

Huggate Monitor Farm

Meeting title: Labour and machinery review

Date: 13 December 2019

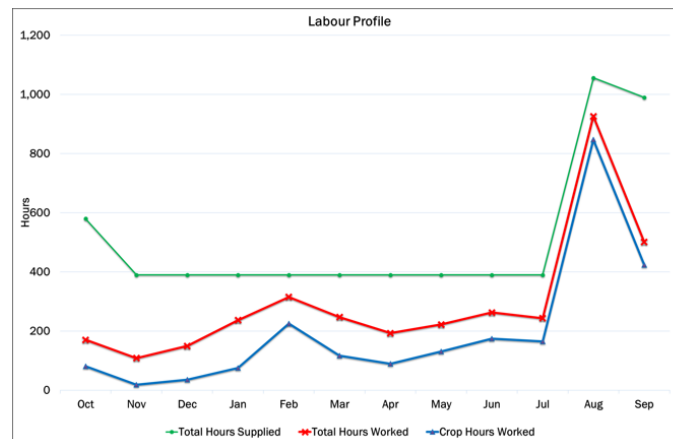
Speakers: Rob Meadley (Brown & Co.), Harry Henderson (AHDB)



Labour and machinery review

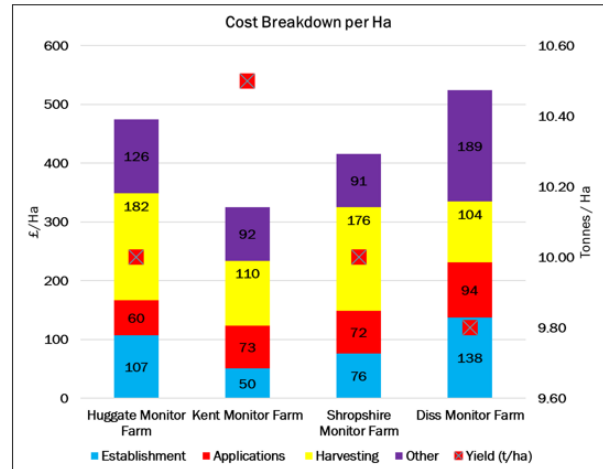
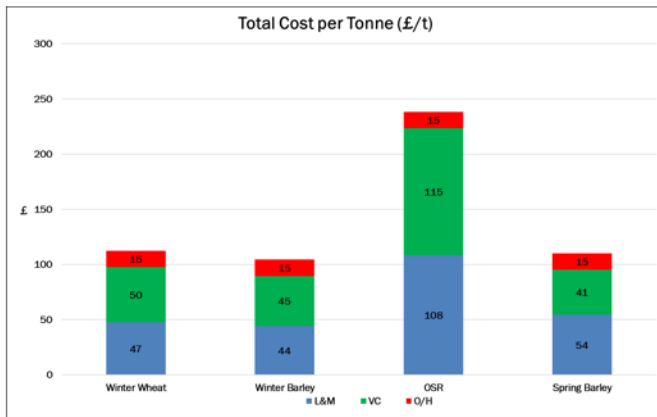
Depreciation or Machinery Replacement Charge

- 2009 – Purchased 3m sub-soiler = £9,000
- 2019 – Traded in 3m sub-soiler = £8,500: Difference £500 “depreciation” over 10 years of ownership less than 1% (in accounts triggers profit on disposal)
- 2019 – purchase new 3.5m sub-soiler £22,000: Difference £13,500 “machinery replacement charge” based on 10 years of ownership of sub-soiler(s) = 15% (in accounts able to be included in annual investment allowances)



Labour

- Looking at retirement and introducing a Bed & Breakfast pig enterprise, possible options are:
 - Take on full time employee
 - Take on an apprentice
 - See if neighbouring farms have similar issue with labour requirement where full-time position is not fully justified, but labour can be shared between businesses to provide an economic full-time role
 - Look at using self-employed relief staff during busy periods



Take-home messages

- Know and understand your costs
- Labour & Machinery usually 25% - 60% of cost of production and is something you can control / change
- Consider ownership options:
 - Type – contract hire, joint venture, shared ownership
 - Length – keep things longer; draw up a 10 year replacement plan
 - Challenge ahead with proposed changes to subsidies

Further information

- [Machinery cost calculator](#)
- [Labour and machinery webinar](#)

AHDB resources

- Understand your business costs with AHDB’s benchmarking tool Farmbench at ahdb.org.uk/farmbench
- Monitoring tools are available at ahdb.org.uk/tools
- Sign up to market information and research newsletters at ahdb.org.uk/keeping-in-touch
- Find out what’s going on at other Monitor Farms and Strategic Farms at ahdb.org.uk/farm-excellence
- All AHDB events can be found at ahdb.org.uk/events
- For guidance on how Brexit will impact your business, see ahdb.org.uk/brexit

Contact details

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