

# RURALNEWS

BROWN&CO | SPRING 2017

BROWN & CO

## GRANT FUNDING OPPORTUNITIES - ARE YOU ELIGIBLE?

Farmers and rural businesses are no strangers to grant funding, but it is something that is often overlooked. With times of change on the horizon for the agricultural industry, it is time to get creative and explore new ideas. This could involve new enterprises, expansions, improvements and lots more. These ideas usually aim to boost profits, secure guaranteed income or limit exposure to world markets.

There are two schemes which are open for business, offering up to 40% grant funding for an impressive range of ideas, enterprises and projects. This funding is not going to be around forever, the grant application needs to be finalised by March 2019 and there is no word yet regarding any subsequent schemes.

The first scheme is LEADER, for projects that target local priorities set out by their respective areas called Local Action Groups (LAGS). The national aim of this programme is to support micro and small businesses including farm diversification, farm productivity investments, rural tourism investments, forestry productivity, provision of rural services and cultural & heritage activities. The grant availability ranges from £2,500 to an unofficial maximum of £40,000, but grants of £100,000 have been awarded where very positive outcomes are generated. Brown&Co have been involved in a diverse range of projects, from vegetable/food processing equipment, strip/no-till drills and irrigation equipment, through to glamping and log cabins.

The second scheme is called the Growth Programme and has only recently been released. The grant availability differs by area, but ranges from £35,000 to £500,000. In some areas, a higher minimum grant request exists. This has three main priorities; Business Development, Food Processing and Rural Tourism Infrastructure. Business Development focuses on projects that are able to create skilled jobs, introduce new processes or techniques and enable farm businesses to diversify into non-agricultural activities. Examples include tourism related accommodation and facilities provision, on farm-retail and rural workspace and workshops. Food Processing welcomes projects that; create or process locally distinctive foods, open new product markets to the business, introduce new techniques and processes, add value to existing supply chains and create higher skilled jobs within the existing business. Rural Tourism Infrastructure priority is given to projects that can increase length of season, number of visitor stays, quality of visitor activities and visitor spend. For example, renovating redundant buildings into holiday cottages. For an initial discussion about eligibility or grant funding please contact your local office.

## IS YOUR FARM BUSINESS FIT FOR THE FUTURE?

Regardless of our views, change is on the horizon for agriculture. Moments of great change often produce opportunities and Brexit will be no different.

To assist farming businesses in assessing their exposure to risk as well as looking at opportunities that may be available to their business, Brown&Co has launched a "Fit for the Future" appraisal. A senior member of staff will visit your farm business, look at your historic performance, assess your assets and listen to your objectives. Then they will present to you recommendations and actions.

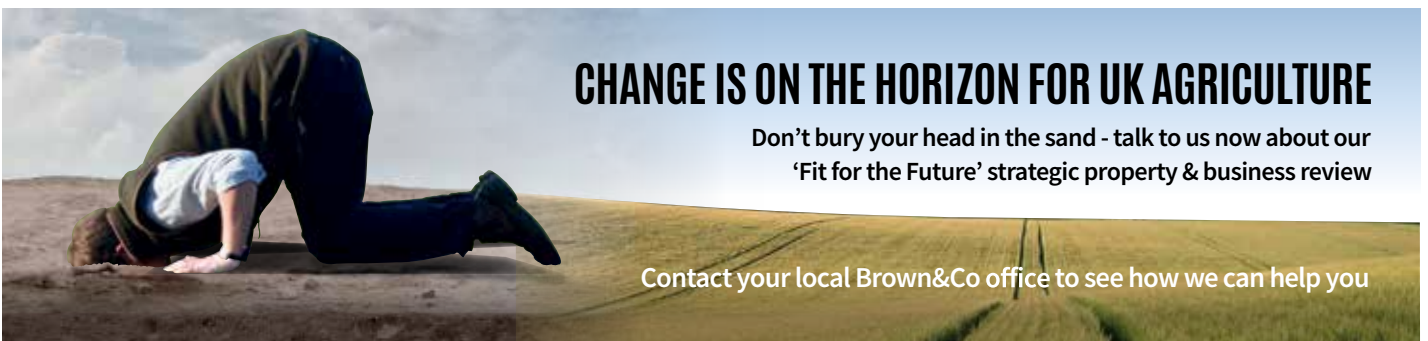
Although agriculture may not sit as high as we would like on the negotiating agenda, it is without doubt a sector that will have the opportunity to exploit many of the changes that are taking place. Not only within agriculture, but generally, the press is full of articles regarding housing shortages. Collaboration and co-operation within the industry still has huge potential, culturally we are not strong at this.

Our agricultural colleges and universities are full of young, keen and spirited individuals who are desperate to take the industry forward. New technology that was not thought possible 10 years ago is now affordable and serviceable in farming. As an industry we need to use all of these assets to embrace what the future brings. Could you benefit from this service?

## CHANGE IS ON THE HORIZON FOR UK AGRICULTURE

Don't bury your head in the sand - talk to us now about our 'Fit for the Future' strategic property & business review

Contact your local Brown&Co office to see how we can help you



## NEW BEGINNINGS FOR FARM BUILDINGS

Brown&Co has successfully obtained planning permission to convert a wide range of farm buildings into dwellings, from potato stores and former piggeries, to traditional cart lodges and barns alike. The right strategy and best advice from the outset is key.

### Where is the opportunity?

All types of agricultural buildings present an opportunity to add value. Consideration should be given to the wider business context too, taking into account long-term objectives and the feasibility of the conversion. A residential re-use tends to top the agenda. However, it is worth bearing in mind alternatives such as leisure, commercial or light industrial uses which may also suit.

### What are the planning options?

When considering a barn conversion project, either the prior notification procedures under the General Permitted Development Order (GPDO), or a full planning application will be necessary. The GPDO route is intended to be less onerous and faster, but can be

far from it. The GPDO route has not been wholly welcomed by local authorities, as the legislation goes against the grain of traditional planning policy. This shift in thinking is taking some authorities longer to accept than others which may account for the large number of refusals seen across the country. The approach to each project should be carefully assessed on a site by site basis, with reference to the local authority as well as the GPDO requirements.

### How can we help?

With our in-house Planning, Land Agency, Agricultural and Architectural teams, we are fully equipped to advise on all aspects of the conversion process from conception and feasibility, to design, planning and build.

### Why Brown&Co?

With a depth of experience, expertise, innovative thinking, and a track record of planning success, Brown&Co is perfectly placed to help with your project.



## 5 STAR MARKET FOR SURPLUS FARM EQUIPMENT

The spring auction season has been a busy time of the year for the Brown&Co machinery auctions team, with strong demand from the UK and Overseas for top quality secondhand equipment pushing prices achieved beyond all expectations. Rising prices from leading manufacturers for new equipment, the weakening of the pound following Brexit and a lack of supply to the market of quality used equipment has fuelled the strong demand resulting in prices being achieved. Most farmers and contractors have some surplus equipment on hand, the spare tractor used for occasional trailer work or equipment retained on the fleet rather than part-exchanged when new purchases were agreed over recent years. The services to achieve these premium values are all available through Brown&Co's dedicated auctions team.

With extensive market knowledge, trade contacts and registered buyers the team can consider your potential requirements for any auction service from bespoke onsite auctions through to our National Online Timed Auctions and can recommend the best option to release the premium cash value of any surplus equipment in a timely manner.

Challenging times also creates opportunities for change and whether these are retirements from business structures, machinery sharing or joint ventures. To weather the current storm within the industry Brown&Co will formally advise on the value of farm equipment to be included within any contemplated restructuring agreement. For an informal discussion with the auction professionals on any machinery related matters contact 01480 432220.



## CAPACITY MARKET

For the last couple of years and certainly since the shift in Government policy away from support for new renewable generation (on-shore wind and solar in particular), there has been much innovation from renewables developers in terms of new directions and opportunities. The Capacity Market, part of Government's Electricity Market Reform package, offers developers and landowners the chance to invest in new technology with the aim of 'ensuring adequate capacity within the UK electricity network that in future will rely increasingly on unpredictable renewable and inflexible nuclear generation'.

Until recently, the economics have not been favourable and there has been an attempt at 'grid grabbing' as developers seek to snaffle up any available grid capacity. Instinct for many has been to ignore the early adopters who may not have been able to deliver anything due to lack of experience and credibility (and therefore funding). Now however, developers are surfacing with some meaningful plans and answers, and there is more reason to be encouraged to proceed. In our view, the potential benefits can now outweigh the possible risks and we have perhaps reached a point where it is no longer

the time to sit back and wait. Brown&Co has already agreed Option and Lease terms for sites to accommodate battery storage facilities and associated new sub-stations, transformers and cable routes, etc. and are available to advise.

Available grid is key. Whilst storage is not technically new generating capacity, it does involve discharging power into the grid. Planning and location are also important, and developers will want to engage with the Local Planning Authority from the earliest possible stage. Commercially, clients need to be happy with

the deal on the day, in what is likely to be a fast-changing environment. Each deal can be structured differently to suit the parties. Straight ground rents, capacity rents, turnover rents and 'free' new buildings are all possible, but not all suitable for each situation. For many farmers facing a less than certain economic future, this sort of diversification is very worthwhile spending some time and effort on. It's all about diversity and making the most of your assets. For some, a new rental stream could replace BPS and timing will be ideal.

## COUNTRYSIDE STEWARDSHIP SCHEME

Countryside Stewardship Schemes (mid-tier and higher-tier) commencing on 1st January 2017 are still being rolled out to applicants, as at writing in mid-February. There has been a good success rate on applications going in last September, although Natural England has been slow to process. Average payments across the holding of up to £35/acre have been achieved using options such as buffer strips @ £353/hectare, winter bird food @ £640/hectare, autumn bumble-bee mix @ £550/hectare and two year legume fallows @ £522/hectare. Some of these options are a useful inclusion in the rotation to help control blackgrass.

The scheme is competitive and scored against local priority targets, but the lack of uptake in the last two years has resulted in most applications being offered a scheme. We expect Natural England to launch a similar scheme for 2018. If your ELS/HLS scheme has expired, we believe it is a good opportunity to secure much needed income into farming businesses where current area based subsidies are threatened.

## HEDGEROW AND BOUNDARIES GRANT

The second round of the Hedgerows and Boundary Grant is now open for applications with a deadline of 28th April 2017. This small scheme is a stand-alone Capital Grant whereby Farmers and Landowners can apply for up to £5,000 to put towards the restoration of features such as hedges (hedge laying, etc.) and stone walls.

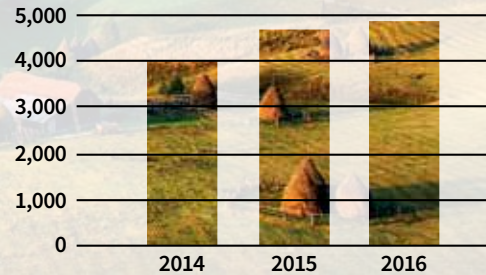
The scheme is competitive and applications are more likely to be successful if the applicant is a smaller holding and has previously held an agri-environment agreement such as Entry Level Stewardship (ELS) or English Woodland Grant Scheme (EWGS). The scheme is not available on land parcels which are already in a Countryside Stewardship or Higher Level Stewardship (HLS) Agreement on 31st July 2017. Land parcels which are part of an ELS Agreement can be included so long as other required management can be met on the land.



## INTERNATIONAL SNAP SHOT: ROMANIAN LAND

Brown&Co Research team have analysed asset sales of agricultural land in Romania - their findings show an increase of 3.58% for the value of arable land in 2016 to an average of €4,850 per hectare. This reflects a year-on-year slowdown in the increase of land values, with 2015 average land values increasing by 17.29% to €4,683 per hectare. During the 2016 period, the number of hectares traded across the country reduced for 2016 by 3.65%.

Average land price € / ha - Romania



Our research and operations in Romania show that the country remains a compelling investment case for many, with the rule of law, general political and economic stability and fundamental agricultural potential sustaining stable year-on-year growth in land values. The increase of circa 4% in 2016 shows a sustainable improvement in capital values, although is perhaps more muted than we might expect, driven in part by the lower profitability of farming due to a prolonged period of lower commodity prices. Because of this, local and regional farmers, often the main participants in land transactions of less than 200 hectares will have less buying power, and this we believe is the main reason why the increase is less in the 2016 period than previously reported. As farming becomes more profitable again, we anticipate the farmer buyer will re-enter the market place and drive value increases back to double figure year-on-year increases.

Because of the data source, this analysis only refers to assets sales, and does not include farms transacted as share deals. The majority of farm sales at scale are done by the sale and purchase of shares in a company, a process which doesn't require the same level of notification and therefore this research does, by its nature exclude larger transactions. Our research on corporate sales of larger areas of consolidated land show achieved values of this level and more with larger blocks of arable land being offered for sale for the equivalent of over €5,000 per hectare. In areas of particularly high value, such as in arable regions of the west, south and south east, land is transacting at significantly higher levels than this.

The data analysed by Brown&Co research was collated from Ministry of Agriculture and Rural Development sources and solely reflects the transaction of land traded as "asset" deals (and thus are subject to the Law number 17/2014) at a size over 30 hectares.

## OUT AND ABOUT IN 2017

You can meet with our Agricultural Business Consultants and Land Agents at any of these events across the year, do pop by to say hello and enjoy some complimentary refreshments on us!

Suffolk Show: 31st May - 1st June  
 Cambridgeshire County Show: 4th June  
 Cereals: 14th-15th June  
 Lincolnshire County Show: 21st-22nd June  
 Norfolk County Show: 28th-29th June  
 Blakesley Show: 5th August  
 Buckinghamshire County Show: 31st August  
 Moreton-in-Marsh Show: 2nd-3rd September  
 Flintham Ploughing Match: 28th September  
 Gransden Show: 30th September



## BROWN&CO PROPERTY AND BUSINESS CONSULTANTS CONTACT YOUR LOCAL OFFICE:

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Brigg: 01652 654833	Norwich: 01603 629871
Bury St.Edmunds: 01284 725715	Retford: 01777 709112
Grantham: 01476 591991	Spalding: 01775 722321
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