

ABOUT LOCHABER MONITOR FARM

Farm name **Strone Farm, Lochaber Monitor Farm, Banavie, Fort William, PH33 7PB**

Meeting Number **015 – Environmental, Woodland & Diversification options**

Meeting Date **Thursday 7th Nov 2019**

Attendance: **20**

Date Next Meeting **3rd Dec 2019 – Cooperation and producer group concepts for the West (7:00pm Moorings hotel)**

Strone Farm is run by Chris and Malcolm Cameron as a family partnership and in total the business farms 1,788 hectares.

Cattle: 40 Limousin cows producing store calves. Cows are in-wintered.

Sheep: 500 Cheviot ewes, producing store lambs. Mainly Lleyn tups and hoggs kept as replacements.

Lochaber Monitor Farm Management Group:

James Colston (Chair), Paolo Berardelli, Peter Kennedy, John MacAulay, Ewen Campbell.

Aims of Meeting:

To explore how environmental and diversification options could improve the resilience of your business

Guest Speakers:

- Helen Bibby: SAC Conservation consultant
- Iona Hyde: Woodland Trust
- Peter Sinclair: Resipole, diversified farmer



Pic 1: The community group at the Achintore woodland site looking back down towards Fort William

FARMERS UPDATE

- Cattle grazing in woodlands scheme application has been approved.
- The business has also been assessing the feasibility of a substantial woodland planting scheme and been busy with a SGRPID sheep inspection since the last meeting.

KEY MESSAGES

The key messages delivered from this meeting were:

- When diversifying, the key is to be flexible, innovative and willing to change and adapt to fashions and new customer requirements.
- If you have designated sites on your land and can manage that land to benefit the target of the designation, then you have a much better chance of making a successful agri-env application.
- There is a drive to push farming business into woodland and forestry options. Woodland can complement farming businesses and headline rates can be very attractive. But a clear understanding of the risks and potential liabilities involved is a must.
- Broadleaved plantations have a higher biodiversity value and deliver more public good than conifers, but are economically more challenging as there is no established market for the timber. However mature broadleaved still allows for a farming activity.
- Commercial Scottish Forestry systems are based on a clear fell and replant, all or nothing system. The continent has a continuous cover forestry system. We think the Forestry industry should be looking be that type of more sustainable afforestation system in future.

AREAS OF DISCUSSION

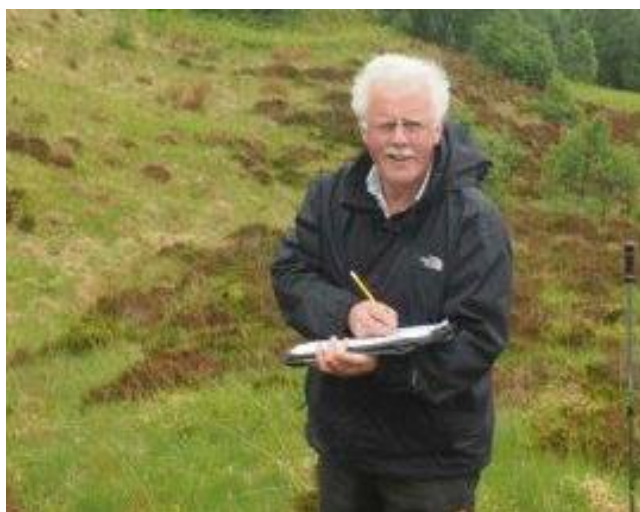
Cattle Grazing in Woodland Scheme – Helen Bibby

A Forestry Grant Scheme (FGS) application for an area of common grazing at Achintore has been approved. It covers 109ha of SSSI designated Ash, hazel & alder woodland along with wet heath.

The site supports Marsh fritillary and Checkered skipper butterfly and black grouse at the woodland edge.

The area which was regenerated in a previous woodland regen scheme and is now the focusing on managing the quality of the woodland and open land habitat through light grazing with cattle from mid May to the end of October each year.

At a rate of £100/ha, this scheme will generate £10,900 per year, or £54,500 over the 5 year contract.



Pic 2: Malcom in woodland monitoring mode

Annual monitoring is required to ensure the site meets its objectives.

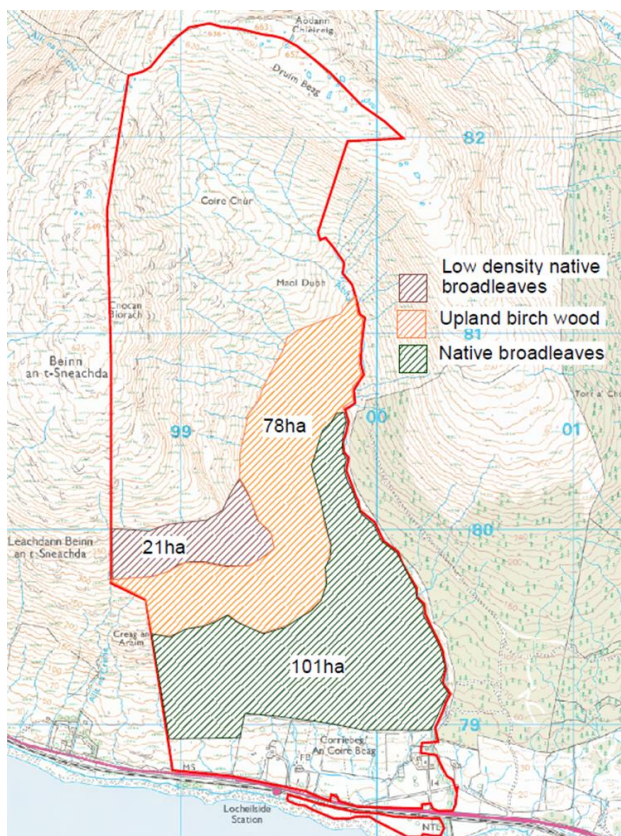
OPPORTUNITIES / CHALLENGES

A substantial woodland scheme proposal on Corriebeg. Should this be taken further?

Iona Hyde of the Woodland Trust met with Chris and Malcolm at Corriebeg and has drawn up a draft proposal for planting an area of native broadleaved trees. The community group reviewed the proposal.

Proposal Details:

- 200 ha total area split between broadleaves, upland birch and low density native broadleaves –see map.
- 7000m deer fencing required
- 248,690 trees to be established (1,600 stems/ha)
- Beating up, weeding all costed into the proposal



This is very much a draft and further work would be needed including peat depth, archaeological, breeding bird and vegetation surveys.

The FGS grant contribute towards the costs of establishment including fencing and planting. There is also an annual maintenance grant paid for 5 years after planting.

There is no plan to harvest the wood from this broadleaved plantation, so there is no income once the woodland is mature (no market for thinning to encourage proper management really exists unlike continental forestry strategies).

Livestock would need to be excluded for 20 years.

The **financial implications** of the proposal are:

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
Expenditure	£397,582	£54,530	£46,967	£27,896	£17,190	£6,484	£550,649
Income	£438,773	£44,406	£44,406	£44,406	£44,406	£44,406	£660,803
Net Margin	£41,191	£-10,124	£-2,561	£16,510	£27,216	£37,922	£110,154

Year 6 to year 20 - the only costs would be an ingoing insurance premium of around £1,000. There would be no further income, through the area would continue to be eligible for Region 3 BPS payment. So this table is the return for the scheme over a 20 yr period, before new management could be introduced. The group identified the following **Pro's and Con's** of the proposal.

Pro's	Cons
<ul style="list-style-type: none"> • A potential £100K surplus generated • Fixed income for 5 years • Tax free income? –the group were unsure • Potential to trade carbon credits - extra income • Can still claim BPS (though future of this will depend on future farm support rules) • Improved biodiversity • Improved public good • Improved shelter for stock and an improved hill after 20 years • Reduced deer pressure on the remaining inbye 	<ul style="list-style-type: none"> • Fencing maintenance not in budget. Could add a substantial cost after yr 10 when there is no income to pay for it. • If beating up costs more, margin is eroded. • If use an agent to manage, then margin eroded. • Cashflow – large loans (and interest payments) would be required for establishment phase. • Loss of LFASS income on this land • Risk of trees not establishing and then SF reclaiming the grant – potential big liability. • Is the potential surplus worth the risk involved?

Should the Monitor Farmers progress with this proposal? A breakout session challenged the group to make a recommendation.

25% said YES: More detailed proposals should be drawn up and a comparison with commercial conifer woodlands would be factored into the proposal. Agent costs need to bottom out.

75% said NO: The return is not worth the risk over the 20 year period. The key concern however was the potential liability the business would hold should be trees not grow and the planation fail to reach its 1,600 stems/ha target. Although the proposal is in some ways a conservative estimate, agents fees and future fence maintenance could seriously erode the margin, resulting in a poor return for risk, time and loss of land.

So the clear recommendation was to not progress with this particular proposal, but look to adapt, perhaps include an element of conifer and more information on agency management fees was needed.

FACILITATOR CONTACT DETAILS

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