

CATTLE (p/kg)

All finished steers (dw) **375.0** ↑
All finished steers (lw) **195.9** ○
Finished heifers (lw) **209.0** ○

For more price information, see p108

SHEEP AND PIGS (p/kg)

Finished lambs SQQ (dw) **423.9** ○
Finished lambs SQQ (lw) **185.5** ○
Pigs APP (dw) **167.7** ○

ARABLE (£/t ex-farm)

Feed wheat **132.2** ↑
Feed barley **117.8** ○
Oilseed rape **320.2** ○

2018 WINTER FEED WHEAT BUDGETS

- * Estimated average gross margin £744/ha on yield of 8.6t/ha
- * Based on ex-farm feed wheat price of £140/t for November 2018
- * Covers conventional winter feed wheats – first, second and subsequent crops
- * Does not account for areas with severe grass weed infestations, for example blackgrass/sterile brome, which could incur an extra £160/ha cost of treatment
- * Budget uses diesel price of 45p/litre (50p/litre in contracting rates)

a cost or revenue is and should be and therefore the business as a whole.”

BUDGET TIPS

- * Consider each enterprise individually, compare it against average and top performing gross margins
- * Put a value in for your own time and any other “unpaid” labour – could you or others be earning elsewhere if not on farm?
- * Put in a rent for owned land - its “opportunity cost”, or the value it could produce if you were not using it
- * Plan for big expenses, calculate the depreciation, accommodate it in the cashflow
- * Ensure you budget enough cash to pay at least the minimum repayment on borrowings. If that is locked into the budget from the start of the year, it will surprise you how the money appears at the right time
- * Test your budget – reduce

incomes by 5% and increase costs by 5%. Is your business still viable and if not, what could you do to make it work?

- * Identify the least profitable enterprise and consider whether it could be improved or replaced with one of the more profitable enterprises, even partially
- * Is subsidy more than 50% of your farm profits? If it is over 100%, the farming activity is loss-making – are you running a loss-making business or a hobby?
- * Where would your business be if BPS disappeared?
- * Look at the figures produced when you make a purchase or sale and write the actual number next to its budget figure to keep track of how your business is performing against budget.
- * Print and online versions of the Pocketbook are available from www.thepocketbook.co.uk or phone 01664 564 508.

ers should not use volatility as an excuse not to do so.

“However much you think prices will change, make a budget anyway; it is amazing how (even wrong) numbers focus the mind on what

Crediton Dairy launches two-year fixed contract

UK milk processor Crediton Dairy has announced a fixed-price contract in an effort to offset dairy market volatility.

The contract, conceived in response to producer requests, will pay Crediton's farmers a standard litre price of 28p for 24 months.

The move means the Devon-based processor joins the likes of Muller, Lactalis, County Milk and Yew Tree Dairy, who all have fixed-price offerings.

The contract will allow farmers to lock in either 10% or 20% of base litres across the two-year period, starting from 1 October 2017.

Crediton has committed 10m litres to each year of the scheme and guaranteed all producers a minimum of 10% of annual milk volumes regardless of how popular the scheme is.

If the contract is undersupplied, producers may be able to lock in more than 20% of volumes, according to Milkprices.com.

The fixed price is 2p/litre beneath the processor's scheduled October standard litre price of 30p/litre.

However, the rate is also 2.4p/litre (9.4%) higher than the average Crediton milk price during the past two years, which was 25.36p/litre. It is also 4.64p/litre (25%) higher than the lows between June and September last year at 22.36p/litre.

POSITIVE MOVE

The NFU's chief dairy adviser, Sian Davies, said the announcement was a positive move from an ambitious and innovative company.

“This contract sounds like a really good deal,” she added.

“The NFU has been pushing for volatility management tools, so it's positive producers are taking this message to their producers and it is being listened to.”

Ms Davies was hopeful to see other buyers following the lead taken by several processors who have already introduced innovative solutions to volatile milk prices.

“Producers now need to work closely with their milk buyer to understand all the details and be aware these deals will also extend their notice periods by the length of the contract.

“It's important that farmers know their current cost of production and know whether they can survive on 28p/litre for two years.”

The deadline for producers to apply for the contract is 25 September.

BETTER BUSINESS IN 30 SECONDS



TIM SCRIVENER

* **Jill Scrivener and Barry Davies** of the British Institute of Agricultural Consultants' rural planning sector highlight some opportunities offered by permitted development rights (PDRs).

Class R: A much-forgotten provision allowing change of use from an agricultural building to a flexible commercial use – for example, shops, financial and professional services, restaurants/cafes, business, storage or distribution, hotels or assembly and leisure:

- * The building can be in a National Park, Area of Outstanding Natural Beauty or Green Belt
- * No restrictions on the structure of the building incorporated within Class R which allows for change of use, but a full planning application is needed for the works to convert to the new use
- * Building must be used solely for agriculture as part of an established agricultural unit on 3 July 2012
- * Class R can still be used if Part 6 Agricultural Development PDRs have been implemented since 3 July 2012
- * Cumulative floor space of the building not to exceed 500sq m
- * The building must not be listed or a scheduled monument.

Class Q: The chance to convert an agricultural building to a dwelling house (restrictions apply). Many local planning authorities are taking a stringent line on these applications after a recent High Court case, which challenged change of use on what amounted to a “conversion” or a “rebuild”.

Class O: Farmers who have developed buildings with permission for B1 office use may have PDRs to change use to a residential dwelling.

BIAC's national rural planning conference is on 5 October at the Williams Conference Centre, Oxfordshire. For more information telephone 01275 375 559