

# farming focus

AMC

**Rostons**   
LAND & PROPERTY SPECIALISTS

Winter 2011

## Meet the team Farm and farmland market



Tony Rimmer  
MRICS, FAAV  
Director

Land prices across the UK have proved interesting during the last 12 months with bare land achieving between £8,000 and £10,000 per acre.

Traditionally Cheshire land values have usually been significantly higher than the adjoining areas but Rostons Director Tony Rimmer believes this historic gap has narrowed during the last year with Cheshire land readily achieving between £9,000 and £11,000 per acre. He said: "Unlike previous recessions, demand for farm land is currently strongest from the active farmer market. We have seen land achieve better prices when sold in blocks, which make it more suitable for the expanding farmer to travel and to block crop. In our experience lots of between 20 and 50 acres are in demand in all areas."

With the increase in values, the choice of Agent and a well planned marketing strategy is ever more important.

Without ready finance many farmers cannot purchase such blocks. While finance can be arranged, the timescale of arranging it is considerably longer than in the past but with good local knowledge you can more or less identify the purchaser of the land before it is even marketed.

If you are in this position, it is worthwhile investigating possible purchasers with your agent prior to public marketing because a good deal can often be struck in a shorter timescale.

However, this goes against many agents' ethos of erecting for sale boards and taking out large and numerous adverts in the press.

Tony said: "Rostons has facilitated a number of sales privately of considerable areas of land in the last year. From a business perspective it's arguably better for us to advertise the land publicly but from a client perspective, facilitating private sales can be quicker and more cost effective.

"We have achieved a substantial number of premium sales in a short timescale which has benefitted our clients - whether buying or selling - enormously.

"It's vitally important to choose your agent carefully!"

While many parcels of land came on the market during 2011, there haven't been any real quality farms offered for sale in Cheshire.

There have been a number in North Shropshire and other areas but there has been less demand from overseas than in recent years and the sales have taken longer to conclude, probably down to finance issues

Conversations with a Shropshire solicitor also demonstrated that their most time-efficient sales have been when the purchaser has been identified and premium deals struck privately.

Generally within the farm market, strongest demand exists for the second unit of between 100 and 250 acres, either for the second or step up on acreage for a milking unit or young stock rearing.

As 2012 fast approaches are we going to see land values increase at such a rate as over the last 12 months, in Tony's opinion we will continue to see increases but of a more cautious nature.

The demand for food and commodities means that the institutional investors see agricultural land as a good investment and they will continue to underpin the market, although in the North West region demand is strongest from the expanding farmer.



Ros Rimmer  
Director



Sam Catling  
Graduate  
Surveyor



Sam Starkey  
Graduate  
Surveyor



Siwan Roberts  
Placement  
Student



Cerys Stockton  
Professional  
Support



Keighley Stranger  
Professional  
Support



Sheila Ashdown  
Accounts  
Manager

## Going to the dogs!

In a bid to find a more imaginative way to celebrate Christmas, the Rostons team decided to go to the dogs - racing, of course!

Tony Rimmer said: "For our 2011 Christmas Party, Rostons took a night out at Belle Vue, Manchester for dog racing. It was an interesting and a fun night was had by all, we even had a race named after us. Even better, one of the party had a substantial win, which made for a very merry journey home!"



## £500 million pledged to 'unlock' stalled projects

The Government has signalled plans to unlock stalled housing and employment schemes by providing a £500 million pound fund for the infrastructure required for the projects.

Money will be made available for types of projects that will provide link roads, access works, mixed use developments and improvements to local connectivity and reduction of traffic congestion.

Indicative allocations of the funds have been published with the Cheshire & Warrington area being awarded £8,750 million pounds, Greater Manchester £24,750 million and Lancashire nearly £13 million.

This funding may see stalled projects such as by-passes, road widening and rail links come back to the fore, which may well affect farmland and disrupt existing businesses.

If you believe you might be affected by any future development schemes please ensure that professional advice is sought at the earliest opportunity to ensure any objections can be heard and amendments made to the scheme.

## Rostons is leading AMC agent

It has been another successful year for Rostons as AMC Agents, with a substantial amount of applications being completed by the Rostons Team and offers for funding made on the majority.

Due to the volume of applications that Rostons have been handling, we have an extremely good relationship with the Team at AMC Head Office and also with their Credit Department, which makes the whole application process far easier for potential borrowers.

If you are likely to have a requirement for finance for either improvements to the farm, purchase of land, change in partnership arrangements or any funding requirement, then please contact the Rostons Office.

Tony, Ros and all their staff  
would like to wish you a  
Merry Christmas and a  
Happy New Year

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## Wills and Partnerships - it's essential you know where you stand!

For most people, a headline referring to legal agreements is an immediate turn off. They're not only dull, but you may also be thinking it simply doesn't apply to you.

But you could be very wrong!

Tony says: "Unfortunately, in my experience and opinion, many people running farming businesses both partnership agreements and wills are a much overlooked subject".

"Farming businesses often comprise mother and father with perhaps the next generation becoming partners but with either no written partnership agreement or a partnership agreement that was first put in place back in the 1970s or 80s which has not been updated since.

"Perhaps the reason partnership agreements are not high up the list of priorities is that it is not a document we need to refer to often - and usually only reach for them when there is a dispute.

"At this point the fact that they have not been updated is often too late and also can be extremely expensive."

Since becoming an arbitrator, Tony has been surprised at just how many partnership disputes take place.

In all cases, the dispute could have been avoided if a few simple steps were taken to review the partnership agreements or indeed will, as this is equally important.

He said: "Whenever an important event takes place, which in simple terms is birth, death or marriage, it is essential documents of these types are reviewed as soon as possible.

"Such simple clauses which provide what items are partnership assets, what happens if a partner wishes to leave the partnership or how a partnership share is to be valued if a dispute occurs, are all simple steps which can avoid expensive disputes."

Wills are equally important and should be reviewed when any of the events just mentioned take place.

Regardless of events, it is sensible to review wills and partnership agreements on a five-year cycle, or as a minimum every 10 years, to ensure that what is in the agreement actually matches what the parties intended the agreement to be.

Rostons have been involved in a number of new partnership agreements, indeed reviewing existing ones working with the team of professional advisors including solicitors and accountants.

Spending money now to ensure partnership agreements and wills are 'fit for purpose' may save hundreds of thousands if a dispute should arise.

Don't forget that property values have increased substantially over recent years and it is this increased value in property which causes the disputes. 200 acres of land could easily be worth £2,000,000 and if you have a 25% share in a partnership and there is a dispute over the method of valuing, substantial sums can be at stake which often leads to many of the court cases.

**Please contact Tony Rimmer if you require advice.**

## Entitlement Trading - 2012 Claim

Following the recent release of 2011 Entitlement Statements many claimants are now entering the market to sell surplus Entitlements or purchase additional ones to make up any shortfall. Single Farm Payment Entitlements are trading at £230 to £240 per ha (excl. VAT).

There are two years remaining to claim on current entitlements in circulation - 2012 and 2013 - with the

likely returns from claiming over this period to be in the region of £440 per ha. There is also the possibility of an additional claim in 2014, which is likely to be similar to the payment received in 2013.

**If you require any further information please don't hesitate to contact our Entitlements specialist Sam Catling**

## Fodder Bank

Don't be lulled into a false sense of security by this year's extended grazing season - you may still need winter fodder.

Livestock farmers throughout Cheshire, North Wales and Shropshire have enjoyed an extended grazing this year due to the mild winter so demand so far has not been as high as anticipated.

But this may be the calm before the storm and we expect to see fodder demand increase as the winter continues and livestock farmers, especially in drier Shropshire, begin to exhaust their supplies towards the end of the season.

**If you have any surplus fodder or require any call Sam Starkey at the office.**

## Rostons appointed to NFU panel

Director Ros Rimmer is delighted to announce that Rostons has been appointed to the NFU Rural Surveyor Panel for the North West and North Wales.

This follows the business's appointment to the TFA Panel of Recommended Professionals a number of years ago and also Tony Rimmer's appointment as Arbitrator, having been appointed onto the RICS Panel of Arbitrators two years ago.



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## Single Payment Reform

The existing Single Payment Scheme, originally due to come to an end on December 31 2012, has now been extended to at least December 31 2013 and many commentators are predicting that Europe and the politicians will not have got their house in order and it will not take place until 31 December 2014.

But why are these reforms likely to take so long?

The background to these reforms is that they are driven by EU budget changes, not by trade commitments as in previous reforms.

The initial budget proposals were published in June 2011, which were relatively small cuts to the CAP budget - but this may well change.

The 27 EU Farm Ministers on the Farm Council and the European Parliament will come up with their own versions of reform plans and a conciliation process will then be undertaken to weld the two versions together into a single agreed text.

Therefore it is apparent that there is still a considerable amount of uncertainty, although the draft legal text shows the clear intention is for the new scheme to commence on January 1, 2014.

The bedrock of the new scheme is the basic payment scheme (BPS) which will have entitlements granted on eligible land occupied in the first year of the scheme and establishment is limited to those who made a 2011 SPS claim

**Beware if you are thinking of changing your trading name, dissolving a farming partnership or changing your business in any way - you need to seek advice! You must also be an active farmer at the time of the claim.**

For those on the historic system, Scotland or Wales, entitlements could be 60% for the first year of the 2014 the entitlements.

It is therefore likely that the transition to an area basis as per England in the Celtic regions will be much quicker.

### Greening

The greening element in the draft regulations are described as agricultural practices beneficial for climate in the environment. They cover such things as arable crop rotation, protection of permanent pasture and also ecological focus areas and 30% of the budget will be allocated to greening.

Permanent pasture and place in the first year of the scheme, 2014, will be the reference area. Claimants will be able to convert a maximum of 5% of their reference area into other cropping.

For those in cropping rotation, i.e. anything other than grass, you will be required to have 7% of your eligible hectares as ecological focus areas. Examples of ecological focus areas include fallow buffer strips, ditches and hedges.

### Restrictions

Capping has been much talked about, but in practise it is not going to affect too many of the North West farmers. If you believe you were affected then speak to Tony Rimmer.

On the other hand the active farmer definition which limits direct payments to 'active farmers' is likely to be more complicated. In particular, receipts from direct payment must be at least 5% of the receipts from non-agricultural activity.

It is likely that farms with substantial diversified income could fall foul of this and as it would be based on the previous year's accounts, if you think you are likely to be affected you should take advice now.

### Summary of Key Points

- **Protect your 2014 Claim**  
i.e. maintain your link with 2011.
- **Rented land**  
Beware any new tenancies or changing of tenancies.
- **Cropping Rotation**  
Consider ploughing out pasture if necessary, allowing for change in crop rotation.

**If in doubt, take advice.**

In summary for England it is not likely to be a radical reform - complexity we will learn to deal with it, but planning is the key to any change of this nature.