

IT'S GOOD TO TALK

Readers over a certain age might remember a BT ad featuring the catchphrase: "It's good to talk".

It was encouraging us, in a pre-mobile era, to pick up the telephone, but the adage remains apt – and no more so than when it comes to succession planning.

This is a tough topic to address, but the consequences of failing to do so can be huge.

Part of the problem is that it never seems as urgent, say, as fixing that shed roof or getting out with the drill. The trouble is, that becomes the default position and it remains 'a job for tomorrow' for years, sometimes decades. Meanwhile farming changes, laws change, people change and, in what is another unfortunate inescapable truth, people die.

Sorry, incidentally, if this is beginning to feel like a less-than-cheery read at a time of year when we traditionally like to be happy, but December and January are months when we also reflect and look ahead.

Let me give you a real-life example which will hopefully show why succession planning matters.

Richard inherited a family farm a few years ago after his father died. There was a proviso, though – that the business had an obligation to "look after" an uncle until his death.

So far, so typical, but there was a problem. Actually, there were a few, but let's break it down. The first one is that Uncle Peter had somehow become the named title-holder on the Land Registry and, although he had no rights over the land, it meant Richard had to negotiate with Peter's children to get them to co-operate to get the title amended. This has proved difficult because their relationship isn't great.

This highlights the importance of communication. In this case, Peter would probably have agreed to help resolve the title matter before he died, but it never happened.

There's another lesson here. It's vital to make sure wills are in place for everyone involved in the

business and that those affected by them know what's in them so the implications can be discussed and any appropriate action taken.

Looking at the wider picture, Inheritance Tax planning is much easier to do while people are alive. A frank, open discussion can usually improve any situation. Ignoring important issues is likely to result in problems getting worse and, even more unpalatably, high legal fees.

Back to the farm in question. Richard and his son don't really see eye-to-eye. This means they are also not addressing the ongoing management and development of the business.

They, like so many, have been affected by volatile commodity prices, but the business has stayed purely agricultural despite its excellent South East location with opportunities on the doorstep.

There is potential additional income from converting redundant buildings to offices and workshops, but the absence of any such diversification revenue is a direct result of the breakdown in communication between father and son.

There's a wider lesson here, too. More senior family members should recognise that (despite their lifetime of experience) they don't always have the right answers.

In a similar spirit, younger members of a family/business should recognise that age and experience often do combine to bring wisdom.

Everyone should have the opportunity to air opinions. Everyone should listen to each other. One of the points I always make to clients is that if a son or daughter wants to do something new, this shouldn't be taken as criticism. What might be important to one person may simply be less important or interesting to another.

It's a lot harder to begin talking after communication has broken down. Once that impasse has been reached, it can be impossible to kickstart the process without some outside help. That's what I've been providing in the example I mention.



Farming is in a period of accelerated change. Brexit, deal or no deal, will bring changes. The tax regime could soon look very different because the cost of Covid-19 is likely to lead the government to review income and capital taxes in a bid to swell Treasury coffers. This is even before we consider that farmers' income from support will be lower in 2022 than in 2021.

Agri-businesses that take the time to understand the implications of such changes, that are prepared to adapt and that are willing to have difficult succession conversations, can look forward to a bright future.

Those applying the ostrich technique are likely to be in for a rough ride. Remember, it's as good to talk now as it has ever been.

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