

Basingstoke Monitor Farm meeting report

Topic: Drilling into your fixed costs to sow a profit

Date: 27 February 2019

Location: Longmeadow Sports and Social Club, Whitchurch, RG28 7RB

For more information, visit: cereals.ahdb.org.uk/basingstoke



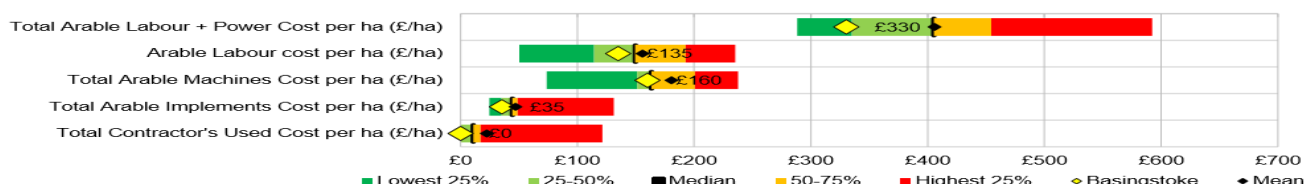
Key messages

- There is no right or wrong labour and machinery policy
- Know your key objectives
- More hectares aren't necessarily the right way to offset fixed costs - being more efficient with what you have is the place to start!
- Know your work rates required for particular operations in an 'average' weather season?
- How much or little risk are you willing to take particularly when stretching work rates?
- A farm can be overpowered or have over-capacity for machine operations as long as there is good justification however, you still need to know the operating costs
- Develop machinery maintenance schedules and ensure you use the right machine for the right job!
- Have a machinery replacement plan / policy in place (this can be linked to depreciation)
- Staff are crucial to a successful business so encourage their business involvement, and ensure they are adequately trained

Basingstoke L&M Review Costs Overview (Summary)

The Basingstoke Monitor farm very clearly has a well-run arable unit with labor and machinery costs significantly below the Monitor Farm group average however, this is being helped by being able to efficiently utilise and *offset* labour and machinery costs on the other livestock enterprises (Dairy & Sheep). Therefore, linked with the good yields, the operational costs are in the lowest 25% for all crops. (see graph below)

Chart 1: Total Arable Labour, Machines and Implements cost for Basingstoke Monitor Farm



Traits of the best 25% nationally

- Low depreciation costs per hectare below £63/ha
- Low repair costs per hectare through tactical hiring and experience
- Low diesel usage per hectare below 100 litres/ha
- Low machinery costs per hour - low hourly cost of running tractor reduced key operational costs such as drilling
- Low cost of combining per hectare
- There was no clear correlation with the size of the farm but most of top 25% was in 500–1000ha range

Future considerations for Basingstoke MF

Establishment using the Horsch drill as a direct drill has reduced establishment costs significantly, utilising this method in all crops where it is the right decision at the time to do so would be a worthwhile change of policy.

The overall machinery cost to this business is low primarily due to fleet age and size. However, repair bills are above average but the model remains effective. The only concern is that all tractors are a minimum of 5 years old. Therefore, the risk of having to buy tractors in quick succession is relatively high, especially with the high hours on these machines. It is useful that you have three John Deeres that are all interchangeable. However, it may be a worthwhile exercise to look into replacing two John Deeres for one, more versatile machine that could keep the drill going if there were to be an issue with the Massey Ferguson.

The cultivation cost is above the Monitor Farm average which in the main is due to the Massey Ferguson tractor, which is high on a per hour basis because it has averaged only 425 hours per year since its purchase in 2014. To reduce the operational cost of the drill and cultivator, this tractor could be better utilised especially if the above policy is taken on board to reduce the number of John Deere's to two rather than three. Providing the Massey Ferguson is on suitable tyres and the likes of wheel weights can be removed, this tractor could be utilised for fertiliser spreading as a way of putting more hours on this machine.

Find out more – Links to AHDB information sheets or research

- [Livestock and the arable rotation](#). This guide covers the extensive opportunities available, including the grazing of arable land, growing crops for silage or hay and arranging muck-for-straw deals.
- Read the Royston Monitor Farm meeting [report](#) on making the most of environmental stewardship and using areas of your farm that you want to develop or improve.
- AHDB Cereals & Oilseeds has a range of [publications and tools](#) to assist with environmental stewardship.

[Machinery cost calculator](#)

[Machinery for farming or farming for machinery webinar](#)

[Farmbench](#)

Further information

For more information contact: Paul Hill

E: paul.hill@ahdb.org.uk

M: 07964 243 699

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