



The Farm Consultancy Group

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For All Round Business Success



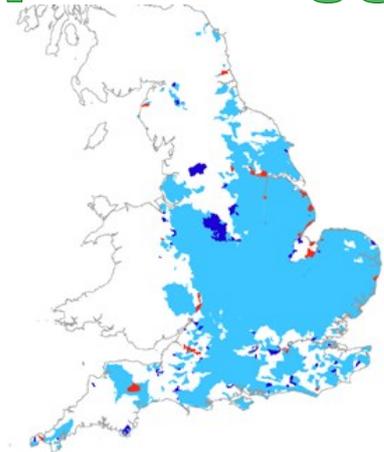
Welcome to our 76th edition of the newsletter. Included in this months newsletter are articles on NVZ designations, WhatsApp, water deregulation, creditors, waste, benchmarking, soil fertility and commodities updates.

Your feedback and comments are most welcome. If clarification is required, please contact the article contributor or for more articles and news visit [www.fcgagric.com](http://www.fcgagric.com).

Edited by Phil Cooper of David Bardgett Ltd and The Farm Consultancy Group Tel 07798 673665.

## NVZ Designations – Sophie Cligg

New and proposed NVZ designations have now been announced by DEFRA for 2017-2020. DEFRA intends to issue notices to the farmer via first class post. These notices will be sent out at different times depending on your river basin district. **You have 28 days from notification to appeal the decision to designate land as an NVZ, this applies to both current land under designation and new!** The map shows the proposed new areas highlighted in dark blue.



A more detailed search can be carried out on the Environment Agency website. <http://maps.environment-agency.gov.uk>

For those farmers that will be new to NVZ designations, Defra has introduced transitional arrangements so that Action Programme measures will not apply straight away. Essentially none of the requirements will kick in until 1<sup>st</sup> January 2018 and some will not apply until the 31<sup>st</sup> July 2019.

For assistance with appealing a designation, then please contact Sophie Cligg on 07496 587011.

## Communication on Farm - Andrew Jones

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We all know good communication on farm between the different members of the team is important, and good communication should be timely, clear and understood.

At the recent Positive Farmers Conference in Ireland, there was a New Zealand farmer who shared his communication experiences including using a WhatsApp group for the farm staff. This is like a low cost group text, so you can all communicate together using an existing mobile contract data package.

WhatsApp is free to download from your appropriate app store; it's easy to set up (if you are not sure, ask the kids as I'm sure they will know)! You can set up a group, invite members and talk as a group. It's got to be easier than ringing or texting everyone as it's only got to be typed once and even those the message is not meant for, will appreciate knowing what is going on even if they are not directly involved themselves. Simple, low cost and can be an effective communication tool if used correctly.

A copy of this newsletter can be downloaded from our website @ [www.davidbardgett.co.uk](http://www.davidbardgett.co.uk)



## Water Deregulation - Opportunity to Reduce Cost? - Andrew Jones

In April 2017, the water market is being de-centralised for commercial users. This means that for the first time in England, businesses will be able to choose which supplier they buy their water from.

Up until now, the water suppliers in England have worked regionally to provide water and there has been no option as to who your supplier is. These suppliers are now opening "retail" arms that will be responsible for the sale and billing of your water. The original companies will act in the same way as the National Grid for power, ensuring that there is a constant supply of water available to the retailers. Your water will still come from exactly the same source as it does now, regardless of which retailer you choose.

**Switching supplier will give** a wider choice of tariffs, better standards of service, tailored service offerings, advice on saving water, lower prices and you will still benefit from the same water quality.

Retailers are telling us that there will be minimal savings to be made in the first three years. Water prices to the customer will be charged at the wholesale cost plus a margin to cover service levels. But since water is normally a much larger bill on a livestock farm, the cost in £s could be significant.

Costgard, who broker other utility savings on behalf of our customers have partnered with a small number of trusted water suppliers and are able to provide quotes to your business.

In order to get a quote you we will need a copy of a recent water bill and a Letter of Authority which gives Costgard permission to speak to companies on your behalf. You still decide your water supplier.

For a quote please email [sarah-jane@costgard.co.uk](mailto:sarah-jane@costgard.co.uk)

If you would like to discuss any of the above, please contact Sarah-Jane Trask on 01460 282925, or Andrew Jones on 07717 442888.



## Dealing With Your Creditors! - Take Your Head Out of the Sand! - Gerard Finnan

The last two years may have been a struggle to balance the monthly cashflow in your business. With rising corn and dairy prices, cashflow seems just as tight. Prices are rising and considerate suppliers are losing their patience. You are despairing under a deluge of overdue bills and demand letters from suppliers. What can you do?

The natural reaction sometimes is to ignore all and hope the problem goes away. Invariably it doesn't. Recently I persuaded a client in such a position, to sit down and do a simple monthly cashflow for the next three months, by listing all the outstanding bills and firstly inserting the limited income that was due in.

We then agreed to split payments for the same supplier over 3 – 6 months on paper, so that they could remain within their means. This was repeated for each bill. Though we didn't have much income coming in, we weren't incurring much expense over the next three months. We balanced our budget.

Then the following day, the farmer's wife contacted all the suppliers by telephone. She was apprehensive that the suppliers would accept her payment terms. She was pleasantly surprised as all suppliers agreed to her proposed terms. It was a huge relief for the business and family in question. She had 3 – 4 letters confirming arrangements and thanking her for communicating.



### Lessons learned

- Tell creditors before they tell you and then it's outside your control.
- Pay a little and often rather than being silent and paying nothing.
- Communication is critical. Creditors don't like being ignored.

**For help with planning your immediate and longer term cashflow management, take your head out of the sand and contact Gerard Finnan on 07976 426420.**



# Waste – Phil Cooper

There are eight different types of waste within any type of business including farm businesses.

1. **Over Production** – producing more than is required, e.g. carrying more heifers than you require.
2. **Transport** – e.g., machinery the wrong size for the job or animals in multiple sites.
3. **Waiting Time** – staff having to wait for a machine or having to wait for another colleague, unplanned work schedules.
4. **Extra Processing** – over cleaning or treating stock like pets.
5. **Inventory** – carrying too much stock which can spoil or take up extra space/capital.
6. **Defects** – unclean routine or sick animals.
7. **Motion** – not having the right tool for the job or not being able to find the right tool.
8. **Unused Talent** – not asking your team how things can be improved. Don't forget you pay staff for their heads as well as their hands.



Identifying waste in your system can help reduce costs, make the business more efficient and lead to happier staff. It's known as becoming LEAN.

To look at your business from a different angle and identify areas of waste, contact Phil Cooper on 07798 673665.

## Non-Existent Benchmarking - How Do You Know Where to Improve? - Gerard Finnan

A customer attended a recent meeting of 40 dairy farmers and the presenter asked how many businesses benchmarked their business and knew their costs of production. There was a show of four hands, yes 10%, who knew where they could improve their businesses and by how much. This sample of farmers were at least attending a meeting to learn. What about the ones who don't go to meetings and don't know what benchmarking is?

We all want an efficient food chain and if we see waste, invariably we complain that money is being lost or wasted. A lot of the inefficiency within your business is not visible to you. It is only visible to the farmers who are more efficient than you and outside experts who know what to look for and where.

I find the businesses that know their costs, compare against the best (benchmark), always have a list of things that can be cost effectively improved in their business. The ones that complain about the things outside their control are the businesses who are unaware of the improvements they could be making. It can be minute improvements in lots of areas that have a cumulative effect of a significant overall improvement. Making little improvements in lots of areas gives one confidence to make more improvements.



Start today. I challenge you to challenge me and my colleagues. See if we can identify aspects of your business to improve and find practical solutions to facilitate improvement.

If you can cut costs further and get an increased milk price that would be a double win for you, your family and your business.

Contact Gerard Finnan on 07976 426420 to help you take action today.



# Do You Know Your Soil Ps & Ks? - Andrew Jones

..... And the pH status of your soil?

At the recent Positive Farmers Conference in Ireland, ways to improve grass growth and use on farm were discussed. A number of speakers said that investing in your soils this year would give the highest return on your increasing milk income.

With milk prices at a low over the last couple of years, correcting your soil fertility may have been a low priority.

Many people test their silage regularly to ensure they are maximising the returns on their forage and adjusting their concentrate use accordingly. But do you have your soils tested regularly to ensure optimum grass quality & growth? You need to quantify what you have before you can plan on your fertiliser usage.



Ideally a field should be tested every three years, and then results acted on to ensure optimum pH of 6.3-6.5 pH and P & K indices of 2+.

Only then are you using the correct fertiliser at the correct rate and getting the best return from your investment.

# Commodities Update - Andrew Jones

As at 7<sup>th</sup> February uncertainty is still prevalent in the world markets. We now know that Parliament must approve the start of Article 50 and Mr. Trump is well, being Mr. Trump.

In the last month, the pound has strengthened against both the dollar and the euro but as I look at the latest results it has just weakened again slightly over the last 24 hours against both.

**Milk Powder-** This has held steady for this month.

**Feed-** Overall this month prices have crept up and are now at the following levels; Soya £325/t, Rape £198/t and Wheat £151/t. Soya was higher during the month and has eased back slightly due to improving weather conditions in South America.

Talking to one of our suppliers regarding booking straights for next winter they were reluctant to give a clear indication of where they feel the market will go over the next six months. Overall the feeling is that it will be at a similar level to where it currently is.

**Fertilizer-** This last week nitrogen fertiliser prices have been a bit flat, with some smaller price decreases. Is this a repeat of last year where sellers got a bit bullish early in the year before a lull and then the madness of spring? Again, I am being advised to get orders in to ensure delivery on time.

Talk to me if you are looking for terms over three months as this can be done.

**Contact Andrew on 07717 442888 for a quote on any of the above plus maize and grass seed for this spring.**

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