



*the*View

Michelmores 

Featuring...

Georgina Guy
Brown Advisory

Philip Beinhaker
Sutton Harbour Group plc

Ben Scott-Robinson
Small Robot Company

*...with expert advice from
our private wealth specialists*

W E L C O M E

Welcome to the eighth edition of *theView*. Following a period of all-pervasive challenge, change and uncertainty, this issue looks to the future and addresses some of the crucial aspects of the way that we live now. For many of us our professional and personal lives have converged and we are taking the opportunity to rethink the path forward. As a Firm, this means reviewing carefully how to chart a course which is of benefit to our own people, our clients and our wider communities.

We are excited to present features on three of our clients and friends whose watchword is innovation.

Georgina Guy, Head of International Strategic Advisory at Brown Advisory, assesses the consequences of the pandemic for investing and how clients across the globe are refocusing personal wealth planning.

Philip Beinhaker, Executive Chairman of Sutton Harbour Group plc, discusses the concept of placemaking and its contribution to regenerating functional and positive urban areas for people to live, work and interact.

We talk technology with Ben Scott-Robinson, Co-founder of Small Robot Company, a UK business on the cusp of revolutionising agricultural practices.

Our legal experts also share their insights. We explore the realm of angel investing, including Michelmores' angel investor network – MAINstream, and see how a world in flux is spurring creativity and entrepreneurial spirit.

We report on the post-Brexit outlook from an Immigration and a Family law perspective, highlighting the respective implications for the recruitment and retention of talent, and for cross-border divorce.

In the year of the COP26 climate change conference, we examine the significance of natural capital and the relationship between biodiversity and land management.



This issue of *theView* rounds off with a snapshot of some of the key considerations for high net worth individuals for 2021-22 and beyond.

I am sure you will agree that we have all been on a journey of discovery despite the global constraints. Working patterns are being transformed. Many of us have become more aware of our impact on our environment and on others. Michelmores is proud to have extended its partnership with Charlie Waller, a charity which educates young people on staying mentally well.

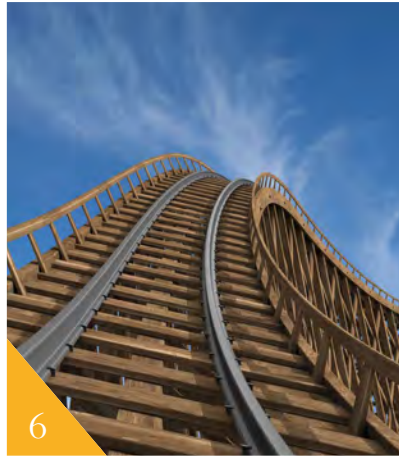
Some highly-talented new colleagues have joined us. Together, we are supporting our clients on fascinating and complex assignments in the UK and internationally. I am delighted to welcome Richard Cobb to his role as Senior Partner of the Firm and will be working closely with him to develop our business.

I hope you enjoy this publication. To let us have your thoughts, or for further information on any of the articles, please do get in touch – we would love to hear from you.

Tim Richards
Managing Partner
tim.richards@michelmores.com

Produced and edited by Michelmores LLP.

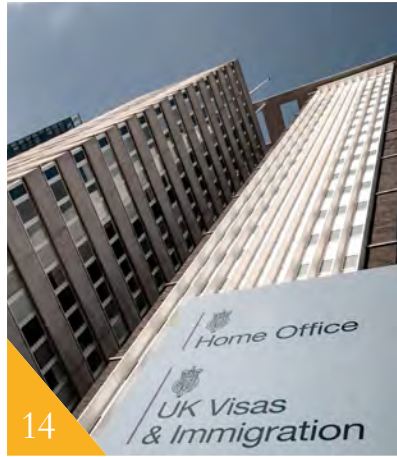
The information and opinions contained in these articles are provided for general information purposes only. They are not intended to constitute legal or other professional advice, and should not be relied upon or treated as a substitute for specific advice tailored to particular circumstances.



6



10



14



18



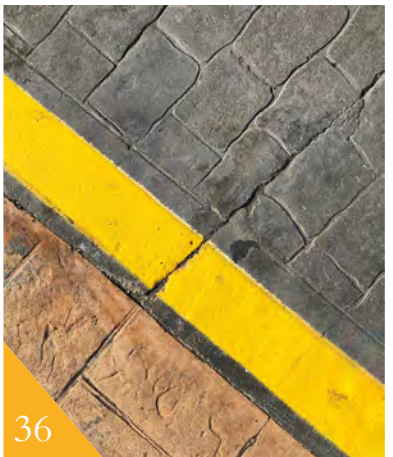
24



28



34



36



40

CONTENTS

6

A ROLLERCOASTER YEAR

The white-knuckle ride
for entrepreneurs

18

REGENERATING OUR URBAN SPACES OF THE FUTURE

Philip Beinhaker,
Sutton Harbour Group plc

34

MICHELMORES EVENTS

In person, hybrid or virtual,
the conversation continues

10

INVESTING IN VOLATILE TIMES

Georgina Guy,
Brown Advisory

24

NATURAL CAPITAL

Land ownership
and biodiversity

36

CROSS-BORDER DIVORCE

Critical issues for
post-Brexit planning

14

IMMIGRATION POST-BREXIT

Recruiting and retaining
international talent

28

THE FOURTH AGRICULTURAL REVOLUTION

Ben Scott-Robinson,
Small Robot Company

40

KEY CONSIDERATIONS FOR HIGH NET WORTH INDIVIDUALS



A rollercoaster year for early-stage companies

Michelmores' Senior Partner, Richard Cobb and Chloe Vernon-Shore, Senior Associate in the Commercial team take stock of a white-knuckle ride for entrepreneurs



Since March 2020, we have seen unprecedented and unpredictable change impact on a variety of sectors, and as advisers we have sought to remain beside our clients every step of the way. We have supported a number of them through some incredibly successful periods.

As a result of the pandemic, almost half of UK consumers are now registered with at least one subscription delivery service, an increase of almost 16% from the previous year ¹.

The closure of pubs and restaurants only helped to fuel the demand for meal delivery services. This trend saw healthy food box company, Mindful Chef, gain approximately 150,000 new customers, with revenue totalling £8m more for the first quarter of financial year 2020–21 alone compared to income for 2019. Following this lucrative eight months for the business, Nestlé confirmed the acquisition of a majority stake in Mindful Chef in November 2020, where we advised the founding shareholders.

Meanwhile, dubbed '*puzzle mania*', the extended periods at home saw a need to keep the family entertained, resulting in sales of jigsaws reaching £100m in 2020, a 38% rise on 2019². Michelmores' client, greetings card and gift publisher, Otter House saw revenue rise by just over 4.5 times, with strong sales both on-line and to garden centres. With many of us in need of some real pampering, our client Wilton Bradley was the exclusive UK distributor of the infamous *Lay-Z-Spa*. This sold out globally in record time during the first Lockdown and is still a highly sought-after item well over a year later.

Whilst we can be delighted by these good news stories, the last 18 months have proved a much more challenging period for our retail, hospitality and tourism clients, and also for many of the venture capital investors and early-stage companies that Michelmores is supporting. In this article we will be sharing something of the rollercoaster that we have observed – and some positives about how the market is looking currently for both our company and investor clients as we continue to navigate our way through the vagaries of a global pandemic, and all of the uncertainties and opportunities that this entails.

LOCKDOWN BEGINS

In the UK we have an early-stage company fundraising ecosystem that remains the envy of Europe, driven largely by a series of investor-side tax reliefs, the most prominent of which are SEIS and EIS relief. These can enable individual investors (and certain funds) investing in start-up companies to recover up to 50% of their investment against their income tax bill,

with a range of other benefits including Capital Gains Tax exemptions, certain Inheritance Tax reliefs and additional Income Tax rebates if the company fails.

In March 2020, however, at what is usually the busiest time of the year (with investors keen to deploy funds prior to the end of the tax period) the experience of many early-stage companies was that the funding tap was being turned off, with signed term sheets being put on hold and conversations with venture capitalists and other investors drying up overnight. Understandably, many of our institutional investor clients were looking to prioritise their existing portfolio companies.

The unique nature of high-growth early-stage companies meant that the initial measures open to more established businesses were either unavailable or unsuitable. Government loan schemes were inaccessible for pre-revenue or low-revenue companies. Furloughing employees who were driving forward crucial R&D simply was not an option because these companies only had a limited cash runway and needed to hit key milestones to secure further backing.

We spoke to a start-up in the sustainable fashion space who had just signed contracts with a household-name sports brand. They were about to raise a breakthrough Series A funding round when Lockdown hit. A few weeks later they had to make 75% of their workforce redundant...

THE FUTURE FUND

Many readers will be aware that the Government's response to the lack of support for early-stage companies was controversial. The Future Fund was announced in April 2020 and went live in May 2020.

The scheme was championed by many for its innovative approach; early-stage companies would be able to access matched Government funding for every pound that they succeeded in raising from private investors. The scheme would take the form of a convertible loan, and would ultimately lead to the UK Government becoming a shareholder in some of the country's brightest and most innovative technology businesses.

Less popular were the terms of the scheme, which would only be available to companies that had already raised £250,000 in third-party equity funding, would include interest at 8% along with a '*redemption premium*' of 100% if the loan was repaid, and which would not be compatible with investors seeking SEIS or EIS relief. We contributed to a letter from one of our clients to HM Treasury arguing that the scheme needed overhauling

¹ Subscription box popularity rockets during Covid-19 pandemic | The Scotsman

² UK jigsaw puzzle sales hit £100m as 'people find a balance in their lives' | Retail industry | The Guardian



radically if it was to achieve its stated objective of supporting innovative UK businesses.

Our experience during the summer months of 2020 was very mixed. We acted for a number of clients who were fundraising under the Future Fund scheme and who were incredibly grateful for the chance to access crucial finance in relatively quick time (with some of the initial investments being closed within the UK Government’s stated 21-day timetable). We also had countless conversations with companies who were frustrated at their inability to access the scheme and the lack of flexibility around the eligibility criteria.

INTRODUCING MAINstream, THE MICHELMORES ANGEL INVESTOR NETWORK

At the start of Lockdown we were on the cusp of launching a new angel investor network, to be hosted by Michelmores, but driven by its members, and part of the UK Business Angels Association.

Our Private Wealth focus meant that we were advising increasing numbers of private clients, family offices, syndicates and funds who were deploying capital into early-stage companies (and were constantly on the lookout for exciting opportunities). We also found ourselves in regular dialogue

KEY FACTS

- *The UK remains the number one European angel market.*
- *The UK tech start-up and scale-up ecosystem is valued at \$585bn - 120% more than in 2017, and more than double the next most valuable ecosystem, that of Germany, valued at \$291bn.*
- *A record £8.5bn of equity finance was invested in 2019, showing the strength of the UK equity ecosystem in supporting scale-up companies.*

with entrepreneurs who had sold their business and were keen to get involved with supporting and financing new projects.

Michelmores’ venture capital practice, supplemented by our MiVentures programme, had revealed that many of our start-up clients were just as eager to meet experienced entrepreneurs and investors to help them with fundraising and mentoring.

It is also clear that there is a significant funding gap between the ‘family and friends’ stage, where founders try to cobble together backing from loved ones to start a business, and the Series A stage, where an institutional investor is leading a larger funding round. This is a national problem, especially outside London, and is particularly pronounced in the South West, despite it being one of the country’s most consistently innovative regions.

Whilst our physical MAINstream launch event had to be postponed, we pushed ahead with a virtual version in the autumn, and held our first pitch session in November 2020, featuring three fundraising companies and over 30 potential investors. At our spring 2021 event we were able to showcase pitches from six fundraising companies, including two of Michelmores’ clients. Four more applicants presented their business propositions in late June 2021. We have been delighted to hear the success stories the MAINstream investors have been helping to make happen.

We have also strengthened and developed our relationships within the early-stage company ecosystem, including with Newable, the Cornwall and Isles of Scilly Fund, Falmouth Launchpad and SETSquared (the global no.1 business incubator). We are looking forward to holding MAINstream events in person and the additional benefit that this will bring to all involved.

A FLURRY OF FUNDRAISINGS

Today, we are seeing a real explosion in the number of UK companies raising funds from both private and institutional investors. There appears to be particular activity in the areas of Big Data/Artificial Intelligence, Renewable Energy and CleanTech, MedTech, Marketing Tech and AgriTech.

We are seeing a collaborative approach to fundraising in nearly every venture capital transaction with which we are involved. The ability to combine resources and expertise from a range of individuals is clearly of benefit to angel investors, but can also be advantageous for institutional investors (and

the reality is that many funds are either deploying finance on behalf of individuals, or are looking to match-fund angels and other private investors to help supplement and de-risk their investment).

We love supporting early-stage companies and their founders as they raise funds, scale and build significant businesses which help to shape industries. We have already assisted numerous companies from incorporation through to exit and are excited about continuing to play our part in championing the growth economy.

WHAT THE FUTURE HOLDS

The question now is not when will things go back to ‘normal’, but what will the ‘new normal’ look like? At Michelmores we are already seeing an increase in disruptive companies seeking financial support and mentorship. There are similarities between the aftermath of COVID-19 and that of the global financial crisis of 2008: a perfect storm of economic uncertainty and job losses is spurring creativity and entrepreneurial spirit. A boom in ‘work from home’ culture is also playing its part, with the migration of highly-able ‘talent’ from what have been the traditional centres of commerce to other towns and cities across the UK.

Opportunity is no longer (necessarily) bound to geographical location; for start and scale-up companies the upshot of this is access to a large pool of talent from which to recruit without needing to invest in expensive office space in a major city.

With the future looking bright, if uncharted, it is now more important than ever for our clients to collaborate, network and share both time, skill and financial resources.

The trajectory might have changed, but the rollercoaster, it seems, continues. ■

To find out more, please contact:
richard.cobb@michelmores.com;
chloe.vernon-shore@michelmores.com



Investing in *volatile* times

Georgina Guy, Head of International Strategic Advisory at investment firm Brown Advisory, reflects on the impact of an almost unprecedented global pandemic on individual and family investing priorities, and looks forward to the emerging considerations for the sector

Beginning her career as a corporate tax lawyer, Georgina has worked as a Director at EY in the Wealth and Asset Management tax team and previously with Skadden LLP, before joining Brown Advisory in 2018.

Brown Advisory is born out of Alex Brown and Sons, one of the oldest US investment banks, and is now independent and employee-owned. The firm has long believed that managing a successful portfolio is about taking a holistic approach, not only from an investment perspective, but also looking through a family, business, legacy and philanthropic lens.

HOLISTIC APPROACH

Georgina frequently collaborates with clients' advisers including their lawyers and trustees, establishing and maintaining structures and supporting change when clients' lives and goals inevitably shift over time.

"We advise high net worth individuals, families, non-profits, institutions, intermediaries and entrepreneurs in the UK and internationally, whose lives generally have cross-border elements. We support not only on the financial aspects but also aim to put meaningful context around client goals and understand where the portfolio fits into the wider, often complex landscape."

THE PANDEMIC

"There is no doubt that COVID-19 has brought people's priorities into sharp focus. When the pandemic hit, the first thing that was clear to everyone was that the volatility in the market was sparked by a health crisis, instead of a wider financial crisis – something we have been more used to seeing during the last century. Health and wellbeing came very much to the forefront of people's minds. It was a realisation for many clients about their own mortality. They wanted to ensure that all of their life planning considerations had been completed and were fit for purpose."

NEW DIALOGUES

"A lot of conversations since the pandemic began have centred not just on succession planning for the next generation, but also legacy planning – focusing more on the enduring meaning and purpose of people's lives and assets. As the world locked down, we were suddenly video calling clients at home, on many occasions with two or more generations sitting together."

"These dialogues often focused more on practical succession planning, but equally involved new discussions around values and how both the older and younger generations wished to shape the legacy of their portfolio and wider assets. I have also seen more women becoming actively involved in portfolios and family structures – transparency has certainly increased."

"Many clients with international lifestyles have also been re-evaluating where 'home' really is – perhaps for the first time. It remains to be seen whether this is a trend that will continue for the long term."

THE THREE BUCKETS

Brown Advisory takes a 'three bucket' approach to investment strategy, which has been central to its response to the pandemic. The first bucket, the *Operating bucket* is the 'sleep well at night' allocation, being low-risk and cash or cash equivalent. This allocation supports annual living expenses.

The *Core bucket* is made up of stability assets (typically bonds) and growth assets (typically high-quality equities). It is not intended to be changed dramatically over time and is tailored to a client's specific needs, such as retirement, education and philanthropy.

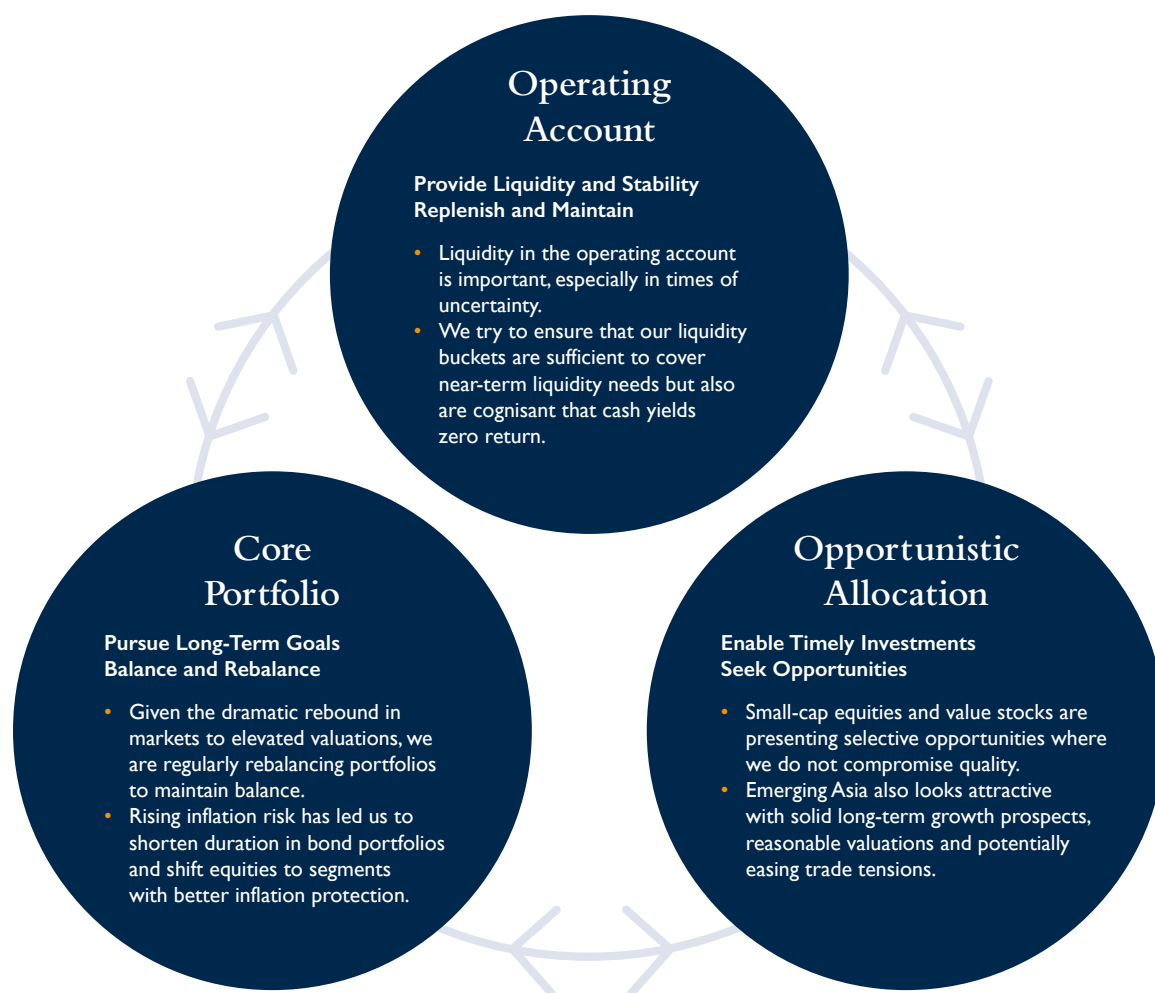
With well-structured Operating and Core allocations, a client can move on to consider an *Opportunistic bucket*. This focuses on tactical, timely investments such as where the market has over-reacted and has presented opportunities, and will vary depending on an investment's risk level, liquidity and return potential.

"As the pandemic hit and the markets drew down in March 2020 our priority was to support our clients in re-evaluating their three bucket allocations to ensure that they were fit for purpose and positioned to ride the crisis out. There were also opportunities to be considered and new ways of thinking to take on board."

"When you wake up in the morning to a global event, you don't want to be in a selling position. Ignoring the headlines is a test of temperament – staying focused and really understanding your investments gives greater confidence in times of stress and allows you to confidently take the longer-term view."

"Heading into 2020, our investment committee had prepared a plan to allocate capital opportunistically should a material pullback in markets occur."

"We had no idea that a world-wide pandemic would be the cause of the ensuing volatility, nor did we pretend to know the timing, as our plan was made pre-COVID-19."



THE THREE BUCKET APPROACH BY BROWN ADVISORY

“However, we recognised that we were late in the economic cycle, valuations across many asset classes looked full and animal spirits were beginning to run. We were able to increase our weight to global equities and income-producing real assets, such as real estate and infrastructure, at a point in time where the long-term risk reward (i.e. beyond the pandemic) seemed quite favourable thanks to the Q1 drawdown.”

“Unlike many wealth managers, at Brown Advisory we don’t fit clients into three or four pre-set models, as these often don’t work effectively for the client. Instead, we build a bespoke portfolio, which is where our three bucket approach really comes into its own. When uncertainty hits, we reinforce the

basics, return to the original goals and strategy and check the three pots are right.”

THE FUTURE

In terms of the global investment outlook, Brown Advisory is seeing an increase in clients looking for new investment opportunities. The firm seeks international exposure because good and sustainable companies can be based anywhere in the world and looking further afield can often be where the opportunities lie.

‘A lot of conversations since the pandemic began have centered not just on succession planning for the next generation, but also legacy planning - focusing more on the enduring meaning and purpose of people’s lives and assets.’

“Just because you live in the UK doesn’t mean that you need to be principally exposed to UK companies, although we do suggest that an Operating bucket should be in the currency of your day-to-day expenditure, as you don’t want to be taking the foreign exchange risk here. In addition to our Core allocation to high-quality global equities, we tend to partner with specialists who focus on smaller companies in places like Japan and Europe where there are many fantastic businesses, but there is generally less coverage by analysts and investors.”

SUSTAINABILITY

Sustainability has also been an integral part of Brown Advisory’s approach for the last ten years, with the firm undertaking substantial proprietary research in the area. It is a core part of clients’ portfolios and something that Brown Advisory is committed to for the long term. Opportunities for sustainable investing only look set to grow in importance and prevalence, but perhaps through a more focused lens.


“It is likely that people will become more knowledgeable and therefore cynical about sustainable claims as notions of ‘green washing’ become more widespread.”

“People are now looking beyond the ‘green’ labels, which is a great thing, allowing sustainable investing to become more robust. The pressure upon a fiduciary to make sure that funds are looked at with sustainability at the top of the agenda is more and more important. Personally, the most interesting shift over the next few years will be to witness how core industries transition through changes in legislation and investor opinion

and behaviour. For example, how, and to what extent, will oil companies invest in greener forms of energy? How will tobacco companies look towards alternatives?”

“I expect to see more open and frequent conversations with clients around sustainable investments and the specific opportunities out there. For some, there is a lot on the market and it can be confusing – helping clients to refine their view on how they want to support sustainability across a broad spectrum is something we are prioritising.”

“Labelled funds for the mass market do have an important place, but they need to be scrutinised properly. Sustainable investing needs to fit the individual. Some clients are focused on social impact, while others are passionate about reducing environmental impact. Sustainable investing is also a growing consideration for trustees, both in terms of ensuring proper governance and also meeting beneficiary priorities and legacy factors.”

“And finally, the previously commonly held view that sustainable investing meant giving up returns is definitely disappearing. Clients understand that this is not just about being ‘green’, it is about investing in a robust, viable business. Sustainable investing is not philanthropy, it’s about building for the future.” 

[brownadvisory.com](https://www.brownadvisory.com)

Immigration and the *post-Brexit* landscape

– what do businesses need to know
to remain competitive?

Philip Barth,
Head of Immigration
at Michelmores, considers the
position for those looking to
recruit and retain talent, and the
rights of highly-skilled migrants
looking to work and
live in the UK

With the completion of Brexit, and the UK controlling its own borders, the Government has introduced changes to the immigration system with the aim of attracting first-class overseas talent to drive innovation and support UK jobs and growth. A points-based single system, designed to be fairer and focused on skills-set, aims to deliver a new route for skilled workers and business founders, and those with recognised or high-potential talent from abroad.

Tailored reforms are being made to the various visa schemes which were already in place to ensure that the UK can attract and retain highly-skilled, globally-mobile talent, particularly in academia, science, research and technology. These reforms are intended to facilitate the visa process for both European/international citizens and businesses alike. Under the new system there will be three ways for non-UK nationals to work here via different visa types.

THE CURRENT POLICY

Legacy position for EEA nationals

As part of the transitional arrangements for Brexit, the general rule is that any EEA citizens and their family members (of whatever nationality) who were resident in the UK by 31 December 2020, and who applied by 30 June 2021, would have the right to carry on living and working here for up to five years, at which point they can apply for settlement. This is known as the EU Settlement Scheme, and by the end of June 2021 more than six million people had applied under this scheme: far in excess of the original estimate.

In addition, there are three routes for non-UK nationals to work here.

1. Sponsorship by employer

Tier 2 of the original 5-tier points-based visa system has been rebranded to cater for the end of 'free movement'. It is now called the Skilled Worker route and has two major policy changes: the skills threshold has been reduced to 'A'-level equivalent (except for the Intra Company route which retains a graduate-level skills threshold), and there is no need to carry out a resident labour market test. The minimum salary levels still apply and, together with the skills threshold, are the only quantitative controls over take-up.





2. Endorsement by third party

In February 2020, the Tier 1 (Exceptional Talent) visa, which required endorsement by an accredited body such as the Royal Society or Arts Council England, morphed into the Global Talent visa, with the designations changed from a ‘person of exceptional talent’ to a ‘leader’, and from a ‘person of exceptional promise’ to an ‘emerging leader’. This category has been promoted as being for talented and promising individuals in the fields of science, engineering, medicine, the humanities, digital technology, and arts and culture (including film and television, fashion design and architecture). Since its launch, the Global Talent visa has had limited success, with only 739 visas granted in its first year.

The Innovator and Start-up visas are for people setting up a new business in the UK which is ‘innovative, viable and scalable’. Applicants have to be a founder or an instrumental member of the founding team of this business. In most cases, the Innovator visa requires an investment of £50,000. Home Office materials suggest that people who are seeking to invest in a business where they are not an instrumental member of the founding team should consider the Tier 1 (Investor) category (see below).

Both types of visa require endorsement from an approved ‘endorsing body’, based on its assessment of whether the applicant’s business plan is sufficiently innovative, viable and scalable. Endorsing body status, which can be achieved by a wider range of organisations than under the Global Talent visa, is open to incubators and accelerators, Government agencies and business

development organisations with a track record of supporting UK entrepreneurs by providing funding, mentoring or other forms of assistance to help them get their businesses up and running.

These two visas have had limited success, some may say due to poor design, with only 776 Start-up visas and 429 Innovator visas having been granted between their launch in March 2019 and June 2021.

3. Self-sponsored

There have been several attempts over the years by the Home Office to design a self-sponsored route to enable people to obtain visas based on their past record as an indicator of likely success in the UK economy. The sole-surviving self-sponsored route is the Tier 1 (Investor) visa, which is now available to anyone who has liquidity of not less than £2m, can pass UK anti-money laundering checks, and is willing to invest all of the £2m in share or loan capital of UK-registered companies. This is the best option for those who can afford it, as there is virtually no restriction on the type of economic activity permitted in the UK.

Arguably, another type of self-sponsored visa is the Representative of an Overseas Business visa (colloquially known as the ‘Sole Rep’ visa), which allows a sole representative of an overseas business to come to the UK to set up a new branch/subsidiary. It is outside of the points-based system and has been in existence for many years.

WHAT IS ON THE HORIZON?

At the beginning of March 2021, the Chancellor announced in his Budget various measures to ‘drive innovation and support UK jobs and growth’ and to help the UK to attract and retain the most highly-skilled, globally-mobile talent, particularly in academia, science, research and technology. These measures include the following aid for self-sponsored visa routes:

- *Some revision to the Global Talent visa to make it easier for those who have obvious global talent – such as winners of an Oscar or a Nobel Prize – to qualify automatically for a visa. Effectively, this turns part of the Global Talent visa into a self-sponsored route. This was introduced on 5 May 2021.*
- *The introduction, by March 2022, of an Elite points-based visa. This self-sponsored visa will focus on highly-skilled scientists, researchers, academics and those working in the technology sector.*
- *Within this Elite points-based visa there will be a specialist sub-class of visa for the tech sector, in the form of a ‘Scale-up’ stream, enabling those with a job offer from a recognised UK scale-up to qualify for a fast-track visa. This sounds like a hybrid version of a self-sponsored visa coupled with a light-touch sponsorship requirement. It remains to be seen how easy it will be for holders of this visa to change jobs.*
- *A review of the Innovator visa to make it easier for those with the skills and experience needed to found an innovative business to obtain a visa.*
- *The launch of the new Global Business Mobility visa by spring 2022 for overseas businesses to establish a presence in, or transfer staff to, the UK. It is unclear whether this is in addition to, or in place of, the Sole Rep visa.*

And in relation to the sponsored routes, a promise:

- *To provide practical support to small firms that are using the visa system for the first time.*
- *To modernise the immigration sponsorship system to make it easier to use.*

Changes have also been made to the immigration rules which introduced the Graduate visa – the self-sponsored Graduate Immigration route that opened on 1 July 2021. This visa enables international students who successfully complete a degree at undergraduate level or above in the UK to take any type of work after their studies for a period of two years, or three years for Doctoral students.

The following details of the proposed changes were announced in July 2021:

- *The Elite visa will now be known as the High Potential Individual route, open to applicants who have graduated from a ‘top global university’ – yet to be defined.*
- *A scale-up company will be one with an annual average (revenue or employment) growth rate over a three-year period greater than 20% and a minimum of 10 employees at the start of the three-year period.*
- *The Innovator visa will be revitalised by simplifying the business eligibility criteria, fast-tracking applications and removing the requirement to have at least £50,000 in investment funds.*

CONCLUSION

As is apparent, the points-based immigration system is not a coherent whole, but rather a confusing hotchpotch of routes introduced on an ad-hoc basis to support political initiatives. This constant tinkering with the system risks befuddling potential applicants.

Likewise, the Government’s track record of designing self-sponsored visa routes does not inspire confidence. It is uncertain whether the revised Innovator visa and the new High Potential Individual visa, including the Scale-up visa, will succeed in attracting the highly-skilled, globally-mobile talent the Government believes will generate innovation for the benefit of the UK. ■

To find out more, please contact:
philip.barth@michelmores.com

Regenerating our urban spaces of the future



An interview with
Philip Beinhaker,
Executive Chairman,
Sutton Harbour Group plc



SUTTON HARBOUR, PLYMOUTH

Architect, urban designer and international real estate developer, Philip Beinhaker is renowned for his work in regenerating urban spaces for living. Born in Canada, Beinhaker studied architecture at McGill University, Montreal, graduating in 1964. Whilst architecture is his profession, he was fascinated by ‘placemaking’ – linking the design and build of structures with creating functional and positive places for people to live, work and interact. This pursuit has remained central to Beinhaker’s design ethos and impressive list of development projects which have regenerated living spaces in cities around the world.

FOUNDATIONS

On graduation Beinhaker worked in Paris, then London, joining the architectural and engineering firm Arup Associates within the Arup engineering group. He was appointed as architectural designer in one of the four multi-disciplinary groups tasked with designing university buildings in the UK. Returning home to Montreal in 1967, Beinhaker joined an architecture/urban design practice through which he became involved with the intelligent systems-based practice led by the late Dr. Joseph Kates.

“Dr. Kates was a brilliant engineer and scientist who built Canada’s first computer. He specialised in creating computer applications and simulations for regional transportation and, as luck would have it, he was looking for an urban designer/planner to support his work with visions of urban structure.”

“Working with Dr. Kates was career defining, allowing me to focus on urban planning and design, and testing it alongside transport systems and infrastructure in an interactive way. It was extremely exciting and during the early 1970s, quite ground-breaking. We began looking at how our testing methods could also be applied to buildings in terms of operations and movement within public spaces in transportation terminals and cities. Intellectually it was very challenging.”

AMBITIOUS PLANS

“Dr. Kates left the firm in 1970 to become the chairman of the Science Council of Canada. Neil Irwin, as designated lead of the transportation systems practice, and I continued in the transportation and urban design work, with the business being acquired by the consulting arm of the accounting firm of Peat Marwick Mitchell (today KPMG). We continued to grow, with bigger and more complex briefs.”

“In 1974, the newly-elected provincial government of British Columbia pursued an ambitious plan to deliver housing for families within urban areas, as opposed to building in suburbia, both for human and environmental objectives. The government had an advanced viewpoint on urbanisation, supporting the rationale of people living in clusters suited for families, instead of spreading across the landscape.”

“We studied the creation of housing at suitable densities to achieve economic performance, as well as providing quality of living within the urban environment.”

“Enhanced use of public transport and a reduction of energy consumption were a priority – quite a forward-thinking approach for the time. The firm was accommodating, but it was essentially an accountancy firm and not prepared to become involved in architecture and building design with the associated risks of the construction phase. That led to our strategic decision to form our own business to carry on our vision and ambition under the name IBI.”

IBI

Beinhaker, Irwin and colleagues spent the next 30 years growing IBI which would become one of the world’s five largest design practices. Whilst the initials IBI were taken from the family names of Irwin and Beinhaker (adding in International), they also stand for ‘*Intelligence, Buildings and Infrastructure*’, encapsulating the ideas of intelligent design and innovation through technology, as well as operating from numerous countries around the world.

Through the 1980s and 1990s the business grew internationally, with flagship projects in North America and Europe where IBI became known as experts in placemaking. During this period Beinhaker continued to be based in Canada, leading on transformative urban schemes and masterminding the CityPlace development in Toronto. This included thousands of housing units, the major transit-based SkyDome baseball stadium and subsequently, Maple Leaf hockey stadium. The project was revolutionary in broadening activities and life in the central district of Toronto. Several other major developments were also undertaken during this period, reshaping industrial areas into mixed-use neighbourhoods. Beinhaker’s role evolved from master designer to include that of project manager.

TRANSFORMING TORONTO

Following the 1993 financial crisis, many industrial areas of Toronto became redundant as businesses moved away from the city to reduce costs. It was at this time that Beinhaker added another dimension to his work, becoming the development manager. This involved putting a deal together to assemble land available within a mile of the financial centre of Toronto.

“In 2002, we began work on creating an urban village called Liberty Village, a site formerly home to railyards, ammunition factories and other manufacturers. This was not a dream place to build a residential community – there was lots going against it in terms of remediation of contaminated land, two adjacent rail lines, plus an adjacent elevated expressway. However, it was near the city’s financial centre with transit connections and had potential to create a new urban village. The plans were approved in 2002, and over the next 20 years we would establish a 5,000,000 sq ft urban community of 5,000 units with offices and shops, all in a new network of streets and parks and urban infrastructure.”

“These complex projects in Toronto changed the face of the central area of the city, which did not really have an evening culture. The railway lands, Liberty Village and other such projects regenerated the city, with placemaking at its very heart.”

CONTINUED GROWTH

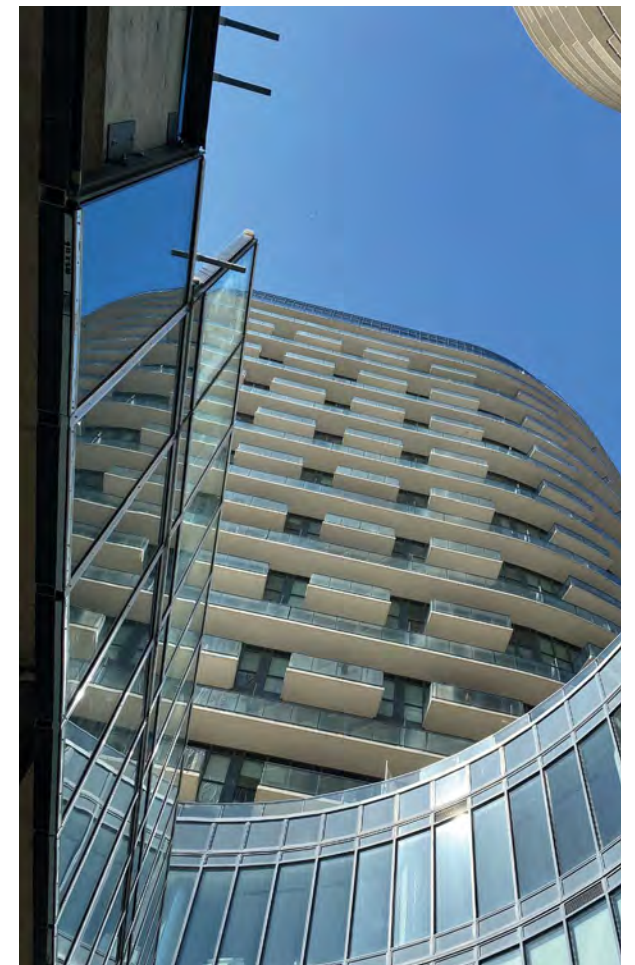
In 1995, the Beinhaker family’s long-term ambition of moving to Israel became a reality. This was a big shift for them. Beinhaker continued to lead his projects in North America, but also began to build up the business in the UK, Europe and Asia. Recognising the increasing competition from international companies entering the market in Canada, IBI decided to raise capital via an IPO in 2004 to enable the firm to acquire other practices. This has allowed IBI to grow to more than 2,500 professionals.

FRESH CHALLENGES

Beinhaker retired as CEO of IBI in 2013. Ready for a fresh challenge, he and his investment partners identified other opportunities for the development of regeneration projects, including in Berlin, Germany, and more recently in Plymouth in the UK.



CITYPLACE, TORONTO



LIBERTY VILLAGE, TORONTO



SUTTON HARBOUR, PLYMOUTH

SUTTON HARBOUR

In January 2018, the investors acquired the majority shareholding in Sutton Harbour Holdings plc – owner of Plymouth’s historic Sutton Harbour. Now known as the Sutton Harbour Group plc, the company is the statutory harbour authority and owns and manages the harbourside, commercial and residential buildings and associated lands. The waterfront area has already undergone a huge transformation, with much more in the pipeline.

“What first attracted us to Sutton Harbour was the opportunity of placemaking, enhancing the city centre through regenerating the historic natural relationship between the city and the ocean through this natural harbour. Plymouth is a place of great significance, with an outstanding maritime heritage including the Mayflower sailing in 1620, and of course, its important fishing industry. It’s a unique and special urban setting where the city meets the sea and an interesting environment in which to live, to experience and explore.”

“The first few years were focused on improving operations, including the 420-berth Sutton Harbour Marina, the nearby King Point Marina and Plymouth Fisheries – the UK’s second-largest fish market. These were key aspects to get right as

they form the basis of the area’s sense of place and commercial activity.”

Sutton Harbour Group has three waterside residential projects currently in the development stage which will form the cornerstone of the regeneration of the harbour.

Sugar Quay, located on the eastern side of the harbour, will see 170 waterside apartments within a staggered-height, 21-storey mixed-use building. Featuring a widened public walkway and new entrance to the harbour front, the £60m project will open up the space and sea views to the public for the first time. Harbour Arch Quay will offer 14 apartments and penthouses, with views out to Plymouth Sound and the sea beyond, with commercial spaces on the ground floor. Meanwhile, the proposed Sutton Road East and St. John’s Bridge developments are a £50m (construction cost) scheme to create a new residential area, with shops and restaurants, across three interconnected sites directly linked to the waterfront, over a period of seven years.

Sutton Harbour continues to transform its commercial and retail spaces, hosting a selection of over 15 restaurants and cafés, as well as modern and flexible office space at North Quay House and Salt Quay House.


‘What first attracted us to Sutton Harbour was the opportunity of placemaking, enhancing the city centre through regenerating the historic natural relationship between the city and the ocean.’

REMODELLING HOW WE LIVE, WORK AND INTERACT

“People’s live/work equilibrium is changing, and this has become more pronounced since the COVID-19 pandemic. I have no doubt that more people will work in the home more of the time and will demand more flexible residential spaces generally. As designers and placemakers we need to respond.”

“Flexible live/work spaces of recent years began to be seen with the conversion of warehouses into loft spaces, such as in Manchester in the UK and New York City. Flexible design is not a new concept, though. In Georges-Eugène Haussmann’s regeneration of Paris in the 1850s and 1860s, he focused on creating wide avenues with impressive façades. However, the use of these buildings was not prescribed and allowed for change, reflecting different needs during the intervening one and a half centuries or so. In recent years, we have tended to focus on defining the use of urban space for housing, commercial sites or offices – but why not create spaces to adapt to people’s needs in work, living and lifestyles over time?”

“When we think of city living, we tend to focus on the largest cities. Many people still want to live in large, medium and smaller cities. But in all cases, of fundamental importance is the creation of ‘place’. There are numerous reasons that support urbanisation clustered around urban place, including: environmental preservation; energy and related climate impact; social interaction; and economic opportunity.”

“There is no doubt that the pandemic has had a profound effect on the manner in which people live, work and interact. These transformations will influence the spaces in which people function. It is likely that more flexibility and interchangeability in the use of space will have greater importance in functionality and adaptability to shifting circumstances. This will encourage the development of buildings to match these aspirations. Haussmann saw it 170 years ago in Paris, and we will re-learn the value of this approach. However, placemaking, in the form of regenerating our urban areas for human interaction and fulfilment, will continue.” 

suttonharbourgroup.com



Natural Capital:

landscape, landowners and climate change



Ben Sharples, Head of Natural Capital at Michelmores, examines the potential for the cautious relationship between biodiversity and land management to prosper

The recently-published Dasgupta Review on the Economics of Biodiversity (an independent, global study led by Professor Sir Partha Dasgupta of the University of Cambridge) is further confirmation of our mismanagement of ‘*natural capital*’ – the world’s ‘*stock of natural assets which includes geology, soil, air, water, and all living things*’. This is due to a failure to value natural capital correctly. Mistakes continue to be made both in appreciating the significance of its role, and in the process conducted by valuers.

The development of natural capital as a new asset class is already prompting landowners and their advisers to consider the emerging opportunities carefully. Landowners are wary as early adopters of Payments for Environmental Services (PES) schemes have fallen foul of the ‘*reverse auction*’ model. This has seen utility companies conduct a race to the bottom as landowners have been asked to say how *little* they will accept to manage their land in a certain way.

There is a need for a standardised approach to auditing the stock of natural capital and for this to be considered alongside the conventional balance sheet. Only then can informed estate management decisions be made about the sustainable use of our dwindling natural resources.

THE ROLE OF LANDOWNERS AND TENANTS

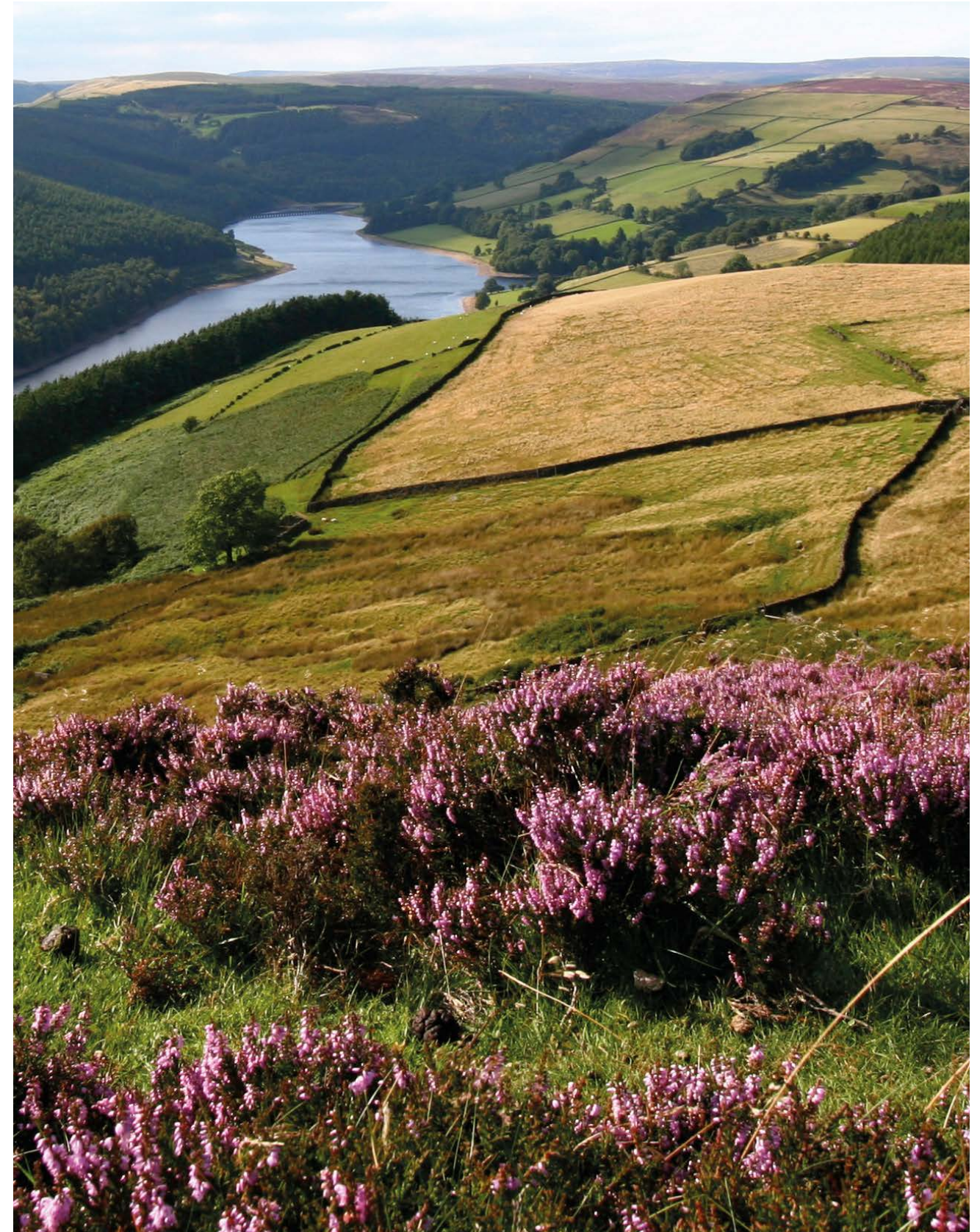
Landowners and tenants have many questions about their role in the stewardship and exploitation of natural capital and its associated value. Many of these have been prompted by the shift away from the Basic Payment Scheme as set out in the Agriculture Act 2020, and the requirement in the Environment Bill to bring about biodiversity net gain (BNG) – a positive and measurable ecological impact which delivers improvement through habitat creation or enhancement.

Information about the new ELMS (or Environmental Land Management Scheme) regime is appearing slowly, but land managers often cannot wait for the Parliamentary draftsman, and decisions need to be taken now. A delay risks a slowing down of the sales and letting of land, and the postponement of tax and succession planning.

MONETARY VALUE AND THE MARKET

The potential for the agricultural sector to sequester carbon (the removal of carbon dioxide from the atmosphere to help reduce global warming) is enormous, and so are the opportunities for receiving payments for environmental services.

We are, to a certain extent, playing catch-up, as countries like Australia have a fairly mature market for environmental services. As these markets develop the end product of such



schemes, whether it be carbon credits or units of biodiversity, acquires a credibility and recognition which brings with it an associated monetary value.

Whilst the market seems immature and almost fanciful at present, many will recall the example of the milk quota, which was never intended to acquire a value or be traded but ended up selling at £1 per litre. Proof, if it were needed, that the market will prevail in prescribing value even where this is not the aim. There are no such reservations here. Markets exist already for trading carbon credits and it is fully envisaged that other measures of environmental benefit will be traded in a similar way.

CONCERNS FOR LANDOWNERS

There are other reasons why landowners may well feel that they are standing at a cliff edge deciding on whether to leap. I would summarise the probable, and understandable, concerns as follows:

1. *How will private environmental schemes dovetail with the public ELMS provision?*
2. *Are drastic and irreversible changes in land management required?*
3. *How does such a decision tie in with wider succession planning?*
4. *What will be the taxation consequences?*
5. *Should I be entering into long-term agreements given all of the above?*

ELMS AND THE ISSUE OF WHO PAYS FOR ENVIRONMENTAL BENEFITS

Although some information is starting to be released on the sustainable farming initiative, much remains unknown about the new ELMS landscape. A key concern for landowners will be the effect of their entering into private environmental schemes now. Will this invalidate an ELMS claim?

There is an obvious reluctance for the Department for Environment, Food & Rural Affairs, or DEFRA, to pay a

landowner for an environmental benefit which is already being funded by a private company or individual. This is anathema to politicians and they will want the market to bear the burden where it can.

However, my view is that DEFRA will be fairly agnostic about a landowner receiving money for say, creating habitat to achieve biodiversity net gain in respect of a parcel of land which is also entered into ELMS, provided that there is no double funding for the same benefit. By way of example, the habitat creation could take the form of a wildflower meadow, whilst the hedgerows are entered into ELMS.

We need to see the detail of the full ELMS options, but the principle of blending public and private monies in this way should be acceptable if it leads to an overall environmental benefit. As ever, a paper trail will be required to show the separate funding streams for different projects.

It is only an indication, but DEFRA has recently issued a tender for research to be conducted into the potential models for blended finance under the new environmental land management schemes *‘to scope the full range of blended finance models that the schemes could help underpin.’* This shows a direction of travel and a likely acceptance of the principle that are both encouraging.

LAND MANAGEMENT AND BIODIVERSITY NET GAIN

By definition, the creation of biodiversity net gain will require a change in the management or use of the land from its current application. However, this may not always entail drastic landscape change, such as afforestation. It would appear that significant biodiversity gains can be achieved by converting intensive arable land into a wildflower meadow or woodland scrub, both of which would benefit from selective and extensive conservation grazing.

It is therefore possible for biodiversity net gain to be attained whilst keeping at least a toehold in the familiar territory of agricultural use and productivity, albeit this would represent a significant management change for an intensive dairy farm or arable enterprise.

This sort of management intervention has important taxation consequences as will be seen below.



SUCCESSION PLANNING AND THE NEED FOR DIALOGUE

Dialogue between the generations is always a good idea and never more so than in times of rapid change. Environmental schemes are, by necessity, long-term and they have to fit in with the management of the wider estate or unit.

Whether that compatibility exists will depend on the views of all the stakeholders. These may differ based on age and career stage, and a discussion may flush out potential issues or reveal a broad consensus.

TAXATION AND THE CHANGING ROLE OF FARMERS AND LANDOWNERS

For landowners, Inheritance Tax (IHT) will be the principal concern and two very valuable reliefs that can remove 100% of the value of agricultural and/or business assets from the charge – Agricultural Property Relief (APR) and Business Property Relief (BPR).

Land used solely for biodiversity gain would not qualify as agriculture as it is defined currently in the IHT legislation. The definition of *‘agriculture’* in all forms of legislation has failed to evolve with the times, and ideally, needs to reflect the changing role of farmers and landowners in delivering environmental benefits. Where supplying public benefits is ancillary to the primary agricultural function, then the taxation reliefs will be available.

A landowner should also consider whether using the land identified for biodiversity affects the availability of BPR. A farming business will qualify for BPR so long as the balance between trading and investment activities is in favour of trading. This, in turn, depends on the other activities of the farm and what proportion of the land is used for biodiversity. If land was let, either directly for agricultural purposes, or in order for a tenant to provide biodiversity, that falls on the investment side of the equation.

If biodiversity gain can be accomplished within the scope of *‘agriculture’* (by creating woodland scrub, say, and then using it for conservation grazing) APR and BPR may be attainable.

This would be a significant benefit for landowners, and much depends on what is being created in terms of habitat.

SHOULD LANDOWNERS BE ENTERING INTO PRIVATE ENVIRONMENTAL SCHEMES?

Creating a better environment is a long-term game as we rectify mistakes made over a relatively short period of time. The prospect of 30-year agreements to bring about BNG will deter some landlords, but the conditions of those deals will be all-important. The financial incentives and opportunities for landowners to get involved in creating habitats may make such protracted commitments more palatable.

The Agriculture Act 2020 has laid the statutory foundation for moving financial support away from the EU focus on direct aid to embrace environmental protection policies designed to fulfil DEFRA’s 25-year plan to improve the environment.

Nevertheless, the legislation governing the agriculture sector sits uncomfortably with newly-defined assets, such as natural capital and activities like the sequestration of carbon.

The conservation covenants and biodiversity gain provisions included in the draft Environment Bill may resolve some of these issues in due course. However, assurances on blended finance and taxation safeguards will be necessary to encourage landowners to engage where production is not the primary focus.

The world still needs to be fed, but the landscape is different now, and sustenance must be sustainable.

To find out more, please contact:
ben.sharples@michelmores.com

The fourth agricultural revolution — *the robots are coming!*



An interview with
Ben Scott-Robinson,
Co-founder and CEO,
Small Robot Company

Farming is one of the planet's oldest and most substantial industries. With global food and agri-business estimated to be worth \$5tn per annum, it is fundamental to feeding our growing populations. Yet, sustainability is now an urgent priority and farmers are under greater strain than ever before.

REVOLUTIONARY ZEAL

Agriculture has witnessed three revolutions – first, the transition from hunting and gathering to settled agriculture in c.10,000 BC – next, the unprecedented increase in the UK's output and new techniques seen from the 1750s – and finally, the huge expansion in agricultural production in the developing world from the 1930s.

Small Robot Company, a ground-breaking British agri-tech start-up, is determined to harness technology to turn traditional practices on their head, with the aim of solving some of the toughest challenges facing those who cultivate the land today.

A CHANCE ENCOUNTER

Ben Scott-Robinson, Co-founder and CEO of Small Robot Company, began his career specialising in user experience in the technology industry. Over the last 20 years he has worked for a number of the biggest mobile phone companies and founded four technology start-ups, before embarking on his current venture, Small Robot Company.



TOM AND DICK THE ROBOTS



BEN SCOTT-ROBINSON WITH DICK THE ROBOT

“I was driving to work very early one morning, listening to *Farming Today*. An interviewee from a large farm machinery manufacturer was discussing the future of agriculture, arguing that it was all about incremental change, bringing in driverless tractors and focusing on doing things faster. An alternative view was put forward by Professor Simon Blackmore from Harper Adams University. He suggested that we needed to start to farm more precisely, with smaller, autonomous machinery – essentially re-thinking the whole system.”

“I didn’t have any experience in farming, but the combination of the need for a better system and a lack of interest from the big players really interested me. I contacted Professor Blackmore, who had been working on robotics at an academic level for the previous 15 years. After speaking to him it was clear that he was onto something exciting. Professor Blackmore put me in touch with my now business partner, Sam Watson Jones, a fourth generation arable farmer who was equally as passionate about making change in the sector.”

ISSUES IN THE FIELD

“Sam knew that the next step was to go out to speak to farmers, to understand their most pressing problems and how we might go about solving them – so we spent six months talking to over 50 farmers. Among the issues that kept coming up were: topsoil loss, huge sums of money being spent on chemicals, fears around potential subsidy loss surrounding Brexit, and endemic weed problems.”

“The need for farmers to be more efficient, yet to meet the demand for large crop quantities at a low price has culminated over recent years. This demand causes problems, such as soil compaction by heavy machinery and topsoil loss, which reduce nutrient levels. Similar issues result from less frequent crop rotation as margins have tightened and the focus has shifted to output per hectare. Decreasing nutrient levels in turn create an increasingly sterile environment with fewer naturally-occurring bacteria, fungi and pests which counter the diseases that all crops experience – which then have to be dealt with using chemicals.”

‘We are looking to change the face of agriculture, to really solve the problems farmers are facing, whilst becoming truly sustainable and protecting our fragile environment.’

DELIVERING ‘PER PLANT’ INNOVATION

Small Robot Company has focused on delivering an innovative ‘per plant’ farming system – a radical approach that is quite different to traditional farming. Using lightweight, autonomous robots, its technology provides a ‘real-time’ view of each crop plant in the field throughout the season. From this it can work out what each plant needs, and when, to allow that plant to reach its full potential and cut out all of the inefficiencies, chemicals and fertilizer. All without disturbing the soil.

Employing a ‘per hectare’ service model, Small Robot Company has developed three different robots named ‘Tom’, ‘Dick’ and ‘Harry’ – each performs a specific role on the farm. The robots, which each weigh between 200 and 400 kilos, are supported by an overarching operating system called ‘Wilma’.

NOT JUST ANY TOM, DICK OR HARRY

Tom lives on the farm, going out to collect data over a few hundred hectares every few weeks. Each ‘Tom’ robot collects around 6,000 terabytes of data per day. This is processed and converted into useful geospatial reference points – representing the crop plants and the non-crop plants in the field. Tom tells the farmer what is going on in each field, the health of every plant, its specific needs and the weeds growing in the area. This information is converted into instructions for fellow robots, Dick and Harry.

Dick is a crop care robot, designed to treat the plants as required. Dick has the knowledge to kill individual weeds that cause problems for the crops; to leave or thin down the neutral weeds, and to keep the beneficial ones. Dick also has the ability to tell if a plant is diseased, so it can be treated before spores are released and potentially spread to other plants.

Harry is a robot designed for effective planting without the soil-disturbing draft force found with traditional farming machinery. Harry can plant each seed at the optimal spacing for the particular soil type, for its specific environment and positioning, enabling the farmer to get the best from each plant.

2021 will go down as a big year for Small Robot Company. Tom has now been in testing for two years on a number of farms, is currently under manufacture, and is due to be unveiled to the world. Dick is testing in the field to be ready for work in autumn 2021, and Harry is still in the design stage, preparing for on-farm testing in 2023.

ROBOTS AS A SERVICE

“Our model is to provide the use of our robots as a service to farmers. This is based on the real-life costs of producing crops and charged per hectare, starting from about 50 hectares, but working optimally at around 200 hectares or over. Above all, it is designed to be affordable, and scalable. We have seen some great results from the farms that we have been working with during the testing stages. We are also very pleased with the support and engagement we have had with our partners and future customers – over 150 farms have already signed up to use the service when we launch.”



DICK THE CROP CARE ROBOT KILLS A WEED

‘Ultimately, our aim is to become invisible. We want to be ubiquitous, something that is part of the landscape, just as tractors are today.’

GROWING THE BUSINESS

“We have raised money through crowdfunding, with backers from farmers to many other investors interested in wider aspects of sustainability and environmental issues, not necessarily with direct links to farming.”

Small Robot Company kick-started its fundraising for the development of the ‘Tom’ prototype, with 20 farmers who contributed £5,000 each. As we go to press, the company has just raised £4m in a successful equity crowdfunding with Crowdcube. The business has now overfunded in four Crowdcube campaigns and has secured £11m in funding to date. This includes £9.4m from its previous Crowdcube rounds, and £1.56m in Government Innovate UK grants – a resounding demonstration of public and industry support for delivering its vision.

There are more plans underway, focused on scaling the business and going to market, which will accelerate growth and the launch of additional robots into the field.

Small Robot Company continues to make key hires to its in-house team, attracting top talent from a number of aligned industries and businesses such as: Dyson, Virgin Galactic, Apple, Google DeepMind, the Haas F1 team and more.

MISSION

“In many ways we are striving not to be the standard start-up, we are very much a mission-based business. This is most evident when you look at our talented team, who are so passionate about what we are trying to achieve. Almost all of them chose to invest in our company in a personal capacity, which speaks volumes for their belief in our purpose.”

“We are aiming for mass coverage of our service offering in the next 10 years, working on an international scale. We don’t just want to be active in the obvious, developed farming economies. We want to assist farmers in developing countries where yields are smaller, and to adapt our technology and models to help those economies solve the challenges specific to them. Ultimately, our aim is to become invisible. We want to be ubiquitous, something that is part of the landscape, just as tractors are today.”


“Some of the big manufacturers are looking at updating their proposition, with many developing concepts around driverless, electric, smaller tractors. Obviously, they have a huge market share and, compared to robots, their product is a more comfortable concept for farmers to grasp and consider using. Nonetheless, these adaptations to machinery are still wedded to



the traditional farming techniques at their core. In contrast, we are looking to change the face of agriculture, to really solve the problems farmers are facing, whilst becoming truly sustainable and protecting our fragile environment.”

SMALL IS SMART

“Over the last century, farms have needed to get *bigger* to stay competitive – the whole system of *big* square fields is designed around making machinery *bigger*, with one person working faster, around weather windows. Robots are different – they are small and light, can support farming on a smaller scale and make the best use of the land available.”

“Tractors will be here for many years to come, but robots can offer new opportunities and sustainable farming practices. We hope that our technology will make up a sizeable proportion of the market. All of our previous agricultural revolutions started with innovation. We want Tom, Dick, Harry and Wilma to lead the way towards the next agricultural revolution – making food production sustainable, reducing the impact of farming on the environment, and increasing outputs across the world.” 

smallrobotcompany.com



In person, hybrid or *virtual*...

MAINstream

MAINstream, Michelmores' Angel Investor Network, was established in 2020 and is registered with the UK Business Angels Association. Angel investors play a key role in supporting and advising innovative start-ups and growth businesses. MAINstream's members are seasoned entrepreneurs and investors who are actively looking to fund, and support, exciting and disruptive ventures. Many potential backers have themselves started, scaled and exited successful enterprises. High-growth, early-stage companies pitch their business propositions to MAINstream members at events throughout the year. Members also benefit from wider networking opportunities and invitations to relevant training and seminars hosted by Michelmores.



MICHELMORES MARATHON FOR MENTAL WELLBEING

Launched in 2021, **Michelmores Marathon for Mental Wellbeing** challenged over 350 people to walk, jog or run 26.2 miles in just seven days, either individually or as a member of a team of two or four. A comprehensive social media campaign promoted awareness of, and encouraged, better mental health in our communities, with colleagues, clients, friends and family taking part to help break the taboo around discussing mental wellbeing. Over £15,000 was raised for our charity partner, Charlie Waller, which works tirelessly to help people to understand and talk openly about mental health.



MICHELMORES PROPERTY AWARDS

The annual **Michelmores Property Awards**, now in their 19th year, have become a permanent fixture in the South West's real estate calendar. They attract applications from a wide range of ground-breaking schemes across 10 competition categories. A panel of respected construction and real estate professionals comes together each year to judge the entries, and winners are announced at a prestigious awards ceremony and gala dinner. The event provides the ideal opportunity to network with key individuals from the region's construction and property sector.

Diary date: 2021 Michelmores Property Awards, Thursday 4 November.



AGRICULTURE 360 PROFESSIONAL WORKSHOPS

Our market-leading Agricultural law team shares its invaluable experience and insights through the **Agriculture 360 Professional Workshops**. These seminars feature the popular interactive teaching model we use at the CAAV National Tutorial and are devised to be of interest to all experience levels. Topics focus on the practical application of the law to case studies based on familiar challenges for the rural professional.

Diary date: Michelmores' experts will be back on tour with the next instalment of the biennial **Agricultural Roadshows** in 2022.



...the conversation continues

We have kept close to our clients, friends and colleagues, maximising the technology to enhance our programme of formal and informal events, whilst giving everyone the chance to interact across wider geographies

MICHELMORES PROPERTY DEVELOPERS CLUB

The **Michelmores Property Developers Club** is an acknowledged forum for developers and property professionals to connect and exchange ideas. Membership requests are reviewed carefully to ensure the optimum balance between developers, other property professionals and advisers. The Club meets in a combination of virtual and face-to-face formats, including knowledge-sharing sessions and networking lunches. Previous guest speakers include: Emma Osmundsen of Exeter City Council; David Harland of the Eden Project; Will Mumford of LocatED; Malindi Myers of the Bank of England; Tony Rowe of Exeter Rugby Group; and James Cross from the Environment Bank.



EMPLOYMENT LAW CONFERENCE

Michelmores' highly-regarded **Employment Law Conference** returned in 2020 in virtual form, attracting a record number of delegates. The team brought attendees up to date on the potential implications for their businesses and organisations of recent developments in the law. Themes included tips on 'pandemic-proofing', the post-Brexit legal landscape for employers, and forthcoming changes to UK immigration laws. As we go to press, our experts are finalising the programme for the 2021 event to ensure it delivers the eagerly-awaited blend of topicality and variety.

Diary date: 2021 Employment Law Conference, Thursday 18 November.



WOMEN IN RURAL PRACTICE

Introduced in 2019, our **Women in Rural Practice** workshops and networking opportunities have been designed to bring together women working across the broad variety of industries that make up the rural economy. Undaunted by COVID-19, these events have been on-line since 2020. They offer a mix of formal and informal activities alongside the chance to interact with like-minded female professionals across the country.



INTERNATIONAL TRUST ADVISORY GROUP

As part of our private wealth offering, Michelmores' specialist, multi-disciplinary **International Trust Advisory Group** provides non-contentious and contentious advice to international families, offshore trustees, non-UK law firms and other professional advisers. We have led a number of events including seminars in the Cayman Islands on future trust issues and the next generation, as well as an update on UK tax issues for Cayman trustees. Our international champagne afternoon tea in London proved a perfect setting to consider impact investment and developing markets. Less formal initiatives have included brunches, drinks receptions and a much-appreciated 'offshore' virtual chocolate tasting.





Cross-border divorce after Brexit

– the end of ‘*forum shopping*’



Daniel Eames, Head of the Family team at Michelmores, discusses the key changes to cross-border divorce post-Brexit, and the critical considerations for couples embarking on the divorce process

Couples deciding to get divorced in the post-Brexit era are finding an unfamiliar legal landscape when it comes to UK/EU cross-border family affairs: as of 1 January 2021 the laws have changed and EU laws affecting family proceedings no longer apply to the UK. These changes not only have implications for couples where one party is British and the other an EU national: for example, a French couple living in the UK would also have a choice of two jurisdictions, as would a British national living in the EU.

Taking the uncertain step to divorce is not easy. The new rules affect how decisions that are made in one country are recognised and enforced in another. This applies to cases in England and Wales regarding divorce, matters relating to

children (including on child abduction), and child maintenance. A client making these moves needs to ensure that they are getting the best advice on the latest UK/EU legal requirements that will impact them and their family.

BEFORE BREXIT

Up until 31 December 2020, EU regulations applied to all family cases and determined whether divorces and related financial claims could be issued in England. This provided a degree of certainty when advising clients, but meant that if proceedings were issued in England first, this would give priority to the English proceedings throughout the EU (save

for Denmark in certain circumstances). It also prevented a client’s ability to challenge and/or protect against the jurisdiction of the English Courts. At 11pm on 31 December 2020 this all changed and EU law ceased to apply to new cases brought before the English (and Welsh) Courts.

AFTER BREXIT

From 1 January 2021 the position is less clear-cut and it is possible to avoid the English Court system, which is generally seen as the most generous jurisdiction in the world for the weaker financial party on divorce/separation.

Where one or more of the parties are non-UK nationals or are resident outside of England, then in the event of a divorce and/or related financial claims being issued in England, it is open to the party who wishes to protect their wealth to a) issue proceedings in another country and b) to argue that the English proceedings should be stayed (stopped) in favour of foreign proceedings.

‘FORUM CONVENIENS’ TEST – THE END OF ‘FORUM SHOPPING’ AS WE KNOW IT?

In the event of competing proceedings the English Court will apply a ‘forum conveniens’ test to determine the most appropriate court. If it decides that it would be more fitting for the proceedings to be dealt with in a foreign court, then the English proceedings will be stayed in favour of those foreign proceedings. This has the potential to stop ‘forum shopping’, i.e. in the past where an applicant had little connection with England, they were able to take advantage of EU regulations to achieve a better financial outcome there than would have been possible in the country which had a stronger connection with their marriage.

Future planning can now decisively affect the balance of the forum conveniens test. Previously, a nuptial agreement which provided in advance that the parties’ divorce be dealt with in a particular EU member state would not have been effective. Today, if, say, two French nationals agree that a future divorce would be dealt with in France, this is likely to be given great weight in any forum dispute, and is likely to lead to the English Court staying its divorce proceedings if they were issued after 31 December 2020. This simply was not possible before 1 January 2021 if the proceedings had been issued in England first.

WHAT ABOUT FINANCIAL MAINTENANCE CLAIMS?

In contrast to divorce proceedings, it was possible to ‘elect’ (in a nuptial agreement or some other written form) that a party’s maintenance claims would be dealt with in a particular EU member state. Therefore, our French couple above could have ‘elected’ that the parties’ maintenance claims be dealt with in France (or a UK national marrying a national of any EU member state could have elected that their spouse’s home state dealt with any maintenance claims). In this event, any maintenance claims would have been dealt with in that state, even if one party had issued divorce proceedings first in another state.

‘Maintenance’ in this scenario is not just monthly payments, but can include capital lump sums or property orders, provided such orders are for the purpose of meeting ‘needs’. In England ‘needs’ are generously interpreted, and effectively, in high-value cases, ‘maintaining’ can even apply to an opulent lifestyle if that was the standard of living during the marriage. As a result, a mechanism which means that the English Courts can be prevented from making maintenance orders is extremely valuable.

Whilst an election in favour of England is no longer binding on the other EU member state (i.e. it would not have to stop its proceedings for maintenance in favour of English proceedings), this is not really an issue, because if one has assets to protect, one would never voluntarily elect for the English Courts. If the parties elect in future that another EU member state has jurisdiction to deal with any maintenance claim, then this would be a) binding in all EU member states and b) likely to be decisive in any forum dispute in England and Wales as explained above.

THE LUGANO CONVENTION

The failure of all parties to agree to the inclusion of the Lugano Convention (which provides for the recognition and enforcement of maintenance orders between the EU and EFTA states) as part of Brexit negotiations means that cross-border family law has become even more complex. Divorce litigation and the related child and spousal maintenance have been impacted hugely, in particular due to the EU Maintenance Regulation no longer applying in respect to jurisdiction for maintenance claims arising from divorce. This is likely to lead to additional financial and emotional burdens for families seeking to divorce.



The broader implications for international couples with one partner from the UK and the other from within the EU are significant, and should be considered carefully by a specialist divorce lawyer to ensure interests and assets are protected.

DOMICILE, EXPATS AND WHERE TO FILE

A new risk for those seeking to protect their assets on divorce/separation, and which has arisen as a result of the EU regulations no longer applying, is that it was previously not possible to bring a maintenance claim in England if you were relying on one party’s sole domicile as a basis for jurisdiction.

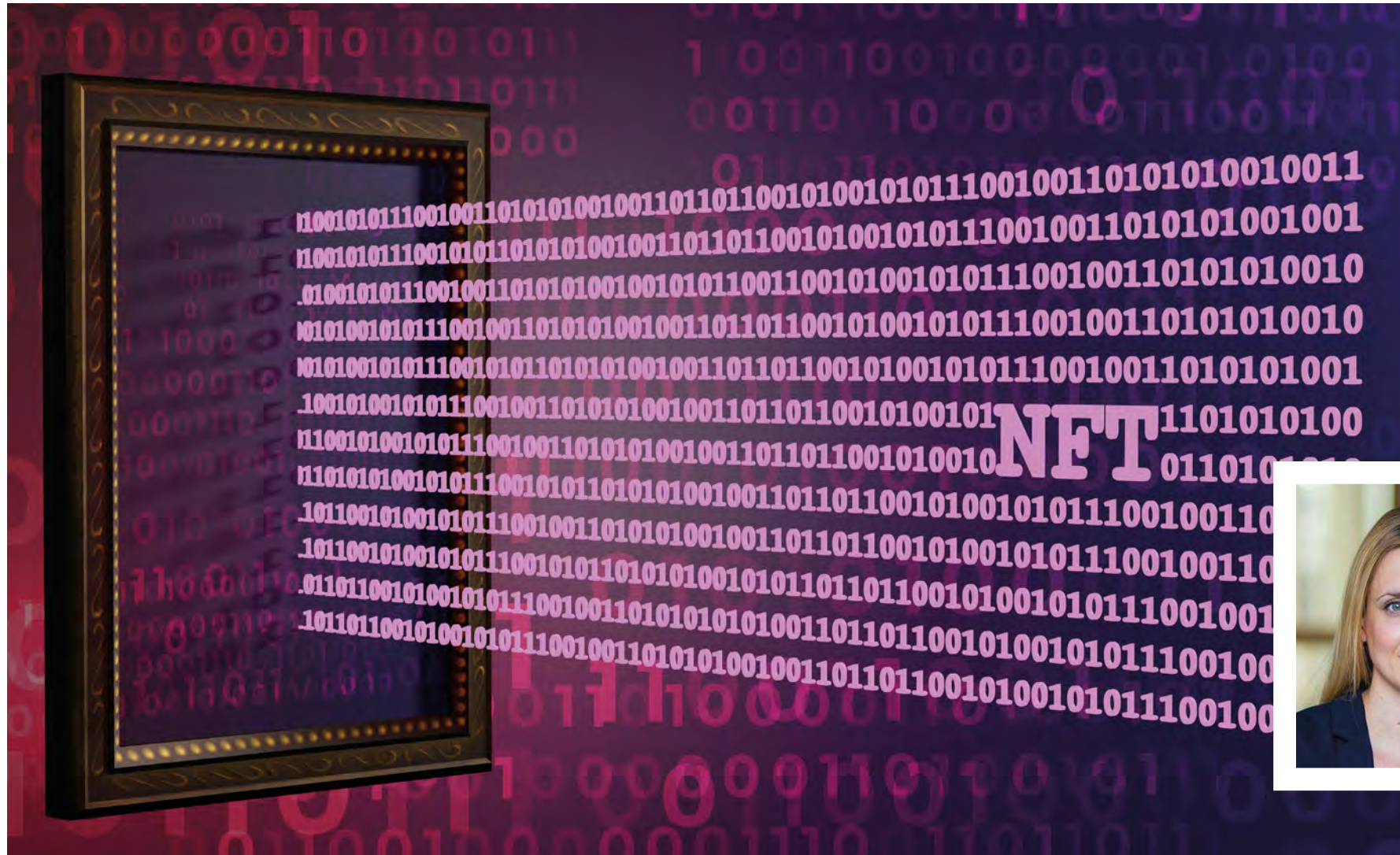
Domicile is a tricky legal concept and is not necessarily akin to nationality – but in simple terms, most British expats are likely to retain their English domicile even when working abroad. If they are living outside of England and married to a non-UK national, wealthy expats are now at risk of the non-UK national spouse bringing a maintenance claim in England and taking advantage of the English Court’s generous financial provision.

It is therefore essential that expats have nuptial agreements which elect for their divorces and any connected maintenance claims to be dealt with in a court which is not in England.

If the expat is not living in England and is married to a non-UK national, it is highly likely that such an agreement would prevent the English Court taking jurisdiction.

In summary, the removal of EU regulations from English law provides a planning opportunity for those who wish to protect their private wealth which only existed partially before: nuptial agreements are an essential weapon in this armoury. Without an agreement, it is now less difficult for the weaker financial party to bring financial claims in England and Wales. Whilst this can be challenged more easily, it comes at great potential expense, something which could be avoided with the right initial expert advice. ■

To find out more, please contact:
daniel.eames@michelmores.com



Key considerations for *high net worth* individuals



To help you with your planning, Jennifer Ridgway, Head of Private Wealth at Michelmores, reviews the legal developments for individuals and businesses for 2021–22 and beyond

CRYPTO ASSETS, CRYPTO ART AND BLOCKCHAIN TECHNOLOGY – A NEW DAWN

Crypto assets and crypto currency have been newsworthy for some time, but 2021 has seen crypto art and ‘NFTs’ (non-fungible tokens) burst into the mainstream media and emerge as an alternative investment opportunity.

The sale by Christies of Beeple’s *The First 500 Days* NFT collage in March 2021 (sold for \$69m), followed by Sotheby’s NFT sale ‘event’ featuring the anonymous artist Pak in April 2021 (which raised \$17m), mean that investment in NFT art is an increasing area of focus for high net worth (HNW) clients and the trustees and professionals who advise them.

More and more, we are dealing with tax advice in connection with these assets (frequently complicated by the fact that a favoured tactic by a number of NFT artists is to release some works via raffles/as prizes to build a fan base at the outset of their career). Similarly, the way that the ownership of NFTs is verified via blockchain (i.e. transactions are verified by multiple computers/consensus algorithms, rather than by more traditional methods which might record a change in ownership) is an innovative approach to legal transactions. This may eliminate the need for physical records and gives rise to questions around how this technology might be relevant in other areas of law.

In the art world, the use of blockchain ownership of NFT art may open up the potential for multi-party ownership (often referred to as tokenisation) and/or new opportunities for secured lending against works of art, all concepts with which our HNW investor and art collector clients and their trustees are increasingly engaging. Watch this space!



SHAREHOLDERS AND ‘DISASTER SCENARIO EVENTS’

The uncertainty of the COVID-19 pandemic has meant that a number of privately-owned businesses have asked us to assist in reviewing what would happen in a ‘disaster scenario’: a major shareholder’s unexpected death, or loss of capacity.

- This sort of stress test planning is essential, and usually leads to some or all of:
- *A careful appraisal of shareholders’ agreements to ensure that other shareholders can purchase the shares in these scenarios.*
 - *Reviewing insurance policies and associated trust arrangements which might provide liquidity to enable the purchase by other shareholders in an unexpected death scenario.*
 - *Making sure all key shareholders have adequate lasting power of attorney arrangements in place with (ideally) side letters giving guidance to attorneys in connection with the business.*
 - *Considering the shareholders’ will arrangements to be certain that the realities of the will reflect the shareholders’ agreement and that adequate guidance (and contact details) have been given to the executors, including practicalities, such as how the shares might be valued, how share buybacks might be funded etc.*
 - *On-going assessment of the availability of business property relief for the shares.*

Whilst we hope that the initial physical threat of COVID-19 continues to reduce for UK-based shareholders, unforeseen situations can arise even in normal times, and disaster scenario planning is an essential aspect of advice to business owners.

BREXIT – IMPLICATIONS FOR UK PENSIONS ON DIVORCE

At 11pm on 31 December 2020 EU law ceased to apply to new family law cases. This has implications for a number of different areas of family law, but none more so than the ability of non-UK residents to share UK pensions on divorce or separation.

Up until the end of the transition period EU law meant that even where parties divorced outside of England and Wales, they could apply to the English Court for an order to share a UK pension, whether by agreement or otherwise. Now that EU law no longer applies, if the parties divorce outside of the UK, they can only seek a pension-sharing order in limited circumstances, namely where one of the parties has been resident in England and Wales for 12 months, or if one party is domiciled here (domicile is not the same as nationality). For example, if US nationals had built up UK pensions in one party’s name during an earlier period of UK residence, but had returned to the US and divorced there, the only way the pension could be shared would be if one of the parties moved back here for 12 months!

If the pension is valuable, consideration would need to be given to divorcing in England (if permitted), or there would need to be ‘offsetting’ in the US divorce against other assets. It is essential to get advice in this situation before starting proceedings or, failing that, before a divorce is finalised in a non-UK jurisdiction.

IR35 – CRITICAL ISSUES FOR REVIEW

IR35 (often referred to as ‘off payroll’) is tax legislation aimed at preventing workers, and those who hire them, from avoiding or reducing tax payments and National Insurance Contributions (NICs). As of 6 April 2021, IR35 now applies to both public and private sectors. This means that in addition to all public sector organisations, private companies with more than 50 employees, a turnover in excess of £10.2m, and an establishment in the UK, are now bound by the new IR35 rules. Under these rules, intermediaries (such as Personal Service Companies) are no longer responsible for assessing the tax status of their clients. This responsibility now passes to the end-client, unless that end-client meets the small business exemption criteria, or is based overseas with no UK presence.

Where appropriate, the end-client is required to assess the nature of their relationship with each contractor that provides their services via an intermediary. They must look beyond the terms of the contract they hold with the intermediary and determine whether, but for the existence of that intermediary, their relationship with the contractor would be akin to that of an employer and employee.

Critical issues for review will be the right to substitution, control and mutuality of obligation. If the end-client determines that the relationship is akin to that of an employer and employee, the contract will be said to fall within IR35 and they will be liable to pay the tax and NICs. Conversely, where the relationship is not analogous to that of an employer and employee, the end-client bears no responsibility for the tax and NICs. They must take reasonable care to consider their decision and then confirm the outcome in a Status Determination Statement, which must be issued subsequently to the contractor, the subsidiary, and all other parties in the labour chain.

THE PROPERTY MARKET BOOM: CAPITAL GAINS TAX REPORTING

The property market, in particular the large country house sector, is booming. We continue to see increasing numbers of clients who have previously needed to be based in London for work now relocating to a more rural setting. Transactions are frequently completed swiftly.



A particular area to be aware of for *sellers* is the requirement to report and pay capital gains tax within 30 days of a sale. Whilst, rightly, some do not need to be concerned about capital gains tax on the sale of their main home, others should consider carefully whether principal private residence relief is available (it may not be if the seller owns more than one home) and, if so, whether any aspect of the property might be outside the scope of the relief.

This can be a particular issue for larger country homes with adjoining land, as principal private residence relief will usually only apply to the house and half a hectare of land. It is possible that a more extensive area of land/grounds/gardens may be within the relief if it is for the ‘reasonable enjoyment’ of the property. If not, careful valuation work needs to be carried out to quantify the gain in value on any areas of land/grounds/gardens not covered by the relief so that reporting and payment of tax can be dealt with inside the 30-day deadline.

For *buyers* who may be purchasing a second home, it is important to remember that notice should be given to HMRC within two years of owning more than one property to elect which should qualify for principal private residence relief. In the absence of this election, HMRC will determine which property is your ‘main home’ on the facts, which can mean uncertainty and complications at the point of any future sale.




NATURAL CAPITAL

The protection and enhancement of the world’s natural capital – and the environmental and social benefits which can be gained from it, will only move higher up the political agenda and weigh more heavily on the public conscience.

The Agriculture Act 2020, which came into force in November 2020, set in place the structure for a move away from subsidising production and towards supporting the natural environment. Although the transition will take a number of years, the new Environmental Land Management Scheme is already at the pilot stage, and elements of it will start to be rolled out across England next year.

At the same time, the new Environment Bill is currently making its way through the Houses of Parliament and contains some significant measures. Amongst these is a biodiversity gain requirement which will oblige local authorities to impose a minimum 10% biodiversity gain as a condition of any new planning permission.

Coupled with this is the creation of a type of enforceable, long-term covenant, a ‘*conservation covenant*’, which will be given by a landowner or long-term occupier to a ‘*responsible body*’. This will open up opportunities for landowners with suitable land to be paid for taking on long-term conservation commitments by developers who need to fulfil the biodiversity gain conditions imposed by planning consents. 

To find out more, please contact:
jennifer.ridgway@michelmores.com



theView has been sustainably printed by St Austell Printing Company on an FSC accredited paper and is a 100% carbon-balanced publication. The carbon footprint of the entire manufacturing process, and of the paper used, has been offset through the World Land Trust – helping to protect forests which were at risk of destruction or degradation.

Exeter | Bristol | London

michelmores.com