

# Rural Matters



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# BREXIT



The monumental decision on 23rd June to exit the European Union is likely to have significant repercussions for the agricultural industry in the UK. In the short term, things might be fine because a weaker pound means our exports will be more valuable and the imports more expensive. This could see livestock prices improve, although the implications on the goods we bring in from abroad is that they will be more expensive to buy. There will be many articles written about this subject over the next weeks and months, but it is only Article 50 that is important – when a decision is made by the new Prime Minister to begin the fixed two year period when we are due to withdraw. Longer term, it will mean the return of many of the decisions made in Europe to London and Cardiff and the administration of the Basic Payment Scheme (or whatever the new scheme will be called, if there is one) from these two centres. There is no doubt that British farmers do not have the political clout that the French or Germans do and so it seems very likely that support payments will be drastically reduced from 2019. The key to counter this will be to get a better price for our products by opening up new export markets, if possible, and finding someone who can provide genuine competition to our big retailers, who are very adept at pushing the prices down.

Economically there is likely to be a two to three year period of uncertainty whilst the City of London comes to terms with the changes and it is hoped that this will not impact too negatively on the banks who, love them or hate them, are the

providers of the funds that lubricate the agricultural property market. It has always been hard to predict what future profits will be, in projected cash flows for borrowing, perhaps now more so than ever.

The engine room of the property market generally, is the south east and any uncertainty there always has a 'knock-on' effect on this area. There is likely to be hesitation in the house market for some time, yet the drift away from our slimy, grimy cities will continue and we live in a beautiful part of the world where people will still want to come and live. With the improvement to Broadband in rural areas, we will see the trend of more people working from home, whilst enjoying rural life, continue and that will help to underpin house prices.

So what the future holds is uncertain and we have taken a leap in the dark, without any guarantee that the parachute will open. The argument has certainly polarised the opinion on both sides, with friends and families voting differently, amid argument and counter-argument. There has not been much to smile about, but one local lad saw fun in defacing an unsolicited 'Vote Leave' poster at the end of his road, as the picture below shows.



'Vote Beaver' has a nice ring to it – Beavers are notorious for building dams to hold things back, but sometimes a dam can be used as a bridge!

*(This article is a personal view from Ryan)*



Ryan Williams BSc (Hons) FRICS IRRV  
Based at Hay on Wye Office

# McCartneys take to the mountains for MacMillan



About 18 months ago we took the decision to start supporting a charity for the year. 2015 saw us raising money for the Air Ambulance, with our main event being a sponsored walk up Pen Y Fan in the Brecon Beacons and all told we raised over £700 for this extremely worthy cause.

This year we have decided to raise funds for MacMillan Cancer Support, a cause close to many of our hearts here in McCartneys. It is quite amazing when you get talking to colleagues within McCartneys just how many people have been affected by cancer one way or another, both directly and indirectly.

Perhaps this shouldn't come as such a surprise, as when you look at the figures MacMillan cancer support suggest that in 2015 an estimated 2.5 Million people had received some form of Cancer diagnosis, a staggering figure.

Our main event this year will be stepping things up a little from last year's effort with a sponsored walk up the highest peak in England and Wales, Snowdon, with a team from McCartneys scaling the mountain on Sunday 26th June.

Those participating will be seeking some sponsorship and we also have a just giving page set up [www.justgiving.com/McCartneys-Climb-Snowdon](http://www.justgiving.com/McCartneys-Climb-Snowdon). Any support that you can give us to help raise funds for MacMillan would be hugely appreciated.

Please contact Tom Carter for further information on 07855 834 282 or [tom@mccartneys.co.uk](mailto:tom@mccartneys.co.uk)



Tom Carter BSc (Hons), MRICS, MNAEA  
Based at Welshpool office

## Schemes & Grants currently open for applications

### England

If you looking for something to replace your Entry (ELS)/Higher (HLS) Level Stewardship agreement or you aren't in a current scheme the following grants are currently open for applications:

**Countryside Stewardship Mid-Tier** - open for application now until 30th September 2016 for an agreement that will commence on 1st January 2017. If you are currently not in a scheme, or your existing scheme expires prior to 31st December 2016, you can apply. This is a 5 year scheme, but unlike ELS it is competitive. The scheme also provides capital grants for a wide variety of items, including works previously funded under the Catchment Sensitive Farming Capital Grants Scheme. Last year we completed successful applications and can help you make a competitive application.

**Countryside Stewardship Water Grants** - this replaces the Catchment Sensitive Farming Capital Grant Scheme and is open for applications now until 30th September 2016. This grant allows you access to items worth up to £10,000 without needing to apply to the Mid-Tier scheme if you are located within a priority catchment.

### Wales

**Glastir Small Grants Scheme** - the scheme provides grants of up to £5000 for each of its themes, which are:

- Reducing Carbon and greenhouse gas emissions.
- Adapting to climate change and building greater resilience into farm and forest businesses.
- Managing our water resources to improve water quality and reduce flood risks.
- Protecting the landscape and the historic environment while improving access.
- Contributing towards a reversal in the decline of Wales' native biodiversity

The Carbon Theme is open for Expressions of Interest from 27th June - 29th July 2016. This provides grants for hedgerow creation and restoration, small woodland planting and tree planting. All Expressions of Interest have to be made via RPW Online.

For sound advice on making applications to any of the above schemes contact your local McCartneys Rural agent.



Katie Morris BSc (Hons) MRICS FFAV  
Based at Knighton Office

## Out & About

As a local firm we are committed to supporting local shows and the countryside at large. Please feel free to come and join us for some light refreshments, where you will also be able to talk with our agricultural, rural professional, property and planning specialists

Monday 18th - Thursday 21st July - Royal Welsh Show, Builth Wells  
 Wednesday 27th July - NSA Sheep Event, Malvern  
 Thursday 4th August - Burwaton Show, Bridgnorth  
 Saturday 6th August - Brecon County Show, Brecon  
 Saturday 6th August - Tenbury Show, Tenbury Wells  
 Saturday 10th September - Kington Show, Herefordshire  
 Monday 28th - 29th November - Royal Welsh Winter Fair, Builth Wells

## Forthcoming Farm Sales

**September 3rd** Major dispersal of breeding ewes, tups, store lambs and farm machinery in the Presteigne area - Kington office.  
**September 17th** Genuine dispersal sale of the Luntley Court Farm Purebred flock, Pembridge, Herefordshire - Knighton & Kington offices.  
**September 24th** Genuine live and dead stock dispersal sale of tractors, machinery, livestock equipment and sheep Menutton, Bucknell, Shropshire - Knighton office.  
**October 1st** Major dispersal of breeding ewes, tups, store lambs and farm machinery, in the Presteigne area - Kington office.  
**October 15th** Sale of re-claimed building materials, Wolverhampton - Tenbury Wells office.

## Family Planning

Not that "family planning" but family financial planning. Something we think about but do nothing about. We don't make a will because it may hasten our demise, we don't approach financial planning because it may upset some members of the family. If we do not make financial plans, we are more likely to upset all members of the family.

There are two things in life which are certain, one is death, the other is tax. Death we cannot avoid but tax can be avoided, therefore planning can save tax.

Farming as an industry is very wealthy but farmers are very cash poor. Fortunately tax on wealth on death (Inheritance Tax I.H.T.) can be nil if the correct steps are taken. Imagine having to pay the normal I.H.T on £1 million at 40% - £400,000 - planning could reduce this to nil.

Farming assets can gain 100% relief against tax but it is easy to get confused and it can be very costly for the children to suddenly find they have an asset which does not get 100% relief.

You may think that the farmhouse is a farming asset - yes in most cases it is, but if it is occupied by a non farming member (a retired farmer) the relief could be lost. Many farm houses are worth £4/500,000 a figure that can lead to disastrous tax bills. There are other pit falls - farm cottages let for holidays or to outside tenants lose relief, farms let on 1986 Act tenancies suffer I.H.T. at 50% or a 20% tax on the farm. Many families have old tenancies which pay a rent, often minimal to father, these old tenancies can come back to bite you and need addressing, they can be rectified without causing pain to the tenant and gain to the landlord.

There are a number of ways to reduce the burden of tax on the next generation so planning early is better than later. Gifts made over seven years are free of I.H.T. but be careful - don't give all away and spend your dotage in poverty.

Pension saving is unpopular with farmers and in times of poor profitability, it is difficult to contribute to a pension. However, pensions are very attractive tax wise even benefiting the family on death, when any unused funds can pass free of I.H.T., this is only if the pension has not been converted to an annuity.

In short, talk about the future make what plans you think are right for you, having taken the proper advice.

At McCartneys we can help with advice or we can direct you to someone who has a specialist knowledge to help.



**Richard Gwilliam FRICS FAV FLAA**  
Based at Kington Office

## BPS Applications Record for Rural Team

McCartneys has achieved a record year for Basic Payment applications, completing more than 800 for farmers in England and Wales between Mid March and Mid May. Over 600 of these were submitted for farms in England with the remainder in Wales.

With new online only rules for Wales, ongoing debates about late 2015 payments and talks of extending the deadline, which in the end didn't happen; it seems many farmers were happy to have the experience of the rural professional team to guide them through the process.

In total more than 85,500 applications were received in England by 16 May deadline, 80% of those were submitted online. In Wales where applications could only be submitted online, the figure was 16,252.

Jenny Layton Mills from McCartneys Rural Professional team said: "It's been an extremely busy couple of months for the team but we are delighted to have supported so many farmers with their BPS applications. These payments are vital to English and Welsh farms, so the application has to be correct and submitted on time if the farmer doesn't want to incur a penalty. I am delighted to say we made sure everyone was claiming what they were entitled to and all applications were submitted before the deadline."



**Jenny Layton Mills BSc (Hons) MRICS FAV FLAA**  
Based at Kington Office

# Energy Reservoirs

McCartneys have been involved in advising landowners regarding energy reservoirs, a new technology, which is an off spin from renewable energy technologies.

Energy reservoirs are essentially battery packs, contained in shipping containers, on agricultural land or placed into purpose built agricultural buildings, whereby the developer receives electricity from the grid into batteries at peak production times and then releases this energy back into the grid when demand on the grid is at its greatest.

The developers usually require an amount of land, up to 1 acre, or a building measuring approximately 5,000 sq. ft. The land and building must be located adjacent to an appropriate electricity substation or overhead line, to allow the receiving and release of the electricity supplies stored in the battery packs. The developers require the landowners to enter into an option agreement, giving them the right to apply for planning consent, grid connection to pursue general development. If the developer is successful with planning and obtaining the rights from the electricity board, then the developer will exercise the option agreement to request the landowner's to enter into the lease.

The option agreement is usually for a period of 2 to 3 years to allow the developer to obtain planning consent and grid connection. The developer usually pays to the landowner an option fee and will cover the landowner's reasonable legal and land agents fees. If the option is exercised and the lease is taken up by the developer, the lease usually runs for a period of 25 years with the rent being linked to the retail price index, to be reviewed each year throughout the lease. Local rents being achieved for shipping container storage on a per acre basis has ranged between £25,000 and £40,000, depending on the technology and equipment placed on the site.

If the developer erects a farm building to accommodate the battery packs, they usually undertake the above process under the option and lease agreement. If the lease is exercised, they will then erect the building at their own cost and at the end of the lease period the building usually reverts back to the landowner at no cost. Typical rents being paid for a developer to erect a building of 5,000 sq. ft. on a landowner's property are in the region of £20,000 per annum.

There are a number of other aspects of the option and lease agreement that must be drafted properly. In particular, decommissioning and reinstatement of the land at the end of the lease and the growth of a fund during the lease period to provide a financial package to cover all reinstatement costs at the end of the lease. There are a number of other important clauses which must be negotiated to ensure the landowner's best interests are protected.

McCartneys have been involved in a number of energy reservoir contracts, together with other renewable energy installations on behalf of landowner's and tenant's to include Solar, Wind, Hydro, Ground Source Heat and Anaerobic Digestion plants. If you have been approached by a developer and would like practical, straightforward advice please do not hesitate in contacting a member of the McCartneys Rural Professional Department.



**Gareth Wall MRICS FAV FLAA MBIAC MNAVA**  
Based at Kington Office

# Royal Three Counties Show

## Butchers Lamb Competition

McCartneys Worcester Market were again delighted to be selected by the Three Counties Agricultural Society as one of the three markets hosting the Show's Butchers Lamb Competition. The two classes of the competition is for 5 lambs either ½ or ¾ bred judged as a pen of 5 even lambs and thereafter one lamb is randomly balloted, which goes for slaughter. It is then judged as a single carcass at the show, similar to a live/dead competition, but the main purpose is for producers



from Left to right - David Partridge (Judge), Sue Powell (Brian & Sue Powell - Vendors) & Clive Roads (Auctioneer)

to see, on a random selection basis, how their lambs "perform" in reality and not just by opinion!

This year, 20 pens were judged the winners being Brian and Sue Powell from Chaddesley Corbett – genuine commercial lamb producers – "not pot hunters". They regularly top the market with their commercial lambs and are always keen to see how their lambs "hang up"

McCartneys are privileged to be main sponsors for the competition, encouraging all producers to have a genuine idea of the quality of their lambs rather than just an opinion.



### Clive Roads FLAA

Based at Worcester Market Office

## Hound Show 2016



McCartneys have played a large part of the Royal Three Counties show and amongst the many events in which the company plays its part is the Hound Show and the Inter Hunt competition held on the second & third day of the show respectively.

Pictured:

John Uffold (chairman of McCartneys) presenting the awards to the winning Worcestershire Hunt staff who won the local special prize for the class sponsored by McCartneys.

John Uffold presenting the Inter Hunt trophy to the North Cotswold Hunt team winners.



### Phillip Blackman-Howard

Based at Tenbury Wells Office

With a long standing heritage in supporting the needs of the countryside economy McCartneys is one of the oldest and largest multi disciplined private practices in the United Kingdom. Offering a wide and comprehensive range of services across the Midlands and throughout Wales, McCartneys has a large dedicated team of professional experts specialising in all aspects of rural property, planning and business advice.

Please contact one of our professional staff for sensible and impartial advice. For any further information about any of the content of this newsletter please contact the editors Gareth Wall and Amelia Illingsworth.

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