

# LandFamilyBusiness

GROUNDSWELL UPDATE 2018

## WELCOME

Now in its third year, Groundswell is the first UK show and conference wholly focused on no-till techniques, soil regeneration and the value of livestock in arable and mixed farming situations. The show has a comprehensive programme over the two days featuring speakers, workshops and seminars, exhibitors from a wide range of farming organisations and field-scale direct drill demonstrations.

LFB were invited by Groundswell (in association with Procum) to benchmark a group of farmers who have been practicing no-till crop establishment as part of conservation agriculture for several years. With our own ongoing benchmarking process, it gives the opportunity to assess the financial performance of no-till conservation agriculture – against other no tillers and also against conventional crop establishment farming businesses.



## RESULTS – DOES NO-TILL STACK UP FINANCIALLY?

The results (see table on reverse) have large variations at every level – therefore, there is a great deal to discuss amongst the group in future on-farm meetings.

The main points to be taken on board are:

- Yields of winter wheat average around 2.7 tonnes per acre – a reduction of around 20% from average conventional establishment yields.
- Gross margin varies by around £100 per acre within the group – similar variation to conventional establishment. The average is lower than that from conventional establishment farms but the highest compares well with the RBS average.
- Variable costs are £19/ac lower in the no-till survey, this is significantly contributed to by a reduction in chemical costs.
- There is a substantial reduction in working capital requirement which will assist many businesses.
- Overall labour and machinery costs show a reduction of 43%.

Drilling down further into the detail, the reduction in labour and machinery costs from £213 in the average of the LFB Rural Business Survey to £120 in the no-till survey is significant. A major contribution to the reduction is the capital/ac tied up in machinery, resulting in a reduction in depreciation. Most arable businesses have been breaking even over the last 2 or 3 years as a result of high inflation in machinery costs, equating to £300 capital/acre in many arable businesses. No-till provides a solution to this.

In summary, we have lower yields and lower costs, therefore a key indicator is the cost of production/t. The cost of production/t for winter wheat in no-till is £101/t and in conventional establishment businesses is £111/t. Inputs and paid labour costs in the no-till group are higher/t at £70/t compared to £57/t in the LFB Rural Business Survey. The big savings are as a result of machinery costs/t at £31/t compared to £54/t.

Soil type and weather have a larger impact on no-till systems than conventional establishment. Therefore, they have to be flexible to react to local conditions during a season.

In conclusion, no-till establishment needs a completely different approach and way of thinking to the historic 'Yield is King' approach. This needs individuals who are prepared to question convention, take risks and be innovative.

It must be remembered that no financial account has been taken for the increase in soil health and other environmental benefits.

The rewards are achievable, but we need to be sharing knowledge to get there.

To discuss further, please contact Gary Markham on 07970 794495 or email [gary.markham@landfamilybusiness.co.uk](mailto:gary.markham@landfamilybusiness.co.uk).



# NO-TILL AGRICULTURE BUSINESS SURVEY 2017 HARVEST

| FARM SIZE (ACRES)                     | NO-TILL SURVEY AVERAGE |                          | LFB RURAL BUSINESS SURVEY INTERIM 2017 AVERAGE |           |
|---------------------------------------|------------------------|--------------------------|--|-----------|
| Woodland                              |                        |                          |  |           |
| Livestock                             |                        |                          |  |           |
| Arable                                | 1,386                  |                          | 690  |           |
| Contracting                           |                        |                          | 214  |           |
| Other                                 |                        |                          | 96   |           |
| <b>Total</b>                          | <b>1,386</b>           |                          | <b>1,000</b>                                   |           |
| Yield                                 | t/ac                   |                          | t/ac   |           |
| Barley                                | 2.00                   |                          | 2.54   |           |
| Wheat                                 | 2.68                   |                          | 3.42   |           |
| OSR                                   | 0.70                   |                          | 1.17   |           |
| Peas                                  | 0.57                   |                          | 0.41   |           |
| Oats                                  | 1.98                   |                          | 2.90   |           |
| Beans                                 | 0.91                   |                          | 1.22   |           |
| Sugar Beet                            | 33.59                  |                          | 27.69  |           |
| Other                                 |                        |                          |  |           |
|                                       | £/ac                   | £/ac                     | £/ac   | £/ac      |
| Arable Gross Output                   |                        | 293                      |  | 418       |
| Variable Costs                        |                        |                          |  |           |
| Seeds                                 | 27                     |                          | 24   |           |
| Ferts                                 | 54                     |                          | 60   |           |
| Sprays                                | 63                     |                          | 74   |           |
| Other                                 | 9                      |                          | 11   |           |
|                                       |                        | 150                      |  | 169       |
| Arable Gross Margin                   |                        | 143                      |  | 249       |
| <b>Fixed Costs</b>                    |                        |                          |  |           |
| Paid Labour                           | 38                     |                          | 26   |           |
| Machinery                             |                        |                          |  |           |
| Depreciation                          | 38                     |                          | 63   |           |
| Spares & Repairs                      | 19                     |                          | 25   |           |
| Contracting & Hire                    | 8                      |                          | 69   |           |
| Fuel                                  | 13                     |                          | 21   |           |
| Other                                 | 5                      |                          | 8  |           |
| Total Labour and Machinery            |                        | 120                      |  | 213       |
| <b>Profit before Rent and Finance</b> |                        | <b>23</b>                |  | <b>36</b> |
|                                       |                        | (Ranges from 122 to -34) |  |           |
| <b>Machinery</b>                      |                        |                          |  |           |
| Value of Powered Machinery            | 184                    |                          |  |           |
| Value of Trailed Machinery            | 74                     |                          |  |           |
| Horsepower (hp/acre)                  | 0.48                   |                          |  |           |

Tax Planning | Family Agreements | Family AGM | Succession | Accounts | Wealth | Generations  
Diversification | Property | Mediation

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