Rostons
LAND & PROPERTY SPECIALISTS

Farming Focus

Spring 2019

CHARTERED SURVEYOR • COUNTRY HOUSE & FARMS • ENTITLEMENTS • PLANNING • LITIGATION • FINANCE

Meet the team

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What a mess!

At the time of writing this, we have no clear indication of what will happen on the 29th March with the vote on the revised exit deal not having taken place in Parliament.

Many have stated that this is having an adverse effect on the Country as a whole. Indeed our experience is that there is a general slowing in the wider housing market but where we have been marketing unique properties with land and buildings, demand has remained at good levels.

Our farming clients are wondering what will happen post 29th March. It is clear to me that the world will not come to an end, it may indeed be a different world to that which we know, or possibly the more likely is that there will be an extension to the date for leaving the EU, and due to European Elections, it is either likely to be a short extension of 6 weeks or a 9 month extension. If it is the former i.e. 6 weeks, one does wonder what will be achieved since with 2 years to negotiate, little progress has been made.

As previously stated, I believe as business owners/operators, we should all concentrate on what we can control or influence. We had very little influence over the Brexit process but what we do know as rural businesses, many of which rely on the support mechanisms is that this will become less, we should ensure that our businesses are agile and sound enough to react to the reductions in subsidy and support and still survive.

Perhaps now is the time to have a strategic review of what assets are available to the business and can they be utilised more efficiently or in a different way.

We have certainly been undertaking reviews of this nature for a number of clients and would be delighted to assist.

What are Accounts for? - Funding Opportunities

With the current uncertainty surrounding Brexit and at the time of writing this article, we still do not know whether we will be in or out of the EU post 29th March 2019, many farmers are reviewing their borrowing requirements and looking at long term borrowing.

Currently, interest rates remain at unprecedented low rates, and the cost of funds for long term money has reduced slightly making fixed borrowing more attractive.

However, we would urge caution to those looking to refinance and in particular to have regard to the length of loan offer being offered.

On many occasions we have come across loans are detailed as 20-year fixed terms but with a review on the part of the bank at five years or in some cases, ten years.

On many occasions when we ask for accounts to support either a loan application, planning application, grant funding or so forth, we get told: "my accounts are prepared for tax purposes". This is all very well, and you may indeed have invested in machinery to obtain the necessary allowances, but if the accounts are not showing profits, it can lead to difficulties with funding and planning matters so you need to have regard to what may happen in the future when preparing accounts.

Welsh update – Wales wide NVZ?

In November 2018 the Cabinet Secretary for Rural Affairs announced a whole Wales approach to tackling agricultural pollution. The regulations are due to be applied from January 2020 and will concern all farmers and landowners in Wales.

The government believes that in doing so, Welsh farmers will be addressing several key issues such as agricultural pollution, public goods, trade and providing a baseline standard. The changes are planned to be the initial steps in forming a comprehensive baseline regulation that will underpin the CAP replacement scheme.

These new regulations will replicate existing good practise measures which many farmers across Wales will already be implementing into their businesses. These include: nutrient management planning, sustainable fertiliser application, water protection methods, manure storage standards.

Welsh government is currently discussing these proposals with sub-groups and various committees with further information expected out soon on the proposals.

If you have any queries regarding this, please contact Hywel Davies at the office.

Basic Payment Scheme 2019

The 2019 BPS season is fast approaching and the Rostons team are busy preparing for the 400 plus claims that are annually submitted to both the RPA (Rural Payments Agency) and RPW (Rural Payments Wales). There are no changes coming in 2019 and all rules concerning Greening (EFA and Three Crop Rule) remain the same. The only real change that has been announced concerns Cross Compliance.

If you need any assistance submitting your claim or meeting Greening rules, please do not hesitate to contact the team.

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Public Money for Public Good, Natural Capital, Payment for Ecosystem Services

These are all the new buzzwords that landowners and occupiers are going to become familiar with in the future in the opinion of Tony Rimmer, Director of Rostons.

Public Money for Public Good - This effectively is the new buzzwords that are being trailed as the basis upon which the Government will justify support to farmers post Brexit. Rather than just receiving a subsidy for holding land or meeting cross-compliance obligations there will have to be some public good or an element of public benefit to enable payments to be received.

Natural Capital - All farms and land have natural capital assets whether that is the hedgerows, field margins, areas planted with wild bird seed mix or pollinators, footpaths, watercourses, ponds, flood meadow, wetland habitats or woodland.

Traditionally, the value of these as an asset has not been taken into account other than their contribution towards the capital value as expressed in land value. Many of these features can provide a value to the wider public such as the additional works that some will do to footpaths to create greater access or indeed the planting of woodland that is then being used for carbon sequestration.

This will probably be in time something that farmers will be asking for valuations of, and we are starting to do some for various bodies.

Payment for Ecosystem Services - United Utilities already recognise that the planting of cover crops in their catchment areas has a positive influence on their costs of treating water from these catchment areas. In recent years they are paying farmers to establish cover crops and the recent trial that Rostons have been involved with on under-sowing of maize with grass has required investment on the part of United Utilities. It is likely they will be paying farmers in their catchment areas to undersow maize crops, and this is effectively what is meant by payments for Ecosystem Services. The farmer is providing a service to another party by undertaking something on their land.

If you are in a catchment area, you may wish to see the results of the maize trial at the open day on the 10th April 2019.

Grants to get ahead

With Brexit looming ever closer and Michael Gove's new Environmental Land Management Scheme gathering momentum; we take a look at how current schemes can help you sure up your cash flow and invest in the future. At Rostons we know every farm is different and there is no one-size fits all answer. But we also believe you need to think more specifically than the industry overall. Why not let us help you get ahead?

This year we are expecting the following grants and environmental schemes to be available:

- Countryside Stewardship (with capital grant items)
- Wildlife Offers
- Countryside Productivity Small Grant Scheme
- Various water quality related grants for those in specific river catchment areas
- Grants to reduce ammonia emissions

Rostons are here to help, get in touch to find out how these can apply to your business.

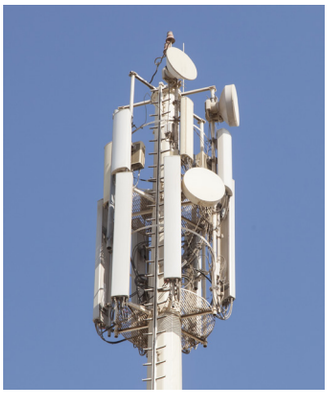
BREW REVIEW

- The chip hit - British chips to be 3cm shorter than in previous years due to the dry summer
- The UK are listed 20th on the worldwide milk consumption table.
- The UK leads the way with Animal Welfare with The World Animal Protection Group demonstrating that the UK have some of the highest animal welfare standards in the world.

Entitlement Trading Review

We are currently trading English Non-SDA entitlements in the region of £150 per ha and are receiving increased interest from both vendors and purchasers.

If you are thinking of claiming on additional land or have English or Welsh entitlements to sell, we urge you to contact us as soon as possible to get your entitlements on the market or to secure a purchase. If you are interested in purchasing entitlements, please view our website and keep a close eye on our Facebook page (Rostons UK) for updates.



The Future of Telecom Masts

It has now been 12 month's since the new Telecommunications Code came into force and since then, there has been a significant delay in the renewal of any new telecommunication leases for mast sites.

This is due to the Tenants such as mobile phone providers, believing they have new powers under the Code and are reducing rents from those previously agreed e.g. from approximately £5,000 per annum to £50 per annum.

There is an alternative option to negotiating rents; to either sell your freehold site or the lease hold of the site whereby a third party in affect buys this from you, they become the Landlord and deal with all negotiations with the Tenant. These rates could be between £30,000 - £40,000 either for the purchase of the site or for a lease hold agreement up to 40 years.

Agency

Rostons Agency Department had a busy year in 2018 selling agricultural property across Cheshire and surrounding counties. We have equine paddocks, bare blocks of agricultural land, small holdings to large equine premises and dairy farms.

Despite a nationwide dip in the market, we have seen some positive activity throughout Cheshire in the later stages of 2018 and early 2019. There remains a strong demand for small holdings, equestrian and amenity land across the county, with our last small holding being SSTC within only two weeks of marketing.

We are looking for properties to market. If you are interested in selling any rural property then please do call the team.