

Case Study: Farm Business Review, Warwickshire

Instruction:

Advice was sought on how to improve business profitability and recommend appropriate changes to the farming enterprise to include new farming systems which would be sustainable in the medium and long term.

Details:

- Farm partnership, both partners in late 70's.
- 1,000ha of arable and grass land
- Conventional combinable cropping rotation
- Flock of 1,000 lambing ewes
- Farmhouse and 8 cottages

We focused on sustainable profitability but liaised closely with the client's taxation advisors to ensure the agreed strategy included a robust taxation review.



A review of the business identified:

- The arable enterprise generated good yields but variable and fixed costs were higher than benchmarks.
- A soil condition report confirmed that soil structure was poor with compaction, inadequately maintained drainage and depleted organic matter.
- Sheep flock performance was only average, due to poor finishing rates.
- The existing Countryside Stewardship schemes were complicated and relied on a large number of small, fixed option areas.

Our Recommendations:

- A change in **arable rotation** to include some spring cropping with winter cover crops.
- Reduced peak arable workloads to release part time employee and farm cottage.
- Reduced sheep **stocking rate** by utilising cover crops, to relieve grazing pressure on permanent pasture and improved lamb finishing weights and rates.
- A new **SFI application** to generate further funding from options including cover crops, low input spring cereals, and companion cropping.
- Use of low disturbance cultivations, including some direct drilling to improve soil structure and **reduced labour and fuel costs**.
- More active management input from family members **improved enterprise performance** and provide additional support to **taxation planning**.
- Implementation of agreed, **sustainable business plan** to enthuse younger family members.
- **Restructuring** the business to maximise available reliefs from IHT
- **Annual monitoring** of business performance against business plan and **benchmark**.



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