



UPDATE
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COMPACT FEEDING REVISITED

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Since introducing the concept of compact feeding a couple of years ago many of our clients are complete converts. It has almost become an obsession for some, who are spending much time perfecting what is turning out to be a bit of an art form!

There is no doubt that when done correctly compact feeding is bringing the benefits it promises. By mixing the feed so well that cows cannot sort it, we ensure all cows receive the same, consistent diet and greatly reduce the 'rush' at the feed fence as cows know that the feed available will be the same whenever they go to eat. Not only does the correct diet facilitate more milk, but rumination is more efficient and cows spend more time lying down rather than messing around at the feed fence.

When observing cows on a 'non-compact-feeding' farm recently, I was reminded just how much time cows spent not eating; pushing the feed backwards and forward until the concentrate rolled out and they got the 'goodies'. What was also noticeable was the pushing, shoving and bullying from neighbouring cows who were also trying to get a taste of the good stuff. Imagine how different their diet will be to the one formulated for them and that of the next cow who feeds from that space with most of the concentrate already eaten!

We were delighted to welcome compact feeding pioneer Niels Kristensen over from Denmark late last year to carry out some farm visits where he shared his latest research. Niels has calculated that **compact feeding increases a cow's lying time by two hours a day**, due to less time spent sorting and queuing at the feed fence. We know that this extra lying time (if we have good, roomy, comfortable cubicles) leads to improved rumination and less stress and it is well documented that every extra hour of lying time gives one litre extra of milk. Plus, at

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a recent lameness meeting with Sara Pedersen, she agreed that while lying down, cows are at less risk of developing foot problems so we should see less lameness as a result of implementing compact feeding.

Niels reiterated that farmers should be aiming for cow behaviour where:

- The majority remain in their cubicles when fresh feed is dispensed
- Cows eat 'politely' from the top of the pile rather than rooting through the mix
- There is no reaction from cows when pushing up the feed

For robotic herds, we are recommending feeding a maximum of 3-4 kgs/day in the robot. By including the concentrates in the TMR, there is a far more consistent diet throughout the day. This leads to less bullying around the robot and less acidosis from overdoing the concentrates in one go and causing a slug of starch and protein that we just do not want or need.

The final benefit of compact feeding is that many dairy producers have less feed space available to cows than desirable. If the cows are sorting, bullying and playing around at the feed fence for two hours, this restricts feed space even more. Compact feeding frees up space at the trough and even allows barns with three rows of cubicles and one feed fence to adequately feed with no overstocking at the barrier.

In summary, what we get from correct compact feeding is improved herd performance, less health issues and higher feed efficiency. Not only are these the route to more profitability, but also to improving carbon footprints; something we are all now striving to achieve.

NEW METRICS FOR A CHANGING WORLD

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We can all see that dairy farming will be under greater scrutiny and monitoring in the future than we have seen historically. Environmental, welfare and ethical factors are all going to influence the policies demanded by consumers or imposed by the government.

The challenge for business operators is to continue to maintain sustainable levels of profitability to firstly produce a decent return for the hard work put into running a dairy business, and secondly, to invest to meet the standards required.

Kite can see a positive future for the UK remaining a consistent producer of high quality dairy products, but the challenge for suppliers will be to continually drive resource use efficiency – more milk from less resources. This means on the business side we will need to benchmark more closely, using points of limiting resource, rather than purely focusing on the product itself.

The industry has used ‘pence per litre’, ‘kg per litre’ and ‘cost per litre’ for 30+ years and although these metrics are still relevant, the key element which combines the limiting resources is the cow. Stocking rates, both housed and grazing, capital required, technology and most importantly, the people involved, are all centred around the cow.

This is why at Kite we will be focussing more on “per cow” metrics and increasingly using this language in the future.

The industry has long been obsessed with changing system as the route to success, often driven by a focus on ‘profit per litre’. The increasing utilisation of forage is often confused in a debate about system and diverts attention away from focusing on total farm profitability. All dairy farms use forage and optimising the quality and quantity of forage produced in

all systems is important. This is because the land base is a key limiting resource and failing on this will just result in waste and loss from the system.

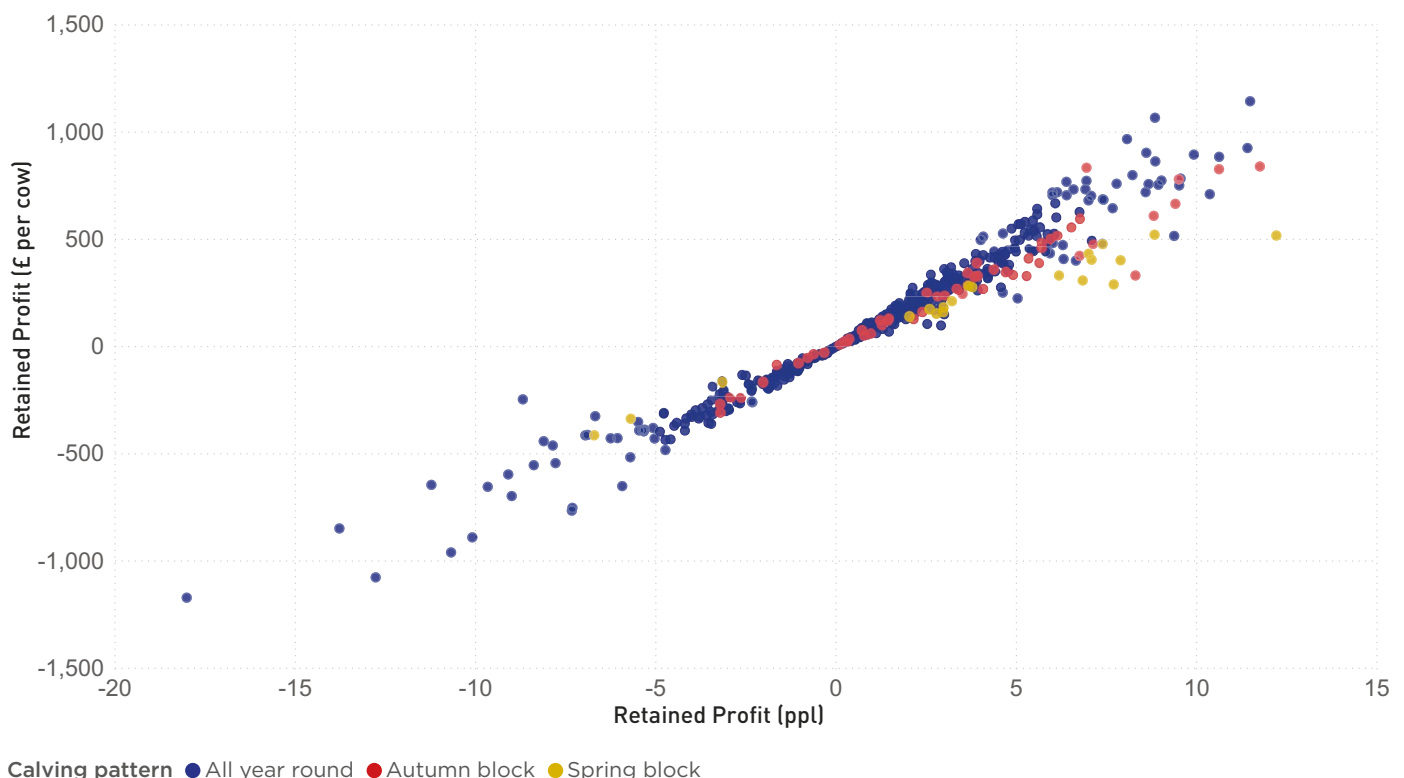
The graph below shows a snapshot of the 2018-19 data from over 550 farms recorded by the Kite Business Hub. It shows retained profit (after all costs, including family labour) per cow against retained profit per litre. There is obviously a massive range, which is consistent with any presentation of farm performance. However, the interesting points are seen at the top end of the profit scale. There are businesses where profit per litre ranges from 4ppl to 12ppl where the profit per cow remains at £500. Whereas at a profit per litre of 10ppl the profit per cow varies from £500 to £1000. Total farm profit is dictated by profit per cow.

Kite consultants work with farmers across all systems and at all yield levels. The data shows that total farm profit is maximised when output is optimised for the system being run.

One resource that offers the key to meeting the challenges of the next decade is genetics. The acceleration in the use of genomics, testing and sexed semen means that gains in health, carbon footprint, feed efficiency and milk produced per kg of input can improve exponentially. Farms already optimising their systems (profit per cow over £800) are firmly on this track, with the best housed systems achieving 14,000 litres and autumn block calving herds achieving over 9,000 litres.

Our analysis also highlights the limited benefit of benchmarking against industry averages. The range in performance is considerable and the real benefits come when you can interact directly with businesses in a group setting, sharing best practice.

Retained profit per litre against retained profit per cow



BORROWING FROM THE BANK

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We are delighted to be working with Neil Wilson, former Head of Agriculture at HSBC, to further strengthen our offering to clients. For those looking to expand or invest, Neil can offer expert advice on how best to approach the lending process and also, crucially, advise on whether the package you are offered will work for your business. Neil writes:

In the last few years we have seen a definite shift in the attitude to lending in the agricultural sector. Traditionally farming has been treated slightly differently to most other businesses, mainly due to the high-value land and property assets involved and strong relationships with the bank manager. I am pleased to say this continues to be the case to some extent, but changes to financial regulation mean that financial institutions are placing a much greater focus on 'responsible lending' than ever before. Even if your bank manager knows you run a sound business, when negotiating any future borrowings, he or she will need to prove to the underwriters that you are a 'good' risk now and will continue to be so.

Taking a step back, it is important the farm itself is clear on its current financial position before committing to a loan. I have seen multiple cases where the older generation have always held the cheque book and when the next generation finally look to reinvest, they realise the business does not actually demonstrate a strong enough performance to obtain a loan. The business is not in quite the shape they believed it to be. Others will be all too aware of falling performance and will be looking for capital to transform the business. In this scenario, it is so important to present a business case not just with forecast figures, but also with the 'story' around why things will be different in the future. It is this 'lick of paint' that can make or break the lending decision. This is an area where I am supporting consultants and farm businesses, with the knowledge of what banks are looking for and what questions they are likely to ask when processing a loan application.

For a high-performing business looking to borrow, it too will be scrutinised much more closely than before to ensure it can

make repayments during periods of unexpected downturn. Whereas in the past bank managers had the ability to give 'payment holidays' in times of low milk price, this is now much more difficult for them to facilitate. Businesses are expected to have 'stress-tested' their business plans to take account of market volatility. In today's economic climate, this volatility is almost inevitably going to impact a business at some point during a loan period.

If your loan application is accepted, expect it to be on much more rigid terms than before. Loan covenants and conditions can be more restrictive than we have seen historically and breaching these can give the bank a lot of power to alter your lending terms. Many banks are now also offering shorter term commitments on loans even though the loan term might be longer, for example, they may wish to only commit a 20 year loan to you for 5 years. This means that at the end of 5 years your business faces a refinancing exercise and may be charged another fee, have the price altered and/or the terms of the loan changed. Indeed, you may not have the loan renewed at all and be left trying to find a replacement bank at short notice.

To this end, it is really important to understand exactly what you are signing up for and what will happen if you breach the terms. I have been involved in a case recently where a farm was offered the borrowings they requested, but the lending terms and conditions actually prevented them from carrying out their business plan! Do involve your consultant in these discussions.

However frustrating these changes may seem to be, the regulations around responsible lending are there for good reason. As well as protecting the banks, they ensure farms do not borrow more than they can afford. It forces farms to really look at their business figures, consider volatility and plan for the medium and long-term. Also remember that the length of loans will sometimes mean it will be the next generation that will be tied into paying it back. The 20-year loan you take out today may well end up being paid off by someone else.

BOOK YOUR TICKETS NOW FOR THE KITE 2020 >> 2&3 MARCH, 2020 - PARK ROYAL HOTEL, STRETTON WARRINGTON, WA4 4NS

Dairying has undergone significant evolution over the past 20 years, but with the rapid pace of change in the industry the future looks like one of revolution. Building on Kite's 20 years of experience with farmers, retailers, processors and the industry, our third PDO Conference explores this concept and takes a practical look at how to make the most of the opportunities ahead. This two day event starts at 12.00pm on 2nd March with an estimated finish time of 1.30 pm on Wednesday 3rd. A more detailed agenda can be found on the website.

Targeting, but not exclusive to, younger dairy producers the event will embrace new ideas and technologies and puts the emphasis on discussion and development to help find the answers to some of the industry's future challenges.

We are delighted to welcome some fantastic speakers, presenting on a wide range of topics including:

Tom Crotty, Ineos
CREATIVE COMMUNICATION

Philip Gibson, Reverberate PR
Neil Baker, FAW Baker Farming Ltd
FRAMING YOUR FARMING STORY

Jude Capper, Kite
SUSTAINABILITY OF DAIRY

MAKING THE MOST OF A NUFFIELD SCHOLARSHIP

Jo Speed jo.speed@kiteconsulting.com



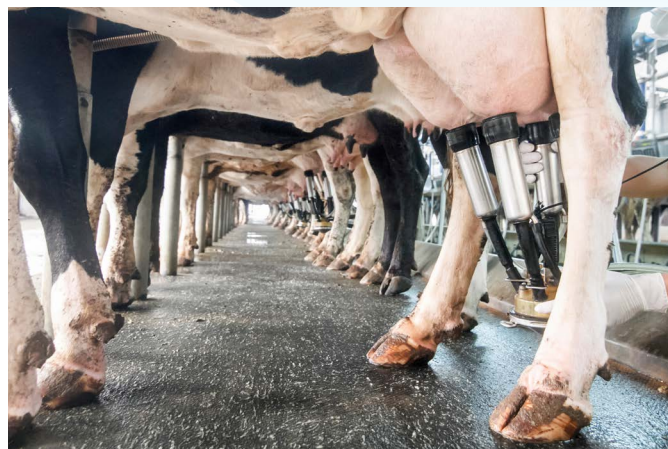
**NUFFIELD
FARMING
SCHOLARSHIPS
TRUST**



Kite Consultant, Jo Speed, was recently nominated for the Bullock Award by the Nuffield Farming Scholarships Trust, which recognises those who have achieved the most with their Nuffield experience, ten years on from their scholarship. Here, Jo explains what impact the scholarship has had on her career and home life to date.

My Nuffield Scholarship focussed on lameness prevention in dairy cows. After returning from my Nuffield travels, keen to implement my findings and challenge the lameness issues in the UK dairy industry, I was instrumental within AHDB in the launch of a tool to help dairy farmers tackle lameness on farm; the AHDB Healthy Feet Programme. This also tied in with my work on a national mobility score which has since become the UK and Internationally recognised standard used by Farm Assurance Schemes and Industry (AHDB Mobility Score). In 2016, I was part of a small team to introduce an industry qualification to acknowledge the skills required when mobility scoring a herd and the formation of the Register of Mobility Scorers (RoMS), of which I am still a committee member. This has allowed industry, farm assurance groups, retailers and processors to work with their suppliers to develop standards and monitor lameness on farms; improving the quality and accuracy of UK lameness benchmarking data.

My Nuffield journey also gave me a thirst for my own growth and personal development. During my Scholarship travels I noted that farmers who had a positive attitude to lameness on their farm achieved positive outcomes at farm level and whatever the system they farmed, their positive mental attitude overcame challenges. I decided to pursue this avenue and in 2014, I undertook a post graduate diploma in psychology and subsequently a life coaching certificate and diploma in 2018. This skill set became invaluable not only in my Kite facilitation role, but also when working directly with individuals and farming businesses - coaching and mentoring them in their personal and business goals.



I have now been working in the dairy industry for almost 30 years; both in herd management roles in the UK and overseas, as well as in knowledge transfer and consultancy roles. I am currently chair of the Northern Nuffield Farming group and am really enjoying being a mentor to a new Nuffield Scholar this year too. As well as my professional career, my husband and I have a ten-year-old son and run a tenanted arable business. We started as new farming entrants in 2002 on a family tenancy with 300 acres, and have now quadrupled this to farm 1,200 acres.

My experiences post Nuffield have given me the confidence to challenge myself and take myself out of my comfort zone. It initially gave me a voice and platform for the topic I was passionate about, but in turn also increased my self-confidence and fuelled my drive to grab opportunities. For anyone considering a Nuffield Scholarship, I would really recommend the experience...you never know where it might lead you!

Find out more at: <http://www.nuffieldscholar.org>

>> 'REVOLUTION NOT EVOLUTION' PDO CONFERENCE

Ash Amirahmadi, Arla
UNDERSTANDING THE CONSUMER OF THE FUTURE

Mark Roach, Cogent
ACCELERATING CHANGE IN DAIRY

Vicky Hicks, Kite
DATA & DAIRY

Duncan Williams, Kite
DAIRY 2030

For more information and
to book a place go to
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IS YOUR EMPLOYMENT PAPERWORK UP TO DATE?

Rachael Madeley-Davies rachael.madeleydavies@kiteconsulting.com



Although employment contracts can be written or verbal, all employees are legally entitled to a 'written statement of employment particulars' within two months of starting employment, if they are employed for more than one month. This document, for most employers, will commonly be referred to as a contract. The information that must be outlined in the document is underpinned by law; information that must be included in the 'written statement of employment particulars' are:

- the employer's name
- the employee's name
- the employer's address
- the start date
- the date that 'continuous employment' started
- job title, or a brief description of the job
- a brief description of the duties of the job
- pay, including how often an employee will be paid and when
- working hours
- the places or addresses where the employee will work
- holiday entitlement and holiday pay, including an explanation of how it is calculated if the employee leaves

Other information regarding sick pay, pensions, notice periods, disciplinary procedure and grievance policy must also be provided, although they can currently be outlined in a separate document.

However, change is afoot. Under the Government's **Good Work Plan**, from **6 April 2020** all employers must provide employees with a 'written statement of employment particulars' from day one of employment and it will apply to those deemed as 'workers', as well as employees and to those working less than one month. There are additional details that need to be added to the statement as of April:

- The days of the week the worker is required to work and whether working hours or days may be variable, with details of how they may vary.
- Any entitlement to paid leave, including maternity leave and paternity leave.
- Any other remuneration or benefits provided by the employer.
- Any probationary period, including any conditions and its duration.
- Any training provided by the employer which the worker is required to complete and any other required training in respect of which the employer will not bear the cost.



Some information that was previously permitted in a supplementary document will now have to be included in the initial 'written statement of employment particulars'.

The new requirements only apply to new employees or workers starting on or after 6 April 2020, however, existing employees are entitled to request an updated statement following the 6 April 2020, which must be provided within one month. Any fundamental changes, such as benefits or training that were not outlined for existing employees but exist after 6 April 2020, would need to be communicated to existing employees with an updated statement.

Our People team can support you and your business in relation to these new requirements or any other personnel related issues.

INTRODUCING RACHAEL MADELEY-DAVIES

Rachael has been working with Kite for nearly three years, joining the team full time in September 2019. She initially trained as a barrister specialising in employment and dispute resolution before choosing to work with farming and food businesses, which she has been doing for the last 10 years, alongside farming beef and sheep at home in the Snowdonia National Park. As part of the Kite Wales and Borders team, her focus is on business management, environmental and people management.

DAIRY TECH 2020

Wednesday February 5th, 2020
Stoneleigh Park, Coventry,
CV8 2LZ



Please join the Kite team for refreshments from 8am on The Gallery, overlooking Hall 1, accessed via stairs at the rear of Hall 1.

Kite's John Allen will be presenting at the Dairy Hub at 1pm, sharing his vision for the dairy industry in 2030. He will speak about the impact of environmental pressures on our industry and how we are going to rise to this challenge.

Kite believes that as an industry we can reduce our greenhouse gas emissions by 30% by the year 2030 and Duncan Williams will speak about how genetics and genomics can help us reach that target.

For more information, and to purchase advance tickets, please visit <https://dairy-tech.uk>

KATE MATTHEWS

My name is Kate and as a vet who has just recently joined this great business, I would like to take the opportunity to introduce myself to you all. I qualified from Cambridge Veterinary School in 2014 and I went straight into farm animal practice. I have worked all over the country, starting in Sevenoaks, Kent, with a focus on dairy farms. I then moved to Clitheroe, Lancashire for two and half years; enjoying the mix of dairy, beef and sheep work, as well as the amazing countryside. My next post was to Stoke on Trent where I worked in small animal practice for 18 months before getting back to my passion of working in agriculture.

I am looking forward to working within a progressive, enthusiastic team that wants to drive individual businesses forwards - as well as the wider industry - in a constructive and sustainable way. I have a keen interest in herd health planning and getting clients to maximise use of this tool to aid their businesses. I also have a focus on genetics and efficiency and because I am new to the business, I am keen to explore both technical and business consultancy. I look forward to meeting many of you over the coming months.



OPTIONS FOR CALVES BULLETIN

There are a small number of practices in dairy production that are increasingly unacceptable to consumers, such as the euthanasia of bull calves. Despite only occurring on a small number of farms, issues such as this are almost impossible to justify to consumers on commercial grounds.

Of course, many farmers have been mindful of this particular issue for some time and have already altered farm practice accordingly, but it is important that all farmers adapt their approach to ensure that any bull calves produced on farm become a valuable contributor to the beef supply chain, with the aim of eliminating bull calf euthanasia as soon as practicable. This move will protect and enhance the reputation of the industry and individual farms.

We fully support such a move, which is starting to be implemented by milk processors. However, certain farms face difficulties finding alternatives that are commercially viable. Kite has produced a Technical Bulletin that examines the options available to all systems, both on and off the farm, as well as looking at specific challenges, such as farms affected by TB.

The bulletin is available on the website at <https://www.kiteconsulting.com/2019/12/19/calves-technical-update/>



For enquiries regarding the information in this newsletter please contact:

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