



CHAVEREYS

CHAVEREYS.CO.UK

MONTHLY FARMING UPDATE

June 2018



June 2018

I Policy issues

- 1 The Government has initiated consultation on an Environmental Principles and Governance Bill which is designed to create a body to hold government to account for the environmental outcomes of its policy following departure from the EU. The new body is expected to be responsible for providing independent scrutiny and advice on existing and future government environmental law and policy. The Government is also to consult on a requirement for all government departments to create statutory and comprehensive policy statements indicating how core environmental principles will be applied when developing department strategy. The consultation closes on 2 August.

II CAP/Brexit (etc.) support details/payments

- 1 The Government has received over 44,000 responses to its request for consultation on "Health and Harmony".
- 2 'A Future Strategy for Scottish Agriculture' has been published by Henry Graham (Scottish Chair of Lantra), Archie Gibson (Chair of Scottish Food and Drink Federation), John Kinnaird (former President of NFUS) and Marion MacCormick (former director of ALDI).
- 3 The deadline for claiming Countryside Stewardship has been extended to 15 June, this does not apply to Environmental Stewardship claims.
- 4 Defra has published updated information on the 4 new Offers for Wildlife as part of the 2018 Countryside Stewardship applications. The Mixed Farming Offer, the Arable Offer and the Lowland Grazing Offer covers improved nectar sources for insect pollinators and foraging for birds, additional winter food sources for seed-eaters and improved habitats; while the Upland Offer covers improved management of species – rich hay meadows, improved management of rough grazing to provide nesting and foraging structure for birds and improved habitats.

III Grants/regulations/legislation/environment

- 1 Defra has established an independent panel to review how National Parks and Areas of Outstanding Natural Beauty serve the needs of the country. The review, led by author and journalist Julian Glover OBE, will explore how access to the areas can be improved, whether those who live and work in them can be better supported, their role in the growing economy and whether the areas under protection need to be expanded.
- 2 The Government has called for comments on its proposed Clean Air Strategy by 14 August. It has indicated that emissions from ammonia by 8 per cent by 2020 and by 16 per cent by 2030. Farming practices cause 88 per cent of ammonia emissions as a result of storing and spreading manures and slurries and the spreading of inorganic fertilizers.
- 3 The European Commission is proposing to allow the reuse of treated waste water from urban waste water plants subject to certain standards of health.
- 4 Between 2014 and 2015 the UK's carbon footprint is estimated to have risen by 2 per cent mainly due to emissions associated with imported goods and services. Greenhouse Gas emissions relating to imports are 31 per cent higher than in 1997 with emissions associated with imports from China up 242 per cent. However, emissions relating to the consumption of goods and services produced in the UK were 30 per cent lower than in 1997.

- 5 A study by WWF, The Rivers Trust and The Angling Trust has claimed that soil erosion and water pollution is jeopardising the future of England's farming industry and has called upon the government to invest £10 millions to tackle the problem.
- 6 The EU has published a revised Waste Framework Directive setting a non-binding target of 50 per cent food waste reduction by 2030 and obliging member states to report annual food waste.
- 7 A survey undertaken by Populus on behalf of WWF has revealed that 91 per cent of UK public would like farmers to be paid to protect nature while 85 per cent believe there is less wildlife than when they were children.
- 8 The results of the February Farm Practices Survey have been published. These show that 56 per cent of farms have a nutrient management plan, 5.4 per cent of farms process waste by anaerobic digestion, 58 per cent of farms are taking positive action to reduce greenhouse gas emissions, 75 per cent of relevant holdings spread manure or slurry on grass or arable land, 67 per cent of livestock farms store manure in temporary heaps in fields, 75 per cent of farms have a Farm Health Plan, 74 per cent of livestock farms sow temporary grassland with a clover mix and 73 per cent of livestock farms use a ration formulation programme or nutritional advice.
- 9 The area of organic farmland in Scotland in 2017 increased for the first time since 2008, to 123,000 hectares, 2 per cent of the total. Grass and rough grazing accounts for 93 per cent. The number of organic sheep increased by one-third to 154,000, still only 2 per cent of the total flock.
- 10 Defra has launched a consultation on new quarantine arrangements for high-risk plants. In addition the Tree Health Resilience Strategy sets out a new approach to tree health. A Plant Health Alliance has been created to strengthen biosecurity practices.
- 11 The latest edition of the Digest and Waste Resources has been published. This reveals that Domestic Material Consumption, which measures the amount of materials used in the economy, fell by 15 million tonnes to 576 million tonnes in 2015 mainly due to a decrease in the extraction of biomass and fossil fuels. Waste from households increased by 2 per cent in 2016 to 27.3 million tonnes with a 2.5 per cent increase per household in England. Local authority waste in 2016/17 rose by 0.6 per cent to 26.1 million tonnes. In 2016 1.57 million tonnes of municipal waste was sent to landfill of which 7.7 million tonnes was biodegradable. The household recycling rate was 45.2 per cent, up 0.6 per cent from 2015. It is estimated that 10 million tonnes of food and drink was wasted in 2015 of which 60 per cent is avoidable. The amount wasted is approximately 25 per cent of the amount bought.
- 12 Defra has launched the Action Oak Partnership which will endeavour to raise £15 millions for research and monitoring to help safeguard the oaks in UK woodlands. The aim is to capture a detailed picture of the current health of oak trees and gain a greater understanding of their preservation.
- 13 The Young People into Agriculture Scheme in Wales has opened for applications. The Welsh Government has committed funding of £6 millions to support 150 farmers under the age of 40 to develop leadership skills. The application window closes on 12 June.

- 14 Defra has provided funding of £10 millions to help restore peat bogs and fens helping with flood management and improving water quality. Areas of upland and lowland peatlands totalling 6,580 hectares will be covered by four partnership projects. The North of England Peat Partnership will restore 394 hectares of lowland raised bog and 1,679 hectares of blanket bog across 21 peatland sites. The South West Peatlands Bid will focus on 1,680 hectares of upland peat, mainly on Bodmin Moor and Dartmoor. The Meres & Mosses Carbon Capture Project aims to restore nine lowland and upland peatland sites covering 98 hectares in Shropshire, Cheshire and Staffordshire. Moor Carbon will carry out restoration work on 2,000 hectares of blanket bog in the Peak District National Park.
- 15 Defra has published updated versions of the Business Development Handbook, the Food Processing Handbook and the Rural Tourism Infrastructure Handbook.
- 16 Defra has published updated guidance and forms relating to Water Environment Grants.

IV Other matters of farm finance and tenure

- 1 The first estimate of Total Income from Farming for 2017 has been published. TIFF for the UK is estimated to have risen by 41 per cent to £5,743 millions with the contribution of agriculture to the national economy having risen by 20 per cent to £10,300 millions. Gross output rose by 10 per cent to £26,340 millions with increases of 12 per cent in crop output driven by increases in prices and production, 7 per cent in livestock for meat driven by price increases and 24 per cent in livestock products driven by an increase in milk prices. Input costs rose by 5.1 per cent as a result of higher prices for animal feed, energy and fertilizer. TIFF per annual work unit of entrepreneurial labour (farmers and other unpaid labour) rose by 41 per cent to £29,794.
- 2 The organic farming statistics for 2017 have been published. These show that 517,000 hectares are farmed organically in the UK; 64 per cent of organic land is accounted for by permanent grassland; 7 per cent of the organic area is used to grow cereals; 58 per cent of the organic area is in England; 2.7 per cent of cattle is reared organically; and there are 6,600 organic farmers, up 3.5 per cent on a year earlier.
- 3 The first estimate of Total Factor Productivity for UK agriculture for 2017 has been published. TFP is estimated to have increased by 2.9 per cent to its highest ever level driven by an increase in overall levels of production and a smaller rise in the volumes of inputs. The volume of outputs increased by 3.6 per cent as a result of increases of 7.3 per cent in all crops, 0.5 per cent in livestock meat and 4 per cent in livestock products. The volume of inputs rose by 0.7 per cent.
- 4 The agricultural price index for March for all outputs recorded an increase of 2.8 per cent compared to a year earlier and an increase of 1.1 per cent compared to February. The index for inputs increased by 3.2 per cent compared to a year earlier but was unchanged compared to February.
- 5 Average house prices in rural areas rose by 1.3 per cent in the three months to September 2017 to £320,000 and by 5.3 per cent compared to a year earlier. The percentage of people unemployed fell from 3 per cent to 2.4 per cent with the number claiming Jobseeker's Allowance remaining at 0.5 per cent. The number of redundancies per 1,000 workers rose from 2.8 to 3.1.

V Product prices

A Market background

May was a month of volatility for Sterling against the Euro, with a number of peaks and troughs over the course of the month. From an opening position of 87.3p per €, Sterling was strongest at 87.0p and weakest at 88.6p, before eventually closing the month at 87.7p per € (0.4p weaker). Meanwhile, against the Dollar, Sterling weakened throughout the month; from a starting point of 72.6p per \$ the exchange rate was eroded by 3.5 per cent to close at 75.2p per \$ (2.6p weaker). Brent Crude oil prices, after dropping back marginally, improved to a peak of \$79.85 per barrel, before dropping back to close at \$77.52 per barrel (up 4 per cent).

B Crops

- 1 The grains, pulses and oilseeds markets have all improved this month, aided by weakening Sterling and politics but ultimately driven by weather patterns across the globe. Unexpected and unpredictable conditions in the UK, Canada and Australia led to big questions over the expectations for the 2018 cereal harvest, whilst the dry weather in the US grain belt continued to harm yield potential. Not only did the feed wheat price gain, but the milling premium increased from £10 to £16. Oilseed prices finally gained some much-needed traction as a result of the combined effects of: the improved trade relationships between US and China; poor growing weather in UK and continental Europe; and the wet Argentine soyabean harvest. LIFFE feed wheat futures were predominantly positive for the second month in succession, albeit with a mid-month lull, to close up across the board. In late May, deliveries for November 2018 and 2019 stood at £156/tonne (+9) and £155/tonne (+8) respectively, whilst March 2020 futures improved to £157/tonne (+8) and May 2020 opened at £158/tonne.

Average spot prices in late May (per tonne ex-farm): feed wheat £158 (+11); milling wheat £173 (+16); feed barley £149 (+6); oilseed rape £296 (+12); feed peas £164 (+12); feed beans £172 (+11).

- 2 Potato prices remained largely flat throughout May in line with the previous month, with a larger proportion of sales being new and salad varieties. High stock levels of main crop continue to suppress prices in the bagging and processing sectors. Instances of storage issues have reduced but some bruising and internal rust have been identified. The difficult market is also leading to unreliable average pricing data; in late May the average potato price had improved by £11 from its opening position of £154 per tonne to reach a close of £165 per tonne (£41 below the May 2017 closing average). The free-buy average remains under pressure but kept at a steady £96 per tonne throughout the month (£128 below the May 2017 close).

With many main crop varieties having already developed a good canopy, the recent warm wet weather has generally resulted in exceptional growth; although in parts rainfall has been excessive and resulted in localised flooding.

2017 crop prices for grade 1 in late May (per tonne ex-farm): Maris Piper had tightened its spread at the lower end to between £235 and £300, whilst Desiree had improved at the top end to between £70 and £100. King Edward improved materially to between £165 and £190, whilst Estima and other white varieties tightened in spread to between £55 and £100.

C Livestock

- 1 Cattle prices were volatile this month, although the movements were small. The average finished steer price, from its opening position of 196p/kg lw, peaked at 199p/kg then dropped back to 197p/kg but improved again to a closing average of 199p/kg lw (3p higher and 8p/kg above the closing average a year earlier). The average finished heifer price, from its opening position of 203p/kg lw, peaked at 210p only to drop back to close 1p up at 204p/kg lw (4p above the price a year earlier). The average dairy cow price improved from its opening position of £1,032 per head to a peak of £1,279 only to drop back again and close at £1,056 (£24 higher than April 2018 and £20 above the closing average a year earlier).
- 2 Lamb prices had an interesting month, as the switch to new season lamb coincided with the Islamic fasting month of Ramadan. The average old season finished lamb price (SQQ live weight) opened at 229p/kg lw, gained 11p to sit at 240p/kg for much of the month before jumping sharply to 277p/kg. In the final stages of the month the prices switched to new season, and dropped back to close at 255p/kg lw (up 26p in the month to sit 16p/kg above the average a year earlier).
- 3 The average UK all pig price (APP) gained by a small margin this month at a time when the average price is known to gain ground. Having opened at 148.4p/kg dw the average closed at a position of 150.1p/kg dw (up 1.7p/kg, to sit 12.8p/kg below the closing average a year earlier).
- 4 The UK average 'all milk' price for March, published in May, reported a drop of 1.07p to give an average of 28.57ppl (1.09ppl above the price a year earlier and 0.50ppl above the rolling 5 year average of 28.07ppl). The most recent update of the UK's ranking against the 'EU28' farmgate milk price, also for March, ranked the UK 16th (up one place) against an EU28 weighted average of 30.70ppl.

VI Other crop news

- 1 Rothamsted Research has announced plans to grow two genome edited lines of Camelina plants as well as genetically modified varieties of Camelina engineered to accumulate omega-3 fish oils in its seeds.
- 2 At the end of June 2017 cereal stocks comprised 1.4 million tonnes of wheat, 510,000 tonnes of barley, 80,000 tonnes of oats and 280,000 tonnes of maize. Wheat and barley stocks were down 48 per cent and 34 per cent respectively compared to a year earlier.
- 3 The price index for the output of crop products fell by 2.2 per cent in March compared to a year earlier but rose by 1.1 per cent compared to February; the index for barley rose by 6.2 per cent and 2.3 per cent respectively; the index for potatoes fell by 29 per cent compared to a year earlier but was up 1.9 per cent on February; the index for oilseed rape fell by 16 per cent and 1.7 per cent respectively; while the index for forage plants rose by 22 per cent and 1 per cent respectively.
- 4 ADAS has reported orange wheat blossom midge hatching in Norfolk and Cambridgeshire.
- 5 The Environment, Food and Rural Affairs Select Committee is to investigate the role of the Agriculture and Horticulture Development Board as part of its probe into the future of 'Brand Britain'.
- 6 Application has been made for protected name status for Iveagh Rapeseed oil which is produced within the catchment areas of the Rivers Legan and Upper Bann in County Down.

- 7 Scientists from Wageningen University and Research in the Netherlands and the Irish Agriculture and Food Development Authority have concluded that cultivation of cisgenic or conventionally-bred late blight resistant potato varieties in combination with pathogen population monitoring can result in an 80-90 per cent reduction in fungicide use.
- 8 In 2017 the volume of home produced vegetables increased by 3.3 per cent in value to £1.5 billions and by 4.9 per cent in volume to 2.7 million tonnes. The value of field vegetables rose by 4.2 per cent to £1.1 billions while the value of protected vegetables rose by 0.8 per cent to £356 millions. The value of home produced fruit rose by 9.2 per cent to £765 millions but volume fell by 5.1 per cent to 743,000 tonnes. The value of cherries rose by 240 per cent to £24 millions and the value of raspberries increased by 12 per cent to £136 millions.
- 9 The Processors' and Growers' Research Organisation has reported that bruchid beetles are now active in field bean crops, particularly flowering winter beans.
- 10 Kantar has reported that JAZZ has overtaken Cox as the UK's 5th most popular apple with a retail volume of over £46 millions, a 40 per cent increase over the past 3 years.

VII Other livestock news

- 1 The Animal and Plant Health Agency has approved Activage, developed by PBD Biotech, which can directly detect live mycobacteria in blood or milk in cases where a farm has a chronic bovine TB problem. It can also distinguish between a vaccinated and an infected animal.
- 2 In the year to February the number of new herd bovine TB incidents was unchanged compared to a year earlier, there were falls of 2 per cent in the High risk area and 5 per cent in the Low risk area but an increase of 12 per cent in the Edge area. In Scotland and Wales there were increases of 21 per cent and 17 per cent respectively. There was an increase of 6 per cent in England in the number of herds not officially TB free with increases of 3 per cent in the High risk area, 22 per cent in the Edge area and 7 per cent in the Low risk area. In Scotland and Wales there were increases of 10 per cent and 17 per cent respectively.
- 3 The price index for the output of animals and animal products rose by 6.1 per cent in March compared to a year earlier and by 1.1 per cent compared to February; the index for sheep and lambs rose by 29 per cent and 12 per cent respectively; and the milk index rose by 3.7 per cent compared to a year earlier but was down 3.1 per cent on February.
- 4 In April cattle slaughterings rose by 9.3 per cent compared to a year earlier to 170,000; beef and veal production rose by 13 per cent to 78,000 tonnes; sheep slaughterings fell by 16 per cent to 833,000; mutton and lamb production fell by 17 per cent to 19,000 tonnes; pig slaughterings rose by 17 per cent to 908,000; and pigmeat production rose by 18 per cent to 79,000 tonnes.
- 5 During March UK dairies processed 1,183 million litres of milk, up 11.9 per cent on February. Liquid milk production rose by 13.1 per cent, cheese production by 14.1 per cent, butter production by 4.9 per cent and milk powder production by 8.6 per cent.
- 6 Arla has increased its standard litre price by 1.15ppl to 28.58ppl.
- 7 Butterfat content fell by 1.6 per cent in April to 4.13 per cent but rose by 1.8 per cent compared to a year earlier. Protein content fell by 1.2 per cent to 3.26 per cent.
- 8 Muller is to increase the standard litre price by 1.25ppl to 28ppl.
- 9 Milk production rose in April by 1.5 per cent to 1,287 million litres but was down 0.8 per cent on a year earlier.

- 10 Dairy Crest has committed to a £75 million investment at its Davidstow creamery allowing it to process an additional 200 million litres each year.
- 11 Meadow Foods has launched a Young Farmers initiative to facilitate the expansion of business skills and industry knowledge in young dairy farmers.
- 12 Interim figures from Promar indicate that an average dairy herd of 205 cows will have generated a profit of £125,000 in 2016/17, up £43,404 on the previous year. This is not just due to price increases but a yield increase of 241 litres per cow and an increase in average herd size. Variations remain with the highest profit of £885 per cow compared to the average of £437 per cow.
- 13 Defra has issued a consultation document on mandating sheep carcass classification to ensure consistency across all abattoirs in England. Qualified assessors will use a standard grid to classify carcasses and determine how much a producer should be paid.
- 14 The Avian Influenza Prevention Zone has been lifted.
- 15 Defra has commissioned a review, led by Dame Glenys Stacey, of the farm inspection regime, in particular improving regulation and enforcement and a reduction in duplication.
- 16 In the three months to March 7.6 million cases of eggs were packed in UK egg packing stations, an increase of 3.8 per cent on a year earlier and 1.8 per cent on the last three months of 2017. The average price was 71.3p per dozen, up 0.6 per cent on a year earlier and 1.9 per cent on the last quarter of 2017. The production of egg products was 22,400 tonnes, 2 per cent down on a year earlier and 2.9 per cent down on the last quarter of 2017.
- 17 In April, commercial layer chick placings rose by 0.8 per cent compared to a year earlier to 3.4 million chicks; broiler chick placings rose by 2.4 per cent to 101.9 million chicks; turkey chick placings rose by 9.1 per cent to 1.2 million chicks; turkey slaughterings fell by 8.4 per cent to 900,000 birds; broiler slaughterings rose by 3.5 per cent to 103.9 million birds; and poultry meat production rose by 3.7 per cent to 182,800 tonnes.

VIII Inputs/Supply businesses

- 1 The European Commission has stated that the sale of neonicotinoid actives clothianidin, imidacloprid and thiamethoxam for outdoor use will cease by 19 September with the use of any treated seed ending on 19 December.
- 2 The European General Court has rejected evidence from the agrochemicals industry that the European Commission decision to restrict certain uses of neonicotinoid insecticides did not have a legal basis.
- 3 In the year to March 2017, Defra statistics show that 21 per cent of farms used precision farming techniques to guide fertilizer application; 53 per cent of grass farms included clover or legumes in their grass swards; 22 per cent of farms used nutrient software packages to determine fertilizer applications; 62 per cent of farms used either clover and legumes or green manures to adjust fertilizer application rates; and 14 per cent of farms used green manures in arable rotations. The average application per hectare was 113kg of nitrogen, 19kg of phosphate and 26kg of potash.
- 4 A scheme developed by the agricultural campus of Coleg Sir Gar's Gelli Aur and Power and Water, a Swansea company, removes air and water in slurry reducing its overall volume by 80 per cent leading to purification of the extracted water and the creation of fertilizer pellets.
- 5 A study by the University of Hertfordshire has discovered a source of gene resistance against phoma stem canker, one of the leading pathogens of oilseed rape which could lead to significant crop losses.

- 6 Omex Agriculture has opened its 16,000 tonne liquid nitrogen and sulphur storage and distribution facility at Port of Dundee.
- 7 The price index for energy and lubricants rose by 3.9 per cent in March compared to a year earlier but was down 8.5 per cent on February.
- 8 Defra has published a code of practice for the use of sewage sludge in agriculture.
- 9 The UK Expert Committee on Pesticides Annual Report for 2017 has been published.
- 10 Bayer has achieved authorisation for Batavia, a new insecticide for the control of sucking pests in apples, pears, cherries, plums and strawberries.

IX Marketing

- 1 The Association of Independent Meat Suppliers has resigned from the beef and lamb board of Assured Food Standards having claimed that its members were seeking something 'more aligned with eating quality aspirations' and that Red Tractor has shown no inclination to pursue this route.
- 2 The Family Food Survey has revealed that fruit purchases rose to 1,116 grams per person per week in 2016/17, up from 1,093 grams in the previous year but vegetable purchases fell by 2 per cent.
- 3 The merger of Co-op and Nisa has been approved by the Competition and Markets Authority.
- 4 Tesco is to remove best before dates from its fruit and vegetable produce.

X Miscellaneous

- 1 The 2017 Commercial Victimisation Survey has revealed that 35 per cent of rural businesses have experienced trespassing or unauthorised access of land or buildings, 26 per cent have experienced poaching, hare coursing or illegal hunting, 23 per cent experienced quad biking or other use of vehicles on their land and 15 per cent experienced livestock worrying.
- 2 Harper Adams and Keele Universities are to open a veterinary school, accredited by the Royal College of Veterinary Surgeons, in 2020.
- 3 Chris Nicholson has been appointed Chair of the Animal and Plant Health Agency.

Postscripts

For golf addicts!!

A recent study found that the average golfer walks about 900 miles a year. Another study found golfers drink, on average, 176 pints of beer a year, which means, on average, golfers get about 41 miles to the gallon.

A husband and wife are on the 9th green when suddenly she collapses from a heart attack. "Help me dear," she groans to her husband. The husband calls 999 on his mobile phone, talks for a few minutes, picks up his putter, and lines up his putt. His wife raises her head off the green and stares at him. "I'm dying here and you're putting." "Don't worry dear," says the husband calmly, "they found a doctor on the second hole and he's coming to help you." "Well, how long will it take for him to get here?" she asks feebly. "No time at all," says her husband. "Everybody's already agreed to let him play through."

A gushy reporter told Phil Mickelson, "You are spectacular, your name is synonymous with the game of golf. You really know your way around the course. What's your secret?" Mickelson replied, "The holes are numbered."

A young man and a priest are playing together. At a short par-3 the priest asks, "What are you going to use on this hole, my son?"

The young man says, "An 8-iron, father, how about you."

The priest says, "I'm going to hit a soft seven and pray."

The young man hits his 8-iron and puts the ball on the green.

The priest tops his 7-iron and dribbles the ball out a few yards.

The young man says, "I don't know about you, father, but in my church, when we pray, we keep our head down."

Police are called to an apartment and find a woman holding a bloody 3-iron standing over a lifeless man.

The detective asks, "Madam, is that your husband?"

"Yes" says the woman.

"Did you hit him with that golf club?"

"Yes, yes, I did."

The woman begins to sob, drops the club, and puts her hands on her face.

"How many times did you hit him?"

"I don't know - put me down for a five."

A golfer teed up his ball on the first tee, took a mighty swing and hit his ball into a clump of trees. He found his ball and saw an opening between two trees he thought he could hit through. Taking out his 3-wood, he took a mighty swing. The ball hit a tree, bounced back, hit him in the forehead and killed him. As he approached the gates of Heaven, St Peter asked, "Are you a good golfer?" The man replied: "Got here in two, didn't I?"

The bride was escorted down the aisle and when she reached the altar, the groom was standing there with his golf bag and clubs at his side.

She said: "What are your golf clubs doing here?"

He looked her right in the eye and said, "This isn't going to take all day, is it?"

Monthly Farming Update

Team Players!

Who are your advisers? Are they firms or are they people? The firm may issue the documents and provide the negligence cover but the advice is given by a person, or should be. That person should know you, the family, the history and the farm.

But an adviser cannot be expected to know all aspects. The tax adviser may have a smattering of the law and of valuation principles but he doesn't have the expertise of the solicitor or the land agent. The same principles apply to all professionals. They know their stuff, or they should do, but do they know the stuff of fellow professionals?

Your advisers should be a team which works together in your best interest. That doesn't mean a multitude of fee notes. It means each adviser keeps the other informed as to developments in a particular field in case an unidentified problem is likely to be tripped or an opportunity missed. Take a simple example. A small area of field is to be sold for development, thereby opening up the possibility of development on the remaining acreage. It is agreed the infrastructure will be created to maximise the further development opportunity. A sensible move. This 'sensible move' has potentially converted the disposal of the remaining land from a capital disposal to an income disposal, or a 20 per cent tax rate to a 45 per cent tax rate.

Take another simple example. Landowner enters into an agreement with X to promote his land for development for a fee of, say, 15 per cent of the proceeds of sale. A sale is effected with a developer which denies the ability to levy VAT on the sale price of the land. Result, the landowner has to bear the cost of VAT on the promoter's fee.

There are many more examples. Ensure your advisers are acting collectively in your best interest and are communicating with each other.

We welcome feedback on the MFU.

Does this issue raise any questions in your mind?

Would you like more information on a particular item?

Please ring one of our agricultural specialists:

Martyn Crawley

Nick Holmes

Henry Mullens

Ben Wilkinson

South
Mall House
The Mall
Faversham
Kent
ME13 8JL

Tel: 01795 594495
Fax: 01795 594499

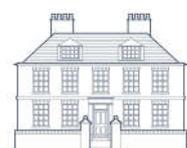
East
1 Penn Farm Studios
Harston Road
Haslingfield
Cambridge
CB23 1JZ

Tel: 01223 874693
Fax: 01223 874451

E-mail: mfu@chavereys.co.uk
www.chavereys.co.uk

If you would like to add a friend or colleague's name to the mailing list please contact Lindsay Glead

The MFU was edited from 1991 to 2006 by John Nix, Emeritus Professor of Farm Business Management at Imperial College London



CHAVEREYS