

Rural news - summer edition: rural estates in the 21st century

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We held a panel discussion last year looking at the relevance of the rural estate in the 21st century. This was chaired by Heather Hancock and the joint panel included Rural Solutions and Dimitri Harrison.

We discussed how some estates have thrived better than others and, whilst not universally the case, those that have been most successful have generally been more proactive in considering how to secure the future for successor generations; they have not waited for opportunities to come to them.

A few themes came out of our panel discussion, which are summarised below. These show the importance of reviewing how your estate can evolve in a positive way and yet remain a place where an important dividend is a lifestyle, a way of life and most importantly, a home for the family.

- Whilst a home, a rural estate should be operated with a business mentality. If you do not view the estate as a business and do not have a strategy to pay for the running costs it may deteriorate and suffer from lack of investment.
- The large family home often forces family members to consider difficult questions. Should it be sold? If it is to be retained, how can the running costs be met? Could it generate an income to contribute to the running costs? What about privacy as a family home?
- A good starting point is reviewing the assets on the estate and considering how each asset is contributing, if at all. The contribution may be financial or it may be lifestyle or something else. Identifying what is 'core' is key.
- Such a review allows informed decisions to be made. An underperforming asset, such as a let property, may nonetheless be retained because it is in a strategically important part of the estate. For others, the right decision might be a sale or an alternative use so that funds can be reinvested in the core estate that has been identified. If, for instance, it is impossible to manage an attractive but inefficient portfolio of houses profitably, would it be sensible to sell some or all of them and invest in modern housing stock, or something that will generate more income for less effort?
- It is important to take advice to consider what are the options that would work on your estate so that pro-active decisions can be made. This reduces the chance of missed opportunities or reactive decisions that might not be in the best interests of the long term future of the estate. Opportunities sometimes exist for a finite period of time, such as renewable energy incentives, or local planning policies.
- This analysis can lead to difficult decisions and discussions amongst family members as there will be different views, priorities and opinions. This is where communication between the family and their advisers is essential.
- The family and their advisers should be open minded to advice from other professionals who have practical experience of what works and what does not; what is possible and what is not. A family member may want to jump on the band wagon as he knows another estate has made a success of, say, a wedding business. If there is no demand in the market place local to him then this will fail. Equally, an adviser has to recognise that whilst there may be a demand for a particular business, if that detrimentally affects the use and enjoyment of the estate by the family, it will fail for other reasons.
- Like any family business, those that work well are often those where there is active involvement from family members. However, family members may not be appropriately qualified and, again, this is an area where the success or failure can depend on who is in control. Who makes decisions? Are they qualified to do so? Again, an open mind to advice from other professionals is important. The role of a traditional rural property owner or agent is very different to what it once was and sourcing the right skills is vital. There may be opportunities to co-operate with other neighbouring estates or other business operators. An open mind and regular review and discussion is key.
- A long term view is important and can affect decision making. The windmills that may be universally disliked will not be there forever

and, in the meantime, could secure the estate for the next generation. Development opportunities may not happen overnight but, if you have a 10-year plan, may provide regular capital receipts later or for the next generation.

- The future of the estate should be on every agenda for annual meetings. Too many annual meetings look back over the last year and do not look forward. It is important to review what has worked well and what has not worked well but the coming 12 months and years are more important. Over time, key objectives and goals will emerge, which will evolve. If opportunities present themselves, a well prepared family can make informed decisions as to whether those opportunities fit with their estate and their family objectives. If the family and advisers are clear about the mission statement and objectives for an estate, they will be well placed to make a decision and less likely to be looking back at what could have been.

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