SUMER
Your Business Champion

Sumer **Agriculture** Newsletter



What can one farms' harvest tell us about the year ahead?

What do the new APR and BPR rules mean for your succession plans?

Is farm diversification the solution to building long-term business resilience?

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Join us at the CLA Conference
19 November | QEII Centre, Westminster

Farming and the wider rural sector are facing many of the same challenges – from changing policy and economic pressures to questions about the long-term future of our businesses and land.

The CLA Conference brings people from across the sector together to share those experiences, have honest conversations and look beyond short-term reactions towards the longer-term visions and plans that will shape the future.

For us, that sense of conversation, empathy and community is vital. As sponsors of this year's conference, we recognise the value of being in the room, listening to different perspectives and being part of the conversations that matter to the rural community.

Book your place via the QR code or by visiting cla.org.uk

Hello and welcome to our latest **Sumer Agriculture** Newsletter

And as we move into autumn, our attention turns from this year's harvest towards what comes next.

This time of year offers a natural point at which to take stock of the year so far, consider what the results mean for profitability and look ahead to the decisions that will shape our farms, estates and rural businesses in the years to come.

Our recent **Harvest 2026 review** brought together perspectives from our agriculture specialists across the UK, highlighting the very different experiences of this year's harvest and the pressures continuing to affect farm businesses.

With the Autumn Budget now just around the corner, there'll no doubt be more to consider as we plan for the months ahead.

So, in this edition, we explore some of the issues that could influence your decisions – from the latest harvest insights from Ceres Rural and what we're seeing on individual farms, to opportunities for diversification and the importance of planning for succession.

As always, we're bringing together practical, on-the-ground experience with a wider view of what's changing across the sector, to help you understand what it could mean for your business, your assets and your plans for the future.

We hope you find something useful in this edition and, as always, enjoy reading.



Mark Smeaton
Agricultural Lead
North



Jack Deal
Agricultural Lead
South



On the ground

Ceres Insight: After the harvest – what are the UK's farmers doing now?



Jack Deal
Farms & Estates Partner
Scrutton Bland



Katie Crawford
Associate Partner
Ceres Rural



UK farmers have seen it all. Volatile weather, supportive and unsupportive Governments, devastating world events – the stars are rarely aligned, and the sector is resilient to challenges.

For further insight on this year's results, Jack Deal, Farms & Estates Partner at Scrutton Bland caught up with Katie Crawford from Ceres Rural to explore the results from their own 2026 review.

And with Ceres having collected over 270 independent sets of harvest results, from across the country, their insights make for interesting reading.

An early harvest, but lower yields

The majority of my clients are based in the East of England and I've reflected on 2026 as the earliest harvest I've ever seen, affected by significant drought through the spring.

Katie's view on this is more nuanced; *"Higher than average temperatures, below average rainfall at key stages and consistently high sunshine hours have accelerated crop development throughout the spring and early summer - leading to one of the earliest harvests seen in at least two decades. Whilst the early start aided harvest progress, it was also an early indication that crop yield potential was compromised through reduced tillering, shortened crops and early senescence."*

Katie highlights a decline in cereal yields compared to their respective five-year rolling averages, with winter wheat yields averaging more than 10% below the five-year trend.

But winter oilseed rape was a notable exception. For the second consecutive year, yields exceeded the five-year average, with 2026 results showing an increase of just over 15%. Improved crop establishment, coupled with reduced cabbage stem flea beetle pressure during early autumn, is thought to have contributed significantly to this recovery.

The cashflow squeeze after the harvest

For many of our clients, cashflow is at its tightest in the period immediately before harvest, with a fine balance being drawn to ensure cash from crop sales arrives in time to fund purchases for the coming autumn.

Like us, Katie has been revisiting budgets and cashflow forecasts with clients, with most showing a significant reduction in income compared with original expectations.

Katie says that for some the short-term solution lies in the timing of their crop sales. *"Lower yields have also reduced the post-harvest cash injection that many businesses rely upon from committed sales of crops such as winter barley and oilseed rape. So, in response we're seeing many clients bringing grain sales forward or utilising grain advances to cover the gap to improve funds available to purchase inputs for Harvest 2027."*

As typically happens, many costs for the Autumn have already been committed regardless of harvest performance. Fertiliser purchases have already been secured by many farms, often with payments falling due in December and January. So, with less cash generated from harvest than expected, a growing number of discussions are now focused on working capital requirements, cashflow management and ensuring sufficient funds are available to meet these commitments over the coming months.

We can relate, having worked through these challenges with our own clients. Some are looking to the bank for support, extending overdrafts or taking out invoice factoring to pay suppliers. Others are taking a fresh look at their business model and funding strategy and making long term decisions.

We're working with clients who are moving from in hand farming to contracting, rationalising machinery through sharing agreements and in some cases selling outlying blocks of land.

And I'm reassured, speaking to colleagues around Sumer, that East Anglia's farmers are not alone in this – there's been great value in sharing experiences and ideas amongst our national agriculture specialists to support decisions across the UK.

Making the most of stronger grain prices

Katie is looking towards the positives:

"Grain prices have strengthened. Typically, clients had budgeted feed wheat at between £175/t and £185/t, depending on location, while market values at the start of the year were typically around £170-175/t. Since mid-July, November 2026 feed wheat prices have consistently traded above £190/t, which provides some support against lower yields and helps to offset part of the income shortfall.

Looking ahead, stronger grain markets have prompted many businesses to look at their crops in store and secure grain sales where appropriate. Contracts exceeding £200/t have generated considerable interest for both harvest 2026 crops and harvest 2027."

This is a sentiment we can relate to as many of our clients are making informed decisions about the timing of the sale of their crop.

As one recently said to me, "w*hy would I hold out for a £5 per tonne price increase when I can clear the shed and rent it out, more than covering the increase?"*

For many of Katie's clients, harvests like this renew their focus on alternative income streams that are less exposed to weather and commodity price volatility.

"Many of our post-harvest discussions have centred on identifying consistently underperforming crops and fields and reviewing whether they remain the most profitable use of land."

Something I recognise within my own client base. A number of my clients have traditionally grown sugar beet but made the decision not to for 2027 whilst uncertainty around the price remained (a negotiated settlement has now been reached).

Impact of the Sustainable Farming Incentive

You'll certainly already be aware of the recent Sustainable Farming Incentive (SFI) window 2, which opened on the morning of 22 September and closed mid-afternoon on the same day.

Those I've spoken to about it are unanimous that this is no way to run the application process and the uncertainty surrounding it put many off applying.

Thankfully I understand that Ceres Rural were successful in the vast majority of applications for their clients, but as expected some will have missed out.

Katie highlights the attraction of the SFI; *"actions such as extended overwinter stubble and cultivated fallow, which carry relatively low establishment and input costs, offer payments of between £589/ha and £660/ha. In some cases, these returns compare favourably with the gross margins being achieved from poorer-performing arable crops."*

She points to Ceres Rural's harvest review to support this case. *"For the second consecutive year, spring barley yields were below the five-year average and approximately 15% lower than those achieved in Harvest 2025. Spring peas showed a similar trend, with yields around 15% lower than 2025 levels and nearly 6% below the five-year average.*
In many cases, spring barley and spring peas deliver gross margins of less than £500/ha, with even stronger-performing crops only marginally exceeding this level."

Making data-led decisions

Using this data is hugely beneficial to make the informed decisions required to de-risk your business and stabilise your incomes.
Because in a world where volatile weather is becoming the norm, the ability to make data led decisions around what to grow, and when not to grow, is crucial.

We agree that active client dialogue is the only way to help our clients through this difficult time, and we're both expecting discussions to remain focused on managing imminent cashflow pressures and developing resilient business models that can withstand increasing volatility.

For a conversation about how Harvest 2026 has impacted your farming or rural business, speak to Jack or one of the Sumer Agriculture team by visiting sumer.co.uk/agriculture

Ceres Rural offer smart business solutions for progressive farmers, landowners, and the rural economy, guided by science and independent advice. From free business advice, to crop management services and support with environmental scheme applications - their specialist team offer a full scope of experience-led farming consultancy, technical support and business management service tailored to your farming business.

Client case study

What can one farms' harvest tell us about the year ahead?



Robert Young
Partner
EQ



Every farm will have its own story to tell about the 2026 harvest.

Robert Young, Partner at EQ shares how for client Hugh Brunton of Crudie Farming Company near Arbroath, the picture is broadly positive. But the results across his cereal, potato and vegetable crops highlight just how differently weather, crop choice and investment can affect performance– and what this year's contrasting results could mean for future decisions.

Wheat has been a particular success

Established in good conditions in late 2025, Hugh's wheat crop delivered above-average yields and an excellent sample, while favourable harvest conditions meant minimal drying was required – a welcome outcome with increasing fuel prices.

The crop will be stored and marketed in spring 2027, giving Hugh another decision to make around timing and price.

Furthermore, straw yields were also better than normal, with all wheat straw baled in excellent conditions for use in the farm's carrot operation.

Spring barley tells a different story

Despite good drilling conditions, a very dry summer resulted in below-average yields and reduced straw output for their spring barley. However, the quality remained good, allowing the crop to be sold for malting at harvest.

Potatoes have delivered a particularly encouraging result

The crop is grown for the ware market, with harvest currently ongoing. And allowing the crop a little longer before pulverising appears to have worked well. Both white crop and Piper varieties are currently producing above-average yields, with irrigated areas significantly outperforming non-irrigated crops in both yield and quality.

Most of the crop has already been sold on contract, while the additional tonnage is expected to give the business a strong free-buy position over the coming months.

A standout onion crop for 2026

The combination of ideal east of Scotland growing conditions and irrigation has produced one of the best crops the client has seen, both in terms of yield and quality. Good news for sales to both supermarkets and local businesses.



Wheat
Above-average yield & successful straw baling



Onions
One of the best crops the client has seen. Strong yield & quality.



Potatoes
Above-average yield, harvest still ongoing



Spring barley
Below-average yield, reduced straw. Good quality crop.

What can other farmers take from this?

Hugh's experience demonstrates why looking beyond headline yields is important when assessing a farm's performance.

Crop performance: The contrast between wheat and spring barley shows how the same season can produce very different outcomes across a farm.

Investment: The difference between irrigated and non-irrigated potatoes demonstrates the potential value of investment in managing weather-related risk – but the return needs to be considered alongside the costs involved.

Marketing: Producing a strong crop is only part of the equation. Decisions around whether to sell at harvest, store for later or take advantage of free-buy opportunities can all affect the eventual return.

Profitability: Ultimately, yield is only one measure of success. Understanding production costs, selling prices and the timing of income is essential when assessing whether a good harvest has translated into a good financial result.

For Hugh, the harvest is not quite over yet. Carrots remain in the ground, with the first lifting expected around Christmas.

But with strong results across several enterprises, the 2026 season is shaping up to be a positive one – while also providing plenty to consider when planning for the seasons ahead.

For agricultural businesses, this is where having advisers who understand both the farming operation and the numbers can add real value.









What does this mean for your farm?

Look beyond yield – consider production costs and eventual selling price.

Review investment decisions – could irrigation or other infrastructure reduce weather-related risk?

Think about marketing early – storage, contracts and free-buy opportunities can all affect returns.

Use your harvest data – this year's results can help inform next year's cropping and investment decisions.

At Sumer, our agriculture specialists work with farmers to look beyond individual crop results, helping them understand what the numbers mean for profitability, cash flow, investment and future decisions.

To find out more visit sumer.co.uk/agriculture



In focus

Is farm diversification the solution to building long-term business resilience?

In this post-Covid, post-Brexit decade, the agricultural landscape is undergoing a profound shift.

Volatile commodity markets, evolving environmental conditions, and shifting subsidy frameworks are forcing farmers and landowners to radically rethink their businesses.

And whilst some may have once viewed farm diversification as an optional growth strategy; for many, it has become a commercial necessity to build long-term business resilience.

However, transforming an agricultural business into a multi-revenue enterprise is rarely straightforward. Andrew Heskin at Moore Thompson shares how those who've been successful have found that the key lies between commercial viability and proactive tax planning.

Making the most of your farm's existing assets

The most successful diversification projects often build upon a farm's existing strengths, rather than trying to develop an entirely new business from scratch.

Many landowners are finding commercial success by identifying underutilised assets - whether that's an empty barn, a scenic view, or marginal land - and aligning them with market demand.

Current high-growth avenues include:

- **Agri-tourism and leisure:** Converting redundant outbuildings into luxury holiday lets, farm shops, glamping sites, or event venues.
- **Renewable energy:** Utilising land for solar arrays, wind turbines, or anaerobic digestion plants to secure stable, long-term rental income.
- **Commercial lettings:** Repurposing agricultural units into light industrial spaces, artisan workshops, rural offices or secure self-storage facilities.

At the same time, exploring a new agricultural enterprise could yield dividends too – take contract calf rearing or growing non-food crops, for example.

But before committing capital, a rigorous commercial appraisal is essential. Landowners must evaluate local planning policy, infrastructure limitations (such as road access and grid connectivity), and the local competitive landscape.

And crucially, a new venture must not cannibalise the core farming business; it should complement it and not stretch labour and management time to breaking point.

Protecting your farm's tax relief

While the commercial prospects of a new venture may be attractive, failing to consider the tax implications can quickly erode any profitability.

Agricultural businesses enjoy some distinct tax privileges, and a shift in land use can inadvertently dismantle these protections.

- **Inheritance Tax (IHT) and Agricultural Property Relief (APR):** Of primary concern for any multi-generational farming family is the loss of Agricultural Property Relief (APR). APR can provide up to 100% relief from inheritance tax on land and buildings maintained for agricultural production.

  But the moment a barn is converted into a farm shop or land is used for solar, it ceases to be "agricultural." And APR is lost. To mitigate this, landowners must look to Business Property Relief (BPR).

  BPR can provide similar protection, but it applies to trading businesses, not investment businesses. So, if your diversified income is deemed "passive" - such as simply collecting rent from a commercial tenant - the asset may become fully exposed to a 40% IHT liability.

- **The trading vs. investment balance:** HM Revenue & Customs (HMRC) assesses the business as a whole. Under the "Balfour principles," if a farm becomes predominantly an investment business (generating more than 50% of its income or asset value from passive activity rather than active farming or trading), the entire estate could lose its BPR status. So, maintaining a strict balance between core agricultural trading and new diversified income is critical.

- **Capital Gains Tax (CGT) and rollover relief:** Selling land or assets to fund a new project can trigger substantial Capital Gains Tax. Active farmers often rely on Business Asset Rollover Relief to defer CGT by reinvesting proceeds into new qualifying trading assets. However, be aware - if you're reinvesting into what would be deemed an investment activity, this relief is unlikely to be available.

- **The VAT dilemma:** Farming businesses are typically VAT-registered and used to reclaiming VAT on inputs because food production is zero-rated. Many diversified activities, such as commercial property letting, are exempt from VAT.

  Operating both exempt and taxable activities introduces "partial exemption" rules. But this can severely restrict your ability to reclaim VAT on shared farm overheads and the significant capital expenditure required for the conversion itself. So, an Option to Tax should be considered.

Structuring your diversification for the future

To balance commercial drive with tax efficiency, standard structures rarely suffice.

Instead, landowners can consider structural separation to ring-fence risks and optimise tax positioning:

- **Separate legal entities:** Running the new venture through a separate limited company can protect the core farm from commercial liabilities.
- **Seek legal advice:** Check that the new activity complies with tenancy agreement terms and all relevant regulatory requirements.
- **Meticulous record-keeping:** Maintaining separate accounting streams, logging management hours, and distinct bank accounts, help monitor profitability and can demonstrate the active trading nature of the businesses.

Building a resilient future for your farm

Diversification not only offers an opportunity to inject new revenue streams into an agricultural business, but can secure employment for the next generation, and smooth out the cyclical highs and lows of traditional farming.

But, commercial enthusiasm must always be paired with technical discipline. And that's where we can help.



Our agricultural specialists work with over 1000 agricultural businesses across the country, which means we can offer insights from others, share successes and provide practical expertise.

And by starting the conversation early, rather than after the concrete is poured, means we can help you make sure that your drive for modernisation doesn't compromise your heritage or your future.

To discuss your diversification plans in more detail. **Get in contact with Andrew or one of the team by visiting sumer.co.uk/agriculture**



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What do the new APR and BPR rules mean **for your succession plans?**



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Two years ago we were unaware that the agricultural community was to be impacted by huge changes to Agricultural Property Relief (APR) and Business Property Relief (BPR).

The changes, that came into effect from April 2026, now make succession planning an increasingly important consideration for farming families and landowners.

Andrew Perrott, Partner at Monahans, looks into how the changes continue to affect agricultural clients across the UK and why understanding what this could mean for your family and your future - by starting to plan early – can give you more options.

What do the new rules mean for you?

Under the new rules, 100% APR and BPR is available on up to a combined £2.5 million of qualifying agricultural and business property per individual, subject to the relevant conditions. Qualifying property above that threshold generally attracts relief at 50%. For someone with significant land, farming or business interests, this could create an IHT liability where there may previously have been little or none.

For example, if you have £5 million of qualifying agricultural and business assets, £2.5 million could potentially benefit from 100% relief, with the remaining £2.5 million receiving 50% relief. This could leave £1.25 million exposed to IHT, before taking account of the wider estate and any other available allowances and reliefs.



At the current 40% IHT rate, that could mean a potential liability of £500,000.

For a farm or estate that's valuable in land and assets but that doesn't generate large amounts of spare cash, the important question is: where would that £500,000 come from?

There is an option for IHT on qualifying agricultural and business property to be paid by ten equal annual instalments, with interest-free payments available while the instalment option applies. This can help with cash flow, but it doesn't remove the liability. It's therefore important to think about how any tax due would ultimately be funded.

Succession planning needs to look beyond simply deciding who will take over the farm.

Don't overlook the seven-year rule

Part of your succession planning may well include passing assets to the next generation during your lifetime as gifts. But it's important to understand the potential IHT implications before doing so.

Broadly, an outright gift becomes fully outside your estate for IHT purposes if you survive seven years. If you die within that period, the gift can still be relevant for IHT.

For example, imagine you gift £1million of assets to the next generation as part of your succession plan. If you die six years later, the seven-year period has not been completed, and the gift may still have IHT consequences.

In addition, following the APR and BPR changes, certain qualifying agricultural and business property gifted on or after 30 October 2024 can count towards the £2.5 million allowance if the donor dies within seven years.



The important point here is that the seven-year period isn't simply an administrative detail. The timing of a gift can form an important part of your wider succession plan.

So before making any significant gifts, you'll need to consider how it fits with the rest of your estate, the assets you intend to retain and the needs of your family.

Succession is about more than Inheritance Tax

The changes to APR and BPR certainly provide a good reason to revisit your succession plans, but of course tax is only one part of the picture.

You may also need to consider:

- *Who will actually take over the farm or business?*
- *Is the next generation ready and willing to take on the responsibility?*
- *How will other children or family members be provided for?*
- *How would any IHT liability be funded?*
- *Does the current ownership structure still make sense?*
- *What happens if your intended successor changes their plans?*
- *Will you have enough income and capital to support yourself in retirement?*

These questions can be just as important as calculating the potential tax liability.

It's also worth remembering that a succession plan that's put in place today may well map out the next ten, fifteen or twenty years.

But as land and asset values, family circumstances, business structures and tax legislation can all change, succession planning needs to be an ongoing process rather than a one-off task.

Plan while you have options

If you've not done so already, the April 2026 changes provide a good reason to review your succession plans for significant agricultural or business assets.

The best time to start thinking about succession is generally before you need to make a decision. So you have time to understand the potential IHT position, consider different ways of passing assets on and think about what you and your family will need in the future.

The seven-year rule is a good illustration of why timing matters. A plan put in place when you have time to consider your options is very different from one developed under pressure because of a sudden change in circumstances.

A useful succession plan should therefore consider the whole picture: what you own, who you want to pass it to, what you and your family will need, what the potential IHT exposure could be and how any liability might be funded.

Start with a conversation

The new APR and BPR rules make these conversations more important, but they also provide a useful opportunity to revisit whether your existing plans still reflect what you want to happen to your farm, land and wider estate.

Our agricultural specialists across the UK work together to offer specialist sector advice, whilst giving you the local delivery, understanding and personal relationships you rely on.

To speak to one of the team about succession planning for your farm or rural estate, visit sumer.co.uk/agriculture

Meet our agricultural champions

Farming expertise, rooted in experience

From family-run farms to larger estates and diversified rural businesses, our agriculture specialists understand that no two businesses are the same. With deep roots in farming communities and regular involvement in farms, agricultural events and local rural networks, their knowledge stays closely connected to what's happening on the ground near you.

And it's that combination of first-hand experience, local insight and the wider expertise as part of Sumer that means you get advice that reflects the realities of your business – so you can navigate change, make informed decisions and plan confidently for the future.

Get in touch today for practical advice grounded in a genuine understanding of farming.



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