

News Release
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TENANTS URGED TO STICK TOGETHER IN RENT REVIEWS

Reviewing the rent is invariably a stressful time for tenant farmers, especially when faced with professional land agents who are accustomed to using their expertise in persuading tenants to agree to a rent rise. Last week saw tenants gathering on two farms, Connachan near Crieff and Longnewton in the Borders to hear STFA professional agents advise them how to cope with land agents demands.

The last two years have seen a spate of rent review notices served on arable farmers following the boom in cereals in 2007 and 2008. These notices have now come home to roost and a number of rents have been settled over the last year or so with some tenants having agreed to pay significantly more rent. They are now bitterly regretting having done so after this year's crash in cereal prices.

Livestock farmers are now being targeted and, speaking at Connachan, Ian Duncan Millar told an audience of more than 50 tenant farmers that the recent crash in cereal prices has demonstrated the folly of agreeing to massive rent demands on the back of a couple of years of good prices.

In referring to the hill farm situation he pointed out that government statistics show that in real terms, hill sheep farm Net Farm Income has fallen 5% in the last 20 years, scant justification for any increase in rent. He warned that, despite the current buoyancy in the sheep market, there are no guarantees how long this would continue and this must be taken into account when agreeing to a change in rent. Ian Duncan Millar urged tenants to keep the costs down by doing their own sums on the economics of the business. "It's not rocket science but more a question of looking back over the past few years to see how the markets have affected your own business. By all means take advice, but do as much as possible yourselves, after all you know your own business best".

This point was echoed Friday's meeting at Longnewton Farm where Northumberland land agent Tom Oates advised an audience of Borders farmers to do their sums carefully take a hard look at their businesses and prepare a robust case justifying the rent they are prepared to pay. "It is a serious business, the rent cheque is one of the largest a tenant will be signing and he must ensure he is not bulldozed into agreeing a high rent. Every tenant should come to an event like this so that he knows exactly how to handle himself"

STFA has been encouraging tenants to stick together when faced with a rent review and this message was reinforced by tenancy law expert, Hamish Lean from Stronachs who, at both events, warned that land agents would invariably pressurise the tenant they considered to be the weakest link to agree to a rise in rent which could then be used against the other tenants as comparable rents.

In outlining the rent review process Hamish Lean hammered home the warning that tenants should only pay rent on land and buildings provided by the landlord. This applied to any work of improvement that the tenant had done to the farm, including surplus farm cottages. This is often conveniently overlooked by factors when looking round a tidy, well run farm where often the sheds, well drained fields and new fences are the result of the tenant's investment.

With reference to the well-known Connachan flock of pedigree Blackface sheep Mr Lean advised the tenants present that "high farming" such as successful pedigree breeding should be treated in the same way as a tenant's improvement and disregarded when assessing rent which must be based on the average standard of farming rather than the exceptional performance of one particular farmer. "Success in the sale ring is no justification for a rent rise".

In closing the field day STFA chairman, Angus McCall emphasised the importance of tenants working together and sharing information and highlighted a number of cases where co-operation and unity had been instrumental in staving off demands for hefty rent rises. "Tenants, in common with most farmers are competitive by nature and reluctant to work together, but this is one instance where it really works".

Notes for editors:

STFA held two rent review days, 23rd Sept at Connachan Farm near Crieff and 25th at Longnewton Farm near St Boswells.

Hamish Lean from Stronachs in Aberdeen spoke both days. Ian Duncan Millar, Tirinie near Dunkeld was speaker at Connachan and Tom Oates from George F White, Alnwick, Northumberland was at Longnewton.

1. Connachan is a 2500 acre hill unit which has been tenanted by three generations of the McCall Smith family. The farm is home to the well-known 1000 strong Connachan Blackface flock and 40 blue-grey hill cows.
2. Longnewton Farm is owned by James Allen, the 600 acres are mainly arable and 600-700 cattle are finished annually.

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