



Business readiness toolkit for UK sheep farmers

Is your business prepared for the future?

The UK sheep sector is facing a time of unprecedented change. Due to the volumes of UK lamb exported overseas, mainly to the EU, the time new trade deals and market access will take to secure, and the reliance of the sector on support payments, any Brexit scenario will impact individual businesses.

It is very hard to prepare for change when we do not know exactly what that change might be – but this toolkit, produced by National Sheep Association (NSA), will help you think about appropriate steps.

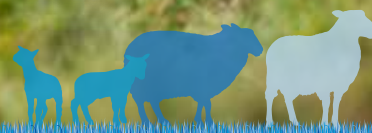
Be it the short-term impact of market fluctuations or the longer-term challenges of dealing with fewer or lower support payments, there are practical actions that can be taken. NSA has grouped these into seven specific areas.

- 1) Getting the right mind-set
- 2) Ensuring good mental health
- 3) Checking business health
- 4) Developing resilient systems
- 5) Planning for the future
- 6) Identifying other income streams
- 7) Looking ahead to future support schemes

Through farmer case studies, expert advice and links to more information, the seven areas are explored within these pages and expanded online.

Find more at www.nationalsheep.org.uk/brexittoolkit

This 'Business readiness toolkit' has been produced by the National Sheep Association in October 2019, immediately ahead of the Government's 31st October deadline for the UK to leave the EU. It has been facilitated by grant funding from the 'Business Readiness Fund', which is administered by the Department of Business, Energy and Industrial Strategy.



1. Getting the right mind-set

Very few people like change, especially when it is forced upon them. But accepting and even embracing change is going to be essential for sheep farming businesses that want to survive for the future. Getting the right mind-set is the first step in turning problems into opportunities, and is a common factor in farm businesses that are moving towards being more sustainable, as it allows thoughts to be turned into actions.



Paul Renison
Cumbria, England



When we first moved to Cannerheugh Farm, Renwick, in 2012, we carried on farming as we had been previously. I had been managing a traditional fell farm in the Lake District and, for the first 18 months or so, even though we were now farming in our own right, I was still in the old mind-set.

Farming with borrowed money focuses the mind and makes you question the return from every penny. We wanted our business to not only survive but thrive and, in order to do this, change needed to happen.

It was a visit to a sheep farm with a completely different approach that made me start to question our way of farming. I would say spending time on other farms is really important. We have gained a lot from visiting people who are well ahead of us on a similar journey, as well as going to conferences and speaking to like-minded folk. Being part of a discussion group and sharing our costs and ideas has been important too.

My change of mind-set has been to choose to focus on the bottom line and, for us, this has meant huge changes to grassland management and genetics to reduce inputs. I would say that seeing an existing farm set-up is great. The trickier part is going home and trying to do it in your own fields. Nevertheless, we cracked on with a certain amount of trial and error, and determination to make sure the change wasn't a half-hearted attempt but a real shot at something different. I guess the first step is a willingness to look at what you're doing and not dismiss the idea that change might be a good thing.



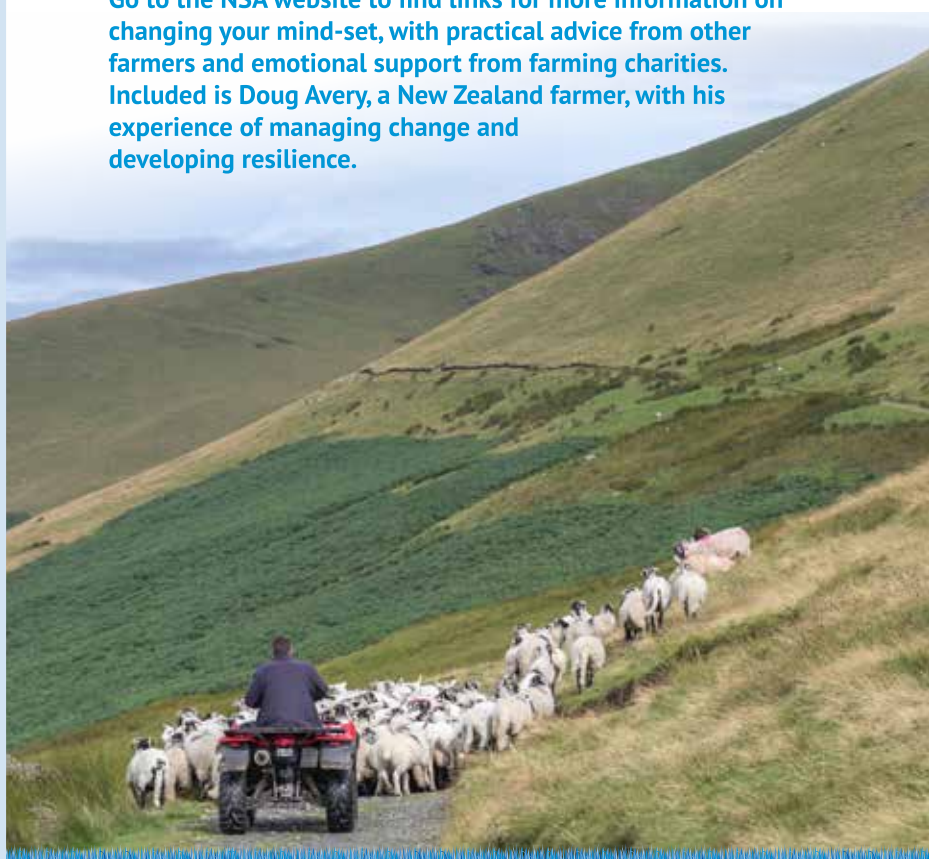
PODCAST

Find a 'changing your mind-set' podcast on the NSA website. Enjoy in the comfort of your own home or listen-on-the-go as Heather Wildman talks about attitudes towards change within agriculture. Heather runs the Scottish-based Saviour Associates, specialising in providing agri-businesses with unbiased advice, coaching and mentoring.



GO ONLINE

Go to the NSA website to find links for more information on changing your mind-set, with practical advice from other farmers and emotional support from farming charities. Included is Doug Avery, a New Zealand farmer, with his experience of managing change and developing resilience.



More at www.nationalsheep.org.uk/brexittoolkit

2. Ensuring good mental health



Mental health is rarely an easy or comfortable conversation topic, but it is important to acknowledge that periods of uncertainty and/or change, particularly when they have a financial impact, can trigger huge levels of anxiety. Ensuring good mental health needs to be a focus for everyone. If you are struggling, speak to someone and share the burden; it can be a friend, family member or one of the many readily and freely available health professionals. Look out for others too. The offer of a cuppa and a friendly ear can go a long way.

PODCAST



Find an 'ensuring good mental health' podcast on the NSA website. Listen in the comfort of your own home or on-the-go as Charles Smith, Farming Community Network Chief Executive, describes his involvement in supporting good mental health for farmers. Charles has led FCN for eight years, raising recognition of the work being done and growing expertise within the network.

PHONE



Call the Farming Helpline on 03000 111999 (or 08001 381678 in Northern Ireland). Someone will receive your call 7am-11pm, 365 days a year and direct you to the most suitable farming charity for personal or financial support or issues with accommodation.

GO ONLINE



If you would prefer to find help online, try these sources:-

Farming Help www.farminghelp.co.uk

Samaritans www.samaritans.org

NHS www.nhs.uk/conditions/stress-anxiety-depression

In the devolved nations

- NHS Scotland www.healthscotland.scot/health-topics/mental-health-and-wellbeing

- Public Health Wales www.callhelpline.org.uk

- Lifeline (Northern Ireland) www.lifelinehelpline.info

For young people

- Papyrus www.papyrus-uk.org

- Young Minds www.youngminds.org.uk

Case Study

Fran Rice
Worcestershire,
England



My severe depression developed over time, but it wasn't until I began having suicidal thoughts that I realised I needed help. It's been an uphill struggle since and, without help from my GP and other services, and amazing support from my husband and friends, I wouldn't be alive today.

I often spend my day outside doing the work needed with 300 sheep, only to come home and watch farming programmes and read about sheep health and more. That can be damaging, so I find it important to maintain something you enjoy that isn't related to work on a regular basis. It's also important to talk to people and be honest about how you're feeling. From my experience, it doesn't matter who you talk to as long as you talk to someone.

Farming can be great, being your own boss, setting your own timings and prioritising what you want, but this comes with difficulties with the more unpredictable things like weather. It is also hard not having a lot of time for holidays or general time off. It can be tempting to ignore symptoms or think you don't deserve help. That isn't true and, as certainly as you should see a doctor for a physical symptom like chest pains, you should see a doctor for depressive thoughts and extended periods of unhappiness. Hoping it will go away could make it worse and, for me, led to prolonged and enforced hospital admissions. That won't be the case for everyone but is what I needed.

Nobody should be alone with mental illness, regardless of how isolating it can feel.

3. Checking business health

Knowing the current status of your sheep farming business is an important starting point. Are you currently making money, and what from? How reliant are you on support payments? Checking business health can take a variety of forms, with the overall objective of getting to enterprise costings so decisions can be made from there. It may be something to work on with others, such as a business adviser or accountant.



Kevin Harrison
Somerset/
Gloucestershire
border, England



I farm 780 North of England Mules and 180 replacement ewe lambs, which I cross to a terminal sire with lambs being sold deadweight.

This system is high performance, high production but also high cost. This means that being on top of business performance is essential. I use a number of tools to benchmark the cost of my production, which can flag up any key performance indicators that need attention so I can see what I could be doing better, as well as monitor what I'm doing well.

Flock health is very important to me. I have two visits a year from our specialist flock health planner, who helps us to keep on top of any issues. This feeds back into business health, as we can keep costs down and ensure only healthy and productive animals remain in the flock. We also run analysis of what has gone on between visits to make sure we're not missing anything and, again, to help keep costs down. To keep your business healthy and profitable, I think it is important to make sure you work whatever system you're running to the best of your ability. Set yourself a plan or a map of where you want to be and aim for it, allowing yourself the flexibility to work around the inevitable obstacles that come along.

It is always important to be aware of new technology and information that is out there to help you go forward.



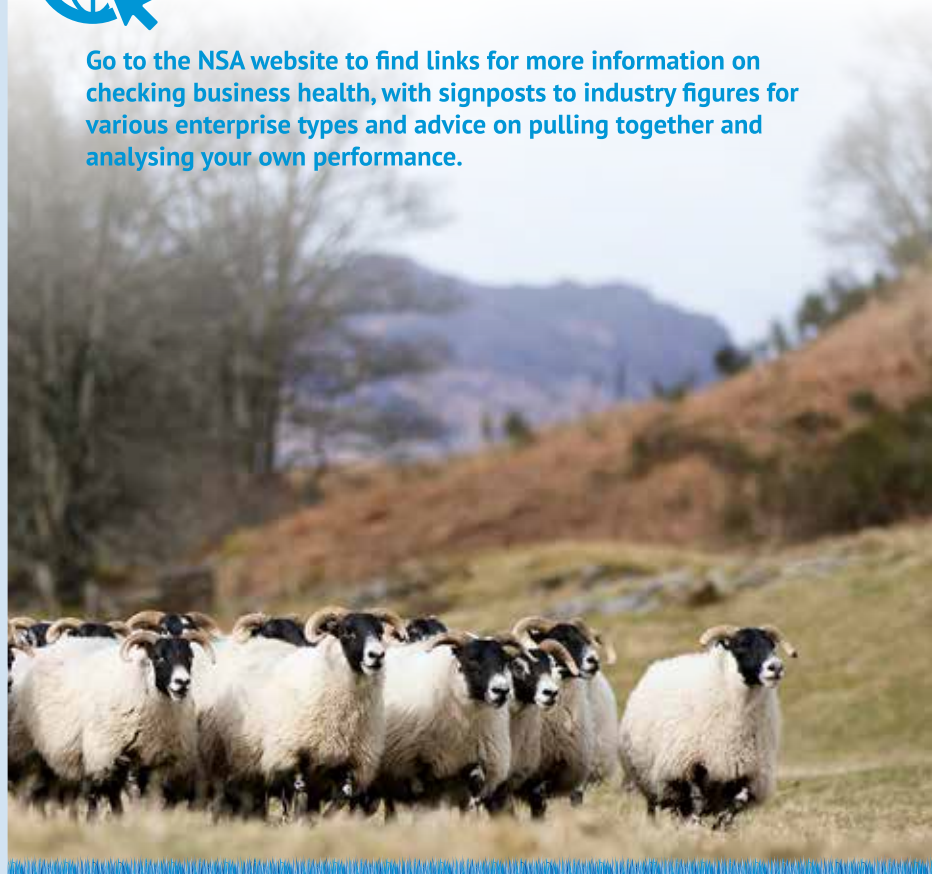
PODCAST

Find a 'checking business health' podcast on the NSA website. Enjoy in the comfort of your own home or listen-on-the-go as Kate Phillips, Harper Adams University Senior Lecturer, gives practical tips on giving your sheep farming enterprise a thorough appraisal. Kate is a well-respected sheep consultant, working for ADAS and independently before joining the teaching staff at Harper.



GO ONLINE

Go to the NSA website to find links for more information on checking business health, with signposts to industry figures for various enterprise types and advice on pulling together and analysing your own performance.



4. Developing resilient systems

The next step once you have health-checked your business is understanding where your current pinch points are, such as availability of grass in the spring or summer, or your ability to winter stock. Input costs will need to be carefully considered and, if they can't be justified, changes made. Increasing the focus on grass and home-grown forages, to reduce costs, will be an option to consider within many sheep farming businesses.



PODCAST

Find a 'developing resilient systems' podcast on the NSA website. Enjoy in the comfort of your own home or listen-on-the-go as Marc Jones, an ADAS consultant, advises on future-proofing businesses, with a particular focus on grass-based systems. Marc runs an extensive sheep and beef system in mid-Wales in addition to his role with ADAS.



GO ONLINE

Go to the NSA website to find links for more information on developing resilient systems, including practical advice on various approaches to profitable sheep farming enterprises.



Campbell Tweed County Antrim, Northern Ireland



In my many years on the hill and upland family farm at Cairncastle, Larne, we've made a number of changes, some bigger than others.

We've worked on fencing, liming, controlled grazing, piped water supply, better silage making and feeding, addition of lanes for access and refinement of the outdoor lambing system and handling processes. We've also moved from a traditional Blackface sheep and suckler cow enterprise to a (mainly) sheep-only system with low input, performance recorded Easy Care and Wiltshire Horn ewes.

We don't believe wool is or ever will be profitable for us and our breeding philosophy is selecting hard against lambing difficulty, lameness, poor mothering, flystrike, poorly conformed udders and slow growth.

Our system wouldn't be for everyone, but we were determined to set ourselves up for a future without subsidies and the formula we have works for us. The changes we have made and plan to make are driven by a mind-set of wanting to make continuous improvements to achieve better performance and better results. Key for me has been taking advice from various sources and looking at things critically and thoroughly. I would recommend approaching change by going for whatever is likely to have the greatest beneficial effect, physically or financially. This is often pasture related and I believe you'll usually find limiting factors can be either reduced or eliminated.

But remember, if you don't enjoy doing something you won't be good at it. And if you aren't good at something, you won't enjoy it.



5. Planning for the future

Any work to health-check a business or adapt to a more resilient system could be rendered a waste of time without a long-term plan in place. This might consist of 'back of an envelope' figures and a rough outline of where you want to get to, or it might be a detailed 10-year business plan. Either way, it is important to put the work in at an early stage and engage with others to make sure you get buy-in for the vision. It will involve setting targets and monitoring progress.

PODCAST



Find a 'planning for the future' podcast on the NSA website. Enjoy in the comfort of your own home or listen-on-the-go as James Daniel, founder of Precision Grazing, considers how sheep systems could look in the future and the importance of using tools to develop a plan and monitoring points to make sure you are on track. James has worked with sheep farmers and technology throughout the UK and New Zealand.

GO ONLINE



Go to the NSA website to find links for more information on planning for the future, with tips on longer-term business plans and setting goals and targets.



Michael Ritch Aberdeenshire, Scotland



When I came home to work full-time on the family farm near Inverurie six years ago we decided our focus was to maximise productivity from the land and resources available to us, producing quality beef, lamb and malting barley that meets the consumer specification as efficiently as possible.

One of my main goals is to be profitable without subsidy and we want to do this by expanding numbers to increase output, while lowering inputs and labour to reduce production costs. This is easy to monitor but not always easy to achieve!

I think the hardest part is market volatility. Prices can vary so much and there's really very little you can do about it – so we try to focus on inputs and our efficiency. We want the stock to do the work for themselves.

We have two meetings a year with our bank manager to discuss our plan, cash flow and any changes we're going to be making. We've recently entered a contract farming arrangement with a neighbour so have taken additional advice and help from land agents.

Naturally, we have regular discussions within the business. Between myself, my father, my grandfather and one employee, we check the business is on track and meeting targets. We believe our ultimate aim of maximising business profitability ensures the wellbeing of ourselves and others, by providing work, income and stability.

We all know even the best laid plans go awry. That is only to be expected. But having a plan in the first place can help get things back on track and moving forward again. Knee-jerk reactions can leave you always changing course and never getting to where you want to be.



6. Identifying other income streams



Diversification isn't for everyone – and committing to a new enterprise without wanting to, or knowing how to, is a complete no-go. But identifying other income streams could be essential for some sheep farming enterprises as support payments reduce. A project might be short-term while system changes take effect or long-term if it's right for the farm and the people involved. In any scenario, diversification options will vary between businesses and need to fit with the resources available.



Find an 'identifying other income streams' podcast on the NSA website. Enjoy in the comfort of your own home or listen-on-the-go as Kate Russell of the Central Association of Agricultural Valuers (CAAV) gives her top diversification tips, including pitfalls to avoid. Kate is an integral part of the CAAV team, specialising in (among other things) planning and development.



Go to the NSA website to find links for more information on identifying other income streams, with practical business advice and examples of enterprises to consider.



Margaret Dalton
Ceredigion,
Wales



Having decided to add an anaerobic digester to the farm enterprise in 2016, diversification has been a real learning curve for my son John and I.

We wanted to do something to strengthen our position for the future, ensuring a strong business to support our existing loyal workforce and futureproofing it for when my grandchildren get older.

The concept was very simple – we feed the AD plant with slurry and crops grown on the farm and it produces electricity for us to sell to the grid at a contracted price, giving a guaranteed return for 15 years.

The reality is very different, with the challenge of keeping our input costs under control and coping with some unforeseen circumstances. For example, we experienced a catastrophic structure failure a couple of years ago (which we were fortunately insured for) and have unexpectedly had to cut back on sheep as we need more cattle to generate slurry. But on the positive side we have had the confidence to buy some more land locally, so we can grow all the crops we need for the AD plant, and are hopeful we will start to see the benefits soon.

My advice, regardless of the diversification scheme you choose, is to be aware the promises you are sold do not always work out in reality. Remember it will be a long-term process and it is vital you don't take your eye off the main enterprise in the meantime.

7. Looking ahead to future support schemes

While ministers in all four UK nations have promised future funding for UK farmers, the details are largely unknown. It is likely the main focus will be on environmental outcomes and delivery of wider public goods, which will arguably make it easier for sheep farmers to qualify than some other sectors. Looking ahead will require keeping abreast of political developments, for example through NSA communications to its members, and knowing your business well enough to understand if the additional income is enough to justify the effort (time, cost, business impact) of meeting scheme requirements.



PODCAST

Find a 'future support schemes' podcast on the NSA website. Enjoy in the comfort of your own home or listen-on-the-go as Dr Louise Moon of the Black Mountains Land Use Partnership (BMLUP) looks at balancing production with environmental projects. BMLUP brings together farmers and land users in South East Wales to work together on grazing, access, wildlife, ecology, field sports, forestry and water management.



GO ONLINE

Go to the NSA website to find links for more information on where the Government and devolved administrations are up to in developing future payment schemes.



Andrew Keilty
Yorkshire Dales,
England



Myself and my partner Hannah are involved in a 'payment by results trial' on our farm in Wensleydale, where we run 500 Swaledale ewes.

It is a Defra-approved project looking at replacing traditional environmental schemes (where farmers have to follow fixed management actions in exchange for a flat payment rate) with a more flexible option (where farmers are paid on the outcome of their work to support nature).

Each field is scored each year and a higher score leads to a higher payment rate. So while the best sites for wildlife get the highest payment, there is also an incentive for us to work with other sites as they can still attract funding.

I like that our sheep are recognised as important environmental tools to produce the right habitat for specific bird species, and that the scheme takes into account local knowledge and is flexible. It has been satisfying for Hannah and I and, like the other farmers involved, we have become quite competitive in trying to move up the payment scale!

I would prefer that the farm and stock paid their own way, but the reality is that agri-environment payments are essential to the survival of hill farmers and sustaining important native breeds.

My understanding is that the first three years of the pilot have been positive and the approach is being considered as a real contender for boosting the effectiveness of future environmental schemes.

Background info: Defra is running several trials to explore how different aspects of the future Environmental Land Management scheme might work once it is rolled out in England from 2024. Wales, Scotland and Northern Ireland are developing their own policies and alternatives.