

# Getting the balance right

In a few days we will know who is going to govern the country for the next five years. If the pre-election campaign is anything to go by then the new prime minister will have to be a master negotiator with various factions to be brought on side before any big decisions can be taken and policy implemented.

Bill and his brother Tom are inspecting crops on their 900 acre West Sussex farm. "Do you think the new lot will be any better than the last?" Tom asks as they gaze over an average looking crop of winter wheat. "Let's just hope that they leave agricultural property relief alone. After getting dad to finally sort out his will we don't want that work to be wasted!"

As they continue their tour the brothers chat about other topics including the proposed referendum on European Union membership. They quickly agree that the implications for farming would at best be unpredictable, particularly concerning subsidy payments. "I know it may never happen but we would really struggle without that income: I hope they understand that."

They get to a 50 acre block of good looking oilseed rape. "I think we should sell this rape now, and for that matter the winter barley too." The brothers had just completed their forecast cash flow which didn't look very rosy. The impact of lower grain prices, yield expectation back to the five year average and the possibility that receipt of



the basic payment scheme (BPS) will be delayed into 2016 meant a bigger overdraft facility could be needed. They hadn't yet had that discussion with the bank but hoped that an early warning would ease that process.

"Based on what our budget says the only crop showing any positive margin is the wheat. If we didn't have the kit and Bob to keep occupied we should probably consider leaving everything fallow this autumn other than the land growing first wheat." Tom was acknowledging their neighbour who had opted for a contract farming agreement years ago. When he started leaving land fallow Tom had struggled with the principal believing that land should be cropped no matter what but now sees the sense if there is no prospect of making a margin.

As they continued Tom wondered how the BPS three crop rule would affect his neighbour. Previously he could choose to grow wheat on half the farm and leave the rest fallow. But now, and without any stew-

ardship options or game cover available, he would have to introduce a third crop just to satisfy the crop diversification rule. Would the new government understand that farmers are now required to grow crops which could lose them money and with no measureable environmental benefit? He thought that they would neither care nor understand. As that thought developed he couldn't help thinking that leaving the EU might make farm management simpler knowing most of the new rules have emanated from Brussels.

As the brothers headed for the yard conversation focused on other changes the new administration may introduce. Encouraged by grants and a seemingly inexhaustible appetite for renewable energy they had invested in solar and were hoping to do more. But the sector has been on a roller coaster for years as government has reviewed and re reviewed the support schemes. Perhaps there will now be some much

needed stability.

Similarly they have converted redundant buildings into offices and dwellings. They have more to do and hope that government will not reverse recent permitted development legislation.

Arriving back at their office they reflected on how their business has changed. Only a few years ago their income came from crop sales and farming subsidies alone. Now they have a range of income streams which, to quite an extent, has reduced volatility and improved profitability. But while welcome this has given them a new dilemma. Do they continue to invest in projects which will safeguard the business for their children or do they direct a bit more cash to making their own lives easier now? Our new government is faced with the same challenge: let's hope they get the balance right!



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