




BCM

Bays Curry McCowen  
RURAL ASSET MANAGEMENT

# the OCCASIONAL

Winter 2007/2008



Modern thinking,  
traditional values

## Chairman's Message

I have known the Partners of BCM LLP for many years, including the James Harris era, and was delighted to be invited to be their non exec Chairman. With thirty years commercial Partnership experience, I identify with BCM's rapid expansion. My main role has been to persuade the Partners to focus regularly on the running of their own business rather than exclusively on the needs of their clients.

From a standing start in early 2001, concentrating on agricultural issues, the practice has grown to eighteen people embracing a full architectural service to compliment ever-changing rural diversification and management matters.

The Partners at BCM are actively involved in all aspects of countryside management and farming, either directly as individuals or within family holdings. This gives them a perspective similar to that of their clients, with whom they identify closely. Knowing how BCM works, and the integrity of the Partners, clients seem to have an innate understanding that such independently minded people always offer straightforward advice, even when it is not necessarily what a client might want to hear!

I have no hesitation in commending the BCM team to you and trust you enjoy reading this first newsletter.

**John Harding, Chairman**  
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# Farms and Estates

## Market comment

A year ago we could not envisage that BCM would have been involved in the purchase or sale of 10,000 acres of land in Hampshire and its neighbouring counties. This, together with the purchase and sales of farm houses, manors and development opportunities, means that the total value of property transactions has been in excess of £75 million.

This was an unprecedented year for the sale of rural property, and we are pleased to have been involved in the majority of the successful transactions in the county. A driving factor behind these sales was the increased clarity of the Single Payment Scheme which released a backlog of land. A number of the major deals were parties selling land to buy more.

You could easily assume that all £5 million plus properties were snapped up by Russian oligarchs and those who receive city bonuses. Whilst these buyers do exist, a healthy portion of the land purchased in Hampshire last year was bought by farmers.

The large number of clients who used BCM's services did so because of our comprehensive market knowledge, together with our detailed working understanding of farm and estate management. The complexity of rural property purchases and pricing should not be under-estimated, and BCM has the experience necessary to achieve the best price.

We have also shown that our regional base is no impediment to marketing property on a national and international basis. We have good relations with all the relevant national rural press, and employ press agents to ensure coverage in mainstream newspapers and magazines. Our own website together with strategic use of primelocation.com and rightmove.co.uk ensures a robust internet presence.

As we have moved through 2007 we have seen demand outstripping supply to such an extent that standard land values in excess of £5000 per acre are being regularly achieved. Despite concerns over the property market generally, we expect to continue to see exceptional prices for farms and land in our area.

We at BCM would like to thank our clients for their ongoing support. We welcome discussion of any aspect of rural management or sales and purchase. It may seem unduly parochial in today's fast moving world, but we count all our clients as our friends.

**Iain Curry, Senior Partner**

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# Architecture

## Conversion Of Farm Buildings To Domestic Use

Local Authority planning policy still prefers redundant farm buildings to be converted to a commercial use. This is becoming increasingly difficult to justify due to the emphasis on “sustainable” development as most farm buildings are located some distance away from built up areas with poor communication links. There are also considerable numbers of farm buildings already converted to commercial use in most areas, thus resulting in an over-supply of rural commercial buildings.

Central and local Government are finally looking at conversion of redundant farm buildings as an important and integral part of farm diversification providing farmers with an additional source of income. English Heritage has also produced new guidance on the re-use of redundant farm buildings looking at the wider options for their use.

Planning Authorities will still resist proposals to convert redundant farm buildings to a domestic use. However, it is often the only way to retain farm buildings which are either in unsuitable locations for “sustainable” commercial use or where there is already over supply of commercial buildings.

It is therefore increasingly important to obtain correct and current advice to enable the right approach to achieve the required result, as the planning system becomes ever more complex and involved. We have overseen £5 million of development.

During the past year BCM have completed the conversion of several large redundant farm building complexes to high quality residential units and have also obtained a number of Planning and Listed Building Consents for the conversion of historic farm buildings to residential use.





# Rural Lettings



## Market Comment

Letting of farm cottages and houses continues to provide a valuable additional revenue source and the market remains vibrant with a definite shortage of quality rural properties to let. We have also noticed a keen interest from people making their first steps into rural living. Many of the current potential tenants have sold their own property and are renting while they look to buy. In particular school catchment areas are important for people with young families. An increasing number of our tenancy enquiries come from our listings in [www.rightmove.co.uk](http://www.rightmove.co.uk) and [www.primelocation.com](http://www.primelocation.com).



The inception of the Tenancy Deposit Scheme in April 2007 has led to a further level of complication for landlords. We offer a full service dealing with this scheme.

If considering letting your property, it is important to maximise its potential return. Our Lettings Department is always happy to give a free market appraisal and advice to help you secure not only the best potential return but also a tenant who will care for and enjoy living in your property.



**Romy Adlington, Lettings Negotiator**  
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## Country House Renovations

Due to the strength of the country house market we have seen a continuing demand for small and large scale house renovations. During the past year BCM has completed two large renovation projects with a further three starting on site and four at the planning stage. BCM is ideally placed to provide clients with the necessary advice and cost management when renovating this type of home.

Clients are becoming increasingly discerning and expecting a higher quality of design, delivered in an ever-shorter time scale. They seek to introduce increasing levels of technology whilst providing more efficient and eco-friendly ways of running the home. Renovating large and historic country houses requires considerable expertise.

Over the past few years BCM have developed strategies and relationships with suitable specialist contractors to provide a fast and high quality service tailored to suit each clients needs.

**James Fraser, Partner**  
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# Farm and Estate Management

## Changing tax treatment of land and farms

Land and farms are often held as being a relatively advantageous asset class to hold in respect of Inheritance Tax and Capital Gains Tax. However, there have been recent developments in respect of both of these that necessitate careful consideration for landowners and farmers.

### Capital Gains Tax

The recent budget announcement that taper relief and the indexation allowance are to be abolished and a standard rate of 18% applied across the board will (assuming it becomes statute next year) have a very significant effect on the capital gains tax payable on the sale of land. If a 1,000 acre block of land was worth £1,500 per acre in 1982 and sold for £4,000 per acre today, the tax payable under the current regime would be £93,000. However, under the new proposals the tax payable would be £450,000. The new rules as proposed are not due to come into force until April 2008. Therefore, there could be considerable merit in those thinking of selling in doing so before that date. This could lead to a temporary increase in supply of land to the market. Equally, the increase in the tax will increase the importance of the reliefs available – particularly roll over relief. We may see the re-emergence of the roll over buyer into the land market.

### Inheritance Tax

Farmers and landowners often rely on 100% agricultural property relief (APR) from Inheritance Tax as part of their tax planning for the transition of ownership of landed assets to

succeeding generations. Most will be well aware that the eligibility for such relief has come under specific attack from the Antrobus case(s) and the ramifications of this on the character appropriate test and the agricultural value of a house has been well publicised and commented on. However, the recent McKenna case could be argued to have even more far reaching effect.

The case involved a house that was later sold for just over £2 million and 110 acres of agricultural land. Whilst it is not entirely surprising that the house did not qualify for relief, the comments by the Special Commissioner could have extremely far reaching effect.

In the past the farmhouse has been defined as the house from which a farming business was managed and it has not mattered if the landowner has other business interests or was semi-retired. The McKenna case has effectively added the further condition that the person living in the house must be involved in the day to day farming of the land. This makes the prospect of achieving the relief far more difficult where contract farming agreements or grazing lets are in place. Indeed, even employing the services of an agent needs to be handled carefully.

This decision has fundamental impact on the management of land and houses where there is an intention to rely on APR. BCM would urge all such owners to carry out a review of the asset management arrangements in light of both Antrobus and McKenna.

**Andrew Bays, Partner**

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*Seamus McLaughlin, Senior Partner of Martin and Company Accountants, Winchester comments "The McKenna case has completely moved the goalposts in respect of agricultural property relief. Its significance cannot be understated. Those intending to rely on the relief need to review their management structure with appropriate advice forthwith."*



# Rural Issues



## Pipelines/Telecoms

BCM have seen feverish activity negotiating wayleaves for clients who have the Barton Stacey to Marchwood pipeline crossing their land. It looks as though 2008 could be equally as busy with the Crawley to Boorley Green pipeline having been announced. We have also seen an increase in the number of greenfield phone mast sites.

**Alastair Wilson, Partner**

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## Farm Auction Sales

In the last 12 months BCM have sold over £1.5 million of farm machinery and equipment. Due to the limited number of sales in southern England at present, all dispersals have been well attended ensuring a strong trade. With current cereal prices, we expect farmers and dealers to continue to invest in good quality tackle. For a free market appraisal of your equipment please contact us.

**Alastair Wilson, Partner**

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## Shoot disturbance and helicopters

BCM have had course to take the MOD to task over their helicopters.

They have been displaying an increasing disregard for landowners' shooting interests, particularly in the sensitive late summer months when young game birds have been released into pens and are susceptible to disturbance. Henry McCowen pursued a claim on behalf of a number of clients and eventually received substantial compensation from the MOD. It is now hoped that it will be possible to work more closely with MOD to ensure that their training, which is clearly essential, can be tailored to minimise the impact on landowners' interests.

**Henry McCowen, Partner**

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## Farm Tenancy Update

The Tenancy Reform Industry Group (TRIG) Reforms came into place last year. These have important ramifications in areas such as rent review, arbitration, diversification, surrender and re-grant and treatment of tenants improvements. Landlords and Tenants alike should review their agreements with TRIG in mind.

Of potentially more immediate importance though is the recent and much welcomed improvement in arable farming fortunes. This will undoubtedly lead to a lot of rent review activity in the coming months. However, it should be remembered that the rent payable for a farm is not entirely dependant on cereal prices and this always needs to be looked at in the round, taking into account inflation and other factors. However, improved profitability in farming will inevitably lead to upward pressure on rents generally.

**Andrew Bays, Partner**

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## Land Registration

All landowners whose land is not registered with the Land Registry should consider voluntary registration. There are a number of benefits in doing so, principally acting as a check that all title deed information is in order and also acting as a helpful deterrent from those who may claim rights and in some cases ownership over land through uninterrupted use over time.

If you wish to pursue voluntary registration of your land please contact Tom Tyrwhitt-Drake at BCM.

**Tom Tyrwhitt-Drake, Land Management**

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## Single Payment Scheme

Recent changes include:

- 0% set aside
- An exchange rate for 2007 of €1 : £0.6968 – meaning a 3% improvement in the Single Payment.
- Changes in the rules for governing whether land is at a farmers disposal. Essentially the 10 month period has been shelved and this is now purely the occupier on the 15th June in any one year
- Scrapping of the Fruit Vegetable and Potatoes (FVP) regulations
- The possibility of degressive capping of aid – those with larger claims should address whether this has an effect now.

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### How to contact us

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