

What are you waiting for?

It is not always obvious who we should believe. Every day, and without fail, doctors, scientists and do-gooders tell us how we should live. They comment on what we should or shouldn't eat, how much exercise we need, that 20 a day will kill us if we don't stop and, worst of all, a bottle a day of Chateaufeuf du Pape is much more than we need for a healthy heart! It's all a bit of a bore but medical practitioners will persuade us that we will be rewarded with long, healthy and happy lives. Thank goodness for that!

With this bombardment of well intentioned advice why are so many unhealthy? The truth is that we know that a lot of what we hear make's sense but simply chose to ignore it either because we cannot be bothered or, perhaps more likely, we find it difficult to face up to making the decisions and changes we need to see us pass into our dotage in a healthy and happy state!

There are some striking parallels to the way we treat our businesses. At one level we know that if we don't apply fertilisers and sprays at the right time crops will fail. Similarly, livestock will die or not produce offspring if they are not well fed and cared for. However, when it comes to dealing with matters such as planning to ensure that the next generation doesn't get clobbered with a devastating inheritance tax bill or really making sure that growing a hundred acres of wheat does make sense then we are not so inclined to take and listen to sound advice.

I certainly would not try to give "Healthy Living" advice – not least because I would fall at the first hurdle – but the following might form the basis of a farm business health check to think about.

Farming

Nobody needs reminding that farming continues on a roller coaster ride seemingly

heading towards the dips more often than the peaks. For example, every day we see evidence of the demise of the dairy sector which is changing the countryside we live in. But without wishing to state the obvious it is important to recognise that this very traditional way of farming is in decline because the majority simply cannot generate sufficient profit from which to live and also reinvest. Every dairy farmer in Britain is asking himself "should I stick with this or do something else with my land?" This same question should be asked of all farming enterprises – is it profitable and if not is there a better way of managing the farm?

Single Payment Scheme and Environmental Stewardship

The reform of the Single Payment Scheme in 2012 seems a long way away. We don't know what this will bring but there are earlier lessons we should not ignore. It seems unlikely that the current entitlements system will be scrapped completely, after all, it works. However, if the application criteria are similar to the 2005 rules then being in occupation of the land when the scheme is reformed could be crucial. Important decisions will have to be taken regarding land rented or let on farm business tenancies. For some, these decisions could come as early as 2010 if it is perceived that occupation in 2012 is critical - waiting until 2011 might be too late.

Subsidy underpins unpredictable farming returns and the more a business gets the better off it will be. Right now Natural England has plenty of cash for new HLS agreements or for those making early switches from ESA or CSS – all of which end by 2014. In theory the funding for Environmental Stewardship is ring fenced until 2013. But with the prospect of a new government intent on tackling national debt coupled



with a flood of applications expected in 2011 and 2012 we could see this source of funding come under real pressure – this has happened before.

Other income

Income from redundant buildings, livery stables and a multitude of other diversified sources is crucial for most, if not all, farm businesses. Now is the time to develop even more non farming income. For sound proposals twenty year money can be fixed at around 6.5% - ten years ago that was a bargain. Further, an accessible grant system providing up to 50% makes investment more affordable. But grant funds could dry up and interest rates will eventually rise. Don't miss this boat.

Succession and Tax

Succession is an emotive subject and goes part way to explaining why planning for the next generation is so often a thorn that does not get dealt with properly. Deciding what is to happen to the farm, property and belongings before death is not easy but careful planning will help those left behind and ensure that the fruit of a life's work ends up in the hands of those you chose. It seems inevitable that we face a more aggressive tax regime – a review now could be timely.

There is no guarantee that taking these steps will ensure a prosperous future for the business but just as the doctor would say making critical changes now could make all the difference to the future.



Matthew Berryman
Complete Land Management
01892 770339

CLM

COMPLETE LAND MANAGEMENT

- Farm and Estate management
- Rent Reviews
- Environmental Stewardship
- Ecological Surveys for Planning

Call us on

01892 770 339

or email

info@c-l-m.co.uk