Running out of options as margins are squeezed

Andersons, the farm business consultancy, has been touring the country giving its take on farming's future.

One of the tools it uses is a fictional farm, called Loam Farm, whose supposed profits and losses are based on the average results achieved by its clients.

Loam Farm has 600 imaginary hectares growing mainly combinable crops. The workforce is the owner, one full-time worker and casual help for harvest. In 2017, as the value of the pound declined and commodity prices rose, the farm was reckoned to have produced a surplus, before tax, of £305/ha. Estimates for this year suggest a surplus of only £221/ha, with 2019 equally disappointing.

In other words, returns for 2018 look like being only a little above those for 2016, which achieved £140/ha after a run of similarly poor results.

"There's no more poor land to take out of production and the good land does not consistently produce acceptable margins"

Andersons admits it has no better idea than the rest of us about what Brexit will bring. Yes, we should have government support at current levels for two or three years, but how and for what it will be allocated is unclear. What, if anything, we get after that is anyone's guess.

As Andersons states, every farm must strive for maximum efficiency and optimum yields and the control of costs. And it goes on to say: "Simply not cropping the areas of the farm with the worst yield potential can make sense."

No disrespect to Andersons, but on this farm we came to that conclusion several years ago. We put all our headlands into wild bird mixes; we identified all the low-yielding areas that were difficult to drain, or were shaded by trees, or whatever, and included them in the farm conservation scheme, for which we received a modest sum from the government. We then tried to farm the rest as well as we could.

There is no doubt that such actions helped our returns, which would have been pretty poor otherwise. But having taken them, we are still less than happy with our bottom line. There's no more poor land to take out of production and the good land does not consistently produce acceptable margins. So, what do we do now? Answers on a postcard please.

1975 and 1976 all over again

Meanwhile, 2018 is beginning to feel like 1975 and 1976 all over again. As they did in those years, light-land cereals have again been decimated by lack of rain. Sugar beet in the mid-1970s was attacked by aphids, infecting it with virus yellows. There were no neonicotinoids then and anticipated production was halved. There was a sugar shortage and people queued for hours to buy a few pounds. The government appointed a minister for drought.

Potatoes, too, were in short supply and prices exceeded £300/t, ex farm. Some insensitive potato merchants bought Rolls-Royces with the proceeds, which did not endear them to their farmer suppliers.

Irrigation equipment flew off the shelves as light-land farmers especially prepared for such weather every year. But there was no mention of climate change. Indeed, the late Prof Hubert Lamb, father of the Lib Dem MP, Norman, who was a meteorologist at the University of East Anglia, confidently predicted the start of another Ice Age. ■

David Richardson farms about 400ha of arable land near Norwich, Norfolk, in partnership with his wife Lorna and his son Rob

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