sheep shearing - Blackface ²	£1.10 /hd	£1.00-£1.20
- Crossbred ewe ²	£1.35 /hd	£1.10-£1.70
- Tups ²	£2.50 /hd	£2.40-£2.80
Rolling and packing wool	£0.20 /hd	-
Sheep dipping	£0.94 /hd	£0.25-£1.70
Sheep showers	£0.98 /hd	-
Crutching sheep	£0.73 /hd	-
Scanning - sheep ²	£0.85 /hd	£0.65-£1.05
Scanning - cattle ²	£2.05 /hd	-
Foot trimming - sheep	£1.05 /hd	-
Foot trimming - cows	£11.00 /hd	-
Foot trimming - bulls	£24.50 /hd	-
Haulage - sheep ³	£2.30 /hd	£1.50-£35.00
Haulage - cattle ³	£20.00 /hd	£5.00-£70.00
Automatic handler for sheep	£100 /day or £20 /hr	-
Miscellaneous		
Strimming	£19.00 /hr	£18.00-£20.00
Hedge cutter	£37.24 /hr	£28.00-£42.50
Log splitter	£33.00 /hr	£31.00-£35.00
Snow plough	£51.20 /hr	£46.50-£57.11
Road brush	£32.50 /hr	£30.00-£35.00
Feed mixing/processing (mobile)	£19.50 /t	-
Haulage - forage (hay and straw) ²	£20.00 /t	£10.00-£35.00
Haulage - concentrates ²	£20.00 /t	£10.00-£40.00

- 1 includes skilled relief milkers, stockmen, shepherds, sprayer operators and forklift/digger/HGV drivers.
- 2 for small flocks/herds a minimum fee of £100-150.
- 3 haulage charges are highly dependent on distance travelled, weight of load and options for a back load.

Grain Drying

All costs for drying include a price for handling and loading.

Grain

Reduction to 15% moisture content from:

16%	17%	18%	19%	20%	21%	22%	23%
£7.00/t	£9.00/t	£11.00/t	£13.00/t	£15.00/t	£17.00/t	£19.00/t	£21.00/t

Contractor's weight loss (including drying and cleaning):

From	16%	17%	18%	19%	20%	21%	22%	23%
Weight loss	4%	6.3%	7.2%	8.2%	9.2%	10.2%	11%	13%

See page 46 for equivalent grain weights at varying moisture contents.

Oilseed rape

Reduction to 8% moisture content from:

10%	11%	12%	14%	16%	18%	20%	22%
£9.00/t	£11.00/t	£13.00/t	£17.00t	£21.00t	£25.00t	£29.00/t	£33.00/t

Contractor's weight loss (including drying and cleaning):

From	10.5%	11.5%	12.5%	14.5%	16.5%	18.5%	20.5%	22.5%
Weight loss	3%	4.5%	6%	9%	12%	15%	18%	21%

Drainage

Drainage costs and work rates will vary considerably depending on specific site circumstances (current drainage system and terrain) and requirements. All drainage work should be fully discussed, inspected, designed and quoted (materials and labour split) prior to work commencing to prevent discrepancies at a later date.

Draining

Operation	Price
3t mini-digger + man + diesel	£20.00-£25.00/hr
7 ½ ton JCB + man + diesel	£30.00-£35.00/hr
15 ton tracked digger + man + diesel	£30.00-£37.50/hr
Typical work rate (32" depth)	30 - 50m/hr
Trencher (+ man + diesel + handling gravel + pipe)	£2.75-£10.50/m
Typical work rate	150 - 200m/hr

Operation	Price
Trenchless (+ man + diesel + handling gravel + pipe) Typical work rate	£2.50-£9.75/m 150 - 200m/hr
Tractor + gravel cart (incl. man + diesel)	£30.00-45.00/hr or £1.75-£2.75/ton handling charge

Approximate draining costs on an area basis are shown below:

Lateral spacing	Method	Materials	Price £/ha
7m	Digger	no gravel	3,558
15m	Digger	purchased gravel	6,105
15m	Digger	own gravel	3,632
15m	Digger	twinwall plastic pipe & own gravel	4,556
15m	Trenchless	purchased gravel	3,400
20m	Digger	purchased gravel	4,556
20m	Trenchless	purchased gravel	2,223

Materials

Material	Price
Gravel	£14.00-£22.00/ton
Corrugated plastic pipe	60mm (150m coil) £76.00 (or 51p/m) 80mm (100m coil) £65.00 (or 65p/m) 100mm (100m coil) £89.00 (or 89p/m) 160mm (35m coil) £92.00 (or 1.83p/m)
Twinwall plastic pipe	100mm £9.60 (or £1.60/m)
(6m lengths incl. coupling)	150mm £19.60 (or £3.26/m) 225mm £61.60 (or £6.93/m)

Pipe requirements

Lateral spacing	m/ha	m/acre
7m	1,430	575
15m	670	270
20m	500	200

Gravel requirements (tonnes per 1 metre run)

Width of trench	Depth of gravel (mm)				
	250	300	450	600	900
100mm	0.05	0.06	0.09	0.12	0.18
125mm	0.06	0.08	0.11	0.15	0.23
150mm	0.08	0.09	0.14	0.18	0.27
225mm	0.11	0.14	0.20	0.27	0.41
300mm	0.15	0.18	0.27	0.36	0.54
450mm	0.23	0.27	0.41	0.54	0.81
600mm	0.30	0.36	0.54	0.72	1.08
750mm	0.38	0.45	0.68	0.90	1.35

Secondary drainage treatments

<i>Operation</i>	<i>£/hr</i>	<i>£/acre</i>
Subsoiling (1-3 acres/hr)	65.00-115.00	22.00-39.00
Moling (1-3 acres/hr)	65.00-115.00	22.00-39.00
Flat lifter (1-3 acres/hr)	75.00-120.00	20.50-27.00
Aerator (5-7 acres/hr)	23.00-84.00	4.50-12.00

Drain jetting

	<i>Price</i>
Drain jetter with tractor	£35.00-£54.00/hr
Drain jetter with tractor (incl. digger + tractor + bowser)	£700-£800/day

Ditch cleaning

	<i>Price</i>
Ditch cleaning (20-125m/hr)	£1.75 - £2.25/m or £38.00-£48.00/hr

Fencing

The costs in the following table will vary considerably depending on fence purpose, fence length, site difficulty (such as access, ground conditions, presence of rock, and number of turns) and, type and quality of materials.

Net fences	£/m
Mild steel netting, 2 mild steel plain wires, 1 mild steel barb wire assuming stobs every 2m, a strainer at either end, a turning post every 50m and 8 gripples every 200m	3.34
High tensile netting, 3 high tensile plain wires, 1 barb wire assuming stobs every 3m, a strainer at either end, a turning post every 50m and 8 gripples every 200m	3.03
High tensile steel netting, 2 high tensile plain wires, 1 high tensile barb wire assuming steepleless steel posts every 4.5m, a steepleless steel strainer with stay kit at either end, a steepleless steel turning post every 50m and 8 gripples every 200m	3.98
Plain wire fence	£/m
8 hi tensile plain wire, 1 barb wire assuming stobs every 2m, a strainer at either end and a turning post every 50m	3.12
Scare fence	£/m
2 barb wire assuming stobs every 5m, a strainer at either end and a turning post every 50m	1.74
Electric fences (energisers not included)	£/m
Hi tensile netting, 4 hi tensile plain wires assuming stobs every 3m, a strainer at either end, a turning post every 50m and 8 gripples every 200m	3.26

Electric fences (energisers not included)	£/m
8 hi tensile plain wires assuming stobs every 2m, a strainer at either end and a turning post every 50m	3.52
2 hi tensile plain wires, assuming stobs every 5m, a strainer at either end and a turning post every 50m	2.01
Deer fence	£/m
Deer netting, rabbit netting, 3 mild steel plain wires assuming stobs every 3m, a strainer at either end and a turning post every 50m	5.37
Post and rail fence	£/m
5 rails assuming stobs every 2m, a strainer at either end	9.97
Hedges	£/m
Hedge laying	15.00

There are regional and contractor variances on fence types. It is important to ensure the materials are chosen with purpose in mind, e.g. net fencing for sheep can differ from that suitable for cattle so as to help prevent loss of sheep ear tags. All fencing work should be fully discussed, inspected and quoted (materials and labour split) prior to work commencing to prevent discrepancies at a later date.

Labour costs for fencing will vary between £10.00-16.50/hr. Chapping costs are £25.00-38.00/hr and for strainers, £15/post. Dismantling existing fencing, site preparation and fence disposal are added charges.

Dry Stone Walling

Excluding provision of material	£25-50 /m ²
Stone	£60-100 /t

Regional and contractual variations will apply in terms of the price of dry stone walling, in part depending on ease of access to site, availability of stone and nature and size of the wall. In general terms the price quoted for labour will be based on a metre square rate and will include the building of both sides of the wall, where a free-standing structure is required. Prices will vary for retaining walls. It is good practice to discuss and inspect the work with the dry stone waller beforehand, which will help identify whether additional stone is required. As a rough guideline, 1t of stone will be required for every linear metre of a free-standing wall approximately 1.3m high. Specialist stones, such as throughbands, quoins or copes may need to be sourced separately.

The Dry Stone Walling Association (www.dswa.org.uk) has a list of current professional members available on its website.

Agricultural Vehicles on the Road

Below are some key points that should be adhered to when agricultural vehicles are to be used on the public road. Vehicles must be used for 'agricultural purposes' before it can be licenced as an agricultural vehicle.

Drivers licence – Usually a full car licence will include the 'F' category which is the tractor section. For some vehicles (combines etc) category 'B' will also be required. Vehicles fitted with tracks depending on the steering arrangement may require the 'H' category on the drivers licence. Farm ATV's can be registered as light agricultural vehicles and driven on the road provided they have the full road legal kit.

Drivers ages – After passing the 'tractor' test a 16 year old can drive an agricultural vehicle on the road provided it is mounted on wheels, is no wider than 2.45m and is not pulling a trailer exceeding a single or double axle close coupled design which is also below 2.45 m wide. Once over 17 years old they can then operate most agricultural machines apart from tracked machines which is over 21 years of age. You must sit a separate test, category H, for tracked vehicles. Drivers aged 17-20 will be restricted to a Maximum Authorised Mass (MAM) of no more than 3,500kg. Anyone wishing to tow a trailer behind a car, van or 4x4 and has passed their driving test after the 1st January 1997 is required to sit a separate B + E trailer test.

Speed limits – The majority of agricultural tractors may travel at 25mph. Some tractors are built to higher specifications and are permitted to travel at up to 40mph. The higher speed limit applies to tractors that have (among other requirements) all-wheel suspension, braking efficiency of 50%, pneumatic tyres, a speedometer and a horn. The exact requirements are contained in the Construction and Use Regulations 1986 (as amended). Wider tractors (falling into the special type agricultural vehicle category) have lower speed limits as follows:

- Vehicles 2.55m - 3.5m wide are limited to 20 mph.
- Vehicles 3.5m - 4.3m wide are limited to 12 mph.

For more information, see:

<https://www.gov.uk/government/publications/tractors-regulations-on-use/tractors-and-regulatory-requirements-a-brief-guide-september-2017>

Trailer brakes – If a vehicle is travelling up to 25mph then hydraulic brakes are sufficient. Over 25mph then progressive brakes should be fitted along with ABS and a failsafe system.

Vehicle weights – Depending on axle spread the maximum authorised mass (MAM) should not exceed 31,000kg (tractor and implements attached). The trailer on its own again depending on axle load limits should not exceed 18,290kg. The additional axle load on the rear axle of the tractor imposed from the trailer should not exceed 3,000kg.

Vehicle widths – Up to 3m wide no notification is required. 3.0m - 3.5m, the police have to be notified, max speed 20mph. 3.5m - 4.3m, notification to police, attendant vehicle and lights fitted in reduced visibility, max speed 12mph. Over 4.3m, notification to secretary of state, attendant vehicle and lights fitted in reduced visibility. In all cases any projections must be marked and lights fitted when required.

Pick up hook rings – Ensure the gap between the top of the hook and the upper part of the hitch does not exceed 10mm gap when locked. The minimum thickness of the trailer ring should be no less than 30mm.

Tyre condition – Up to 20mph the tyres have to be in a safe condition and roadworthy. Over 20mph and there can be no cuts exceeding 25mm in length, have a minimum of 1mm tread depth and no obvious damage or wear and tear.

Lights – All lights when fitted must be visible, working and correctly positioned. Amber beacons are only required on unrestricted dual carriageways unless used as a warning for wide vehicle etc. No rear facing white lights are allowed.

Registration plates – Plates fitted to towing vehicles must match the vehicle and the registered keeper of the vehicle.

Fuel – Red diesel is permitted only if the vehicle is registered as an agricultural vehicle and being used for an agricultural related purpose.

MOT testing – Most agricultural vehicles will be MOT test exempt but must still meet the construction and use regulations when on the public road.

Labour Legislation and Policy

National hourly wage rates – excluding agricultural workers

The mandatory National Living Wage (NLW) applies to workers aged 25 and above, whilst the National Minimum Wage (NMW) applies to apprentices and those under 25. The following table shows the NLW and the NMW hourly rates for age categories.

Age	NMW and NLW hourly rates (£/hr)		
	2020	2019	2018
25 +	8.72	8.21	7.83
21-24	8.20	7.70	7.38
18-20	6.45	6.15	5.90
16-17	4.55	4.35	4.20
Apprentice *	4.15	3.90	3.70

* First year of apprenticeship, thereafter minimum wage for their age applies.

In Scotland, some employers are part of a voluntary scheme to pay an enhanced 'Real Living Wage', currently £9.30 per hour, payable from 18 years.

Minimum hourly wage rates for agriculture

Scotland

The following table summarises the rate of pay figures as set in the Agricultural Wages (Scotland) Order (No.65) with effect from 1 April 2020.

Agricultural minimum hourly wage (£/hr) - Scotland	
Minimum hourly rate of pay for all ages of workers ¹	8.72
Minimum hourly rate of pay for workers who undertake an SCQF Level 4 or 5 or equivalent ²	5.46
Additional sum for workers with qualifications ³	1.29
Overtime ⁴	From: 13.08
Dogs (£/dog/week - up to a max. of 4 dogs)	6.43

- 1 Hourly rate applies to workers whether full time, part time, students etc. and no matter what type of work is done.
- 2 Minimum hourly rate of pay for SCQF or equivalent, payable in first year of apprenticeship after which the minimum hourly rate of pay as set for the year will apply.
- 3 For workers with a relevant qualification at SCQF6 or above (includes SVQ/NVQ Level 3, NC. HNC. HND), or those with a Certificate of Acquired Experience obtained before 31 December 1997.
- 4 Based on the minimum hourly rate of pay to which the worker is entitled multiplied by 1.5 - e.g. £8.72 x 1.5 = £13.08.

England

Agricultural workers in England must be paid at least the NMW (see page 388). Where an employment contract dated before 1 October 2013 exists and mentions the Agricultural Wages (England and Wales) Order 2012 the employee still has the right to be paid the agricultural minimum wage for the graded pay rate that they are entitled to. The agricultural minimum hourly wage rate for those above compulsory school age is £6.21 (Grade 1) after which the rates rise to £9.40 (Grade 6) in accordance with a graded scale relating to specific job definitions and qualifications.

Wales

Agricultural workers in Wales are paid according to the Agricultural Wages (Wales) Order 2020, with a variable rate depending on specific job definitions and qualifications.

Northern Ireland

In Northern Ireland from 1st April 2020 the minimum agricultural hourly pay rate, applicable for the first 40 weeks cumulative employment, is £6.88 (Grade 1) to £10.84 (Grade 6) in accordance with a graded scale relating to specific job definitions and qualifications. Where at any time the NMW or NLW becomes higher than the agricultural hourly rate set out above, then the minimum rate shall be equal to the NMW or the NLW.

Estimated annual labour costs

The following example calculates the estimated annual labour costs to an employer based in Scotland. The earnings of the worker, based on the same assumptions, are also shown.

Assumptions:

- Employee in employment for over 26 weeks
- 39 hr/wk, 5 days/wk, 52 wk/yr less 30 days holidays
- Minimum hourly rate - £8.72
- 10 hr/wk overtime
- Employers National Insurance Contributions (NIC) @ 13.8%
- Employers liability insurance @ 1%
- Overtime rate - £13.08
- £12,500 personal allowance

Labour cost to employer	Annual	Weekly	Hourly
Minimum wage for employee	£17,684.16	£340.08	£8.72
Employers NIC	£312.87	£6.02	£1.20
Employers liability insurance	£126.96	£2.44	£0.09
	£18,124.00	£348.54	£10.01
Overtime	£6,069.12		£13.08
Employers NIC	£837.54		£1.81
Employers liability insurance	£60.69		£0.13
	£6,967.35	£133.99	£15.02
Total labour cost incl. overtime	£25,091.35	£482.53	£11.04

Employees earnings	Annual	Weekly	Hourly
<i>Workers earnings (gross)</i>	£23,753.28	£456.79	£10.45
<i>Less tax</i>	£2,230.18	£42.89	£0.98
Workers earnings (after tax)	£21,523.10	£413.91	£9.47

For more information on National Insurance Contributions and Income Tax, see pages 512-514 and 527).

Redundancy

An employee having worked for an employer for 2 years or more will normally be entitled to Statutory Redundancy Pay. The following table lays out the basis of calculating a redundancy pay amount:

Employee Age	No. weeks pay for each full year worked
under 22 years old	0.5
22-41 years old	1.0
over 41 years old	1.5

An upper limit on weekly pay is set at £538 per week for redundancy pays on or after 6 April 2020. The maximum statutory redundancy pay that can be received is £16,140. Different rates apply prior to 6 April 2020.

Length of service is capped at 20 years with service over this period having only the last 20 years of employment taken into account. Only complete years are counted.

There is no upper age limit for an employee receiving redundancy pay.

For example, a 50 year old having worked for their employer for 25 years earning £650/week is made redundant on 7 April 2020. The employee would be entitled to 24.5 weeks pay (11 years @ 1.0 plus 9 years @ 1.5). This equates to a redundancy pay of £13,181.00.

Higher levels of redundancy pay can be agreed between employees and employers. Redundancy pay less than £30,000 is tax free.

Rates above do not apply in Northern Ireland.

Maternity/paternity

Maternity leave arrangements will differ according to specific job arrangements. Statutory leave is 52 weeks with the first 26 weeks as ordinary leave and the last 26 weeks as additional leave. You do not have to take 52 weeks but must take 2 weeks following the birth of the baby. The earliest time to start leave is 11 weeks before the expected birth of the baby.

Maternity pay is paid up to 39 weeks with 90% of average weekly earnings (before tax) for the first 6 weeks and £148.68 or 90% of average weekly earnings (whichever is lower) for the next 33 weeks.

For paternity leave, the entitlement is, either, 1 or 2 weeks. This leave must be taken in one go, not odd days. Paternity pay is £151.20 or 90% of average weekly earnings (whichever is lower).

It is now possible to have Shared Parental Leave (SPL) and Statutory Shared Parental Pay (ShPP). You can share up to 50 weeks of leave and up to 37 weeks of pay between you.

Labour arrangements

When employing staff the following should be considered at the outset of employment:

- Holidays and holiday pay.
- Sick pay.
- Maternity and paternity arrangements and pay.
- Pension provision.
- Provision of appropriate PPE (personal protective equipment).
- Dog allowance (where necessary).
- Other benefits, e.g. accommodation, vehicles, bonuses, subsistence.
- Dismissal.
- Redundancy.

The options for labour on farm include casual/irregular workers, self-employed contractors (with or without machinery) or hiring permanent staff/employees.

Self-employed contractors are generally hired to carry out a specific task, i.e. harvest work, shearing, fencing, rather than being available at all times to carry out general farm work. Contracting rates are summarised on pages 379-382. HMRC are looking carefully at self-employed contractors and considering where they should more properly be considered an **employee**. There can be serious financial consequences for the employer if a contractor is later deemed to be an employee, particularly if the correct tax has not been paid. Factors taken into consideration include the number of different businesses the contractor works for, whether they provide their own equipment, whether they can send someone else in their place, and the extent to which they can refuse work.

More formal arrangements with contractors exist that would see all or most of the physical farm labour being carried out by the contractor. In this case the contractor would also, in most circumstances, provide machinery and additional labour requirement. The farmer/landowner would provide the land, capital and fixed infrastructure. These arrangements include contract farming and share farming. The agreements can be devised to suit each circumstance specifically, but the main theme is that the farmer/landowner retains an active interest in the business both from a management point of view and financially. For more details, see pages 438-441.

Other labour opportunities would involve hiring employees on a full-time or part-time basis and the following aspects should be considered as part of the decision-making process:

- Job requirements.
- Qualifications required/training provision.
- Provision of a house and vehicle.
- Payment terms (see minimum hourly wage rates on page 388-392).
- Employment contracts.
- Performance related employment incentives.
- Legality of a person being hired.
- Employment insurance.
- Health and safety.
- Registration with HM Revenue and Customs (HMRC).

Sources of information

Full and specific details of agricultural wage arrangements and conditions across the UK can be found at the following websites:

- UK: <https://www.gov.uk/national-minimum-wage-rates>
- Scottish Government:
<https://www.gov.scot/publications/agricultural-wages-scotland-twenty-fourth-edition-guide-workers-employers/>

- England: <https://www.gov.uk/agricultural-workers-rights>
- Wales: <https://gov.wales/agricultural-wages>
- Northern Ireland: <https://www.daera-ni.gov.uk/articles/agricultural-wages-board-northern-ireland-awb>

Further information on labour suppliers, training, pensions, redundancy and other statutory obligations can be found at the following websites:

- Gangmasters Licensing Authority (GLA): <http://www.gla.gov.uk/>
- LANTRA: <http://www.lantra.co.uk/>
- Department for Work and Pensions (DWP): www.dwp.gov.uk
- HM Revenue and Customs: <https://www.gov.uk/government/organisations/hm-revenue-customs>

Health and Safety

Health and safety should be regarded as an essential part of farm business management. Along with the construction industry, agriculture has the worst safety record of any sector. The Health and Safety Executive (HSE) is responsible for ensuring compliance with legislation and also provides a source of advice and guidance for businesses (see www.hse.gov.uk).

The Health and Safety at Work Act 1974 and the Management of Health and Safety at Work Regulations (MHSW) 2003 place duties on businesses and individuals to ensure that adequate provision is made for health and safety at work. Employers must ensure, so far as is reasonably practicable, the health, safety and welfare of employees and any others who may be affected by what they do.

Every business should have a health and safety policy. The policy should identify the aims for the employees' health and safety and outline the various responsibilities, systems and communication to ensure that health and safety objectives are fully met. This should be in writing if five or more people are employed. Guidance on this is available from the HSE (www.hse.gov.uk/pubns/indg275.pdf).

The MHSW Regulations place duties on employers and the self-employed to make a suitable and sufficient assessment of the risk to their own health and safety and that of others from the work they do. This includes employees, any casual workers, part-timers, trainees, customers or contractors. It will also include those who may be affected by work activities, e.g. neighbours, sales people and members of the public. The assessment can be conducted by the business itself, or can be contracted out to a specialist. The people carrying out the risk assessments must be competent, it is not essential to hold a qualification in health and safety. The HSE provide useful guidance on conducting a risk assessment – 5 Steps to Risk Assessment (www.hse.gov.uk/pubns/indg163.pdf). The 5 steps are:

1. Identify the Hazards.
2. Decide who might be harmed and how.
3. Evaluate the risks and decide on precautions.
4. Record your findings and implement them.
5. Review the risk assessment and update if necessary.

Health and safety within the business - there must be a clear chain of command on who is responsible for each area of work and equipment. The final responsibility generally lies with the business owner.

It is good practice to produce a written risk assessment and it is a statutory requirement if five or more people are employed by the business. The risk assessments must be communicated to staff and all relevant people.

A further assessment should be made for Control of Substances Hazardous to Health (COSHH). This is similar to a risk assessment but considers the risks from substances such as dust, gases, fumes, pesticides and zoonoses.

If an accident or near miss occurs it should be reported to the HSE in accordance with the Reporting of Injuries Diseases & Dangerous Occurrences Regs (RIDDOR).

When carrying out risk assessments for an agricultural related business be aware that one of the biggest causes of death in agriculture is falls from height. Given that most workers spend probably less than 1% of their time working at height this represents the most dangerous part of the year. Every business should examine what tasks are being carried out at height and try to eliminate these or find safer methods.

Many deaths and injuries are caused by transport and machinery. One of the most important pieces of relevant legislation is the Provision and Use of Work Equipment Regulations 1998 (PUWER) which states that:

- All equipment must be fit for purpose.
- All equipment must be properly maintained.
- All equipment must be properly commissioned.
- Equipment must be inspected after difficult conditions.
- Operators and maintenance mechanic must be sufficiently trained.
- Guards over all dangerous parts.
- Safety features all working.
- Lighting sufficient to operate machinery.

All staff have a legal obligation to co-operate with their employers and follow safe procedures.

Particular care should be taken to ensure the safety of children on farms, and the minimum ages for operating or travelling in certain vehicles and machines must be observed.

There are many other pieces of relevant legislation relating to health and safety at work that agricultural businesses should comply with. In some instances training and certification is required.

A useful source of information for farmers is the HSE publication "Farmwise" (<http://www.hse.gov.uk/pubns/books/hsg270.htm>) which provides practical advice and guidance on health and safety.

For specific health and safety on farm advice, contact SAC Consulting on 0131 603 7520. The NFU and independent safety consultants can also assist.

Land and Buildings

Introduction

This section gives detail on the main legislative, technical and finances related to land and buildings.

Land tenure remains a topical subject as implementation of the Land Reform Act (2016) continues. The detail that follows gives brief descriptions. Specialist legal advice should be sought for specific tenure related circumstances.

Building spaces guidance and costs are laid out to allow users to budget space requirements and capital requirements for existing and new buildings.

Property operating costs for different types of farms can be found in the Whole Farm Data section on page 447.

Land Tenure

There are four types of agricultural tenancy currently available for use in Scotland, although this will change with the ongoing implementation of the Land Reform (Scotland) Act 2016.

To establish what law applies to any agricultural tenancy, it is necessary to determine which type of tenancy is involved. There are currently three core pieces of legislation which govern agricultural tenancies in Scotland. These are:

- Agricultural Holdings (Scotland) Act 1991: ‘1991 Act’ tenancies (secure heritable tenancies)
- Agricultural Holdings (Scotland) Act 2003: Grazing or mowing leases, Short Limited Duration Tenancies (SLDT) and Limited Duration Tenancies (LDT)
- Land Reform (Scotland) Act 2016: Modern Limited Duration Tenancies (MLDT) and *Repairing Tenancies (this latter provision has not yet come into effect)*

Agricultural Holdings (Scotland) Act 1991

All agricultural tenancies entered into prior to 27th November 2003 are 1991 Act Tenancies.

Tenancies granted under this act give security of tenure to the tenant for unlimited successive generations (i.e. a secure tenancy). The act sets out how rents should be calculated; how improvements should be compensated; how fixed equipment should be maintained and how disputes should be settled.

In order to circumvent the security of tenure granted by a full 1991 Act Tenancy, “Limited Partnerships” were developed.

A 1991 Act Tenancy (with all the legislation that governs this type of tenancy applying) was created but granted not to an individual but rather a partnership comprising the landowner or 'Limited Partner', and farmer 'General Partner'. If the landowner dissolves the partnership then the tenant technically no longer exists and by this means the tenancy is ended. These partnerships were normally agreed to last for a defined period (often 15-20 years) and thereafter on a year to year basis (tacit relocation). Once the initial term has run its course the tenancy can be ended by the landowner withdrawing from the partnership. This can be done by serving notice on the General Partner.

Agricultural Holdings (Scotland) Act 2003

The 2003 Act came into force on 27 November 2003.

Grazing or mowing tenancies (grass lets)

These are agricultural tenancies where the land is let for grazing or mowing only and for a specific period of the year not exceeding 364 days.

When a Grazing or Mowing Tenancy has ended, the land may only be let again for the same purpose to the same tenant provided one clear day has elapsed between tenancies.

If, with the landowner's agreement (actual or assumed), the tenant continues to occupy the land after the tenancy period has ended, the tenancy is automatically converted to a Short Limited Duration Tenancy (SLDT).

Short Limited Duration Tenancies (SLDT)

These are agricultural tenancies where the letting is for not more than 5 years. There are no statutory rent provisions for a SLDT. SLDT's cannot be assigned to 3rd parties, but relatives can succeed to the tenancy. Statutory rules on fixed equipment and compensation for improvements at the end of tenancy apply. If the tenant continues in occupation at the end of a 5-year SLDT then a Modern Limited Duration Tenancy (MLDT) is automatically created. Where this happened before 30 November 2017 a Limited Duration Tenancy (LDT) was created.

Limited Duration Tenancies (LDT)

These are agricultural tenancies commenced before 30 November 2017 where the letting is for a minimum term of 10 years - with no upper limit (older LDT's were for a minimum of 15 years).

To end an LDT a Notice to Quit needs to be served by the landlord. This is a 2-staged process over three years. If the LDT is not terminated by notice at the expiry of the lease, there is instead a cycle of continuations. The tenant may terminate an LDT at the expiry of the contractual term or the expiry of a continuation by written notice given not less than one year and not more than two years notice.

The rules regarding repairs, improvements and rent reviews for LDT's are similar to those for 1991 Act Tenancies. LDT's can be assigned to a third

party, subject to landlords' consent (landlords can only object on the grounds of the ability, finance or character of the assignee). Landlords can also pre-empt an assignment by matching the highest offer. A LDT also gives the tenant the ability to use land for a non-agricultural purpose (diversification). Since 30 November 2017 a new 'Modern Limited Duration Tenancy' has replaced the LDT (for new agreements – see below).

Changes to Agricultural Holdings (Scotland) Act 1991

The 2003 Act made the following changes to the 1991 Act:

- *Fixed Equipment* – Post Lease Agreements (PLA) can be removed by the tenant giving notice to the landlord following a rent review; writing-down agreements for tenants improvements are no longer valid (there is some debate to whether improvements fully written-down before 2003 are included in this); record of condition no longer required to be completed by a Recorder appointed by Government.
- *Rent* – Various instructions on how to set rents were included, for which recent court cases have provided legal interpretation.
- *Diversification* – now allowed on agricultural holdings. The landlord has the right to object. The tenant is able to appeal to the Land Court
- *Compensation for Vacant Possession* - compensation may be payable to a tenant where a tenant voluntarily gives up possession of a holding.
- *Assignment* – details in following sections.
- *Miscellaneous* – leases can no longer be terminated on grounds of non-residency; Consent from the Land Court is required on a Notice to Quit in most circumstances; the definition of good husbandry now extended to include conservation activities and diversification, as permitted under the 2003 Act.
- *Tenants Right to Buy* – provides a pre-emptive right of a tenant (under a 1991 act tenancy) to buy land tenanted by him if the landlord intends to sell i.e. the tenant has the right of first refusal, provided the tenant has registered his interest. Registration is required with the Register of Community Interests and needs to be renewed every 5 years.

Land Reform (Scotland) Act 2016

The Land Reform (Scotland) Act 2016 received Royal Assent on 22nd April 2016. Much of the detail is being dealt with through "Secondary Regulation", which is ongoing.

Modern LDT

A new tenancy has been created known as a Modern Limited Duration Tenancy (MLDT). The tenancy is for a minimum of 10 years and has many of the same features as an LDT. For new entrants (regulations have been made to define a "New Entrant") there is a clause where the tenancy may be broken after 5 years.

Assignment

A tenant has the right to assign the interest in the tenancy to any one of the persons mentioned in a new subsection of the 1991 Act: *any person who would, or would in any circumstances have been, entitled to succeed to the tenant's estate on intestacy by virtue of the Succession (Scotland) Act 1964*. The landlord's right to withhold consent, if there are reasonable grounds for doing so, continues to remain in force, unless the person to whom the assignment is being made is a near relative. The following list shows who qualifies as a near relative:

- A parent of the tenant.
- A spouse or civil partner of the tenant.
- A child of the tenant.
- A grandchild of the tenant.
- A brother or sister of the tenant.
- A spouse or civil partner of such a brother or sister.
- A child of a brother or sister of the tenant.
- A grandchild of a brother or sister of the tenant.
- A brother or sister of the tenant's spouse or civil partner.
- A spouse or civil partner of such a brother or sister.
- A child of such a brother or sister.
- A grandchild of such a brother or sister.

Where the assignee to a tenancy is a near relative the grounds upon which the landlord can object are restricted to the following:

- That the person is not of good character.
- That the person does not have sufficient resources to enable the person to farm the holding with reasonable efficiency.
- That the person has neither sufficient training in agriculture nor sufficient experience in the farming of land to enable the person to farm the holding with reasonable efficiency.

The provisions in relation to limited duration tenancies (LDT's) and Modern Limited Duration Tenancies (MLDT's) have been amended so that where the assignee is a near relative the grounds for objection are restricted to those mentioned above.

Succession

The succession provisions in relation to 1991 Act tenancies, repairing leases, LDT's and MLDT's are also made uniform.

The existing time limits to notify the landlord that a tenancy has been inherited remain in place. Where the lease permits a bequest of the tenant's interest, the tenancy must be accepted within 21 days of the death. In the case of intestate transfers, the deceased tenant's executors must transfer the tenancy to a suitable beneficiary within a year of the death. The beneficiary then has 21 days to notify the landlord that the acquisition has taken place. Where the successor, whether by bequest or on intestacy, is a near relative, the landlord has one month to object to the succession. However, the grounds of objection are limited to these to

those listed in the previous section (character, resources and experience).

The 2016 Act abolishes the ‘viable unit test’ in relation to the unit that is being inherited and it also removes the specific challenge that the successor is already in occupation of an independent viable unit elsewhere.

Landlord’s Improvements

Tenants now have the right to object to improvements proposed by their landlord. The landlord has the right of appeal to the Land Court.

Diversification

There are new rules regarding the ability of a landlord to object to a tenant’s diversification notice.

Amnesty for tenant’s improvements

The tenant’s improvements amnesty came into effect on 13 June 2017 and provided a 3-year window for tenants with 1991 Act Tenancies, SLDTs, LDTs and MLDTs. Due to COVID-19, the deadline has been extended to 13 December 2020. The tenant will be required to serve an “amnesty notice” on the landlord detailing improvements carried out by the tenant, prior to the legislation coming into force. The landlord will have certain grounds to object. Correctly registered improvements should be taken into account for way-go compensation. The amnesty could also prove important in determining the “Productive Capacity” of the farm for rent negotiations under the proposed new rent test.

The rules allow landlords and tenants to enter into amnesty agreements without following the procedures set out in the Act. The Scottish Land Commission has issued a code of practice to guide landlords and tenants through this process, please see:

<http://landcommission.gov.scot/tenant-farming/codes-of-practice/>

Irritancy for non-payment of rent

Irritancy Notices (a notice to quit) cannot be served for non-payment of rent on SLDT, LDT, MLDT & Repairing Tenancies unless a demand for payment within 2 months has been issued in writing by the landlord. This is not the case for 1991 Act Tenancies. For 1991 Act Tenancies, if rent is not paid, an Incontestable Notice to Quit can be served by the landowner (no rent demand is required).

Land Reform (Scotland) Act 2016 reforms that have not commenced (at the time of writing)

Repairing Tenancies

A Repairing Tenancy has a minimum term of 35 years. The lease requires the tenant during the “repairing period” to improve the land into a state capable of being farmed. The repairing period will last 5 years, or longer if agreement between landlord and tenant or it can be extended by the Land Court.

Tenants' rights to buy

The requirement for a 1991 Act Tenant to register a right to buy has been removed. Tenants will now have a pre-emptive right to buy if a landlord "proposes to transfer the land or any part of it to another person". Until this section becomes live, the requirement for tenants to register their right with the Registers of Scotland continues. For more information see: <https://www.ros.gov.uk/>

Sale where landlord in breach

This provision allows a tenant to apply to the Land Court for an "Order of Sale" if a landlord fails to comply with an order or award of the Land Court, regarding a material breach of the landlord's obligations in relation to the tenant. The "order of sale" gives the tenant the right to buy the land comprised in the lease through the tenant's pre-emptive right.

Rent review (1991 Act Tenancies)

The rent is to be a "fair rent", which is to be a move away from the "open market" rent which has operated over recent years. The "fair rent" is to take account of the productive capacity of the holding; the open market rent of any surplus residential accommodation provided by the landlord; and the open market rent of any fixed equipment provided by the landlord or any land forming part of the holding not used for agriculture.

In the absence of agreement on rents, either party may apply to the Land Court to determine the rent.

The Scottish Government has appointed a group to carry out rent modelling. The favoured model will then undergo "road-testing" prior to being implemented. In the interim period, the industry has agreed to hold rents to inflationary rises only, this is been overseen by the Tenant Farming Commissioner. This is a voluntary agreement, supported by the industry stakeholders.

Rent review (LDT's, Modern LDT's and Repairing Tenancies)

The rent is to be set under the same guidance as the 1991 Act Tenancies. If there is no rent review provision in the lease, or the lease stipulates upward or landlord only initiated rent reviews, the statutory alternative applies.

Relinquishing and assignation of 1991 Act Tenancies

This part of the Act allows a tenant to assign their tenancy for value to a person "who is progressing in farming" or a "new entrant". The landlord has a right of pre-emption. If a tenant wants to go down this route, they must offer to relinquish the tenancy to the landowner in the first instance (it is independently valued). If the landlord does not accept the tenants notice to relinquish, the tenant may then assign the tenancy.

Tenanted agricultural land rental figures (Scotland)

The following tables show median rental values for agricultural land by farm type and by tenancy agreement in Scotland for 2017-2019.

Rents for farm type (all agreements excluding crofts and seasonal lets):

	2019		2018		2017	
	£/ha	£/ac	£/ha	£/ac	£/ha	£/ac
Cereals	134	54	137	55	133	54
General Cropping	149	60	143	58	136	55
Dairy	129	52	92	37	124	50
Cattle & Sheep non-LFA	121	49	129	52	131	53
Cattle & Sheep LFA	51	21	52	21	49	20
Mixed	123	50	118	48	114	46
Pigs & Poultry	154	62	124	50	149	60

Rents for tenancy agreement types:

	2019		2018		2017	
	£/ha	£/ac	£/ha	£/ac	£/ha	£/ac
Crofts/Small L'holdings	3	1	3	1	3	1
1991 Act						
<i>LFA</i>	52	21	55	22	53	21
<i>nLFA</i>	138	56	136	55	130	53
<i>P'ship</i>	75	30	83	34	79	32
SLDT	104	42	108	44	115	47
LDT	104	42	97	39	93	38
MLDT	87	35	87	35	-	-
Seasonal LFA	115	47	118	48	117	47
Seasonal nLFA	150	61	151	61	167	68

It must be noted that there will be a wide variation in rental values within each category illustrated above. Variables will include topology of the land, remoteness, length of tenancy, age of tenancy, facilities (e.g. houses, farm-buildings and equipment) included, and the amount of land rented. More detail can be sourced from <https://www.gov.scot/publications/results-2019-december-agricultural-survey/>

Space Requirements for Livestock and Storage

The following space requirements are included here as a guide (minimum area required) only. For livestock, appropriate welfare codes and quality assurance regulations should be referred to in all cases.

Cattle space requirements

Liveweight (kg)	Total floor area (m²/hd)						
	200	300	400	500	600	700	800
Beef cattle - solid floors	3.00	3.95	4.90	5.85	6.80	7.75	8.70
Beef cattle - slatted courts	1.10	1.50	1.80	2.10	2.30	2.50	-
Cow and calf - straw *	-	-	-	5.00	6.00	6.50	7.30
Cow and calf - slats *	-	-	-	2.50	2.75	3.00	3.25
Dairy cows - solid floors	3.00	3.95	4.90	5.85	6.80	7.75	8.70

* excluding creep area

Liveweight (kg)	Total floor area (m²/hd)					
	60	85	140	200	250	400
Calves - loose housed	1.10	1.80	2.40	3.00	-	-

Liveweight (kg)	Cubicle/pen dimensions (m)						
	Calve pens				Cow cubicles		
	< 60	60-80	400	500	600	700	800
Long	1.50	1.80	2.05	2.35	2.40	2.50	2.55
Wide	0.75	1.00	1.05	1.12	1.15	1.18	1.20

Liveweight (kg)	Trough/access length requirements (mm/hd)							
	100	200	300	400	500	600	700	800
Simultaneous feeding	350	400	500	550	600	670	700	870
Ad-lib feeding	150	150	150	190	240	280	320	340

Sheep space requirements

	Total floor area (m²/hd)		
	Hoggs	Pregnant ewes	Ewes w/ lambs
Sheep - bedded courts	0.75 - 0.90	1.00 - 1.40	1.80 - 2.20
Sheep - slatted courts	0.40 - 0.60	0.80 - 1.10	1.00 - 1.70

	Trough/access length requirements (mm/hd)	
	Hoggs (45-65kg)	Ewes (60-90kg)
Simultaneous feeding	300	450 - 500
Ad-lib feeding	100 - 125	120 - 225

Pig space requirements

Liveweight (kg)	Total floor area (m²/hd)						
	<10	10-20	20-30	30-50	50-85	85-110	>110
Group loose housed	0.15	0.20	0.30	0.40	0.55	0.65	1.00

Liveweight (kg)	Trough/access length requirements (mm/hd)						
	5	10	15	35	60	90	120
Restricted feeding	100	130	150	200	230	280	300

Poultry space requirements

Laying Hens		
Enriched Cages	Stocking density	750 cm ² (approximately 13 birds/m ²)
	Nest/perch length	150 mm/bird
	Feed trough length	120 mm/bird
Barn or free range	Stocking density	9 birds/m ²
	Minimum litter area	0.025 m ² /bird
	Nest/perch length	150 mm/bird
	Feed trough length	100 mm/bird
	Nest space (only)	120 birds/m ²
Free range	Range area	<2500 birds/ha

Broiler Chickens		
Conventional	Stocking density	<33 kg/m ²
	Possible with permission	>33 - <39 kg/m ²
Free range	Stocking density	27.5 kg/m ²
	Range area	1 m ² /bird
Organic fixed housing	Stocking density	21 kg/m ²
	Range area	4 m ² /bird
Organic mobile housing	Stocking density	30 kg/m ²
	Range area	2.5 m ² /bird

Storage space requirements for crops, feeds and manures

Product	Space requirement
Wheat - whole grain	1.35 m ³ / t
Barley - whole grain	1.45 m ³ / t
Oats - whole grain	1.95 m ³ / t
Oilseed rape	1.45 m ³ / t
Beans and peas (combined)	1.16-1.19 m ³ / t
Distillers dark grains	1.82 m ³ / t
Draff (highly variable)	0.95-1.25 m ³ / t
Potatoes - bulk	1.42-1.59 m ³ / t
Potatoes - boxes	2.00-2.30 m ³ / t
Turnips/swedes	1.80 m ³ / t
Farm yard manure	1.1 m ³ / t

Weight and dimensions of hay, straw and silage bales

The weight of baled forages can vary a lot depending on the material being baled, type of baler and packing density, so weighing a selection of

bales, if possible, is the best estimate. Allowance should also be made for spoilage. The following table can be used as a guide.

Bale Type	Average weight (kg)		
	Hay	Straw	Silage
Round:			
1.20m x 1.20m	220-250	200-220	400-750
Rectangular:			
0.36m x 0.40m x 0.80m	19	16	36
0.40m x 0.46m x 0.90m	26	19	-
0.80m x 0.90m x 2.50m - mini hesston	290	250	350-650
1.20m x 1.30m x 2.50m - hesston	860	600	-
1.20m x 0.70m x 2.50m - quadrant	380	330	450-600
1.20m x 0.90m x 2.50m - 187	450	410	500

Silage density

To calculate the fresh weight of silage (tonnes) in pits (clamps) the following equation should be used:

$$\text{Silage (t FW)} = \text{pit volume (m}^3\text{)} \times \text{density (kg/m}^3\text{)}$$

The following table provides estimates for the density (kg/m³) for silages by considering the dry matter of the silage and the height of the pit. Grass, maize and wholecrop silages are of similar density.

Silage dry matter (%)	Clamp height (m)			
	2.0	2.5	3.0	4.0
20	780	840	890	950
25	690	730	775	830
30	620	660	690	740
35	570	600	625	670
40+	520	550	570	610

Source: DairyCo.

Water storage requirements

Water requirement for livestock and crops on farm will depend on various factors including animal size, feed intake, feed DM content, stage of production, crop type, rainfall, ground conditions, environmental temperature and management practices.

Significant volumes of water can be used on farm amounting to high water charges if metered mains water is the only water supply. The main water usage on farms includes, livestock drinking, dairy machinery (plate coolers), machinery (plant) and yard washing, crop spraying and irrigation and domestic use. There is potential to reduce annual water charges by investigating other water sources. These include boreholes, reservoirs (lagoons) and rain water harvesting. With increasing climate change concerns (for more information see the Climate Change and the Environment section on page 421), such systems will improve business efficiencies with both economic and environmental benefits.

There are pros and cons to alternative water sources and planning and preparation is important when investigating new systems. Monitoring water use and ensuring there are no 'leaks' in the system (wastage, e.g. broken pipes, entry into slurry systems) is a key starting point. For further information on water use and for saving water on farms, see the following resources:

- <https://dairy.ahdb.org.uk/technical-information/buildings/housing/water-provision/#.WbK61P6WyM8>
- <http://beefandlamb.ahdb.org.uk/wp/wp-content/uploads/2016/03/BRP-plus-Rainwater-factsheet-080316.pdf>
- <http://www.ukia.org/>

Simple water storage tanks up to 10,000 litres cost in the region of £1,000 while a rain water harvesting system will be up to £2,600 for a large tank. These costs are ex VAT and do not include delivery and installation. For costs for reservoirs/lagoons see page 417. For all the systems it is important to source specialist advice on storage requirements, regulation (local council, SEPA and quality assurance), design specifications (including water filters and treatment equipment) and installation.

The data below may be useful to help calculate water storage requirements on farm. All livestock figures are given as the volume of drinking water for one animal of the type described.

Cattle	
Dairy cow (in milk)	75-125 litres/day
Dairy cow (dry)	40-75 litres/day
Suckler cow (spring calving)	14-40 litres/day
(autumn calving)	40-70 litres/day
Calves	5 litres/day
Store cattle	15-50 litres/day
Finishing cattle	25-75 litres/day
Bulls	30-80 litres/day

Sheep	
Pregnant ewe	3-6 litres/day
Rams	3-6 litres/day
Intensively finished lamb	2 litres/day

Pigs	
Newly weaned	1.0-1.5 litres/day
Up to 20kg	1.0-2.0 litres/day
20-40kg	2.0-5.0 litres/day
Finishing pigs up to 100kg	5.0-6.0 litres/day
Sows and gilts (pre-serve and in-pig)	5.0-8.0 litres/day
Sows and gilts (in lactation)	15.0-30.0 litres/day
Boars	5.0-8.0 litres/day

<i>Poultry</i>	
Pullets	0.09 litres/day
Laying hens - caged	0.19-0.20 litres/day
Laying hens - non caged	0.19-0.22 litres/day
Broilers	0.19-0.20 litres/day
Ducks	1.22 litres/day
Turkeys	0.45-0.71 litres/day

<i>Hose wash</i>	
High pressure hose - typical flow rate (pumped)	1-2 m ³ /hr
Volume wash hose - typical flow rate (pumped)	5-10 m ³ /hr
Mains fed tap (example)	2.5 m ³ /hr
General parlour usage	18-45 litres/cow

<i>Crop irrigation</i>		
Spray gun		250 m ³ /ha
Spray boom	to apply 25 mm of	126 m ³ /ha
Drip tape	water per ha	18 m ³ /ha

Planning Permission and Building Warrant

In all cases of building work or change of use, it is advisable to consult with the local planning authority or take professional advice before development progresses.

As a general rule, planning permission is required for all new developments and extensions including buildings, engineering, mining and other operations in, on, over or under land and for change of use of buildings or land.

Under the planning legislation, certain developments are considered permitted development. A developer must notify the planning authority of proposals using a Prior Notification form before exercising permitted development rights.

For certain developments including proposed farm or forestry building works, demolition, freestanding domestic micro-wind turbines and domestic air-source heat pumps you are required to notify the planning authority regarding the proposals by submitting a Prior Notification and Prior Approval form to determine whether prior approval in the form of a planning application is or is not required.

Scottish Planning Policy sets out the following requirements and fee structures:

Prior Notification and Prior Approval

You should apply for prior notification and prior approval if any of the following apply:

- a) build or significantly alter/extend agricultural or forestry buildings. A significant alteration or extension is one which would result in:
 - the cubic content of the original building being increased by more than 10%, or
 - the height of the building exceeding the height of the original building
- b) form or alter a private way
- c) carry out excavation or engineering operations in relation to a farm or forestry undertaking

Application Fee is £78. The planning authority has 28 working days from receipt of application to respond and may request for a full planning application to be made if it considers that the development is likely to have a significant impact on the surroundings.

Prior Notification and Approval in relation to Agricultural and Forestry Private Ways

A developer should also apply for prior notification and prior approval to the relevant planning authority for the formation, or alteration, of agricultural or forestry private ways.

No fee is applicable.

Planning Permission

Planning permission is always required if any of the following apply to the proposed development:

- a) carried out on farm holdings of less than 0.4 ha
- b) the construction, alteration or extension of a building (excluding permitted development)
- c) any buildings or works not designed for the purpose of agriculture
- d) the construction, extension or alteration of any building or structure or plant over:
 - i. 465m² in area (this is calculated by adding the area of the proposed development and the area of any development within the unit that is to occur or has occurred within the preceding 2 years and would be within 90m of the proposed development), or
 - ii. 12m in height, or
 - iii. 3m in height where the building is within 3 km of an aerodrome
- e) within 25m of a metalled trunk or classified road
- f) the construction or carrying out of any works to a building used, or to be used, for housing intensive livestock or for storage of slurry or sewage sludge where that building is within 400m of a protected building (a building normally occupied by people but buildings which form part of a working farm or certain specialist industrial buildings).

From 1 April 2018, planning fees are as given on the following page:

Dwellinghouses	
Planning permission in principle	
- dwellinghouse	£401 each (maximum 50 dwellinghouses)
Detailed planning permission	
- dwellinghouse	£401 each (maximum £20,050)
- enlargements, improvements or alterations to an existing dwelling house or flat and development within the cartilage of an existing dwelling house	£202
- erection or extension of buildings (other than dwelling houses or plant and machinery)	
- not exceeding 40m ²	£202
- 40-75m ²	£401
- 75-3,750 m ²	£401 for each 75 m ² (maximum £20,050)
- exceeds 3,750m ²	£200 for each 75 m ² (maximum £125,000)
- ancillary buildings, fences, walls, roads, carparks etc.	£202

Agricultural buildings	
Planning permission in principle	
- agricultural building (excluding glasshouses) based on area covered by development	£401 per 0.1 ha (maximum £10,028)
Detailed planning permission	
- buildings up to 465 m ² floor area	£78
- buildings 466 – 540 m ² floor area	£401
- each additional 75 m ² floor area > 540 m ²	£401 (maximum (20,055)
- erection, alteration or replacement of plant or machinery	
- not exceeding 5ha	£401 per 0.1 ha (maximum £20,055)
- in excess of 5ha	£200 per 0.1 ha (maximum £125,000)
- glasshouses used for agricultural purposes	
- ground area up to 465m ²	£78
- ground area exceeding 465m ²	£2,321
- change of use	£401

Land	
Winning, working or storage of minerals and waste disposal	
- site area not exceeding 15ha	£202 per 0.1 ha (maximum £30,240)
- site area exceeds 15ha	£30,240 plus £100 for each 0.1ha (maximum £125,000)
Winning and working of peat	£202 per 0.1 ha (maximum £3,024)
Vehicular access, car parks, service roads for existing uses	£202
Other engineering or operations on land e.g. installation of floodlights, car parks, roads etc. not serving existing uses	£202 per 0.1 ha (maximum £2,016 for 1 ha or more)

Building Warrant

A building warrant is a legal permit to protect people's health, safety and welfare. The requirements are set by the Building (Scotland) Regulations 2004. A building warrant is required before commencing most types of building and alteration work.

All agricultural buildings on agricultural land in Scotland are exempt from the need for a building warrant except for the following:

- Buildings used to any extent for retail purposes (including storage of goods or exhibiting).
- Buildings over 280m² in area.
- Buildings within 6m or the equivalent of its height (whichever is less) of a boundary.
- A dwelling, residential building, office, canteen, or visitor centre.
- A dungstead, slurry or farm effluent tank.

Some non-agricultural buildings and extensions such as small garages and porches do not require a building warrant (refer to the Scottish Governments Non-Domestic Technical Handbook 2016 for further guidance, see <http://www.scotland.gov.uk/Topics/Built-Environment/Building/Building-standards/publications/pubtech>).

In general terms, there is no building warrant requirement for agricultural buildings in England and Wales. There is a responsibility to check whether the development is compliant with building regulations which falls under Building Control Bodies. For further information, refer to online guidance found in: www.planningportal.gov.uk.

Fees payable with applications for building warrants depend on the estimated cost of the building. As from 1 April 2019, the fees are:

Building cost (£)	Fee
Up to 5,000	£150
5,001-20,000	£169 + £19 per every £500 thereafter
20,001-100,000	£593 + £63 per every £10,000 thereafter
100,001-500,000	£1,137 + £103 per every £50,000 thereafter
500,001-1,000,000	£3,272 + £178 per every £50,000 thereafter
1,000,001+	£5,127 + £253 for every additional £100,000 or part thereof
Amendment of warrant (if additional cost is less than original or increases by no more than £5,000)	£100
Extension to warrant	£100
Conversion only	£150
Demolition only	£150
Amendment of warrant for demolition or conversion only	£100
Application for late building warrant (where work has already started)	200% of the fees above
Application for late building warrant (demolitions only)	£200
Submission of a completion certificate (where	300% of the fees above

Building cost (£)	Fee
no building warrant has been obtained)	
Submission of completion certificate (demolitions or conversion only)	£300

It is worth considering that the fees above may be reduced where certificates from approved certifiers of design and construction are presented with a warrant application. Discount for each certificate that covers the whole of any section of the functional standards i.e. SER, BRE, RIAS and is provided with the warrant application:

Value of Work	Fee
Up to £5,000	£30
£5,001 - £9,000	£40
£9,001 - £15,000	£50
£15,001 - £20,000	£60
£20,001 - £50,000	£80
£50,001 - £100,000	£100
Over £100,001	10%

1% for each certificate covering a single item in any such section, all subject to a maximum discount of 60%.

Discount where certificate is provided with the completion certificate:

3% for each certificate covering an approved scheme i.e. electrical installation scheme or drainage, heating and plumbing scheme.

Value of Work	Fee
Up to £10,000	£15
£10,001 - £15,000	£20
£15,001 - £20,000	£25
£20,001 - £50,000	£30
£50,001 - £100,000	£35
Over £100,001	3%

20% for a single certificate covering the construction of the entire building, all subject to a maximum discount of 20%.

Wayleaves and Easements

What is a Wayleave?

- In general terms, it is a contractual licence which gives operators the right to install, use and maintain its equipment and the owner/occupier is compensated by annual payments to cover the financial impact of having equipment on their land.
- A Wayleave is a temporary right for the operators to use a portion of land, including the right of ingress and egress across the property/land to reach the parcel of land.

- A Wayleave does not automatically transfer to a new owner or occupier.
- Landowners/occupiers are restricted from building or growing anything which may adversely impede access to the installed equipment and it may mean the parcel of land is not eligible for BPS (Basic Payment Scheme).
- It is recommended to seek advice from an experienced professional to negotiate and agree the payment rates. Landowners/occupiers affected should be paid for the losses incurred when any operations are carried out on their land including construction or ongoing maintenance, typical losses include loss of crops; reinstatement costs; general disturbance and damage; and extra costs incurred working around the site.

What is Deed of Servitude?

- A Deed of Servitude (or Servitude for short) is a legally binding agreement between the landowner and the utility provider which provides operators rights over land which they do not own, providing greater security than a temporary Wayleave for the operator.
- A single capital payment is paid to the owner/occupier providing permanent access.
- Once granted a Servitude cannot be rescinded by the landowner/occupier.
- A Servitude can be registered in the Title Deeds at the Land Registry.
- It is worthwhile considering timescales in negotiating a Servitude which may affect your works.
- Different utilities have varying requirements when it comes to Servitude areas and rights. For example, underground cables within arable land do not prevent all normal agricultural activities taking place above, however there are restrictions on buildings within the servitude area. Gas pipes have wider areas of restricted development. These restrictions may mean the parcel of land is not eligible for BPS (Basic Payment Scheme).
- It is recommended to seek advice from an experienced agricultural professional who can advise on the implications of the easement in terms of farming operations to help negotiate and agree capital payment.
- Landowners can ask for previously agreed Wayleave agreements to be replaced with a one-off payment by processing a Servitude, but not the reverse.

Guide to Building Costs

This section gives estimated costs for buildings erected by contractors to BS 5502. Costs are gross before deduction of any grant that may be payable. In practice, builders' estimates vary according to:

- site location, conditions and access
- area of the country
- specification and standard of finish of the building
- how familiar the contractor is with the type of work?
- the contractor's current workload
- changes in component and material prices - there is considerable fluctuation in some component and material prices at present due to uncertainty over Brexit and import/export tariffs. Suppliers may only be willing to hold quotes for a short period of time.

Considerable savings can be made by 'do-it-yourself' work using farm staff or, in some cases, by using second-hand materials.

Building prices quoted by suppliers for 'Kits' or 'Packages' may refer to the superstructure only. This may account for only 40-60% of the total cost when substructure, services and site works are included. The 'kit' costs may amount to an even lower proportion of the total cost, in highly specialist buildings.

Much farm building work includes conversion or alteration work to existing buildings. Costs for this are very difficult to estimate. The only way is to get builders' estimates on well-detailed drawings. A detailed appraisal of site conditions, services and existing building(s), together with a viable and appropriate specification, should be used as the basis for a reasonable estimate.

Costs below have been based on individual component costs and presented to give a guide based on a unit area. The costs include allowance for 'foundation' work but do not take account of possible variation and difficulties in site conditions (e.g. excavation or 'make up', consolidation and haulage). Costs for equipment are based on suppliers' list prices and all costs are exclusive of VAT.

General buildings

Dutch barn

- Steel portal frame structure (4.8 m to eaves)
 - Box profile steel roof sheeting
 - Box profile steel cladding - one gable and one side
 - Blinded hardcore floor
- £91 /m²

Storage building

- Steel portal frame structure
 - Concrete panel or concrete blockwork walls
 - Box profile steel roof; side and gable cladding
 - Concrete floor
- £151 /m²

Cattle and sheep housing

Straw bedded court; central feed pass	
▪ Steel portal frame structure	
▪ Concrete panel or concrete blockwork walls	
▪ Ventilated box profile steel or timber space-boarding on sides and gables	
▪ Concrete floor	£173 /m ²
Slatted cattle court (shed 10m wide)	
▪ Reinforced concrete slurry tank (to 3.0 m depth)	
▪ Concrete panel or concrete blockwork walls	
▪ Ventilated box profile steel or timber space-boarding on sides and gables	
▪ Reinforced concrete panel slats	£590 /m ²
Calf hutches	£115-260 /calf
Polytunnels (ideal for sheep and young calves)	£10-16 /m ²

Slurry storage

Above ground circular storage (steel and concrete)	
▪ Stores less than 1,000m ³	£65 /m ³
▪ Stores 1,500m to 2,500m ³	£50 /m ³
▪ Stores above 2,500m ³	£45 /m ³
Above/below ground rectangular concrete stores	£80-130 /m ³
Lagoons (not including earth lined)	
▪ Total installed storage including fencing and gating but not slurry handling equipment	£12-20 /m ³

Silage clamps

Earth walls	
▪ 3.0 m high, 1,000 t capacity, 1,400 m ³	
▪ Reinforced concrete floor with effluent collection system and tank	
<i>(In England and Wales, earth walled clamps are not permitted.)</i>	£50 /t
Pre-cast concrete panel walls	
▪ 3.0 m high, 1,000 t capacity, 1,400 m ³	
▪ Reinforced concrete floor with effluent collection system and tank	£90-120 /t
Cast in situ reinforced concrete walls	
▪ 3.0 m high, 1,000 t capacity, 1,400 m ³	
▪ Reinforced concrete floor with effluent collection system	£90-130 /t
Roofed silage clamp	
▪ as above	£125-160 /t

Grain storage

- 1,000/1,200 t capacity
 - Steel portal frame structure
 - 3.0 m high precast concrete panel wall
 - Box profile steel roof, side and gable cladding
 - Reinforced concrete floor
 - Excludes ducts or grain handling equipment
- £161 /m²

Potato storage

- 1,000/1,200 t capacity, box storage system
 - Steel portal frame structure
 - Insulated box profile steel composite panel roof and wall cladding; reinforced concrete floor
 - Environmental control equipment, fans etc.
 - Excludes power connection costs which can be substantial
- £320-400 /m²

Climate Change and the Environment

Introduction

The UK and Scottish Governments have long standing commitments to reduce greenhouse gas emissions and it is essential that agriculture plays its part. Emissions from Scottish agriculture have declined steadily in recent years and farmers have contributed to recent emissions reduction initiatives including the Farming for a Better Climate programme supported by the Scottish Government.

With the support system for agriculture expected to change over the next few years, there is the potential for agricultural support to be more closely linked to environmental improvement. This further supports making continued progress on reducing the farming sector's carbon emissions.

This section provides information on; agriculture and forestry and climate change, the Farming for a Better Climate programme and pollution and the environment.

Agriculture and Climate Change

Mitigating climate change is a key component of the Scottish Government's aim to create a growing, sustainable and inclusive economy and is reflected in the targets set. The Climate Change (Scotland) Act 2009 set world leading greenhouse gas (GHG) emission reduction targets, including a target to reduce emissions by 80% by 2050. Although deemed to be ambitious at the time, the Scottish Government has made headway to meeting this target and under the Climate Change (Emissions Reduction Targets) (Scotland) Bill revisions have been proposed. As advised by the Committee on Climate Change, the target for Scotland should be net zero by 2045, with interim targets of 70% by 2030 and 90% by 2040.

In Scotland, agriculture and related land use is the second largest source of GHG emissions; the rural sector therefore has an important role to play in helping Scotland achieve these targets.

The three main GHGs produced by agriculture and their sources include:

- Nitrous oxide (N₂O) which is released during the application of synthetic and organic fertilisers to the soil, from urine deposition by grazing animals, cultivations of soils and changes in land use and vegetation.
- Methane (CH₄) is produced as a natural by-product of enteric fermentation during ruminant digestion and, to a lesser extent from management of organic manure.
- Carbon dioxide (CO₂) is produced by burning fossil fuels such as coal, oil and diesel to produce energy.

The above emissions are typically displayed in terms of CO₂e (CO₂ equivalents) based on their relative global warming potential (GWP) over a 100 year period, see following table.

Expressing emissions as CO₂e allows bundles of GHGs to be quantified as a single number allowing year-on-year results to be easily compared.

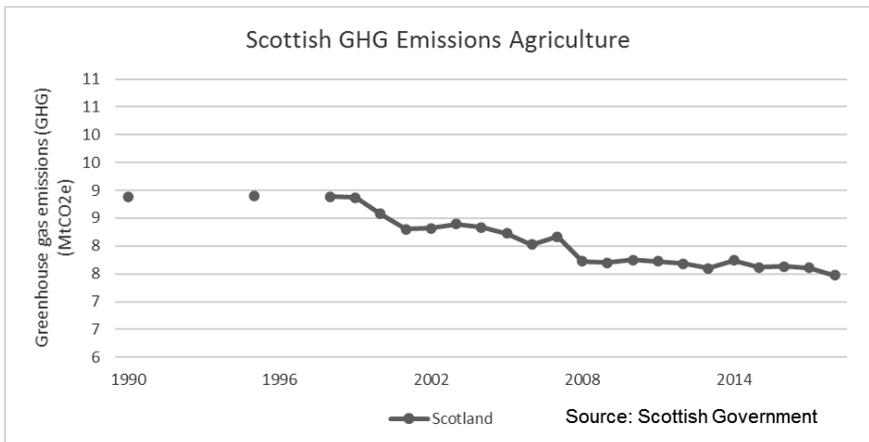
GHG	GWP multiplying factor /kg gas emitted
Carbon dioxide	x1 per kg emitted
Methane	x25 per kg emitted
Nitrous oxide	x298 per kg emitted

PAS 2050 (Source: IPCC 2007)

The following chart shows Greenhouse Gas Emissions from Agriculture in Scotland between 1990 and 2018 and includes emissions from livestock, agricultural soils, stationary combustion sources and off-road machinery.

In 2018 Scottish agriculture was estimated to contribute 7.5 MtCO₂e to Scotland's total net GHG emissions, a reduction of -0.1 MtCO₂e (-1.7%) compared to 2017 and a 1.4 MtCO₂e (-15.9%) fall since 1990.

The gradual decline in emissions between 1998 and 2018 is attributed to improvements in practices on agricultural soils and a decline in cattle and sheep numbers.



Although some UK supermarkets and commodity buyers request that their suppliers deliver lower carbon produce and the preparation of farm carbon audits is incorporated into some of Scotland's Rural Development Programme Schemes, steps by the industry to reduce GHG emissions from on-farm agricultural sources currently focus on educational and voluntary measures via initiatives such as Farming for a Better Climate (see page 424). At the farm level, making more efficient use of resources (inputs) by managing animals, soils, waste and fertiliser better will reduce GHG emissions and save money. There are also a range of emerging

technologies that may be able to help reduce emissions, such as the use of nitrification inhibitors, slurry acidification, feed additives to modify methane production in the rumen.

Carbon foot-printing for farms

The amount of GHG emissions produced on-farm in a year can be determined using a carbon calculator. This measure of emissions is known as a carbon footprint, also referred to as a carbon audit or resource use efficiency audit and can be prepared for the whole farm, individual enterprises or products. Carbon calculators typically calculate total emissions and emission intensities (i.e. CO₂e per unit of output). Presenting emissions as an intensity allows changes in production to be taken into account as well as changes in total emissions.

Benchmarking the quantity and source of GHG emissions produced with similar livestock enterprises and crops highlights areas where mitigation actions could be targeted. As well as reducing emissions and benefiting the environment, mitigation can also present cost savings to the farmer. Agrecalc, SAC Consulting's Agricultural Resource Efficiency Calculator (www.agrecalc.com) is an available tool that will calculate emissions and benchmark the results against similar enterprises.

Farming for a Better Climate

Farming for a Better Climate works with farmers and land managers to find practical ways to cut carbon, improve profitability and move towards net-zero emissions whilst adapting to a changing climate.

Practical ideas, which can be easily developed and adapted to suit the majority of farm businesses, are grouped around five key action areas. These include:

1. Optimise livestock management - improve livestock productivity through better grazing management and nutrition.
2. Optimise the application of fertilisers and manures - save through better utilisation of nutrients.
3. Locking carbon into soils and vegetation - protect soils and improve soil quality for future generations.
4. Using energy and fuels efficiently - reduce your spend on fuel and power.
5. Developing renewable energy - save on purchased electricity through on-farm renewables).

Work with volunteer Climate Change Focus Farms across Scotland has demonstrated that even the most technically efficient farmers can still make savings and improve farm efficiency.

Farming for a Better Climate is currently focusing on ways to help farmers improve and protect farm soils, exploring soil regenerative agricultural techniques with a group of five farmers in the North East of Scotland.

For more information, including videos, practical guides and farmer case studies or to register for the free e-newsletter highlighting what other farmers are doing, email climatechange@sac.co.uk, visit www.farmingforabetterclimate.org, find Farming for a Better Climate on Facebook or follow on Twitter [@SACfarm4climate](https://twitter.com/SACfarm4climate).



Farming for a Better Climate is managed by SAC Consulting on behalf of the Scottish Government.

Forestry and Climate Change

Afforestation is one of the methods by which climate change reduction targets can be achieved. For each new hectare of forest and woodland created, it is estimated that, on average, seven tonnes of CO₂ will be removed from the atmosphere each year. The Climate Change Plan includes commitments to incrementally increase the annual woodland creation target from 10 000 to 15 000 ha per year by 2024/25. Scotland's forests cover is currently 18.7% of the total land mass area. The Scottish Government's forestry strategy aim is to increase this to 21 % by 2032.

Growing trees act as a carbon sink, sequestering carbon dioxide from the atmosphere and converting it to wood. This carbon remains locked away as long as the timber is used in construction, fencing or other wood products.

In 2017 Scottish forestry resulted in a net removal of 9.5 MtCO_{2e}. Forestry activities in Scotland have been a net sink of greenhouse gases from 1990-2017. Forestry's annual CO₂ absorption is 2.5 MtCO_{2e} (34.9%) more than in 1990 due to an increasing sink of forest land.

The permanent planting of trees (not Christmas trees) on agricultural land will result in net sequestration of carbon. Deep peats (greater than 50cm deep) should not be planted as peat itself sequesters carbon and planting it with trees would cease its function as such. Similarly, evidence suggests that maximum C-sequestration benefits on a per-hectare-basis might be achieved on the highly productive lowland areas, although potentially at a high agricultural opportunity cost. Agroforestry, where trees are planted in a way that allows the land is to be kept in agricultural production may be an option here. Scotland-wide, significant benefits are also possible on the less productive lands, by avoiding disturbance of organic soil layers.

For more information on forestry and woodlands see pages 317-337.

Carbon value

Tree planting on agricultural land will contribute to reducing a farm's carbon-footprint, where:

- It is a permanent change in land use.
- The planting conforms to the UK Forestry Standard.
- The risks to the planting and the accuracy of sequestration predictions are considered.

New woodland may qualify for payments under a carbon brokerage scheme (the Woodland Carbon Code – WCC), as long as additionality can be proven whereby it can be demonstrated that the creation of the woodland would not have happened without the assistance of the WCC.

Current payments for new planting range from £350 to £1,000/ha net dependent on species, contract period, location and management regime.

Wood fuel

Wood can be used as a renewable heat source and is usually sold to the customer as logs, chips or pellets. Woodland owners can sell smaller sized roundwood as logs. Values vary according to whether the wood is soft wood (conifer) or hard wood (broadleaf); for log prices see pages 323-324.

Standing and lying deadwood can be of considerable ecological value, it may also have a lower calorific value than 'live' wood. Where it is safe to do so, deadwood should be left in the forest.

Short Rotation Forestry (SRF) is a system for producing woody biomass for renewable energy projects. For more information on this system and biomass heating, see pages 359 and 351-353.

Woodland as pollution control

Native riparian woodland can provide an effective buffer against diffuse pollution. Woodland acts as a buffer reducing the risk of surface run-off, leaching, spray pesticide drift and fertilisers entering the watercourse. Trees can reduce the risk of erosion and when fenced can help prevent stock from entering the water courses.

Woodland as flood control

Forests and woodlands can slow down and reduce levels of flooding downstream. The forest canopy slows the rate at which rain reaches the ground, tree roots make the soil more porous and therefore more able to retain water (together with generally higher organic content than outside the forest), and transpiration of water from the soil.

Pollution and the Environment

Routine activities can have unintended negative impacts on water, land and air. A range of legislative requirements are in place across all sectors to help reduce pollution risk and protect the environment.

Environmental pollution from rural land use practices is a wide topic - a useful starting point for all businesses is NetRegs (www.netregs.org.uk), an initiative to help small businesses reduce pollution risks and improve their environmental performance. NetRegs has a section specific to agriculture providing free, clear guidance on environmental legislation. Issues covered in NetRegs include agricultural waste, disposal of animal carcasses and oil storage.

Diffuse pollution and water quality

Scotland's water quality is generally good and water management has led to huge improvements in water quality over the last 50 years. As point source discharges have been steadily regulated and reduced, diffuse pollution is now recognised as the largest source of pollution affecting Scotland's waters. Examples of rural diffuse pollution risks include loss of fertilisers through runoff or poor application techniques, and livestock access to and significant poaching around watercourses, leading to erosion, soil loss and contamination of water with faecal bacteria.

The Water Environment (Diffuse Pollution) (Scotland) Regulations commonly referred to as the Diffuse Pollution General Binding Rules (DP GBRs) have been in place since 2008. These DP GBRs, based on accepted good agricultural practices, focus on rural land use activities and aim to protect and improve Scotland's water quality.

The DP GBRs state minimum working distances for activities bordering watercourses, such as, application of manures and slurry or in-field cultivation practices. More detail can be found on page 534-535.

The DP GBRs are the focus of a 'Know the Rules' pocket size guide and 'Mind the Gap' tractor sticker, available free from SAC Consulting offices. Alternatively you can request free copies or download the information via www.farmingandwaterscotland.org.

You can find Farming and Water Scotland on Facebook or follow on Twitter @FarmWaterScot



Further information

Guidance on funding, environmental policies, statutory requirements and good practice guides are available at the following websites:

- Agri-Environment Climate Scheme (AECS) includes information on funding for diffuse pollution and greenhouse gas mitigation measures: www.ruralpayments.org/publicsite/futures/topics/all-schemes/agri-environment-climate-scheme/
- DARDNI: Information about water quality in Northern Ireland. www.dardni.gov.uk/index/farming/countryside-management.htm
- Diffuse Pollution Priority Catchments: www.sepa.org.uk/environment/water/river-basin-management-planning/actions-to-deliver-rbmp/priority-catchments/
- Farming and Water Scotland; information to protect water quality and reduce pollution risks from routine practices: www.farmingandwaterscotland.org
- FAS Technical Notes; wide range of information aimed at farmers and their advisers. Contains a suite of Technical Notes focused on nutrient management www.fas.scot/publication/technical-notes/
- Pollution Prevention and Control (PPC) Regulations. Large pig and poultry units are covered by the PPC Regulations: www.sepa.org.uk/regulations/pollution-prevention-and-control/
- PLANET Scotland and Manner NPK. Free nutrient management tools: www.planet4farmers.co.uk
- Prevention of Environmental Pollution from Agricultural Activity (The PEPFAA Code): Under development. For details see www.farmingandwaterscotland.org
- SEPA: www.sepa.org.uk

Pollution accidents or incidents should be directed to SEPA's 24/7 pollution hotline: 0800 80 70 60

New Entrants

Introduction

New entrants to farming and the ideas and energy they bring are essential if the agricultural and rural sector is to adapt and thrive in the uncertain years that lie ahead. This section provides some vital information for those looking to get started in farming including starting an agricultural business, business planning, financial planning and farming opportunities (including joint ventures). There are also links and signposts to further information resources and initiatives.

Starting Up an Agricultural Business

There are various and specific rules and regulations that must be adhered to when keeping farm livestock and managing land. The following information provides key points of contact and measures that need to be considered when starting up an agricultural business at any level.

Business registration

A new agricultural business should be registered with the Scottish Government Rural Payments and Inspections Division (SGRPID). This can be done online (<https://www.ruralpayments.org>), by completing a registering a business form or by contacting the local SGRPID office (<https://www.ruralpayments.org/publicsite/futures/topics/contact-us/>). To register a business the following information is required:

- Business details.
- Responsible person.
- Other personnel involved in the business.
- Intention to keep livestock.
- Land associated with the business.
- Feed business details - for council/trading standards purposes.

On completion and submission of the above information, the business will be allocated a unique Business Reference Number (BRN).

The land associated with the business will either have or be allocated a Main Location Code (MLC) which is a unique identification which encompasses numbers associated with the county, parish and holding location of the land. Both the BRN and MLC are important identifiers when corresponding with various regulatory bodies.

If you have croft land you are required to notify the Crofting Commission (www.crofting.scotland.gov.uk) of the change in land owner/tenant. You also have to inform the crofting register of Scotland (www.crofts.ros.gov.uk).

Registering to keep livestock

When keeping livestock or if intending to keep livestock, the business must also register with the Animal and Plant Health Agency (APHA) (<https://www.gov.uk/government/organisations/animal-and-plant-health-agency>). This requires details about the keeper, the business, the type of animals and the land. The MLC of the business is required when registering with APHA, so the above SGRPID registration process needs to have been completed first. Registering with APHA allows for a unique flock/herd mark to be allocated. The flock/herd mark is required, by law, for animal identification and traceability. For more information on livestock traceability see pages 115-118.

Other registrations

Registering for tax, national insurance, PAYE, VAT with HM Revenue & Customs will also need to be considered. Advice from an accountant should be sought while some information can be found in the Taxation section, page 511, or at: www.hmrc.gov.uk/courses/syob/farm/index.htm Building a key network of advisors is essential including a banker, accountant and solicitor to aid with setting up your business. Invest time to work on building a good relationship with these individuals.

Registering with industry bodies such as quality assurance schemes, health schemes for livestock or farmers associations should be considered as part of good farming practice as well as helping to keep informed of regulation.

Compliance measures

Farmers and land managers must comply with various regulatory measures which are related to the environment, public health, animal health and welfare and plant health. There are two main measures of cross compliance which include Statutory Management Requirements (SMRs) and Good Agricultural and Environmental Conditions (GAECs). Linked to these requirements, the following records should be held and/or submitted:

- Integrated Administration and Control System (IACS) Single Application Form (SAF)
- Nitrate Vulnerable Zone (NVZ) records
- Livestock registers
- Spray records
- Livestock medicine records
- Sheep annual inventory
- Agricultural survey and census returns

In addition and depending on the nature of the business, there may be other statutory requirements to consider including:

- HMRC - business annual taxation accounts, personal tax returns, VAT returns
- Employment - national insurance (NI), pay as you earn (PAYE), pensions

- Insurance - personal, employers, public
- Health and safety
- Quality assurance

Record keeping

Land managers and/or keepers of livestock are encouraged to keep records to, not only comply with regulation, but for management purposes to help monitor and improve business performance.

Additional records you may need to keep as a livestock keeper/land manager are:

- Nutrient management plan
- Farm waste management plan
- Crop records
- Livestock feed use records
- Property repairs inventory
- SEPA licences e.g. sheep dipping, waste disposal, water abstraction/irrigation
- Enterprise financial records

Business Planning

The most common reason for developing a business plan is to detail the financial viability of a business. For new entrants, business plans are commonly required when tendering for tenancies and/or seeking finance. Developing a business plan provides a potential landlord or lender with the knowledge that operational, personnel, marketing and financial aspects of the business have been considered thoroughly in order to make the business succeed.

A comprehensive business plan will address the financial viability of the proposed business, as well as describing how the other aspects of the business will operate. The financial section of a business plan should document current and expected income and expenses, along with the ability to repay any debts such as borrowings. To make the business plan more robust, a “plan B” scenario can be added, showing that the business is adaptable, and resilience has been built in.

New entrants, or even well-established farmers proposing a new enterprise, will find preparing and presenting a business plan very beneficial, as they communicate their ideas to lenders. Farmers now face the commercial reality of having to sell their produce into a market place that is linked into world supply and demand trends.

Uncertainty will always be a feature of farming businesses. There are simply too many factors that are out with control of the business e.g. weather, supply and demand, world markets, etc. With this in mind, factoring sensitivity into the financial aspects of the business will show initiative. The impact of weather on livestock and crop yields and

performance and the price of inputs and outputs are obvious factors to make note of.

A business plan should contain the following:

- A robust executive summary, summarising all of the key points of the plan and the individuals involved. This will be the first thing a potential landlord or funder will see and will create their first impression
- An overview of the business - a description of the farm (land and buildings) and the enterprises practiced/planned.
- Information about the management team and staff – ownership, skills, experience, capabilities.
- Business objectives - short and long-term.
- Financial position and forecasts - likely profitability when fully established (worthwhileness) and annual budgets detailing expected cash flow for a 1-3 year period, profitability and changes in equity in the years taken to establish the business (feasibility). A lender will also require a clear statement of capital provided at the outset alongside funding required.
- Marketing and sales strategy - planned approach of marketing and selling your chosen product(s).
- SWOT analysis - Strengths, Weaknesses, Opportunities and Threats that show an awareness of internal, external, personal, physical or financial influences and risks on the business.

Financial Planning

Financial analysis and planning is a key aspect of any agricultural business no matter what size. The finances help to provide an overview of what has happened over the period of analysis or when budgeting what is going to happen.

The key points to consider are:

- Profit (loss) - this is used to express annual financial performance as part of the profit and loss account at one point in the financial year showing trading output (adjusted for valuations) less inputs (adjusted for valuation changes). The profit before depreciation is available to cover drawings, tax, and capital investment (the “cash needs” of the business).
- Capital - the net worth is shown on the balance sheet giving a snapshot of the assets and the liabilities of the business at one point in the financial year. Assets should be based on market values to provide a true estimate of net worth.
- Cash - cashflow gives a clear indication, on an ongoing basis throughout the year, of the business bank account and, unlike the profit statement, includes VAT and is not adjusted for valuation changes, debtors, creditors, personal and capital transactions.

Whole farm budgeting

Taking into account farm enterprise information (either historical or predicted using the Farm Management Handbook), a business can benchmark both technically and financially. This information in conjunction with the financial descriptions for profit, capital and cash should help a business to prepare a whole farm budget.

A whole farm budget acts as a model of the business predicting income and expenditure over a period (usually the 12 months of the financial year of the business) and this can be monitored against actual income/expenditure during the year. This information allows the business to analyse performance and to make decisions about future strategies.

Some basic budgeting features are shown in the following text. Any figures that are presented in a budget must be supported by clear assumptions adjusted for sensitivities where applicable.

Profit (loss)

The trading profit and loss account of a business is often expressed in the following format:

OUTPUT
<i>less</i>
VARIABLE COSTS
<i>equals</i>
GROSS MARGIN
<i>less</i>
FIXED COSTS
<i>equals</i>
NET PROFIT/LOSS

Monetary values under the above headings do not necessarily represent all or exact cash transactions through the bank. The profit and loss account also includes adjustments for valuations, debtors, creditors, depreciation, personal income or expense, and capital transactions. Further definitions can be found on pages 1 and 2 while financial data for particular farm types can be found in the Whole Farm Data section on page 447.

Capital

The capital position of the business is shown by the balance sheet in the following format:

ASSETS
(e.g. land/buildings/machinery valuations, cash at hand, stocks, debtors)
<i>less</i>
LIABILITIES
Long/medium term and Current

(e.g. loans/mortgages, overdraft, hire purchase, other creditors)

equals

NET WORTH or OWNER EQUITY

The net worth of the business is essentially the value of assets available to the business after all liabilities have been cleared. When the net worth is valued against the total assets as a percentage, the resultant figure gives a clear indication of the business' capital position.

Cash

It is vital to know the cash position of the business as this relates to the bank balance. The cashflow considers the cash values of sales and expenses that would appear in the profit and loss account. In addition, the cashflow also takes into account cash items such as personal drawings, tax payments, and capital repayments for loans and hire purchases. The opportunity to save for future reinvestment can be identified by taking account of the cash needs of the business.

Financial targets and benchmarks

As well as technical enterprise performance targets/benchmarks, such as yield and lambing/calving percentages, a farm business will have financial targets/benchmarks that it should consider while analysing performance or planning.

Analysis of the profit and loss account is an ideal starting point to prepare business figures to allow comparison to industry benchmarks. Businesses should analyse and present their accounts in a similar format to that presented below allowing an easy comparison. The whole figures under each analysis heading, e.g. variable costs, can then be converted to a Gross Output Analysis (GOA) which takes output at 100% and each analysis heading is divided by the output and multiplied by 100 to get a percentage. Current GOA targets are:

	Dairy	General (excl. pigs and poultry)
Output	100%	100%
Variable costs	< 40%	< 30%
Gross margin	> 60%	> 70%
Fixed costs	< 30%	< 45%
Profit	> 30%	> 25%

Pig and poultry farms are similar to dairy farms in that they typically generate high output, high variable costs (because of feed costs) and relatively low fixed costs owing to high output or turnover.

The Whole Farm Data figures on pages 452-467 are industry figures based on real farms thus provide an ideal starting point for

benchmarking. A business should consider the average to high performing categories as the main goal. Nevertheless, due to the nature of farming and the varying characteristics (e.g. geography, land quality, local climate, type of stock, etc.) that influence performance, a flexible approach should be taken when benchmarking. Once a farm is up and running and has its own data, benchmarking internally will provide additional information to help assess performance.

Other benchmarks used to ascertain business performance and sustainability are related to the capital aspects of the business such as percentage owned/owner equity. This is calculated using the net worth of the business divided by the total assets, giving a measure of the proportion of the business owned by the proprietor. Target levels are:

- owner occupier > 60%
- tenant > 50%

Lenders, such as banks and mortgage companies, will consider, in addition to those described above, several other factors and benchmarks when analysing business performance and assessing ability to service loan funding.

Business Structure

The most appropriate business structure for a new rural business depends on the plans for the business, the people involved and issue of land tenure. This will result in different legal and taxation implications, meaning professional advice is recommended from the outset.

There are three common types of business structure:

- Sole trader - This is the simplest form of business since it can be established without legal formality. However, the business of a sole trader is not distinguished from the proprietor's personal affairs.
- Partnership - A partnership is similar in nature to a sole trader but because more people are involved it is advisable to draw up a written agreement and for all partners to be aware of the terms of the partnership. As for a sole trader, the business and personal affairs of the partners are not legally separate. A further possibility is to use what is known as a Limited Liability Partnership (LLP).
- Company - The business affairs are separate from the personal affairs of the owners, but this entails compliance with greater regulations.
- The appropriate structure will depend on a number of factors, including consideration of taxation implications, the legal entity, ownership and liability.

Farming Opportunities

Availability of land is often mentioned as one of the main hurdles for new entrants entering farming. There are numerous routes to land availability

if purchasing land is not a feasible option. The various routes are described below.

Tenancies

This is the most common route for new entrants to access land. It involves a landowner letting an area of land (often including sheds and a dwelling house) to a tenant for an agreed period of time and rent. The types of tenancies available include the following:

- Short Limited Duration Tenancy (SLDT)
- Modern Limited Duration Tenancy (MLDT)
- Grazing or mowing tenancies

These are described in detail on pages 398-403.

Joint ventures

Farmland tends to have a high asset value relative to its income earning potential. Land purchase can, therefore, be a substantial financial barrier to entry for aspiring farmers and expanding businesses alike.

There are various mechanisms currently available to facilitate a step onto the farming ladder including a range of rental arrangements and joint ventures. Traditional formal tenure arrangements (see pages 398-403) are covered by Scottish legislation, but there is growing popularity in joint ventures as an alternative route to entry. These include:

- Contract farming
- Share farming
- Business equity partnerships

A joint venture can be considered to be some form of co-operation, formed in a legal manner, between two or more parties to form a business relationship, other than as landlord and tenant. There are various benefits and reasons for the creation of these collaborative agreements including sharing risk, improving return on capital through combined resources and expertise and accelerated growth. They can also avoid the need to create a formal farm tenancy. Examples of common circumstances in which joint ventures can be beneficial include:

- Land coming back in-hand after being let out. The owner may be inexperienced but wishes to retain vacant possession.
- The farm may not be large enough to be a viable holding on its own.
- The farmer may wish to release equity.
- To obtain economies of scale through splitting the cost of farming with others.
- The business may be in need of large capital investment.
- The owner may want to retire, not having a natural successor, but not ready to sell.
- There may be a substantial tax advantage.

Genuine joint venture agreements work well but must be more than a written document. In practice, it is important for both parties to abide by

the governing rules in order to retain the advantages (including tax benefits) and avoid it being construed as an alternative legal entity such as a tenancy, partnership, or employer/employee relationship. The foundation to success with joint venture farming is finding the right mix of people, regular communication and use of an independent advisor.

Contract farming

A standard Contract Farming Agreement (CFA) is the terms of understanding between two parties. That is, a landowner/occupier (known as the “farmer”) who has engaged the services of another (known as the “contractor”) to undertake farming operations over a fixed period (typically 3 to 5 years) on pre-arranged terms – it may be more simply understood as farming with contractors.

The farmer normally provides the land, buildings, fixed equipment (if required or agreed), a dedicated bank account, pay the required bills, finance to administer the agreement, and any farm knowledge. For this, they will receive what is commonly termed a basic retention/fee. This is agreed with the contractor in advance of the start of the agreement.

The contractor provides the labour, machinery (including its incurred costs) and management expertise. The contractor could be a neighbouring farmer, large farming company or traditional contractor. For this, they receive a basic contractor’s fee (usually quarterly or half-yearly).

Either party, via a separate livestock hire agreement, can supply breeding livestock (if applicable). Both parties agree farming policy and the share of any divisible surplus in advance and meet regularly throughout the duration of the agreement to make management decisions and monitor progress.

For working examples of real contract farming case studies see <https://www.fas.scot/inspirational-stories/>

Share farming

Share farming is an arrangement between two independent businesses. It is often confused with contract farming but there are some differences, for example:

- They are two entirely separate businesses working the same land.
- As separate businesses they share the value of the farms output (typically sales) rather than a fee plus share of net profit.

There is no standard share farming agreement. The details are a matter for the parties involved but each party needs to bring complementary resources and skill sets. The share farming structure is not as popular as contract farming in the UK but is commonplace in New Zealand. It is possible to start as a share farmer with only a small share then progressively build equity share (within the terms of the agreement) until

owning most or all of the stock and/or equipment. There are three conceivable paths for the agreement:

1. It may be a step towards farm succession.
2. If agreed, share farmer equity in livestock could be increased on renewal of the agreement.
3. Terminate the agreement:
 - a. allowing the share owner to follow an alternative plan.
 - b. to allow the share farmer to buy into another or larger farm.
 - c. liquidate to enable the share farmer to purchase their own farm and likely become a share owner.

Typically, the share owner/occupier provides the land, buildings, fixed equipment, fixed machinery, major maintenance of buildings and expertise along with paying a certain percentage of certain input costs. The share farmer/operator will provide the working machinery, moveable equipment, and technical ability and pay the balancing cost of inputs. Livestock are usually held in undivided shares. Output and certain input costs (direct costs) are split using pre-agreed allocations.

Equity partnerships

An equity partnership is an alternative way to invest in farming for those who are unable to finance a farm tenancy or ownership as an individual. It can also be an opportunity for outside investors and for existing farmers to grow their business. It may also benefit those wanting to release capital from land for alternative investments or allow partial retirement as part of a structured succession, particularly with non-family members.

An equity partnership is most likely formed as a company, with potentially multiple investors. These shareholders will pool their capital (equity), and possibly skills or resources, in the aim of generating higher investment growth. The company will identify and assess an investment option, purchase the land, livestock plus necessary machinery and plant. This is funded through shareholder equity and bank debt, borrowed by the company.

There are various structures and the most appropriate will depend on the type of investor. Often one of the partners is employed as the farm manager, known as an equity manager. The board of directors will run governance. Each partner normally appoints one director to the board. This works well provided directors have the necessary and complementary skills. This responsibility or process can be contracted out, particularly where investor(s) are time limited, remote from the operation or opt to be a 'sleeping partner'.

For all joint ventures, clarity of the mechanics of the systems and all associated advantages and disadvantages to the parties involved must be made prior to delving into such agreements. Investment in advice from legal and financial specialists is highly recommended.

Finance

Sourcing finance to develop and grow a fledgling business can be challenging. There are various lenders who are especially supportive of new entrant businesses. It is essential that the business has a track record and credit history, setting up a bank account as soon as possible facilitates this. The lender will require a business plan and cash flows, demonstrating what the immediate and future plans are for the business as well as the cash requirements. The funding sought should match the requirements of the business, for short term working capital for seed, fertiliser, feed, etc. an overdraft should be requested, whereas capital for more permanent structures or machinery asset finance or loan funding should be investigated.

Finance can be sourced through various means including, overdraft, short and long term loans and hire purchase agreements (see pages 507-509). Finance can often be negotiated, e.g. longer payment terms for purchasing seed and fertiliser and market finance for purchasing livestock. Some livestock markets have special terms which favour new entrants.

The capital demand of a business can be minimised to reduce the reliance on borrowing. Such methods would include using machinery rings to hire in equipment when it is required, rather than purchasing. In return labour can be hired out to offset the payment.

New Entrants Initiatives

Scottish Land Matching Service (SLMS)

This was launched in October 2019 in response to growing industry concern at the lack of opportunities for new entrants entering the industry. This has been due to the hurdles associated with access to land and finance e.g. availability of land for tenancies, the high value of land and lack of capital funding.

The aim of the SLMS is to restructure our industry by encouraging young people into farming and bringing new skills, new thinking and the next generation into agriculture. Joint Ventures are operational structures that allow for young people to start or develop a farming business; they also allow an existing farmer to further develop their business and/or reduce their day to day role on the farm. This is open to all and matches people looking for, and offering, opportunities and providing a service to facilitate workable arrangements.

The service has a website where both people seeking opportunities and available opportunities are shown. Both parties can register their interest in the service through six simple steps:

- 1) Register online and specify what you are looking for.
- 2) Your basic requirements will be added to the database, please note - no personal information will be displayed.
- 3) The service will contact you to arrange a confidential discussion.
- 4) If there are any potential matches on the database, the service will facilitate an introduction and a discussion.
- 5) If the initial discussion is successful and both parties wish to pursue, the service will facilitate further discussions to aid in developing the best agreement for all parties.
- 6) Once an agreement is secured, the service will continue to be a source of free and independent advice as the venture and relationship develops.

For more details and to register either an opportunity or as a seeker, visit the SLMS website at <https://slms.scot/>

Farm Advisory Service – New Entrants to Farming Programme

The SRDP Farm Advisory Service (FAS) has a dedicated theme for new entrants to agriculture. The FAS provides information and resources aimed specifically at new entrants to farming across Scotland. These resources include inspirational stories, fact sheets, guidance notes, newsletters, an annual new entrant gathering, and regional new entrant meetings across Scotland. For more information visit the FAS website at <https://www.fas.scot/rural-business/new-entrants/>

In addition to the above there is grant support for one-to-one mentoring and specialist advice is available from experienced peers. For more details see <https://www.fas.scot/mentoring-new-farmers-crofters/>

Forestry and Land Scotland

Forestry and Land Scotland (FLS) is the executive agency of the Scottish Government responsible for managing forests and land on the National Forest Estate (NFE). One of the priorities within Scotland's Forestry Strategy is to 'expand the area of forests and woodlands, recognising wider land-use objectives' which requires an integrated approach to land-use policy that seeks to maximise the synergies and reduce the potential conflicts between different land uses. One objective of the Starter Farms & Starter Units is to integrate farming and forestry on the NFE by developing these opportunities for new entrants to agriculture.

There are currently nine starter farms on the NFE, from Caithness in the North to Dalbeattie in the South. The units vary in size, type, and land quality, but the model includes farms covering approximately 110 acres of agricultural land. These are leased out on 10-year LDT/MLDT agreements to the new entrants. The applicants undergo a rigorous competitive application process including completing a business plan with cash flow projections, and a series of questions on other topics including motivation, income plans, health and safety, training, and farming policy. Shortlisted candidates are then called for interview and will face a panel

of 5-6 people including a local FES employee, farmer and a Scottish Government representative.

There are also numerous Starter Units. The Starter Units provide agricultural grazing opportunities to new entrants. There is generally no house or buildings associated with them. The resources and conditions vary with each site and will have a focus of enhancing the Scottish Government's environmental objectives.

More details on these initiatives can be found at:

<https://forestryandland.gov.scot/business-and-services/starter-farms>

NFU Scotland

NFU Scotland's Next Generation Committee is comprised of a diverse range of young farmers, new entrant farmers and crofters who meet regularly to discuss opportunities and challenges faced by their peers and work to influence positive change and speak with one voice. For more information visit <https://www.nfus.org.uk/policy/new-generation.aspx>

Scottish Government assistance

The Scottish Government is extremely supportive in encouraging the next generation to farming, and to overcome barriers.

New entrants and young farmers to agriculture can apply to the National Reserve for allocation of entitlements for the basic payment scheme. This can be done while submitting a single application form online, the deadline is 15th May on the year of application. To be eligible new entrants must have started agricultural activity in 2013 or later and not have had agricultural activity in their own name in the five years preceding the start of the activity. To apply as a young farmer, they must be under 41 years of age on the 31st December on the year of application and be setting up as head of the agricultural holding for the first time.

Further details can be found at:

<https://www.ruralpayments.org/publicsite/futures/topics/all-schemes/national-reserve/national-reserve-full-scheme-guidance/>

The SRDP Farm Advisory Service (FAS) has a dedicated site for new entrants. The FAS provides information and resources aimed specifically at new entrants to farming across Scotland as well as grant support for one-to-one mentoring and specialist advice from experienced peers. For details see page 482 or <https://www.fas.scot/rural-business/new-entrants/>

The Scottish Government has formed a working group to develop and coordinate Farming Opportunities for New Entrants (FONE) aimed at identifying publicly and privately owned land that could be released for new entrants to farming.

For more details see:

<https://www.gov.scot/groups/farming-opportunities-for-new-entrants-fone/>

Whole Farm Data

Introduction

This section provides whole farm benchmarking data for typical farm types in England and Scotland.

Benchmarking is a valuable tool to appraise the financial performance of a business year on year, or in relation to the wider industry. In addition, the benchmarks in the following pages, particularly the fixed costs, when used in conjunction with the livestock and crop gross margin budgets shown earlier in the Farm Management Handbook are useful to budget potential future business plans.

Source of Contents for 2020

The data for England and Scotland has been produced using information from the Farm Business Survey 2018/19 (conducted by six University Research Centres in England) and the Farm Accounts Survey 2018/19 (conducted by SRUC in Scotland).

Data has been sourced from the publications listed below:

- Farm Accounts in England 2018/2019, *December 2019*
- Scottish Farm Business Survey – Whole Farm Benchmarks 2018-2019, *June 2020*

Full information can be found at:

- <https://www.gov.uk/government/statistics/farm-accounts-in-england>
- [https://www.fas.scot/whole-farm-benchmarks /](https://www.fas.scot/whole-farm-benchmarks/)

England

The results from the Farm Business Survey relate to farms which have a standard output of at least 25,000 Euros as recorded in the annual June Survey of Agriculture and Horticulture.

Farms are allocated to performance bands according to the output and input values for farm type. The performance bands reported represent the top 25 per cent (higher) and bottom 25 per cent (lower) against the average for the farm type.

English data is expressed as Farm Business Income (FBI). FBI reflects actual incomes of farm businesses and is, in most cases, very similar to net profit. FBI is the gross margin less the sum of the fixed costs, less BPS and net margin from diversification enterprises that use farm resources.

The tables present the data on a £ per farm basis. In addition, FBI has been presented as £/ha or £/100 ewes.

Scotland

The benchmark data for Scotland is shown in the following tables for the upper 25% performing farms per farm type.

The Scottish data is shown as a profit figure. This is based on management principles rather than those used for tax accountancy purposes.

The data is represented on a £ per farm, £ per 100 ewe equivalents, £ per adjusted hectare, and % per output basis.

Average benchmarks for each farm type as well as more detailed physical and technical data are published on the FAS website, see link on page 448.

Description of Farm Types

The farm types are characterised with reference to EC typology.

The data for the farm types in England is measured and represented by Standard Output (SO). The data for farm types in Scotland, shown in the following pages, are distinguished by standard gross margin (SGM).

Note: Scottish data excludes specialist pig, specialist poultry and horticulture. English data excludes specialist sheep and specialist beef.

England farm types

LFA grazing livestock farms: Farms with 50% or more of total area in the less favoured area (both Disadvantaged and Severely Disadvantaged) and with more than two-thirds of the total SO coming from sheep and beef cattle together.

Lowland grazing livestock farms: Farms with less than 50% of total area in the less favoured area and with more than two-thirds of the total SO coming from sheep and beef cattle together.

Dairy farms: Farms where more than two-thirds of the total SO comes from dairy cows, including followers.

Cereal farms: Farms where cereals, oilseeds, peas, and beans harvested dry and land set a side account for more than two-thirds of the total SO.

General cropping farms: Farms with more than two-thirds of the total SO coming from arable crops (including field scale vegetables) or a mixture of arable and horticulture crops; and where arable crops account for more than one third of total SO and no other group account for more than one third.

Specialist Pig farms: Farms with more than two-thirds of the total SO coming from pigs.

Specialist Poultry farms: Farms with more than two-thirds of the total SO coming from poultry.

Horticulture farms: Other farms where more than two-thirds of the total SO comes from fruit, hardy nursery stock, glasshouse flowers and

vegetables, market-garden-scale vegetables and outdoor bulbs and flowers.

Mixed farms: Farms where crops account for one-third, but less than two-thirds of the total SO and livestock accounts for one-third but less than two-thirds of total SO, and includes a mixture of cattle and sheep and pigs and poultry.

Scotland farm types

Specialist sheep (mainly hard hill): Farms in the less favoured areas with more than two-thirds of the total Standard Gross Margin (SMG) coming from sheep.

Specialist beef (LFA): Farms in the less favoured areas with more than two-thirds of the total SGM coming from beef cattle.

Cattle and sheep (LFA): Farms in the less favoured areas with more than two-thirds of the total SGM coming from beef cattle and sheep together.

Dairy: Farms where more than two-thirds of the total SGM comes from dairy cows.

Specialist cereals: Farms where more than two-thirds of the total SGM comes from cereals and oilseeds.

General cropping: Farms where more than two-thirds of the total SGM comes from all crops.

Mixed: Farms where no enterprise contributes more than two-thirds of the total SGM.

Definition of Terms

Enterprise output

Returns for an enterprise plus the value of transfers out and the value of produce used or consumed for which no cash is receivable (by the business) less expenditure on, and the value of transfers in of livestock.

Agri-environmental payments have been detailed in the English data however this was not available for Scotland. Subsidy output and diversification surplus is shown separately from enterprise output.

Variable costs

Those costs, which can both be readily allocated to a specific enterprise and will vary in approximately direct proportion to changes in the scale of that enterprise. Examples of variable costs are:

- Seeds, fertilisers, and lime
- Sprays and sundry crop expenses
- Concentrate feeding stuffs (purchased or home-grown)

- Sundry livestock expenses (purchases of livestock are not treated as variable costs but deducted in the calculation of the appropriate enterprise outputs)

Gross margin

Total farm output less the sum of variable costs of the enterprises comprising the business.

Fixed costs

Examples of fixed costs include:

- Labour - regular and casual labour.
- Power and machinery - repairs, fuel (including drying fuel), oil, electricity, contracting, crop and livestock haulage and leasing and hire.
- Overheads - property repairs, rates, insurance, and miscellaneous (e.g. office expenses).
- Depreciation * - machinery and property depreciation
- Rent and finance - interest (bank, HP, and loans) and rent (excluding keep)

* *Machinery depreciation is calculated on a replacement cost basis. Rates of depreciation are intended to reflect the degree of deterioration of the asset.*

England - LFA Grazing Livestock Farms

	Lower £/farm	Average £/farm	Higher £/farm
OUTPUT			
Livestock	23,200	60,500	95,700
Crops	2,300	3,800	5,500
Agri-environment	3,000	8,100	31,600
Other	1,143	4,200	4,600
	<u>29,643</u>	<u>76,600</u>	<u>137,400</u>
VARIABLE COSTS			
Livestock specific costs	17,500	35,200	47,600
Crop specific costs	2,500	5,700	7,800
Contract costs	2,500	4,100	5,200
Casual labour	800	2,500	3,500
Sundry costs	26	107	119
	<u>23,326</u>	<u>47,607</u>	<u>64,219</u>
GROSS MARGIN	<u>6,317</u>	<u>28,993</u>	<u>73,181</u>
FIXED COSTS			
Labour	1,100	2,911	11,700
Power and machinery	9,341	18,641	24,000
Overheads	15,500	22,300	33,000
	<u>25,941</u>	<u>43,852</u>	<u>68,700</u>
FARM BUSINESS INCOME <i>(excl. BPS and diversification)</i>	<u>-19,624</u>	<u>- 14,859</u>	<u>4,481</u>
BPS	7,500	21,000	46,400
Diversification surplus	400	2,700	4,700
FARM BUSINESS INCOME	<u>-11,724</u>	<u>8,841</u>	<u>55,581</u>
Farm Business Income £/ha	<u>- 161</u>	<u>66</u>	<u>161</u>
No. of farms in sample	29	107	76
Average farm size (ha)	73	133	345
No. of ewes	146	360	660
No. of breeding cows	17	27	33

England - Lowland Grazing Livestock Farms

	Lower £/farm	Average £/farm	Higher £/farm
OUTPUT			
Livestock	24,300	65,200	77,700
Crops	3,600	13,100	15,900
Agri-environment	1,100	3,000	6,200
Other	2,000	5,200	8,400
	<u>31,000</u>	<u>86,500</u>	<u>108,200</u>
VARIABLE COSTS			
Livestock specific costs	14,500	35,200	34,000
Crop specific costs	3,300	7,600	8,500
Contract costs	5,000	6,600	6,800
Casual labour	300	2,000	1,600
Sundry costs	8	122	319
	<u>23,108</u>	<u>51,522</u>	<u>51,219</u>
GROSS MARGIN	<u>7,892</u>	<u>34,978</u>	<u>56,981</u>
FIXED COSTS			
Labour	1,300	4,316	5,036
Power and machinery	14,117	20,122	20,546
Overheads	17,700	27,100	26,205
	<u>33,117</u>	<u>51,538</u>	<u>51,787</u>
FARM BUSINESS INCOME <i>(excl. BPS and diversification)</i>	<u>-25,225</u>	<u>- 16,560</u>	<u>5,194</u>
BPS	8,700	15,800	22,800
Diversification surplus	2,000	7,800	21,200
FARM BUSINESS INCOME	<u>-14,525</u>	<u>7,040</u>	<u>49,194</u>
Farm Business Income £/ha	<u>- 250</u>	<u>73</u>	<u>384</u>
No. of farms in sample	46	158	92
Average farm size (ha)	58	96	128
No. of ewes	31	181	195
No. of breeding cows	22	23	25

England - Dairy Farms

	Lower £/farm	Average £/farm	Higher £/farm
OUTPUT			
Livestock	303,800	583,400	624,900
Crops	26,100	22,900	53,300
Agri-environment	2,100	4,400	4,000
Other	4,900	14,500	8,200
	<u>336,900</u>	<u>625,200</u>	<u>690,400</u>
VARIABLE COSTS			
Livestock specific costs	165,900	272,700	248,100
Crop specific costs	25,100	33,700	41,900
Contract costs	22,000	30,300	36,400
Casual labour	4,100	8,300	7,500
Sundry costs	34	229	34
	<u>217,134</u>	<u>345,229</u>	<u>333,934</u>
GROSS MARGIN	<u>119,766</u>	<u>279,971</u>	<u>356,466</u>
FIXED COSTS			
Labour	29,908	58,005	51,501
Power and machinery	51,122	76,221	70,610
Overheads	67,529	120,496	98,300
	<u>148,559</u>	<u>254,722</u>	<u>220,411</u>
FARM BUSINESS INCOME <i>(excl. BPS and diversification)</i>	<u>- 28,793</u>	<u>25,249</u>	<u>136,055</u>
BPS	24,800	31,500	35,000
Diversification surplus	4,500	7,700	17,500
FARM BUSINESS INCOME	<u>507</u>	<u>64,449</u>	<u>188,555</u>
Farm Business Income £/ha	<u>4</u>	<u>362</u>	<u>1,036</u>
No. of farms in sample	72	110	56
Average farm size (ha)	136	178	182
No. dairy cows	124	208	214

England - Cereal Farms

	Lower £/farm	Average £/farm	Higher £/farm
OUTPUT			
Livestock	6,700	6,300	6,800
Crops	80,800	198,800	231,300
Agri-environment	1,000	4,300	4,100
Other	5,550	35,264	23,000
	<u>94,050</u>	<u>244,664</u>	<u>265,200</u>
VARIABLE COSTS			
Livestock specific costs	5,300	3,600	3,300
Crop specific costs	38,400	73,200	74,100
Contract costs	9,100	20,000	19,500
Casual labour	1,000	2,500	1,600
Sundry costs	65	3,200	356
	<u>53,865</u>	<u>102,500</u>	<u>98,856</u>
GROSS MARGIN	<u>40,185</u>	<u>142,164</u>	<u>166,344</u>
FIXED COSTS			
Labour	7,298	15,200	10,200
Power and machinery	29,007	43,424	40,620
Overheads	36,600	74,598	50,672
	<u>72,905</u>	<u>133,222</u>	<u>101,492</u>
FARM BUSINESS INCOME <i>(excl. BPS and diversification)</i>	<u>- 32,720</u>	<u>8,942</u>	<u>64,852</u>
BPS	19,100	39,500	47,300
Diversification surplus	5,500	17,300	32,200
FARM BUSINESS INCOME	<u>- 8,120</u>	<u>65,742</u>	<u>144,352</u>
Farm Business Income £/ha	<u>-77</u>	<u>322</u>	<u>607</u>
No. of farms in sample	58	193	101
Average farm size (ha)	106	204	238
Cereals (ha)	70	132	145

England - General Cropping Farms

	Lower £/farm	Average £/farm	Higher £/farm
OUTPUT			
Livestock	4,100	13,600	7,300
Crops	149,600	431,000	494,100
Agri-environment	3,100	4,700	7,900
Other	7,200	23,413	36,100
	<u>164,000</u>	<u>472,713</u>	<u>545,400</u>
VARIABLE COSTS			
Livestock specific costs	3,800	7,200	5,700
Crop specific costs	63,600	142,600	140,100
Contract costs	12,400	35,700	39,000
Casual labour	11,000	23,100	5,300
Sundry costs	149	1,796	400
	<u>90,949</u>	<u>210,396</u>	<u>190,500</u>
GROSS MARGIN	<u>73,051</u>	<u>262,317</u>	<u>354,900</u>
FIXED COSTS			
Labour	18,068	47,100	35,100
Power and machinery	45,947	72,100	86,400
Overheads	45,400	103,200	107,300
	<u>109,415</u>	<u>222,400</u>	<u>228,800</u>
FARM BUSINESS INCOME <i>(excl. BPS and diversification)</i>	<u>- 36,364</u>	<u>39,917</u>	<u>126,100</u>
BPS	21,500	44,600	69,900
Diversification surplus	9,400	18,300	26,300
	<u>- 5,464</u>	<u>102,817</u>	<u>222,300</u>
FARM BUSINESS INCOME	<u>- 5,464</u>	<u>102,817</u>	<u>222,300</u>
Farm Business Income £/ha	<u>- 43</u>	<u>418</u>	<u>626</u>
No. of farms in sample	30	83	39
Average farm size (ha)	126	246	355
Cereals (ha)	57	118	165
Potatoes (ha)	4	10	13
Other crops (ha)	37	70	93

England - Specialist Pig Farms

	Lower £/farm	Average £/farm	Higher £/farm
OUTPUT			
Livestock	-	759,600	377,800
Crops	-	84,900	32,500
Agri-environment	-	3,500	2,400
Other	-	17,500	17,900
	-	865,500	430,600
VARIABLE COSTS			
Livestock specific costs	-	511,200	156,800
Crop specific costs	-	28,100	9,800
Contract costs	-	23,300	5,200
Casual labour	-	1,400	2,200
Sundry costs	-	56	13
	-	564,056	174,013
GROSS MARGIN	-	301,444	256,587
FIXED COSTS			
Labour	-	85,200	70,700
Power and machinery	-	91,012	56,110
Overheads	-	149,988	55,683
	-	326,200	182,493
FARM BUSINESS INCOME <i>(excl. BPS and diversification)</i>	-	- 24,756	74,094
BPS	-	19,900	7,900
Diversification surplus	-	10,200	35,800
FARM BUSINESS INCOME	-	5,344	117,794
Farm Business Income £/ha	-	45	2,310
No. of farms in sample	-	48	22
Average farm size (ha)	-	120	51
No. of sows	-	322	132
No. of other pigs	-	3,636	3,069

England - Specialist Poultry Farms

	Lower £/farm	Average £/farm	Higher £/farm
OUTPUT			
Livestock	114,800	1,325,000	687,100
Crops	3,100	39,300	80,800
Agri-environment	40	1,100	2,600
Other	1,800	18,600	6,700
	<u>119,740</u>	<u>1,384,000</u>	<u>777,200</u>
VARIABLE COSTS			
Livestock specific costs	78,600	910,000	403,800
Crop specific costs	1,200	14,200	24,200
Contract costs	2,200	21,500	15,300
Casual labour	3,500	21,100	4,600
Sundry costs	7	6	17
	<u>85,507</u>	<u>966,806</u>	<u>447,917</u>
GROSS MARGIN	<u>34,233</u>	<u>417,194</u>	<u>329,283</u>
FIXED COSTS			
Labour	7,300	89,201	40,602
Power and machinery	11,704	74,611	54,909
Overheads	31,900	233,862	118,956
	<u>50,904</u>	<u>397,674</u>	<u>214,467</u>
FARM BUSINESS INCOME <i>(excl. BPS and diversification)</i>	<u>- 16,671</u>	<u>19,520</u>	<u>114,816</u>
BPS	800	11,800	16,300
Diversification surplus	73	35,700	29,900
FARM BUSINESS INCOME	<u>- 15,798</u>	<u>67,020</u>	<u>161,016</u>
Farm Business Income £/ha	<u>- 1,580</u>	<u>986</u>	<u>1,548</u>
No. of farms in sample	11	57	31
Average farm size (ha)	10	68	104
No. hens and pullets in lay	6,192	32,032	5,892
Other poultry	326	87,102	63,005

England - Horticulture Farms

	Lower £/farm	Average £/farm	Higher £/farm
OUTPUT			
Livestock	600	600	- 6
Crops	46,300	499,700	378,800
Agri-environment	600	800	900
Other	1,300	5,800	14,800
	<u>48,800</u>	<u>506,900</u>	<u>394,494</u>
VARIABLE COSTS			
Livestock specific costs	200	400	57
Crop specific costs	13,500	190,100	97,900
Contract costs	1,500	11,400	6,600
Casual labour	3,800	66,200	22,400
Sundry costs	2	401	600
	<u>19,002</u>	<u>268,501</u>	<u>127,557</u>
GROSS MARGIN	<u>29,798</u>	<u>238,399</u>	<u>266,937</u>
FIXED COSTS			
Labour	13,106	120,300	68,200
Power and machinery	7,121	30,860	33,402
Overheads	18,365	64,944	61,228
	<u>38,592</u>	<u>216,104</u>	<u>162,830</u>
FARM BUSINESS INCOME <i>(excl. BPS and diversification)</i>	<u>- 8,794</u>	<u>22,295</u>	<u>104,107</u>
BPS	1,600	3,700	5,100
Diversification surplus	5,100	14,400	19,000
FARM BUSINESS INCOME	<u>- 2,094</u>	<u>40,395</u>	<u>128,207</u>
Farm Business Income £/ha	<u>- 161</u>	<u>1,443</u>	<u>3,885</u>
No. of farms in sample	35	94	43
Average farm size (ha)	13	28	33

England - Mixed Farms

	Lower £/farm	Average £/farm	Higher £/farm
OUTPUT			
Livestock	45,400	156,000	117,300
Crops	44,300	123,100	210,700
Agri-environment	2,700	4,300	10,600
Other	4,300	18,600	24,800
	<u>96,700</u>	<u>302,000</u>	<u>363,400</u>
VARIABLE COSTS			
Livestock specific costs	34,400	97,600	51,900
Crop specific costs	19,000	47,800	67,000
Contract costs	6,300	16,600	20,400
Casual labour	900	2,300	5,400
Sundry costs	605	142	643
	<u>61,205</u>	<u>164,442</u>	<u>145,343</u>
GROSS MARGIN	<u>35,495</u>	<u>137,558</u>	<u>218,057</u>
FIXED COSTS			
Labour	5,933	24,039	26,181
Power and machinery	24,450	52,629	60,166
Overheads	39,608	76,140	70,100
	<u>69,991</u>	<u>152,808</u>	<u>156,447</u>
FARM BUSINESS INCOME <i>(excl. BPS and diversification)</i>	<u>- 34,496</u>	<u>- 15,250</u>	<u>61,610</u>
BPS	15,700	31,500	50,700
Diversification surplus	6,600	8,500	31,300
FARM BUSINESS INCOME	<u>- 12,196</u>	<u>24,750</u>	<u>143,610</u>
Farm Business Income £/ha	<u>- 130</u>	<u>143</u>	<u>557</u>
No. of farms in sample	31	88	52
Average farm size (ha)	94	173	258
No. of ewes	92	139	176
No. of breeding cows	9	19	19
No. of dairy cows	0	11	0
No. of sows	4	7	0
Cereals (ha)	32	78	117

Scotland - Specialist Sheep (LFA) Farms

	£/farm	Upper 25% £/adj. ha	% output
OUTPUT			
Livestock	20,459	92	27
Crops	641	3	1
Subsidies	39,757	179	53
Diversification surplus	498	2	1
Other	13,473	60	18
	<u>74,828</u>	<u>336</u>	<u>100</u>
VARIABLE COSTS			
Livestock expenses	14,829	67	20
Crop expenses	1,200	5	1
	<u>16,028</u>	<u>72</u>	<u>21</u>
GROSS MARGIN	<u>58,800</u>	<u>264</u>	<u>79</u>
FIXED COSTS			
Labour	4,615	21	6
Power and machinery	7,328	33	10
Overheads	10,234	46	13
Depreciation	6,856	31	9
Rent and finance	1,193	5	2
	<u>30,225</u>	<u>136</u>	<u>40</u>
FARM PROFIT	<u>28,575</u>	<u>128</u>	<u>39</u>
No. of farms in sample	9		
Average farm size (ha)	223		
No. of ewes	552		
No. of breeding cows	3		

Scotland - Specialist Beef (LFA) Farms

	£/farm	Upper 25% £/adj. ha	% output
OUTPUT			
Livestock	74,445	649	54
Crops	5,653	49	5
Subsidies	40,541	353	30
Diversification surplus	3,024	26	2
Other	11,527	100	9
	<u>135,190</u>	<u>1,177</u>	<u>100</u>
VARIABLE COSTS			
Livestock expenses	30,533	265	23
Crop expenses	11,305	99	8
	<u>41,838</u>	<u>364</u>	<u>31</u>
GROSS MARGIN	<u>93,352</u>	<u>813</u>	<u>69</u>
FIXED COSTS			
Labour	2,744	24	2
Power and machinery	17,138	149	13
Overheads	15,133	132	11
Depreciation	21,721	189	16
Rent and finance	5,536	48	4
	<u>62,271</u>	<u>542</u>	<u>46</u>
FARM PROFIT	<u>31,081</u>	<u>271</u>	<u>23</u>
No. of farms in sample	24		
Average farm size (ha)	115		
No. of ewes	78		
No. of breeding cows	69		

Scotland - Cattle and Sheep (LFA) Farms

	£/farm	Upper 25% £/adj. ha	% output
OUTPUT			
Livestock	106,534	524	53
Crops	4,262	21	2
Subsidies	64,807	319	32
Diversification surplus	7,432	37	4
Other	18,554	91	9
	<u>201,590</u>	<u>991</u>	<u>100</u>
VARIABLE COSTS			
Livestock expenses	55,221	271	27
Crop expenses	13,845	67	7
	<u>69,067</u>	<u>340</u>	<u>34</u>
GROSS MARGIN	<u>132,523</u>	<u>652</u>	<u>66</u>
FIXED COSTS			
Labour	11,956	59	6
Power and machinery	20,781	102	10
Overheads	22,342	110	11
Depreciation	29,995	147	15
Rent and finance	11,459	56	6
	<u>96,533</u>	<u>475</u>	<u>48</u>
FARM PROFIT	<u>35,990</u>	<u>177</u>	<u>18</u>
No. of farms in sample	17		
Average farm size (ha)	203		
No. of ewes	656		
No. of breeding cows	57		
No. of other cattle	78		

Scotland - Dairy Farms

	£/farm	Upper 25% £/adj. ha	% output
OUTPUT			
Livestock	565,914	3,059	88
Crops	12,640	69	2
Subsidies	42,047	227	7
Diversification surplus	3,740	20	1
Other	10,199	55	2
	<u>634,540</u>	<u>3,430</u>	<u>100</u>
VARIABLE COSTS			
Livestock expenses	223,742	1,209	36
Crop expenses	34,166	184	5
	<u>257,909</u>	<u>1,394</u>	<u>41</u>
GROSS MARGIN	<u>376,631</u>	<u>2,036</u>	<u>59</u>
FIXED COSTS			
Labour	57,807	313	9
Power and machinery	72,144	390	12
Overheads	32,736	177	5
Depreciation	64,949	351	10
Rent and finance	19,688	106	3
	<u>247,324</u>	<u>1,337</u>	<u>39</u>
FARM PROFIT	<u>129,307</u>	<u>699</u>	<u>20</u>
No. of farms in sample	12		
Average farm size (ha)	185		
No. of dairy cows	211		
Output yield per dairy cow (lt)	7,814		
Revenue value (ppl)	29.27		

Scotland - Specialist Cereal Farms

		Upper 25%	
	£/farm	£/adj. ha	% output
OUTPUT			
Livestock	4,748	33	2
Crops	156,138	1,083	65
Subsidies	30,205	209	13
Diversification surplus	10,632	74	5
Other	34,268	238	15
	<u>235,992</u>	<u>1,636</u>	<u>100</u>
VARIABLE COSTS			
Livestock expenses	2,317	17	1
Crop expenses	45,581	316	19
	<u>47,898</u>	<u>332</u>	<u>20</u>
GROSS MARGIN	<u>188,094</u>	<u>1,304</u>	<u>80</u>
FIXED COSTS			
Labour	6,941	48	3
Power and machinery	32,354	224	13
Overheads	20,395	141	9
Depreciation	32,270	224	14
Rent and finance	3,928	27	2
	<u>95,887</u>	<u>665</u>	<u>41</u>
FARM PROFIT	<u>92,207</u>	<u>639</u>	<u>39</u>
No. of farms in sample	25		
Average farm size (ha)	144		
Cereals (ha)	86		

Scotland - General Cropping Farms

	£/farm	All sizes £/adj. ha	% output
OUTPUT			
Livestock	3,506	17	0
Crops	767,675	3,802	92
Subsidies	34,276	170	4
Diversification surplus	5,594	28	1
Other	22,458	111	3
	<u>833,509</u>	<u>4,128</u>	<u>100</u>
VARIABLE COSTS			
Livestock expenses	1,576	6	0
Crop expenses	185,650	921	22
	<u>187,225</u>	<u>927</u>	<u>22</u>
GROSS MARGIN	<u>646,284</u>	<u>3,200</u>	<u>78</u>
FIXED COSTS			
Labour	76,372	378	9
Power and machinery	112,978	559	13
Overheads	48,935	242	6
Depreciation	97,725	484	12
Rent and finance	71,536	354	9
	<u>407,546</u>	<u>2,018</u>	<u>49</u>
FARM PROFIT	<u>238,739</u>	<u>1,182</u>	<u>29</u>
No. of farms in sample	9		
Average farm size (ha)	202		
Cereals (ha)	107		
Potatoes (ha)	57		
Other crops (ha)	7		

Scotland - Mixed Farms

	£/farm	Upper 25% £/adj. ha	% output
OUTPUT			
Livestock	87,009	636	39
Crops	80,982	592	36
Subsidies	35,146	257	16
Diversification surplus	7,763	57	3
Other	13,433	98	6
	<u>224,332</u>	<u>1,639</u>	<u>100</u>
VARIABLE COSTS			
Livestock expenses	40,936	299	18
Crop expenses	29,859	219	14
	<u>70,795</u>	<u>518</u>	<u>32</u>
GROSS MARGIN	<u>153,538</u>	<u>1,122</u>	<u>68</u>
FIXED COSTS			
Labour	7,878	58	4
Power and machinery	26,461	193	12
Overheads	20,627	151	9
Depreciation	35,535	260	16
Rent and finance	4,867	36	2
	<u>95,368</u>	<u>697</u>	<u>43</u>
FARM PROFIT	<u>58,170</u>	<u>425</u>	<u>25</u>
No. of farms in sample	22		
Average farm size (ha)	137		
No. of ewes	83		
No. of breeding cows	43		
No. of other cattle	112		
Cereals (ha)	44		

Rural Aid Schemes

Introduction

The UK has been part of the EU's Common Agricultural Policy (CAP) since 1973 and is where most support schemes available to UK farmers have had their origins. Following the UK's departure from the EU, support schemes will be funded by the UK Government rather than being funded by the EU. The UK Government has pledged to keep subsidies at the same level until 2022 or the end of the current parliament if this comes sooner.

Over the next few years, UK administrations will implement transition periods whereby current Direct Payments will be phased out and new policies and support frameworks are put in place. The Agriculture Bill will provide the legislative framework for replacing agricultural support schemes in England, with some provisions applying to Wales and Northern Ireland; Scotland has introduced its own legislation. The following sections provide an overview of the current CAP schemes for each UK administration, with an indication of potential changes for the future. Relevant government websites should be viewed for more detailed information and up-to-date guidance.

Overview of 2020 CAP Schemes

CAP Pillar I (Direct Payments)

A Basic Payment is made to eligible, active farmers and upon compliance with the EU's Greening requirements (detailed below) farmers also receive a Greening payment. Payments are also available to eligible farmers from the Young Farmer Scheme, National Reserve, Redistributive Payment Scheme and the Voluntary Coupled Support Schemes, subject to what was adopted by each UK administration.

Greening requirements

Permanent Pasture - each UK administration's area of permanent grassland must be maintained, i.e. the ratio of permanent grassland compared to the total agricultural area declared must not decrease by more than 5%; this is managed at a national level. At the individual farm level Environmentally Sensitive Grassland Areas must not be converted to arable production.

Crop Diversification - a derogation was approved by each UK administration which meant that the "two" or "three" crop rules would not be implemented for the scheme year 2020. Had the derogations not been approved and businesses have 10 hectares or more of arable land and do not qualify for an exemption, rules on the minimum number of crops grown and areas covered would need to have been followed.

Exemptions are as follows:

- Land certified as organic or in organic conversion.
- Businesses where more than 75% of the arable land is temporary grassland, fallow, herbaceous forage, or leguminous crops.
- Businesses where more than 75% of the eligible agricultural area is permanent or temporary grassland or herbaceous forage or is used for the production of crops under water for a significant part of the year or crop cycle (England & Wales only).

If the business is not exempt and has between 10-30 hectares of arable land at least two different arable crops would need to have been grown; the main crop would need to have covered no more than 75% of the arable area.

If the business has more than 30 hectares of arable land at least three arable crops would need to have been grown. The main crop would need to have covered no more than 75% of the arable area and the two main crops together would need to have covered no more than 95% of the arable area.

Ecological Focus Area (EFA) - businesses with arable land in excess of 15 hectares which do not qualify for an exemption need to ensure that 5% of this land is managed as EFA. Exemptions are as follows:

- Land certified as organic or in organic conversion.
- Businesses where more than 75% of the arable land is used to grow temporary grass, herbaceous forage, leguminous crops or fallow.
- Businesses where more than 75% of eligible agricultural area is permanent or temporary grass or herbaceous forage or is used for the production of crops under water for a significant part of the year or crop cycle (England & Wales only).

A range of land uses, and features can be used to meet the 5% EFA requirement, see the following sections for details of each UK administered region.

CAP Pillar II (Rural Development Programme) Overview

The EU Rural Development policy is implemented through regional rural development programmes (RDPs) that deliver upon at least four of the six common EU priorities:

- Fostering knowledge transfer and innovation in agriculture, forestry and rural areas.
- Enhancing farm viability and competitiveness and sustainable management of forests.
- Promoting food chain organisations.
- Restoring preserving and enhancing ecosystems.
- Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy.
- Promoting social inclusion, poverty reduction and economic development in rural areas.

The UK government has guaranteed that any Rural Development Programme projects where funding is agreed by UK administrations before the end of 2020 will be funded for their full lifetime.

Scotland

As part of the eligibility for some rural aid schemes livestock units are used by the Scottish Government to calculate stocking densities, these are as follows:

Type of stock	Livestock units (per head)
Beef cows (including suckling calves)	1.0
Dairy cows used for milk production	1.0
Other cattle (24 months and over)	1.0
Other cattle (6-24 months)	0.6
Ewes and gimmers (including suckling lambs)	0.15
Ewe hoggs	0.15
Other sheep	0.15
Goats (over 6 months old)	0.15
Alpacas (over 6 months old)	0.30
Farmed deer - stags (over 27 months)	0.40
Farmed deer - hinds, including suckling calves (over 27 months)	0.30
Farmed deer - juveniles (6-27 months)	0.20

The calculations of stocking densities using these figures should be carried out with the same methodology as is detailed on page 114.

Single Application Form

The Single Application Form (SAF) is the form that must be completed in order to claim payments under the following schemes:

- Basic Payment Scheme, including Greening and Young Farmer payments
- Scottish Suckler Beef Support Scheme (Mainland and Islands)
- Scottish Upland Sheep Support Scheme
- Less Favoured Area Support Scheme (LFASS)
- Agri-Environment Climate Scheme – annual recurrent options
- Forestry Grant Scheme – annual maintenance and management grants
- Beef Efficiency Scheme
- Rural Development Contracts – Rural Priorities annual recurrent options

The SAF can be submitted online via Rural Payments and Services or by submitting a signed paper application to the local RPID area office. The deadline for submitting applications is 15 May each year.

The SAF is a declaration of all the permanent and seasonal agricultural and non-agricultural land parcels farmed. Information declared includes:

- Areas of crops grown, on an individual land parcel basis, used to claim the Basic Payment Scheme and LFASS.
- EFA options and areas used to meet greening requirements.
- Agri-Environment Climate Scheme, Forestry Grant Scheme and Rural Development Contracts options and areas.
- Livestock numbers on the holding on 1 March.

Within the SAF, there is also the option to claim for Young Farmer Payment, LFASS, National Reserve and the Beef Efficiency Scheme.

The Scottish Government introduced legislation in November 2019 which proposes to keep farm support approaches broadly the same until 2024 i.e. during their transition period. Within this period, they have however proposed to streamline the process of applying for payments and will also be operating some Pilot schemes.

Pillar I

CAP Pillar 1 Direct Payment schemes implemented in Scotland in the 2020 scheme year include the Basic Payment Scheme (BPS), Young Farmer Scheme, National Reserve and Voluntary Coupled Support (i.e. Scottish Suckler Beef Support Scheme (Mainland and Islands) and Scottish Upland Sheep Support Scheme).

Basic Payment Scheme

To take part in the BPS and receive funding farmers and crofters need to:

- Be an active farmer and be involved in agricultural activity.
- Hold BPS entitlements.
- Submit a claim via a Single Application Form (SAF).
- Farm a minimum of three hectares of eligible land and have this land at their disposal on 15 May of the claim year.
- Have one eligible hectare of land for each BPS entitlement.
- Comply with Greening and a range of Statutory Management Requirements (SMRs) and standards on Good Agricultural and Environmental Condition (GAEC) i.e. Cross Compliance.
- Keep comprehensive, accurate, and up-to-date records.

Active farming

Applicants to the BPS must meet the definition of a 'farmer' i.e. be a natural or legal person (or a group of natural or legal persons) whose holding (production units) are situated within Scotland. They must also exercise an agricultural activity, for example the production, rearing or growing of agricultural products including harvesting, milking, breeding animals and keeping animals for farming purposes.

If the farmer or crofter has land that is naturally kept in a state suitable for cultivation and grazing there are rules on exercising a minimum activity which must also be met, see page 475.

Entitlements

Based on the areas of eligible land claimed on the 2015 SAF, BPS Regions 1, 2 and 3 entitlements were allocated to eligible farmers and crofters. For Payment Regions 2 and 3 farmers were allocated 10% fewer entitlements than the area of land declared, this is due to a reduction co-efficient having been applied. Further information about the Payment Regions can be found in the following section.

All BPS entitlements must be used in at least one year out of two.

Eligible New Entrants to farming can apply to the National Reserve for entitlements; other farmers and crofters can obtain entitlements by purchasing, leasing, inheriting them or due to whole holding transfers, business splits or mergers. Entitlements can be transferred by sale or lease, with or without land to another active farmer.

Payment regions and rates

Land parcels in Scotland are allocated to one of three payment regions:

Payment Region	Land use category
1	Arable, temporary and permanent grass
2	Rough grazing designated as LFA grazing category B, C or D and non-LFA rough grazing land
3	Rough grazing designated as LFA grazing category A

From 2019 farmers and crofters received the same Basic Payment (BP) entitlement value per payment region.

The Greening payment rates remain the same for all farmers and crofters depending on the payment region.

The actual entitlement value for each year will be worked out once the total number of hectares of eligible land claimed for in each payment region is known and the overall budget for that period will be divided up according to the hectares claimed.

In 2020 approximately £62 million of CAP convergence funding was used to top up the 2019 BPS (Basic Payment and Greening Payment). Updated rates are shown below:

Payment Region	2019 BPS rate (£/ha)	Convergence top up (£/ha)	New rate (£/ha)*
1	218.21	15.86	234.07
2	43.22	28.03	71.25
3	12.93	11.87	24.80

* based on euro/sterling exchange rate of €1 = £0.89

2020 BPS and greening payments will be made in sterling. A rate similar to the original 2019 BPS rate is expected, unless there is a further top up. There is £70 million of convergence money remaining, which is expected to be paid by the end of March 2021, once delivered by the UK Government. How the convergence money will be allocated is still to be announced.

Minimum activity

The minimum agricultural activities farmers or crofters must undertake to make the land eligible for the BPS is related to the Payment Region(s) applicable to the land, as follows:

Payment Region 1:

- Where agricultural production activities are undertaken these can include the production, rearing or growing of agricultural products including harvesting, milking, breeding animals and keeping animals for farming purposes.
- Where no agricultural production activities are undertaken, the land must be maintained in a state suitable for grazing or cultivation, i.e. take action to control injurious weeds and maintain access for livestock or machinery. On permanent grassland, demonstrate the maintenance of existing stock-proof boundaries and water sources for livestock; whilst on arable land, take action to prevent encroachment of scrub.

Payment Regions 2 and 3:

- The normal minimum agricultural activity is to undertake an average level of stocking of 0.05LU/ha on all hectares for 183 days in each scheme year, or where justified, a lower minimum stocking density, in terms of numbers or period, that is in line with the carrying capacity of the land or as a result of an environmental management agreement may be acceptable.
- As an alternative to minimum stocking levels, an annual Environmental Assessment can be carried out.

Capping

Capping is the reduction of payments above a certain level. All Basic Payment Scheme and Voluntary Coupled Support Scheme payments are capped at €600,000; payments over €150,000 will be reduced by 5%.

A £55,000 cap was also implemented in 2020 and was applied to the BPS convergence top up

The Scottish Government has the option to make amendments to capping and are considering making changes during the transition period.

Greening

Permanent grassland - will be monitored across Scotland. The Nitrogen Fertiliser and Lime Plan must detail how much inorganic nitrogen fertiliser and lime that is intended to be applied to land parcels that contain permanent grassland (PGRS) or open grazed woodland (WDG). Parcels that also contain areas of arable and/or rough grazing do not need to be included. The plan must be prepared by 9 June each year, retained on the farm and made available on request to any inspector as part of the land inspection or validation of the SAF.

Crop diversification – a derogation was approved by the Scottish Government for the 2020 scheme year. Crop diversification rules will not apply for the 2021 scheme year.

Ecological Focus Areas (EFAs) - farmers in Scotland are required, unless they are exempt, to follow the requirements as set out in the introduction on pages 470-471.

There are seven EFA options that can be used in Scotland to contribute to farmer's or crofter's EFA commitments. Each option must be located on, adjacent to, or within five metres of arable land and are weighted according to the level of environmental benefit they deliver, see the following table.

EFA option		Location	Weighting factor	EFA area
Fallow land	(/ha)	On arable land	1	1ha
		On, adjacent to, or within 5m of arable land	1.5	1.5ha
Margins	(/ha)	or contiguous to a claimed EFA option		
Nitrogen-fixing crops	(/ha)	On arable land	0.7	0.7ha
Catch crop	(/ha)	On arable land	0.3	0.3ha
Green cover	(/ha)	On arable land	0.3	0.3ha
Agro-forestry land	(/ha)	Eligible land	1	1ha
		On, adjacent to or within 5m of arable land		
Hedges – right to claim whole hedge	(/1m)	or contiguous to a claimed EFA option	10	10m ²
		On, adjacent to or within 5m of arable land		
Hedges – right to claim half hedge	(/1m)	or contiguous to a claimed EFA option	5	5m ²

Full details on Scottish greening measures and requirements can be found at the following webpage: <https://www.ruralpayments.org/topics/all-schemes/basic-payment-scheme/>

Young Farmer Payment

For the 2020 scheme year, young farmers are entitled to a top-up payment of 25% of the average value of BP entitlements.

To qualify the applicant must be:

- A sole trader or head of the farm business and be less than 41 years of age on 31 December of the first year they apply to the BPS. For businesses where the young farmer is head of the business, this means that the applicant is the main shareholder/partner in the business, takes the majority share of any profits and makes the key business decisions.

The Young Farmer payment is applied for on the SAF and evidence of eligibility also needs to be submitted i.e. date of birth, % share of business profits. The payment is limited to 90 hectares.

National Reserve

The National Reserve is used to allocate BPS entitlements to eligible:

- Young farmers - farmers or crofters who are less than 41 years of age on 31 December in the year of application and are setting up for the first time an agricultural holding as head of the holding.
- New entrants - farmers or crofters who started their farming activity in 2013 or later, who have not had any agricultural activity in their own name or at their own risk in the five years before the start of their current farming action.

There is no paper application for the National Reserve; applications are completed online at the same time as the SAF. Successful applicants to the National Reserve in 2015, or subsequent years, were not able to apply for any more BPS entitlements from the 2020 National Reserve.

BPS entitlements awarded from the National Reserve must, over a two-year period, be used in at least one year.

Voluntary Coupled Support (VCS)

The Scottish Government use coupled payments to support the beef and sheep sectors. To claim for coupled payments applicants must complete a SAF each year; the Main Location Code used in the coupled payments claim forms must be the same as the one on the SAF. Approximately £15 million of CAP convergence funding was used to top up the 2019 VCS payments.

Scottish Suckler Beef Support Scheme - Mainland and Islands (SSBSS)

Payments are made on owned or leased homebred calves that are at least 75% beef bred. The calves must be born on or after 2 December in the year before the claim is made and remain on the holding of birth for at least 30 days. The payment rate, excluding the convergence top up for the 2019 scheme year was as follows:

	£/calf	
	Mainland	Islands
2019*	101.56	148.20

* based on euro/sterling exchange rate of 0.89

Claims can be made online or by post until 31 December each year.

Scottish Upland Sheep Support Scheme (SUSSS)

To qualify for the scheme, 80% or more of the agricultural land must be in Payment Region 3 and less than 200ha of the agricultural land must be in Payment Region 1. Payments are made on homebred ewe hoggs that are retained on the holding (including away wintering) from 17 October in the year claimed to 31 March the following year. Ewe hoggs must be less than 12 months old at the start of the retention period. The payment rate, excluding the convergence top up for the 2019 scheme year was as follows:

	£/hogg
2019*	62.00

* based on euro/sterling exchange rate of 0.89

Claims can be made online or by post between 1 September and 16 October each year.

Pillar II

The Scottish Rural Development Programme (SRDP) 2014-2020 is used to deliver on the following priorities:

- Enhancing the rural economy.
- Supporting agricultural businesses.
- Protecting and improving the natural environment.
- Addressing the impact of climate change.
- Supporting rural communities.

Current and closed schemes under the SRDP are detailed in the following pages. Full details of the schemes, including further information on payments rates and application deadlines can be found at: <https://www.ruralpayments.org/topics/all-schemes/>

Less Favoured Area Support Scheme (LFASS)

This scheme provides essential support to fragile farming businesses in remote and constrained rural areas. The main change to the scheme for 2019 was that hill farmers and crofters in the most fragile and remote areas received a reduced payment compared to their 2018 LFASS payment rate. This reduction was however partially offset by £15 million of CAP convergence funding being used to top up the 2019 LFA payment. It is unlikely that there will be any changes to how the 2020 LFASS payment is paid in 2021; the reduced rate may however be topped up with the remaining CAP convergence funding.

LFASS is an area-based scheme claimed for on the SAF at the same time as claiming for the BPS and is paid to applicants who actively farm forage land in the LFA area which has been given a grazing category. The main eligibility criteria include:

- Declaring at least three hectares of eligible land on the SAF.
- Actively farming land declared on the SAF for at least 183 days or periods totalling 183 days in the year of claim. To count as forage this land must be available and accessible for use for maintaining livestock or producing a forage crop for at least seven months including 15 May.

The LFASS payment is calculated by adjusting the eligible (claimed) land from the SAF to work out a payable area. This payable area is then multiplied by the payment rate(s) for farmers and crofters fragility area.

Grazing categories are set based on historical stocking densities for the land being claimed and are fixed. The categories are:

Category	Stocking density (LU/ha)	Hectare value	Minimum stocking density (LU/ha)	Maximum stocking density (LU/ha)
A	up to 0.19	0.167	0.09	1.4
B	0.20 - 0.39	0.333	0.15	1.4
C	0.40 - 0.59	0.667	0.30	1.4
D	0.60 or more	0.800	0.45	1.4

An enterprise mix multiplier is used as a way of recognising the environmental benefits of a mixed stocking regime. Hectares claimed are multiplied by 1.35 if at least 10% but less than 50% of livestock units are cattle or 1.7 if 50% or more of livestock units are cattle. This multiplier rate also remains fixed.

LFASS payment rates are designated based on land category as well as grazing categories. The rates are shown in the following table:

Land category	Standard ¹	Fragile ²	Very fragile ³
payment per adjusted hectare (£)			
More disadvantaged land (grazing categories A and B)	52.16	62.10	71.35
Less disadvantaged land (grazing categories C and D)	34.12	54.51	63.00

¹ Standard areas on the mainland with lower transport costs

² Fragile areas on the mainland where there is disadvantage resulting from higher transport costs

³ Very fragile areas on islands

An example calculation is shown below for illustrative purposes.

Assumptions:

- Farm in Standard area
- Less disadvantaged land, grazing category D
- 600ha eligible land declared on SAF
- Historic stocking density 0.5 LU/ha, 100% cattle

eligible hectares from SAF			600 ha
x hectare value for Cat D	x		0.80
= adjusted hectares	=		480 ha
x the enterprise uplift	x		1.7
= payable hectares	=		816 ha
x standard less disadvantaged rate	x		34.12
= final payment pre deductions	=		£26,242.56

For further detail see full scheme guidance at:

<https://www.ruralpayments.org/topics/all-schemes/lfass/>

Agri-Environment Climate Scheme

There was not a 2020 application round, however, applicants' contracts that expire in 2020 do have the option of a one-year extension which will allow management of relevant options to continue until December 2021. AECS provides targeted support for land managers to undertake management and capital work that will deliver biodiversity benefits, manage water quality and flood risk, conversion and maintenance of organic farming and improve public access.

Examples of some of the Management and Capital options and payment rates are as follows:

Management Option	Payment Rate
Arable options	
Wild bird seed for farmland birds	£322.63/ha
Forage brassica crops for farmland birds	£463.36/ha
Retention of winter stubbles for wildlife and water quality	£96.18/ha
Grass strips in arable fields	£495.62/ha
Water margins in arable fields	£495.62/ha
Grassland options	
Species-rich grassland management	£109.56/ha
Water margins in grassland fields	£123.42/ha
Wader and wildlife mown grassland	£149.75/ha
Wader grazed grassland	£80.00/ha
Upland, peatland, moorland and heath options	
Moorland management - Livestock	£3.60/ha
- Deer	£1.24/ha
- Livestock and deer	£4.84/ha

Management Option	Payment Rate
Stock disposal	£24.83/ha
Stock disposal incl. SUSSS supplement	£32.91/ha
Away wintering sheep	£25.83
Summer hill grazing of cattle	£3.19
<i>Farmland habitat and feature options</i>	
Management or restoration of hedgerows	£0.11/m
Creation of hedgerows	£1.20/m
Habitat mosaic management	£93.20/ha
<i>Managing water quality and flood risk options</i>	
Converting arable land at risk of erosion or flooding to low-input grassland	£284.80/ha

Capital Option	Payment Rate
Stock fence	£5.50/m
Gate for stock fence	£170/gate
Deer fence	£8.50/m
Gate for deer fence	£215/gate
Planting or replanting of hedges	£5.40/m
Rabbit proofing an existing or new stock or deer fence	£2.00/m
Creation of species-rich grassland	£754.52/ha
Creation of low input grassland	£333.51/ha
Creation of grass strips & water margins in arable fields	£333.51/ha
Creation of wild bird seed for farmland birds	£232.24/ha
Cutting of rush pasture	£8.45/ha
Creation of wader scrapes	£56/scrape (20-40m ²) £93.33/scrape (>40m ²)
Livestock crossings	£222/bridge (<2.6m) £880/bridge (>2.6m)
Livestock tracks	£11/m ²

The above list is not exhaustive and maybe subject to change in the future. For farm holding specific and/or a full list of management options and capital items see: <https://www.ruralpayments.org/topics/all-schemes/agri-environment-climate-scheme/>

Sustainable Agriculture Capital Grant Scheme (SACGS)

A new pilot scheme was available to farmers and crofters for a five week period during the early autumn of 2020. The scheme offered funding of up to £20,000 for the purchase of specific items of agricultural equipment to support the reduction of Greenhouse Gas (GHG) emissions.

Forestry Grant Scheme (FGS)

Funding is available for woodland creation, agroforestry, tree health, woodland improvement, sustainable management of forests, harvesting, and processing of forest products, forest infrastructure and co-operation (see Forestry and Farm Woodlands section on page 317 for more details).

New Entrants Support Schemes

These schemes are currently closed. Three schemes were available to help new entrants: the Young Farmers Start-up Grant Scheme, the New Entrant Start-up Grant Scheme and the New Entrants Capital Grant Scheme. These schemes are all currently closed.

The Young Farmers Start-up Grant Scheme was aimed at those who are starting an agricultural business for the first time or who are taking over an existing agricultural business. The grant available was €70,000 paid in two instalments; an initial payment of €63,000 and a second payment of €7,000 when the milestones in the business plan were reached.

The New Entrant Start-up Grant Scheme was aimed at those who started their agricultural business in the last 12 months. The grant available was €15,000, paid in two instalments; an initial payment of €12,000 and a second payment of €3,000 when the milestones in the business plan were reached.

Funding from the above two schemes was paid in sterling at the appropriate exchange rate and could be used to help with the costs associated with starting up an agricultural business, for example purchasing land, equipment, machinery or livestock, or constructing buildings or infrastructure.

The New Entrants Capital Grant Scheme provided grant for those that were new to farming to make improvements to their agricultural business and to help promote sustainable development. Funding of up to £25,000 for individuals and £125,000 for groups could be used for construction or improvements of agricultural buildings, investment in land management and drainage, slurry stores, equipment, infrastructure, amenities and electrical equipment.

Beef Efficiency Scheme (BES)

The Beef Efficiency Scheme is closed to new applicants. BES is a climate change scheme that aims to help beef breeders improve the efficiency, sustainability and quality of their beef herd. The scheme will deliver a range of improvements by focusing on cattle genetics and management practice. In return for keeping calving records, taking tissue samples of 20% of the calves born and preparing a farm carbon audit payments equivalent to £32/calf will be paid for the first three years. Payments will be made on an area basis of £48/ha. Farmers and crofters are also required to engage with a free advisory service to help identify farm improvements.

Crofting Agricultural Grant Scheme

This scheme provides grants for crofters to make improvements to their crofts and help to sustain their businesses. Funds of up to £25,000 for individual crofters and £125,000 for groups of crofters can be used for capital projects, such as the construction or improvement of agricultural buildings and for the establishment of Common Grazings Committees. Funding for eligible capital projects can cover all aspects of the project, including the cost of materials, transportation of materials, costs of contractors and own labour. See pages 274-275 for more detail.

Croft House Grant Scheme

This scheme provides grants for crofters to improve and maintain the standards of crofter housing, with the aim of attracting and retaining people within the crofting areas of Scotland. Funding of 40% of the costs up to a maximum of £38,000 in high priority areas and up to £28,000 in standard priority areas can be used for the construction of a new house and the rebuilding and improvement of an existing house. See pages - 275-277 for more detail.

Small Farms Support Scheme

This scheme provides support to eligible farmers or crofters for investments related to development, modernisation or adaptation of small farms, i.e. holdings that have between 3 and 30ha of eligible agricultural area. Funds of up to £25,000 for individuals and £125,000 for groups can be used to erect or improve agricultural buildings, provision of slurry stores, field drainage, handling facilities, shelter belts, electrical equipment and for access. See page 275 for more detail.

Food Processing, Marketing and Co-operation Scheme

This scheme is currently closed to new applicants. Start-up grants for new enterprises and business development grants for existing businesses were available for Small and Medium-Sized Enterprises (SMEs). Funding could be used to help development or creation of food processing facilities, including buildings and equipment, marketing of products, running co-operative ventures and improving supply-chain efficiency. Capital and non-capital grant rates of up to 70% were available depending on the size of the business and the activity or products the business produces.

Knowledge Transfer and Innovation Fund

This scheme aims to promote skills development and knowledge transfer in the primary agricultural sector and deliver on-the-ground improvements in agricultural competitiveness, resource efficiency, environmental performance and sustainability. Funding is available to organisations to deliver vocational training, coaching, workshops, courses and farm visits designed to develop skills and transfer knowledge, and for the running of operational groups who are working collaboratively.

SRDP Farm Advisory Service

The Farm Advisory Service (FAS) provides one-to-one and one-to-many advice and support, aimed at increasing the profitability and sustainability of farms and crofts.

The one-to-one component comprises of:

- Integrated land Management Plans (ILMPs) and specialist advice
- Mentoring of new entrants
- Carbon audits

Funding of 80% (up to a maximum of £1,200) is available to help cover the costs of the preparation of an ILMP. Additional funds of up to £2,000 are also available for two specialist advice plans and up to £500 for the preparation of a carbon audit.

The one-to-many component of the FAS delivers innovative and integrated advice to crofters and farmers via:

- Scotland wide events i.e. workshops, network farm meetings, conferences and training courses.
- Publications i.e. technical notes, newsletters.
- Crofts and small farms subscription service.
- A national advice line which operates between 9am and 5pm Monday to Friday (tel: 0300 323 0161).

LEADER

LEADER supports multi-sectoral community-based development. It helps individuals, communities and businesses to come together to design and implement Local Development Strategies. These strategies include actions focussed on climate change, enhancement of rural services and facilities (including transport initiatives), enhancement of natural/cultural heritage, tourism and leisure, and food and drink initiatives (for example, short supply chains, community food). The funding is focussed on objectives specific to local areas as set out in a Local Action Group strategy.

England

Pillar I

CAP Pillar I Direct Payment Schemes implemented in the 2020 scheme year in England include the Basic Payment Scheme (BPS), Young Farmer Scheme and the National Reserve.

From 2021 BPS funding will be phased out over a seven-year transition period, with a reduction of 5% expected in 2021. The current system will be replaced by Environment Land Management (ELM) schemes, which will be available from 2024. Details of schemes from 2021 will be published by DEFRA in due course.

Basic Payment Scheme

To apply to the BPS and receive funding eligible farmers need to:

- Submit a BPS application either online using the Rural Payments service or on paper using a BP5 application form by 15 May (15 June in 2020).
- Have at least five hectares of eligible land at their disposal on 15 May of the claim year.
- Declare one eligible hectare of land for each BPS entitlement.
- Qualify as an 'active farmer'.
- Follow Greening and Cross Compliance rules.

Entitlements

BPS entitlements were allocated to eligible farmers in 2015 and must be used at least once in every two years. Entitlements can be transferred by sale or gift, by lease or sub lease, through inheritance or as part of a business merger or split. New and young farmers who do not have BPS entitlements are able to apply to the National Reserve or lease or purchase entitlements.

Payment regions and rates

England has three payment regions:

Payment Region	Land use category
1	Non-Severely Disadvantaged Area (NSDA)
2	Severely Disadvantaged Area (SDA)
3	SDA Moorland

English Basic Payment (BP) entitlement values for 2019 are illustrated below; actual payment rates for 2020 will be worked out once the total number of hectares of eligible land claimed for in each region is known. 2020 BPS and greening payments will be made in sterling.

Payment Region	BPS (€/ha)	Greening (€/ha)	Total Entitlement Payment (€/ha)	Payment (£/ha)*
1	182.70	78.69	261.39	232.64
2	181.34	78.11	259.45	230.91
3	49.76	21.43	71.19	63.36

* based on euro/sterling exchange rate of €1 = £0.89

Activity

To be eligible for the BPS farmers must undertake at least one of the following on their holding:

- Produce, rear, or grow agricultural products – including harvesting, milking, breeding animals and keeping animals for farming purposes.
- Keep some land in a state suitable for grazing or cultivation by keeping it clear of any scrub that cannot be grazed.

Capping

2020 BPS payments over €150,000 (excluding Greening and any Young Farmer payment) will be scaled back by 5%.

Greening

For the 2020 scheme year, a greening payment will be made to farmers who comply with the three standard EU greening measures.

Permanent grassland - the area of permanent grassland is monitored across England.

Crop diversification - had the derogation not been approved, farmers in England would have been required, unless exempt, to follow the requirements as set out in the introduction on page 470-471. In addition to the exemptions listed on page 470-471, the crop diversification rules would also not have applied if all of the arable land parcels on a farmer's holding were planted with different crops compared to the 2019 calendar year, or more than 50% of the arable land on the holding in 2020 were not declared within their BPS 2019 application.

Ecological Focus Areas (EFAs) - farmers are required, unless they are exempt, to follow the requirements as set out in the introduction on pages 470-471.

The following features and/or areas count towards EFA in England. Each option must be located either on, adjacent to, or within five metres of arable land; conversion factors and weighting factors also apply see the following table:

EFA option	Location	Conversion factor (m to m²)	Weighting factor	EFA area (m²)
Fallow land	(/1m ²) On arable land	n/a	1.00	1.00
Hedges (both sides)	(/1m) On or adjacent to arable land	5	2.00	10.00
Hedges (one side)	(/1m) On or adjacent to arable land	5	1.00	5.00
Buffer strips and field margins	(/1m) On or adjacent to arable land	6	1.50	9.00
Catch crops	(/1m ²) On arable land	n/a	0.30	0.30
Cover crops	(/1m ²) On arable land	n/a	0.30	0.30
Nitrogen- fixing crops	(/1m ²) On arable land	n/a	1.00	1.00

Details of the 2020 greening rules for England can be found at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/900670/BPS_2020_scheme_rules_v3.0.pdf

For 2021, the greening requirements will be dropped in England.

Young Farmer Scheme

Young farmers can apply for a top-up payment, equivalent to 25% of their BPS entitlement values, limited to 90 hectares. To qualify for the payment, young farmers need to show that they:

- Are at least 18 years of age when they make their BPS application but not older than 40 years of age when the first successful BPS application was made.
- Are in 'control' of the farm business that is applying for the BPS.
- Set up or took 'control' of their business for the first time during the five years preceding their first BPS application.

Young farmers can apply for the payment each year via their BPS application, for a maximum of five years starting from the year in which they first claimed the Young Farmer Payment, provided that the first application was made within five years of them starting or taking control of their business.

To qualify as in 'control' of the farm business, the young farmers must have more than 50% of the shares and votes in the business.

Plans for the young farmer payment beyond 2020 are being considered by the government as part of its future farming policy

National Reserve

The National Reserve will be used to allocate BPS entitlements to eligible:

- Young farmers - defined under the Young Farmer Scheme.
- New farmers - farmers who started an agricultural activity in 2013 or later and have not carried out or been in control of carrying out 'agricultural activity' in the five years before the start of their current activity. In addition, new farmers need to show that they are at least 18 years old when they make their BPS application and are in 'control' of the business.

Further details of the Young Farmer Scheme and the National Reserve can be found at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/873120/BPS_2020_scheme_rules_v1.0

Pillar II

The Rural Development Programme for England 2014-2020 provides funds to:

- Improve the environment.
- Increase the productivity of farming and forestry.
- Grow the rural economy.

A summary of Countryside Stewardship is included below, further details of this scheme, along with details of other schemes can be found at:

Countryside Stewardship

The Countryside Stewardship provides a viable, long-term source of income to farmers and land managers who deliver environmental benefits on their land, including habitats for wildlife, pollinator plots and increased biodiversity.

Mid-Tier

The Mid-Tier provides funding for a range of options and capital items that will deliver a broad range of environmental benefits, for example protect and enhance the natural environment in particular, the diversity of wildlife and water quality.

Higher Tier

The Higher Tier provides funding for more complex land in environmentally significant sites, commons or woodlands which requires support from Natural England or the Forestry Commission.

Wildlife Offers

Wildlife Offers provide a simpler set of options to help improve wildlife on applicant's farms. Offers are split into different packages depending on farm types - arable, lowland grazing, upland, and mixed farming. The scheme is non-competitive and is designed to help guide farmers to the most straightforward options for their farm type.

Water Quality

Capital only grants provide funding to improve water quality in high water quality priority areas.

Hedgerows and Boundaries

This capital grant provides funds for farmers to restore existing farm boundaries and hedgerows on their land.

Facilitation Fund

This fund supports individuals and organisations working with local groups of farmers and land managers, to co-ordinate their environmental land management.

The Environmental Land Management system (ELMs) will also replace Countryside Stewardship funding. ELMs are currently being tested and trialed, with pilots planned to run from 2021.

Wales

Pillar 1

CAP Pillar 1 Direct Payment schemes implemented in Wales for the 2020 scheme year are the Basic Payment Scheme (BPS), Redistributive Payment Scheme, Young Farmer Scheme and the National Reserve.

For the 2021 scheme year the BPS will continue unchanged. After 2021, in a multi-year transition, the BPS will be replaced by a new Land Management Programme, whereby farmers will be paid to deliver environmental outcomes, such as reversing biodiversity decline, meeting carbon budgets and hitting clean air targets.

Basic Payment Scheme

To apply to the BPS and receive funding farmers need to:

- Submit an on-line Single Application Form before the 15 May deadline (15 June in 2020).
- Have at least five hectares of eligible land at their disposal on 15 May of the claim year.
- Have one eligible hectare of land for each BPS entitlement.
- Be an 'active farmer'.
- Follow Greening and Cross Compliance rules.

Entitlements

BPS entitlements were allocated in 2015 to eligible farmers and can be transferred by sale or lease but only to another 'active' farmer.

All BPS entitlements must be used in at least one year out of two.

New entrants and young farmers who do not have BPS entitlements are able to apply to the National Reserve, or lease, or purchase entitlements.

Payment regions and rates

Wales has a single payment region. Indicative BPS payments for 2020 are as follows:

Payment Region	Land use category	Estimated Payment (€/ha) (€/ha)*	
1	n/a - single region		
	first 54ha	228.89	203.71
	over 54ha	125.65	111.83

* based on euro/sterling exchange rate of €1 = £0.89

Activity

To be eligible for the BPS farmers must exercise agricultural activity by one or more of the following:

- Producing, rearing or growing agricultural products including harvesting, milking, breeding animals and keeping animals for farming purposes.
- Maintaining an agricultural area in a state which makes it suitable for grazing or cultivation i.e. control non-native invasive weeds and scrub, ensure land has stock proof boundaries and a water source for livestock.
- Carry out 'minimum activity' in areas that are 'naturally' kept in a suitable state for grazing or cultivation i.e. on saltmarsh and coastal

sand dunes either adhere to an average annual stocking density of 0.01-0.05 LU/ha or control non-native invasive weeds and scrub.

Capping

BPS payments are capped as illustrated in the table below:

Annual BPS payment (€)	Capping (%)
150,000 - 200,000	15
200,000 - 250,000	30
250,000 - 300,000	55
300,000 +	100

Greening payments and payments under the Young Farmers Scheme will not be subject to capping. Wage related costs will not be deducted prior to calculating the deduction.

Greening

For the 2020 scheme year, a greening payment will be made to farmers who comply with the three standard EU greening measures.

Permanent grassland - the area of permanent grassland will be monitored across Wales.

Crop diversification - had the derogation not been approved farmers in Wales would have been required, unless exempt, to follow the requirements as set out in the introduction on pages 470-471. In addition to the exemptions listed on pages 470-471, the crop diversification rules would also not have applied if all of the arable land parcels on a farmer's holding were planted with different crops compared to the 2019 calendar year, or more than 50% of the arable land on the holding in 2020 is different to what was declared within the BPS 2019 application.

Ecological Focus Area (EFA) - farmers will be required, unless they are exempt, to follow the requirements as set out in the introduction on pages 470-471.

The following land uses, and features count towards EFA in Wales. Each option, except for short rotation coppice and afforested areas must be located either on or adjacent to arable land. Conversion and weighting factors also apply as illustrated in the following table:

EFA option	Location	Conversion factor (m to m²)	Weighting factor	EFA area (m²)
Fallow land	(/1m ²) On arable land	n/a	1.00	1.00
Hedges or wooded strips	(/1m) On or adjacent to arable land	5	2.00	10.00
Traditional stone walls	(/1m) On or adjacent to arable land	1	1.00	1.00

EFA option	Location	Conversion factor (m to m ²)	Weighting factor	EFA area (m ²)
Short rotation coppice (/1m ²)	Eligible land	n/a	0.50	0.50
Afforested land (/1m ²)	Eligible land	n/a	1.00	1.00
Nitrogen-fixing crops (/1m ²)	On arable land	n/a	1.00	1.00

Redistributive Payment

A 'top-up' payment covering the first 54 hectares is made to eligible farmers.

Young Farmer Scheme

Qualifying young farmers receive a Young Farmer payment on up to 25 hectares. The payment is available to sole traders and members of partnerships or limited companies who are no more than 40 years of age in the first year they applied to the BPS and:

- Are setting up for the first time as head of the holding, or
- Have taken control (i.e. set up a new business or taken over an existing business) of a Partnership or Limited Company during the five years before submitting their first BPS application.

National Reserve

The National Reserve is available to ensure new entrants to agriculture and young farmers receive entitlements.

To qualify as a New Entrant, farmers:

- Cannot have had any agricultural activity in their own name or at their own risk in the five years before the start of their current agricultural activity.
- Must have started their current agricultural activity in 2018 or a later year.

To qualify as a Young Farmer, farmers must be:

- 40 years of age or less in 2020 (and at least 18 years old for partnerships or sole traders or 16 years old for a Limited Company).
- Setting up for the first time as head of holding or have control of a Partnership or Limited Company for the first time on 1 January 2015 or later. This could be setting up a new business or taking over an existing business.

Full details of Pillar I schemes can be found at:

<https://gov.wales/sites/default/files/publications/2020-02/single-application-form-saf-2020-rules-booklet.pdf>

Pillar II

The Welsh Government Rural Communities - Rural Development Programme 2014-2020 focuses on:

- Competitiveness (on farm and through the supply-chain).
- The Environment (agri-environmental work, woodland, renewable energy).
- Community (access to service and the LEADER approach).

Summaries of Glastir, Farm Business Grant, Co-operation, Supply Chain Development Scheme and Enabling Natural Resources and Well-being (ENRaW) Scheme are included below, further details of these scheme, including details of other schemes can be found at: <https://gov.wales/rural-grants-payments>

Glastir

Glastir is the Welsh Government's main sustainable land management scheme and includes provisions for capital works supporting sustainable uplands, woodland management, creation and restoration, targeted environmental intervention, organic conversion and maintenance, and effective engagement with land managers.

Farm Business Grant

The Farm Business Grant (FBG) helps farmers in Wales to improve the economic and environmental performance of their agricultural holdings. Up to a maximum of £12,000 per business is available towards capital investments in equipment and machinery that have been identified as having clear and quantifiable benefits to the farm business.

Co-operation and Supply Chain Development Scheme

This scheme provides support for groups of co-operating entities to undertake new joint projects. It provides support for the full scope of a project. The grant can be used to support the development of new products, practices, processes and technologies in the agriculture, forestry and food sectors.

Enabling Natural Resources and Well-being (ENRaW) Scheme

ENRaW will support projects that make improvements in residential areas by delivering benefits for people, businesses and their communities. It focuses on pilot and demonstration projects at the right scale, promoting cooperation and collaboration to address the following three themes of action:

- Developing, regenerating and broadening access to sustainable green infrastructure through nature-based solutions.
- Improving the quality of the urban and rural built environment.

Developing resilient ecological networks and nature-based solutions

Northern Ireland

Pillar I

CAP Pillar 1 Direct Payments implemented in Northern Ireland for the 2020 scheme year are the Basic Payment Scheme (BPS), Young Farmer Scheme and the National Reserve.

The current support system is expected to continue until 2022, after this time it will be progressively phased out and replaced with environmental based land management schemes.

Basic Payment Scheme

To take part in the BPS and receive funding farmers need to:

- Submit a BPS application via the online Single Application and Maps Service before 15 May deadline.
- Have at least three hectares of eligible land at their disposal on 15 May of the claim year.
- Have one eligible hectare of land for each BPS entitlement.
- Be an 'active farmer'.
- Follow Greening and Cross Compliance rules.

Entitlements

BPS entitlements were allocated in 2015 to active, eligible farmers and must be activated in at least one year out of two.

BPS entitlements can be transferred between farmers by sale, gift, lease, inheritance or from the result of a business merger or split.

Payment regions and rates

A single region Pillar I support model is implemented in Northern Ireland. All BPS entitlements will converge towards a regional average entitlement value in equal steps, achieving a flat rate payment by 2021. Indicative BPS payment for 2020 is estimated as follows:

Payment Region	Land use category	Estimated Payment (€/ha)	Estimated Payment (£/ha)*
1	n/a -single region	330.42	294.07

* based on euro/sterling exchange rate of €1 = £0.89

Actual payment rates for 2020 will be worked out once the total number of hectares of eligible land claimed for in 2020 is known.

Activity

To be eligible for the BPS farmers must exercise agricultural activity by:

- Producing, rearing or growing agricultural products, including harvesting, milking, breeding animals, and keeping animals for farming purposes.
- Maintaining an agricultural area in a state which makes it suitable for grazing or cultivation.

Capping

BPS payments, excluding the Greening payment and payments under the Young Farmer's Scheme are capped at €150,000.

Greening Payment

For the 2020 scheme year, a greening payment is made to farmers who comply with the three standard EU greening measures.

Permanent grassland - is monitored across Northern Ireland.

Crop diversification - had the derogation not been approved farmers in Northern Ireland would have been required, unless exempt, to follow the requirements as set out in the introduction on pages 470-471. In addition, farmers would also have been exempt if more than 50% of the arable area declared on the SAF had not been declared by the same business on their previous SAF application, or all arable land had been cultivated with a different crop compared to that of the previous calendar year.

Ecological Focus Areas (EFAs) - farmers in Northern Ireland are required, unless they are exempt, to follow the requirements as set out in the introduction on pages 470-471.

The following land uses and features, as illustrated in the table, count towards EFA in Northern Ireland. Each option, except for short rotation coppice and afforested areas must be located either on or adjacent to arable land. Conversion and weighting factors also apply.

EFA option	Location	Conversion factor (m to m²)	Weighting factor	EFA area (m²)
Fallow land	(/1m ²) On arable land	n/a	1.00	1.00
Hedges	(/1m) On or adjacent to arable land	5	2.00	10.00
Sheughs	(/1m) On or adjacent to arable land	5	2.00	10.00
Dry stone walls	(/1m) On or adjacent to arable land	1	1.00	1.00
Archaeological features	(/1m ²) On or adjacent to arable land	n/a	1.00	1.00
Earth banks	(/1m ²) On or adjacent to arable land	n/a	1.00	1.00
Short rotation coppice	(/1m ²) Eligible land	n/a	0.50	0.50
Afforested land	(/1m ²) Eligible land	n/a	1.00	1.00
Agro-forestry	(/1m ²) On arable land	n/a	1.00	1.00
Nitrogen-fixing crops	(/1m ²) On arable land	n/a	1.00	1.00

Young Farmer Payment Scheme

Young farmers receive a top-up payment based on 25% of the total direct payments regional average per hectare limited to 90ha. To qualify the farmers must:

- Be no more than 40 years of age in the year of submission of their first BPS application.
- Be setting up for the first time an agricultural holding as head of the holding, or who have already set up such a holding during the five years preceding the first successful application to the Young Farmer Payment scheme.
- Hold a Level II qualification in agriculture (or related subject containing at least a farm business management module).

Regional Reserve

A Regional Reserve is used to allocate entitlements to new entrants and young farmers and to those who were prevented from being allocated payment entitlements as a result of force majeure or exceptional circumstances.

Full details of Pillar I schemes can be found at:

<https://www.daera-ni.gov.uk/topics/grants-and-funding/area-based-schemes-2020>

Pillar II

The Rural Development Programme 2014-2020 for Northern Ireland aims to:

- Improve the competitiveness of the agriculture, forest and food industries.
- Improve the sustainable management of the region's natural resources.
- Develop and improve rural areas.

Summaries of the Environmental Farming Scheme and Forestry Grant Schemes are included below. Further details of these schemes, including details of other schemes can be found at: <https://www.daera-ni.gov.uk/topics/grants-and-funding>

Environmental Farming Scheme

The Environment Farming Scheme (EFS) supports farmers and land managers to carry out environmentally beneficial farming practices on agricultural land. The EFS is made up of three levels:

- A Higher-Level Scheme, primarily aimed at site specific environmental improvements at strategically important sites and for priority habitats and species.
- A Wider Level Scheme aimed at delivering benefits across the wider countryside outside of environmentally designated areas.
- A Group Level Scheme to support co-operative work by farmers in specific areas such as river catchments.

Forestry Grant Schemes

Three schemes, namely the Forest Expansion Scheme, Forest Protection Scheme, and the Woodland Investment Grant provide support for the expansion or creation of woodland or forestry, preventing and restoring pest and disease damage to forests and improving resilience and environmental value of woodlands.

Cross Compliance

In order to receive CAP support payments based on European and Scottish legislation, Statutory Management Requirements (SMRs) and Good Agricultural and Environmental Condition (GAEC) standards must be met; together they are known as “Cross Compliance”.

Under the current CAP the following SMRs apply in **Scotland**:

Environment and climate change

- SMR 1** Nitrate Vulnerable Zones
- SMR 2** Conservation of wild birds
- SMR 3** Conservation of flora and fauna

Public health, animal health and plant health

- SMR 4** Food and feed law
- SMR 5** Restrictions on the use of substances having hormonal or thyrostatic action and beta-agonists in farm animals
- SMR 6** Pig identification and registration
- SMR 7** Cattle identification and registration
- SMR 8** Sheep and goat identification
- SMR 9** Prevention and control of transmissible spongiform encephalopathies (TSEs)
- SMR 10** Restriction on the use of plant protection products

Animal welfare

- SMR 11** Welfare of calves
- SMR 12** Welfare of pigs
- SMR 13** Welfare of farmed animals

The GAEC requirements are as follows:

- GAEC 1** Buffer strips along watercourses
- GAEC 2** Abstraction of water for irrigation
- GAEC 3** Protection of groundwater against pollution
- GAEC 4** Minimum soil cover
- GAEC 5** Minimum land management reflecting site specific condition to limit erosion
- GAEC 6** Maintenance of soil organic matter
- GAEC 7** Retention of landscape features

See page 534 for specific details on some of these GAEC requirements.

Rules in England, Wales and Northern Ireland may differ. To ensure compliance with current SMRs and GAEC in each region, further information can be found at:

Scotland:

<https://www.ruralpayments.org/publicsite/futures/topics/inspections/all-inspections/cross-compliance>

<https://www.fas.scot/publications/>

England:

<https://www.gov.uk/guidance/cross-compliance-2020>

Wales:

<https://gov.wales/cross-compliance-2020>

Northern Ireland:

<https://www.daera-ni.gov.uk/publications/cross-compliance-2020>

Credit

Amortisation Table

The table below can be used to estimate the annual charge to service the repayment of loan capital and interest per £1,000 borrowed.

Years	Percentage rate of interest								
	2	3	4	5	6	7	8	9	10
1	1,020	1,030	1,040	1,050	1,060	1,070	1,080	1,090	1,100
2	515	523	530	538	545	553	561	568	576
3	347	354	360	367	374	381	388	395	402
4	263	269	275	282	289	295	302	309	315
5	212	218	225	231	237	244	250	257	264
6	179	185	191	197	203	210	216	223	230
7	155	161	167	173	179	186	192	199	205
8	137	142	149	155	161	167	174	181	187
9	123	128	134	141	147	153	160	167	174
10	111	117	123	130	136	142	149	156	163
11	102	108	114	120	127	133	140	147	154
12	95	100	107	113	119	126	133	140	147
13	88	94	100	106	113	120	127	134	141
14	83	89	95	101	108	114	121	128	136
15	78	84	90	96	103	110	117	124	131
20	61	67	74	80	87	94	102	110	117
25	51	57	64	71	78	86	94	102	110
30	45	51	58	65	73	81	89	97	106
40	37	43	51	58	66	75	84	93	102

Example:

The annual charge to service the interest and capital repayments on £8,000 repayable over 10 years at 5% would be £130 x 8 = £1,040. The payment at 6% would be £136 x 8 = £1,088.

The annual charge is given by:

$$C \times \left(\frac{r(1+r)^n}{(1+r)^n - 1} \right)$$

where: C = capital investment
 r = rate of interest (to 2 decimal places)
 n = years of repayment

Sinking Fund Table

The following table can be used to estimate the capital accruing to a regular annual investment of £100.

Years	Percentage rate of interest								
	2	3	4	5	6	7	8	10	12
1	100	100	100	100	100	100	100	100	100
2	202	203	204	205	206	207	208	210	212
3	306	309	312	315	318	321	325	331	337
4	412	418	425	431	437	444	451	464	478
5	520	531	542	553	564	575	587	611	635
6	631	647	663	680	698	715	734	772	812
7	743	766	790	814	839	865	892	949	1,009
8	858	889	921	955	990	1,026	1,064	1,144	1,230
9	975	1,016	1,058	1,103	1,149	1,198	1,249	1,358	1,478
10	1,095	1,146	1,201	1,258	1,318	1,382	1,449	1,594	1,755
11	1,217	1,281	1,349	1,421	1,497	1,578	1,665	1,853	2,065
12	1,341	1,419	1,503	1,592	1,687	1,789	1,898	2,138	2,413
13	1,468	1,562	1,663	1,771	1,888	2,014	2,150	2,452	2,803
14	1,597	1,709	1,829	1,960	2,102	2,255	2,421	2,797	3,239
15	1,729	1,860	2,002	2,158	2,328	2,513	2,715	3,177	3,728
20	2,430	2,687	2,978	3,307	3,679	4,100	4,576	5,727	7,205
25	3,203	3,646	4,165	4,773	5,486	6,325	7,311	9,835	13,333
30	4,057	4,758	5,608	6,644	7,906	9,446	11,328	16,449	24,133

Example:

The capital accruing after 10 years to the regular annual investment of £600 at 5% would be £1,258 x 6 = £7,548. At 6%, the capital accrued would be £1,318 x 6 = £7,908.

The terminal sum is given by:

$$d \times \left(\frac{(1 + r)^n - 1}{r} \right)$$

where: d = regular annual investment
 r = rate of interest (to 2 decimal places)
 n = years of repayment

Approximate Annual Percentage Rates of Annual Nominal Rates

As an aid to assessing finance deals, the following table estimates the equivalent annual percentage interest rates (APR's) for a range of nominal annual rates (e.g. 2% above base rate of 1% = 3%) and various charging regimes.

Annual nominal rate (%)	Approximate annual percentage rate equivalent (%)		
	Monthly charging	Quarterly charging	Half-yearly charging
2	2.0	2.0	2.0
3	3.0	3.0	3.0
4	4.1	4.1	4.0
5	5.1	5.1	5.1
6	6.2	6.1	6.1
7	7.2	7.2	7.1
8	8.3	8.2	8.2
9	9.4	9.3	9.2
10	10.5	10.4	10.3
11	11.6	11.5	11.3
12	12.7	12.6	12.4
13	13.8	13.6	13.4
14	14.9	14.8	14.5
15	16.1	15.9	15.6

Example:

A nominal interest rate of 5% with monthly charging gives an approximate annual percentage rate of 5.1%. A nominal rate of 6%, gives an annual percentage rate (APR) of 6.2%.

The approximate annual percentage rate is given by:

$$\left[\left(1 + \frac{n}{p} \right)^p - 1 \right] \times 100$$

where: n = nominal interest rate (expressed as a decimal)
p = number of instalments per year

Approximate Annual Percentage Rates of Annual Flat Rates

Where interest on finance is quoted as flat rate on the original amount borrowed, the following table can be used to estimate the equivalent annual percentage rate (APR) for equal monthly repayments of interest and capital.

Annual flat rate (%)	Approximate annual percentage rate equivalent (%) for loans over:			
	1 year	5 years	10 years	15 years
4	7.5	7.6	7.3	7.0
5	9.4	9.5	9.0	8.6
6	11.4	11.4	10.7	10.1
7	13.4	13.2	12.3	11.6
8	15.4	15.0	13.9	13.0
9	17.4	16.8	15.5	14.4
10	19.5	18.7	17.0	15.8
11	21.6	20.5	18.6	17.2
12	23.6	22.3	20.1	18.6

Example:

The APR for a loan at an annual flat rate of 6% repaid by monthly instalments over 5 years will be 11.4%.

Compounding Table

This table estimates the future monetary value of £100 after n years at various interest rates.

Years	Percentage rate of interest									
	3	4	5	6	7	8	10	12	14	16
1	103	104	105	106	107	108	110	112	114	116
2	106	108	110	112	114	117	121	125	130	135
3	109	112	116	119	123	126	133	140	148	156
4	113	117	122	126	131	136	146	157	169	181
5	116	122	128	134	140	147	161	176	193	210
6	119	127	134	142	150	159	177	197	219	244
7	123	132	141	150	161	171	195	221	250	283
8	127	137	148	159	172	185	214	248	285	328
9	130	142	155	169	184	200	236	277	325	380
10	134	148	163	179	197	216	259	311	371	441
11	138	154	171	190	210	233	285	348	423	512
12	143	160	180	201	225	252	314	390	482	594
13	147	167	189	213	241	272	345	436	549	689
14	151	173	198	226	258	294	380	489	626	799
15	156	180	208	240	276	317	418	547	714	927
20	181	219	265	321	387	466	673	965	1,374	1,946
25	209	267	339	429	543	685	1,083	1,700	2,646	4,087
30	243	324	432	574	761	1,006	1,745	2,996	5,095	8,585

Example:

The value of £1,200 at 5% after 8 years would be £148 x 12 = £1,776. At 6%, it would be £159 x 12 = £1,908.

The compounding factor is given by: $(1 + r)^n$

where: r = rate of interest (expressed as a decimal)
 n = number of years

Annuity Tables

Discount factors for calculating the present value of future cash flows where cash flows are **regular**.

Years	Percentage											
	1	2	3	4	5	6	7	8	9	10	11	12
1	0.99	0.98	0.97	0.96	0.95	0.94	0.94	0.93	0.92	0.91	0.90	0.89
2	1.97	1.94	1.91	1.89	1.86	1.83	1.81	1.78	1.76	1.74	1.71	1.69
3	2.94	2.88	2.83	2.78	2.72	2.67	2.62	2.58	2.53	2.49	2.44	2.40
4	3.90	3.81	3.72	3.63	3.55	3.47	3.39	3.31	3.24	3.17	3.10	3.04
5	4.85	4.71	4.58	4.45	4.33	4.21	4.10	3.99	3.89	3.79	3.70	3.61
6	5.80	5.60	5.42	5.24	5.08	4.92	4.77	4.62	4.49	4.36	4.23	4.11
7	6.73	6.47	6.23	6.00	5.79	5.58	5.39	5.21	5.03	4.87	4.71	4.56
8	7.65	7.33	7.02	6.73	6.46	6.21	5.97	5.75	5.53	5.34	5.15	4.97
9	8.57	8.16	7.79	7.44	7.11	6.80	6.52	6.25	6.00	5.76	5.54	5.33
10	9.47	8.98	8.53	8.11	7.72	7.36	7.02	6.71	6.42	6.15	5.89	5.65
11	10.37	9.79	9.25	8.76	8.31	7.89	7.50	7.14	6.81	6.50	6.21	5.94
12	11.26	10.58	9.95	9.36	8.86	8.38	7.94	7.54	7.16	6.81	6.49	6.19
13	12.13	11.35	10.64	9.99	9.39	8.85	8.36	7.90	7.49	7.10	6.75	6.42
14	13.00	12.11	11.30	10.56	9.90	9.30	8.75	8.24	7.79	7.37	6.98	6.63
15	13.87	12.85	11.94	11.12	10.38	9.71	9.11	8.56	8.06	7.61	7.19	6.81
20	18.05	16.35	14.88	13.59	12.46	11.47	10.59	9.82	9.13	8.51	7.96	7.47
25	22.02	19.52	17.41	15.62	14.09	12.78	11.65	10.67	9.82	9.08	8.42	7.84
30	25.81	22.40	19.60	17.29	15.37	13.76	12.41	11.26	10.27	9.43	8.69	8.06

Years	Percentage											
	13	14	15	16	17	18	19	20	25	30	35	40
1	0.89	0.88	0.87	0.86	0.85	0.85	0.84	0.83	0.80	0.77	0.74	0.71
2	1.67	1.65	1.63	1.61	1.59	1.57	1.55	1.53	1.44	1.36	1.29	1.22
3	2.36	2.32	2.28	2.25	2.21	2.17	2.14	2.11	1.95	1.82	1.70	1.59
4	2.97	2.91	2.86	2.80	2.74	2.69	2.64	2.59	2.36	2.17	2.00	1.85
5	3.52	3.43	3.35	3.27	3.20	3.13	3.06	2.99	2.69	2.44	2.22	2.04
6	4.00	3.89	3.78	3.68	3.59	3.50	3.41	3.33	2.95	2.64	2.39	2.17
7	4.42	4.29	4.16	4.04	3.92	3.81	3.71	3.60	3.16	2.80	2.51	2.26
8	4.80	4.64	4.49	4.34	4.21	4.08	3.95	3.84	3.33	2.92	2.60	2.33
9	5.13	4.95	4.77	4.61	4.45	4.30	4.16	4.03	3.46	3.02	2.67	2.38
10	5.43	5.22	5.02	4.83	4.66	4.49	4.34	4.19	3.57	3.09	2.72	2.41
11	5.69	5.45	5.23	5.03	4.84	4.66	4.49	4.33	3.66	3.15	2.75	2.44
12	5.92	5.66	5.42	5.20	4.99	4.79	4.61	4.44	3.73	3.19	2.78	2.46
13	6.12	5.84	5.58	5.34	5.12	4.91	4.71	4.53	3.78	3.22	2.80	2.47
14	6.30	6.00	5.72	5.47	5.23	5.01	4.80	4.61	3.82	3.25	2.81	2.48
15	6.46	6.14	5.85	5.58	5.32	5.09	4.88	4.68	3.86	3.27	2.83	2.48
20	7.02	6.62	6.26	5.93	5.63	5.35	5.10	4.87	3.95	3.32	2.85	2.50
25	7.33	6.87	6.46	6.10	5.77	5.47	5.20	4.95	3.98	3.33	2.86	2.50
30	7.50	7.00	6.57	6.18	5.83	5.52	5.23	4.98	4.00	3.33	2.86	2.50

Example:

The present value of £350 received each year for 6 years at 5% discount rate is £350 x 5.08 = £1,778. At 6%, the present value is £350 x 4.92 = £1,722.

The discount factor is given by:

$$\frac{1 - (1 + r)^{-n}}{r} \quad \text{where: } r = \text{rate of discount}$$

$$n = \text{number of years}$$

Discount Tables

Discount factors for calculating the present value of future cash flows where cash flows are **irregular**.

Years	Percentage											
	1	2	3	4	5	6	7	8	9	10	11	12
1	0.990	0.980	0.971	0.962	0.952	0.943	0.935	0.926	0.917	0.909	0.901	0.893
2	0.980	0.961	0.943	0.925	0.907	0.890	0.873	0.857	0.842	0.826	0.812	0.797
3	0.971	0.942	0.915	0.889	0.864	0.840	0.816	0.794	0.772	0.751	0.731	0.712
4	0.961	0.924	0.888	0.855	0.823	0.792	0.763	0.735	0.708	0.683	0.659	0.636
5	0.951	0.906	0.863	0.822	0.784	0.747	0.713	0.681	0.650	0.621	0.593	0.567
6	0.942	0.888	0.837	0.790	0.746	0.705	0.666	0.630	0.596	0.564	0.535	0.507
7	0.933	0.871	0.813	0.760	0.711	0.665	0.623	0.583	0.547	0.513	0.482	0.452
8	0.923	0.853	0.789	0.731	0.677	0.627	0.582	0.540	0.502	0.467	0.434	0.404
9	0.914	0.837	0.766	0.703	0.645	0.592	0.544	0.500	0.460	0.424	0.391	0.361
10	0.905	0.820	0.744	0.676	0.614	0.558	0.508	0.463	0.422	0.386	0.352	0.322
11	0.896	0.804	0.722	0.650	0.585	0.527	0.475	0.429	0.388	0.350	0.317	0.287
12	0.887	0.788	0.701	0.625	0.557	0.497	0.444	0.397	0.356	0.319	0.286	0.257
13	0.879	0.773	0.681	0.601	0.530	0.469	0.415	0.368	0.326	0.290	0.258	0.229
14	0.870	0.758	0.661	0.577	0.505	0.442	0.388	0.340	0.299	0.263	0.232	0.205
15	0.861	0.743	0.642	0.555	0.481	0.417	0.362	0.315	0.275	0.239	0.209	0.183
20	0.820	0.673	0.554	0.456	0.377	0.312	0.258	0.215	0.178	0.149	0.124	0.104
25	0.780	0.610	0.478	0.375	0.295	0.233	0.184	0.146	0.116	0.092	0.074	0.059

Years	Percentage											
	13	14	15	16	17	18	19	20	25	30	35	40
1	0.885	0.877	0.870	0.862	0.855	0.847	0.840	0.833	0.800	0.769	0.741	0.714
2	0.783	0.769	0.756	0.743	0.731	0.718	0.706	0.694	0.640	0.592	0.549	0.510
3	0.693	0.675	0.658	0.641	0.624	0.609	0.593	0.579	0.512	0.455	0.406	0.364
4	0.613	0.592	0.572	0.552	0.534	0.516	0.499	0.482	0.410	0.350	0.301	0.260
5	0.543	0.519	0.497	0.476	0.456	0.437	0.419	0.402	0.328	0.269	0.223	0.186
6	0.480	0.456	0.432	0.410	0.390	0.370	0.352	0.335	0.262	0.207	0.165	0.133
7	0.425	0.400	0.376	0.354	0.333	0.314	0.296	0.279	0.210	0.159	0.122	0.095
8	0.376	0.351	0.327	0.305	0.285	0.266	0.249	0.233	0.168	0.123	0.091	0.068
9	0.333	0.308	0.284	0.263	0.243	0.225	0.209	0.194	0.134	0.094	0.067	0.048
10	0.295	0.270	0.247	0.227	0.208	0.191	0.176	0.162	0.107	0.073	0.050	0.035
11	0.261	0.237	0.215	0.195	0.178	0.162	0.148	0.135	0.086	0.056	0.037	0.025
12	0.231	0.208	0.187	0.168	0.152	0.137	0.124	0.112	0.069	0.043	0.027	0.018
13	0.204	0.182	0.163	0.145	0.130	0.116	0.104	0.093	0.055	0.033	0.020	0.013
14	0.181	0.160	0.141	0.125	0.111	0.099	0.088	0.078	0.044	0.025	0.015	0.009
15	0.160	0.140	0.123	0.108	0.095	0.084	0.074	0.065	0.035	0.020	0.011	0.006
20	0.087	0.073	0.061	0.051	0.043	0.037	0.031	0.026	0.012	0.005	0.002	0.001
25	0.047	0.038	0.030	0.024	0.020	0.016	0.013	0.010	0.004	0.001	0.001	0.000

Example: To find the present value of the following cash flows at 5% discount rate of interest.

Year	Cash flow (£)	Discount factor	Present value (£)
1	250	0.952	238
2	300	0.907	272
3	180	0.864	155
4	400	0.823	329

The Present Value of this series of cash flows is £995

The discount factor is given by

$$\frac{1}{(1 + r)^n}$$

where: r = rate of discount
 n = number of years

Long-Term Loans

Long-term finance might be obtained from banks, mortgage providers, insurance companies, finance companies, solicitors, or by private arrangement. These loans are generally secured against the value of existing property and other business assets.

Long-term loans tend to be used for purchasing fixed assets and are structured as an agricultural mortgage or secured loans typically extending between 5 and 25 years at fixed and/or variable interest. Interest payments can be arranged to tie in with cashflow but would usually be charged monthly or quarterly, however, there are alternative options e.g. of paying interest in half-yearly or annual instalments although this tends to be more expensive. Interest only periods are potentially available prior to moving to capital repayments. Frequency of capital repayments will be subject to negotiation with the lender. Capital repayments are generally packaged together with accrued interest in monthly payments. It may be agreeable with the lender to defer capital repayment or repay a lump sum on a fixed date each year.

It is necessary for the business borrowing the money to be deemed financially secure and demonstrate the ability to service the loan. This will be determined based on past financial performance, an updated balance sheet, cash flow budgets and perceived risk of the proposed venture.

Long-term loans can typically pass from generation to generation. In other words a loan is not repayable on the death of a borrower and cannot be recalled for the term of the loan provided that obligations continue to be met.

Medium-Term and Short-Term Credit

Banks

Banks, the primary source of medium and short-term capital, may agree to grant farmers an overdraft to meet business financial requirements.

Overdrafts are reviewed annually; the interest rate, subject to the security available, is competitive, and interest is charged daily only on the daily balance outstanding. Generally, an arrangement fee will be charged and, in some cases, a renewal fee.

In terms of medium term loans, 10-year term loans are most common. Interest is related to commercial and market factors but have historically been lower than overdraft rates (particularly if adjusted for any overdraft rearrangement fees).

Merchants and tradesmen

A popular form of short-term financing. Finance is often in the form of credit allowed by merchants, auctioneers, tradesmen and dealers over a

wide range of commodities and farm requisites, including livestock and implements. Rates of interest vary widely and can be relatively cheap over one or two months, but can rise to as high as 4% per month on accounts outstanding for several months.

Mart credit

Farmers buying livestock can obtain up to 12 months credit. Interest rates quoted vary depending on term and amount borrowed. Other arrangements are possible whereby a farmer may borrow capital from a mart for finishing stock purchased from the mart. Interest will be charged on the stock during the finishing period which is then deducted from the sale price achieved for the stock. The stock remains the property of the mart and must be resold through the mart or to an associated abattoir/meat processing company.

Hire purchase

Hire purchase is currently the most popular form of finance used by UK farmers. This type of finance covers identifiable products such as plant and machinery, and livestock. It offers 100% ownership at the end of the repayment period.

Credit is supplied by a finance company but the arrangements are often carried out through the dealer who made the sale. Repayment periods are usually from two to four years with payment by standing order. Payments are for capital and interest and are usually offered on a fixed rate basis. However, this form of finance can be more expensive than an overdraft, because the lender is offering less security.

Contract hire and leasing

Leasing is usually used for equipment or vehicles. Breeding livestock can also be leased. However, leasing costs can vary considerably and the details of a contract should be studied carefully before entering into an agreement. The tax aspects should be discussed with an accountant. Two types of leasing exist:

Finance Lease - Offers use of an asset for an agreed period without ownership. Payments are normally fixed for a defined period of time (usually 2 to 5 years). After this period, the farmer can either continue to use the equipment at a nominal rent (which can vary from nothing to 1.5% of capital cost), or, with the finance company's permission, sell the equipment. Dependent on arrangements, the farmer may obtain 90% to 100% of the sale value to be used as a refund or a down-payment.

Operating Lease - Appropriate for the use of equipment for less than its full economic life. The farmer takes the risk of the equipment becoming obsolete and is responsible for all repairs, maintenance and insurance. The residual value of the asset is usually set at the outset, based on the estimated use throughout the term. In most cases, this is more expensive than a finance lease.

The advantages of leasing schemes (machinery and livestock) depend on the individual's circumstances. Leasing is a complex subject and it is advisable to seek professional advice to assess the best financial alternative.

Taxation

Introduction

This section is designed to provide background information on how tax may affect the farm business and contains a summary of how the system operates. Tax is an increasingly complex subject and there are thirteen tax rates that could apply to income and capital gains of a Scottish Taxpayer.

The tax year which started on 6 April 2018 was the first year in which the Scottish Government's devolved powers were used to any significant impact. Before then, despite some tinkering with rate bands, the Scottish Rate of Income Tax (SRIT) had been kept the same as the rest of the UK (RUK). Now we have five specific rates/bands imposed by the Scottish Government and the table shown on page 531 illustrates the complexities involved.

Although every effort has been made to provide accurate details, no responsibility can be taken for any omissions that may have occurred in the treatment of this specialised field.

The Taxation section of the Handbook has been updated by Chiene + Tait LLP. Chiene + Tait is an independent accountancy firm which offers an extensive range of personal, business and advisory services to a wide range of clients and has a significant agricultural practice. If you would like to discuss the range of services provided by Chiene + Tait please contact Hazel Gough (0131 558 5800) or Jackie Fraser (01463 251730).

Income Tax

Income tax is calculated by applying the appropriate rates to taxable income. The amount of a person's income chargeable to tax in any year is calculated according to the specific rules applicable to the various types of income. Farming profits are assessed as trading income.

The net profit in the accounts usually requires an adjustment because some costs may appear in the accounts which are not allowable for tax purposes (e.g. depreciation) and some income may not be subject to income tax at all, or not taxed as trading income.

Amounts received under the Self Employment Income Support Scheme (SESS), that was implemented in response to the COVID-19 crisis, count as taxable turnover when determining amounts liable to income tax (and class 4 national insurance contributions).

All taxpayers are entitled to £1,000 allowances for both property income and trading income. This means that the first £1,000 gross of most sources of property income and/or trading income is exempt from income tax. If gross income exceeds £1,000, then the taxpayer can either deduct the £1,000 allowance or deduct allowable expenses.

Main Income Tax reliefs

Allowed at top rate of tax	2020/21	2019/20
Personal Allowance ¹	£12,500	£12,500
Blind Person's Allowance	£2,500	£2,450
Marriage Allowance ²	£1,250	£1,250
Dividend Tax Allowance (DTA) ³	£2,000	£2,000
Personal Savings Allowance (PSA) ⁴		
- Basic Rate Taxpayer	£1,000	£1,000
- Higher Rate Taxpayer	£500	£500

Allowed only at 10%		
Married Couple's Allowance (MCA) ⁵	£9,075	£8,915
Income limit for age-related allowances	£30,200	£29,600

- 1 The personal allowance is withdrawn at £1 for every £2 by which total income exceeds £100,000 such that allowances become nil at income of £125,000.
- 2 Up to 10% of the personal allowance can be transferred to a spouse who is no more than a basic rate taxpayer. Not available if the married couple's allowance is being claimed.
- 3 The DTA taxes the first £2,000 of dividend income at 0%.
- 4 The PSA operates as a nil rate band for interest income.
- 5 Only available if born before 6th April 1935.

UK Income Tax bands and rates

	2020/21	2019/20
Basic rate band	£37,500	£37,500
Higher rate band	£37,501 - £150,000	£37,501 - £150,000
Additional rate band	over £150,000	over £150,000

The tax rates differ for General income (G - salary, pensions, business profits, rent), Savings income (S - interest) and Dividend income (D).

	2020/21			2019/20		
	G	S		G	S	
Basic rate	20%	20%	7.5%	20%	20%	7.5%
Higher rate	40%	40%	32.5%	40%	40%	32.5%
Additional rate	45%	45%	38.1%	45%	45%	38.1%

Scottish Rate of Income Tax (SRIT)

Since April 2017, the Scottish Parliament has had the authority to vary the rate bands as well as the actual tax rates. The SRIT will apply to General Income belonging to a "Scottish Taxpayer" regardless of where that income arises. The rules for defining a "Scottish Taxpayer" can be complicated but will broadly apply where the individual's main family home is in Scotland.

From 2017/18 onwards, a Scottish Taxpayer who has General income (salary, pensions, business profits, rents) as well as Savings income and Dividend income will need to consider both the UK tax rates and tax bands and the Scottish tax rates and tax bands in order to work out their income tax liability.

For 2020/21 the Scottish rates of income tax and tax bands are as follows:

	Tax Band	2020/21
Starter Rate	£2,085	19%
Basic Rate	£2,086 - £12,658	20%
Intermediate Rate	£12,659 - £30,930	21%
Higher Rate	£30,931 - £150,000	41%
Top Rate	Over £150,000	46%

Important investment annual limits

	2020/21	2019/20
Individual Savings Account (ISA)	£20,000	£20,000
Junior ISA ¹	£9,000	£4,368
Enterprise Investment Scheme (EIS) ²	£2,000,000	£2,000,000
Venture Capital Trust (VCT) ²	£100,000	£100,000
Seed Enterprise Investment Scheme (SEIS) ³	£200,000	£200,000

¹ Available from 20 November 2011 to all UK resident children who do not have a Child Trust Fund account. From 6 April 2015 it has been possible to transfer a Child Trust Fund to a Junior ISA.

² Income Tax relief at 30% for both EIS and VCT

³ Income Tax relief at 50% for SEIS

Full details of the rates of income tax and the main allowances can be found on the HM Revenue and Customs (HMRC) website at www.gov.uk.

Property Rental Income

Since 6 April 2017 tax relief on finance costs for rental businesses with residential property has been restricted. Until 5 April 2017, any finance costs incurred annually were offset against rental income when calculating taxable profits. For the 2020/21 tax year onwards, taxpayers can only treat finance costs as a tax reducer at the basic rate of tax.

Tax Credits

The system of tax credits is a method by which financial support is given to those in work, or with children, on low incomes. Tax credits comprise working tax credits and child tax credits. The term tax credit is a misnomer: tax credits are a form of financial support, and they are

administered by HMRC. The financial support (itself tax-free) consists of payments to claimants, and not offsets against tax liabilities. The income tax system treats members of a family independently. By contrast, tax credits are based, where appropriate, on the circumstances of couples living together, whether married or not. The Universal Credit is a new benefit and over the next few years, it is expected that it will gradually replace tax credits, as well as some other social security benefits.

Further information on tax credits can be found on the tax credit website at www.gov.uk.

Pensions

It is recognised that state pensions do not provide an adequate income in old age and it is for this reason that individuals may wish to contribute to pensions other than under the state pension scheme. Pension contributions attract tax relief up to set limits and the contributions are accumulated in a fund that is free of income tax and capital gains tax.

The rules for tax relief on pension contributions have undergone significant changes over the years with a view to simplification. Complications remain with rules for the carry forward of unused relief and advice should be taken on the tax implications before a pension contribution is made. Broadly, however, anyone can contribute up to £3,600 (gross) each year, regardless of earnings. Pension payments are made net of basic rate tax relief so the individual would pay £2,880 and the government would add £720 to the pension fund to bring the total up to the £3,600 figure. Higher rate tax relief if applicable is then given through the individual's self-assessment tax return or PAYE code. For 2020/21, the maximum tax-efficient contribution will generally be £40,000 (gross) or 100% of current earnings unless there is unused pension relief available to carry forward from the previous tax years. With effect from 6 April 2020 the maximum contribution is tapered where 'adjusted income' (i.e. including pension contributions) is more than £240,000. The reduction is £1 for every £2 of income over £240,000 and the minimum allowance will be £4,000.

There is also a lifetime limit to the value an individual can contribute to a pension fund tax efficiently. For 2020/21, the "lifetime allowance" is £1,073,100.

Occupational schemes are available to employees who have an employer offering such a scheme and the Pensions Act 2008 included provisions requiring employers to set up pension arrangements for all employees. The rules for compulsory work pensions include a government "auto-enrolment" scheme called the National Employment Savings Trust (NEST). There are now alternative private pension providers offering auto-enrolment scheme options in addition to the government NEST scheme. The implementation date for compulsory

pensions is phased according to the number of employees. Staging dates started in the final quarter of 2012 for the largest employers and all existing employers should now be complying.

From 6 April 2015, those with a money purchase pension (i.e. not final salary schemes) will be able to have unrestricted access to the full value of their pension fund. Any withdrawals above the level of the tax-free amount (currently 25%) will be taxed at the individual's marginal rate of income tax. To prevent recycling funds into another pension to increase the tax relief available, a Money Purchase Annual Allowance (MPAA) was introduced. Until 5 April 2017 the MPAA was £10,000, however, with effect from 6 April 2017 it has been £4,000.

Recent tax changes have resulted in pensions becoming increasingly beneficial for inheritance tax planning matters.

Capital Allowances

<i>Main capital allowances - plant and machinery</i>	<i>Allowance %</i>
Annual Investment allowance: £1,000,000 (from 1 Jan 2019 to 31 December 2020)	100
Certain energy and water efficient equipment, cars CO ₂ 50g/km or less	100
Writing down allowance: general pool	18
Writing down allowance: special rate pool*	6

* The special rate pool includes long life assets, integral plant in buildings, thermal insulation, solar shading and cars with CO₂ emissions over 110g/km.

In the accounts it is normal practice to write-off part of the cost of plant, machinery, vehicles and buildings as depreciation each year. In calculating taxable income, this depreciation is added back to profit, and capital allowances are deducted.

Since 6 April 2008, it has been possible to claim the 100% Annual Investment Allowance (AIA) for plant and machinery (excluding cars). On 1 January 2019, the AIA increased to £1,000,000 and will remain at this level until 31 December 2020. After 31 December 2020 the AIA decreases to £200,000. The AIA is available to partnerships made up of individuals but it is not available to 'mixed partnerships', i.e. partnerships that include a company or a trust.

Capital allowances for new cars are related to the CO₂ rating of the car. New cars with a rating below 50g/km will enjoy a 100% first year allowance. Cars with a rating up to 110g/km will go into the general pool and receive 18% allowances (restricted to £3,000 per annum if the car cost more than £3,000). Cars with higher ratings will go into the special rate pool and only receive 6% allowances.

Capital allowances can no longer be claimed for expenditure on agricultural buildings or works.

Expenditure on integral features of a building such as electrical and lighting systems, cold water and water heating systems and expenditure on solar panels qualifies for special rate allowances at 6%.

A 'Structures and Building Allowance' ('SBA') is available at a rate of 3% per annum on a straight line basis for qualifying expenditure on the construction of qualifying commercial property.

Farmers should review their expenditure on buildings to ensure that any expenditure which may qualify for plant and machinery or integral features allowances are identified. It is also important to review the timing of capital expenditure to maximise allowances.

Losses

When an individual makes a trading loss for a tax year, the loss can be relieved against any other income of the same tax year, against any other income of the previous tax year, against capital gains of either year or by carry forward against future trading profits from the same trade. There are also special loss relief rules for losses made in the early years of a business and the last twelve months before the cessation of trade.

However, from 6 April 2013, the amount of *income tax* loss relief available to an individual in a tax year in respect of a trade loss is capped at the greater of £50,000 or 25% of income.

In addition, the amount of loss relief that a sole trader or partner may claim against general income has been limited to £25,000 if the loss is from *non-active trades*. An individual is deemed to be non-active if they spend an average of less than 10 hours per week personally engaged in the trade's activities. The existing rules for restricting tax relief for losses incurred for more than five consecutive tax years under the "hobby farming" provisions also still apply.

For companies, trading losses can be offset against other profits in the same group or carried forward indefinitely and are available for offset against profits of the same trade.

Relief for Fluctuating Profits (Averaging)

Relief for fluctuating profits (averaging) is available to any individual or partnership carrying on a trade of farming or market gardening. Prior to April 2016, it was possible to average two consecutive years of assessment where the profits of one year are at least 30% below the profits of the other. From April 2016, it has been possible to choose to average over a five-year period.

Averaging claims can result in significant savings of tax and national insurance contributions. Averaging is a valuable relief for farmers, particularly now that income tax rates can be as high as 46%.

Herd Basis of Livestock Valuation

Under the herd basis of livestock valuation, fluctuations in the value of production animals are not taken into account in computing profits, nor is the cost of the original herd or flock deductible. The values of the original production stock numbers are held constant throughout the period that the herd is in existence.

An election to adopt the herd basis of livestock valuation can normally only be made at a time when a production herd is first kept and provided that a herd of that class has not been kept in the preceding five years. Once made, an election is irrevocable and will come to an end only on ceasing to keep a production herd of the particular class for a period of five years or on a change of business structure, e.g. when a sole trader introduces a partner to the business. The time limit for making an election to adopt the herd basis of valuation is two years after the end of the first tax year affected by the purchase of the herd.

The advantage of the herd basis is the exclusion from taxable profit of changes in value of production animals. In addition, when a whole herd or a substantial part of it (over 20%) is sold without replacement, any difference between sale value and book value is not taxable for income tax or capital gains tax purposes.

Self-Assessment Procedures

Every personal tax return carries a self-assessment section in which the taxpayer is normally expected to calculate his or her own income tax and capital gains tax liability. The submission deadline for paper tax returns is 31 October following the end of the tax year. The submission deadline for tax returns delivered electronically is 31 January following the end of the tax year. Penalties are imposed for the late submissions of tax returns.

Tax liabilities are settled via two interim payments on account and a final balancing payment. The two interim payments on account are payable on 31 January during the tax year and 31 July following the end of the tax year. The balance of any income tax due and the full amount of any capital gains tax due is payable on 31 January following the end of the tax year. Interest and surcharges will be due on tax paid late.

Records of personal income, such as bank interest and dividend income should be retained for a period of one year and ten months following the year of assessment to which they relate unless the taxpayer also has a

business or let property in which case all records must be kept for five years and ten months.

Corporation Tax Procedures

Companies have 12 months from the end of the accounting period to file their tax return. For most companies, tax payments are due nine months and 1 day after the end of the accounting period and large companies pay tax in instalments.

Corporation Tax Rates

Year to 31 March 2021

Main rate	19%
-----------	-----

All companies now pay the same rate of tax on profits regardless of the level of profits generated.

If the firm trade is carried on through the medium of a company, corporation tax on the profits has to be paid by the company. Corporation tax is charged on the trading profits, capital gains and other income of an accounting period. Directors' salaries and fees are a charge against profit. Capital allowances are deducted where expenditure is incurred on the acquisition of qualifying plant and machinery.

Annual Tax on Enveloped Dwellings

From 1 April 2013 an annual tax charge has been imposed on certain "non-natural persons" (broadly, companies, partnerships with a corporate partner and collective investment schemes) which hold UK residential dwellings. From 1 April 2016 properties valued at more than £500,000 on specific valuation dates are subject to the charge. For 2020/21 the charge is determined as follows:

Property Value	Annual Tax Charge
£500,000 - £1,000,000	£3,700
£1,000,001 - £2,000,000	£7,500
£2,000,001 - £5,000,000	£25,200
£5,000,001 - £10,000,000	£58,850
£10,000,001 - £20,000,000	£118,050
More than £20,000,000	£236,250

A capital gains tax charge may also arise on disposal of such properties and a 15% SDLT or LBTT charge may arise on the acquisition of such properties (see below for further details).

Capital Gains Tax

Annual exempt amount 2020/21: individuals £12,300, most trustees £6,150. The Capital Gains Tax (CGT) rates for 2020/21 are 10% (for the element within the basic rate band) and 20%. Gains on residential property attract the higher 18%/28% rates.

CGT is a tax on the increase in value of certain property which is sold or given away in a lifetime. It applies to the sale or gift of assets such as land, shares, or other capital assets. CGT does not apply to transfers of cash or the disposal of trading stock. Lifetime gifts between spouses do not give rise to a chargeable gain.

Capital losses are set against other capital gains of the same year or carried forward to reduce gains in excess of the annual exemption in future years. Capital losses cannot be carried back unless they arise in the year of death.

From, 1 April 2013, CGT is payable at 28% in respect of any gain arising from the disposal of residential property owned by UK resident or non-UK resident “non-natural persons”.

From 6 April 2015, CGT is payable on the disposal of UK residential property by non-resident individuals. On sale, there are two options. The property value can be rebased at 5 April 2015 and the chargeable gain arising on disposal will be the difference between the 5 April 2015 valuation and the value at date of sale. Alternatively, the gain arising over the whole period of ownership can be calculated and apportioned, with only the element of the gain arising after 6 April 2015 being liable to capital gains tax.

From 6 April 2020, there is a new reporting and payment requirement for a UK resident individual who disposes of a residential property and the disposal gives rise to a charge to capital gains tax, i.e. the gain is not covered by a relief (such as main residence relief), losses or the annual exemption. The individual is required to make a return in respect of the disposal to HM Revenue & Customs within 30 days, and at the same time make a payment on account of capital gains tax.

Entrepreneurs' Relief applies to disposals of a sole trade or interest in a partnership trade, or shares in a trading company where the shareholder owns at least 5% of the ordinary share capital **and** has at least 5% of the voting rights **and** is entitled to 5% of the profits on winding up and is an officer or employee of the company. With effect from 6th April 2019, there is a requirement to meet the qualifying criteria for a minimum period of 24 months (previously the minimum ownership period was 12 months). Qualifying gains are taxed at 10% up to a lifetime maximum of £1m for disposals made on or after 11 March 2020. For disposals prior to 11 March 2020 the lifetime limit was £10m.

Principal Private Residence Relief (PPR) will generally exempt the gain arising on the sale of the farmhouse and up to half a hectare of grounds. The relief will be restricted if any part of the residence is used solely for business purposes. Where a property had been occupied as the owner's only or main residence, the last 9 months of ownership will qualify for PPR even if the property was no longer occupied.

Gift Relief is available on the gift of assets used in a trade carried on by the transferor, agricultural property (including tenanted land) or shares in an unquoted company. The capital gain is calculated as normal, but does not become chargeable if both the transferor and the transferee agree to "hold over" the gain. If an election is made, the transferee will be deemed to acquire the asset at its open market value less the gain held over. In this way the tax charge is deferred until the transferee sells the asset at arms length. Gift relief is restricted if there has been any non business use of the asset. Previously only agricultural land in the UK qualified for relief, however, from 22 April 2009 land anywhere in the European Economic Area can qualify.

Roll Over Relief can be claimed when a capital asset which has been used for trade purposes (e.g. a building) is sold at a gain and the whole of the sales proceeds are invested in other qualifying assets to be used for trade purposes. The value of the new asset is deemed to be reduced by the amount of the gain arising on the sale of the first asset. The sale proceeds must be reinvested in the period commencing twelve months before and three years after the sale of the original asset. If the entire proceeds of the sale are not reinvested, only partial roll-over relief is available.

Inheritance Tax

Nil Rate Band (NRB)	£325,000
Rate above NRB	40% ¹
Lifetime transfers to certain trusts	20%
Annual exemption for lifetime gifts	£3,000
Small gifts - annual amount per donee	£250

¹ There is a reduced rate of 36% for an estate leaving 10% or more to charity on or after 6 April 2012

Tapering relief applies to reduce the tax on transfers within 7 years of death. The reduction in tax is 20% for survivorship of 3-4 years, 40% for 4-5, 60% for 5-6 and 80% for 6-7 years.

It should be noted that it is now possible for a nil rate band which is unused on a person's death to be transferred to the estate of their spouse or civil partner. Chargeable transfers at death are subject to IHT, but there is no IHT charged on lifetime gifts to individuals. Such transfers are known as potentially exempt transfers (PETs). Where the donor dies

within seven years of making a PET, the transfer is taxed on its value at the date of the gift, using the death rate scale applicable at the date of death.

An additional tax-free band worth £175,000 per individual (£350,000 per married couple) applies from April 2020 in respect of the transfer of an individual's main home on death. The £350,000 allowance applies where the property is passed between spouses on first death and then on to children or grandchildren.

The combination of this new allowance and the existing IHT Nil Rate Band of £325,000 per individual means that a married couple now has a combined NRB of £1million. However, this new allowance is only available in full where the value of the deceased estate is under £2million. In deceased estates with a value of over £2million, the allowance is reduced by £1 for every £2 over £2million. This means that deceased estates with a value of more than £2.35million will not benefit from the allowance.

A number of transfers are left out of account in arriving at the cumulative total on which a person is chargeable. These include transfers between spouses, lifetime transfers made in a year up to a value of £3,000 and transfers to charities.

Wide ranging changes to IHT were announced in 2006 which have had a significant impact on UK estate planning using trusts. As a result of the scope and complexity of these trust rules it is not possible to consider the detail here. Farmers would be advised to consult their tax advisers to review the terms of existing trusts and their wills.

Agricultural and business property relief can in some circumstances reduce the value of the chargeable transfer to Nil.

Agricultural Property Relief (APR)

<i>Nature of property</i>	<i>Rate of Relief</i>
Vacant possession or right to obtain vacant possession within 12 months	100%
Agricultural land let after 1 September 1995	100%
Any other circumstances *	50%

* The 100% relief can apply in certain circumstances where land has been owned and let since before 10 March 1981 and by Extra Statutory Concession F17.

Agricultural Property Relief (APR) only applies to the agricultural value of farmland. Where the farm has additional development value this may qualify for Business Property Relief (BPR).

Agricultural property includes "such cottages, farm buildings and farmhouses, together with the land occupied with them, as are of a

character appropriate to the property". To qualify for APR, the transferor must either have farmed the agricultural property for two years before the transfer or have owned it for seven years before the transfer, during the whole of which time it has been occupied for the purposes of agriculture. As with gift relief, land anywhere within the EEA will qualify.

In order to obtain APR for a farmhouse it is necessary to show that the farmhouse is of a character and size appropriate to the property and the requirements of the farming activities conducted on the agricultural land. Relief may therefore be denied where the farmhouse is excessively large in relation to the farm. The definition of farmhouses and other agricultural property has been considered in a number of cases. HMRC will review APR claims more or less as a matter of course and specialist advice may be needed now, i.e. on a proactive basis, or in the event of an HMRC challenge.

Business Property Relief (BPR)

<i>Nature of property</i>	<i>Rate of Relief</i>
Business or interest in a business	100%
Controlling shareholding in quoted company	50%
Shareholding in unquoted company	100%
Controlling holding in unquoted securities	100%
Settled property used in the business of a life tenant	100%/50%*
Land, buildings, plant used in company or partnership	50%

* 100% relief is available where the property is transferred with the business on death otherwise the 50% rate applies.

BPR is a relief against IHT on business assets, including a tenant's capital items such as machinery and livestock. To qualify for BPR, the property should have been owned by the claimant for two years before the transfer (or it must have replaced other qualifying assets owned for at least two out of the five years before the transfer). BPR is not available if the business or company is one of "wholly or mainly" dealing in securities, stocks or shares, land or buildings or in the making or holding of investments. Some business activities are borderline and particular care will be needed for mixed estates comprising farming and letting activities.

Value Added Tax

Value added tax (VAT) is an indirect tax on sales of goods and services. In general, a taxable business pays VAT on its purchases (input tax) and charges VAT on its sales (output tax). Taxable businesses are required to pass on the output tax to HMRC and may reclaim input tax. From 1 April 2020 businesses with an annual turnover of taxable goods and services of more than £85,000 are required to register for VAT. Businesses with a turnover of less than £83,000 may elect to deregister. It is also possible to voluntarily register for VAT where turnover is below

£85,000 if this is seen to be beneficial. Once registered VAT returns are normally submitted to HMRC quarterly (although it is possible to apply for monthly VAT returns subject to certain conditions - see below).

Standard rate (1/6 of VAT-inclusive price)	20.0%
Registration level from 1 April 2020	£85,000 per annum
Deregistration level from 1 April 2020	£83,000 per annum

There are three rates of VAT applicable to taxable income: a standard rate, a reduced rate of 5% and a 0% rate. The standard rate is currently 20% and has been at this level since 4 January 2011.

Some income streams are not taxable, and are exempt from VAT. This can include supplies made in connection with land, i.e. renting or selling land or property. It is possible to 'opt to tax' land or property so that you can make the lease, licence or sale taxable. This is beneficial if there is input VAT to claim on expenditure connected with the property. The option to tax does not apply to residential accommodation.

Since farm businesses often have zero rated taxable income they can often be in a position where VAT being reclaimed from HMRC exceeds output VAT paid. In such situations, it is advisable to apply to HMRC to submit monthly rather than quarterly returns to aid cashflow. This can be done online.

Farmers may deregister for VAT and elect to use the "flat rate" farmers' scheme. A "flat rate" farmer cannot reclaim VAT on inputs, but charges and retains a flat rate addition of 4% on designated farming activities. This applies even if some of the goods would otherwise be zero rated. If the farmer is involved in other non-farming activities (e.g. bed and breakfast) which have a turnover above the VAT threshold, the flat rate scheme may not be available.

It was announced in the Summer Statement on 8 July 2020 that the rate of VAT in the hospitality sector is to reduce to 5% until January 2021. The hospitality sector includes food and drink from bars, restaurants etc, as well as supplies of holiday accommodation.

The following is a brief summary of the VAT rates as they apply to typical farming activities and expenditure.

VAT - exempt Items

Banking

Certain subscriptions

Cottage rents other than for holiday purposes

Granting of credit and loans

Instalment credit finance charges on a hire-purchase

Insurances

Land let for growing grain, etc*

Postal services

Purchase or sale of land and existing buildings*

Rent*

Easements, Wayleaves, Servitudes, Rights of Way*

* The grant of a lease, licence or sale of land and property is exempt from VAT. Therefore, the above activities marked with a * are exempt from VAT unless an option to tax is in place. If an option to tax is in place these supplies are standard rated.

VAT - standard rated goods and services

Accountants' fees

Artificial insemination

Binder twine

Business activities of a Government Department

Camping facilities and car parks

Charges for storage of goods in enclosed spaces

Commission

Consultants' fees

Contract work for which a payment is in cash or kind

Cottage rents if let as holiday accommodation

Domestic fuel (special rate of 5% - provided supplied for "qualifying use")

Farmyard manure

Fencing and drainage

Fertilisers

Fishing and shooting rights

Fuel - petrol, diesel, and other heavy oil (for road use)

Grazing wintering and land let (with care of animals)

Haulage

Hire of machine or implement

Horses and ponies

Leasing charges

Machinery and vehicle repairs

MLC recording fees

New or second-hand machinery

Non-edible horticultural products

Non-residential construction

Property repairs

Quota sales and leases

Room lettings where catering is included

Sheep dogs

Soil and silage sampling charges

Sprays

Subscriptions, if association VAT registered

Telephone accounts

Tourist accommodation and meals

Trees and hedgerow timber

Paint

Pet foods

Veterinary services and medicines

Wood
Wool

VAT - zero rated goods and services

Animal feeding stuffs

Bees

Crops

Eggs

Sale of new residential buildings

Construction services in relation to a new dwelling

Grazing and wintering (no service included)

Livestock but excluding working animals

Milk

Newspapers, books and periodicals (including online since 1 May 2020)

Seeds of food and seed plants

Trees and bushes if used for production of edible fruit

Outside the scope of VAT

Grants

Compensation

Insurance Claims

Dilapidation payments

Car fuel scale charges

Other than farm vehicles, where fuel is purchased for vehicles which are used for private and business purposes, VAT is only partially recoverable. To make things simpler businesses can use the VAT Fuel Scale Charge. When using this system the business reclaims all VAT incurred on fuel and then accounts for the private use using the fuel scale charge. Alternatively, the business can elect to not recover any VAT incurred on fuel.

The VAT road fuel scale charges are based on the emissions rating of the vehicle and were updated with effect from 1 May 2020. These figures should be used only from the start of the next VAT accounting period beginning on or after that date. These figures along with previous years can be found on the HMRC website at <https://www.gov.uk/government/publications/vat-road-fuel-scale-charges-table>

Basic Payment Scheme Entitlements

The receipt of BPS from the EU is outside the scope of VAT.

The sale or lease of BPS entitlements by a VAT registered business is treated as a supply. This means that the purchase price would be subject to VAT at the standard rate and farmers would be looking to recover this input VAT.

Brexit

The UK left the European Union on 31 January 2020, however there is a transition period until 31 December 2020 where the VAT and Customs rules will remain as they are. VAT is an EU tax and is governed by an EU Directive, however, the UK will retain a VAT system after 31 December 2020 and beyond.

Businesses that currently trade with EU suppliers and customers should consider their position following exit from the EU. Measures can be taken such as applying for AEO (“Authorised Economic Operator”) status and duty deferment schemes to better facilitate trade.

National Insurance Contributions (NICs)

<i>Class 1 (employees)</i>	<i>Main rate</i>
<i>Employee contributions</i>	
- on earnings £183.00 - £962.00 pw	12.0%
- on earnings above £962.00 pw	2.0%
<i>Employer contributions</i>	
- on all earnings above £169.00 pw	13.8%

Employer contributions (at 13.8%) are also due on most benefits in kind and on tax paid on an employee’s behalf under a PAYE settlement agreement.

<i>Class 2 (self-employed)</i>	
Flat rate per week	£3.05
Small earnings exception: profits per annum	£6,475

<i>Class 3 (voluntary)</i>	
Flat rate per week	£15.30

<i>Class 4 (self-employed)</i>	
On profits £9,500 - £50,000	9.0%
On profits over £50,000	2.0%

From 6 April 2014, every business or charity in the UK is entitled to benefit from an “allowance” in respect of their employer Class 1 NIC liability. This “allowance” increased to £4,000 from 6 April 2020.

Self-employed individuals will pay both Class 2 and Class 4 NICs and these will be collected through the Self-Assessment tax return. No NIC is levied if the individual is over state pension age.

Stamp Duty (SD)

	<i>% of Total Consideration</i>
Shares and marketable securities (nil if value up to £1,000)	0.5%

Stamp Duty Land Tax (SDLT)/Land Building Transaction Tax (LBTT) in Scotland

SDLT/LBTT imposes a charge on land transactions. LBTT applies in Scotland only. SDLT applies in England and Northern Ireland. The tax is calculated as a percentage of chargeable consideration with different amounts applicable to residential and non-residential transactions. The person liable to pay the tax is the purchaser. In general, the tax must be paid at the same time the return is made. Interest is charged on late paid tax, and also on late paid penalties.

Commercial Property			
LBTT		SDLT	
Up to £150,000	0%	Up to £150,000	0%
Over £150,000 to £250,000	1%	Over £150,000 to £250,000	2%
Over £250,000	5%	Over £250,000	5%

Residential Property (First Property)			
LBTT		SDLT	
Up to £145,000	0%	Up to £125,000	0%
Over £145,000 to £250,000	2%	Over £125,000 to £250,000	2%
Over £250,000 to £325,000	5%	Over £250,000 to £925,000	5%
Over £325,000 to £750,000	10%	Over £925,000 to £1.5m	10%
Above £750,000	12%	Above £1.5m	12%

A supplement applies for both SDLT and LBTT purposes where a second residential property is purchased by an individual for more than £40,000. The rate is 3% for SDLT purposes and 4% for LBTT purposes (increased from 3% from 25 January 2019). The 3% supplement also applies for LBTT purposes when certain “non-natural persons” (broadly, companies, partnerships, collective investment schemes) purchase a residential property, even if it is their first and only residential property.

From 21 March 2012 a 15% rate of SDLT applies to certain “non-natural persons” acquiring residential property where the purchase price exceeds a set level. From 20 March 2016 the 15% rate applies to properties where the cost exceeds £500,000 subject to relief in certain specific circumstances.

It was announced in the Summer Statement on 8 July 2020 that the 0% band for SDLT on residential property transactions is to increase to £500,000 until 13 January 2021

Single Farm Payment Scheme/Basic Payment Scheme

The European Union Common Agricultural Policy has introduced new reforms across all EU member states. From 1 January 2015, the Single Farm Payment Scheme (SFPS) which has been in existence since

January 2005 has been replaced with the Basic Payment Scheme (BPS). The Milk Quota system has also been abolished with effect from 31 March 2015.

The BPS is a regional area based scheme. BPS receipts will be liable to income tax or corporation tax (if paid to a company) and should be included in the taxable trading income in the relevant accounting period.

For more information on CAP Reform and the BPS, see pages 470-497.

Commercial Woodlands

Commercial woodlands enjoy a tax favoured status.

For income tax purposes, sales of timber from commercial woodland can be outside the scope of income tax. However, in circumstances where land is predominantly occupied for another purpose, receipts from the sale of timber may fall outside the exemption. For example, receipts from the sale of trees planted on a farm should be included as part of farming profits. An owner of commercial woodlands who simply lets the land will receive income in the form of rent and this would be classed as profits from a rental business.

In relation to capital gains tax, profits from the sale of trees are exempt, but there may be a charge to capital gains tax on a profit on the sale of land (i.e. the solum). Furthermore, the occupation of commercial woodlands is a qualifying activity for roll-over and hold-over reliefs.

Inheritance tax exemption is potentially available through 100% Business Property Relief once a two-year period of ownership of commercial woodlands has been established. Agricultural Property Relief would potentially be available on woodlands whose occupation is ancillary to the agricultural land. An example of this would be a woodland shelter belt.

For more information see the Forestry and Farm Woodlands section on page 317.

Anti-Avoidance

The “General Anti-Abuse Rule” (“GAAR”) came into force with the enactment of the Finance Act 2013 on 17 July 2013. The rule counteracts abusive tax avoidance schemes and applies to income tax, national insurance contributions, corporation tax, capital gains tax, inheritance tax, petroleum revenue tax and stamp duty land tax.

The measure supports the Government's objective of promoting fairness in the tax system by deterring taxpayers from entering into abusive schemes that might succeed under current law. The GAAR provides that

tax advantages arising from such arrangements are counteracted on a just and reasonable basis.

The UK GAAR legislation has a 'safety net' arrangement in that there is a requirement for HM Revenue & Customs to seek opinion from an independent panel before invoking the GAAR legislation. There is now a separate Scottish GAAR which initially will only apply to the two devolved taxes (Land and Buildings transaction tax (LBTT) and Scottish landfill tax). The Scottish GAAR has no requirement to bring in an independent perspective and, therefore, gives much more power to Revenue Scotland. It is intended that the Scottish GAAR will extend to all devolved taxes in the future.

Making Tax Digital

In the March 2015 Budget, the Government announced its vision for a new digital tax administration and there was much publicity about this being the death of the annual self-assessment tax return. The transformation of the tax system, to be fully in place by April 2020, was hailed by HMRC as being simpler, more effective and more efficient.

Under Making Tax Digital (MTD) there will be a requirement to keep accounting records in a digital format and to submit income details, expenditure details and tax computations to HMRC using MTD compatible software on at least a quarterly basis. The new system will have a fundamental impact on record-keeping and businesses/landlords will be required to use digital tools such as cloud software or apps, which will have the ability to upload information to HMRC. Each taxpayer will have an online 'digital account' where they will be able to view their payments.

The intended timetable for MTD has changed and in July 2017 HMRC confirmed that MTD reporting will not start until April 2019, and then only for VAT purposes. Businesses will not need to provide a quarterly update to HMRC for other taxes until at least 2021 at the earliest to enable a reappraisal of the plans. Businesses with a turnover below £85,000 will have the option to provide digital records voluntarily via MTD.

Eventually all businesses and organisations will have to comply with MTD. Quarterly MTD returns will replace the annual corporation tax return and the business pages of self-assessment tax returns. A quarterly return will need to be made for each tax a business pays. Therefore, there will eventually be a requirement to submit a quarterly VAT return, as well as a quarterly corporation tax or income tax return.

Summary of Income Tax and Capital Gains Tax Rates

7.5%	Basic Rate for Dividend Income
10%	Capital Gains Tax Rate for gains attracting Entrepreneurs Relief
10%	Capital Gains Tax Rate for gains up to Basic Rate limit
18%	Capital Gains Tax Rate for gains on Residential Property up to Basic Rate limit
19%	Starter Rate for Scottish NSND (non-savings/non-dividend) Income
20%	Capital Gains Tax Rate for gains above Basic Rate limit
20%	Basic Rate for Scottish NSND Income
20%	Basic Rate for RUK NSND income
20%	Basic Rate for Savings Income
21%	Intermediate Rate for Scottish NSND Income
28%	Capital Gains Tax Rate for gains on Residential Property above Basic Rate limit
32.5%	Higher Rate for Dividend Income
38.1%	Top Rate for Dividend Income
40%	Higher Rate for RUK NSND Income
40%	Higher Rate for Savings Income
41%	Higher Rate for Scottish NSND Income
45%	Top Rate for RUK NSND Income
45%	Top Rate for Savings Income
46%	Top Rate for Scottish NSND Income

Notes

The Scottish Rate of Income Tax (SRIT) only applies to certain types of income. This is non-savings/non-dividend income (NSND) which is broadly salaries, self-employment profits, pension income and rental income.

	Rates applying to NSND for Scottish Taxpayers.
	Rates applying to NSND for the rest of the UK (RUK).
	Rates for other income sources such as dividends and bank, etc. interest are taxed at the same rate throughout the UK. Capital gains are also taxed at the same rate throughout the UK.

Miscellaneous

Summary of Farm Management Practices (including useful dates and timings)

Good Agricultural and Environmental Conditions (GAEC) - Scotland

Buffer strips (GAEC 1)

- no cultivations and application of pesticides within 1 Jan - 31 Dec
2m of the top of the bank of watercourses

Water abstraction (GAEC 2)

- submit annual data return by 31 Dec

Muirburn (GAEC 6)

- permitted between and inclusive 1 Oct - 15 Apr
(or 30 Apr with the landowner's permission)

Hedges and trees (GAEC 7)

- no trimming between and inclusive 1 Mar - 31 Aug
(or 31 Jul if hedge/tree in field to be sown with WOSR or TGRS)
- no cultivations and application of fertilisers and 1 Jan - 31 Dec
pesticides within 2m from the centre line of hedges

Greening

Permanent grassland

Nitrogen fertiliser and lime plan prepared by 9 Jun

Ecological Focus Areas (EFAs)

EFA fallow period 15 Jan - 15 Jul

Establish EFA green cover by 1 Nov

Maintain EFA green cover until 31 Dec

Establish EFA catch crop in 'spring'

Maintain EFA catch crop until 31 Dec

Harvest of EFA nitrogen fixing crops after 1 Aug

Cut or graze EFA margins (buffers; cut only, not graze) after 15 Jul

EFA map submit by 15 May

Diffuse Pollution General Binding Rules (DP GBRs) - Scotland

Minimum legal working distances from watercourses:

Within 2m of a watercourse

- no application of inorganic fertiliser
- no application of pesticides
- no cultivation (from top of bank)

Within 5m of a watercourse

- prevent significant poaching

Within 5m of spring, well or borehole

- no fertiliser application
- no cultivation
- no livestock

Within 10m of a watercourse

- no slurry or manure application
- no storage of fertiliser (including temporary field middens)
- no livestock feeders

Within 50m of spring, well or borehole

- no storage of fertilisers (including temporary field middens)
- no slurry or manure application

NVZ - Scotland (SMR 1)

NVZ fertiliser and manure management plan prepared before 1 Mar

NVZ closed periods (organic manures with a high available N content):

	Grassland	Other land
Shallow or sandy soils	1 Sep - 31 Dec	1 Aug - 31 Dec
All other soil types	15 Oct - 31 Jan	1 Oct - 31 Jan

NVZ closed periods (manufactured nitrogen fertiliser):

	Grassland	Other land
Moray, Aberdeenshire, Banff & Buchan NVZ	15 Sep - 20 Feb	1 Sep - 20 Feb
All other Scottish NVZ areas	15 Sep - 15 Feb	1 Sep - 15 Feb

NVZ - England, Wales and Northern Ireland

NVZ closed periods (organic manures with a high available N content):

	Grassland	Other land
Shallow or sandy soils	1 Sep - 31 Dec	1 Aug - 31 Dec
All other soil types	15 Oct - 31 Jan*	1 Oct - 31 Jan*
		*(15 Oct - 31 Jan NI)

NVZ closed periods (manufactured nitrogen fertiliser):

	Grassland	Other land
England and Wales	15 Sep - 15 Jan	1 Sep - 15 Jan
Northern Ireland	15 Sep - 31 Jan	15 Sep - 31 Jan

Business Management**Tax Return**

- paper forms submit by 31 Oct
- online submit by 31 Jan

IACS forms (Scotland) submit by 15 May

AECS annual management options claim submit by 15 May

Scottish Suckler Beef Support Scheme claim submit by 31 Dec

Scottish Upland Sheep Support Scheme claim submit 1 Sep - 30 Nov

Beef Efficiency Scheme - data recording

- calves born 1 Jan - 1 Jun submit by 15 July
- calves born 2 June - 31 Dec submit by 7 Feb

Beef Efficiency Scheme - genotype tissue tagging	
▪ calves born 1 Jan - 1 Jun	by beginning of Nov
▪ calves born 2 June - 31 Dec	by end of Apr
Agricultural and horticultural census (Scotland) at 1 st Monday in June	complete within 14 days
Agricultural survey (Scotland) at 1 st Monday in December (DAS)	complete within 14 days

Livestock Management

Physiological values and breeding cycles for livestock:

	<i>Cow</i>	<i>Ewe</i>	<i>Red Deer</i>	<i>Sow</i>	<i>Poultry</i>
Gestation (days)					
- mean	285	150	231	114	21
- range	269-299	140-160	226-238	109-125	-
Oestrus period (days)					
- mean	21	16	19	21	-
- range	18-24	14-20	17-21	19-23	16-24

Cattle (Scotland SMR 7):

Tagging calves (after birth):	
▪ beef	within 20 days
▪ dairy - one tag	within 36 hours
▪ dairy - second tag	within 20 days
Replace illegible or lost tags	within 28 days of discovery
Registering calves with BCMS	within 7 days of tagging
Cattle deaths to be reported to BCMS	within 7 days
Cattle movements to be reported to BCMS	within 3 days
Cattle within business movements reported to ScotEID	within 48 hours
Retention of cattle records	at least 10 years

Sheep and goats (Scotland SMR 8):

Identify all animals (after birth):	
▪ intensive systems	within 6 months
▪ extensive systems	within 9 months
(or before they leave the holding whichever is soonest)	
All animals double tagged (one tag must be EID) from 12 months of age	
Replace illegible or lost tags	within 28 days of discovery
Record details of identification, illegible or lost tags and movements	within 48 hours
Movements sent to SAMU	within 3 days
Retention of sheep records	at least 3 years
Annual inventory for animals kept (SGAI)	at 1 Dec

Pigs (Scotland SMR 6):

Register with local APHA office	within 30 days of the date pigs are first kept
Notify APHA changes of details	within 30 days of the change
Notify off movements to ScotEID	before or on the day of the movement
Notify on movements to ScotEID	within 3 days of arrival
Record on and off movements	within 48 hours of the movement date

Shooting open seasons for birds *

	England, Scotland & Wales	Northern Ireland
Pheasant	1 Oct - 1 Feb	1 Oct - 31 Jan
Partridge	1 Sep - 1 Feb	1 Sep - 31 Jan
Grouse	12 Aug - 10 Dec	12 Aug - 30 Nov
Ptarmigan (Scotland only)	12 Aug - 10 Dec	-
Common snipe	12 Aug - 31 Jan	1 Sep - 31 Jan
Woodcock (except Scotland)	1 Oct - 31 Jan	1 Oct - 31 Jan
Woodcock (Scotland)	1 Sep - 31 Jan	-
Wild duck and geese:		
- below high water mark	1 Sep - 20 Feb	1 Sep - 31 Jan
- elsewhere	1 Sep - 31 Jan	1 Sep - 31 Jan

Shooting open seasons for ground game *

	England, Wales & Northern Ireland	Scotland
Brown hare (not NI)	1 Jan - 31 Dec	1 Oct - 31 Jan
Brown hare (NI)	12 Aug - 31 Jan	-
Mountain hare	-	1 Aug - 28/29 Feb
Rabbit (not NI)	1 Jan - 31 Dec	1 Jan - 31 Dec

Shooting open seasons for deer *

	England, Wales & Northern Ireland	Scotland
Red deer:		
- stags	1 Aug - 30 Apr	1 Jul - 20 Oct
- hinds	1 Nov - 31 Mar	21 Oct - 15 Feb
Sika deer & red/sika hybrids:		
- stags	1 Aug - 30 Apr	1 Jul - 20 Oct
- hinds	1 Nov - 31 Mar	21 Oct - 15 Feb
Fallow deer:		
- bucks	1 Aug - 30 Apr	1 Aug - 30 Apr
- does	1 Nov - 31 Mar	21 Oct - 15 Feb
Roe deer (not NI):		
- bucks	1 Apr - 31 Oct	1 Apr - 20 Oct
- does	1 Nov - 31 Mar	21 Oct - 31 Mar

* all dates inclusive

Glossary of Acronyms

AD	Anaerobic Digestion
AECS	Agri-Environment and Climate Scheme
Ac	Acre
AECS	Agri-Environment Climate Scheme (Scotland)
AgRE Calc	Agricultural Resource Efficiency Calculator
AHA	Agricultural Holdings Act (Tenancy)
AHDB	Agricultural and Horticultural Development Board
AI	Artificial Insemination
AI	Avian Influenza
AIA	Annual Investment Allowance
AMC	Agricultural Mortgage Corporation
AN	Ammonium Nitrate (fertiliser)
APR	Agricultural Property Relief (for Inheritance Tax)
APR	Annual Percentage Rates
APP	All Pigs Price
ATV	All Terrain Vehicle
AwNC	Areas with Natural Constraints
AYR	All-Year-Round (milk production system)
BASIS	British Agrichemicals Standards Inspection Scheme
BCMS	British Cattle Movements Service
BEIC	British Egg Industry Council
BES	Beef Efficiency Scheme (Scotland)
BF	Butterfat
BFREPA	British Free Range Egg Producers Association
BoE	Bank of England
BPS	Basic Payments Scheme
Brexit	British Exit (from the EU)
BRN	Business Reference Number (farm)
bTB	Bovine Tuberculosis
BWMB	British Wool Marketing Board
C2	Second generation (seed)
CAGS	Crofting Agricultural Grant Scheme
CAP	Common Agricultural Policy
CCL	Climate Change Levy
CfD	Contract for Difference (in electricity market)
CGT	Capital Gains Tax
CHG	Croft House Grant
CHP	Combined Heat and Power
CoC	Certificate of Competence
COP	Cost of Production
COSHH	Control of Substances Hazardous to Health
CPD	Continuing Professional Development
CPI	Consumer Price Index (Inflation)
CRD	Chemical Regulation Directorate
CSGN	Central Scotland Green Network (forestry grant)
CSS	Countryside Stewardship Scheme

CP	Crude Protein
CTS	Cattle Tracing System
CU	Customs Union
DA	Disadvantaged Area
DAP	Diammonium Phosphate (fertiliser)
DAERA	Department of Agriculture, Environment and Rural Affairs (Northern Ireland)
DCP	Dicalcium Phosphate
DEFRA	Department for Environment Food & Rural Affairs
DUP	Digestible Undegradable Protein
DM	Dry Matter
DWT	Dead-weight
EAMU	Extension of Authorisation for Minor Use
EC	European Commission
ECA	European Communities Act (1972)
ECB	European Central Bank
ECJ	European Court of Justice
EEA	European Economic Area
EFA	Ecological Focus Areas
EFTA	European Free Trade Association
EIA	Environmental Impact Assessment
EID	Electronic Identifier
ELS	Entry Level Stewardship Scheme
EOI	Expression of Interest
EP	European Parliament
EPC	Energy Performance Certificate
ERDF	European Rural Development Fund
ES	Environmental Stewardship
EU	European Union
FACTS	Fertiliser Advisers Certification and Training Scheme
FAO	Food & Agriculture Organisation of the United Nations
FBI	Farm Business Income
FBS	Farm Business Survey
FBT	Farm Business Tenancy
FD	Financial Discipline
FGS	Forestry Grant Scheme
FIT	Feed-In Tariff
FT	Full Time
FTA	Free Trade Agreement
FW	Fresh Weight
FYM	FarmYard Manure
GAEC	Good Agricultural & Environmental Condition
GB	Great Britain
GDP	Gross Domestic Product
GHGs	Greenhouse Gases
GLA	Gangmasters Licensinig Authority
GLU	Grazing Livestock Unit
GM	Genetically Modified

GM	Gross Margin
GMOs	Genetically Modified Organisms
GPS	Global Positioning System
GS	Growth Stage (crops)
GVA	Gross Value Added (economic output)
HCC	Hybu Cig Cymru (Meat Production Wales)
Ha	Hectare
HLS	Higher Level Stewardship Scheme
HMRC	Her Majesties Revenue and Customs
HSE	Health and Safety Executive
HT	Higher Tier (CSS)
IACS	Integrated Administration and Control System
IHT	Inheritance Tax
ILMP	Integrated Land Management Plan (Scotland)
IT	Income Tax
K	Potassium
KPI	Key Performance Indicator
kWh	Kilo Watt Hour
LAG	Local Action Group (LEADER)
LBTT	Land Building Transaction Tax (Scotland)
LDT	Limited Duration Tenancies
LEP	Local Enterprise Partnership
LFA	Less Favoured Area (Uplands)
LFASS	Less Favoured Area Support Scheme (Scotland)
LMO	Land Managers Options
LU	Livestock Unit
LWT	Live-weight
MAM	Maximum Authorised Mass
MAP	Mono Ammonium Phosphate (fertiliser)
MCS	Microgeneration Certification Scheme
ME	Metabolisable Energy
MFF	Multi-annual Financial Framework (EU Budget)
MJ	Mega Joules
MLC	Main Location Code (farm)
MLDT	Modern Limited Duration Tenancy (Scotland)
MS	Member States (of the EU)
MTD	Making Tax Digital
N	Nitrogen
NBPSS	National Basic Payment Support Scheme (Scotland)
NE	Net Energy
NE	Natural England
NFI	Net Farm Income
NFU	National Farmers Union
NFUS	National Farmers Union of Scotland
NI	National Insurance
NLW	National Living Wage
NSND	Non-Saving Non-Dividend
NR	National Reserve

NRoSO	National Register of Spray Operators
NVZ	Nitrate Vulnerable Zone
OECD	Organisation for Economic Co-operation & Development
ONS	Office of National Statistics
OSR	Oilseed Rape
P	Phosphorous
P	Protein
PA	Pesticide Application
PAS	Pot Ale Syrup
PAYE	Pay As You Earn
PCHS	Premium Cattle Health Scheme
PLANET	Planning Land Applications of Nutrients for Efficiency
PPE	Personal Protective Equipment
PSGHS	Premium Sheep and Goat Health Scheme
PO	Producer Organisation
PLCD	Proactive Land Change Detection (BPS mapping update)
ppl	Pence per litre
PRG	Perennial Rye Grass
PV	Photovoltaic (Solar)
QMS	Quality Meat Scotland
RD	Rural Development
RDC	Rural Development Contracts
RDPE	Rural Development Programme for England
RHI	Renewable Heat Incentive
RICS	Royal Institute of Chartered Surveyors
RLR	Rural Land Register
RoC	Return on Capital
ROC	Renewable Obligation Certificate
Rol	Return on Investment
RPA	Rural Payments Agency
RPID	Rural Payments and Inspection Directorate (Scotland)
RPW	Rural Payments Wales
RPI	Retail Price Index (Inflation)
RUK	Rest of UK
RTFO	Renewable Transport Fuel Obligation
SACAPP	SAC Association of Potato Producers
SAF	Single Application Form (for BPS)
SAHPS	Scottish Animal Health Planning System
SAMU	Scottish Animal Movements Unit
SAW	Seasonal Agricultural Workers
SDA	Severely Disadvantaged Area
SDLT	Stamp Duty Land Tax (Scotland)
SEPA	Scottish Environmental Protection Agency
SFBS	Scottish Farm Business Survey
SFPS	Single Farm Payment Scheme
SGRPID	Scottish Government Rural Payments and Inspection Directorate
SLDT	Short Limited Duration Tenancy (Scotland)

SME	Small and Medium-Sized Enterprise
SMR	Statutory Management Requirement
SMP	Skimmed Milk Powder
SNH	Scottish Natural Heritage
SOPA	Scottish Organic Producers Association
SP	Single Payment
SPP	Standard Pig Price
SPR	Soil Protection Review
SPS	Single Farm Payment
SQC	Scottish Quality Crops
SQQ	Standard Quality Quotation (sheep price)
SRDP	Scottish Rural Development Programme
SRIT	Scottish Rate of Income Tax
SSBSS	Scottish Suckled Beef Support Scheme
SSSI	Site of Special Scientific Interest
SUSSS	Scottish Upland Sheep Support Scheme
TB	(Bovine) Tuberculosis
TIFF	Total Income From Farming
TFP	Total Factor Productivity
TRQ	Tariff Rate Quotas
TTIP	Transatlantic Trade and Investment Partnership
UAA	Utilisable Agricultural Area
UELS	Uplands Entry Level Scheme
UKFS	UK Forest Standard
UKMFE	UK Milk Futures Equivalent
USDA	United States Department of Agriculture
USP	Unique Selling Point
WG	Welsh Government
WFD	Water Framework Directive
WHO	World Health Organisation
WIG	Woodland Improvement Grant (Scotland)
WMP	Whole Milk Powder
WRDP	Welsh Rural Development Programme
WTO	World Trade Organisation
YC	Yield Class (timber)
YESS	Young Entrants Support Scheme
YFP	Young Farmers Payment
YFS	Young Farmers Scheme

Imperial-Metric Conversion

Conversion factors

	Imperial	A	Metric	B
Length	inch	25.4	mm	0.03937
	foot	0.3048	m	3.281
	yard	0.9144	m	1.094
	chain	20.12	m	0.04971
	mile	1.609	km	0.6214
Area	acre	0.4047	ha	2.471
	ft ²	0.0929	m ²	10.76
	yd ²	0.8361	m ²	1.196
Volume	ft ³	0.02832	m ³	35.31
	yd ³	0.7646	m ³	1.308
	pint	0.5682	litre	1.76
	gal	4.546	litre	0.22
	gal	0.004546	m ³	219.969
	fl oz	28.41	ml	0.0352
	oz	28.35	g	0.03527
Weight	lb	0.4536	kg	2.205
	cwt	50.8	kg	0.01968
	ton	1.016	t	0.9842
	therm	105.5	MJ	0.009478
Energy	kWh	3.6	MJ	0.2778
	btu	1.055	KJ	0.9478
	hp	745.7	W	0.001341
	°F	(°F-32) x0.5556	°C	(°Cx1.8) +32
Rate of use	lb/ac	1.121	kg/ha	0.8922
	cwt/ac	125.5	kg/ha	0.007966
	ton/ac	2511	kg/ha	0.0003983
	lb/gal	99.78	g/litre	0.01002
	gal/ac	11.23	litre/ha	0.08902
	units (fert)/ac	1.25	kg/ha	0.8
Unit cost	£/ft ²	10.76	£/m ²	0.0929
	£/yd ²	1.196	£/m ²	0.8361
	£/ac	2.471	£/ha	0.4047
	£/yd ³	1.308	£/m ³	0.7646
	£/gal	0.220	£/litre	4.546
	£/ton	0.9842	£/t	1.016
	£/cwt	0.01968	£/kg	50.8
	£/lb	2.205	£/kg	0.4536

Note:

Imperial unit x A

=

Metric unit

Metric unit x B

=

Imperial unit

	Imperial	Metric
Length	foot = 12 inches yard = 3 feet mile = 1,760 yards	cm = 10 mm m = 100 cm km = 1,000 m
Area	ft ² = 144 inches ² yd ² = 9 ft ² acre = 4,840 yd ² mile ² = 640 acres	m ² = 10,000 cm ² km ² = 1,000,000 m ² km ² = 100 ha ha = 10,000 m ²
Volume	pint = 20 fluid ounces gallon = 8 pints fluid ounce = 1.734 inches ³ pint = 34.6774 inches ³ gallon = 277.42 inches ³ foot ³ = 1,728 inches ³ yard ³ = 46,656 inches ³	litre = 1,000 ml cm ³ = 1,000 mm ³ m ³ = 1,000,000 cm ³
Weight	lb = 16 oz stone = 14 lb cwt = 112 lb ton = 2,240 lb	kg = 1,000 g tonne = 1,000 kg
Milk	1litre = 1.03 kg	1 kg = 0.971 litre
Irrigation	1 inch/acre = 102.75 m ³	25 mm/ha = 250 m ³
Energy	hp = 550 ft lb force/sec	hp = 75 m kg force /sec
Velocity	mph = 1.609 km/hr	km/hr = 0.6214 mph m/sec = 3.281 ft/sec
Volume	ft ³ /second = 0.02832 m ³ /sec	m ³ /sec = 35.31 ft ³ /sec
Flow rate	gallon/min = 0.07577 litres/sec	litre/sec = 13.2 gallons/min
Specific volume		
rate	ft ³ /ton min = 0.02787 m ³ /t min	m ³ /t min = 35.88 ft ³ /ton min
Mass flow rate	ton/hr = 0.2822 kg/sec	kg/sec= 3.543 ton/hr

Contacts

SAC Contact Details

SAC Consulting Area Offices

Ayr	John F Niven Building, Auchincruive, Ayr KA6 5HW Tel: 01292 525252 E-mail: ayr@sac.co.uk
Balivanich	Balivanich, Isle of Benbecula HS7 5LA Tel: 01870 602336 E-mail: balivanich@sac.co.uk
Campbeltown	12 Burnside Street, Campbeltown, Argyll PA28 6JE Tel: 01586 552502 E-mail: campbeltown@sac.co.uk
Cupar	Elmwood Campus, Carslogie Road, Cupar, Fife KY15 4JB Tel: 01334 654055 E-mail: cupar@sac.co.uk
Dumfries	First Floor, Hestan House, Crichton Estate, Dumfries DG1 4TA Tel: 01387 261172 E-mail: dumfries@sac.co.uk
Edinburgh	2 Technopole Centre, Bush Estate, Penicuik, Midlothian EH26 0PJ Tel: 0131 603 7520 E-mail: edinburgh@sac.co.uk
Elgin	15 Hay Street, Elgin, Morayshire IV30 1NQ Tel: 01343 548787 E-mail: elgin@sac.co.uk
Forfar	77 North Street, Forfar, Angus DD8 3BL Tel: 01307 464033 E-mail: forfar@sac.co.uk
Inverness	Alcaig Farmhouse, Conon Bridge, Dingwall IV7 8HS Tel: 01463 233266 E-mail: inverness@sac.co.uk
Kendal	J36, Rural Auction Centre, Crooklands, Milnthorpe Cumbria LA7 7FP Tel: 01539 769059 E-mail: kendal@sac.co.uk
Kirkwall	Martside, Grainshore Road, Hatston, Kirkwall, Orkney KW15 1FL Tel: 01856 872698 E-mail: kirkwall@sac.co.uk

Lanark 57 High Street, Lanark ML11 7LF
Tel: 01555 662562
E-mail: lanark@sac.co.uk

Lerwick Agricultural Marketing Centre, Stoney Hill, Lerwick
Shetland ZE1 0NA
Tel: 01595 693520
E-mail: lerwick@sac.co.uk

Oban Glencruitten Road, Oban, Argyll PA34 4DW
Tel: 01631 563093
E-mail: oban@sac.co.uk

Perth Sandpiper House, Ruthvenfield Road
Inveralmond Industrial Estate, Perth PH1 3EE
Tel: 01738 636611
E-mail: perth@sac.co.uk

Portree Unit 3, 6 Leasgeary Road, Portree IV51 9BE
Tel: 01478 612993
E-mail: portree@sac.co.uk

St Boswells Greycrook, St Boswells, Melrose TD6 0EU
Tel: 01835 823322
E-mail: stboswells@sac.co.uk

Stirling Caledonian Marts, Millhall, Stirling FK7 7LS
Tel: 01786 450964
E-mail: stirling@sac.co.uk

Stonehaven Arduithie Business Centre, Kirkton Road, Stonehaven
Kincardineshire AB39 2NQ
Tel: 01569 762305
E-mail: stonehaven@sac.co.uk

Stornoway 52 Bayhead, Stornoway, Isle of Lewis HS1 2DZ
Tel: 01851 703103
E-mail: stornoway@sac.co.uk

Stranraer 99 George Street, Stranraer, Wigtownshire DG9 7JP
Tel: 01776 702649
E-mail: stranraer@sac.co.uk

Thainstone Thainstone Agricultural Centre, Inverurie, Aberdeenshire
AB51 5WU
Tel: 01467 625385
E-mail: inverurie@sac.co.uk

Thurso Industrial Estate, Janetstown, Thurso, Caithness
KW14 7XF
Tel: 01847 892602
E-mail: thurso@sac.co.uk

Turriff Clifton Road, Turriff, Aberdeenshire AB53 4DY
Tel: 01888 563333
E-mail: turriff@sac.co.uk

SAC Consulting Specialist Services

Conservation Thainstone Agricultural Centre,
Inverurie Aberdeenshire AB51 5WU
Tel: 01467 625 385
E-mail: paul.chapman@sac.co.uk

Environment 2 Technopole Centre, Bush Estate, Penicuik
Midlothian EH26 0PJ
Tel: 0131 603 7500
E-mail: environment@sac.co.uk

Food and Drink Ferguson Building, Craibstone Estate,
Aberdeen AB21 9YA
Tel: 01224 711044
E-mail: food@sac.co.uk

Livestock Greycrook, St Boswells, Melrose TD6 0EU
Tel: 01835 823322
E-mail: val.angus@sac.co.uk

Organic Farming Greycrook, St Boswells, Melrose
Services TD6 0EU
Tel: 01835 823322
E-mail: fbstboswells@sac.co.uk

Potatoes Ferguson Building, Craibstone Estate,
Aberdeen AB21 9YA
Tel: 01224 711215
E-mail: potatoes@sac.co.uk

Premium Assured Strangles Scheme (PCHS) Pentlands Science Park, Bush Loan, Penicuik,
Midlothian EH26 0PZ
Tel: 0131 535 3130
Email: vsenquiries@sruc.ac.uk

Premium Cattle Health Scheme (PCHS) Greycrook
St Boswells, Melrose TD6 0EQ
Tel: 01835 822456
E-mail: pchs1@btconnect.com

Premium Sheep and Goat Health Schemes (PCHS) Greycrook
St Boswells, Melrose TD6 0EQ
Tel: 01835 822456
E-mail: psghs@sac.co.uk

Rural Business Unit 2 Technopole Centre, Bush Estate, Penicuik
Midlothian EH26 0PJ
Tel: 0131 603 7525
E-mail: rbuedinburgh@sac.co.uk

Woodlands Caledonian Marts, Millhall, Stirling FK7 7LS
Tel: 01786 450964
E-mail: malcolm.young@sac.co.uk

Xero Accounting &
Bookkeeping Centre Arduthie Business Centre, Kirkton Road,
Stonehaven, Kincardineshire AB39 2NQ
Tel: 01569 762305
E-mail: xero@sac.co.uk

SRUC Veterinary and Analytical Laboratory

Pentlands Science Park, Bush Loan,
Penicuik, Midlothian EH26 0PZ
Tel: 0131 535 3130
Email: vsenquiries@sruc.ac.uk

SRUC Disease Surveillance Centres

Aberdeen Mill of Craibstone, Bucksburn, Aberdeen
AB21 9TB
Tel: 01224 711177
E-mail: vetservices.north@sruc.ac.uk

Dumfries St Mary's Industrial Estate, Dumfries DG1 1DX
Tel: 01387 267260
E-mail: vetservices.southwest@sruc.ac.uk

St Boswells Greycrook, St Boswells, Melrose
TD6 0EQ
Tel: 0131 535 3130
E-mail: vetservices.central@sruc.ac.uk

Thurso Janetstown, Thurso, Caithness KW14 7XF
Tel: 01847 892602
E-mail: vtthurso@sac.co.uk

SRUC Disease Surveillance Hubs

Ayr J F Niven Building, Auchincruive Estate,
Auchincruive, Ayr KA6 5HW
Tel: 01292 520318
Email: vetservices.southwest@sruc.ac.uk

Inverness An Lòchran, 10 Inverness Campus, Inverness
IV2 5NA
Tel: 01463 243030
E-mail: vetsservices.north@sruc.ac.uk

Perth 5 Bertha Park View, Perth PH1 3FZ
Tel: 01738 629167
E-mail: vetsservices.central@sruc.ac.uk

SRUC Specialist Units

Crop Clinic Crop Clinic, Pentlands Science Park, Bush Loan
Penicuik, Midlothian EH26 0PZ
Tel: 0131 535 3130
E-mail: asd@sac.co.uk

Rural Policy Centre King's Buildings, West Mains Road, Edinburgh
EH9 3JG
Tel: 0131 535 4256
E-mail: rpc@sruc.ac.uk

SRUC Campuses

Barony Campus Parkgate, Dumfries DG1 3NE
Tel: 01387 860251
E-mail: baronyadmin@sruc.ac.uk

Craibstone Campus Craibstone Estate, Aberdeen AB21 9YA
Tel: 01224 711000
E-mail: aberdeen@sruc.ac.uk

Elmwood Campus Carslogie Road, Cupar, Fife KY15 4JB
Tel: 01334 658800
E-mail: elmwoodcontact@sruc.ac.uk

King's Buildings Campus Peter Wilson Building, King's Buildings, West
Mains Road, Edinburgh EH9 3JG
Tel: 0131 535 4000
E-mail: edinburgh@sruc.ac.uk

Oatridge Campus Ecclesmachan, Broxburn, West Lothian
EH52 6NH
Tel: 01506 864800
E-mail: oatridgeinfo@sruc.ac.uk

Riverside Campus University Avenue, Ayr, Ayrshire KA8 0SX
Tel: 01292 886200
E-mail: ayr@sruc.ac.uk

Machinery Ring Contact Details

ARGYLL AND ISLANDS RURAL BUSINESS RING LTD

Glaikmore, North Kessock, Inverness IV1 3UD

Tel: 01463 811603 Fax: 01463 811084

E-mail: hbs@hbsring.co.uk

Website: www.hbsring.co.uk

BORDERS MACHINERY RING LTD

Leader House, Mill Road, Earlston TD4 6DG

Tel: 01896 758091 Fax: 01896 757036

E-mail: bmr@ringleader.co.uk

Website: www.bordersmachineryring.co.uk

CAITHNESS MACHINERY RING LTD

Biggins, Killimster, Wick KW1 4RX

Tel: 01955 608865

E-mail: info@caithnessmachineryring.co.uk

Website: www.caithnessmachineryring.co.uk

HBS RING LTD

Glaikmore, North Kessock, Inverness IV1 3UD

Tel: 01463 811603 Fax: 01463 811084

E-mail: hbs@hbsring.co.uk

Website: www.hbsring.co.uk

LOTHIAN MACHINERY RING LTD

Overgogar House, Gogarbank, Edinburgh EH12 9DD.

Tel: 0131 339 8730 Fax: 0131 317 8148

E-mail: frank@lothianmachineryring.co.uk

Website: www.lothianmachineryring.co.uk

ORKNEY BUSINESS RING LTD.

Unit 1, Orkney Auction Mart, Grainshore Road, Kirkwall, Orkney
KW15 1FL

Tel: 01856 879080 Fax: 01856 879081

E-mail: info@orkneybusinessring.co.uk

RINGLINK (SCOTLAND) LTD.

Cargill Centre Business Park, Aberdeen Road, Laurencekirk
Aberdeenshire AB30 1EY

Tel: 01561 377790 Fax: 01561 378231

E-mail: laurencekirk@ringlinkscotland.co.uk

Website: www.ringlinkscotland.co.uk

RURAL SERVICES SCOTLAND LTD.

73 Norwell Drive, Perth Airport Business Park, Scone, Perth PH2 6PL

Tel: 01738 550101 Fax: 01738 550202

E-mail: info@scotlandfarmer.co.uk

Website: www.scotlandfarmer.co.uk

TARFF SERVICES

Old Station Yard, Ringford, Castle Douglas DG7 2AN

Tel: 01557 820247 Fax: 01557 820249

E-mail: services@tarfvalley.co.uk

TAYFORTH MACHINERY RING LTD

Newhill Farm, Glenfarg, Perth PH2 9QN

Tel: 01577 830616 Fax: 01577 830663

E-mail: admin@tayforth.co.uk

Website: www.tayforth.co.uk

Index

	Page
A	
Agricultural Holdings (Scotland) Act 1991	398
Agricultural Holdings (Scotland) Act 2003	399
Alternative livestock	296-297
Amortisation table	500
Anaerobic digestion	354-356
Animal and Plant Health Agency (APHA)	433
Animal health	118-121
Annuity tables	505
Annual percentage rate (APR)	502-503
Arable	
Barley	24-27
Beans, field	38-39
Broccoli	42-43
Cauliflower	42-43
Marketing	17, 51
Oats	28-31
Oilseed rape	34-37
Peas	40-41
Silage	80-81, 86, 89, 91
Stubble-to-stubble	46
Timothy	44-45
Triticale	32-33
Wheat	20-23
Whole farm data	447-467
Assets	436
B	
Balance Sheet	436-437
Baling – contractor's charges	381
Barley	
Winter & spring	24-27
Organic	254-255
Basic Payment Scheme	
<i>See Subsidies</i>	
Beans – field	38-39
Bed and breakfast	303-304
Beef cattle	
Calf rearing costs to 3 months	174-175
Finishing:	
Autumn-born at 18 months	168-169
Dairy bred bulls	176-177
Intensively at 12 months	166-167
Organic	266-267
Spring born at 18-20 months	170-171
Summer	172-173
Foster calves	153
Holstein bulls, slaughter age and performance	152
Housing	406, 412, 417
Liveweight – deadweight price conversions	154
Marketing	151
Overwintering spring-born suckled calves	164-165
Passports	115

Scottish Suckler Beef Support Scheme	152, 477-478
Store cattle valuations	153-154
Suckler cows:	
Crofts and small farms	280-281
Hill	156-157
Lowground	160-161
Organic	264-265
Upland	158-159
Whole farm data	447-467
Bio diesel	353-354
Biomass	340, 351-352
Broccoli	42-43
Budgeting	1-2, 435-436
Buildings	
Building warrant	410, 413
Costs	416
Feed space requirements	407
Grain storage	405, 418
Livestock space requirements	406-407
Planning permission	411
Potato storage	405, 407
Silage clamps	417
Slurry storage	417
Water requirements	408-409
Business Reference Number	432
C	
Calf rearing costs to 3 months	174-175
Calorific values of fuels	365
CAP Reform	
<i>see Subsidies</i>	
Capital	435
Capital allowances	516
Capital gains tax	520
Cash	437
Cattle	
<i>see Beef cattle, Dairying, Livestock or Organic Farming</i>	
Cauliflower	42-43
Cereals	
<i>see Arable</i>	
Whole farm data	455-456, 465-466
Chicory	106-107
Christmas trees	323
Climate change	422-428
Combining	375
Compounding table	504
Contact details	546-552
Contract farming	440
Contractors' charges	
Drainage	383-385
Dry stone walling	386
Fencing	385-386
Grain and oilseed rape drying	383
Labour	382
Machinery	379
Scanning	382

Shearing	382
Corporation tax	519
Credit	
Amortisation table	500
Annuity tables	505
Annual percentage rate (APR)	502-503
Compounding table	504
Discount tables	506
Hire purchase	508
Loans	507
Sinking fund table	501
Crofting	272-274
Crossbred ewes	192-193
Cross compliance	496-497
Cultivating	
Contractors' charges	379
Fuel Consumption	376-377
Rates of work	371-373
D	
Dairying	
Gross Margins:	
Low input spring calving	134-135
7,000 litres	136-137
8,500 litres	138-139
Heifer rearing	142-143
High output housed year round	140-141
Housing	406
Lactation curves	131
Milk marketing	130
Milk prices	128-130
Organic dairy cows	260-263
Replacement heifer rearing	142-143
Whole farm data	454,464
Days available for field work	373
Deer	
<i>see Red Deer</i>	
Discount tables	506
Diversification	
Alternative livestock	296-297
Bed and breakfast	303-304
Crops	291-296
Deer farming	210-213
Eco-tourism	302
Equestrian	307-313
Farmers' markets	299-300
Farm shops	300-301
Glamping pods	304
Leisure	305-307
Part time work off the farm	290
Pet boarding	314-315
Retailing	297-302
Self catering	303
Vending machines	301
Wedding	313
Drainage – contractor's charges	383-385

Dry stone walling – contractor’s charges	386
Dutch turnips	102-103

E

Easement	414
Eco-tourism	302
Eggs	
Egg grading	235
Free range egg production	234
Lion egg quality standard	235
Prices	234
Electricity prices	364
Energy efficiency	340
Entrepreneurs’ relief	520
Equity partnerships	439
Equivalent grain weights and prices	47
Ewes	
<i>see Sheep</i>	

F

Farmers’ markets	299-300
Farm storage	
Fuel	366-367
Grain	405, 407, 418
Potatoes	405, 407, 418
Silage	405, 407, 417
Slurry	417
Farming for a better climate	424-425
Feedingstuffs	
Nutritive and relative values	121-123
Felling licences	318
Fencing	385-386
Fertiliser	
Costs	4
Residual values	10-11
Slurries and organic manures	4-12
Fertilising	
Contractors’ charges	380
Rates of work	372
Field beans	38-39, 256-257
Field drainage	383-385
Finishing cattle	
<i>see Beef</i>	
Flax	295
Fodder beet	108-109
Forage	
Arable (pea/cereal mixtures) silage	90-91
Chicory	106-107
Contractor charges	380-381
Dutch/Stubble turnips	102-103
Fodder beet	108-109
Forage maize	92-93
for AD	357-358
Forage peas	90-91
Forage rape	100-101
Kale	98-99

Rye	96-97
for AD	357-358
Short-term lets	405
Swedes/Turnips	104-105
Wholecrop cereal	94-95
Forage based finishing dairy steers at 24 months	178-179
Forestry and Land Scotland (FLS)	318
Forestry and farm woodlands	
Christmas trees	323-326
Climate change	425-428
Grants and subsidies	326-337
Law	
Ash die back	321
Dothistroma needle blight	321
Dutch elm disease	322
Felling licence	318
Phythophtera ramonum	320-321
Phytophthora alni / austrocedri	321-322
Shelter	322
Free range egg production	234-236
Fuel	
Calorific values of fuels	365
Consumption and field operations	376-377
Prices	364-365
Scale charge	526
Storage	366-367
Futures Market	17, 47
G	
GAEC	496, 534
Gas prices	364-365
GBR	426-427, 534-535
Gestation	124, 536
Gimpering	200-201
Goats	117-118, 296-297
Grain	
Contract charges	379-380
Drying charges	383
Equivalent grain weights	47
Rates of work	372
Storage	407-408
Grants	
<i>see Subsidies</i>	
Grassland	
Grassland grazing	78-79
Hay and aftermath grazing	82-83
Rates of work	372-373
Reseeding cost	76
Rye for early grazing	96-97
Silage and aftermath grazing	80-81
Short-term lets	399, 405
Stocking rates	74-75
Timothy	44-45
Greening	476
Gross output analysis	437

H	
Harvesting, contractors' charges	380-381
Hay	
Timothy	44-45
And aftermath grazing	82-83
Contractors' charges	380-381
Health and Safety	393-395
Hedge cutting	382
Heifers - dairy	142-146
Hemp	295-296
Herd basis	518
Hire purchase	508
Horse livery	307, 310
Horticulture – whole farm data	459
Hydro power	349-350
I	
Integrated Administration and Control System (IACS)	433, 535
Single application form (SAF)	472-473
Imperial-metric conversion	543-544
Income tax	512-514
Inheritance tax	521-522
J	
Joint ventures	439-440
K	
Kale	98-99
L	
Labour	
Contractors' charges	379-382
Legislation	388-393
Standard labour requirements	370-371
Lactation curves	131
Lamb	
<i>see Sheep</i>	
Land Reform (Scotland) Act 2016	400-403
Land - short term lets	405
Less Favoured Area Support Scheme	478-480
Liabilities	435
Lime	
Contractors' charges	380
Cost of lime	4
Residual values	11-12
Limited duration tenancies	399-400
Linseed	292
Lion quality code of practice	235
Livery, horse	310-311
Livestock housing	406-407
Livestock units	114, 472
Liveweight-deadweight price conversion – beef	153-154
Loans	507

M

Machinery	
Contractors' charges	379-383
Days available for field work	373-374
Rates of work	371-373
Machinery ring contact details	551-552
Main location code	432
Maize, forage	92-93
Making tax digital	530
Manure	
Fertiliser value	4
Contractors' charges	380
Residual values	8-11
Metric – imperial conversion	543-544
Milk	
Marketing	130
Prices	128-130
Miscanthus	359-360

N

National insurance contributions	527
NetRegs	427
Net worth	435, 437-438
New entrants	432-434
Nitrogen application and utilisation – grassland	74
NFU	444
Nutritive values of feedingstuffs	121-122
Nutrient planning	6-7
NVZ	535

O

Oats	
Organic	252-253
Winter & spring	28-31
Oilseed Rape	
Drying charges	383
Speciality crops	291-293
Winter & spring	34-37
Organic farming	
Barley	254-255
Beans	256-257
Breeding ewes	268-269
Certification	248
Contacts	249
Dairy cows	260-263
Finishing cattle	266-267
Grants	246-247
Oats	252-253
Potatoes - maincrop	258-259
Suckler cows – mainly silage diets	264-265
Winter Wheat	250-251
Owner Equity	437-438

P

Part-Time Work	290-291
----------------	---------

Passports	115
Peas	
Cereal mixtures	90-91
Forage	90-91
Spring	40-41
PEPFAA Code	428
Pensions	515-516
Pesticide use	12-13
Pigs	
Buildings	406-407
Finishing	230-231
Indoor units	226-227
Outdoor units	228-229
Traceability	117-119
Whole farm data	457
Planet Scotland	7
Planning permission	411-412
Ploughing	
Contractors' charges	379
Rates of work	371
Pollution	
Environmental guidelines	426-427
Planet Scotland	7
Potatoes	
Contractors' charges	381
Dual purpose (seed and ware)	70-71
Early set skin prepack bakers (covered and open)	56-57
Loose new (covered and open)	54-55
Maincrop ware (prepack bakers)	60-61
Maincrop ware (prepack premium varieties)	62-63
Maincrop ware (processing – chips)	64-65
Maincrop ware (processing – crisps)	66-67
Organic - maincrop	258-259
Prepack salads	58-59
Rates of work	372-373
Seed (low and high tuber number varieties)	68-69
Storage	405, 407, 418
Poultry	
Broilers	236, 242-243
Egg price indicators	236
Egg production	234-235, 278-279
Laying hens – free range	240-241, 284-285
Space requirements	407
Traceability	118
Whole farm data	458
Premium health schemes	120
Protein crops	
<i>see Arable</i>	
R	
Rape, forage	100-101
Rates of work – machinery	371-373
Red deer	
Deer farming	210-213
Finishing stags	218-219
Lowground breeding and feeding	214-215

Upland breeding selling calves	216-217
Reed canary grass	360
Renewable energy	
Anaerobic digestion	357-358
Biodiesel (farm scale production)	353-354
Biomass heating	351-353
Energy crops	359-360
Grants and incentives	341-348
Hydro power	349-350
Miscanthus	359-360
Reed canary grass	360
Short rotation forestry	359
Solar	350-351
Willow short rotation coppice	359
Wind power	348-349
Renewable heat incentive (RHI)	341-345
Rent	403-404
Reseeding, costs	80-81
Residual values of fertilisers, manures and lime	8-12
Riding School	312
Root and potato work	
Contractors' charges	381
Rural Development Programme	
Diversification	288
England	487-488
Forestry and farm woodlands	326-333
Northern Ireland	495-496
Organic	246-247
Scotland	478-484
Wales	488-492
Rye for early grazing	96-97

S

SAC Consulting/SRUC contacts	546-550
Scanning – contract costs	382
ScotMoves	115
ScotEID	115-117
Scottish Suckler Beef Support Scheme	152, 477
Self Catering	303
SGRPID	432
Share farming	440-441
Shearing – contract costs	382
Sheep	
Contract work	382
Ewes	
Sheep flock – croft and small farm	282-283
Cross bred ewes	192-193
Draft blackface	190-191
Early finished lamb production	196-197
Easy care (wool shedding)	198-199
Extensive hill	186-187
Improved hill	188-189
Organic breeding ewes	268-269
Pure bred flock	194-195
Feeding	184-185
Gimpering	200-201

Lambs	
Long keep lambs – finishing on swedes	206-207
Short keep lambs – indoor finishing on concentrates	204-205
Short keep lambs – winter finishing on rape	202-203
Marketing	182-183
Scottish Upland Sheep Support Scheme	183-184, 478
Tagging	116
Whole farm data	452, 453, 461, 463
Wool	185
Shooting	537
Short Limited Duration Tenancies (SLDT)	399
Short-term lets	405
Silage	
And aftermath grazing	80-81
Arable	90-91
Contract charges	380-381
Rates of work	373
Maize, forage	92-93
Production	77
Storage	407-408
Wholecrop cereal, winter wheat	94-95
Single Farm Payment Scheme	528-529
Sinking fund table	501
Slurry	
Fertiliser value	4-5
Contractors' charges	380
Residual value	10-11
Small Farms	274
Soil workdays	373-375
Sowing/planting	
Contractors' charges	379-380
Rates of work	372-373
Sprayers	
Contractors' charges	380
Rates of work	372
Stamp duty	527-528
Standard labour requirements	370-371
Stubble-to-stubble contracting	46
Stubble turnips	102-103
Subsidies, agricultural	
Basic payment scheme	472-475, 484-486, 489-490, 493-494
Crop diversification	470-471, 476, 486, 490, 494
Cross compliance	496-497
Ecological focus area	471, 476, 486, 490-491, 494
Forestry and farm woodlands	326-336, 482
GAEC	496, 534
Greening	470-471, 474-475, 485-486, 490-491, 494
Less favoured area support scheme	478-480
National Reserve	477, 487, 491
Rural Aid Schemes	470-497
Rural development programme	478, 487-488, 492, 495
Scottish Suckler Beef Support Scheme	477
Scottish Upland Sheep Support Scheme	478
Voluntary coupled support	477-478
Young farmer scheme	477, 487, 491, 495

Suckler cows	
Hill	156-157
Lowground	160-161
Organic	264-265
Upland	158-159
Suckler herd- croft and small farm	280-280
Swedes	104-105

T

Taxation	
Anti-avoidance	529-530
Basic payment scheme	528
Capital allowances	516-517
Capital gains tax	520
Corporation tax	519
Dividend tax	513
Entrepreneurs' Relief	520
Enveloped dwellings	519
Fuel scale charges	526
Herd basis of livestock valuation	518
Income tax	512-514
Inheritance tax	521-522
Losses	517
Making tax digital	530
National insurance contributions	527
Pensions	515-516
Property rental income	514
Relief for fluctuating profits	517-518
Scottish stamp duty	527-528
Self-assessment procedures	518-519
Single Farm Payment Scheme	528
Stamp duty	527
Stamp duty land tax	528
Tax credits	514-515
Value added tax	523-526
Woodlands	336-337, 529
Tenancies	439
Timothy - hay, greencut	44-45
Tourism	302-304
Traceability, livestock	115-118, 530
Tractor hire	381-382
Trees	
<i>see Forestry</i>	
Triticale	32-33
Turnips	
Dutch or stubble	102-103
Swedes and turnips	104-105

V

Value added tax	523-526
Vehicles	387-388
Vending Machines	301-302
Veterinary records	120-121

W	
Wages	389-390
Water Requirements	408-410
Wayleaves	414-415
Wheat	
Organic	250-251
Winter & spring	20-23
Wholecrop cereal, winter wheat	94-95
Whole Farm Data	
Definition of terms	450-451
Description of farm types	449-450
England	
Cattle and sheep (LFA) farms	452
Cereal farms	455
Dairy farms	454
General cropping farms	456
Horticulture farms	459
Lowland cattle and sheep farms	453
Mixed farms	460
Specialist pig farms	457
Specialist poultry farms	458
Scotland	
Cattle and sheep (LFA) farms	463
Cereal farms	465
Dairy farms	464
General Cropping	466
Mixed farms	467
Specialist beef (LFA) farms	462
Specialist sheep (LFA) farms	461
Willow short rotation coppice	359
Wind	348-349
Woodlands	
<i>see Forestry</i>	
Wool	185
Workdays	373-375
Work rates	371-373