

For years, farmers have been told to collaborate to drive out inefficiency and spread cost – a strategy that has often worked well and one that is at the heart of NetworkGrain UK, a firm bringing together ten farmer owned central stores.

The group aims to reduce logistical and operational inefficiencies and use its scale to build relationships with key customers to develop new markets and long term contracts.

“In the past the grain industry has been very farmer focused. We have to work together more to better meet market needs,” said John Latham of Camgrain, part of NetworkGrain UK. “There’s a lot of value to be had by working more closely.”

In particular, he says all member storage facilities will be upgraded to improve storage and handling capacity and reduce loading/unloading

Upgraded facilities

times. Camgrain’s advanced processing centre at Six Mile Bottom near Newmarket is one of those being upgraded, to a capacity of 90,000 tonnes with 60,000 tonnes on floor and 30,000 tonnes in bins. New, high capacity 40 to 70 tonne tailboard tips have taken intake capability to between 2,000 and 2,500 tonnes an hour, while conveyor capacity has increased to 300 tonnes an hour and drying capacity upgraded to 500 tonnes an hour.

Investment

Other upgrade programmes were due to take place around the country, including a £19 million new store in Northamptonshire, a £5 million programme at Aberdeen Grain and

a £2.7 million investment at Wiltshire Grain.

“Trucks generally spend 40% of their time stationary, waiting at mills or farms, so we really want to address that,” said Rob Sanderson of Openfield, which supplies marketing and business support. “We can turn around lorries quickly and efficiently and, with a shortened supply chain, there’ll be fewer empty loads on the road.”

Standardised testing procedures across NetworkGrain member sites reduce the level of rejections, which cost the industry about £3 million, he adds.

Network Grain UK is running the UK’s first central storage conference called “building on the commitment” at Shut-



tleworth College, Bedfordshire, on November 10.

NetworkGrain UK aims to support the development of central storage by helping its members secure contracts with high value markets at home and abroad.

Commitment

“Going forward the network wishes to build on the commitment of stores,” said NetworkGrain. “By working together to support improvements in efficiency, enhanced customer service and a right first time approach to quality the best customers will value the service provided by stores. This will allow the network to continue to grow and farmer member benefits to be delivered.”

The conference speakers will outline how realistic the aspiration of the Network is and the steps the business needs to take to deliver value to customers.

At £100 per tonne the upfront costs buying storage space in a farmers’ co-operative such as Weald Granary in Kent are considerably less than building on farm.

This is achieved by combining economies of scale with the sizeable grant funding that farmers working together can access.

In fact independent studies by the Home Grown Cereals Authority, Proseed Consulting, Grant Thornton and English Food and Farming Partnerships have all concluded that, even allowing for the ongoing costs of transport and handling, tonnage at central stores still costs around 25% less than a new on farm building project.

And that was before the tax treatment of on farm buildings became worse – central store purchases are entirely tax allowable. Again, although tax may be tedious, the icing on the cake for some will be a new break pioneered by Gary Markham of Grant Thornton; farmers’ personal pension funds (SIPPs) can now invest in central storage and rent out the space to the farm.

Other bonuses of the collaborative approach

Central storage more cost effective?

include managing the increasing volatility of prices, flexible cash flow, and the release of on farm buildings and labour for alternative incomes. Of course not everyone can let their buildings but the ability to cope in extreme harvests and store a wide range of crops and qualities that central storage provides can give your grain added value. It also allows flexibility if your circumstances change as the tonnage can be rented out or sold.

On another level it seems the market is changing and as grain traders and end consumers amalgamate and become bigger and bigger individual farmers have less and less clout and are less able to deliver the volumes of consistent quality that are now being asked for. The recently formed collaborative of central stores, Network Grain, now trades around one million tonnes of grain and may just be the future, particularly for the quality side of the market.

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