

# The Dairy Group

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## Agricultural Transition – Is your business ready?

**Susie Felix, Senior Consultant**

There are a huge number of challenges and changes impacting upon the agricultural industry now and into the future, creating uncertainty for dairy businesses. Current challenges exacerbated by the global Covid pandemic and Brexit include cost pressures and price inflation and availability/supply of inputs and labour. As well as these economic challenges, the phasing out of Direct Payments in England from 2021 to 2028 will impact upon many business and investment decisions.

The transition from Direct Payments (BPS) to payments for environmental actions has been well publicised but what opportunities are there?

**Countryside Stewardship** - The Countryside Stewardship scheme will continue to run for the next 2 years with opportunities to apply in 2022 and 2023 for agreements to start from January 2023 and 2024 respectively. Countryside Stewardship Mid-Tier agreements run for 5 years and as the scheme has been operating for a number of years, familiarity with the scheme, the management and capital options available and the payment rates make it an attractive offer to prepare for Environmental Land Management Schemes (ELMS) and bridge the gap in payments as BPS is phased out.

**Sustainable Farming Incentive (SFI)** - The first pilot SFI agreements go live from October 2021. The SFI pilot scheme is based around 8 standards or sets of land management actions, each of which has 3 ambition levels (Introductory, Intermediate and Advanced). Each standard and ambition level carries a number of actions that are required to receive the payment. The standards relate to soil health, water quality, biodiversity including hedgerow management, grassland and arable land. The SFI Pilot is the first indication of potential future environmental payments via ELMS. Our analysis of the SFI Pilot standards and payment rates indicate that participation in this scheme is unlikely to completely offset the loss of Direct Payments. It is important to note that the SFI is still being developed and learnings from the pilot process and feedback will be factored into the scheme as it is rolled out from 2022 – 2024/25. Piloting of other ELMS including Local Nature Recovery and Landscape Recovery start in 2022.

**The Farming Equipment and Technology Fund & The Farming Transformation Fund** - These are the first major “grant” schemes that will be available under the Agricultural Transition Plan and are expected to be similar to the previous Countryside Productivity Grant Schemes. Grants will be available for areas including robotic/automated technology, improving animal health, precision agriculture equipment and water storage. Further details are expected in Autumn 2021.

## EDITORIAL

Welcome to our September 2021 newsletter. Inflation and any interest rate response is set to be an issue as Global Covid recovery takes place. With inflation of both returns and costs, farmers are unlikely to feel better off particularly as direct payments (Basic Payment Scheme) decline which is the topic in the 1<sup>st</sup> article.

The 2<sup>nd</sup> article looks at milk price prospects and measures that producers can take to reduce the impact of rising feed prices.

MCI updates are covered in the 3<sup>rd</sup> article and the 4<sup>th</sup> covers milking system evaluation which includes an assessment of the operator, milking routine, cow cleanliness and teat condition. Nutrient planning to meet compliance requirements and for economic reasons is covered ‘In Brief’.

As always, please contact us if you would like to know more about any of the topics featured.  
**Christine Pedersen**

**Slurry Investment Fund** - Applications for the Slurry Investment Fund are due to open in 2022. The fund will help livestock farmers invest in improved slurry storage that exceed current regulatory requirements and to meet new standards under the Clean Air Strategy. The scheme may initially focus on locations where the environmental impact of slurry is greatest.

Although this list is not exhaustive, it illustrates that there are many opportunities to consider. Which direction to take and how to manage this change is a significant question all farm businesses should be asking. Our consultants are currently involved in **The Future Farm Resilience Fund** which provides Defra funded 1:1 business advice to farmers to help them understand the implications of the transition on their business. The advice covers profit requirements, benchmarking and an assessment of the impact the phasing out of BPS payments will have. The outcome of the advice is an action plan to help shape the future direction of the business.

Please speak to your consultant or phone The Dairy Group office if you would like to find out more about **The Future Farm Resilience Fund** or to sign up for the funded advice.

**Susie specialises in farm business consultancy, working across the North West, West Midlands and North Wales. She can be contacted on 07471 035199.**



## Outlook for milk and feed prices

**Richard Lane, Dairy Business Consultant**

The weather across Europe this summer has affected milk production and through August European markets have been firming as supply faltered in the biggest 3 milk producers, Germany, France and UK. Commodity prices have picked up with butter around €4,000/t and skim milk powder (SMP) €2,500 (7% and 16% ahead of their 2020 levels respectively) and likely to progress further this Autumn if supply stays at or below 2020 levels.

The UK supply has gone from a record peak in May in milk volumes, butterfat and protein production to quite normal levels in just 2 months. Whilst weather has certainly played its part, it may indicate a further shift in the UK calving pattern. Taken together with cost inflation, particularly feed costs through supply and logistics issues and variable forage quality, milk supply looks set to be subdued well into the winter helping to bolster the markets and keep farmgate prices firm to rising.

By the time this is published, maize growers will be preparing for harvest if it hasn't started already. Due to the two distinct drilling periods this spring and resulting variation in maturity, harvest may be split into two different time frames if crops are to be harvested at the optimum dry matter (DM%). The target silage DM at feeding is 32 – 35% so allowing for 2 – 4 % clamping losses, the target whole-plant dry matter (DM) at harvest is 30 – 32%. Total yields and starch yields are expected to be variable and, in some cases, the maize silage proportion of the winter ration will be lower than normal in favour of increased grass silage or wholecrop to preserve maize stocks.

Average dairy concentrate prices have steadily increased over the summer months as spot prices for both cereals and proteins have been tempered by the prices achieved by those locked into contracts or feed sourcing groups. Reducing purchased feed costs by increasing milk from forage is a strong driver of profitability. Where there is sufficient forage of appropriate quality to ensure that nutrient requirements can be met, rations can be formulated with high levels of forage dry matter intake (target up to 16 kg/head/day) thus displacing more expensive concentrates.

As I write this, cereal prices have dropped £6 – £7/t overnight due to increased world wheat production reports. As always, the feed markets are finely balanced and reports of increased or reduced supply or demand create price volatility. Within the new Feed & Forage module of MCI there is a relative feed value (RFV) calculator to determine which feeds offer the best value for money on the basis of the energy and protein that they supply compared to rapeseed meal and barley. Feed grade urea, rapeseed meal and other protein sources often represent better value than soya and many of our clients feed little or no soya due to price or milk buyer restrictions.

Most milk contracts pay for constituents and monitoring butterfat, protein and milk urea levels serve as a useful guide to the nutritional status of cows; there is a definite relationship between diet composition, rumen function and milk composition. Milk proteins tend to be less variable than butterfat but crudely are an indicator of both protein and energy supply if used in conjunction with milk urea results (target levels 200 – 250 mg/litre). If protein supply is adequate for the required yield level (established from milk urea data, ration formulation and dung consistency), low milk proteins may be a result of break-down of dietary protein to supply energy if energy supply is limiting. In this case, options to increase energy intake through increased dry matter intake or ration formulation should be considered to mitigate the obvious effects on body condition, fertility and performance.

**Richard provides nutrition, herd monitoring & business management advice. Contact Richard on 07717 502505.**



## MCI live data link from NML

Ian Powell, Managing Director

As part of the ongoing MCI update, MCI now uses live data from NML to highlight milk production trends and to alert when things go off track. The data access is enabled by the farmer providing authorisation to The Dairy Group. The data is displayed on the MCI Dashboard to provide a snapshot of current trends. The screen grab below is an example:

Milk Production Summary				
	07/09/2021	09/09/2021	11/09/2021	Impact
Fat %	5.01	5.13	5.30	45 £/day
Protein %	3.90	3.96	3.96	13 £/day
Bactoscan 1000/ml	22	19	51	0 £/day
SCC 1000/ml	172	191	176	0 £/day
Urea mg/l	285	229	284	
Milk litres collected	10,430	10,405	10,468	
Milk litres/Day	4,636	5,203	5,234	5,339 Month Daily Average
MCI Plan litres	6,060	6,060	6,060	-4% Diff. From Month Plan

[View Plan And Actual Report](#)

The last 3 collections are displayed and colour coded depending on certain thresholds: green is 'good', amber is 'concern', red is 'beware'. The 'Impact' is the calculated impact on the business, so display is blue if positive and red if negative. The impact on milk price is calculated based on the actual milk buyer values. Where there is a milk forecast on MCI the impact is based on the cumulative production in the month and the difference from the plan for the month. There is a link to the 'View Plan and Actual Report' so that any issues can be identified.

There are also 'Alerts' which result in an email being generated if the milk quality or the production is outside certain key parameters. There are defaults set up, but the alerts are user defined:

**Alert!** The following alerts are currently active against this herd:

- 30/08/2021 - Milk production compared to plan lower than -5.00%

The aim is to 'manage by exception' ~ so if production deviates from plan the automatic alert is triggered so that follow up action can be taken. Go to [www.dairy-mci.com](http://www.dairy-mci.com) or contact The Dairy Group office for more information.

**Ian is responsible for our dairy cost database and MCI and works with clients across southern England. He can be contacted on 07831 617952.**



## Effective evaluation of the milking system

Ian Ohnstad, Milking Technology Specialist

As new milking installations become more complex and the financial consequences of inadequate milking performance increase, the technology and methods adopted to measure and monitor the efficiency of the milking process need to adapt.

A poorly installed, operated or maintained milking machine can lead to inefficient milking, an increase in teat end hyperkeratosis and teat congestion, elevated SCC's and clinical mastitis as well as raised bactoscans. Whilst many farmers consider their annual obligatory static test of the milking equipment to be sufficient, this can be compared to buying a new

vehicle without a test drive; a full evaluation of the milking system should involve 'test driving' the parlour and assessing the complex interaction between the machine, the operator and the cow.

While it is becoming more common for a milking machine to be tested dynamically (when cows are being milked), The Dairy Group has advocated the benefits of a comprehensive milking time assessment for many years and continues to invest in the latest testing technology. A comprehensive milking time assessment is much more than just the recording of vacuum levels at various parts of the milking parlour when the machine is being operated, it should include an assessment of the operator, the effectiveness of the milking routine, cow cleanliness and teat condition.

- An effective milking routine should achieve clean dry teats prior to cluster attachment but is the routine sufficient to ensure good stimulation and milk let down?
- Is the routine applied consistently for the duration of a milking as well as between milkings?
- Are the ACRs set correctly to remove the milking unit promptly at the completion of milk flow?
- Is the working vacuum level suitable to achieve quick, complete and gentle milking?
- Is the most suitable liner being used which fits the teats, promotes good teat condition without leading to teat end and barrel congestion?
- Is the vacuum level stable during milking when clusters are applied and removed?
- How well is the inverter working on the variable speed vacuum pump or how sensitive is the vacuum regulator?

All of these questions can be answered by a comprehensive milking time assessment or milking system 'test drive'. Ultimately, an efficient milking system should milk all cows quickly and efficiently but most importantly protect the integrity and condition of the cow's teats to provide the most effective barrier possible to prevent the introduction of new mastitis infections. Please contact The Dairy Group office for more details.

***Ian is an internationally recognised specialist in milking technology working throughout the UK and worldwide. He can be contacted on 07774 267900.***

## News in brief.....

**Nutrient Planning** - There is a great deal of discussion around soil management, nutrient planning & use and environmental management. Much of this is led by the direction of the Agricultural Transition Plan (especially ELMs), recent increases in fertiliser price and the change in the approach to the implementation of the Farming Rules for Water (FRfW).

Having a nutrient management plan (NMP) has never been more important for both compliance and financial reasons. Whilst a nitrogen plan is required to comply with NVZ legislation, a NMP to demonstrate the crop requirements for all manure and fertiliser nutrients is necessary for FRfW. Furthermore, some options or standards for Countryside Stewardship or Sustainable Farming Incentive (SFI) require a NMP. From a financial point of view, fertiliser prices have increased significantly - 34.5% AN is currently > £350/t and following the recent storms in America (which resulted in damage to some plants), the prices of all Nitrogen products now look firm until at least the end of this year. Planning the applications of all three major nutrients is essential to maximise efficiency of fertiliser use and in particular phosphate (P) requirements should not be exceeded. Optimising the use of organic manures is essential to reduce the requirement for purchased nutrients and allow significant savings to be made.

The key elements of a nutrient management plan that can be actioned today:

- Take soil samples to assess pH, Phosphate and Potash status; Autumn is a good time of year to take soil samples.
- Assess the crop nutrient requirements (Nitrogen, Phosphate, Potash and Sulphur).
- Plan manure applications – standard figures for the nutrient content of manures can be used but improved accuracy can be achieved by analysing manure samples at the lab
- Calculate inorganic fertiliser requirements having taken soil nutrient status, crop requirement and nutrients supplied by organic manures into account

Our FACTs qualified consultants can create a nutrient management plan using our bespoke online software programme, FarmWise, which can also be used to complete records of manure and fertiliser applications.

**The Dairy Group consultants work across the UK providing a wide range of independent dairy technical and business advice. Please contact Karen or Anne in our admin team on 01823 444488 or visit our website for further information or to contact our consultants.**

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