

Welcome to Focus On... our special quarterly bulletin looking at issues relevant to particular sectors and topics of interest.

In January's Focus On... Rural, we look at how farming and rural business are set to benefit from the next Common Agricultural Policy (CAP), while a new loan fund has been launched to turn farm waste into energy. Meanwhile, Prince Charles, has leapt to the defence of British farming, criticising supermarkets for profiteering from small farmers by "taking none of the risk" of food production. Finally, an action plan to help farmers to better protect their businesses against risk has been agreed by the Government and organisations with an interest in the farming community.

If you would like to discuss any aspect of our specialist accountancy and business advisory services for farmers and rural businesses, please contact Richard Grayson, Managing Partner at Nicholsons, at richard.grayson@nicholsonsca.co.uk or phone **0845 27 66 555**.

Risk reduction action plan put in place



An action plan to help farmers to better protect their businesses against risk has been agreed by the Government and organisations with an interest in the farming community.

Environment Secretary Owen Paterson called the first farming resilience summit after the severe weather created serious financial pressures for many farmers, highlighting the value of measures to identify and mitigate risk.

A further meeting saw representatives from organisations including leading banks, the National

Farmers' Union and the Country Land and Business Association agree to work with the Government to deliver measures including:

- identifying which farmers may be most at risk and understand the causes of cash flow difficulties
- considering the longer-term shape and options for CAP payments post-2020, to support greater resilience
- exploring insurance schemes and other emergency funding mechanisms
- encouraging collaboration between farmers to help manage risk

- developing local advice groups for farmers to share information and help strengthen their businesses
- developing tailored weather warnings and information for farmers
- supporting the development of practical advice to help farmers retire from or exit the industry.

Other organisations joining Mr Paterson at the meeting included the Tenant Farmers Association, the Farming Community Network and the Met Office. A further summit will be held in November.

While farmers insure buildings and equipment against the impact of disasters like fire and flood, they may not consider insuring themselves or other key members of their team to protect themselves against the financial consequences of serious illness or death.

The impact of the loss of key personnel could range from real difficulty in continuing to run a farm or agricultural business effectively to having a negative effect on cash flow or unexpected costs involved in employing additional staff.

Nicholsons can provide independent financial advice on putting in place key person insurance to provide a financial safety net. We can carry out an audit of your potential risks and advise on the cover that is right for you. For more information, please contact us.

Government announces implementation of CAP

Farming and rural businesses are set to benefit to the tune of £15 billion from the next Common Agricultural Policy (CAP), it has been announced.

Of this, more than £3 billion will be spent on improving the environment. The Environment Secretary Owen Paterson announced that the amount of funding transferred from farmers' direct payments to the budget for environmental and rural growth schemes will be increased from nine per cent to 12 per cent.

The demand for environmental schemes and

the competitiveness of English agriculture will be reviewed in 2016, with the intention of moving to a 15 per cent transfer in the final two years of the CAP period.

During EU negotiations, the UK Government pressed to give every country the freedom to allocate its funding as it wished. One of these choices is the option to transfer a proportion of the budget for farmers' direct payments into the rural development budget. As a result of this transfer, environmental schemes will get a higher proportion of the CAP

budget than they do now, while ensuring that English farming remains competitive.

It has also been announced that, for the first time, England's hill farmers will receive the same direct payment rate on their upland farmland as their lowland counterparts. This will support farmers working in some of the country's toughest conditions and least-productive land, and will help them support England's most beautiful countryside which provides habitats for wildlife and helps sustain the tourism industry.

New loan fund launched to turn farm waste to energy

The Government has launched a new fund aimed at helping farmers turn farm waste into energy.

Under the scheme, farmers will be able to obtain funding to set up small anaerobic digestion (AD) plants.

The technology turns waste into energy, reduces greenhouse gas emissions and produces a renewable source of bio-fertiliser.

Announced by the Environment Secretary Owen Paterson, the £3 million initiative will allow farmers to

apply for up to £400,000 from the AD loan fund to help them finance on-site AD technology.

The fund, which will be administered by WRAP, is split into two phases. Farmers can apply for funding to develop a business case to find out if anaerobic digestion is the right solution for them in dealing with waste. They can then apply for a loan of up to £400,000 to fund up to 50 per cent of the overall costs of the AD plant.

Liz Goodwin, CEO of WRAP, said: "The use of small-

scale anaerobic digestion on farms to treat manures and slurries has a number of economic and environmental benefits and is an excellent example of the circular economy in action.

"However, access to finance for on-farm AD has been difficult, especially for small-scale operations. Currently there is no targeted financial support available to increase this capacity. The On Farm AD Fund has been designed to both attract funding into the sector, and to provide support and materials for farmers to help them access finance in the future."

Prince Charles takes the fight to supermarkets

Prince Charles has chastised supermarkets for profiteering from small farmers by "taking none of the risk" of food production.

In a guest column for an edition of Country Life magazine, the heir to the throne launched into a spirited defence of British farming.

In an editorial he said: "Small farmers find themselves in the iniquitous position of taking the biggest risk, often acting as the buffer from the retailer against all the economic uncertainties of producing food, but receiving the least return.

"It cannot be right that a typical hill farmer earns just

£12,600, with some surviving on as little as £8,000 a year, whilst the big retailers and their shareholders do so much better out of the deal, taking none of the risk."

Prince Charles added that farmers were being penalised for their way of life, with low incomes preventing them from investing in their farms.

He added that the countryside was "the unacknowledged backbone of our national identity" that "is as precious as any of our great cathedrals and we erode it at our peril."

Andrew Opie, the British Retail Consortium's

Food Director, acknowledged a good relationship between farmers and retailers was "fundamental" to the success of supermarkets, but denied that supermarkets were failing to invest in British agriculture.

He said: "A good example is the dairy chain where retailers use dedicated chains to get the best prices back to their farmers for milk they sell, the best in the market.

"Retailers are confident their investment means a strong future for farmers in their chain and that a very high proportion of our food will continue to be sourced in the UK."

Free seminar: Farming in the Future

We are delighted to be hosting a free seminar, in conjunction with Perkins George Mawer & Co, to look into the future and see what it might hold for agricultural businesses.

The event takes place on **Thursday, 27 February**, in the Brocklesby Suite at Market Rasen Racecourse, Legsby Road, Market Rasen, Lincolnshire, LN8 3EA.

Our main speaker is Graham Redman from The Andersons Centre, in Melton Mowbray, which carries out regular and detailed research into world and national food production trends. Graham will be sharing insights gained from their research.

Other speakers include Richard Grayson from Nicholsons, Nick Sharp from Perkins George Mawer & Co and Richard Jones of Energy My Way,

covering a wide range of relevant topics.

Join us from 9am for refreshments and registration, followed by the seminar from 9.30am to 12.30pm. A buffet lunch will be served after the question and answer session.

To book your place, visit www.nicholsonsca.co.uk/events and complete the simple online form.

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