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FARM OWNERSHIP AND SUCCESSION CASE STUDY

with Philip Whitcomb, Partner at Moore Barlow LLP

Farm Succession Planning

The Moss family are a highly respected local family who have farmed Manor Farm for the last one hundred and fifty years. They are just about to embark on the process of ensuring that the farm and business moves smoothly from one generation to another. Perhaps wishing to avoid the fate of one of the neighbouring farms which has just gone onto the market following family disagreements brought about by not following a succession plan process.

There have been a number of recent studies which have shown that farms lacking proper succession planning are less likely to survive in the future. There can be nothing more disheartening and disengaging for the younger farmer than not knowing what his parents or grandparents have in mind and feeling they have no input into the strategic direction of the business. So what are the key components :

Start early

Think about succession planning early. A good plan allows you to anticipate and prepare for future events and will take into account retirement incomes, support for incoming generations, motivation and off farm alternatives for children who do not wish to pursue farming. Hasty succession planning created under pressure can lead to family disagreements.

It's a continuing process

It is no good agreeing a plan and then forgetting about it. It needs to be a regular item on the family agenda. Over time circumstances change. New additions to the family, marriages, divorces, deaths and other changes all necessitate a review of the plan. So even if you perceive that nothing has changed it is important to ensure that the matter is discussed at regular intervals; ideally yearly and definitely once every three years.

Communication and involvement

A smooth transition will be borne out of agreement and discussion by the core family group. Conversely the lack of discussion will cause miscommunications between generations leading to mistrust and ultimately in the worse cases litigation. The start of any planning should be a family meeting (sometimes with the use of an external facilitator) where individual members can express their views on the family's goals and ambitions, where everyone is valued and knows what each member wants for the future.

Involvement of professionals

Though the decisions are for the family to make, it is vital that professionals – solicitors, accountants and land agents – are involved at the appropriate stages. This will ensure that all relevant factors have been taken into account and it is often possible to bring up options and ideas that have not been considered by the family. It also allows for a less emotional and more detached approach to the decision making process and ensures any planning does not produce any unforeseen consequences which may have tax or other implications.



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Farm business is not the same as ownership of the farm assets

The ownership of the farm and the running of the farm as a business are two different things and there is no need for one to mirror the other. Sometimes the separation of the two entities will allow greater flexibility to plan for the future and meet the aspirations of those members of the family not directly involved in farming as well as those that are.

As for the Moss family, they have now had several successful meetings, engaging all generations of the family and a plan has been produced with appropriate input from the professionals. I am confident that Manor Farm will remain a successful business owned by the Moss family for several generations to come.

Can you say the same about the farming business you are involved in ?

Moor Barlow LLP have a dedicated Rural Services team and can provide a full legal service (apart from crime). Their client base is very much farmers, landowners and estates. [Philip Whitcomb](#) leads the team dedicated to succession planning, farm tax and trust advice, private wealth support, partnership agreements etc.

To find out more, visit www.moorebarlow.com

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