News and updates from Alan Boswell Group
Summer 2018

TELEGRAPH

Where the heart is

Priscilla Bradley-Watson tells us about the highs and lows of living in a Grade-II-listed property

The gift of giving
Green and pleasant land
Private healthcare in numbers

ALAN BOSWELL GROUP
Independent Insurance Brokers & Financial Planners

Alan Boswell
Group Chairman

Welcome to the 2018 edition of *Telegraph* magazine. As you may have noticed, this issue has been published earlier than in previous years.

That's because we wanted to share our latest news while event-season is in full swing, which begins with this year's Royal Norfolk Show (we're at stand 75).

To tie in with that, this issue features a fascinating interview with Kevin Bowes, a well-known farmer and a member of the Royal Norfolk Agricultural Association Council. He explores the challenges facing the farming industry and the importance of conservation.

We've also got charity golf days, risk management webinars and financial planning seminars in the diary for coming months, so I hope we get the chance to see you soon. If we can help with your insurance or financial planning in the meantime, don't hesitate to get in touch.

Alan Boswell, Group Chairman

RESEARCH REVEALS IHT KNOWLEDGE GAP

Recent research conducted by Alan Boswell Group has found that less than 30% of over-50s in the UK understand key Inheritance Tax terminology.

The findings showed that only 27% of respondents were able to correctly identify that 'nil-rate band' referred to the threshold at which an estate becomes liable for Inheritance Tax (IHT), and that this threshold is set at £325,000.

This is in addition to only 44% being aware that the current rate of IHT is 40%.

The data comes following a survey into public awareness of IHT, which was launched when the Government announced record IHT receipts of £5.2bn in the year to May 2017.

We have growing concerns because increasing property prices are pushing many more estates over the £325,000 threshold (a figure that has been frozen since 2010, although UK house prices have increased by 33% on average in that time) incurring tax at a rate of 40% on sums that exceed the threshold.

Says John Whitehead, MD at Alan Boswell Financial Planning: "Inheritance Tax affects more people than ever before, and it is concerning to find that the majority of over-50s, who will be most affected by the trend, are unaware of the key facts. As a result, they are likely to pass on less to their heirs than they were expecting."

In addition, the research also found that only 30% were aware of Business Relief (also known as Business Property Relief), whereby an individual can invest in qualifying businesses and pass the shares on tax-free if they have been held for more than two years at the time of death. Of the respondents that had heard of it, only 31% were correct in stating that the IHT benefits only apply after two years.

John continues: "There is a real need for financial education, not just about the basics, but how families can pass on their estates in a tax-efficient way. Without an understanding of the terminology, it's difficult to know how it affects you and your family. Although it's a subject that may be difficult to discuss, there are professionals available to help you to understand your risks and how to minimise their impact."

Tax treatment depends on your individual circumstances and may be subject to change in future.

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Fantastic fundraising

We're proud to report that a massive £15,000 was raised for our charity of the year, Big C, in 2017.

Alongside the usual mix of dress-down days and bake sales, there was an annual golf day, Boswell Cup football tournament and '80s themed cake sale.

But it didn't stop there. Group Executive Chairman Alan Boswell, who has supported the charity for more than 20 years, donated an additional £50,000 to support a Big C-funded research project. Dr Dan Brewer will work with Professor Colin Cooper to research and discover new sub-types of cancer.

Understanding these sub-types of the disease is important to help predict survival, inform treatment options and suggest new drug treatment strategies to improve the lives of those affected by cancer.

Alan comments: "Everyone has a story about somebody close to them who has been affected by this disease. We're extremely proud to support the amazing research undertaken here in East Anglia."

As a result, we've now raised more than £100,000 for the Waveney and Norfolk-based charity and are intending to pull out all the stops again this year, with a vast array of fundraising initiatives being planned across the business.

Credit: Big C

Industry recognition

We're pleased to announce that we have been shortlisted for the Customer Care – Company Award at the Insurance Post Claims Awards 2018.

It's a hotly contested category and we're up against five other businesses for the title, which will be announced on 21st June 2018 – just as *Telegraph* goes to press.

"We're delighted to have been shortlisted for this prestigious award"

The winner will be a company that demonstrates an excellent level of customer care, backed by clear standards and consistent monitoring of performance.

The news came after we were presented with Feefo's Gold-Trusted Merchant Award for the third year running, thanks to our ongoing commitment to outstanding customer service.

Marketing Manager Lee Boswell comments: "We're delighted to have been shortlisted for this prestigious award. It's a great endorsement, especially after being highly commended in the Insurance Times Broker of the Year category at the end of 2017."

Stay tuned to our website to see if we're named winners.

BUSINESS RESERVES CONTINUE TO GROW

Group Finance Director Alastair Drew provides an overview of the group's performance in 2017/18

Another 12 months have passed, and I'm pleased to report that the group's reserves have increased for another year. These were in excess of £12m, which represents an increase of 25% on the previous year. It remains group policy to hold substantial capital over regulatory requirements (approx. £1.5m combined).

Income increased by 28%, largely driven by the impact of two recent acquisitions (S-Tech Insurance Services in Cambridge and Sutcliffe Solloway & Co in Lincolnshire). Within that figure is organic growth of six percent, which, as in recent years, has largely been driven by client acquisition.

In order to continue providing an outstanding service to our clients, our staffing figures have also increased. As a result, we have recently gone over the 350-employee mark across our 10 offices.

Alastair Drew
Finance Director

INDUSTRY NEWS

CARILLION COLLAPSE: SIX MONTHS ON

S-Tech Director *Laurence Hill* takes a look back over the first half of 2018 and reflects on the shifting economic landscape

More than six months have elapsed since Carillion ceased trading and the UK is still reeling from its demise. Although investigations into the failure of the contracting giant are ongoing, more than 2,300 people have lost their jobs to date, and the Association of British Insurers (ABI) predict that there will be at least £31m-worth of claims as suppliers and contractors seek to recoup their losses.

But Carillion's not the only big-name business to have gone under in the past six months. Since January, several companies, including Toys R Us, Multiyork, Maplin, Monarch Airlines and Palmer & Harvey, have become insolvent, causing widespread disruption.

At the time of writing, Carpetright, Mothercare, New Look and House of Fraser have entered a form of insolvency, known as a CVA, while Wickes is experiencing financial difficulties.

Consequently the Federation of Small Business (FSB) has called into question the use of the Prompt Payment Code, stating that it isn't stringent enough; some suppliers have to wait up to 120 days to be paid what they are owed.

On top of that, more than 30% of payments are typically late and the average value of each late payment is £6,142.

According to FSB figures from 2016, late payments cost the UK economy £2.5bn and causes 50,000 small businesses to permanently close their doors.

PROTECTION FOR TROUBLED TIMES

So what can business owners do to safeguard their own cashflow, without being negatively affected by the difficulties of their customers?

Trade credit insurance is a vital consideration. It is a way of moving the risks away from your business and over to an insurer, even if you're trading internationally.

For instance, if a customer goes bust, an insolvency practitioner will get in touch to explain what's happening, allowing you to make a claim for outstanding payments. This also applies if a customer defaults on an invoice and, depending on your policy, you could make a claim even though your customer hasn't gone bust, so your cash flow remains healthy.

In cases like this, it's also worth considering dispute cover. This allows you to make a claim, even if you're taking legal action to pursue the late payment and the customer disputes the invoice. The insurer will often seek to recover the debt once the dispute has been resolved.

But the cover can also help you before you have to make a claim. Credit insurers have access to large databases of financial information so they can help you set credit limits and minimise your risk. The insurer will monitor the situation and alert you to any changes to your customers' risk profiles.

As a policyholder, you could even request a credit check on a customer before you arrange payment terms. Your insurer would assess the risk and send back a decision on the levels of credit you should extend. It may not be what you hoped for, but you're able to minimise the risk of late payment or insolvency.

At S-Tech we've worked with leading credit insurers for decades. Our experience can help you to arrange cover for your risks in turbulent times. Call me direct on 01603 967960 to discuss your exposure to credit risks.

GDPR UPDATE

Whatever your business, it's unlikely that the General Data Protection Regulation (GDPR) has passed you by. Launched on 25th May, GDPR gives individuals more power over their data and how it's processed. As a result, GDPR will affect any business that handles personal data.

If a business fails to comply with the regulation, it could be presented with a fine for up to €20m, or four percent of its turnover, whichever is greater. Data breach, whereby personally identifiable data falls into the wrong hands, is a particular concern, because there are so many ways it could happen. Alongside human error, there is also an ever-evolving risk of cyber-crime. From phishing emails, to imitation and ransom, there are various risks to be aware of.

As S-Tech Director Phil Thorpe explains: "No matter how rigorous the data management practices introduced, it's likely that a business will fall victim to a breach at some point."

Capturing and managing the incident is key to how a business emerges from the crisis. A cyber liability policy can play a vital role in this instance.

Phil recommends looking for a policy that will cover your repair costs; your loss of income; claims from affected parties; and regulatory costs and fines.

"You should seek a company with a first response team that will supply you with appropriate IT network, legal and forensic support, as well as management of any ransom demands.

"They should also manage the notification to the Information Commissioner's Office (ICO) and the people affected, while providing monitoring services. Ideally this will be accompanied by call centre and public relations support."

WORKPLACE PENSION CONTRIBUTIONS RISE

If you make auto-enrolment contributions to a workplace pension scheme, it's likely that you'll have noticed a change in your pay packet.

That's because, on April 6th, the minimum contribution levels changed, as the government encourages us all to save more for retirement.

Gross contributions were set at a 1% minimum for employees and 1% for employers until April 2018, when they increased. The new level is a 3% minimum for employees and 2% for employers – and these rates will jump to 5% and 3% respectively in April 2019.

As such, there will be increased deductions from your salary, which will affect the amounts you take home every month. However, it's important to note that you qualify for tax relief on pension deductions, which will make up part of the total contribution.

For instance, if you contribute £24 from your salary, you'll get tax relief of £6 (on the standard Income Tax rate), as well as an employer contribution of £20. That means £50 will go into your pension.

53%

of people would pay for private healthcare treatment if they could afford it

See page 7 for more vital statistics

You should be notified of these changes by your employer. If you're concerned about the impact these will have on your income, it is possible to opt-out of your workplace pension by speaking to your HR department. However, if you are unsure you should seek professional financial advice before making this decision.

Dee Myhill, Auto Enrolment Consultant at Alan Boswell Financial Planners explains: "The limits have been increased to ensure that the population has sufficient funds when they come to retire. The 2018/19 State Pension is a maximum of £8,546.20 a year, which is unlikely to be enough to live on.

"With an ageing population and a shrinking birth rate, this situation is likely to be exacerbated for future generations. Auto-enrolment helps to ensure you have more saved for retirement than just your State Pension."*

60,000

The number of houses in multiple occupation (HMOs) in the UK

Turn to page 14 for more on the challenges facing the buy-to-let market in 2018

*The value of an investment and any income from it can go down as well as up and you might not get back the original amount invested. The past is not a guide to the future. The value of tax benefits depends on your individual circumstances and the laws concerning these can change.

PRIVATE HEALTHCARE IN THE UK

Telegraph takes a look at the vital statistics of the private medical care industry

With news headlines dominated by doom and gloom stories about the state of the National Health Service, it's only natural to be curious about your private healthcare options.

A recent study found that the size of the UK private healthcare market is due to increase 2.8% year-on-year until 2025, estimating that it will be worth £14bn.

As a specialist in arranging both group schemes and individual medical cover, this infographic shares some key statistics about the current size of the industry in the UK and some of the reasons behind its growth.

If you have any questions about private medical insurance, how it works, or to get a quote, give us a call on 01603 967967.

23.4m

Attendances recorded at A&E in England during 2016-17

An estimated **10.6%** of the UK population is covered by PMI. That's more than 6.9 million people!

Source: www.aviva.co.uk – LaingBuisson 2016 market report

89%

Patients spent four hours or fewer in A&E in 2016-17

£3.98bn

The PMI market is worth more than £3.98bn

Source: www.aviva.co.uk

Monday

The busiest day of the week at A&E in 2016-17

Source: www.digital.nhs.uk

£185bn

The total healthcare expenditure in 2015 was £185bn, which saw an increase of 3.6% on spending in 2014, which came in at £178.6bn

Source: www.ons.gov.uk

79%

Government-financed healthcare expenditure accounted for 79.5% of total healthcare spend at £147.1bn

Source: www.ons.gov.uk

53%

of people would pay for private healthcare treatment if they could afford it

Source: www.ons.gov.uk

Country living

Telegraph speaks to Priscilla Bradley-Watson *about both the joys and challenges of owning a Grade-II-listed property*

"I'd like this to be my forever home," Priscilla Bradley-Watson muses as she sits outside her wisteria-clad property. "It's a lot to manage though. It's a full-time job to live here – that's the problem."

The Norfolk-born businesswoman returned to her native county in the year 2000, following a brief spell in Suffolk, having spent two decades living in London while working in the fashion industry. She now runs her own business, The Bradley Collection, from Suffolk, creating luxury curtain tracks, poles and rods for customers around the world.

"Originally I thought we would live nearer to Norwich, but we fell in love with the house and ended up moving here, which wasn't quite the plan! My commute to work now takes about an hour and 20 minutes. Thankfully I don't go in every day – I'm on email and the phone. As I say, I ended up coming here completely by mistake!"

"Here" is a Grade-II-listed country house in the wide open Norfolk countryside; a stunning combination of Georgian architecture and Victorian faux-Tudor façade, set in several acres of grounds, which are filled with animals. Priscilla's two-year-old Rhodesian Ridgeback bounds around the pond, setting fright to the Indian runner ducks and Guinea fowl, while alpacas roam the rear paddock and miniature ponies keep the grass in check.

"The property has evolved over different periods," she continues. "I think there was a house here in the Tudor times, but then a Georgian house was put on one side and a Victorian façade was added in the 19th century.

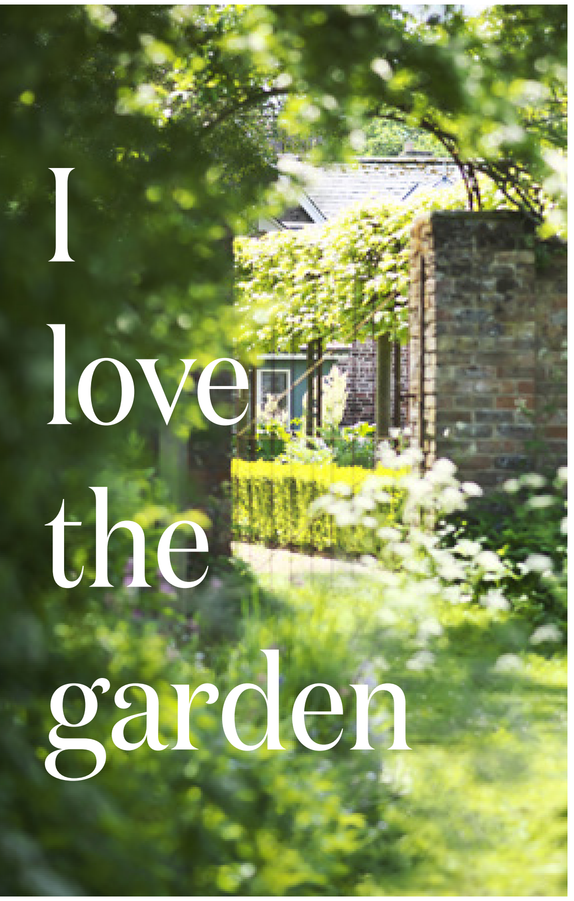
"There's always something that needs repairing or replacing, that's for sure! It was pretty neglected before the last owners moved in. I believe it was on the Buildings at Risk Register because no one had spent any money on it and left it to rot away. Local authority personnel have been very supportive because I think they're pleased to have someone here who's looking after it.

"The garden was dreadful too. It was really overgrown with brambles and you couldn't get around the paddock."

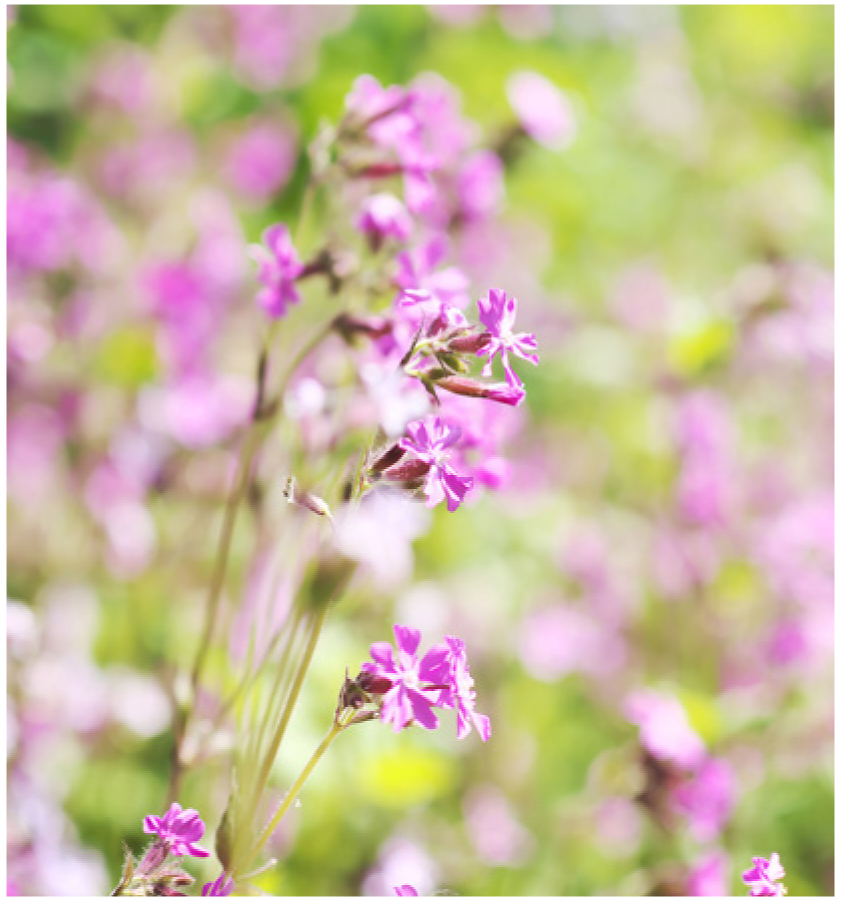
Now the garden's been restored, it's a breathtaking sight, with lush green lawns, a pond filled with rudd, carp, tench and perch, while the horse chestnuts are alive with fresh leaves, the false acacia is covered in vivid blooms, and it's all watched over by one of the largest Oriental plane trees in the country.

Says Priscilla: "I try to keep a bit of it wild, so that we encourage wildlife to come here; I don't keep it too manicured. We've got owls nesting in the woods, we've got woodpeckers and lots of little birds, as well as deer coming through. We try to keep it as a haven for wildlife.

"I live outside in the summer," she adds. "I'm an outdoor person, so I love the garden. We follow the sun around the house; we have breakfast on the terrace in the morning and then the sun goes round the side, so we have afternoon



I love the garden



tea there and then, when the sun comes round by the summer house in the evening, we sit out there and have dinner before it sets."

Reliable relationship

Having owned the house for 18 years, Priscilla has added to and restored much of the property, including renovating the coach house and putting a roof over the courtyard. The footings are also in place for the reconstruction of the orangery, which will be built to the original specifications.

"Getting home insurance used to be a problem," she explains. "When I first moved here I continued with the previous owners' insurance because it can be difficult to arrange. A place like this is so unusual. There aren't many companies out there that are interested in taking it on. Most insurers would rather focus on a standard four-bedroom house. This house needs something more bespoke.

"My brother recommended Alan Boswell Group because he was using them. Mark [Linehan] came out to have a look around and he managed to arrange comprehensive and competitive cover – and that was in 2006.

"I'm still with the same insurer, even though Mark regularly searches the market for a better deal. It's great working with him. I enjoy the personal service and being able to pick up the phone and speak to him. He is very reliable and gets straight back to me. He comes to see me every year to review the policy – he stops by for a cup of tea and a few biscuits.

"[Alan Boswell Group] now insures the house, the cars and even the business, as well as most of my family's insurance. It's all in the family!"

More than bricks and mortar

When it comes to making claims on her insurance, Priscilla is quick to state how lucky she has been, pointing out that there have only been two claims at the property.

"We've only had a couple of things happen. We've had two different people drive into the wall outside. The first time was about 10 years ago. We knew who it was, which made the claims process simpler.

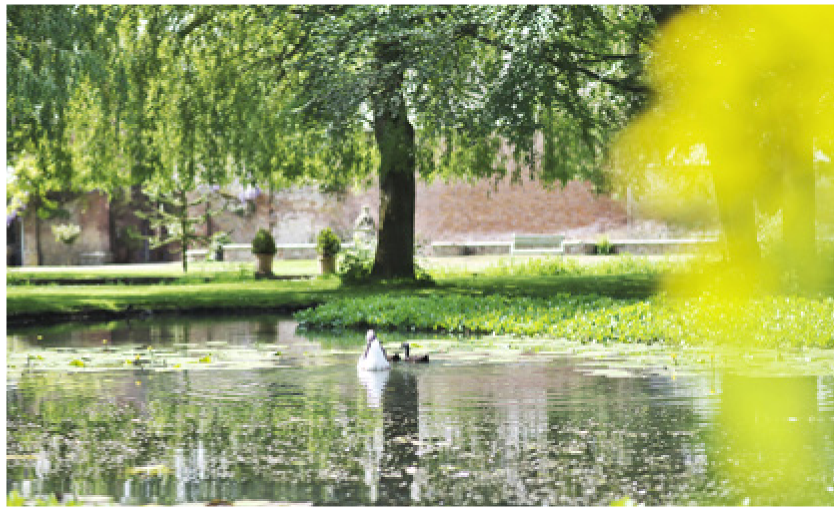
> I enjoy the personal service and being able to pick up the phone and speak to him

"The next one was when a lot of work was going on down the lane and they had these big bits of equipment with booms on the back. I think a tractor pulled over to let someone by and the boom hit it. The driver probably didn't know anything about it.

"About 20ft of the perimeter wall caved in. That was quite tall, about 10ft high, and a whole section of it keeled over and smashed my greenhouse.

"Like the house, the wall is listed. So when we came to replace it, we had to use original bricks and lime mortar and put it all back the way it was so it looks in keeping with the rest of the property. I know some really good builders, so once I had a few quotes from them ABG helped me to manage the claim."

When she reflects on all the work that she has put into the property and maintaining it she laughs: "I'm having a holiday from the building – I can't do anymore for a while!"



THE GIFT OF GIVING

Making a gift to your family when you are still alive is an effective way of passing on your wealth that needn't be confusing, as *John Whitehead*, Managing Director of Alan Boswell Financial Planning, explains

None of us likes to think that the assets and wealth we have accumulated during our lives will not benefit our loved ones when we have passed on. And while it is a subject that few of us want to dwell on, with careful planning and preparation, it's possible to support your family with as little lost to Inheritance Tax as possible.

To set the scene, Inheritance Tax is currently 40% and is typically paid by your heirs. The threshold at which it is payable has been frozen at £325,000 since 2010, which has seen a growing number of individuals face tax bills upon the death of a loved one – HMRC is said to have collected a record £5.1 billion in Inheritance Tax in the year ending May 2017 alone. Further, the number of families paying Inheritance Tax increased by a reported 160% between 2010 and 2016.

Considering the scale of those figures, it may seem surprising that some people are still cautious about the concept of gifting. Admittedly, estate and tax planning are complex areas, but making gifts to your friends and family in a controlled, planned way while you're still alive is an effective way of protecting your estate so you can pass on your wealth with minimal taxation.

How much you gift to your family and when is your decision, but to make sure that gift is tax-free involves careful planning and forethought. It is important to understand and pay attention to the seven-year rule, which says that as long as you live for more than seven years from when you made the gift, it will not incur Inheritance Tax when you pass away. Of course, if you don't live for seven years, Inheritance Tax may apply.

Alan Boswell Financial Planners' Managing Director John Whitehead begins by explaining current exemptions to the tax, before exploring how gifting can help mitigate any tax bills.

"There is more revenue generated for the government by Inheritance Tax than there ever has been, largely due to rising estate values, which is a result of increasing property values," he says. "There are, however, some generous exemptions for anyone with an estate worth less than £1 million, which may mean you don't actually face Inheritance Tax, depending on the circumstances."

Other, smaller exemptions allow you to give money away to family members too, regardless of the seven-year rule. The annual exemption, for example, allows an individual to make gifts of up to £3,000 in total in each tax year, completely free of Inheritance Tax.

Overcoming concerns

"A little-known way of gifting is related to surplus income over expenditure," John continues. "To illustrate, when an individual receives more net income than they need to live on – if you earn £50,000 but only spend £25-30,000, for example – they are able to make regular gifts of that 'surplus' income. In this case you must be able to show that the payments are regular and that the gift comes directly from your income, but it allows you to give a lot of your money away without incurring Inheritance Tax when you die."

As such, there are several ways in which you can distribute your wealth to ensure your family are financially supported when you're still alive. However, a number of rules apply to gifting that make it pertinent to obtain professional advice.

It is that complexity that makes some people nervous about how to best approach gifting, says John: "People are reluctant to delve too deeply into finance because they feel like they don't understand it enough. It is complicated, so some people prefer not to look into it.

"It's also a commonly held belief that seeking professional advice is very expensive. But that's not the case because, ultimately, what you will save in tax is a significant sum of money, which more than offsets the costs of organising your affairs."

When you give a gift, the law dictates that it must be an outright gift that is away from your personal use – you can't gift your house to your children and continue to live in it, for example. "This is one of the most common reasons for people to be reluctant to gift, because whatever you are gifting technically has to go. From the outset there must be a willingness to understand that what you are gifting is gone and you can't get it back," John explains.

"People find it difficult to hand over something they may want – or perhaps need – to use in the foreseeable future. They also worry that they may need the capital later in their lifetime, usually for care, which raises additional concerns about not wanting to be a burden on those same family members that you are gifting to. When you consider that, as a population, we are living longer, you can understand why it's a hard decision to make."

"People are reluctant to delve too deeply into finance"

Family finances

You can gift from any age and to whom you wish but, as John explains, for some this raises concerns about the impact of gifting to children and grandchildren when they are 'too young' or not yet ready to receive the money.

Naturally there are family-related issues that affect gifting decisions too. "A growing factor affecting gifting is that of divorcing children and grandchildren," says John. "The main concern is if a child or grandchild gets divorced, they could lose the value of what they have gifted because a partner could end up taking some of the capital. It's something I've seen on a few occasions and it traumatises the grandparents."

While that example is a reminder that there are circumstances we cannot plan for, when it comes to gifting you can be secure in your choices by following a few simple steps. "When actively gifting, the key is to follow the correct steps and be sure that you document the gifts at every step of the way, as well as what your intentions for those gifts are," says John. "Making gifting easier really comes down to thorough planning and a considered, well-thought-out process around exactly what you wish to do."

One simple way of avoiding some of the burden of Inheritance Tax is to make sure you have an appropriate will in place – this also makes the process of gifting more straightforward. John recommends that you have your will finalised because it ensures that, at a very basic level, you have many of the key considerations covered.

"We do occasionally encounter apathy when dealing with finances after the death of a loved one. However, the big issue is that if you die and you've not made a will, your assets don't always pass to the people you'd expect," John comments. "People have the belief that if they've not made a will their assets automatically pass to their spouse or their children, but that's not the case. It may fall to people they didn't intend to get it."

Put plans in place

There are many things to consider when making a gifting plan and if you are cautious about making any decisions you're not alone. However, it's important to remember that it is a sensible way of ensuring that as much of your estate goes to those you want it to as possible. As with anything of such importance, we advise that you seek professional advice and plan thoroughly, so that you fully understand the impact of the choices you're making.

"When we're providing advice, we typically make sure the will is in place first," John highlights. "Then we work in conjunction with solicitors to gather information on the assets and what is left in relation to the exemptions we've already discussed. We then consider what happens to those assets if our client does nothing, before planning how they want people to benefit, what their expectations are and how financial planning can help to achieve that.

"I don't think people are fully aware of what they can do to mitigate Inheritance Tax. The information available is not always the easiest to find or straightforward to follow, but with the correct planning and professional advice you can effectively gift significant amounts of money to prepare for the future."

WHY IT’S HARD TO BE A LANDLORD IN 2018

The introduction of new regulations and laws means that landlords must take a proactive approach to understanding their industry in 2018

‘Being a landlord is easy’. Regardless the size of your rental portfolio, it’s likely an opinion you’ve heard before. Put simply, it’s wrong. While the rental market still offers considerable opportunity for proactive landlords who stay on top of ever-evolving rules and regulations, it has also changed immeasurably in recent decades.

Chiefly, a developing regulatory environment has made the job of being a landlord more challenging, requiring increased administrative processes, a more professional stance on renting property and an ongoing awareness of how legislation can affect both your business and your tenants.

Of course much of this has been driven by the seismic change in the nature of home ownership in the UK. While there may be more rental properties on the market today, the number of tenants looking to rent continues to rise. For many, the concept of being a tenant has changed from being a short-term bridge to a permanent way of life.

The last two years in particular have seen a number of new regulatory and legislative decisions introduced that, if not fully understood, can have an impact on landlords. Last year saw a record number of government consultations on the private sector and notable changes include amendments to mortgage-interest tax-relief that will continue to be rolled out over successive years; the introduction of no-deposit insurance; and tougher standards for landlords with four or more mortgaged properties. In the latter instance, it’s now tougher to get funding, due to stricter underwriting criteria, introduced by the Prudential Regulation Authority.

> “Some landlords I know are considering leaving the sector altogether”

It’s a trend that looks set to continue. In 2018, landlords have already seen new minimum energy efficiency standards and banning orders come into effect. Later this year, wide-ranging changes to Houses in Multiple Occupation (HMO) will be put in place, which are likely to have significant impact, as will the changes to Section 21, as decreed under the Deregulation Act.

RIGOROUS RECORD-KEEPING

“There are a number of changes that are hitting the statute books at the same time in 2018,” says Chris Horne, landlord, developer and creator of PropertyHawk.co.uk, an online resource for landlords. “Many landlords have existed in a benign environment over the last 20 years, so these changes will come as quite a shock. Adjusting their ways of working to accommodate the new legislation is now really important, but it will take some getting used to. Many landlords are not ‘professional’, so the increased complexity and legislation only confuses them, and also increases the likelihood that they’ll make potentially expensive mistakes.

“The changes are driven by the increasing political power of the rental class,” he adds. “Many people now rent privately for a considerable period of time, or permanently – it’s become the housing tenure option for a sizeable part of the population. The latest projections are that a quarter of households will rent privately by 2021, with home ownership at a 30-year low, and that’s driving the political pressure for change.”

“It’s certainly become more difficult to be a landlord and the onus is on really keeping up with these changes,” says Tessa Shepperson of Landlord Law. “Being on top of records, processes and paperwork is now a vital part of being successful. To be safe from any action, landlords must make sure they not only comply with every rule and regulation, but that they can prove that they comply with every rule and regulation.”

TAX RULES

This year sees ongoing changes from new tax regulation introduced in 2017, which addressed the way income tax is levied on rental properties. “Landlords are no longer able to offset all of their mortgage interest costs against their rental profits,” Chris explains. “It’s a big rule that landlords really need to take note of.”

The implementation of new tax rules commenced in 2017, reducing the amount of mortgage interest that could be offset against tax to zero by 2020. This affects all residential properties, although landlords who hold their rental properties in a company are exempt. However, some higher-rate landlords, says Chris, could see “a devastating impact on their cashflow and wider business model”.

Mark Leach is a landlord with 30 years’ experience. With around 80 residential tenants and some commercial properties, he’s witnessed many industry developments. Despite that, he points to the new tax rules as “one of the biggest problems facing landlords this year”.

“Some landlords I know are considering leaving the sector altogether if interests rates continue to rise,” he says. “One method for dealing with the new tax laws is turning their property portfolio into a limited company. Doing that means you only pay 20% corporation tax and you can put all the costs of refurbishment, building and other work against your earnings.”

ENERGY EFFICIENCY

Two key new pieces of legislation to take note of this year are new banning laws and minimum energy efficiency standards (MEES). The former, says Chris, are essentially to “root out rogue landlords and letting agents. It is, in some respects, the regulatory price to pay for landlords not having to pay for a landlord licence, which effectively penalises the vast majority of good landlords – not just the bad ones we all want excluded from the industry."

Do your job properly and you shouldn't be affected by the banning laws. But the key thing to take away from this is that it's important to avoid complacency as, according to Tessa, banning laws can unwittingly catch you out. "Yes, they are targeting criminal landlords but they are worthy of fully understanding. A simple example being that if you make a mistake related to another law or regulation and get prosecuted, you could be subject to a banning order that effectively takes your business away."

The beginning of April also saw the introduction of minimum energy efficiency standards, aimed at private landlords in possession of properties that do not meet the lowest energy efficiency standards. The legislation makes it illegal to create or renew a tenancy in homes with EPC energy ratings of F and G. From 1st April 2020 landlords won't be able to continue letting the property at all.

This is, in many respects, easier to mitigate than other laws – for landlords it will require investment to ensure the property meets those standards. "If you wish to continue letting the property, energy efficiency improvements have to be made to meet the minimum E rating," says Chris. "In terms of advice and the best ways in which to do this, it's worth noting that you're not necessarily expected to finance the changes yourself – you can use third-party resources such as the Green Deal and local authority improvement grants to get the property up to the required legal standard."

SECTION 21

Further changes to be aware of in 2018 are those made to Section 21 under the Deregulation Act of 2015. Section 21 serves as a way in which landlords can legally obtain possession of their property from a tenant – it's one of the most important pieces of legislation protecting landlords, providing it is served correctly.

The new rules, brought in by the Deregulation Act, which Tessa describes as "perhaps the most significant changes to be aware of this year", have made Section 21 more complex, introducing a number of hurdles that landlords should be aware of.

"The main scenarios where this can now be an issue," Chris says, "are if you fail to serve a Gas Safety Certificate; fail to provide an EPC where applicable; fail to serve the *How to Rent* booklet; or prevent retaliatory eviction. In addition, you can no longer serve the Section 21 notice within the first four months of the tenancy, and once it is served it only lasts six months."

To avoid, where possible, the impact of Section 21 changes, the above stipulations must be correctly put in place at the start of a tenancy; be sure to protect the deposit within 30 days, for example, and provide a Gas Safety Certificate, booklet and accompanying paperwork before tenants move in. If there is any confusion, seek professional advice to make sure you are covered.

The new rules will make gaining possession for a landlord more complex and potentially more problematic – they also make it much easier for a well-advised tenant who is looking to make a claim against the landlord and defend themselves. Preparation and a proactive approach are essential.

HMO LICENSING

Later this year a key piece of legislation will come into effect, bringing changes to mandatory licensing for houses in multiple occupation (HMOs), which is expected in October. Currently it is estimated that there are 60,000 HMOs in the UK requiring a licence – that figure could see a fourfold increase once the new rules are in place.

"Presently, only the larger HMOs – three or more storeys and five or more tenants – need a licence," Tessa explains. "In October the law is changing to widen the scope. There will be no specific storey requirements and all properties with five or more tenants in two or more households will be applicable. Essentially, a lot more HMOs are going to become subject to licencing, and I see a fair few landlords getting quite a shock if they are not prepared."

The widening of the HMO laws to cover more properties means many landlords will be affected. There will likely be a grace period because of the volume of new licences it will require, but landlords that haven't sorted their licensing requirements – changes typically revolve around health and safety issues and similar – could face penalties of up to £30,000 and criminal prosecution.

DATA PROTECTION

While the changes discussed thus far are solely focussed on the rental market, according to Peter Littlewood of iHowz, there are wider developments that landlords should pay attention to, namely the changes to the General Data Protection Regulation (GDPR), which was introduced in May.

"Some landlords are struggling with the changes to data protection laws," he says. "Although it is aimed at large companies, landlords have certainly been swept up in this due to the sensitive personal information they hold about tenants. We have prepared a fact sheet for our members and an appropriate privacy statement they can use, so I hope they are better prepared."

BE A PROACTIVE LANDLORD

The nature of the rental market means that change is a constant. The key to overcoming any challenges posed by regulations discussed in this article are knowledge and actively staying up to date with the sector.

"Landlords have a responsibility to keep themselves informed," says Tessa. "Ignorance isn't a defence. There are plenty of services out there to help, so be sure to keep your eye on what's happening. To put it simply, if you don't keep yourself informed you are at risk. The key to mitigating regulation changes is to be proactive rather than reactive."

According to Chris, governments generally publish consultations on such matters prior to legislation coming into effect, sometimes by as much as 12 to 18 months, meaning that the savvy landlord has access to a valuable source of information.

"All landlords should consider themselves professional, as they are providing a large part of the population with their homes," Peter adds. "Any prospective landlord needs to fully understand how to run their business."

From a landlord's perspective, Mark notes the importance of professional bodies and market forums as an indispensable way of keeping up to date: "We are members of the National Landlords Association (NLA) and iHowz, both of which provide really useful and timely updates. There are also a number of landlord forums that are filled with useful information. But aside from that, every landlord would do well to not forget that they have Google – it's really important to stay ahead of what's changing in the industry any way you can."

Tessa's Landlord Law advice service at landlordlaw.co.uk is another useful source of information, while Tessa answers member questions on the forum herself.

If you'd like to find out more about the landlord insurance options available to protect your buy-to-let property, give our specialist team a call on 01603 216399.

Green and pleasant land

Having farmed the Norfolk countryside for generations, the Bowes family is well known in the eastern region. Lucy Mowatt speaks to *Kevin Bowes* about the biggest challenges facing the industry and the importance of community

Fluffy white clouds drift across a brilliant blue sky, while swallows dart and chase over the lush green fields at Bowes Farms in south Norfolk, as we set up a photo shoot in the midst of lambing season. If ever there was an archetypal vision of an English idyll, this would be it.

Having farmed the 4,500-acre site since the 1970s, Kevin Bowes is at home in the landscape, taking the gambolling days-old lambs in his stride, while we coo over them, distracted from setting up the lights for the first round of photos.

"My family have been farmers for generations," Kevin says. "It has always been a mix of arable and livestock, although we did have a meat business, which we sold to Cranswick in 2009.

"We run a mixed farm basically because we have very light land. Being a mixed farm helps improve the fertility of the soil in a natural way."

With around 1,000 cattle and up to 5,000 sheep on the land in winter, there is a team of 14, including a farm secretary, a manager and a foreman, on hand to keep the business running smoothly.

"We have wheat, winter barley, spring barley and sugar beet. We also have parsnips on the farm, carrots and potatoes. There's also some maize grown for anaerobic digesters. I think that's about it."

As he walks through the fields, he explains that the last of the sugar beet had only just been planted in mid-May. The ideal planting time is early March onwards, which could have a knock-on effect to Bowes Farms' yields.

"Weather is one of our biggest challenges. This spring has put a hell of a lot of pressure on us – and I mean a lot of pressure – because it came very late. It's been so wet that we won't have the yields that we did last year.

"The Beast from the East was a nightmare for farmers. Just when you thought you were ready to go [and the bad weather was over], you'd get another 4-5mm of rain and it would be bad again. That's farming though – you can never quite tell what the weather is going to do in this country."

Industry challenges

From here, conversation naturally turns to other challenges faced by the UK farming industry and Kevin highlights the impact of current negotiations to leave the European Union, which he hopes will have a positive outcome.

"I suppose my glass is nearly always half-full," he muses. "We're currently importing a lot of food into this country. As a result, Brexit should help [UK] farming. I hear the downsides, but it can't all be bad, there has to be some upsides as well. We'll see what happens – that's all we can do."

Of course it's hard to avoid the ongoing headlines around supermarkets squeezing producers, looking to increase their own profit margins, while continuously seeking to lower their prices.

"We have a policy in this country of wanting to feed people cheaply. And we will import from anywhere in the world to achieve that aim – and that's mainly done by the supermarkets. They also try to squeeze their UK suppliers where they can. They're very efficient buyers."

He points to the ASDA-Sainsbury's merger, which was making headlines days before we speak, explaining that it will have ramifications for UK producers.

"It's a shock. They'll be a huge company and their buying power is going to be even stronger. And they will both have favourite suppliers, so it's a bit of a melting pot.

"People talk about the Aldis and the Lidls of this world and I welcome them. Knowing the industry, they are well run; they source a lot locally and their way of buying is far more efficient than the big supermarkets. They have a model that is working really well."

That said, Bowes Farms no longer deals with the big supermarket chains. Instead they choose to send most of their livestock to a local abattoir.

"All our trade is UK based. We do quite a lot with a local abattoir, Blakes, so we're not running around the whole country to sell our animals."

Supporting local issues

An active figure in the farming community, Kevin has been President of the Wayland Agricultural Society for a number of years. This voluntary organisation runs an annual one-day show in Watton, which is one of the oldest in the country, with heritage dating back to the 1780s. Held in August, there's shopping, food and drink, equestrian qualifiers and livestock showing.

When asked why he chose to get involved, he explains that it's important for people to come along and learn more about where their food comes from.

He points to a nearby tractor and combine harvester in the yard and explains that he takes equipment along to the show to demonstrate the scale of the job and the costs involved.

"Take the combine harvester; that can cost hundreds of thousands of pounds to buy and we only use it during one month of the year, on just one or two days," he explains. "What other industries do that? It gives people more idea of what's involved and the costs of farming."

Almost fortuitously, this is the moment he pauses to speak to Farm Foreman David Bales to discuss a part needed for a piece of machinery. It's going to take a week to manufacture and cost around £1,000. He acknowledges the coincidence and explains that it's a regular occurrence.

Kevin is also a council member for the Royal Norfolk Agricultural Association and is currently in the final year of his tenure.

"It's a support role. Members can ask us for advice, or suggest more ways to support the industry. Plus it raises awareness of farming with young people. It's very important."

His involvement with both associations mean that he's a familiar face at the Royal Norfolk Show – and last year took home an award for his conservation work.

"I was presented with the Grey Partridge Award, of which I was extremely proud," he states. "We don't have a great number of grey partridges in East Anglia, but we do have them and it's important that we do all that we can to conserve them. We are growing all sorts of crops and running stewardship schemes for them. This includes headlands and wild bird special mixes, which we're planting for them.

"Why are the numbers declining? I think because 50 years ago our crops weren't as dense as they are now.

"We also have predators, which don't help. And when I say predators, you can bring man into that. That's because there are 37.5 million vehicles registered in the UK, and these kill thousands of insects every day – and they are a vital food source for these birds from day one. Plus, you need sunshine for 10 days because they hatch between the 10th and 20th of June, and it's a vital time. Grey partridges lay tiny little eggs and the conditions have to be absolutely spot-on for them to survive. The conditions need to be right."

And that's not the first award that he's been given for conservation; he is rightly proud of the fact that he was joint winner of a bronze Purdey Award for Game and Conservation in 2014. The national awards recognises those that have made a positive impact in the world of shooting, as well as on flora and fauna.

"Being a shooting man makes you respect wildlife. No hunter kills all his prey," Kevin adds.

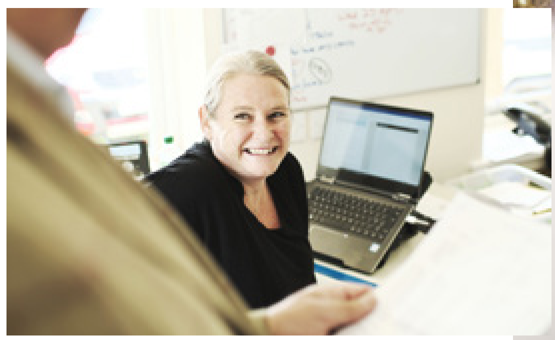
Safe and sound

With so many different facets to the business, there's lots to manage and insure.

"We've been with Alan Boswell Group for insurance since 2011. Zoe [Kerswill] came out to see us to arrange cover. We have had a couple of claims but we've been pleased with how they've been handled."

With so much heavy equipment, livestock and buildings, as well as people, on site, health and safety is also a significant consideration for Bowes Farms. This recently led to Alan Boswell Risk Management providing support on rebuilding surveys and plans, as well as health and safety audits.

"We've had health and safety and engineering inspection support [from Alan Boswell Risk Management]. You have to do that today because of the legislation. [Farm Foreman] David Bales looks after health and safety. We try and keep up to date as far as we can, but it's like a moving target. We take advice and do what we can."



Farming matters

Zoe Kerswill
Account Executive

With more than 25 years' experience as an insurance broker, and with agricultural clients all over the country, Account Executive Zoe Kerswill *explores the challenges faced by British farmers*

The two biggest challenges faced by farmers right now are the increase in farm thefts and the Environment Agency. All farms are vulnerable to theft and we're seeing equipment theft across the board – it's not so much about diesel anymore.

When it comes to the Environment Agency, they have increasing power and are levying bigger fines for pollution. If the Agency is alerted to contamination, they will identify who is responsible and charge them for clearing it up, before issuing a fine.

As a result, there's now an insurance product available called 'environment impairment liability insurance'. Five years ago it was unheard of, but now it's the norm for farmers. This policy will cover the cost of the clean-up and the legal defence costs – although it won't cover the fines. There are three levels of EIL cover and all insurers offer something slightly different, so it's worth speaking to an insurance broker to get the right cover.

Rebuilding blocks

Owing to the nature of agriculture, there is a multitude of risks to be aware of and reduced. That's why I introduced Kevin to our risk management team.

They carried out various risk assessments and health and safety audits for the farm before conducting a rebuild survey, whereby we created a scale plan of every building on the site. This included reviewing what the buildings are used for now and the future intentions for the buildings.

For example, lots of people would insure a £200,000 brick building to be rebuilt in the same way, even if it's obsolete. However, it could be replaced by a breezeblock building that will cost £50,000 to build. As such, we offer a modern replacement/rebuild option if that's viable. After the Bowes Farm survey, I spoke to the insurer and negotiated different rebuild rates and modern replacement basis of settlement for some buildings.

One of the biggest benefits of building strong relationships with clients is that we know what the farmer's interests and plans are and use our experience to get the right cover for them, so their policies aren't stuck in the past. Insurance has to evolve and sometimes the insurance you've always had isn't the right thing anymore.

60-SECOND INTERVIEW

S-Tech Account Executive *Dick Culpin* speaks to Telegraph about biotech, museums and fishing

First up, tell us a bit about your insurance career...

I joined Legal & General in 1972 and worked out of their City office for about seven years. After that, I went on the road as a General Insurance Inspector, promoting commercial products and looking after a panel of brokers.

I left them in 1985 and held broking roles at W Adams Insurance Brokers and Heath Group, before joining S-Tech in March 2000.

I have a lot of biotech clients in Cambridge, but I'm also involved with a number of national museums and that takes me to London, York, Liverpool and Manchester. I cover a fair bit of the country!

What's your experience in the biotech sector?

I got involved with it when I joined S-Tech, because it was an area they specialised in. The majority of clients are R&D companies, many of which are developing drugs for all sorts of conditions, including cancer and dementia. A lot of the time I'm talking to start-ups in the early stages of research, but there are also more mature companies, which may be starting clinical trials. They will have very different insurance requirements.

How do museums differ from other organisations?

Museums are diverse places and no two are alike. My clients include the Science Museum Group (which includes the Science Museum in London), the National Railway Museum in York and the Museum of Science and Industry in Manchester. I also look after the Liverpool Museums and the V&A.

We don't tend to get involved with collections or buildings because these are covered by the government, as is their employers' liability insurance. The main things I am really involved with are the liability covers; things like slips, trips and falls for visitors.

They also have to report their spending to the Department for Culture, Media and Sport and demonstrate that insurance provides value for money. To be honest it's fairly easy to do this when you have a claims record. Before they had insurance, incidents were not well managed and they were paying high levels of compensation and legal costs. Now their insurance covers this, they are in a much better place in terms of the management of incidents.

What's your favourite part of the job?

Without a doubt it's the client-facing element. I really enjoy getting out, looking after my existing clients, seeing new people and getting involved with new business.

What do you get up to outside of work?

I do a lot of fishing – mainly pike, which is predominantly a winter pursuit. My dad introduced me to it when I was a nipper, so I think I've probably fished since the age of four.

Over the past 16 years I've organised a charity fishing match on the River Great Ouse in Ely. For 15 years it was for Marie Curie and we raised about £30,000. This year we did it in aid of the Arthur Rank Hospice in Cambridge and we raised about £1,700. I got involved because I had a cancer many years ago. It's my way of giving something back.

3 tips for avoiding business interruption

Carry out a risk assessment

Make a list of all the potential dangers to your business and then take steps to minimise them.

Create a business continuity plan

Put a detailed, written plan in place explaining how your business will cope with various disruptive scenarios.

Take out business interruption cover

Business interruption insurance can cover lost revenue, as well as repair and renovation costs while you get back on your feet.

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