

Chartered Surveyors

Property Sales

Planning

Finance & Grants

Valuations

Brexit:

Where do the opportunities lie?

For or against, most people have a view on Brexit and whether it's going to be good, bad, or just ugly.

In this addition of Landmark we are focusing on the short term issues and opportunities that exist for farmers, including:

Grab the final EU Grants: It seems unlikely that a post Brexit UK Government will have such a large agricultural money pot to share out. A range of grants are available for those who wish to apply.

All grants should be carefully reviewed

and Alyssia Thomas, our grants expert, summarises these inside this issue.

Rent Reviews: As uncertainty persists now is not the time to be agreeing to significant rent increases. Commodity prices have risen, mainly on the back of currency and not due to any fundamental shortages. This trend could therefore be short lived.

Restructure and Succession: There is an opportunity for some to get on with forward planning whilst the industry is relatively stable. Any dramatic change to the Basic Payment, tax breaks or farm gate prices, could

put a strain on the delicate economic balance, so decisions made now will probably be easier than in a few years' time.

Diversify whilst planning supports: Planning policy remains largely in favour of small scale farm diversification in its various forms. Most of the policy came as a reaction to stimulate the economy and so at some point, when the economy picks up, this is likely to be tightened. As getting planning consent is often a long winded process, we suggest starting early.

Life without subsidies?

BPS update and review

Philip Hammond's announcement back in August 2016, gave some security to farmers that UK agricultural subsidies are guaranteed to remain at the "same level" until 2020. But what happens to subsidies and environmental grant schemes after 2020? The simple answer is, we don't know for sure.

We do know that anyone with a Countryside or Environmental Stewardship Scheme will continue to receive funding at their contracted rate, until their scheme finishes. In terms of the BPS it is likely that this will change structure at some point, and there is a strong feeling that there will be a move away from direct subsidies (on an area basis), towards more business risk support mechanisms and an environmental focus.

In addition, with pressures on budgets, it is likely that funding post 2020 is likely to be lower. It would therefore seem that the future of farm subsidies and incomes is likely to be radically different. Farm businesses would be well advised to start planning to reduce their reliance on subsidy income in the future.



BPS

**Application window
open now – call us to
book an appointment
01684 853400**

How safe is your borrowing?

De-risk your borrowings when in a strong financial position

When talking to a lender about borrowing it's always easier to negotiate from a strong position, rather than when under financial pressure. Andrew Troughton looks at some areas where we have been helping farmers reduce risk and annual costs:

Restructure Overdraft and short term debt:

Overdrafts are very insecure and in terms of risk, at the top of the list as they are instantly callable by the lender. They work well for seasonal borrowing that is repaid each year, but are sometimes used as an easy source of long term finance. A core debt then builds up that remains year on year.

Restructuring this onto an interest only or long term repayment loan, immediately saves the annual renewal fee and puts the money on a more secure footing. If possible it's worth looking at a long term loan with the ability to pay off chunks without penalty. If the business can afford it, a repayment loan will reduce the capital, but for some interest only is more advisable, an example would be if a property sale is planned in the future.

Check how long the term of your loan really is:

In many cases what seems to be a 25 year term has 5 year breaks so actually only gives you 5 years of security. This should mean the loan came with cheaper finance, as banks can find 5 year money cheaper than 25 year money, but with the obvious risk that every 5 years a review is possible. For some these will remain preferable, but the industry expects Government regulation and the changing global finance market to mean breaks are more frequently exercised. To counter this, it is worth considering switching some debt to a genuinely fixed loan, such as AMC's 30 year fix.

Fixed rates are at historic lows which will not last forever. In the next 12 months we believe there is an opportunity to review and restructure existing debt, or put new borrowing onto a more secure long term footing.

Grant Funding Update

Britain leaving Europe has left a question mark over agricultural grants in the future. DEFRA has stated that they will honour any grant funding allocated to farmers pre-2019. All grant funding is now competitive and with limited money available it is vital that all applications are sent as soon as possible to ensure the best chance of success.

There are a range of current grants available such as:

- **Countryside Stewardship** - Whole farm agreements and capital items
- **LEADER** - Precision farming, tourism and diversification (40% of the overall project cost of £5,000 - £35,000)
- **Growth Development Programme** - Tourism, food processing and business development (£35,000 - £170,000)
- **Countryside Productivity** - Specific items for animal, arable, horticulture and forestry productivity
- **Welsh Rural Development Programme** - Capital items for technologies linked to animal health, crop management, efficiency (40% of total project cost of up to £30,000)

Grant Successes:

Six Outline LEADER Grant applications were accepted and have gone on to Full Application:

- Direct Drills
- GPS with tractor auto steer
- Sand and slurry separator
- Commercial Incinerator
- Automatic Palletiser

Growth Development Programme Project – Broadway Tower

The re-development of the Tower Barn to create;

- Visitor/Educational Space
- E-Bike Hire
- Food Preparation Facility

If you would like any more information regarding agricultural grants in your area please contact Mike Cluley or Alyssia Thomas



Spend your subsidies wisely to future proof your business

It is no secret that agriculture is currently facing uncertain and challenging times, and with many farmers just simply wanting to farm, opportunities for the creation of additional income streams are not always fully explored. While it is important to fully consider all implications of diversification on your business, Carver Knowles has seen an increase in those utilising redundant or under used buildings.

The more extensive Permitted Development rights, allow the conversion of agricultural buildings to a wide range of other business uses including;

- Shops and retail
- Food and drink establishments
- Office and storage uses
- Industrial uses
- Dwellings
- Hotels and hostels

If you have agricultural buildings, either traditional or modern, which are surplus to requirements or redundant, now is the time to be considering alternative uses.

Contact Ellie Jones for more information or advice on creating another income for your farming business.

Carver Knowles has recently assisted JR Hanby of Apperley Hall Farm to obtain planning permission for the conversion of existing redundant piggeries to provide self-storage facilities.

"Sometimes it's about unlocking the potential of what's right in front of you"

James Hanby of Apperley Hall Farm said;

"With the help of Carver Knowles, we were able to make full use of recently relaxed planning criteria. Without opposition and with low capital outlay, we obtained permission and have converted two old Piggeries' into 4000sq ft of B8 Storage.

"A high demand saw the barns quickly rented out, with a waiting list of additional customers. The creation of the storage has not impacted our continuing farming, but it has provided an additional income stream to the business."

Plan your own exit strategy

If the uncertain times are going to put you and your business under pressure that you would rather not face, seek alternative income to stabilise your business and reduce your vulnerability.

Farmers Chris and Eric Gill of Ab Lench have sought to protect themselves from the uncertainties of the dairy industry, after the trials of milk prices in 2016, by seeking planning consent to convert their parlour and cubicle buildings to dwellings.



Early discussions were had with the Wychavon planning team, however as the barns are located in a small hamlet, housing in the countryside would not be supported. So, conversions were considered more appropriate and two applications were submitted:

- One Class Q Prior approval application to create two homes in the modern buildings.
- One full planning application to convert the traditional buildings into another two homes, thereby getting four houses on the site.

Although the full application was against some elements of policy the Wychavon Planning committee took a common sense view of the development and approved the application. This consent will allow the development to be sold, reducing the overall farm borrowing, reducing the financial pressure on the business.

Planning Success

Removal of Agricultural occupancy conditions
New agricultural building
Appeal win for the removal of a condition
New industrial building on agricultural land
Class Q Barn conversions
Traditional building conversion to a dwelling

- Malvern Hills District and Wychavon District
- Tewkesbury Borough and Wychavon District
- Forest of Dean District
- Wychavon District
- Wychavon District
- Wychavon District
- Wychavon District and Malvern Hills District



Spring Property Demand

Spring is often the best time to look at selling property whether it is bare land, a development opportunity or a residential property as it often looks its best due to the improving weather and the budding fauna and flora. So if you are considering selling some of your property this year, what should you do to bring it to the market and ensure that you get the best price for it?

Mike Cluley, Head of Rural Agency at Carver Knowles confirms; "There are a number of issues that need to be considered before launching a property onto the market. These include how best to add value to the property prior to marketing by exploring planning consents and conditions, confirming boundaries, access provisions and any third party rights of way, as well as determining the Guide Price, best method of sale and marketing strategy."

If you are looking to sell any property this year then call Mike Cluley on 01684 853400 to discuss how Carver Knowles can help to maximise the value of your asset and minimise as many potential 'after sale' issues as possible.



Windmill Farm

Three bed farmhouse, subject to AOC with farm buildings and approx 100 acres.

SSTC in excess of guide £1,250,000



The Lake Farm

Grade II listed cottage and traditional barns with redevelopment potential. 20 acres of pasture land.

Sold near guide price £370,000



Land at Flaxley

5.62 acres of pasture land and orchard.

Sold near guide price £60,000



Land at Ford

10.05 acres of arable land.

Sold in excess of guide £100,000

**Coming
Soon....**

- Farm with **155 acres and two cottages** near Malvern
- Barn conversion development for **4 homes** near Church Lench
- To let – **20 stable racing yard** near Upton upon Severn

DID YOU KNOW...

Carver Knowles are also AMC agents covering the Three Counties providing farm and rural business finance. **Give Julie Branfield a call to find out more.**