

CLIENT BRIEFING NOTE

January 2022

SO...YOU WANT TO RENT A FARM?

HOW TO SUBMIT A GREAT TENDER, APPROACH OPPORTUNITIES AND IMPRESS LANDOWNERS TO GIVE YOU AN EDGE OVER THE COMPETITION

Overview

What is your long term plan? Do you know where you want to be in 5, 10 or 20 years' time? When you know where you want to be it is much easier to start thinking about how you're going to get there. How are you going to get there? The reality is most opportunities are never publicly advertised so you need to be proactive, or at the very least prepared for opportunities when they present themselves.

What agreement does the Landowner want?

Be sure you know what agreement you are considering:

- Farm Business Tenancy (FBT)
A formal agreement of 6 months or more between landlord and tenant
- Grazing Licence
An unsecured agreement between landowner and grazier of less than 365 days
- Contract Farming Agreement (CFA)
The "farmer" is a contractor, not a tenant, providing an agreed service to the landowner
- Partnership/Share Farming Agreement
The "farmer" is "in business" with the landowner

Give consideration to fixed payments vs profit share:

- Fixed Payments - known quantity for budgeting/cashflow/projections but no reward for success/progress
- Profit Share - opportunity for reward but there is risk with profit being susceptible to weather, markets and the relationship with Landlord/Landowner



Preparation is Key!

If you are not prepared in business you inevitably reduce your chance of success. There are a number of things you should consider:

- Research the landowner
Who are they? Are they resident on the holding? What age are they? What family do they have and what's their involvement? Utilise local knowledge, the internet, etc
- Research the farm history
What has been grown there in the past? Who has been farming it? What investment has there been in the holding? Is it/has it been in Stewardship? Again use local knowledge or the databases such as MAGIC maps
- Business Plans
What are your projected costs/income? What capital items do you need to invest in?
- Funding
Where is the money for your plan coming from? If you are borrowing, how are you going to fund that?
- CV's
A summary of you; what you have done, what your experience is, what skills you have and your motivation
- References
Give consideration to a couple of people who can vouch for what is in your CV. Remember to ask the referee before you put them forward
- Guarantors
If the landowner/landlord has reservations about your ability to fund the opportunity, think carefully about who you nominate for this and if they will be able to stand by you

Presentation is everything!

First impressions go a long way - before you have said anything or given in any information judgements will be made about you, based on the effort you make to your appearance, your punctuality and your manner - make the right impression.

Build your profile - whether it be locally or on social media, think carefully about the perception of you that you are putting out there. Think about who you are associated with, what you are involved in and the work you are doing - it will reflect on you.

Highlight the positives - don't start out in your proposal with the issues/negatives, instead set out the direction and the opportunities you see

Follow up - promptly get in touch with the landowner/agent about any opportunity, even it is to set out that you will be coming back to them with more information - it shows you're keen!



What's in the HOTs (Heads of Terms)?

Heads of Terms - a short summary of the nuts and bolts of the agreement setting out the deal that you have done, but also the questions you want to be asking.

HOTs to include:

Details	Tenant Landlord Solicitors / Agents etc.	Who are the parties involved?
Type of tenancy	FBT, CFA etc.	
Dates	Review Dates Breaks Length of Agreement	When does it start? When does it finish? Breaks - give the right to either party to serve notice to end the agreement
What's included	Land area/Buildings BPS Entitlements Fixed equipment etc.	Ensure it is accurately mapped, including exclusion areas Ensure you have a schedule of what items are included and their state at the start
Rent	Rental Figure/Profit share Rates	
Reserved rights	Shooting Access Natural Capital	Can be disruptive to your business, especially if third party has rights Can bring opportunities
Repairs	Who is responsible for what?	Depends on the agreement but can include buildings, fences, hedging, soil, etc - who is paying for what? Ensure a schedule of condition is completed at the start
ELMS	Landlords position	If entering into any schemes Landlord approval will be required
Soil tests	Ingoing and outgoing provisions	Like the schedule of condition this provides the baseline for long term agreements. Results can have impact on rental figure.



Written Agreements

Generally the only time these are pulled out is if there is an issue, at which time it will be the most important thing, so make sure it is right. It protects you as the tenant! Make sure that you read it and you understand it.

Member organisations such as NFU and CLA offer reviews of agreements to their members, or seek independent professional advice, but either way ensure you are comfortable with what you are agreeing to.

Business Plans

Assuming you are a business, then you want to make money out of farming. You may have many other “reasons” for farming but the finances need to reward that reason. If you are currently carrying that plan in your mind, you need to put it in to a written format for others to understand, in a clear and easily understood way. When setting this out give consideration to:

- Why are you farming?
- What are you farming?
- What are your expected costs?
- What is your expected turnover?
- How do you sell your product and what is your target market?

You do not need to provide every detail but it does need to be substantial enough to stand up to inspection, and crucially you need to have confidence in your plan and your projections.

Ensure you tailor the plan you are providing to the landowner to that farm and that opportunity. Things to consider here are:

- What is the landowner looking for?
Are they environmentally focussed?
Are they commercially focused?
- What is the landowner bringing to the agreement?
Machinery/livestock?
Diversification – woodland, holiday lets, shoot
- Could there be conflict with the other activities of the landowner? What is their priority, i.e. shoot/holiday lets?

How to pitch the figure?

Most open market tenders will have a caveat that says the landowner is not required to accept the highest bid. For landlords it is not always about the maximum money, it is about the offering as a whole.

When thinking about the rental figure give consideration to:

- What can you afford? Landlord’s will want to see evidence that you can meet what you are offering
- Will the rent be fixed? There will be a review period stated in the HOTS, which either side can exercise
- Break down the holding to consider the worth of each and then bring them back together for a rent:
Land - split into 3 categories and price accordingly: good, average or poor



*Building - what is it? The value (£/sqm tr) ranges depending on their use and their condition
House- read the small print, likely more responsibilities than you might expect to maintain it
Other - woodland/bodies of water/quarry/etc*

Do some research locally to assess what average values are in the local market but don't be led by them.

Submitting the tender

If you have been provided with a tender document, check carefully what you are required to submit and give consideration to providing the following, which may or may not be requested:

- Covering letter
Set out the information that is unique to you and can't be covered within the remit of the tender pack, i.e. highlight why you want this opportunity
- Special Offers
Include the bonus prospects of your proposal as an addition. Set them apart from the headline figure of the farm. It stands out and brings additionality to your proposal
- Supporting Documents
*Financial proof, such as copies of accounts, letter from bank or accountant
CV
Business plan*
- Timing
It doesn't matter when it is submitted, as long as it is by the deadline
- Follow Up
Check it has arrived and everything needed is there, it demonstrates how interested you are
- Interviews
This is an opportunity to put some personality to your proposal. Much as the same as for your submitted documents, prepare for it; who will be there? What are they looking for? And as previously stated, impressions matter so be punctual, smart and know your proposal.

Best of luck!

END

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