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### **1. Question setting - An approach in an extraordinary year**

Throughout the question setting process, the written board (WB) examination team were acutely aware of the dynamic changes that may be required as part of the examination process, brought around because of the various national regulations brought in to control COVID-19, and also the candidates' individual positions. These issues flagged by WB and Central in the summer included;

- Candidates from not being able to attend tutorials in person
- The limitations of gathering in an exam centre
- The potential to sit the examinations remotely
- A potential reduction in candidate numbers
- The need for some candidates to self isolate or not being able to make the examination
- The need to create situational questions to test candidates if they were answering remotely
- The possibility of undertaking the marking session remotely

The WB and Central wanted to continue to undertake the assessments in a fair and consistent manner to take into account all of the above to give all candidates the ability to apply for Fellowship in the format which is set out in the examination guidelines.

The ability to hold physical examinations was dynamic and the regional conveners and Central worked tirelessly to ensure that all candidates were examined in a consistent and thorough approach, which is expected of Fellowship.

Questions were set in the late summer and scrutinised, amended and adapted to so that they presented a balanced test of knowledge and experience, as required by the guidelines. Many of the questions were situational, testing the candidates experience and ability to understand the scenario set.

The marking session took place in person on the 22<sup>nd</sup> and 23<sup>rd</sup> of November in a secure setting at The Old Court Hotel in Symonds Yat. Specific measures were put in place to mitigate any COVID risks. These included individual desks for each of the markers; compulsory PPE and advance electronic briefings for the marking processes.

## 2. General observations and comments

- This year 90 candidates sat the two national papers (132 in 2019). The combined pass rate for 2020 papers 1 and 2 was 29% (52% in 2019). This compares with the 10-year average of 43%. This is one of the lowest rates in the last 10 years when reviewing the table below:

Year	Candidates (Written)	Passes	Pass Rate
2009			55%
2010			18%
2011			41%
2012			40%
2013	124	45	36%
2014	149	71	48%
2015	162	69	43%
2016	163	98	60%
2017	132	73	55%
2018	143	58	41%
2019	132	69	52%
2020	90	26	29%

- The written marks average 59% which is marginally below the 10-year average being 61.5%.
- As noted above, the written board comprised a team of 12 of team marking for two days. One examiner needed to self-isolate in advance of the session and was not able to join us, but was available throughout the process.
- Those examiners who set questions were allocated a fellow marker prior to the marking session, and were asked to liaise with that person prior to meeting so that they could set their marking standards and model answers in advance. This reduced the level of physical contact and minimised the time spent at the marking venue.
- Examiners were briefed at 10.30 am on Sunday 22<sup>nd</sup> November in order to reiterate points from the examination guidelines, note the format of the marking session and to be clear about the process of marking scripts in a COVID safe manner.
- The majority of papers were completed by around midday on Monday 23<sup>rd</sup> November. At that point, the papers and Marking schedules were validated by Samantha Martfell and Dorota Szmit from CAAV. This followed a briefing from the CAAV president, Andrew Thomas.

- Examiners were aided by the increasing percentage uptake of laptops. Of the 90 candidates, only two chose to respond in manuscript.
- Written Board (WB) felt we had set a fair, relevant and syllabus compliant paper covering a broad range of topics, which in our view was passable by those candidates who had prepared sufficiently well.
- Consistent with previous years, a particular effort during the marking was made by examiners to try to write as many constructive comments and notes on the script as possible, this will particularly aid any candidates (and examiners) coming forward for review sessions.
- It has been noted in previous years, and is once again reiterated, the 'theoretical' questions were generally well answered, yet in the 'situational' questions candidates performed less well, struggling to translate the particular question scenario into their answer. Future candidates would be well advised to focus on this i.e. relating the question and facts provided into their answer and not just providing a stock answer. As previously noted, the questions were geared toward specific situations, and this led to poorer marks from some candidates.
- Question by question reports follow by examiners who either set and marked the question, or marked the majority of papers. Paper 1 question 2 was the most popular question, answered with 82 papers from the 90 candidates answering (the question concerned an APR/BPR scenario).
- There appeared to be a small number of candidates who ran out of time, as well as a handful of cases in paper 1 question 1 (multi part) answering too many parts i.e. more than 5. Candidates are strongly advised to pay particular attention to this in future i.e. reading clear instructions provided.
- There were many instances where candidates did not provide an answer that was commensurate with the number of allocated marks. This may be because they ran out of time, but examiners remind candidates to be mindful to expand their answers requisite to the marking structure.
- In many cases, answers were often not structured as the question directed, with key parts of the question simply missed off by many candidates - again this is disappointing and frustrating from a marking perspective.
- In terms of IT, it was very pleasing to see that 98% of candidates chose to use a laptop this year, and the Written Board unanimously agree that this offers a consistent approach to marking and feedback sessions (where required) and it allows for more efficient marking.
- Typed scripts were generally well formatted. Many candidates used tables to further enhance their answers but where this function was not available (for remote candidates) they were not penalised.
- It was encouraging to see that all examiners took the time to make detailed annotations against each paper regardless of the standard of paper.

- Most importantly, Written Board's view is that the use of laptops by candidates is delivering better thought out answers which are clearer, more concise and which avoid a manuscript brain dump on a subject area over multiple pages, which we were becoming increasingly used to seeing.
- There were a couple of cases where it was unclear as to whether the submitted papers were notes or the final answer. If candidates wish to type out notes prior to answering in full, they should make a clear title with 'notes' as the header.
- From the early planning stages we wanted to provide candidates with a sufficiently robust approach in the route to Fellowship. Whilst some candidates may not have attained the necessary marks to pass, we take an open and transparent approach to the marking so that we can support them in the process in 2021. It is often the case that candidates have dropped their paper averages on only one question, and on careful reflection, they can often learn from the questions that were poorly answered, so that they can achieve Fellowship in subsequent years.

### **3. Analysis in light of Covid Measures**

Whilst the pass rate of the written paper is one of the lowest in the last 10 years, the average marks are only fractionally lower than the 10-year average. It is difficult to draw a correlation between the 2020 pass rate and any specific questions which may have been worse or better answered than others.

On some of the more situational questions (such as P1 Q3 and P2 Q6) candidates struggled to grasp the core aspects of the question and fared badly. It appears they were answering with theoretical responses rather than reviewing the tone of the question. Conversely, there were questions where the average marks were at 72%, demonstrating a large number of strong candidates.

The Board were of the view that there was a sufficient spread of questions to test the candidates' ability across a range of subjects.

### **4. Question by question report**

Question by question reports are attached at Appendix 1.

### **5. Written Board's 10 top tips to future candidates**

- 1. Attend one of the two written tutorials** – lots of good tips and guidance are provided at these, and you are strongly advised to attend. If in doubt speak to a recent attendee.
- 2. Read the question and answer the question** – and not what you think and hope it says! Also re read the question several times during the answering, as there may be details missed on the initial read through.
- 3. Avoid 'walls of words'** – these are rarely asked for, and never welcomed by marking examiners!
- 4. Don't sell yourself short** – make sure you answer all parts of the question, and don't miss out parts – you are not making life easy and immediately putting yourself at a disadvantage

5. **Less is definitely more** – some of the very best answers are also the shortest, so please don't waffle or pad. This is not needed and definitely not wanted!
6. **Match time spent to the marks allocated** – the mark allocation is a really good guide for the time to spend on each part of the question, so do try to stick to this at all times.
7. **Formatting answers will assist** – whether handwriting or using a laptop, simple formatting whilst not compulsory, will certainly help e.g. bullet points, numbered lists, headings, white space, tables etc - all of these are good to win over the hearts and minds of weary examiners!
8. **Time is precious** – know exactly how long you have for each question before the exam starts, and don't be tempted to spend longer on questions you are comfortable with – the ones you are less easy with will need just as much, if not more time.
9. **Consider a question plan** – these are not favoured by all we know, but are a good way to gather thoughts in the heat of battle, and rough out an answer (which will also be marked if you completely crash on time).
10. **Not all questions require detailed legislation** – do not assume that the examiners simply want you to trot off every piece of legislation relating to that subject. In some questions they are asking for your opinion or understanding of the wider rural economy. Re read the question to better understand the background.

## Thanks and Acknowledgments

- After two years as a written board examiner and 6 years prior as a practical examiner, this was my first year as Chair of the WB. I am very grateful for the continued contribution and commitment from the examiners who have given up their time to aid the process. This is particularly pertinent, given the conditions we were operating in, which presented challenges for everyone involved. Their support is integral to the whole examinations process.
- The board were particularly fortunate to have the support of the Old Court Hotel, Symonds Yat, who safely accommodated us during the marking process.
- The 2020 written board comprised Gareth Lay, Chris Anderson, Mark Fogden, Charles Meynell, David Blake and Simon Brown.
- The board were supported in the marking process by Simon Nixon, Gareth Rowe, David Steel, Ellie Allwood, Mike Taylor and Andrew Capel.
- I have been very grateful for the support from David Steel who moved on from the Written board to the Education and Examinations Committee. David continues to provide support the board with his thorough and efficient marking approach, and on behalf of the WB, we thank David for his time as Chair.
- This was first year on the WB for Mark Fogden and Chris Anderson. In particular Chris has assisted with the devolved legislation associated with the Scottish Papers, and has travelled considerable distance to aid the process. There is no doubt both will be valued members of the team going forward.

- I have been very grateful for the consistent support in the question setting process, and particularly regular reviews of the COVID situation from Jeremy Moody. He has yet again provided expert advice with a careful eye over the moderated answers (especially from a devolved government perspective), and I am very grateful indeed to him.
- Often overlooked in the process are the question and answer ‘scrutineers’. I am particularly grateful to them for their robust review of what we had drafted, and the various tweaks and improvements which they identified and encouraged us to adopt. This third party review ensures fairness and consistency, and to eliminate any ambiguity or duplication of question topics. I am very grateful to them.
- Finally, I want to thank Dorota and Sam for their unflappable approach and support throughout the process. Each year presents new challenges, and 2020 was no exception. They have worked tirelessly to manage the processes to maintain the high standards that is expected from members and candidates.
- Not only is this a significant event for the candidates, but requires a mammoth effort from Central and Members from all corners of the United Kingdom. I am proud to play a small part in upholding the very high standards that are expected to become a Fellow of the Central Association of Agricultural Valuers.

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### Written Board – Examiners Report on Questions

#### Paper One - Question One - Multipart question

Number of candidates answering	60
Percentage passed (%)	55
Average mark (%)	66.27
Top mark (%)	90
Lowest mark (%)	30

A total of 60 candidates sat this part of the question, which offered 8 questions on a broad range of areas with a requirement to answer five of those eight.

There were two handwritten scrips, the others were typed. The typed scrips have made it much easier to mark, with all 60 papers marked and reviewed in good time.

The questions covered the following (number of answers in brackets);

- A. Dispute resolution options (44)
- B. Permitted Development Rights (55)
- C. Professional Indemnity Insurance renewals (33)
- D. Business Rates (24)
- E. Residential Lettings (59)
- F. Risk Assessments (44)
- G. Expert Witness (14)
- H. AHA surrender (30)

Each question had at least two key parts.

It seemed a frequent mistake for candidates to answer the main body of the questions well, but then forget to review the question which asked for a second part answer, for example the Dispute Resolution asked for changes brought in under the Agriculture Act. This was worth 25% of the marks for and was often overlooked.

The broad spread of answers demonstrated that the spectrum of subject areas were suitable for all regions.

Candidates struggled with the answers to question C (PII renewals) with average marks being 55%, compared to question E (residential lettings) where the average mark was closer to 74%.

Answers in general were concise, but in many cases lacked depth, such as dates and legislation. Some appeared to run short on time.

Many candidates did not structure their answers in a clear format in the same order as requested within the question. The use of sub headings and separate lines for answers was preferable. There were some candidates who were very economical with their answers; perhaps a lack of time; or perhaps a lack of knowledge.

On the whole, the standard was high, which reflected the broad nature of the questions and the ability to choose subject areas which suited the candidates' areas of practice.

	Number of candidates	Average mark	The top mark	The bottom mark
Q1a	44	71.15	100	25
Q1b	55	71.25	100	25
Q1c	33	55.15	100	12.5
Q1d	24	62.20	93.75	25
Q1e	59	73.60	100	37.5
Q1f	44	64.05	100	25
Q1g	14	41.95	75	25
Q1h	30	61.80	87.5	12.5

### Paper One - Question Two – An Inheritance Tax Scenario

Number of candidates answering	82
Percentage passed (%)	41.46
Average mark (%)	59.89
Top mark (%)	80
Lowest mark (%)	30

#### Part I

Part I was generally well answered, with candidates able to gain high marks given the relatively formulaic nature of this part.

Some candidates did not specify where IHT applied and lifetime 'potentially exempt transfers' were missed.

Understanding of APR was generally good, but BPR was less well dealt with. Poorer candidates were unable to reference HMRC v Brander [2010] and its importance to a mixed farming estate.

It was not well understood that Heritage Property relief is conditional and only relevant to properties/assets of important national interest.

#### Part II

The treatment of the main residence was generally good, and most candidates were able to reference case law and the tests relevant to 'character appropriate'. The difference between 'market' and 'agricultural value' was well understood.



Candidates did struggle to reference Farmer v IRV [1999] and HMRC v Brander [2010] in relation to the let cottages and commercial lets.

Relief on woodland was poorly dealt with and confusion between where APR and BPR may apply was evident. Many candidates did not appreciate that the value of loans could be deducted from the value of the Estate.

### Part III

No candidates gave a full and reasoned answer to Part III. This may have been due to a shortage of time.

In many ways, this was the simplest part of the question having already identified where IHT liabilities existed. Candidates had difficulty making recommendations and providing justification.

It was generally well accepted that the farm shop could be dealt with by employing a manager, but some suggested a sale. Most recognised that letting would increase IHT liabilities if the Brander principles could not be proven.

The main residence was not well considered in the final part of the question.

Many candidates were keen to suggest contract farming as a way forward, even though the farming side of the business was being dealt with by the son.

## Paper One - Question Three – Rent Assessment

Number of candidates answering	39
Percentage passed (%)	10.25
Average mark (%)	46.31
Top mark (%)	78
Lowest mark (%)	10.05

This question was attempted by 39 candidates with overall marks ranging from 10.5 to 78 (where marked out of 100).

### Part 1

Most candidates had an understanding of the general sheep market and generally answered well enough. as candidates should have been aware of the implications of Brexit, etc in 2020 on the sheep market.

### Part 2

Question basically asking candidates to recite the statutory basis for rent review. There was some confusion between the basis between 1995 Act and 1986 Act with candidates not demonstrating they knew the significance of the difference by either using the correct terminology or correctly describing the system. Using the correct phraseology is the easiest way to get across the answer in the minimum number of words to be typed.

### Part 3

Need to deal the three named farms! A lot of candidates ignored Close Farm which had a different rent review date. A large proportion of candidates failed to recognise the need to either appoint an arbitrator by agreement before the term date or to make an application to the RICS (DRS) by the same date.

Also several candidates referred to a rent review taking place on Home Farm in spring 2021 but failed to comprehend that if a notice has not been served then this could not be enforced. Therefore the issue was that a notice was being served now for spring 2022. The question asked the timetable could easily have been answered by literally setting down the dates on paper explaining what to do by what date and surprisingly no candidate did this.

#### Part 4

Was reasonably well answered although candidates did not always remember to ask for copies of the BPS / environmental schemes or practical information such as tenant's costs, output, etc. Candidates asked about memoranda / consents but not always demonstrated why they were asking for them.

#### Part 5

Generally the weaker area of answer for most candidates. Practicalities of how to treat these parts of the farm in a AHA rent review was disappointing in detail and practical knowledge even though the actual scenarios are not unusual.

**Sub-let Cottages** - Most candidates identified the need to check whether there was consent to sub-let. Some candidates addressed how this income could be treated within the overall rent review but few commented on the often usual scenario where it is the farm tenant who has improved the cottage, central heating, etc and how this would be accounted for in assessing the rental value in an AHA rent review. Most candidates used comparable market evidence to use as a basis for the rental value of the cottages.

**Beef Yard – Most** candidates simply tried to disregard this as a tenant's improvement although a few candidates did rightly question whether in fact this was still a tenant's improvement as it was carried out by the father prior to the succession. Although the disregard answer was not wrong, unfortunately candidates did not then make any comment on farm budgets implications. Candidates were not expected to give a detailed consideration but it was expected to have some comment on how the budget of the farm should be looked at bearing in mind that this is principally a sheep farmer and clearly using the beef yard as part of the sheep enterprise and as the question had indicated the proportion of grassland so there could have been comment on how the value of that grassland was affected if took the approach to disregarding completely the beef building.

**DIY Stable** - Some candidates disregarded this on the basis it was a non-agricultural use! Others asked it had consent whereas the question made this clear. Unfortunately no candidates addressed the fact that the tenant ran a non-agricultural enterprise but it was from the landlord's buildings (even on the basis the tenant had carried out the conversion works) it was still reasonable to expect some return on the landlord's buildings.

**Drainage Scheme** - Again most candidates adopted for an easy option of disregarding this because it had landlord's consent. Very few made any comment on the impact of drainage on land improving crops and yields and no reference was made to how this could be reflected in the budget although the tenant made the expenditure.

**Marriage Value** - Wide range of answers from referring to completely disregarding this to explaining what this meant in valuation of capital assets! Some candidates did identify what it meant in the context of having adjacent bare land farmed alongside a main holding. Some candidates also recognised that Close Farm could in fact be treated as a comparable whereas the marriage value would have been disregarded from the comparable but then added back in to Home Farm as clearly it had the ability to service other land in the area.

Generally, the candidates answers were reasonably well structured and obviously typed papers makes it easier for the examiner to read! Unfortunately, some candidates thought they would flood the page by cutting and pasting earlier answers for this question – not a clever idea if all you are doing is repeating the wrong answer! Candidates are not given extra marks for simply being able to cut and paste!

### **Paper Two - Question One - Environmental Management**

<b>Number of candidates answering</b>	<b>34</b>
<b>Percentage passed (%)</b>	<b>35.29</b>
<b>Average mark (%)</b>	<b>61.5</b>
<b>Top mark (%)</b>	<b>89</b>
<b>Lowest mark (%)</b>	<b>37</b>

Thirty-four candidates answered this question which focused on an arable block of land being taken in hand with environmental problems associated with diffuse pollution. Candidates generally answered this part of the question satisfactorily with some outstanding answers. Only a handful though dealt with the issues arising from the use of irrigation and the problems of slug control.

The second part of the question asked candidates to comment on an appropriate Stewardship scheme. It quickly became apparent which candidates had practical experience of putting a scheme together.

### **Paper Two - Question Two - Contract Farming and Joint Ventures**

<b>Number of candidates answering</b>	<b>22</b>
<b>Percentage passed (%)</b>	<b>72.72%</b>
<b>Average mark (%)</b>	<b>71.88</b>
<b>Top mark (%)</b>	<b>89.5</b>
<b>Lowest mark (%)</b>	<b>48</b>

#### **Part A**

The candidates had to give options for combining farming operations to share fixed costs and resources and indicate the likely issues. There were many good answers which were not over complicated. However, certain candidates did over complicate matters, often producing up to 4 or 5 options, many with minimal differences. For example: Partnerships of one type or another vs Joint Venture!. The majority of candidates identified issues. The more potential options that were put forward the more the issues became a problem in being identified leading to confusing answers.

#### **Part B**

Again, to reiterate the point in Part A above, the more options that candidates provided, then the more complicated Part B became in answering part B.

#### **Part C**

Generally covered well in some instance's solicitors were missed off the list, points were easily gained here with 3 core disciplines of Agent, Solicitor and Accountant, with additional points being gained for Agricultural Consultancy and similar. The best answers indicated the work roles of each of the particular experts and how they could assist the intended arrangement.

#### **Part D**

This was the easiest area for candidates to obtain additional marks with an overview. The best answers were bullet points with explanation paragraphs providing a clear and concise answer, which was far more successful than simple comprehension without a break between the relevant parts of the question. Unfortunately, there were several candidates who took this approach.

The overall average score was 71.89%.

The best answers concentrated upon the structure of the question and answered it in the same order and construction. They identified the possible scenarios early, selected the most suitable and then the rest of the question was centred around that preferred option, rather than to attempt to answer all parts from the point of view of every option.

It is appreciated that candidates in the majority were using word processors rather than handwritten notes. It was, however, evident to see that there were few sketch plans apparent in advance of attempting the question and this became clear in the poor structure of some answers.

#### **Paper Two - Question Three - Farm Agency**

<b>Number of candidates answering</b>	<b>77</b>
<b>Percentage passed (%)</b>	<b>55.84</b>
<b>Average mark (%)</b>	<b>64.63</b>
<b>Top mark (%)</b>	<b>91</b>
<b>Lowest mark (%)</b>	<b>24</b>

- This question required candidates to consider the purchase of a small farm from the perspective of a buyer with limited/no knowledge of rural property matter, and who is considering the purchase primarily for lifestyle purposes. As it was not an especially technical questions, and it was considered that candidates should have had exposure to such a situation even if they had not dealt with the specifics of a purchase e.g. sale, valuation, etc. Based on the high number of candidates that answered this question, this seems to be the case.
- The initial part of the question, covering a quarter of the marks, required candidates to outline key terms to include in a terms of engagement letter, predominantly a generic process where it would be expected that candidates have been involved in, and may (should!) have revised specifically for the exam. Surprisingly this section was generally poorly answered with many candidates, including many of those who answered the remainder of the question well, losing marks on a section that should have been relatively straight forward and quick to complete, allowing candidates to focus on the more substantial part of the question.

- The main part of the question required candidates to make notes on each of the different parts of the property, in preparation for a client meeting. High marks were scored by those who set out their views in a logical and clear fashion, dividing the property into its component parts, outlining the relevant issues with each element and drawing suitable conclusions.
- Most answers that scored well laid out the answer in a number of different sections, the poorer answers either failed to raise a number of important and relevant issues, or discharged information in an ad-hoc and scattergun fashion that indicated a lack of understanding on the main issues, and did not give the examiners confidence that the candidate would enter a client meeting prepared and able to give sound, effective advice.
- Disappointingly, some answers simply omitted discussing certain elements of the property or provided very limited commentary on component parts, dropping marks as a result even if the rest of the question was answered well.
- Some of the best answers used tables to clearly layout the relevant property parts, resultant issues to consider and additional commentary. Few candidates linked the issues and considerations to the clients objectives, providing sensible and practical advice and commentary bespoke to the client - those who did generally scoring highly.
- No draft answers/layouts were submitted (where they prepared in note form and not submitted?). Taking a short amount of time to draft an answer would have probably allowed candidates to logically think through the question, with the strong expectation that this would improve the scoring.
- The final part of the question required candidates to outline wider implications, taking longer term views and discussion of ownership, taxation, legal, other professional advice, etc and was generally poorly answered. Whether candidates ran out of time or overlooked this part in the desire to move onto other questions, it is not known, although as it only accounted for a small proportion of the marks a strong pass could still have been obtained if the remainder of the question was answered well.
- The question touched on a wide range of issues that candidates should be aware of in their professional role, requiring a practical and logical assessment of the issues as relevant to a client. Good answers did not necessarily require in depth technical answers (although they are always appreciated and scored well) nor large amounts of text (1.5-2 pages of typed text would have been sufficient) but required candidates to apply knowledge and common sense to assist a client to achieve his objectives, very much part of what we do in our daily role.

#### Paper Two - Question Four - Overage

<b>Number of candidates answering</b>	<b>43</b>
<b>Percentage passed (%)</b>	<b>27.90</b>
<b>Average mark (%)</b>	<b>57</b>
<b>Top mark (%)</b>	<b>85</b>
<b>Lowest mark (%)</b>	<b>26</b>

This question was about the sale of a three acre paddock by auction with perceived development potential.

The first part of the question asked candidates to consider the approaches available to deal with the potential future uplift in value, most candidates correctly identified the possible use of a restrictive covenant or an overage clause, however many failed to describe the legal framework for these or the option of not using either but seeking to achieve a higher price based upon hope value. Some candidates talked about obtaining planning consent first or an option or a promotion agreement and whilst this was not what was intended, equal marks were made available for a proper discussion of these alternatives.

The next part asked candidates to consider if equestrian use might require planning consent. Over half of the candidates failed to identify that grazing by horses unless for agricultural purposes would not be an agricultural use and therefore may need planning consent unless an existing use had been established. Many also failed to consider whether equestrian use was likely to be a trigger event.

When asked what information a Valuer might need to consider the value of the uplift clause, many candidates forgot to mention the costs of obtaining planning consent and the details of the planning consent itself.

Candidates were then asked to prepare a worked example of an overage calculation. Either a residual valuation worked back from a finished dwelling or use of a plot value from comparable evidence would have been acceptable. Most candidates grasped the basic principles but then made significant omissions or errors. Most commonly candidates used the auction purchase price for the whole parcel of land when planning consent had only been granted on a small part of it. Other omissions included insufficient detail on development costs when using the residual approach and failure to include costs of obtaining planning consent. This part carried 40% of the marks for the question and yet most candidates did not appear to have devoted a proportionate amount of time to it.

The final part of the question asked candidates to consider remedies when a buyer ignored the overage or restrictive covenant. This was largely glossed over and few candidates described the legal framework, appropriate courts or the possibility of Alternative Dispute Resolution. A number of candidates thought that this was automatically an Upper Tier Tribunal matter, when it is likely to be a County Court case.

## **Paper Two - Question Five – Renewable Energy**

<b>Number of candidates answering</b>	<b>22</b>
<b>Percentage passed (%)</b>	<b>40.90</b>
<b>Average mark (%)</b>	<b>60.61</b>
<b>Top mark (%)</b>	<b>81</b>
<b>Lowest mark (%)</b>	<b>36</b>

- Despite quite a lot of background information this was a perfectly fair question, and very answerable, even if candidates had not been directly involved with a large scale solar PV site

- A decent proportion of the marks related to operational, practical and longer term issues for the Estate owner's wider property, which could have been identified by the candidates despite not having dealt with a macro solar site previously
- The majority of candidates answered in the requested letter format, but several did not which was disappointing
- The best answers were a well laid out, 2 page letter neatly formatted, with a short introduction and then sub headings for each of the four different question parts with bullet points underneath
- In several cases, the letter answer was a continuous block of prose, which became hard to decipher where each part started and finished. Candidates were not marked down for this (nor for not answering in the requested letter format!) but it did not engender examiner confidence from the off!
- The first part was reasonably well answered, but on the whole answers were too brief for the 4 ex 20 marks on offer. A list of the most topical background matters in terms of the UK renewable energy market and what has changed and why in the last few months, scored easily and well
- The second part (8 ex 20 marks) did not specifically request a full draft set of heads of terms (but several candidates provided this) but the better answers focused on the 'key issues' to consider, and then honed in on the basis of rents for the landlord, and in particular the factors affecting rents - this latter point was one which the majority of candidates failed to focus on disappointingly. The best answers gave an expected rent range and made reference to a certain/base rent per acre, and a possible turnover/top up rent based on annual income generated by the solar tenant.
- The third part (6 ex 20 marks) concerning operational issues and impact on the wider estate was generally well answered in a clear and logical fashion. The best answers here also related the background facts provided in the question into their answer (e.g. impact on the potential residential development site and also the existing industrial estate etc)
- The fourth and final part (2 ex 20 marks) was aimed at drawing out the longer term implications, and understandably candidates focused on how the leasehold asset could be best held in terms of income/capital tax efficiency, and the impact on loss of existing IHT reliefs and also the loss of BPS income across the site once developed.
- On the whole, those candidates who stuck to the key facts in each question part, related their answer to the background scenario provided, and laid this out in a well structured letter format were rewarded with a comfortable pass.

## Paper Two - Question Six - Valuation

<b>Number of candidates answering</b>	<b>72</b>
<b>Percentage passed (%)</b>	<b>18.05</b>
<b>Average mark (%)</b>	<b>47.84</b>
<b>Top mark (%)</b>	<b>87</b>
<b>Lowest mark (%)</b>	<b>11</b>

The question set was essentially a valuation question with a Covid -19 twist relating to market uncertainty. The question required candidates to quickly assess what was relevant and/or irrelevant information and to then go on and identify the issues.



In answering the question it became clear that those candidates with valuation experience were able to score well, however those candidates with little or no experience clearly struggled.

### Part 1

Whilst part 1 was not broken down there were clearly three areas for candidates to address. A good answer to this question carried 70% of the marks and those candidates who adopted this approach generally scored well

- 1.1. Issues considered to be relevant to the valuation
- 1.2. Issues requiring further clarification and why
- 1.3. Any reasonable assumptions

At this point candidates had the opportunity to think freely and simply list the issues and pick up points. However too many concentrated on the residential element alone rather than broadening their thinking out to the wider farm. Notwithstanding this the answers around the residential property were generally well rehearsed.

Opportunity existed to score more points by commenting on; mineral and timber reservations (ask to see title burdens), issues around the farm staff and their occupation, the relationship between the partnership and the title owners. Turning to the holiday cottages candidates were easily seduced by the presence of the trading accounts which then led them down a valuation path.

A number of candidates lost sight of who they were acting for; the bank and what they were valuing; the asset and not the trading business. Too many strayed into milk contracts, IHT and BPR (!), business plans etc, It was felt that some fairly lazy assumptions were made which in reality were perfectly capable of being confirmed had the candidate referenced some due diligence with the farmer such, as evidence of condition of the properties, or which would have become apparent from an inspection or checks with on line information. Likewise one or two made some surprising assumptions around the subjects of valuation being restricted to the residential element alone and the presence of agricultural occupancy conditions.

### Part 2

On the whole this was generally well answered albeit at times rather briefly for 15% of the marks. Where candidates let themselves down was the second part of the question which sought some comment on how the valuation methodology was applied. Those who referenced adjusted comparables generally scored better. A high number of candidates adopted the investment method for the holiday cottages, whereas in reality the vacant possession basis would produce a higher value with the ability to obtain vp at relatively short notice.

### Part 3

We were looking for some comment around market uncertainty. A large number of candidates referenced it, some more obliquely than others, as a factor to be considered but failed to indicate how they might address with their client and what the impact on valuation might be.

Ends/.