

News

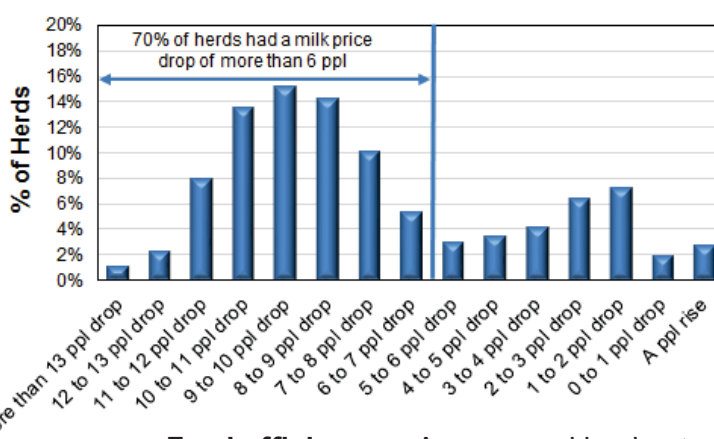
Providing practical support to professional producers

DAIRY FARMING – AN INDUSTRY IN CRISIS

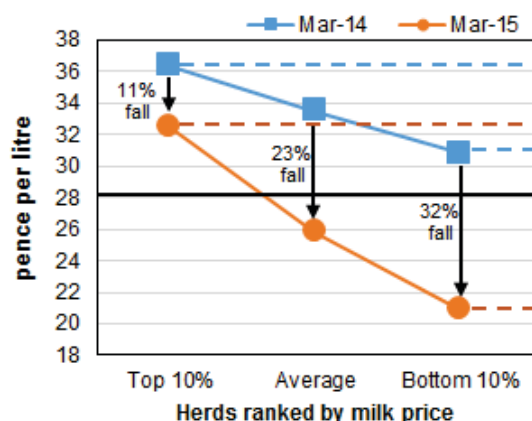
The catastrophic decline in milk prices over recent months has hit producers hard. A massive gap in milk price has opened up between the best and worst contracts, with year on year Dairy Manager data showing that 70% of producers have had more than a 6ppl milk price drop with some as high as 15ppl, while a fortunate few have seen little change at all.

The chart below uses Dairy Manager data to show how the top 10% herds ranked by milk price have seen a fall of 11% compared to a jaw dropping 32% for the bottom 10%. The top 10% herds will almost certainly all be on 'cost-of-production-plus' contracts and their fall in price, in the main, reflects the fall in production costs through lower feed, fertiliser and other input costs, so their profit margins should be relatively stable. The gap between best and worst prices has widened from 5.6ppl in March 2014 to a massive 11.6ppl in March 2015.

Milk Price Change from March 2014 to March 2015



March Milk Price Fall



Taking AHDB Dairy's published cost of production for the top 25% of producers at 27.9 ppl, indicating that the average will be north of 30ppl, it is all too clear to see the crisis facing a significant proportion of UK herds.

Whilst the milk price is largely not in your control, there are things that most producers can do to offset some of the impact of this price crisis. It is vital that the decisions you make for your business are taken on the basis of full information:

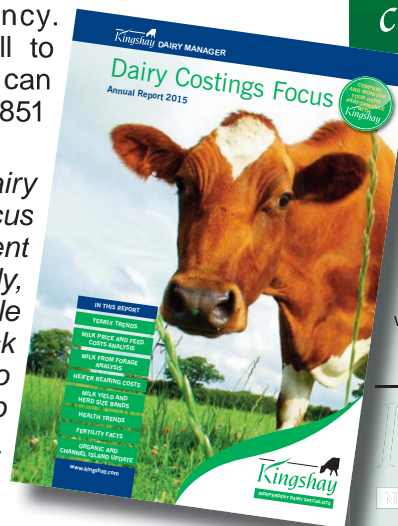
Feed efficiency – Are you making best use of both home grown and bought-in feeds?

Know your costs – Costs can be controlled but only if you have a clear view of what they are. We provide the means to monitor costs on a monthly basis.

We are here to help you to make informed decisions for your business with Dairy Manager costings, Profit Manager analysis of costs of production, technical updates and research on all aspects and One2One consultancy.

Give us a call to discuss how we can help you on 01458 851 555.

The new Dairy Costings Focus report will be sent to members shortly, with copies available at Livestock 2015. It will also be available to download at www.kingshay.com



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Coming Soon...

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RECENT MAILINGS

Twice a month, Kingshay's farmer, consultant and vet members receive Farming Notes and a monthly checklist and have access to previous ones in the members' area of the website at www.kingshay.com. Here are some highlights from those produced in recent months:

Employment Law – Holiday pay, sick leave, parental rights: this Farming Note tries to wade through the rules surrounding employing people.

IT Security – As more and more of farming goes digital, there is an increased level of risk of identity theft. Here, we provide a concise guide to prevent data loss and protect against online threats.

Mid-Season Grazing Management – It's easy to grow good quality grass in spring, but many fall off the grazing bandwagon going into summer. How do you maintain a good level of quality throughout the whole grazing season?

Mobility Scoring – measuring and acting on lameness could save thousands of pounds and increase milk yields. We discuss the practicalities of mobility scoring.

Keeping Control of Grazing – The best grazing managers learn to roll with the conditions and circumstances they are presented with. We explore how to keep grass ME high, by adapting to changes in growing conditions.



CHOOSE CLOVER FOR SWEET RETURNS

2015 has seen the introduction of the Basic Payment Scheme, where for some farmers there is a requirement to set aside 5% of the total arable land for Ecological Focus Areas. These can be buffer strips, nitrogen-fixing crops, hedges, catch and cover crops or land lying fallow, the purpose being to help prevent nutrient losses in soils over the winter period and protect soil structure and health.

Legumes will add to nitrogen levels already in the soil reserve and selecting a monoculture red clover ley as a nitrogen-fixing EFA option will fix up to 250kg N/ha, which

sustains soil fertility, particularly when ploughed in. The crop will last for 3-5 years, depending on the variety, and because of good protein levels, is valuable for ensiling and grazing.

This spring Kingshay has drilled a new red clover trial comparing different varieties and their potential both as a monoculture and as part of a hybrid grass mix. Each crop will be assessed for its yield, protein and energy content, to give an annual crop value. The trial will be ongoing for at least the next three years and members will receive regular updates of its progress.

THE MERITS OF MEASURING MOBILITY

Farmers in the UK are fast clocking on to the importance of lameness levels. Instead of focusing on the costs of treatment and prevention, progressive farms look at the bigger picture and realise the financial benefits that managing mobility can bring. Studies show that lame cows (score 2 & 3 on a scale of 0-3):

- lose 200-600 litres of milk yield per lactation
- take 20-40 days longer to get in calf.

Scientists have been suggesting for many years that the dairy industry needs an automated system to reduce subjectivity and to detect lameness earlier. Kingshay is currently developing such a tool with The University of the West of England, which will also be designed to generate body condition scores. *Watch this space for our exciting new developments.*

TEST YOUR LAMENESS SCORING SKILLS.

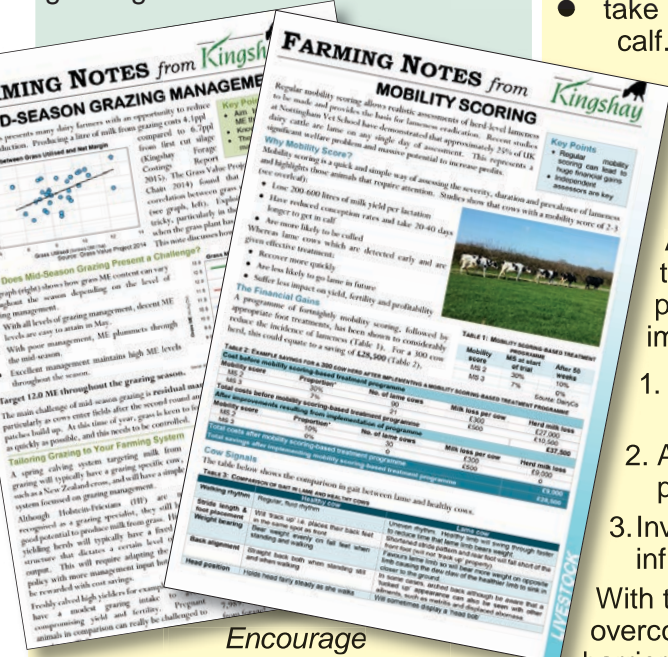
Enter our competition at the Livestock Event. Every entrant receives a Kingshay Mug and entry into our draw to win a great prize from Farmacy and Healthy Hooves, worth over £500! (rrp).

farmacy
Healthy Hooves®

The prize consists of:

- Healthy Hooves® HH FB200 Antislip Footbath
- Healthy Hooves® HH 101
- Copper Sulphate CuSO_4

Ideal for any herd.



Kingshay has estimated that a 300 cow farm that cuts lameness from 30% to 10% would save around £48,600 in milk and fertility. A staggering sum, but first there are three main hurdles preventing a herd from improving its mobility levels:

1. Identifying the scale of the problem.
2. Adding early intervention practices to the farm's routine
3. Investment in foot-friendly farm infrastructure.

With the extra milk produced from overcoming the first two, the third barrier should be easy to negotiate. Mobility scoring can be both subjective and difficult to implement.

Encourage

your friends & neighbours to join - the more members we have, the more independent work we can do for you.

DAIRY MANAGER UPDATE

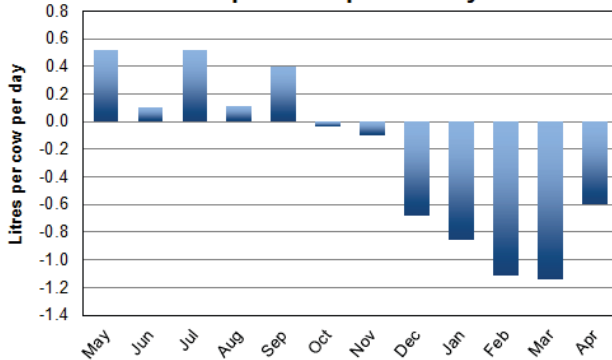
Monthly trends of herds using Kingshay Dairy Manager costings show concentrate use dropped back by 0.6 kg/cow/day as cows were turned out to grass, helping to improve margins by £3 per cow on the previous month and increase milk

from forage to 8.9 litres per cow per day.

Monthly margins for April 2015 were down 31% compared to the same month in 2014 to £125 per cow or 17.6 pence per litre.

Monthly Results - This Year	Feb-15	Mar-15	Apr-15
Milk Yield (l/cow/day)	25.4	25.6	26.6
Milk from Forage (l/cow/day)	5.8	6.4	8.9
Milk Price (ppl)	26.5	25.8	25.1
Concentrate Use (kg/cow/day)	8.7	8.5	7.9
MOPF (£/cow)	£110	£122	£125

Change in Daily Milk Yield per Cow compared to previous year



Milk prices continue to have a dramatic impact on margins, although milk yields have improved on Feb and March.

With feed costs being the biggest cost to a dairy business, the instinct is to cut back on feed costs to lower costs of production. Carry out a milk prediction and budget forecast to see what impact that has on

yields and margins. Since October, milk yields have dropped significantly compared to last year, even though feed use was similar, so this may be attributed to forage quality.

More in-depth analyses of milk prices and feed costs can be found in the Dairy Costings Focus Report which is due out soon.

For the full April 2015 results go online at www.kingshay.com/dairy-costings/latest-results/

BATTLE OF THE BRASSICAS

It is generally thought that a mix of forages is better for milk production than one type alone in a dairy cow diet, partly due to increased palatability of a mixed diet. For our latest catch crop grazing trial, Kingshay has drilled monoculture strips of turnips, forage rape and rape/kale hybrids, as well as strips of mixtures, to see both how the different species compete in a mixture and whether grazing intakes differ when milking cows are given the choice.

Equally important is value to grazing management. With different maturation dates between these brassicas, will mixtures extend the forage quality as one type takes over from another over time?

Members will receive the results from this multi-graze trial next spring.




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01458 851 555



LICENCE TO DRILL

Kingshay's maize variety trials this year are focused not just on forage maize, but also on varieties bred for AD plant stocks. AD plants need a combination of maximum bulk, energy and digestibility from maize, and Kingshay aims to discover which varieties will deliver on multiple soil types.

Also on trial is the duo maize concept, where two different maize varieties are drilled in alternate rows. This is believed to increase milk production when fed, so it will be interesting to find out how the nutritional analysis compares to that of the two varieties grown separately.



MIND YOUR OWN BUSINESS



Kathryn Rowland from Kingshay and Adrian Caine from P & L Agri Consulting recently delivered 2 DairyCo workshops in Wales on Business Management. Here are some key questions that were asked.

How can I ease my cash flow over the next 12 months?

Start by producing a cash flow forecast for your business, identifying which months may be an issue, then consider if any of the following are possible:

- Delaying purchases to fit in with cashflow.
- Manage creditors i.e. delay payments. This is a short term fix as you will need to pay the bills at some point.
- Introduce outside capital or sell a 'pony paddock'.
- You may be able to renegotiate any borrowings and increase the repayment term to over 25 years. You may pay more interest, but you can make overpayments

in a good trading year. This will reduce the amount you 'have' to pay.

This will help get bank managers on side as it shows that you have a plan. Include a sensitivity analysis, which simply factors in "what if the milk price drops by Xppl amount?" or "feed costs rise to £x per tonne" and how this impacts on the business.

I have 'inherited' our accountant and now supply all the accounts electronically but how can I evaluate if I'm getting value for money?

Banks and accountants are key to the business and it is important that they understand your different enterprises, so make sure that they have enough farming clients to be able to give you meaningful feedback.

We use an £1800 annual fee as a benchmark, although this will obviously vary; for instance Limited companies will have to pay more for their accounts. If you are paying less than this, you may not be getting the information you need to analyse your business performance. Similarly, if you are paying more but get very little feedback from your accountant, you may not be getting value for money!

Don't view your accountant as a tick box exercise to calculate tax, ask them to identify areas for improvement and ways to reduce costs. Expect them to be asking for your accounts 9 months into the year, to assess before the year end, so any adjustments can be made before it's too late.

I don't feel our accounts reflect our true costs of production as they are adjusted for tax purposes.

How can I evaluate my accounts to identify areas to improve?

Often tax accounts are too far out of date to be of value in improving efficiencies – sometimes 18 months after the start month. The use of management accounts can highlight the true costs to the business. These can be done quarterly and be compared to other similar herds. You should evaluate figures over 3 years to remove any oddities with trading or expenditure.

I have recently taken over the family business and have a long list of things I want to improve. What do I start with?

Rather than tackling the list head on, think about what your and your family's personal objectives are and prioritise the things which the business needs to do to achieve these. Start with a manageable 2 or 3 objectives and make them SMART (Specific, Measurable, Achievable, Relevant and Time bound). For example, "I want to have two weeks skiing in January" will mean that you have to alter the calving pattern, or "I want to send my kids to university" will mean making the business work harder to cover higher private drawings. Write them down and celebrate them when achieved. A third party who understands the business should be involved to mediate. Each business and circumstance is unique so get advice from those who understand it the most.

We can run a similar workshop for your discussion group. Give Kingshay a call on 01458 851 555 to discuss benchmarking options and how to monitor your business.

THE BRIGHT LIGHTS OF BIRMINGHAM

After a successful day at the Grassland Event in May, our next stop on this year's show circuit will be the **Livestock Event at the NEC on the 8th and 9th of July**. Come and test your mobility scoring skills in our competition, plot your herd on the Milk Map and pick our brains on ways to optimise your feed efficiency. Don't forget, UK dairy farms each receive one complimentary ticket to the Livestock Event in the June issue of DairyCo's 'All Things Dairy' newsletter.

FUNCTIONAL OR JUST FASHIONABLE?

Kingshay's latest Tried & Tested trial is focusing on calf jackets. As part of this report, we want to find out whether you've considered calf jackets and if you're using them, how successful you've found them. We would really appreciate it if you could spend a few minutes filling in our survey at www.surveymonkey.com/s/calfjacketstriedandtested.

Even if you do not use jackets, it would be valuable if you could answer the first 2 questions as it would help us to gauge the level of usage in the industry. All responses will be entered into a free prize draw to win an iPad mini!

COMING SOON...

Our 4th annual Dairy Focus Report, compiling a round-up of the results from Kingshay Dairy Manager herds over the last year.



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