Rostons
LAND & PROPERTY SPECIALISTS

Farming Focus

Winter 2019

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

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Good Riddance 2019

As you read this, it will be approaching the end of 2019, which from a rural perspective has seen much change, much heartache and extreme weathers.

The unprecedented wet weather we have experienced since the late summer has led to a lack of winter crops being established and harvesting difficulties impacting yields.

We have also seen the collapse of two long-established firms, both involved in the rural world with the sad demise of Wright Marshall and Beeston Auction and also Tomlinson Dairies, the milk processors. In certain areas, many farmers have been hit hard by these two events.

The continued Brexit debate creates uncertainty, due to the election, our 'guaranteed' pot of subsidy money has now been put in doubt.

So what does this mean to those owning and farming land?

What is clear is that the income streams from traditional agriculture and the support payments will be under pressure and with whatever political persuasion we now have in power (note that this article was written pre-election) that there will be reduced income.

So what should all businesses be doing in the current position?

Firstly, concentrate on what you can control and influence. Do not worry about things which are outside your control.

Secondly, understand the variables in your business and immediately, divide your last three year's profit by your acreage. Is that profit figure higher or lower than £80 per acre, i.e. the average of Basic Payment, this will give you an understanding as to what is likely to happen to your income over the next five years.

Thirdly, plan and review what you want to get out of your business, how long you want to be involved, and where you see your future lying.

Fourthly, be positive. Whichever stage you are at, there are opportunities. Be that opportunities from people wishing to either own or have the occupational rights to farm or if you need to expand your business, from those that need someone to farm their land.

Finally, be open to change and have a team of advisors around you that you can rely on and trust to achieve your businesses goals.

AMC

The AMC is continuing to support their two AMC agents in Cheshire. Rostons are keen to assist existing and potential new customers in the surrounding Counties. Despite the changes in AMC agents, the AMC remain committed to their core purpose, which is particularly important in the current times of change and uncertainty.

Offering simple long-term finance for farmers and landowners for over 90 years, the AMC has developed this service through their experienced team of land agents.

They have a long-term commitment and can lend up to 30 years with no 5 or 10 yearly reviews. If your bank is reviewing your loan, now could be the perfect opportunity to review your borrowing and speak to us as an AMC agent.

Positive acts of husbandary

With the strains of every day/modern farming, we regularly get asked 'if I want to retire from farming what will the Inheritance Tax position be on the farmhouse?' A question which unfortunately does not have a simple answer. Often the solution is 'put a grazing licence or contract farming agreement in place' however, this does not give you an easy ride into retirement. Firstly, the property must be deemed character appropriate to be a farmhouse (which is assessed based on five tests) however, this article focusses on the role of the farmer.

What the recent case law has brought to light, is that the retiring farmer must continue to perform 'positive acts of husbandry', i.e. you must continue to farm (to an extent) until that eventual day, in order for the farmhouse to continue to qualify for Agricultural Property Relief (on the agricultural value of the property). So what does 'positive acts of husbandry' really mean? Well, most of the time, this means having some form of trading activity with expenditure and income showing on the accounts. Furthermore, retaining an active role in the everyday farming operations which could be feeding stock, completing fieldwork or maintaining boundaries, gates and drains.

Moreover, following the eventual day of the retired farmer, their Estate must be able to provide a paper trail and evidence of the farmer's actions. Easier said than done in most circumstances! So when thinking of retiring, ask yourself what evidence you could prepare for your Estate so that they can claim tax reliefs. Some options could be getting accounts up to date or keeping a diary/record of farming duties carried out by the 'retired farmer' throughout the year.

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Agriculture Bill?

BPS will be phased out from 2020 and is shown on the table below.

This is also likely to be subject to further regulation, which has not yet been announced.

Direct Payment Band	Reduction Percentage
up to £30k	5%
£30k - £50k	10%
£50k - £150k	20%
Over £150k	25%

The replacement to BPS is called "Environmental Land Management Scheme" and will be piloted next year with a view to opening for applications, possibly in 2024/25.

This will provide support for "Public Goods" to include:

- Managing land or water in a way that protects or improves the environment
- Supporting public access to and enjoyment of the countryside, farmland or woodland
- Managing land or water in a way that maintains, restores or enhances cultural heritage or natural heritage
- Mitigating or adapting to climate change
- Preventing, reducing or protecting from environmental hazards
- Protecting or improving the health or welfare of livestock
- Protecting or improving the health of plants

It is likely to be a tiered approach:

Tier 1 will reward existing good practise and maintain standards (carrot and stick approach)

Tier 2 will reward bringing more land into "good" management.

Tier 3 will reward substantial landscape change on a wide area basis which will involve collaboration.

This is only our best guess of what is to come, so it could be subject to change.

The Agriculture Bill published on 14th October 2019 gave a clear idea of the direction of travel for subsidies, change will happen whether or not we leave the EU. Whilst on hold due to the general election, we are likely to see a new Agriculture Bill next spring.

Grab a Grant!

For once grants are available for Diversification – anyone planning to take the plunge with a diversification project should consider the Growth Programme, with up to 40% of eligible project expenditure available for investment in new technologies, efficiencies, food processing and tourism. This grant appears much broader than other recent grants which is excellent news.

While the deadline for Expressions of Interest is February, the RPA warns it will close sooner if enough applications are received. Applicants must spend a minimum of £60,000.

The woodland and carbon guarantee from the Forestry Commission is a £50 million incentive towards woodland planting and agreements are for 35 years, with businesses being paid approximately every five years for the carbon being captured and stored by the trees.

Finally, we had good uptake for the Countryside Productivity Small Grant Scheme. If you missed out the grant may reopen in Autumn 2020 so watch this space!

For more information on grants speak to Ellen in the office.

Welcome aboard!

Having joined Rostons in early July, Andrew Wallace has settled in his role as consultant Director, offering advice to his many long-standing Clients.

He recently commented, "It has been a real pleasure to join a progressive, young, efficient team who can advise clients on a wide range of subjects relating to Rural Property and Land".

Andrew will continue to deal with his BPS clients along with Sales and Valuations of Land and Property, including Auctions.

"It is a pleasure to have Andrew as part of the team. Thank you to Andrews clients for supporting his move." says Tony Rimmer.

Robert Ikin has also joined us as Consultant Director, dealing with valuations and agency matters.

Sue Goldstone also joined us as a new addition to the administration team, and Georgina Simonds has joined us as a new surveyor having graduated from Harper Adams this summer.

Congratulations are due to our existing team member Ellen Bryan, for passing her professional RICS (Royal Institution of Chartered Surveyors) exams.

BREW REVIEW

The NFU have stated only 33% of winter crops have been planted this year.

Did you know 90% of FBT's are less than 5 years?

BPS exchange rate was set £0.89092 to €1.

BPS Payment rate equates to approximately £232/ha (£94/acre) on English Non SDA Land in 2019.

Upcoming Events

We welcome Young Farmers to join us on:

15th January – Future Farmers Event, 7:15 pm at Byley Village Hall (CW10 9NG):

An evening with Will Evans founder of the Rock n Roll Farming Podcast – Free admission.

Frustrated how farmers are often portrayed in the media, Welsh farmer Will began his Rock'n'Roll podcast with the idea of interviewing farmers to dispel some of the myths surrounding food production. Now with over 1,000 weekly downloads and an award for championing British Farming, it is sure to be an interesting evening.

Please contact the office to reserve a space 01829 773 000.

Our new initiative following the cancellation of the shows this year and closure of Beeston is "Thirsty Thursday"

Due to several local shows being cancelled this year, we have missed catching up with our clients. Please do join us for a free pint and a catch-up!

Join the Rostons Team for a pint and natter at a venue near you. Look out on social media for our next one.

Where do we cover?

Having reviewed the Rostons business, it is clear that we are spending more time in an area outside of our core traditional business areas.

It is not unusual for a member of the Rostons team to be in Macclesfield, the Peak District or South Manchester on a weekly or indeed, a daily basis. While it might at first glance appear a distance from our core operating area, we are in these locations very regularly, and by grouping appointments, we can deal with this work for you on a cost-effective basis.