

UPDATE

CLM
NEWSLETTER
SPRING 2022**OUR SERVICES** FARM BUSINESS & ESTATE MANAGEMENT • PLANNING & DEVELOPMENT
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Countryside stewardship can be win-win

Now is a good time to consider entering a CS scheme, especially as payments under the new SFI are looking a little on the frugal side, says CLM director Kevin Jay

There is now more reason than ever to consider entering a Countryside Stewardship (CS) scheme.

While Environment Secretary George Eustice's suggestion that the new payment rates, announced in January, represent a 30% rise seems a tad optimistic, the figures for many options have increased – and in some cases substantially.

DEFRA is keen to highlight its Environmental Land Management scheme (ELMS), but we have precious little detail about that and the sums don't look particularly generous in terms of what we do know about its first strand, the Sustainable Farming Incentive (SFI).

With this in mind – and set against the backdrop of falling Basic Payments (BPS) – there is much to be said for signing up to a scheme that's available now and will give a guaranteed income for five years.

Remember, too,

DEFRA has said that if you did decide you wanted to end a CS agreement and switch to ELMS you could do so without penalty, making CS a good stepping-stone to the future, with the second tier of ELMs, the Local Nature Recovery scheme, shaping up to be very similar to it.

The application deadline for a five-year CS agreement starting on 1 January 2023 will be 31 July 2022, so entering this would offer some stability over the period that BPS is set to dwindle to zero.

Some farmers operating extensive grassland systems rearing beef or sheep have not been wowed by rates in the past, but with the GS2 payment having risen from £95/ha to £132/ha, now might be the time for South East farmers running such systems to reconsider.

Some people previously viewed CS and other agri-environment grassland options as not that productive, but the legume and herb-rich sward option (GS4) is becoming ever-more popular and most who have tried it are →



NICK HAWKES – STOCKADOBEL.COM

positive, suggesting it's really useful from a grazing point of view. This now pays £358/ha.

You don't need to enter a whole farm into CS, so there are opportunities with less productive areas, such as field corners, wetter pieces of ground or boundary strips – and you can sign up to as many or as few options as you like. But it's also important not to view it solely as a response to dealing with less productive parcels of land.

There are options that can help the way you farm, building in rotations that benefit cropping and soil health.

CS also gives you the chance to apply for capital funding, for work such as fencing and water troughs, although DEFRA has missed an opportunity here by not revising these rates. Fencing, for example, is still funded at £4.90/m, even though fencing costs have risen astronomically over the past few years.

So, even if you have considered CS before and decided it wasn't for you, it's worth looking at it again as it could be a game-changer. The scheme, rightly, had its share of bad press in its early stages for being complicated and requiring far too much record-keeping, but it has been simplified and the Rural Payments Agency has been getting its act together regarding payments.

Some people will inevitably continue to avoid CS on the basis that the SFI will be the much-longed-for panacea. But it looks potentially complicated for not a lot of money. There is not enough detail yet and an awful lot of conditions for a maximum of £58/ha on improved grassland or £40/ha on arable under the relevant soil standards.

Better to get a good CS in place first and then see how you might be able to fit the SFI around that.



Time to review your property portfolio?

Letting farm and estate cottages is a particular speciality of ours and here at CLM we're seeing demand for rental properties at an all-time high, especially in rural locations.

The increased appetite to work from home, combined with the nationwide shortage of rental properties, means now could be the perfect time for farmers and estate owners to review their portfolio.

"In an era when farm and estate incomes can be unpredictable and volatile, property can be an added asset," says Victoria Mitchell, (right) who heads CLM's residential lettings and property management department.

The team has seen a rise in enquiries from farmers and estate owners asking for support with the ever-more complex regulations, or who already look to CLM for advice on other aspects of land management and see the merit in bringing it all

under one roof.

"We can help with everything from making sure legislation is met and finding your next tenants to maximising your return on investment and protecting your asset's long-term value."

Contact

- For more information, call Victoria Mitchell, Becca Scrace or Rachel Sly on 01892 770339 or email propertymanagement@c-l-m.co.uk



Solving the sibling conundrum

Defra recently published details of its lump-sum exit scheme, putting succession planning in the spotlight – but this will always be one of the most important tasks you face as a farmer. CLM managing director Mark Weaver shares some advice



'Fair doesn't necessarily mean equal' is a phrase I find myself frequently using when discussing succession.

With the value of a farm usually intrinsically tied up in the assets required to run the business, any attempt to release capital by selling assets (in practice, often land) undermines the business.

So a determination to pass equal sums to all one's children – laudable as it may be in principle – can end up destroying the commercial viability of the very business you also want to pass on intact.

Once you accept that it's rarely possible to divide your inheritance equally between successors, planning can become simpler.

Buildings – whether habitable houses and cottages, commercial property or farm buildings with potential for conversion – can sometimes provide a solution.

They can potentially be hived off, giving a member of the next generation who doesn't wish to be involved with the farm or estate an asset that's likely to increase in value and one that, if rented out, might even generate an income greater than the farm does.

Another way I've seen businesses 'protected' is for parents to split ownership equally between multiple siblings. All of them take equally from the business, with directors then making decisions based on majority voting as directors, and all taking dividends. Effectively, it's a profit-share arrangement.

Financial clarity is important, though. Whether it's the value of a barn with planning permission or the revenue generated by a livery yard, the succession process is far smoother if everyone is clear about values, revenues, costs and incomes. Families need to be open and honest about the financial and the emotional aspects.

All the signs are that whatever government comes next, inheritance planning is only going to get tougher – and the unfortunate truth is that some businesses either don't have inheritance plans or the ones they do have are so flawed they may as well give the taxman

and lawyers a big cheque and sell the farm now.

Succession is about securing a long-term future for those you care about and providing your children and beneficiaries with clarity and a road map – so they have one less thing to think about at the time when they're dealing with bereavement.

This is much less hard to do if you start the conversation early, keep revisiting it and bear in mind the adage that fair doesn't always mean equal.

Remember...

Be very, very clear about what you would like to happen and how you would like it to happen after your death. Then make sure your solicitor and accountant understand what you are trying to achieve and get them to confirm in writing that your plans are deliverable and explain the implications of delivery in terms of taxation.



IMAR ULASHCHYK – STOCKADOBEL.COM

A green future at Eridge

Eridge Park Estate in East Sussex has been continuing its long tree-planting tradition as part of the Queen's Green Canopy (QGC) initiative.

The COP26 President, MP Alok Sharma, was among the guests who gathered at the beautiful estate recently for a tree-planting ceremony.

He planted a beech tree on behalf of the Eridge Village Hall charity, dedicated to the QGC – a nationwide initiative marking the Queen's Platinum Jubilee year and celebrating Her Majesty's 70 years of service.

The QGC aims to create a national canopy of trees to help reduce the impact of climate change, filter air, increase wildlife habitat and improve the environment for all.

It followed a ceremony at the end of last year when two elms were planted at the spot near Tunbridge Wells, reputed to be England's oldest enclosed deer



Left to right: Alok Sharma, Lord Abergavenny and Nusrat Ghani at Eridge Park.

park, with Lord Abergavenny welcoming guests and highlighting the importance of trees for future generations.

"At Eridge Park, we have an important role to play in preserving this wonderful estate," he said. "It is a biological Site of Special Scientific Interest, so the trees have been carefully chosen to suit the location."

Anthony Weston, CLM Farm & Environment Director, said: "Trees are increasingly seen as a vital

way of combating climate change and Eridge Park has always been at the forefront of conservation and responsible environmental management.

"This is a charming and thriving location and trees are an integral part of its character and history," added Anthony, who supports the estate with land management and helped them source the trees and guards, plus identify the ideal planting position.

CONTACT US

We are a 20-strong team including land agents, business consultants, planners, valuers, environmental experts, agriculturalists, ecologists and property experts. For more information about the topics in this issue, please get in touch with your existing CLM adviser or, for new inquiries, contact one of our directors.



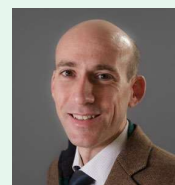
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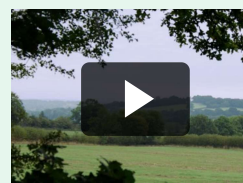
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See a two-minute video about CLM and how we can help you.