

Central Association of Agricultural Valuers

Northern Group Practical Examination

Wednesday 9th November 2022

Afternoon Paper

2.30pm – 5.00pm

PRACTICAL WRITTEN

Important Notes

1. Answer 4 out of 5 questions on the paper provided.
2. **All questions carry equal marks: 15 each**
3. Write your candidate number only (not your name) in the top right-hand corner of each page.
4. Start each answer on a separate sheet and place your answers in numerical order.
5. Write on one side of the paper only and leave a margin at the left-hand side.
6. Questions are related to the farm inspected this morning and are individually framed so as to minimise the need to make assumptions. Please state clearly any assumptions you do make and the reason for them.
7. Presentation and clarity of your answers is important.
8. All candidates must answer the questions on the basis of English conditions/law.

YOU NEED TO READ BOTH PAPERS AT THE COMMENCEMENT OF THE EXAMINATION, MAKE WHATEVER NOTES YOU NEED TO ASSIST YOUR ANSWERS FOR THE AFTERNOON PAPER DURING THE MORNING.

QUESTION 1

Your client has recently inherited Grange Farm from an uncle and would like to continue farming but thinks she would benefit if there were modern purpose-built livestock buildings available, instead of the traditional range at the front of the farm. She does not have a lot to invest in new buildings and would like to explore the option of residential development on the area outlined in red on the accompanying plan in order to raise funds. The steading is within the development limits of the village and is not in a conservation area.

- a) Consider what type of planning applications may be suitable for your client's proposal and the reasoning behind why it may be an option? **(4 marks)**
- b) What other factors or constraints should you consider when considering the type of planning application? **(2 marks)**

Your client would like to initially build a new 100ft x 60ft livestock shed for the existing suckler cows, [steel portal frame, concrete floor, open gated front to one elevation and concrete block, with Yorkshire boarding above and fibre cement roof] on the farm to be placed in the area coloured green on Plan 2. Your client was hoping to apply to the Local Planning Authority via a 30-day notice.

- c) What planning legislation is your client referring to? **(1 mark)**
- d) Consider if this is an option to your client detailing the criteria they must meet and provide your own recommendation as to the type of planning application that should be submitted. **(4 marks)**

An alternative site has also been suggested by your client as an option for the new building, coloured brown on Plan 2.

- e) Provide the pros and cons of the two proposed sites (green and blue). **(4 marks)**

(Total 15 marks)

QUESTION 2

Your client is the owner of Grange Farm. The farm is let on a 15 year farm business tenancy which commenced on 11 October 2001. Repairs are on a full repairing and insuring basis and the rent review procedure is not defined. The rent was last reviewed on 11 October 2017 and the passing rent is £11,200. The landlord is concerned that they are not getting the best rent for the property and has asked for a meeting with you to discuss a possible rent review.

In advance of the meeting, prepare brief notes on the following:

- a) The procedure necessary to trigger a rent review and the earliest date the rent could next be reviewed on. (3 marks)
- b) On what basis is the rent to be reviewed (1 marks)
- c) What risks should your client be aware of when triggering a rent review. (3 marks)
- d) What factors may be taken into account in determining the new rent and how do they relate to this farm. (6 marks)
- e) In the event that the parties were unable to agree a new rent, what is the procedure to follow including time limits. (2 marks)

(Total 15 marks)

QUESTION 3

Your client has been approached by a friend who would like to rent Grange Farmhouse and the adjoining land which extends to 3 acres, shown edged brown on Plan 2. Your client is interested in this proposition and is not happy with the current tenant who rents the Farmhouse on an Assured Shorthold Tenancy, which is outside the initial fixed term. Your client has asked for your thoughts on this and has asked for you to provide a summary note on:

- a) The letting:
 - i) The types of agreement and an indication of the likely rental value (2 marks)
 - ii) What factors need to be considered or dealt with before Heads of Terms for the letting of the farmhouse and land are agreed (6 marks)
 - iii) What needs to be put in place between agreeing the Heads of Terms and the keys being handed over to the new Tenant (3 marks)
- b) How you would terminate the current agreement. (4 marks)

(Total 15 marks)

QUESTION 4

The Landlord of Grange Farm is 85 years old, a widower, but is in reasonably robust health. The farm has been let to the current Tenant since 1979, a written tenancy agreement exists, but only covers those matters strictly required under Schedule 1 of the Agricultural Holdings Act 1986.

The Landlord has been approached by a solar farm developer, seeking to promote a 5MW solar farm on the fields numbered 7731, 6222, and 4413, in total extending to some 11.54Ha (28.52 acres).

The Landlord is interested in the proposal as a way of funding his ever increasing living costs. He is however naturally cautious, and he, along with his adult children, want to seek your advice on a number of preliminary queries pertaining to the proposed Solar Farm project.

Please provide a briefing note to form the basis of a subsequent meeting with the client, and his family, addressing the following queries:

- a) The developer has indicated that there are a number of issues that may influence the feasibility of the solar farm. Other than agreeing suitable terms, what principal preliminary issues are likely to determine the feasibility of the solar farm project, and therefore its progression to implementation **(3 Marks)**
- b) While it is hoped a negotiated surrender of the land in question may be agreed with the Tenant. If not, considering the circumstances, how could vacant possession be achieved for the project, what issues may need to be overcome/accommodated, and how would any statutory compensation due to the tenant be calculated. **(3 Marks)**
- c) The developer is proposing an initial 2 year Option to lease the land for the solar farm. Please provide Heads of Terms for the Lease which you consider it may be feasible to agree with the developer. **(8 Marks)**
- d) Are there any other potential financial implications that the Landlord should consider if pursuing this project. **(1 Mark)**

QUESTION 5

Your clients are the owner occupiers of Grange Farm. To assist with debt reduction they have asked you to advise on the possible sale of Field NG 7579. The field was purchased privately from their neighbour in 1978.

Following inspection and in preparation of meeting your clients:

- a) Prepare bullet points of items noted during your inspection that will assist you in producing a draft of the sale particulars **(3 marks)**
- b) Identify any additional questions that your clients may need to consider or clarify **(3 marks)**
- c) Write short notes on the methods of sale available, your recommendation (with reasoning) and your main terms of business including marketing strategy **(6 marks)**
- d) What tax implication will arise from the sale, the basis of assessment and any reliefs available **(3 marks)**

(Total 15 marks)

