

News Release
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CAUTION AND COOPERATION URGED IN RENT REVIEWS

As the traditional May term date draws nigh, the Scottish Tenant Farmers Association (STFA) is urging its members to take good professional advice before agreeing to any rent increase. In many cases there will be no scope for a rise and rapidly escalating costs should even see some rents reduced. Chairman Angus McCall has been reminding tenants that any change to the farm rent must be justified and follow statutory guidelines.

“Spring is always a hectic time in the farming calendar. During May there is the added stress of IACS deadlines so a rent review is always an unwelcome distraction, but tenants must make sure that the rent is reviewed properly with due consideration given to the relative inputs of landlord and tenant. No tenant should feel pressurised into an increase in rent under tactical, last minute pressure from a factor. Tenants must also be careful not to pay rent on their improvements or fixtures or for landlord’s fixed equipment which is no longer fit for purpose, for example storm damaged sheds which have not been repaired or replaced. Taking good advice at this time is money well spent especially when tenants can share the professional costs of a decent, shrewd agent.

“Experience has shown that tenants banding together and sharing a land agent are able to present a united front to the factor and get better rent settlements than those going it alone, particularly on the larger estates.”

Reports from STFA members indicate less rental activity in the north of the country but reviews are definitely on the agenda on larger estates further south where some fairly aggressive negotiations are taking place.

The sector now eagerly awaits the ruling of the Inner House on the landlord’s appeal against the Land Court’s decision to reduce the rent on Moonzie Farm. The appeal is due before the Court of Session on 26th May. It’s widely expected some of the more contentious arguments will be resolved, such as how the SFP should be treated when assessing the farm’s rent. This landmark case will provide much needed benchmarks and guidance for future rent negotiations. STFA remains optimistic that a fair rent will finally be settled.

In light of this, STFA issue a health warning on the dangers to tenants settling too high this May term. It will be another three years before notice can be served for a rent review to get a reduction and input costs look set to continue to spiral.

STFA will continue to work towards the establishment of a fairer, quicker and easier system of rent review. They will campaign with the newly elected Scottish Government and MSP’s for a much needed overhaul of the current system where potential prolonged resolution times and enormous costs have proved it unworkable. The Moonzie case has proved beyond all doubt that the current system is not working.

With a new wind of change blowing, a refreshing outbreak of common sense would be most welcome by tenant businesses still operating under the black cloud of fear of a potentially crippling rent review. Tenants look forward to better times ahead.

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