

# Malemesbury Monitor Farm

Meeting title: Profitable rotations

Date: 2 December 2019

Speaker: Adrian Matthews, Savills



## Take-home messages

- Work out constraints first to any rotation choice — soil type and quality; existing machinery; scale of existing business; weed and disease pressure; other crop options; joint ventures with other businesses; existing labour; crop storage availability; personal objectives; finance availability
- Ensure clarity between gross margin (after direct input costs) and net margin (after fixed costs)
- A different combination of gross margin enterprises (all crops and or mixed crops/arable may incur a different fixed cost structure and hence net margin
- Base long term strategy on rolling 5 year average figures – particularly for gross margins
- Key considerations for crop rotation choice - effect of yield (variability); wheat optimisation; OSR – risk of failure; workload; harvest and other operations timing; storage and selling options; straw requirements

## Lower Odd Farm

### WHICH ROTATION WILL GENERATE BEST NET MARGIN?

Example	Crop Rotation	Gross Margin (£)	Net Margin (£)
Rotation 1	Continuous Wheat	£416	£47
Rotation 2	WW, OSR, WW, OSR	£578	£207
Rotation 3	WW, OSR, S Barley	£579	£228
Rotation 4	WW, WW, OSR, S Barley	£570	£214
Rotation 5	WW, OSR, S Barley, 2 Year <u>Ley</u>	£484	£255
Rotation 6?	WW, OSR, S Barley, 2 Year Sown Legume Fallow (Countryside Stewardship Option AB15)	£580	£342

## Implications of going 'big' on environment schemes

1. **Forward Planning** – Where will rotational options be located over a 5 year countryside stewardship scheme to align with cropping rotations?
2. **Competitive Process** – Applications which are proposing the greatest environmental benefit will be prioritised.
3. **Additional Management** – Limitations and requirements of selected options and understanding how they will benefit the environment.

4. **Funding** – If BPS it is to be phased out, will entering into agri-environment schemes provide similar levels of funding?
5. **Past Experiences**
  - Complex application process abiding to option restrictions
  - Additional record keeping in case of inspections.
  - Payment uncertainty – the rural payment agency has not had the best record in keeping to payment dates.

### Further information

- [Farmbench](#)
- [Countryside stewardship – Gov.uk](#)

### AHDB resources

- Understand your business costs with AHDB's benchmarking tool Farmbench at [ahdb.org.uk/farmbench](https://ahdb.org.uk/farmbench)
- Monitoring tools are available at [ahdb.org.uk/tools](https://ahdb.org.uk/tools)
- Sign up to market information and research newsletters at [ahdb.org.uk/keeping-in-touch](https://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](https://ahdb.org.uk/farm-excellence)
- All AHDB events can be found at [ahdb.org.uk/events](https://ahdb.org.uk/events)
- For guidance on how Brexit will impact your business, see [ahdb.org.uk/brexit](https://ahdb.org.uk/brexit)

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