

TIME TO PASS ON THE FARM?



Time and tide wait for no man. All too often life seems to race by and before we know it we are noting the passing of another year. My own firm's financial year ended in November coinciding with a number of traditional farming year ends on Martinmas. We marked this by taking in another partner to bolster our farming team as part of our firm's strategy on succession planning.

Succession planning is a topic often avoided in farming families due to the difficult personal issues such a discussion can uncover. It is, however, a topic which is of critical importance and should be grappled with rather than ignored.

As often as not when the topic is raised by the farmer's accountant, the farmer is keen to talk about the tax consequences of passing the farm over. Although tax is an issue to consider, as is an understanding of the

legalities of what family members are entitled to inherit, I believe that there are more important matters to sort out first.

Personal and financial circumstances, together with the values and ambitions of the farmer, will drive the process. Each family farm will have different financial constraints and resources; each farmer will have a greater or lesser reliance on the farm generating income for them past the age of sixty, depending on pension provision and other assets out with the farm; and each farm will be generating income at different levels which may or may not provide the opportunity to support more than one growing family. Farming parents with more than one child will face the choice of backing the 'farming' child with that of financial fairness for those not destined to follow on in the farm. Add interpersonal family dynamics and concern over children divorcing in the future into the mix and it is easy to see why avoiding succession planning is the easy option.

Successfully passing on a family business from generation to generation out with farming is rare and that usually boils down to some offspring not being as good at the job or as interested in it as their predecessors.

Identifying and nurturing the successor and giving them experience early in life is key. Generations before have learned from their parents on the job, but with today's rapid change in technology, farming techniques and a global market, consideration should be given to making full use of colleges, varied work experience off farm and travel to broaden the outlook. Currently twenty students are in New Zealand touring farms generating ideas and experiences which will influence their careers. This trip is being sponsored by the Cameron Travel Scholarship Trust and similar grants are available to all youngsters engaged in Scottish agriculture.

Farm succession planning should not be ignored

Agriprofessional David Walker

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Subsidy payment letters 'adding to confusion'

A north east consultant has criticised the Scottish Government of causing more confusion with farm subsidy payments through the release of payment information letters.

Gordon McCann, a food and farming consultant based in South Ayrshire, said farmers were receiving letters containing details of payments made nearly six months ago.

"There is no covering note explaining the payments already made. People are uncertainly," he said.

"It's creating another level of uncertainty. What do people have in mind when they have been paid in full and how can they check it?"

A Scottish Government spokesman confirmed letters outlining payment payments were now being sent.

"Officials are continuing to work hard on the outstanding issues, and there is a clear focus on providing farmers and crofters with the information they need to understand what payments they have received."

"Some are now getting their letters and online users can access some information about their claims and payments."

"We're rightly prioritised getting money into people's accounts, and maximising the funds we can access from Europe, before October 31st."

Last week the Government had resulted in over 100,000 letters worth more than £2 million, including £7,000 paid in error to 100 farmers in the most recent payment for the farm scheme has ended.

And Scotland's top civil servant, Leslie Evans, told Holywood's public works committee that although the budget cuts had resulted in the troubled IT system, there could be further errors in future as the system expands.

My personal view is that children should be introduced to the business at an early stage, involving them in meetings with accountants and other professionals to make them financially aware. Encouraging them to take measured risks to develop an entrepreneurial spirit and resilience required will pay off in the longer term. This could be a two stage process involving an introduction to the partnership without a holding in the associated land with a gradual stepping up process to land ownership if things work out as planned.

Decisions on succession will not be made quickly and plans should evolve over time, but early recognition that the matter has to be dealt with will be a turning point for many, rather than realising that it is too late whilst attending a funeral one day and realising that they are 'taking them from our pen now'.