

No crops is an SFP 'no go'

When *Andrew Blake* first visited *Farmers Weekly's* midlands barometer farm in Lincs in January 2004 the prospect of a single farm payment was already well to the fore. Now that the SFP is a reality he returns to see how it is affecting plans.

Although some growers see the SFP's arrival as a chance to abandon cropping and do the barest minimum with their land, that idea was soon discarded by the Atkinson family, father John and brothers Ben and George.

Indeed on the 2 380 ha (5 875 acres) of mainly fen land they run from Grange Farm, Rippingale, near Bourne the regard CAP reform as the spur to reappraise their business, hopefully to remain profitable.

Echoing Darwinian theory George says: "It's not necessarily the largest or smallest that survive, but the ones who can adept quickest to change."
For Ben the prospect of not producing crops is a non-starter.

"When we sat down and looked at it we frightened ourselves at how much it would cost us to do nothing. We still have to pay ourselves and bear a whole range of expenses."

"Our drainage rates alone are £7/acre", says John.

Not least among their deliberations was the desire to retain the farm's three full-time staff, he adds.

"We wanted to ensure they have been with us. They are all in their forties and two of them have been with us since school."

The next logical step, with adviser Simon Mountjoy of property and business consultants Brown & Co, was to examine each crop gross margin, excluding the SFP.

This was to determine the most profitable rotation without subsidy, explains Ben.

"We soon came to the conclusion that on our land a simple rotation of winter wheat/winter rape/winter wheat fallow and set-aside was the most sensible way forward."

In future the only way to make money from growing crops will be by increasing output, stresses George.

"With the SFP there is no room for bad crops relying on subsidy any longer. For the past eight to 10 years there has been a trend to cutting costs, but now we shall need to go full throttle to increase yields."

The chosen rotation offers scope to do just that, spreading workloads and allowing more timely filed operations, especially when establishing crops, the family believes.

All budgets have been done on a “worst case” scenario, which rules out second wheats and peas.

“It was quite shocking, because we have always grown second wheats,” says Ben. “But when you take the SFP out it doesn’t stack up.”

The same argument applies to peas, though beans might replace some of the fallow in open autumns.

“We shall be flexible. If it turns wet we can always pack up sowing.” Changes in equipment mean the farm has capacity to crop 80-85% of the farm’s 1 600t quota, is likely to continue as part of the “fallow”, but its future is distinctly hazy. British Sugar’s £29/t offer to purchase the quota is making us think a bit, says John. “We shall probably carry on with it. But we are very open-minded. We have only 75 acres.”

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Commonsense cross-compliance

CROSS-COMPLIANCE holds few fears for the Atkinsons.

“Having read the various booklets we are fairly comfortable with it, says Ben. “On a straightforward arable farm like ours most of it is commonsense.”

Ensuring the land stays in Good Agricultural and Environmental Condition poses few problems he adds. “The DEFRA, RPA and Environmental Agency handbook guides are straightforward and well written. Again much of it is commonsense.”

The main difficulty will be complying with the rule that forbids hedge-cutting from Mar 1 to July 31.

“We normally try to do most of our hedges just before harvest. Now we shall have to adapt to another time to do it. The fallow should help a bit.”

Gathering points for the ELS will be essential to avoid losing £30/ha (£12/acre). “It’s a means to an end.”

“We have always been environmentally-minded,” comments John.

“So we are quite happy to take up the new scheme. We have an unbelievable variety of wildlife in the fens which can benefit from the changes. We must be positive.”

The more “onerous” Higher Level Scheme is less likely to be taken up.

“It probably won’t suit our productive land.”

RIPPINGALE UNDER SFP

- Much simpler rotation including fallow
- Fewer but more efficient machines
- Full-time staff kept but less casual labour
- Environmental hurdles no great concern

- Realistic business planning

Looking at long-term

ADOPT A PESSIMISTIC attitude and be prepared to be pleasantly surprised, is the Atkinsons philosophy, especially when it comes to buying inputs and marketing crops under the volatility inevitable with the SFP.

More long-term contracts are likely as end-users seek security, George believes. “I think millers and maltsters are getting jittery about supplies.

“We are starting to ‘grow for the market’ a lot more already”.

“There’s also no doubt that we shall need to look at future marketing and hedging more to lock in to acceptable returns.”

Merchants are well aware of the potentially damaging impact of SFP-driven cropping decisions on their own business, notes John.

“I’m sure we are going to see a lot more trust deals on things like fertilisers and chemicals,” adds Ben.

Reducing the casual labour

CONTROLLING LABOUR costs will be vital in successfully adapting to the SFP, stresses Mr Mountjoy.

“It’s going to be a case of all hands on deck under the new regime,” says Ben. “We shall certainly be reducing our casual labour requirement.”

Until now up to six extra people, mainly students, have been employed during harvest. Now under the changes the team will manage only one.

Outside busy periods everyone will need to broaden their experience to tackle tasks previously done by outsiders, says George.

“We are all going to have to go on courses to learn and obtain certificates in things like rodent control, chainsaw use and workshop and building skills.”

Environmental training to ease the path to the Entry Level Scheme will also be important, he believes.

Changing machinery

THE ATKINSONS’ plan to cut the cropped area by about 200ha (500 acres) which should help boost average yield through increased timeliness. But it also requires significant adjustments to the machinery fleet.

The overall policy is to have fewer but higher output modern machines and work them harder, explains Ben.

“That way we can make serious savings, most notably in casual labour.”

Already two wheeled John Deere 300hp tractors have been replaced by a 320hp Challenger 765 crawler to join the farm’s 550hp 865 model.

“For harvest 2005 we shall run only one combine instead of two – a Lexion 580 30ft cut with contract help.”

A single Bateman 5000 litre sprayer may replace the existing Bateman 24m self-propelled machines, though two can offer more flexibility, especially in the spring, he notes.

Such decisions will generate knock-on savings in grain carting and sprayer bowser back-up.

Larger high-speed carts will replace three older corn trailers.

“If we do predict any operating shortfalls they will be filled by contractors.” Likewise if the changes leave spare capacity the family will try to use it on other farms in a contracting role.

“With less area cropped we would welcome the opportunity to do more,” says John.

Cultivation and crop establishment methods will be tweaked with less reliance on ploughing.

The plough will still have a place dealing with the fallow and set-aside, but most crops will get a reduced tillage approach, a new Dale no-till drill being used for the oilseed rape establishment after shakerating.

“With the fallow we shall probably start ploughing in April, which means that with good weathering we could have much of our wheat land worked and ready to drill before even start wheat combining.”

The improved timeliness should boost yields considerably, he believes. “We budget for 3,8t/acre, but hope we can get to 4t/acre.”

Another benefit of not ploughing after the rape could be less slug damage. “We aim for a consolidated but non-compact seed-bed, and this is often difficult to achieve after ploughing heavy land.”

Other new kit will include a moisture-conserving heavy press, like the shakerator, from Rotherhambased Philip Watkins. “This should eliminate our reliance of expensive power-harrowing. He makes system-built, good strong equipment.”

Keeping the bank manager regularly and fully informed about the machinery investments and other financial changes is essential, says John. “He is impressed by our figures and we are confident of our expenditure budgets.”

Making savings

The chance to spread working windows is where the most savings can be made with the SFP system, says Mr Mountjoy who has advised the Atkinsons for eight years. “So much of what has been done in the past has been driven by the ‘big heap’ concept.”

Yield remains important, but growers need to think “bottom up” he suggests. “They need to thin what their minimised fixed cost structure can stand before it begins to creak and crop and act accordingly.”

In that respect the family’s moves are well on the way to successfully meeting the challenges of the SFP, he believes.