



ECONOMICS OF THE CHOICES FACING FENLAND FARMERS

Talk by

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Thursday 5th March 2020

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ECONOMICS OF THE CHOICES FACING FENLAND FARMERS

EACH FARMING BUSINESS IS UNIQUE

1. Age of the owner(s)
2. Structure of their business
3. Family/ Succession situation
4. Owner occupier
5. Tenant
6. Place in the supply chain i.e. growing crops, processing crops, marketing crops
7. Crops grown
8. Customer base
9. Access to water

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RISK AND REWARD

RISK

1. Political
2. Weather
3. Growing the crop
4. Water resource
5. Crops in store
6. Market
7. Competition from other suppliers
8. Sourcing labour
9. Climate change

REWARD

1. Profitable return from their farming operations
2. Ability to expand and develop
3. Status – social
4. Building a future

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WHAT IS SPECIAL ABOUT THE FENS?

Versatility of the soils

An 8 year Fenland rotation may comprise

Wheat – sugar beet – wheat – carrots – wheat – potatoes – wheat – onions

An 8 year Fenland arable rotation may comprise

Wheat – wheat – winter beans – wheat – barley – oilseed rape – wheat – oats

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PRODUCTIVITY

Crop Output at Ex Farm values - 8 Year Rotation					
Combinable	W. Wheat	W. Barley	OSR	W. Beans	W.Oats
Crop Yield t/ha	8.5	8	4	5	7
Crop Price £-tonne	150	130	340	190	120
Crop Output	1,275	1,040	1,360	950	840
Crops In rotation	4	1	1	1	1
Output per 100 ha	106,465				
Crop Output at Ex Farm values - 8 Year Rotation					
Fenland	W. Wheat	S. Beet	Carrots	Potatoes	Onions
Crop Yield t/ha	8.5	70	70	47	42
Crop Price £-tonne	150	23	175	150	170
Crop Output	1,275	1,575	12,250	7,050	7,141
Crops In rotation	4	1	1	1	1
Output per 100 ha	413,952				

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FINANCIAL IMPACT OF RESTORING PEAT BOGS

Directly Affected

1. Loss of income and/ or extra costs
2. Loss of capital value of the land and other assets
3. Impact on up stream processing operations
4. Alternative businesses/enterprises on the holding

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FINANCIAL IMPACT OF RESTORING PEAT BOGS

Payment to Farmers?

		Payment	Total
Owner occupier	Area/No.	£/ha	£
Landlord	400	35,000	14,000,000
Trading ?x EBITDA	400	1,500	3,000,000
Total			17,000,000
		Payment	Total
Tenant	Area/No.	£/ha	£
Tenancy ?x rent	400	500	1,000,000
Trading ?x EBITDA	400	1,500	3,000,000
Total			4,000,000

ECONOMICS OF THE CHOICES FACING FENLAND FARMERS

Financial Support under Environmental Land Management Scheme (ELM)

Three Tiers of Support

Tier 1 – Individual Farms

Incentivising environmentally sensitive farming e.g. use of cover crops, wild flower margins

Tier 2 – Local targets

- Collaboration by land managers who would be rewarded from working together for a joined up approach to environmental plans

Tier 3 – Changing the Landscape

- Changes affecting land use and deliver more benefits than Tier 1 & Tier 2

Examples:

- Woodland forestry creation
- Coastal habitat creation – wetlands & salt marshes
- Peatland restoration

ECONOMICS OF THE CHOICES FACING FENLAND FARMERS

CHOICES FACING FARMERS

1. Individual/Family/Company
2. Maximise the benefit
3. Minimise the downside
4. Loss of versatile and productive land
5. Social impact
6. Impact on the farm but also connected businesses in the supply chain
7. Impact on other businesses located on farms
8. Impact on indirectly affected businesses
9. Appropriate level of remuneration/compensation
10. Fully cost impact on restoration process

Are there better and/or more cost effective alternative solutions than restoring Fenland peat bogs?