

Outlook

CURRENT NEWS AND VIEWS ON ISSUES AFFECTING LAND & PROPERTY

SUMMER 2024

Top tips when selling your farm

Now that Spring has officially arrived and it (hopefully!) warms up, we share our tips for selling your farm and farmland

From preparation to timing, marketing to future planning and general emotions, there is a lot that goes into selling your farm.

Be comfortable with your decision

Selling your farm is usually a once in a lifetime decision and should not be taken lightly. It is likely to be one of the biggest financial and emotional decisions you make. Make sure you consider all factors such as any tax liabilities – you will probably want to consult your solicitor or accountant for some advice early on.

Get the timing right

Timing is important when selling rural property. The ideal time is from spring to early summer when the trees are in leaf, crops are flourishing, and the land has dried out.



Lower Frognall Farm, Teynham
300 acre mixed farm currently for sale as a whole

This will help to show the farm in its best light. With arable land, a spring sale hopefully facilitates a late summer/autumn completion, allowing the buyer time to prepare land for autumn drilling.

Put together a good team

Selling farms and land is a team effort between your land agent, solicitor, and accountant, so it is essential that you

Continued on page 2

In this edition



Top Tips when Selling your Farm

We share our tips for selling your farm and farmland



Permitted Development Rights

Significant Changes from 21 May 2024



Battery Storage Developments

Tread Carefully with Battery Storage Developments

AMC

The Agricultural Mortgage Corporation

AMC Agents

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involve everyone in the process from an early stage. You may also need to involve your bank.

Getting your solicitor to prepare a brief sales pack, particularly for larger blocks of land and farms prior to launch, can provide clarity to buyers and hopefully lead to a quicker exchange.

Maximise value and development opportunities

Explore any opportunities for planning on the farm prior to sale which may maximise value. For example, is there a farm building which may qualify for Class Q conversion? Is there permission for all uses on the holding? If not, consider applying for lawful development certificates or retrospective planning consent. Bear in mind that future value might be triggered by unconventional sources, like renewables (solar and battery) so ensure that your strategy captures such potential.

If there are areas of the farm which may have potential for future development, should a development overage be introduced? However, overage can put off buyers, financial institutions do not favour them, and negotiating agreements increases legal costs so only include them where there are genuine development opportunities.

First impressions count

Even the basics of a tidy farmyard and cut hedgerows will be received far more positively. However, do not invest considerable sums – this will not necessarily result in a higher sale price.

Reduce your tax bill

Make sure you seek advice from an accountant with industry experience. A farm sale is likely to result in Capital Gains Tax (CGT) so consider any reliefs, such as Business Asset Disposal Relief, which will help to minimise your tax bill.

Expect the unexpected!

Farm sales are often quite complex transactions. There may be land which is unregistered, breaches of planning control, or historic farm dumps which can throw up issues. If there are potential issues you are aware of, make sure you are open at the start and try and rectify these prior to marketing.

If you are considering selling your farm or land, it is important to get the right advice from the outset. We have an experienced team with years of experience selling rural property on behalf of clients throughout the South East.



Matthew Sawdon
Director
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Permitted Development Rights



From 21 May 2024 a number of changes will be made to the Town and Country Planning (General Permitted Development) (England) Order (GDPO)

The changes relate to existing permitted development rights which allow for agricultural development and the change of use of agricultural buildings.

The changes will provide greater flexibility for farmers to undertake works on their agricultural units and enable farm diversification through development of former agricultural buildings.

The changes have been made following the consultation which ran from July to September 2023. Whilst a number of the changes proposed in the consultation have now been made, some have also

been omitted. A notable exclusion is that Class Q will still not apply on Article 2(3) land, this prevents buildings in National Landscapes (AONBs) and National Parks benefitting from change of use to rural homes.

I have summarised some of the changes that may be of interest below.

Class Q of Part 3: Agricultural Buildings to Dwellinghouses

The amendments will allow the change of use to dwellinghouses on buildings that are part of existing established agricultural units in addition to former agricultural buildings that were, but are no longer, part of an established agricultural unit. Alongside this, the amended right will permit as part of the change of use, the erection of a single storey rear extension with a maximum depth of 4 metres. Extensions will only be permitted on land that is covered by an existing hard surface, such as a farmyard, and must be developed at the same time as the change of use.

The right will allow a maximum of 10 dwellinghouses to be delivered and/ or a total of 1,000m² of floorspace to change use, an increase from 5 units and 865m². The existing limitations on smaller and larger homes is being removed and replaced by a maximum

permitted floorspace of 150m² per dwelling.

The revised version of Class Q also introduces some new requirements and restrictions including the obligation for all buildings, pre-development, to comply with the nationally described space standard by having a minimum of 37m² existing floorspace. In order to benefit from the right, existing buildings must also have a suitable, existing access to a public highway.

Another notable change is that conversions which incorporate extensions will require determination as to the impact of the proposed extension on the amenity of any adjoining premises.

Class R of Part 3: Agricultural Buildings to a Flexible Commercial Use

The amendments to Class R include an allowance for 1,000m² of floorspace to change use, an increase from 500m².

The right is also being expanded to permit a wider range of uses to include general industrial purposes (Use Class B2), the provision of agricultural training and use as an area or place for outdoor sports or recreation.

Where the buildings are to be used for general industrial purposes, it is limited to

the processing of raw goods, excluding livestock, which are to be produced on site and sold on site, aside from ancillary goods.

Class A of Part 6: Agricultural Development on Units of 5 Hectares or More

Changes to this right will allow for any new building or extension to cover up to 1,500m², an increase from 1,000m². The amendments have also removed the current flexibility which allows for the erection of new buildings or extensions on a site that is, or is within the curtilage of, a scheduled ancient monument. Any development that was permitted immediately before 21 May 2024 but is no longer permitted as a result of the changes will continue to be permitted for a further 12 months.

The changes come into force from 21 May 2024. Even if you have already obtained prior approval for residential use under Class Q or you have an agricultural building that was built since 2013, the changes may provide further opportunities for you.

If you would like to discuss any potential opportunities on your farm, please do not hesitate to contact me or any other member of our Planning Consultancy team for further advice.



Charlotte Bromley
Rural Surveyor
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Meet the Team

Bill Lightfoot

Director

Bill is a member of the founding Hobbs family and has been in and out of the office and livestock market since he was a toddler.

Having completed his Rural Estate Management course at The Royal Agricultural College he went to cut his commercial teeth and qualify as a Chartered Surveyor in the Yorkshire Dales market and farming communities.

He then came home to Kent and joined Hobbs Parker.

Bill has experience in all aspects of this business but primarily helps land owners with the promotion of their land through the planning system via promotion agreements with reliable partners, conditional contracts and occasionally, if the terms are favourable to his clients, with the use of option agreements. Bill then comes into his own selling development sites on the open market and when called upon off the market with discretion assured.

His experience and wide industry contacts ensures he achieves the best results for his clients. He is also able to advise his clients with honesty and surety, having seen most of what the industry can throw at them over the years.



When Bill is not working he is walking his dogs, chopping logs, huffing and puffing around the squash courts of Kent, planning to build a para 80 house on his farm and eating and drinking with his friends and family.

Matthew Sawdon

Director

Matthew has been involved in agriculture from an early age, having grown up on a mixed farm in the Yorkshire Wolds.

In 1999, he left Yorkshire to study Rural Land Management at Harper Adams University, where during his placement, he spent a year on the Duke of Buccleuch's Drumlanrig Estate in Scotland. where he gained experience of estate management.

After graduating from Harper Adams, he joined Hobbs Parker and became a director of Hobbs Parker Property Consultants LLP in 2016 and a group director in 2024.

Matthew's experience includes valuations for a variety of purposes, advising on landlord and tenant, keeping clients updated on changing agricultural policy. He is increasingly involved in farm and land sales.



Away from work, Matthew enjoys spending time with his family, travelling, and skiing.

Dates for your Diary

Hobbs Parker will have a stand at the following events this year:

Heathfield Show
Saturday 25th May

Romney Marsh Ploughing Match
Sunday 1st September

Weald of Kent Ploughing Match
Saturday 21st September

East Kent Ploughing Match
Wednesday 25th September

Battery Storage Developments



BESS or Battery Energy Storage Systems use large batteries to store electrical energy. These batteries are stored in a series of steel containers which are ground mounted. The stored energy comes from a variety of sources including renewable energy such as wind and solar or direct from the electricity network.

These systems are increasingly important as they enable electricity to be released when most needed, to help balance the electricity grid when there are fluctuations due to weather, high usage or power surges thereby helping to reduce any imbalance between energy demand and generation.

The south east is currently awash with developers wanting to build these battery storage systems on farmland, usually alongside a solar development but sometimes as a stand-alone project. Landowners with land close to major substations have been inundated with proposals from developers as these systems are usually only viable if they are close to the point of connection because the cable connections are very expensive.

There are a number of things you should consider if approached by a developer

Firstly, it is important to understand that farmland let to a developer for a battery storage system will not attract agricultural property relief on the land involved.

The impact may also be greater than the land itself and may have wider implications so you will need to consider Inheritance Tax and tax planning generally as part of your considerations.

One of the first decisions will be selecting a preferred developer. There are plenty of options, involving one-man bands, national and global companies with investors in the UK, US and across Europe. It is important to select a developer with a good track record; someone who has the financial resources and expertise to properly investigate and successfully navigate the development through the planning and grid application process. Give careful consideration to their promotion and planning strategy and look to include performance obligations and milestones. It is usually preferable to choose a developer that will actually build and operate the system, such that you can develop a long-term relationship. Choose the wrong developer and you might find that the developer has a grid offer but does not have the expertise or financial resource to progress the development. Make sure you do your homework on the developer from the start.

Developers will usually want an option to take a lease if they get planning

permission. Leases are often 40 years or more, so you are talking about a long-term commitment. This means it is essential that the commercial terms include appropriate reviews and indexation to ensure that rents, indemnity sums and reinstatement bonds can be adjusted so that they hopefully reflect what might be appropriate in 40 years' time.

Rental values vary significantly depending on the developer, the size of the system, the proximity to grid and whether it is an integrated solar and battery system or just a standalone battery system. Rents are usually quoted per megawatt (MW) but in simple terms it can mean rents in excess of £50,000 per acre per annum. On a 100 MW system which could be accommodated on 4-5 acres, you could be rewarded with a rent of upwards of £200,000 per annum.

Don't get too transfixed by the headline figures. Whilst the "deal" is important, the detail is just as vital, and the right developer could mean the difference between success and failure.

The old adage of dotting the i's and crossing the t's is particularly important with these long-term deals.



Sam Snart
Managing Director
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Jon Rimmer
Chairman
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SFI Update

Defra introduces 25% area cap for six SFI actions

In a move to help "maintain domestic food production", Defra has put in place targeted restrictions which came into force on 26th March 2024.

The following six options - in any combination - may not exceed 25% of a holding:

- **IPM2** – Flower-rich grass margins
- **AHL1** – Pollen and nectar flower mix
- **AHL2** – Winter bird food on arable and horticultural land

- **AHL3** – Grassy field corners and blocks
- **IGL1** – Improved grassland field corners or blocks out of management
- **IGL2** – Winter bird food on improved grassland

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Outlook is brought to you by Hobbs Parker Property Consultants - a team of experienced Rural Chartered Surveyors and Planning Consultants dedicated to providing professional advice and services to farmers and property owners. Part of the Hobbs Parker Group of companies proudly serving the people of the south east since 1850.

Call 01233 506201



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The articles in this edition should not be relied upon or regarded as a substitute for advice. Hobbs Parker Property Consultants LLP would be pleased to provide further information or advice on any particular issue.