

## Tynegrain Group achieves good financial results, excellent pool prices and further diversification

**The financial year ending 30th June 2020 was an excellent year for the company.**

The Tynegrain Group of companies including its wholly owned subsidiary GrainCo achieved a pre-tax profit of £1,807,934 on a turnover of £173,863,921, with the group balance sheets increasing to £24,588,435. These financial results were after returning to Tynegrain shareholders £294,179 in the form of a rebate on the drying conducted with the cooperative during the financial year. The total returns to shareholders via this method have now reached £2,590,203.

Tynegrain Agriculture had another good financial year with Richard Allinson doing a fantastic job for the membership. The company delivered a pre-tax profit of £25,362 and returned £25,359 as a rebate to those farmers who support the company via purchasing seed and fertiliser during the 19/20 financial year. The total sum returned to those participating members has now reached £178,387.

GrainCo pools also performed very well delivering above forecast returns to the shareholders. The Piercebridge seed plant enjoyed another successful year alongside the Wilton store returning a



record profit, which all helped the Group deliver these excellent financial results.

The new pelleting plant became fully operational within the financial year, which again assisted in delivering the positive results and will give the Group further opportunities over the coming years.

Cash invested within the Group on new assets during the year reached £3,271,267.

The store upgrades at Tyne Dock have proceeded as intended and are discussed later within the newsletter.

PelletCo, a part owned subsidiary, has continued to grow successfully with now more than 1200 active clients. Whilst not consolidated within the

group accounts, GrainCo's profit accumulated from this investment to date has reached £214,310.50.

Geoff Alderslade, Vice Chairman of Tynegrain and a Tynegrain shareholder of 37 years, said "It has been fantastic to see the store upgrades taking place so we can continue to deliver on our core objective of handling and drying the members grain in future years. It has also been exciting to see the new investment in the oat husk pelleting plant which adds value to grain residue produced from Quaker, largely delivered by the membership. All of the above would not be possible without the continued income stream which GrainCo has consistently generated over the last 25 years".

# Tynegrain store upgrades increase its capability

**The latest upgrades of the Tynegrain store has now been completed. The wide ranging improvements include new drying facilities, increased elevator and conveyor capacity, upgraded export infrastructure, greater tipping capacity and an advanced electronic control system.**

These upgrades benefitted from 40% grant funding from the regional Development Programme- a scheme the members are able to access through Tynegrain's cooperative status.

The company has also made investments in dust suppression on the wagon and ship loading facility to mitigate airborne dust on site.

Further investment has been made on upgrading the shed lighting systems to a more efficient LED system to improve working conditions with the benefit of reducing electricity costs.

Another major investment made has been a new intake system feeding shed 5 and the installation of new conveyors

which can now feed shed 6 from the new intake or via the new dryer at the end of shed 5. This investment brings the company even more flexibility on handling and drying the members' grain. This whole system is Atex 21 rated should this requirement become obligatory in future years and will bring more functionality in handling other products if required.

A new ship loading control panel has been installed replacing the original panel of 35 years, bringing the benefits of the latest technology to our site.

Work is still ongoing in installing 4 new augers on our export bins to allow for maximum capacity to be achieved in feeding the new dryer at the export end, along with a host of other minor but required improvements.

Planning has already commenced on phase 3, which would be the last major investment required on the site to complete the transformation. All of this investment has transformed the

store to potentially one if not the best modern grain storage facilities in the UK, and certainly within a UK port.

Considering the age of the site, if this could be delivered it will be something the members should be very proud of, even more so by the fact this is has been fully funded from cash reserves without taking on any debt.

## **Tynegrain Investment for Growth Project**

The Project is to modernise the original facilities at the Port of Tyne Store, by investing in a new state of the art intake and transfer facilities including, high speed elevators and conveyors, new cleaning and cyclone dust extraction equipment, a new larger grain dryer and advanced electrical control systems. The aim is to add value to grain being stored or elevated to ship.

It is part funded by the European Agricultural Fund for Rural Development.

**Tynegrain Ltd**



**The European Agricultural  
Fund for Rural Development**  
Europe investing in rural areas



New conveyor system feeding shed 6 from new intake and dryer.



New intake system to feed main store bins.



# GrainCo's pelleting plant investment creates new market opportunities

**GrainCo's latest investment at Tyne Dock will bring benefits not just for our growers but also strengthen our ties with two of our most important customers, Quaker Oats and Drax. The new pellet plant will mean GrainCo are now involved from start to finish in the entire milling oat process.**

From carefully selecting our growers to produce milling oat seed, processed through our own seed plants, to supplying the inputs required to deliver the best quality crop to Quaker and now handling the by-product from the milling process to create a renewable fuel source, GrainCo are involved at every step.

The oat husks have traditionally had a wide range of uses from animal bedding to a low value feed source, however these markets are limited. The oat husks will now be pelleted to produce a renewable fuel source, supplying Drax Power Station.

The pellet plant has the capacity to pellet over 70,000mt of oat husks annually, guaranteeing off-take at Quaker and releasing valuable resources within their plant. Whilst also allowing GrainCo to provide Drax with a renewable supply of oat husk pellets.

Milling oats have for a long time been a crucial commodity for growers in the North East and Scotland; not only do they provide a valuable break crop, but thanks to GrainCo's strong relationship with Quaker, a profitable one too.

For many years OatCo (the farmer grower-group set up by GrainCo to supply Quaker) has been the leading supplier to Quaker's UK processing plant in Fife. As well as being located geographically to supply Quaker, our region as a climate well suited to producing a high yield of top quality milling oats.



Inside the oat husk storage shed.



Inside the new pelleting plant at Tyne Dock.

Quality seed sourced from GrainCo's own plant at Piercebridge gives OatCo growers reassurance that their crop will have the best possible start and allows total traceability throughout the entire process. After harvest, oats are moved into store or direct to Fife for processing, depending on each individual growers storage capacity and crop quality. The oat husk is the by-product produced during the de-hulling process when the outside of the oat is removed to leave only the kernel.

The oat husks are tipped in the new purpose-built shed complex at the Tyne, where a walking floor system ensures the plant intake is constantly fed without the need for supervision. The pelleting process is relatively simple; the oat husks are transported to a pellet press where a high pressure roller forces the material through an 8mm die. Once processed, the pellets are passed through a cooler system which hardens the pellets before being elevated into a bulk store when they can be bulk loaded out as required.

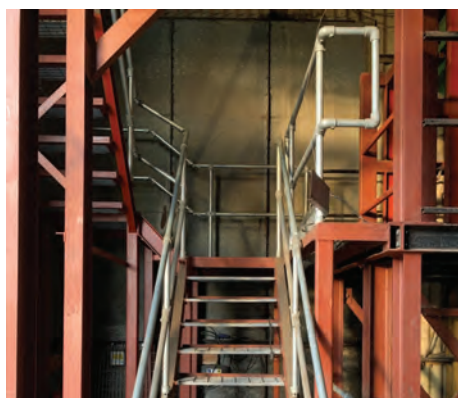
The development of this plant is a prime example of the cooperative ethos at the heart of GrainCo to provide benefits to farmers and consumers all along the supply chain. This new development will bring added value to our farmer-growers whilst also creating a sustainable outlet for Quaker's by-product and a renewable fuel source for Drax.

# Meldon Village storage and drying investing for the future

The Meldon Store has been as a subsidiary of Tynegrain since November 2000 and since then has performed well, but as farm machinery has increased in size and output increasing the speed at which farmers can deliver grain to the site meant that the store required modernisation. In 2019 we conducted a root and branch review of the store to work out how we could make it more effective, efficient and safe. Since then we have invested in upgrades and improvements to the store.

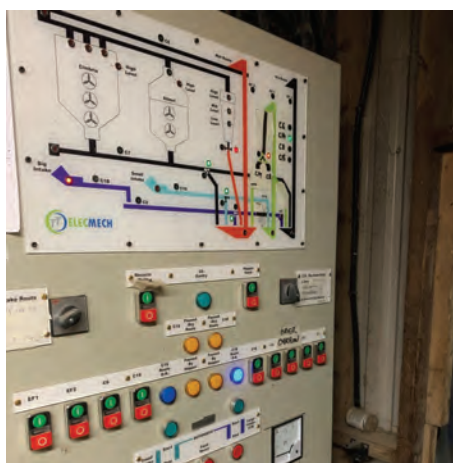
The Tynegrain Group has three other stores to compare against and in doing so we identified that the Meldon Store required more staff and more machines to run than the other comparable stores, both of which are expensive and difficult resources to source, and at the same time had a slower throughput. It also meant that a lot of grain was being handled multiple times before being dried and put into store.

Furthermore Health and Safety legislation had over taken the original store design constructed in the 1980's.



## The following investments were made:

1. The old intake for the central driers was re-designed to enable grain to be tipped in directly by the trailers and create the ability to heap over the intake.
2. Construct a new larger intake on the top pad which trailers can tip into and that grain can be piled up on to. Grain on the intake is transported to the central driers automatically via conveyors and elevators.
3. Create access from the small top pad through to the large top pad. To allow greater segregation for the new larger intake while reducing travel time to transport crop to the intake.
4. Redesigned the elevators in the machine house to increase the possible routes and speed up the driers.
5. Install a new control panel to improve flexibility of new systems and ease of use.
6. Re-construct the old wooden gantry with modern safety compliant steel gantry and strip out old machinery and redundant bins.
7. Install a conveyor out of the mobile drier directly in to the shed automatically via conveyor.
8. Install a new higher capacity out-loading conveyor between the bins.
9. Purchase a larger telehandler, bucket and push bar to increase handling capacity.
10. Fabricate a new door and repair the floor in shed 7 to increase capacity and reduce waste.



Some photos from inside the Meldon Store which has undergone some investment and upgrades.



The investments have greatly improved the efficiencies and effectiveness of Meldon Village Store with Meldon being the first of our stores to get all grain dried into store at harvest time. Charlie, Duncan and Hayley did a great job in achieving this. The number of outside operatives at the store reduced from 6 to 3, the number of telehandlers hired was reduced from 3 to 1.

There was a reduced harvest intake in 2020 but we are looking forward to seeing the store operate under a bit more pressure in the 2021 harvest to come.

External shots of the Meldon Village Store.



## Check your contract balances online with GrainCo

### What do you do?

Log onto our online **Fast Track** accounts/admin system via the GrainCo website [www.grainco.co.uk](http://www.grainco.co.uk)

### Don't have your login details?

If you don't have your username and password please contact **Mark Bell** on **0191 428 7702**.

### Check your account online

This useful service enables you to track deliveries, check collected weights, contract balances, forward commitments, invoices etc online 24/7.

### GrainCo website

Visit our website [www.grainco.co.uk](http://www.grainco.co.uk) and you will find information about...

- Grain markets and pool results
- Company financial accounts
- Seed and fertiliser
- Upcoming events and training courses

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# UK 2020 production and market review

The year 2020 will go down in history for being a challenging year for so many reasons due to the COVID-19 pandemic, which sadly still haunts us in 2021.

**The pandemic has had an impact on so many lives and industries, including agriculture, where reduced commodity demand due to the closure of hospitality severely disrupted supply chains causing volatile price swings on UK farm produce.**

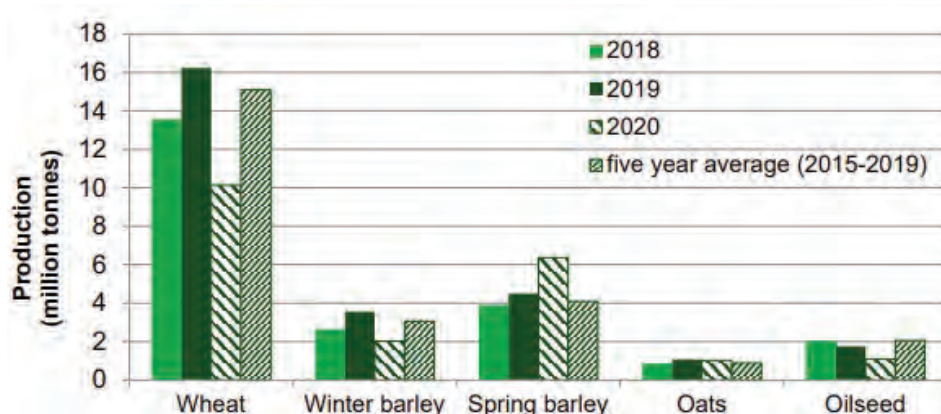
This disruption, alongside the variable and extreme weather conditions in the 2019/2020 growing season led to a national farming income decrease of 21% in 2020, leading to a further decrease of 10% in contribution to the national economy. And of this 21% decrease crop output contributed 13%, mainly due to lower production, reduced cropping areas and ongoing pest and disease battles.

## WHEAT

Wheat production in 2020 decreased by 40% from 16.2 million tonnes to 9.7 million tonnes. This huge decrease was a result of the extreme and variable weather that crops faced, with an extremely wet autumn in 2019, flooding in February 2020 and a dry and hot spring and summer 2020 followed by heavy rain in August. This resulted in the UK average yield decreasing to 7t/ha, significantly lower than the UK 5-year average of 8.4t/ha alongside a decrease in cropping area by 24%. However, despite this decrease in cropping area, wheat in 2020 remained the main crop grown in the UK, representing 50% of the total cropping area.

Wheat quality data for 2020 also provides huge insight into the impacts of a challenging growing season, where wheat quality in 2019/2020 remained challenging but manageable. Of the total tonnage of Group 1 wheat, only 32% of the crop hit the desired milling specifications, which is 5% below the

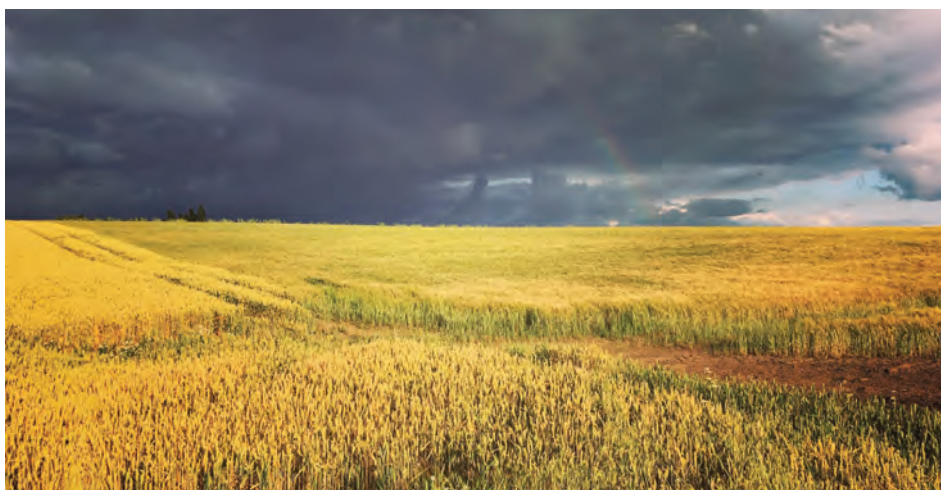
**Figure 1 - Estimates of UK crop production from 2018 to 2020**



5-year average. Protein levels remained unchanged, indicating that the volatile weather systems seen during the 2019/2020 growing season haven't had too much of an impact. The specific weight across all grades averaged 78.6kg/hl, which is the highest since the 2015/2016 growing season. However, the nation's average Hagberg Falling Number (HFN) averaged 296 seconds, which is a decrease caused by the heavy August 2020 rain. Due to less crop hitting quality specifications, domestic premiums increased for milling varieties, therefore increasing the take-home

value of these crops to successful growers.

Furthermore, the amount of UK wheat used this season to date in animal feed has dropped by 15.8% compared to the previous season, largely due to reduced production creating higher than average prices- therefore making commodities such as barley, oats and maize a cheaper and more desirable product for the animal feed industry. This is further displayed by a usage increase of 39.4% in barley, 17.2% in oat and 36% in maize within the animal feed industry.



The storm clouds of 2020 impacted everyone, not just those in agriculture.



## BARLEY

Barley, the UK's second favoured cereal crop, showed a production increase of 0.9% to 8.1 million tonnes. This small but significant change was caused mainly by failed winter wheat crops, where growers consequently grew more spring barley. This change caused the spring barley area to increase by 53%, leading to a 19% increase in the total barley area, which is the largest area of barley recorded since 1990. Spring sowing conditions further improved production as they were more favourable, resulting in a 38% yield increase compared to the previous growing year.

Malting barley crops struggled to obtain the desired quality this year for malting, brewing and distilling. This was largely seen by increased grain nitrogen levels of 1.7%, particularly in spring crops which as discussed, contributed to the majority of the 2019/2020 barley crop. English crops showed higher nitrogen levels than their Scottish counterparts, with winter crops hitting 1.76% nitrogen and spring crops hitting 1.69% nitrogen. The UK average specific weight was also slightly below the 3-year average at 64.2kg/hl. Due to higher nitrogen levels, less winter barley will be used for brewing, malting or distilling, however, this sector is to remain subdued due to the impact that COVID-19 has had on the hospitality industry. Less winter barley hitting brewing, malting or distilling specifications has resulted in more barley available for animal feed uses. Barley used in animal feed has risen year on year, rising by 39.4% this year.



Adverse weather conditions were yet another challenge farmers faced during 2020.

## OILSEED RAPE

Oilseed Rape, the UK's third most favoured crop, showed an overall crop production decrease of 41% in 2020 to just over 1 million tonnes. The contributing factors in this were a 28% decrease in planted area and a yield decrease of 17% to 2.7t/ha, significantly lower than the UK's 5-year average. Oilseed Rape has become more difficult to grow due to the growing issues of Cabbage Stem Flea Beetle, which are increasingly resistant to pyrethroid insecticides. Therefore many growers are moving away from growing the crop and towards alternative crops or environmental schemes.

The continual decrease in growing area and yield are putting further pressure on suppliers to import goods to supply the UK market deficit. Recently, oilseed rape has been largely imported from Ukraine, with 79% of UK rapeseed imports coming from Ukraine between July and November 2020. Supply pressure has particularly mounted on the animal feed industry, where decreased OSR crops increase their reliance on imported protein meal for the feed market, particularly soybeans from the US and other South American suppliers. Continuous tightness in UK supply alongside reduced Ukrainian OSR cropping area have bolstered prices since January 2021, where ex-farm prices have reached prices over £400/t.

The oilseed prices have also been fairly unaffected by COVID-19 as the biodiesel market has remained stable due to its major interests within commercial traffic. However as restrictions ease and more movement is allowed, further demand could be placed on the biodiesel supply chain, further supporting the rapeseed market. As ever, high prices never last forever but with UK production decreasing, it does give some hope for those who can continue to grow the crop successfully.



## RGT Wolverine

At GrainCo we have RGT Wolverine over-year seed available for growers at highly competitive prices.

Characteristics:

- High yielding, high quality and stiff strawed group 4 wheat variety.
- The only BYDV resistant variety, offering growers a non-chemical control option.
- Slow developing, making it suitable for growers who prefer to sow early.

# Tynegrain member of the year for 2019 was Stephen Gregson

**Stephen Gregson has been a Tynegrain member since its beginnings, serving as a director for a while.**

Stephen farms 770 acres at Burdon near Seaham with his right hand man Stuart Hall. They also employ 2 harvest tractor drivers. Currently 690 acres are cropped with the rest in various stewardship schemes. Stephen has used a traditional rotation of wheat, wheat, barley and rape, but does now have some land in an over winter stubble stewardship scheme and has recently introduced winter beans into the rotation to widen the gap between rape crops and improve the soil. He has a flexible approach to cultivations, using min till as his main system, but Stephen is not against using the plough if that is the only way of getting crops established. All the straw is chopped, with all stubbles lightly cultivated straight behind the combine to start the process of breaking down the straw, increase bio activity and get a chit on volunteers and weeds. All the land is subsoiled with a low disturbance leg. Stephen did try direct drilling for a few seasons, but changed back to min till as direct drilling did not suit all weather and soil conditions on his farm.

Over 20 years ago Stephen realised his yields had stagnated, so he decided to explore what was going on beneath his feet. It became apparent that soil organic matter levels had decreased, so he decided to address this issue. Over



Stephen Gregson (left) with Stuart Hall.

the years he has treated all of his land with a range of recycled waste products, including sewage sludge, compost, digestate and poultry manure. Of course there is a lot of work in getting this applied to the land prior to drilling, and prior to drilling in 2020 all of the arable land has received a dressing of 10t of compost mixed with 2t of gypsum per acre as well as further 1-2t per acre of chicken manure. Stephen accepts that running 4 x 200 + hp tractors would seem excessive on his acreage, but is necessary when you take into account the spreading work.

Of course it would be short sighted not to monitor soil nutrient levels, because of the risks of over fertilising. Stephen subscribes to the Rhiza precision farming system, with all fields soil sampled every 3 years. He also uses the N Min system as routine to get a handle on residual soil nitrogen levels in early spring. He follows this up with regular visual assessments of crop growth to back this up. The

benefits of this are now showing through with Stephen not needing to apply any Phosphate or Potash, and Nitrogen use has also reduced. With the improvement in soil organic content, Stephen has no doubt that his land is easier to cultivate, and he believes that he can drill his land on days when his neighbours cannot.

The Rhiza system gives Stephen and drill man Stuart the tools to use variable seed rates across the farm. They have seen the benefits of getting the optimum number of plants, tillers and ears numbers per metre in both yield and spec weight.

Stephen uses NIAB TAG for his agronomy and has seen the cost benefits of using an independent agronomist. This has led to him being asked to host a Recommended list winter wheat trial which NIAB run on his farm. This gives Stephen an early look at new varieties, and he is able to see which perform best under his conditions.

## Diary dates for 2021

**Tuesday 25th & Wednesday 26th May 2021**

**Tynegrain Spring Members Meeting at Tyne Dock**

Tynegrain Ltd, Tyne Dock, South Shields. Time 5.30pm tbc.

**Friday 25th June 2021**

**Wylam Field Trials Open Day**

Wylam trial site, Wylam Hills Farm from 2pm onwards.

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