

New Entrants to Farming Collaboration



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Collaboration can be defined as working together with somebody in order to produce or achieve something. There are various benefits and reasons for the creation of collaborative agreements in farming, including sharing risk, improving return on capital through combined resources and expertise, and increasing business resilience.

This guide will focus on how livestock businesses can work with arable businesses to bring mutual benefits to both enterprises. Incorporating livestock within an arable rotation can bring several benefits to the arable farmer, including improving soil health and weed control. For the livestock farmer, additional grazing land can allow flocks or herds to be started or expanded. Out wintering situations also reduce the need for housing, reducing costs significantly.

Before setting up a working relationship, agreements should be in place. These should be made in writing, clearly outlining the intentions and expectations both parties have of the relationship. An agreement should include, for example, which party is responsible for all aspects of husbandry and care and which party is claiming subsidy or agri-environment payments.

Muck-for-Straw

Straw has been an expensive commodity in recent years for livestock businesses looking to buy it in for feeding or bedding. A relatively simple and convenient way to reduce this cost would be to enter into a muck-for-straw arrangement. The arable business provides the straw for bedding or feeding. In return, the livestock farmer returns their muck which is rich in nutrients and organic matter. Muck-for-straw deals can vary significantly. It is important to clarify how much muck and straw will change hands and who will pay for and carry out baling, transportation and spreading.



The European Agricultural Fund
for Rural Development
Europe investing in rural areas



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Grass Leys & Margins

Grass and clover leys can be a useful addition to an arable rotation, particularly to manage weed problems, such as black-grass, or to build soil fertility. With many arable farmers now specialising in crop production, this offers the opportunity for livestock farmers to enter into agreements to utilise the leys, either through cutting or grazing. High output ryegrass/clover leys can finish lambs at high growth rates on grass alone, possibly attracting a premium, e.g. certified Pasture for Life.

A high proportion of arable farmers also now use grass margins around their arable fields to help meet their Ecological Focus Area (EFA) requirements under Greening. These can be grazed or cut and lifted for silage or hay after 15 July each year, offering a potential opportunity for livestock farmers to acquire extra winter forage. The table below offers some guidance on the yield and nutritional value of a range of ley crops.

	Average fresh weight yield (t/ha)	Dry matter %	Average dry matter yield (t/ha)	Average metabolisable energy (MJ per kg dry matter)	Average crude protein (% in dry matter)
Grazed grass (whole year)	65	17	11.1	11.5	17
Poor-quality sward (whole year)	40	18	7.2	10.5	15
First-cut grass silage (clamp)	23	25	5.7	11.2	15
Second-cut grass silage (clamp)	13	30	3.8	11.0	14
Hay (one cut)	6	85	5.0	9.0	9
Italian ryegrass (whole year)	52	27	14.0	11.0	13
Herbal ley (whole year)	67	15	10.0	11.0	18

Forage Crops

Forage crops, such as forage rape or stubble turnips, can provide nutritious, cost-effective feeds for cattle and sheep. These crops do not fit into every arable system and site selection is crucial – especially when used for out wintering. The most suitable brassicas for grazing during the late winter months are kale, swedes and certain multigraze rape/kale hybrids. Stubble turnips and forage rape are less winter-hardy but are ideal for extending the grazing season to the end of the year. Early sowing leads to higher yields in both root and leafy brassicas. However, crops can become less digestible as they mature, so utilisation will fall if they are sown too early for the target grazing period.



Joint Ventures

Joint ventures allow two or more separate businesses to work together and can range from being quite simple to more complex, but all arrangements are based on a willingness to collaborate. There is growing interest in Scotland in joint ventures as an alternative route to farming, particularly for new entrants who often find access to land a real barrier.

Contract farming agreements are probably the most common joint venture. The farmer typically provides the land and buildings and the contractor usually supplies the labour and machinery. Both parties receive a first charge which should cover their costs, plus a split of the divisible surplus based on a pre-agreed ratio (e.g. 80:20 in favour of the contractor). Agreement

lengths are normally determined by the level of investment needed and may be fixed and reviewed prior to an optional renewal. Other joint ventures offer parties the chance to further combine their skills and resources to grow a separate business.

For example, 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 and currently no legal framework regarding share farming in Scotland so trust between both parties is absolutely critical. 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/equipment. This is useful for new entrants who may not be able to bring a lot of capital to a share agreement.

Typically, the share owner/occupier provides the land, buildings, fixed equipment, fixed machinery, major maintenance of buildings and expertise, along with 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.

NFUS have launched a Joint Venture Hub to help facilitate new relationships and agreements. The website also offers advice and guidance for anyone considering entering into a joint venture agreement. To find out more about the Joint Venture Hub, go to: <https://www.nfus.org.uk/policy/joint-venture-hub.aspx>

Important Considerations

Whatever kind of agreement you enter into, the following things should be considered to help ensure that good working relationships can be built and maintained:

- Consider health and disease risks when moving livestock between farms and areas
- Livestock should be managed by trained and experienced stock people with good powers of observation and the ability to care for stock so as to cause them minimal stress through suitable grouping, feeding and handling. A grazing agreement can make reference to the five welfare needs described in the Animal Welfare Act
- Cross-Compliance: to reduce the risk of soil erosion, compaction and diffuse pollution, location and soil type should be considered when looking at options
- To minimise the risk of soil poaching and run-off, fields with sandy soils, good soil drainage and gentle slopes are preferable to poorly drained, heavy clay soils or steep slopes
- Buffer strips (such as uncultivated or undrilled land) should be incorporated at the bottom of slopes or near areas where run-off is a risk
- Ideal sites offer shelter for livestock but have sufficient air flow to allow fields to dry out
- Consider fencing, watering and feeding facilities, along with good handling facilities to minimise stress
- Consider including a run-back (a loafing or grazing area at one end of a field where stock may find shelter)
- Organise feed fences to provide maximum frontage and a narrow strip of accessible forage, but avoid overstocking
- Avoid vehicles travelling in the field during winter by putting bales out in the late summer or autumn

Sources of Information

AHDB - <https://ahdb.org.uk/knowledge-library/livestock-and-the-arable-rotation>

FAS Scotland - <https://www.fas.scot/publication/farm-management-handbook-2018-2019/>

NSA - <https://www.nationalsheep.org.uk/workspace/pdfs/nsa-the-benefits-of-sheep-in-arable-rotations.pdf>