**CENTRAL ASSOCIATION OF AGRICULTURAL VALUERS – EASTERN GROUP**

**Morning Practical Examination**

**Wednesday 10th November 2021**

**At**

**Gravel Pit Farm, Heath Road, Burwell, Cambridge CB25 0AP**

**Guidance for Candidates**

Candidates should have read the 2021 Guidelines for Practical and Written Examinations.

**All questions in this paper should be answered.**

Time allowed – 3½ hours with an additional half an hour for completion of calculations and final check on notebook answers (**4 hours in total**). A total of 90 marks are available – 85 marks for question answers and 5 marks for presentation.

Notebooks, question papers and CAAV publications for both the morning and afternoon sessions for the practical examination will be handed to the candidates at the initial briefing.

During the morning session candidates will be shown various items by the examiners.

**Introduction and Background**

Gravel Pit Farm, Burwell lies to the west of Exning and Newmarket in Cambridgeshire and is shown, for identification purposes only, outlined red on Plan 1.

It comprises a principal farmhouse, cottages, range of farm buildings and land extending to approximately 275 hectares (680 acres). The typical cropping includes wheat, barley, sugar beet, oilseed rape and beans.

The property is owned and run in-hand by Mr Johnny Walker, aged 66. His daughter, Cherie (aged 33), has recently returned from a successful but non-agricultural career abroad and she intends to take over the management of the estate from her father in due course.

The land outlined blue on Plan 1 extends to approximately 73 hectares (180 acres) and is let out under an Agricultural Holdings Act tenancy, which commenced on 29th September 1980. The land is in arable cultivation and immediately adjoins Gravel Pit Farm to the north.

The land to the north of the estate, hatched green on Plan 1, is owned and farmed by Mr Walker’s neighbour. It is bare arable land of a similar nature to Gravel Pit Farm, and extends to approximately 35 hectares (86 acres).

You are the Agent acting for both Mr Walker and Cherie.

**QUESTION 1**

1. In Building A (labelled on Plan 2) there are two commodities, numbered 1 and 2. Assume a heap of each measures 10 metres wide, 20 metres deep (at the base) and 3 metres high. Assume the slope is 45 degrees and measures 3 metres at the base. The commodities were harvested in 2021.
2. Identify both commodity number 1 and 2. **(0.5 mark)**

1. Provide a tonnage and value for heap 1 as at today’s date, showing your calculations. Please state any assumptions that you have made. **(3 marks)**

1. Provide a tonnage and value for heap 2 as at today’s date, showing your calculations. Please state any assumptions that you have made. **(3 marks)**

1. Provide a value on a £/tonne basis as at today’s date for feed wheat seed with a single purpose seed treatment. **(0.5 mark)**
2. Provide a value as at today’s date for bagged nitrogen fertiliser on £/tonne basis. **(0.5 mark)**

1. Provide a current value for red diesel on £/litre basis. **(0.5 mark)**
2. Identify the produce numbered 3 and provide a value as at today’s date on a £/tonne basis, delivered. **(1 mark)**
3. Three items of machinery are labelled 4, 5 and 6.

For item 4, assume 3000 hours.

Describe each item as if it were being included in a catalogue for sale by public auction and provide an estimate of the current market value for each item. **(6 marks)**

**QUESTION 2**

1. Consider Field B on Plan 1, which has a gross area of 13 hectares.
	* 1. In note form, briefly describe the nature and character of the soil.

**(2 marks)**

* + 1. Identify the crop that has been established. **(1 mark)**
		2. Set out a projected Gross Margin in respect of the crop on a per hectare basis for harvest 2022. Assume a conventional crop (i.e. not organic). **(5 marks)**
1. Identify and describe the livestock in Pen Z. **(2 marks)**
2. Provide a current value for the pen of stock. **(1 mark)**
3.
4. Assume you are advising in respect of the Basic Payment Scheme, having submitted the 2021 application on 1st May. As part of the farm’s Cross Compliance obligations, identify three Good Agricultural and Environmental Conditions (GAECs) which are relevant to the field you have observed. **(3 marks)**
5. Under the Basic Payment Scheme rules, when must boundary features (i.e. hedges and trees) NOT be cut? **(1 mark)**

**QUESTION 3**

In advance of Cherie returning home to the farm, Mr Walker is considering the possibility of converting Building C (labelled on Plan 2, and edged blue) to residential use. Cherie has informed you that they have already used their Permitted Development Rights elsewhere on the holding and they are therefore not available.

1. What are the practical matters that you will need to consider when looking at the possibility of converting this building to residential use? Provide a bullet point list. **(5 marks)**
2. Mr Walker and Cherie have decided to pursue planning for the conversion of this building into residential use. Using bullet points, provide a list of the documents/information that should be submitted to the Local Planning Authority as part of the application and note the timeframes for a decision.

 **(7 marks)**

1. Assuming the building measures 460 square metres. Advise how much you would expect the residential conversion cost of this project to be. Please state any assumptions that you have made. **(1 mark)**
2. The Local Authority is a district which has adopted a Community Infrastructure Levy. What does this term mean? **(1 mark)**
3. If Permitted Development Rights had not already been used elsewhere on the holding what other planning route could have been taken to achieve the residential conversion? **(1 mark)**

**QUESTION 4**

Mr Walker and Cherie are aware that agricultural subsidies and environmental schemes are changing as a result of Brexit. Subsidies are a significant source of income for the farm business. Please provide advice regarding the options available to them, as follows;

1. Explain the changes that are planned for the Basic Payment Scheme in the future. Are there any options available to Mr Walker for retirement? **(5 marks**)
2. Cherie has heard of the Sustainable Farming Incentive (SFI) but would like to know more about the scheme.

1. Name the four standards expected within the SFI scheme. **(2 marks)**
2. When is it estimated that your client would be able to apply for the scheme? **(1 mark)**
3. The farm business is considering applying for a Mid-Tier Countryside Stewardship agreement to increase its income. Historically the yields in Field D (labelled on Plan 1) have been variable and so Mr Walker and Cherie would seek to include this field in the application.

Recommend three options that could be implemented within Field D together with an overview of the option requirements and the associated payment rates. State any assumptions you have made.

**(6 marks)**

Will it be possible to claim SFI and Countryside Stewardship on the same land parcel? Briefly explain your answer. **(1 mark)**

**QUESTION 5**

Mr Walker has telephoned to ask for some advice in relation to Building E (labelled on Plan 2

and edged red), which falls within the owner-occupied area. He has been approached by Mr

B Smith, a local engineer, who is an old friend and is just starting out on his own. He has asked

Mr Walker whether he can “use the shed as his workshop base”.

1. Prepare notes in readiness to respond to Mr Walker on the following;
2. The practical implications of allowing occupation of the building by Mr Smith. **(2 marks)**
3. Any tax or other financial implications. **(2 marks)**
4. What are the possible types of agreement under which such an occupation could be documented? For each type of agreement give the basic legal and practical requirements to comply with the governing legislation. **(6 marks)**
5. Mr Walker has also asked for guidance on suitable financial terms for the arrangement, given that the enterprise is new, and he is keen to help his old friend to be successful.
6. Give two examples of how the rental consideration could be structured to achieve your

 client’s wishes.

 **(2 marks)**

1. List the possible advantages and disadvantages to your client of both these approaches. **(2 marks)**
2. Provide a suitable market rental value per square metre for the space assuming the

 building extends to 200 square metres Gross Internal Area. **(1 mark)**

**QUESTION 6**

Mr Walker has reconstructed his grain storage facilities at the farm, shown as Building A and outlined green on Plan 2. Mr Walker is concerned that he does not have adequate insurance

cover in place for the building. Prepare the following to enable Mr Walker to discuss the matter with his insurance broker;

1. A full description of the subject building with sufficient detail about the type, size and construction materials to assist with an insurance reinstatement valuation.

**(6 marks)**

1. The sum you recommend the subject building is insured for on a ‘Day One Reinstatement’ basis, based on your inspection. Please show your calculations supporting how you have arrived at your recommended sum.

 **(4 marks)**

**END OF PAPER**

**CENTRAL ASSOCIATION OF AGRICULTURAL VALUERS – EASTERN GROUP**

**Written Afternoon Practical Examination**

**Wednesday 10th November 2021**

**At**

**The British Racing School, Snailwell Road, Newmarket CB8 7NU**

**Guidance for Candidates**

Candidates should have read the 2021 Guidelines for Practical and Written Examinations.

**Four out of five questions should be answered.**

Time allowed - 2½ hours. A total of 60 marks are available.

**Introduction and Background**

Gravel Pit Farm, Burwell lies to the west of Exning and Newmarket in Cambridgeshire and is shown, for identification purposes only, outlined red on Plan 1.

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The property is owned and run in-hand by Mr Johnny Walker, aged 66. His daughter, Cherie (aged 33), has recently returned from a successful but non-agricultural career abroad and she intends to take over the management of the estate from her father in due course.

The land outlined blue on Plan 1 extends to approximately 73 hectares (180 acres) and is let out under an Agricultural Holdings Act tenancy, which commenced on 29th September 1980. The land is in arable cultivation and immediately adjoins Gravel Pit Farm to the north.

The land to the north of the estate, hatched green on Plan 1, is owned and farmed by Mr Walker’s neighbour. It is bare arable land of a similar nature to Gravel Pit Farm, and extends to approximately 35 hectares (86 acres).

You are the Agent acting for both Mr Walker and Cherie.

**QUESTION 1**

Your client, Mr Walker, has indicated that he would like to reduce his involvement on Gravel Pit Farm and allow his daughter Cherie to run the farming business going forward. There are currently two farm employees, one of whom has indicated he would like to retire after harvest 2022. The Hire Purchase payments on some items of machinery are due to be completed on 1st January 2022.

1. Considering the business as a whole, outline the factors to consider when advising Mr Walker and Cherie on their farming options for the future and the matters that would need to be addressed in any transition period. **(4 marks)**
2. Explain the options and types of agreement which could be drawn up and detail the differences between them. **(3 marks)**
3. Provide an indication (on a per acre basis) of the likely income streams to Mr Walker and Cherie for the different options and the anticipated timings of such receipts. Detail any assumptions made. **(3 marks)**
4. List information you would require from the parties interested in farming the land in order that you can assess their suitability as a farm contractor. **(5 marks)**

**QUESTION 2**

Your client, Mr Walker, has been notified by the local water undertaker that it is proposing to construct a new mains water pipeline in 2023 along the route colouredbrown on Plan 1. The new distribution pipeline is required to support water resilience in the locality, especially in view of increased housing development in the wider area.

Mr Walker does not want the new water main to cross his land and has asked you to meet him to explain his position and to answer some of his specific questions.

1. In advance of your meeting with Mr Walker draft some short notes on the powers of the local water undertaker in this instance.

**(2 marks)**

1. Assuming the pipeline installation will go ahead, Mr Walker has asked you to respond to the following specific questions. Make short notes you can refer to when you meet with him:
2. How could the location of the pipeline be documented and who can document it?  **(1 mark)**
3. If the pipeline is laid on the route coloured brown on the plan what Heads of Claim for compensation may be appropriate?  **(5 marks)**
4. When should he stop farming the land? **(1 mark)**
5. You have decided to recommend a site meeting with the local water undertaker, Mr Walker and yourself as his agent.
6. List five practical considerations to discuss at the site meeting. **(5 marks)**

1. If the local water authority requires a site compound on the farm how would you recommend documenting this and what payment might be appropriate?

**(1 mark)**

**QUESTION 3**

Assume that Gravel Pit Farmhouse, as marked X on Plan 2, has recently become vacant and is no longer required to house the farm manager. Mr Walker is keen to maximise income from letting the property on the open market. The accommodation includes kitchen/diner, 2 reception rooms, three bedrooms, one bathroom and circa 0.15 acres of garden. The internal condition and quality of fittings is generally good.

a) What factors, including legal requirements and other measures of good practice should Mr Walker consider in respect of a potential future letting?  **(6 marks)**

b) What type of tenancy would you recommend is used and what information must the landlord provide to the tenant to ensure that a valid notice can be served to terminate the tenancy, if required?  **(3 marks)**

Mr Walker’s farm manager also used to occupy the adjoining stables and grass paddocks (labelled Y on Plan 1 and edged orange), which are now vacant. A resident in the nearby village has expressed interest in grazing horses on the land and Cherie has asked for your advice in relation to this matter.

1. What are the two most common types of occupation available in respect of the potential future grazing and advise on the main differences between the two.  **(2 marks)**
2. In considering a letting of the stables and grassland, what matters practical and otherwise, will Cherie and her father need to consider? **(4 marks)**

**QUESTION 4**

On the 10th August 2021 Mrs Hodge, the sole tenant of the holding outlined blue on Plan 1 passed away. Mr Walker attended the funeral on the 24th August 2021. Mrs Hodge has one son, Nigel, who has been working on the farm full time. Mrs Hodge also farmed some land as an owner-occupier.

Mr Walker and Cherie would like to farm this land back in-hand.

1. To regain possession what is the first thing that you would advise the Landlord to do?

 Be specific and note any relevant timescales.

 **(2 marks)**

1. Mr Walker is worried that Nigel may wish to succeed to the tenancy. If he wishes to

succeed to the tenancy, what must Nigel do to preserve his position. Note any relevant

timescales.

 **(2 marks)**

1. Mr Walker has heard about the reforms to succession under the Agriculture Act 2020,

and he wonders if these changes might make it easier for him to take the land back in-hand if Nigel seeks to succeed to the tenancy. Outline what the changes are in relation to succession after death under the Act.

 **(4 marks)**

1. What would you advise your client to do if there was no written tenancy agreement, and what are the implications of an unwritten agreement.

**(1 mark)**

1. The deceased Tenant erected a new grain store in 2010, without Landlord’s consent. Mr Walker has asked you how much compensation could be payable if the tenancy is terminated. In bullet point format identify:
2. The end of tenancy procedures and claims.

 **(4 marks)**

1. How might your approach to calculating compensation for the grain store change if the tenant wished to discuss surrendering the tenancy.

 **(2 marks)**

**QUESTION 5**

A ground mount solar scheme (labelled F and hatched black on Plan 1) was installed on the farm circa 8 years ago. You are aware from previous discussions with a developer that battery storage is not a viable option on the farm. Mr Walker and Cherie have recently been approached by a developer who specialises in renewable energy projects. The developer has explained that they could secure a grid connection opportunity and they would like to submit a planning application for another ground mount solar project on the farm.

1. Prior to meeting your client to discuss the proposal, prepare notes on the following in order to be able to advise your client.
2. Approximately how many acres of land are required to create 1 megawatt (MW) of electricity from a solar farm? **(0.5 mark)**
3. What is the maximum size of solar farm (expressed in MWs of energy) that is permitted to be submitted under a local planning application rather than a National Planning Application? **(0.5 mark)**
4. What level of rent could you expect per annum per acre (or hectare) for a solar scheme?

**(1 mark)**

1. Could your client expect any up-front payment for signing of Heads of Terms?

**(0.5 mark)**

1. How long would you anticipate the length of an option agreement and lease to be?

**(0.5 mark)**

1. Your client has been asked to sign an exclusivity agreement. Briefly describe what you understand this to be. **(2 marks)**
2. List four developer’s rights that you would expect to see covered in the Heads of Terms for the lease agreement. **(2 marks)**
3. What do you understand by the term ‘tenant’s break clause’?

**(1 mark)**

1. Your client is grateful for the potential to receive a high level of rent for a set period of time. Would you advise that Mr Walker’s personal ownership of the land continues or may a different structure be appropriate? What are the advantages and disadvantages?

**(3 marks)**

1. Your client is concerned that their future ability to claim Agricultural Property Relief upon their death may no longer be possible. Is this correct? Please explain your answer.

**(2 marks)**

1. Your client has heard of the term ‘decommissioning bond’. Please explain your understanding of this. **(2 marks)**

**END OF PAPER**