How to work with neighbours to reduce costs

Q Have been approached by a neighbour to take over a piece of farm land together. We both have machinery coming up for replacement and current costs plus Brexit uncertainty makes working together attractive. What are our options?

Andrew Wrath Head of food and farming

A The options include entering into a full contract farming agreement with your neighbour, with one of you undertaking or managing the whole business, or you both retaining the management of the business. This, if successful, will reduce the scale of capital from the sale of existing equipment, which can be invested elsewhere.

The agreement will need to reflect the relative input of each partner but such arrangements can also free up time for other business interests. Another option is an agreement to share a single machine, either jointly owned or by one party contracting the service to the other.

The third main option is to set up a separate entity owning the equipment that then contracts back to your respective farming businesses, so as to allow the potential to carry out work for others.

While the key driver dictating which option to take comes down to maximising overall savings and having access to reliable up-to-date equipment to maximise production, working out how to get there involves some serious thought and essentially comes down to working relationships.

The obvious but vital point is who will work with your neighbour? The personal relationship may be good but are you of like mind in your approach to operations?

Having looked over the hedge, are you happy with what you see? How are the farms placed in terms of coping, soil type, storage and drying? Are there any natural synergies or pinch points that are reasonably foreseeable and likely to cause a problem?

What works on paper also works in practice. For example, a wheat harvest with limited combine capacity, average grain-drying facilities and a preponderance of milling wheat can be a pinch point that is reasonably foreseeable and likely to cause a problem.

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Q We purchased a block of land in 2005. In 2015 an adjoining piece was bought by someone else. In the past, the two parcels belonged to the same farmer. We want to fence the boundary. Can the new owner prevent us from putting up the fence where the land used to belong to us?

Russell Reeves Partner

A It appears you and your neighbour may have differing opinions on where the true boundary lies between your two properties. Unfortunately, the boundary line on the title registered at the Land Registry is not conclusive evidence of where the true boundary lies. It is only a “general boundary” and is not intended to show the precise boundary between the two parcels of land.

In order to consider where the true boundary line lies, it will be necessary to consider all the relevant facts of your case including the title deeds to your land and your neighbour’s.

I would always recommend a site visit by a specialist lawyer because sometimes there may be evidence of where the true boundary lies on the ground, such as old fence posts now hidden, a ditch or a line of trees. One way of resolving the dispute is to try to agree with your neighbour where the true boundary lies.

If you can reach an agreement it is possible to register that agreement with the Land Registry. This can save time and costs.

A specialist solicitor will be able to consider all the facts of your case, and then advise you on the most appropriate way forward with regard to your chances of being able to successfully demonstrate where the true boundary lies.

Subject to that assessment and assuming you cannot agree on the boundary with your neighbour, there are various ways to determine the boundary line.

One conciliatory way is by having a site visit by a specialist lawyer. Mediation is encouraged by the courts and would involve you and your neighbour jointly instructing, and then meeting, a mediator whose role is to try and settle the boundary with your agreement.

A mediator is an independent professional, with no power to decide the boundary but they will explore and encourage settlement with you both.

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