

Joint Ventures for Landowners and New Farmers



**Farm
Advisory
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Case Study

Janet Pringle

And

**Woodland Trust
Scotland**



Hamish Thomson and Janet Pringle

“Look what is available and match your skillset to the best opportunity for you”
Janet Pringle

“Contract farming reduces risk and frees up estate time”
Hamish Thomson, Woodland Trust Scotland

Contract Farming -

Managing a productive livestock farm while keeping conservation at the forefront

A Short Biog...

Woodland Trust Scotland own nearly 5,000 hectares at Glenfinglas Estate, Aberfoyle.

The Estate was purchased due to the unique ancient wood pasture habitat. The site had been overgrazed in the past, allowing little regeneration of the habitat. After purchasing the land the stocking rate was reduced and labour was employed to manage the livestock. More recently Woodland Trust Scotland have entered into a contract farming agreement with Janet Pringle.

Janet was brought up on a farm in the West Coast of Scotland, she had been working for the Scottish Fire and Rescue Service and wanted to return back to the land for a career. She initially wanted to seek out a tenancy, but there were limited opportunities available. In 2013 Janet saw the contract farming at Glenfinglas advertised and attended the open day. Her skillset fitted the contract opportunity perfectly, with her hill

farming experience and a previous role of being a countryside ranger. She applied, following a successful interview she was awarded a three year contract farming agreement with the Woodland Trust Scotland. This was completed successfully and she is now one year in, on managing a five year agreement with the Trust.

The Farming System

The aim of the contract is to keep a profitable productive farm, keeping the conservation aims and the objectives of the Woodland Trust at the forefront.

There are 90 head of predominately Luing spring calving cows, with 25 bulling heifers following. These are managed on the hill. In addition there is a flock of 200 blackface ewes managed on the hill land. The livestock grazes through the woodland that the Woodland Trust are restoring and increasing in size.

The Contract Agreement

Due to the initial three year agreement being so successful, a further five year contract farming agreement has been created between Woodland Trust Scotland and Janet.

The Woodland Trust Scotland provide the land, livestock and buildings. While Janet supplies the labour and machinery. To reduce the capital outlay for Janet, she rents some of the machinery from the Woodland Trust Scotland.

Janet is paid an agreed "Contractors fee" for her management of the livestock. There is an agreed "retention fee" for the Woodland Trust. All income and expenditure is directed through a "number 2 account". At the end of the financial year each party receives a level of the profits in favour of the land owner.

Weekly meetings are held, between Janet and all Estate staff, to ensure all aims and objectives of the trust are being met.

Independent Advice

Woodland Trust Scotland appointed an independent agent to assist in finding the most suitable contractor and drawing up the agreement. The agent gave the Trust the agricultural and production based view and expertise. The trust found this an essential tool in the success of drawing up the agreement and working with Janet as the Contract manager at Glenfinglas.



Benefits to Woodland Trust Scotland (land owner/ farmer)

Benefits to the Woodland Trust Scotland as the landowner/farmer have included the following:

- Having a contract farmer has freed up estate staff to concentrate on other areas.
- Reduces financial risk with a fixed contractors fee being paid to Janet.
- Easier to budget the livestock enterprises, having someone solely focussing on the enterprises.
- Demonstrating successful livestock and conservation management working together hand in hand.

Benefits to Janet (Contractor)

Benefits to Janet as the contractor have included the following:

- Janet is gaining large scale experience in terms of both practical and management skills.
- She has a low financial risk with the Trust owning the livestock and being able to rent some machinery from the landowner.
- She has a steady income plus a divisible surplus, this incentive her to stay motivated.
- She is using her skillset to actively manage and promote livestock and conservation working together successfully.

Top Tip

Communication

Keep an open dialog

Talk on a daily basis

Take time to manage & strengthen your relationship

Weekly meetings

Contract Farming - a summary!

A contract farming agreement 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 new entrant, a neighbouring farmer, large farming company or traditional contractor. For this, they receive a basic contractors fee (usually quarterly or half yearly).

Via a separate livestock hire agreement, either party can supply breeding livestock (if applicable). Both parties agree farming policy and the share of any divisible surplus in advance and meet regularly to make management decisions and monitor progress.

The mechanics of a contract farming agreement:

- 1) agree a land “retention” and “contractors fee”
- 2) There are three bank accounts
No. 1 Farmers Account
No. 2 Contract Farming Agreement Account
No. 3 Contractors Account
- 3) The farmer establishes a No.2 A/c to be distinct from any other of their activities
- 4) Dwelling accommodation or industrial buildings are excluded from the agreement but may be available by separate negotiation with a residential or commercial lease

Video Version

Watch the video version of this case study at <https://www.fas.scot/new-entrants/case-studies/>



New Entrants to Farming “get with the” Programme

There is a network of new entrants across the country at various stages of developing their businesses. You can join in:

- www.facebook.com/NewEntrants
- www.fas.scot/new-entrants/
- Regional workshops

For more info contact Kirsten Williams, Consultant, SAC Consulting, Clifton Road, Turriff, 01888 563333, Kirsten.Williams@sac.co.uk

There are useful free resources on the website too:

- Case studies—learning from the experiences of other new entrants.
- Guidance notes—benefit from advice tailored to assist new entrants to farming.
- Also see www.gov.scot/Topics/farmingrural/Agriculture/NewEntrantsToFarming