

# Outlook

CURRENT NEWS AND VIEWS ON ISSUES AFFECTING LAND & PROPERTY WINTER 2024/25

## Tricked not Treated...

***Halloween has been quite the event in our household for the past few years, and this year is no exception!***

Last year, our Halloween treat in the form of our baby son arrived. This year, whilst blowing up balloons for a first birthday party, perhaps the greatest government trick of recent times has taken place.

After assurances from Steve Reed before the election saying, "we have no intention of changing APR", he has. More worryingly, The Budget has also changed the more widely known Business Property Relief.

### **What do these changes look like?**

Previously, Agricultural Property Relief (APR) was available to farmers and landowners meeting basic criteria at a rate of 100% relief on the "Agricultural Value" of the property. Whilst Agricultural Value has its own definition, it's essentially the value of land used for farming, and excludes any hope value, amenity or paddock use or other variable that might create a premium. It was a good relief for farmers with straightforward farming property, with no limit. Business Property Relief was perhaps even more useful. Subject to basic criteria it allows all farmland, farm machinery, livestock and qualifying property relief of 100% against value whether it had any value in excess of its Agricultural Value or not.



### **What is happening now?**

For now it is business as usual with changes effective from April 2026, although anti-forestalling measurements apply on lifetime transfers made on or after 30th October 2024.

What does this mean?

*Continued on page 2*

### **In this edition**



#### **Tricked not Treated...**

*Agricultural Property Relief (APR).*



#### **The Budget and Farm Payments**

*Headline changes relating to farm payments.*



#### **Planning Successes**

*2024 highlights for our Planning Consultancy Team.*

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Let's take a fictitious example:

Janet (65 years) and John (70 years old) jointly own and farm 300 acres of arable land at £10,000 per acre, and a 20 acre field of pasture over the road worth around £300,000.

There's a 4 bed farmhouse (£650,000), modest set of 1980's portal frame farm buildings, with grain store and tractor sheds set in a concrete yard of £500,000, and a 2 bed agricultural-tied bungalow lived in by their son Jim (30 years old) valued at £350,000.

The farm has a modest machinery value as they hire in a combine, but even so, they own two tractors, two grain trailers, a new-ish sprayer, fertiliser spinner and cultivator which adds up to around £200,000.

The whole farm with machinery is worth around £5,000,000. These days Jim does most of the farming, John jumps on a tractor during harvest and Janet helps with the book-keeping.

John dies and leaves his 50% share worth £2,500,000 to son Jim.

Before The Budget with unlimited APR and BPR the whole farm could have been passed on with no Inheritance Tax to pay.

Are there ways to reduce this?

The above scenario shows that doing nothing may have significant consequences. At this stage it appears that the £1m APR/BPR allowance is non-transferable, and therefore if John owned

John's Post Budget Tax Bill

John's 50% share of the Estate:	£2,500,000
Total APR + BPR:	- £1,000,000
Nil rate band	- £325,000
Residence nil rate band	- £175,000
Remainder:	= £1,000,000
(Taxed at 20% of £1,000,000)	
Tax Bill:	£200,000

100% of the farm, left it all to Janet, and then Janet left the farm to Jim the £1m relief would only apply once, and the tax burden would be greater still.

Just as no two farms (or indeed no two families) are the same, there are various solutions out there to lessen or potentially eliminate the Inheritance Tax burden.

We recommend speaking with a taxation specialist to determine what works best for you and we often find a joint approach working alongside your accountant or solicitors with our valuation input can assist you in a wider decision-making process.

More details are expected in the forthcoming Finance Act, and we will keep you updated in due course.

In the meantime we advise against making any hasty decisions and suggest waiting until these details are confirmed, as this may help inform your decisions and shape the most appropriate course of action.

These are challenging times, and succession planning is a deeply personal topic, balancing business requirements and family members alongside finances. We respect this and our experienced team are on hand for a confidential, no obligation chat.

Please don't hesitate to call Jon, Sam, Matt or me on 01233 506 201 to discuss further.



Vicky Hutton-Squire  
Director  
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The Budget and Farm Payments



Following the Budget announcements, Defra published a blog providing a brief overview of its ongoing commitment to farmers.

We await further announcements but have summarised the headline changes relating to farm payments:

Defra Budget

Rumours of significant cuts to the overall DEFRA budget were false with the farming budget to remain static at £2.4 billion for the next financial year.

Citing "significant funding pressures on flood defences and farm schemes of almost £600 million in 2024-25", the government is to review these plans from 2025-26 to "ensure they are affordable". Could this mean further restrictions to SFI?

Delinked BPS Payments

Originally planned to phase out between 2021 and 2027, in a financial blow to farmers, Defra now plans more drastic cuts to these payments.

The first £30,000 of the BPS reference payment will now be subject to a 76% reduction in 2025, meaning the maximum a farmer will receive will be £7,200. Currently there is no indication of what, if anything, will be paid in 2026 or 2027. This will clearly have a negative effect on farm cashflow and profits.

SFI and Other Schemes

SFI remains open for applications. Applications to the Sustainable Farming Incentive no longer need to be made through the Expression of Interest process and can now be made directly via the Rural Payments Service.

More detail is to be published in December on the Countryside Stewardship Higher Tier scheme, which will have a "rolling application window" and "streamlined application process to increase accessibility" and which is likely to be open for applications in early 2025.

Farmers with existing HLS agreements will be able to transfer smoothly into new schemes "as and when they wish", enabling them to benefit from higher payment rates.

In terms of other grants (assumed to mean capital grants such as slurry infrastructure, animal housing, Farming Investment Fund and Capital Grants), Defra "will simplify and

rationalise our grants offer to prioritise the initiatives that deliver the most critical support for food security and environmental goals in England" with plans to be confirmed in "due course".

Schemes and Interaction with Agricultural Property Relief

The Budget confirmed the Conservative Government's March announcement that APR would be available on land in all Environmental Land Management (ELM) schemes (to include SFI, CS and other stewardship schemes, Landscape Recovery and the England Woodland Creation Offer) from 6th April 2025.

The APR extension also includes land managed under environmental agreements with public bodies, local authorities or approved responsible bodies, i.e. schemes such as Biodiversity Net Gain (BNG), nutrient neutrality and other similar statutory schemes which are a planning requirement.

Whilst the commitment to the ELM scheme is welcome, accelerated cuts to direct payments will harm farm businesses.

Please speak to a member of our team to discuss a potential application.



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Inheritance Tax Valuation Team

Our Directors are all RICS VRS Registered Valuers with decades of experience in producing thorough "Red Book" reports using our local market knowledge and providing detailed commentary to support APR and BPR claims when applicable.



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# Planning Successes of 2024



***From agricultural diversification schemes, a doctor's surgery, Listed Building Consents, new dwellings in the countryside, Lawful Development Certificates, Prior Notifications, major residential schemes, wedding venues and micropubs, our planners have gained approval for an array of proposals this year in the South-East and further afield.***

## **2024 highlights for our Planning Consultancy Team**

Elizabeth Welch, Associate Director, worked alongside architects to obtain planning permission under delegated powers this year for a contemporary dwelling in the countryside under the grounds of Paragraph 139 of the NPPF. For those who are not familiar with this, it gives significant weight to outstanding or innovative designs which promote high levels of sustainability or proposals which help raise the standard of design more generally in an area.

In Rother, Associate Director, Steve Davies, has helped to obtain planning permission for a new Doctors Surgery together with 21 houses.

In July, Ashford Borough Council voted to approve our clients planning application for a new dwelling in the countryside, in a neo-classical design.

Other successes across the residential sector include securing planning permission for 27 new dwellings in Nonington, four dwellings outside the village confines of Challock, and the conversion of agricultural buildings under the Class Q PD rights.

In the non-residential sector, our projects have been varied, including gaining consent for the conversion of a Grade II listed building to a SEND School in Maidstone, a S.73 for the continuation of a temporary consent for a wedding venue and submitting a planning application for an extension to a pet crematorium to enable expansion.

Looking ahead the new Government is proposing significant changes to the planning system. We will be happy to advise upon these. First off, the new National Planning Policy Framework is expected to be published at the end of 2024.

In the South-East there has been much

plan making activity, with councils, including Folkestone, Swale and Gravesham all carrying out a Call for Sites this year. Overall councils continue to press forward with the review of their local plans, including Ashford who are expected to consult upon the first draft of their new local plan. We will continue to work closely with landowners to represent their submitted sites throughout the local plan process.

Should you need assistance with any planning matter, please do get in touch with our Planning Consultancy Team.



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The articles in this edition should not be relied upon or regarded as a substitute for advice. Hobbs Parker Property Consultants LLP would be pleased to provide further information or advice on any particular issue.

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Outlook is brought to you by Hobbs Parker Property Consultants - a team of experienced Rural Chartered Surveyors and Planning Consultants dedicated to providing professional advice and services to farmers and property owners. Part of the Hobbs Parker Group of companies proudly serving the people of the south east since 1850.

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