

Grants to Support Energy Efficiency

In the last issue of Countryside Building I reported on the grants available under the Clear Skies Initiative. I can now report that the first grant has been awarded, we are advised that:

The first Renewable Energy Grant, under the DTI's Clear Skies initiative, was launched today by Local MP Nick Harvey and Clear Skies Manager, Chris Roberts.

"Going solar was an obvious and straightforward way to reduce our adverse impact on the environment, and as a bonus, to cut our water heating bill. It's even better with the £500 Government grant. It's both a privilege and satisfying to be the first to receive the grant through the DTI's Clear Skies initiative." George and Ann Douglas, Friendship Farm, Exmoor.

George & Ann, are the receivers of the first Clear Skies grant to be awarded for solar water heating. The solar system is integrated into the slate roof of the couple's 300-year old farmhouse, situated in the rolling hills of North Devon, and should produce 50-70% of their annual hot water requirements.

Energy Minister, Brian Wilson launched "Clear Skies", a £10m Renewable Energy Grant Scheme, earlier this year, to encourage homeowners and community organisations to take the initiative in developing and installing their own renewable energy schemes.

"Our Clear Skies Initiative is going to make a real difference by giving the chance to homeowners and community groups to take part in the renewable energy revolution," commented Mr Wilson, "The initiative will help people to promote practical projects which will improve their local environment, increase awareness of energy use and contribute to the larger target of reducing the UK's carbon dioxide emissions."

Bristol-based company, Imagination Solar Ltd (ISL) was the installer of the system, in collaboration with local agent, EcoExmoor. "We're delighted to be the company which installed the first solar water heating system under Clear Skies. It's an exciting time for solar. As a national supplier of solar systems we anticipate a huge boost to the market as a result of these new government grants." Jon Walker, Director, Imagination Solar

Farm Tax Tangle of Diversifying

Britain's farmers, who have survived in recent years through diversification, are now picking their way through a tax minefield to ensure they can keep their new successful businesses in shape, according to accountants Saffery Champness.

After studying the full implications of the latest Budget from Chancellor of the Exchequer Gordon Brown accountant Jerry Barnes, partner in the Bristol office of Saffery Champness says many rural businesses are now being treated unfairly compared to their urban counterparts.

Said Mr Barnes: "Farmers have had to change to survive and many have done superbly to convert their farms into business parks and other ventures that have provided jobs and ensure there is life and wealth in the countryside.

"But very little was done in the Budget to simplify a system where former farmers are facing huge dilemmas over VAT, Inheritance Tax and Income Tax, which all seem geared to urban rather than rural businesses."

Manor Farm in Chilmark, Wiltshire is a shining example of a successful diversification after owners Philip and Ghislane Kitson realised in 1992 that after 16 years their mixed dairy and arable farm was no longer viable.

In that year they suffered an arson attack on the farm and sold the dairy herd. Since then they have converted listed farm buildings - winning an architectural award for the sensitivity of the

conversions - into a thriving business park.

The farm is now a complex of office and business units ranging from 500 to over 21,000 square feet providing a range of work for local people with tenants including Fairoak Timber Products, who produce high quality windows.

The Kitson's still farm 800 acres of combinable crops and the move seems to have been the perfect answer - preserving some beautiful rural buildings, boosting the local economy, creating jobs and still managing to farm.

Jerry Barnes, who is now wrestling with the tax implications of the changes, believes the Government should act more favourably towards farmers who have carried out such work.

He said: "There are so many issues now to face. For instance on a farm everything is fully taxable for VAT. Philip and Ghislane now have a situation where they can decide whether to put VAT on the rents on the buildings or not. But what may be good for the Kitson's, may not be so for their smaller tenants.

"Making alterations to a listed building are VAT friendly but repairs to a listed building are fully VAT-able - deciding what is a repair and what is an alteration and putting that case to the tax people can be a lot of hard work.

"Some of the work is being carried out through borrowings and some grants are available - again these are treated differently for tax purposes. But the biggest thing we have to wrestle with is looking forward and trying to protect the family from suffering unfairly because of Inheritance Tax laws.

"When the farm was entirely a farm then it was obvious that Philip's home was a farmhouse. Once the diversification has happened, then tax people may take the view that it is simply a nice rural home - as such it has a much higher value for Inheritance Tax purposes.

"Yet, it is still needed to run the 800 acres as it always has been. As far as Inheritance Tax is concerned it seems the Government rewards families that allow listed buildings to fall into disrepair and the rural economy to run down while punishing people like Philip and Ghislane who have worked hard and helped to bring life and hope back into the countryside in a sensible and sensitive way."

With Inheritance Tax being charged with reference to the income from the business park Mr Barnes said that unless action is taken many farms that have diversified will be lost to their families within one generation. The numbers can be quite horrific.

Mr Barnes backs the idea of the CLA that farms should now be regarded as "Rural Business Units" where diversification - which has become increasingly necessary in recent years - is taken into account fully over tax issues.

He said: "There is such a range of diversification going on, with some people simply supplementing their traditional farming with a little business; others converting barns into holiday homes and some looking at tourism.

"The Government should recognise these are all efforts being genuinely made to keep the rural economy going in difficult times. Obviously it can go too far, but what is wrong with a farmer opening a shop to sell his goods? Isn't it better to turn a redundant building into a small stable to hire out to local pony riders than leave it to rot? Why not get an income from some woodland by renting it out for corporate team building events?"

Philip Kitson agrees: "There are now 80 people employed in the buildings, which is twice as many as was employed on the farm at the end of the last century.

"Many are local and there are knock-on benefits for other local traders and the pub. Because we went for quality units and conversions we feel we have a competitive edge over other rural business parks that are springing up.

"Having successfully got to this stage after 10 years of hard work we are now fine-tuning and looking to the future.

"The government is encouraging farmers like us to diversify and it would be nice to think that we will not be ultimately penalised for carrying out the work."

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