

THE CHALLENGE OF SUCCESSION

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The subject of farm succession and associated issues of retirement and inheritance have gained considerable prominence in recent years. Farmers and members of farming families frequently find the process challenging to the extent that discussions and plans for succession and retirement are often put off for many years. For farmers (particularly male farmers) the process of succession (ie the gradual process handing over managerial control) and retirement can pose a challenge to their sense of identity, their role in the business and family and to how they may be perceived by their peers.

Attachment to the land, livestock and the identity of being a farmer is also very strong and farmers often find it hard to contemplate a future where they are 'retired' and where someone else is running the farm. Of course, there are a number of other factors to consider including finance for retirement, access to suitable housing and a strong desire by many that retirement does not necessarily mean ceasing all farming activity. Retirement is often conceived as doing many of the same activities but at a lower intensity, whilst also offloading some of the less favoured aspects of the job.

The point is that succession and retirement is never just a technical exercise in arranging one's legal and financial affairs. It is inherently bound up with human relationships, human psychology and, quite often, fears about the future. These are processes that take time to think about, talk about and plan. A failure to do this can risk the business and ultimately risk family relationships. Clear and open communication is key to succession planning but many are put off by the prospect of difficult conversations or don't know how to raise the issue.

The succession challenge facing UK agriculture is not one of low rates of succession. With the exception of some sub-groups succession rates are quite high. There is a challenge in terms of preparing successors for success so that they have the skills, knowledge, experience and attributes of business leaders. Some of this can be gained through formal education and/or adopting lifelong learning and experience gained on other farms and in other sectors, but successors also need to gain decision making experience in the business they hopefully one day will be leading. This requires shared and delegated decision making and a planned process of assuming greater responsibility over time.

Another challenge is to get succession planning adopted as a normal part of farm business planning. Of course, that is easier said than done! Examples of worst and best practice will help influence some farmers. Demonstrating what can go wrong for the business and the family if there is a failure to communicate and plan can provide a powerful motivator, as can examples of successful succession planning. Getting farmers and successors to share their succession stories with other farmers is always helpful.

A final challenge to address is the gender balance amongst successors. We all know that there are more women farmers than there used to be. However, our recent research (funded by NFU Mutual) revealed a profound gender bias in favour of male successors. The reasons for this are no doubt complex and culturally ingrained. Our observation simply is that as UK agriculture faces some of the most significant challenges for decades in the form of new trading arrangements, radical policy reform and the impact of Covid-19, as well as climate change etc., it makes good business sense to draw on the widest pool of possible future business leaders.

Succession and retirement require a team effort. Family members need to be involved in discussions and the family will require the support of a multidisciplinary team of lawyers, accountants and financial advisors, and in some cases a succession facilitator. The precise requirements will vary for every family but the key challenge is to normalise succession and retirement planning. It shouldn't be something to be feared or seen as getting in the way of doing 'real' farm work. It's about as real as it gets. After all, it's about planning for the continuity of the family farm.