

# Report on Value for Various Allotments London Borough of Barnet

Report for:  
London Borough of Barnet

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## 1. Introduction

- 1.1 DVS were instructed by the London Borough of Barnet (Council) to undertake valuations of the Council's freehold interests in their allotments and this report is for the third (remaining) tranche of 14 allotments.

## 2. Executive Summary

- 2.1 The background prompting the instruction of DVS to carry out a valuation is: that due to the relatively small income produced by the rents derived from letting the allotments the expenditure that the Council has in repairing / maintaining is not sufficient to prevent a decline in the facilities.
- 2.2 Given the management time, the lack of income generation it is proposed that the allotment tenants are offered a 38 year lease on a peppercorn rent on an equivalent Full Repairing and Insuring (FRI) basis.
- 2.3 The basis of valuation is to be unrestricted value having regard to market value. In accordance with Circular 06/03: Local Government Act 1972 general disposal consent (England) 2003 disposal of land for less than the best consideration that can be reasonably be obtained, the Council wish to have a report of the realistic value of their interest.
- 2.4 We also prepared a restricted value which is the market value of the property having regard to the terms of the proposed transaction.
- 2.5 I am of the opinion that the unrestricted value of each of the allotments considered on a 38 year lease as of the date of this report is a nominal value.**
- 2.6 I am of the opinion that the restricted value of each of the allotments considered on a 38 year lease as of the date of this report is also a nominal value.**

### 3. Valuation Parameters

#### 3.1 Subject of the Valuation

The subject properties are located / known as:

1. Archfield Allotments, Off Ashley Lane, NW4
2. Barfield Allotments, Barfield Avenue, N20
3. Bells Hill Allotments, Barnet, EN5
4. Booth Road Allotments, Sheaveshill Avenue, NW9
5. Cherry Tree Hill Allotments, Wellington Place, N2
6. Childs Hill Allotments, Garth Road, NW2
7. Cool Oak Lane Allotments, Cool Oak Lane, NW9
8. Needham Terrace Allotments, Needham Terrace, NW2
9. Rathbone Allotments, Oakleigh Road North, N20
10. Sanders Lane - 2 Parcels of land either side, NW7
11. Stanhope Road, N12
12. Vale Farm Allotments, Land Front High Road, N2
13. Wise Lane
14. Woodhouse Allotments, Grove Road, N12

#### 3.2 Purpose of Valuation

The purpose of the valuation is to follow guidance with regard to the Local Government Act 1972 general disposal consent (England) 2003 disposal of land for less than the best consideration that can be reasonably be obtained.

#### 3.3 Basis of Valuation

The standard basis of valuation adopted is Market Value which is:-

“The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”

Unrestricted value is similar to ‘Market Value’, as defined above but includes the amount that a special purchaser maybe willing to pay.

Restricted value is similar to the unrestricted value but takes into account the voluntary condition imposed on the sites and reflects the terms of the “disposal”.

It is not deemed necessary to value the Alternative Use Value due to, following investigations, DVS is sufficiently satisfied that no other permitted use of the land would be permitted over the foreseeable future / period of 38 years.

### 3.4 Assumptions

There is assumption that none of the allotments have development value. The reasons for this assumption are set out in further detail below.

It is assumed that the soil is in good condition and appropriate for the growing of vegetables and that unexpired manurial values are of an acceptable level. No surveys of the soil condition / pH levels / nitrogen levels have been seen or undertaken.

We are aware that some land will have been granted to the community and although the Council may be the freeholders it is possible that there are restrictive covenants preventing disposal, alternative uses etc. DVS has not had seen or researched this and for the purpose of the report, subject to legislation, it is assumed that there are no restrictions in place that diminish value.

Allotments within open white land not classified as Greenbelt or Metropolitan Open Land could have potential for future development, it is assumed given the reasons set out below that consent would not be forthcoming.

i) Section 8 of the Allotments Act 1925, provides that a Local Authority must seek permission from the Secretary of State before selling or changing the use of a statutory site. The Secretary of State must be satisfied that adequate provisions have been made for allotment holders displaced by an intended change of use.

ii) All Allotments displaced would need to be re-located elsewhere in the Borough.

iii) The negative impact this could cause in the local community by developing on well utilised open space.

For general assumptions, please refer to Section 7 of the VOA "Standard Terms of Business" included in the Appendix.

### 3.5 Date of Valuation

The date of valuation is the date of the report.

I would draw your attention to the fact that values change over time and that a valuation given on a particular date may not be valid on an earlier or later date.

### 3.6 Date of Inspection

The majority of this tranche have not been inspected but all allotments that are classed as Temporary Allotments have been. The inspection took place 4<sup>th</sup> May 2012.

### 3.7 Extent of Survey

3.7.1 Only an cursory inspection was undertaken, no surveys of the soil were undertaken.

3.7.2 For more detail of the extent of survey, please refer to Section 2 of the VOA "Standard Terms of Business" included in the appendix.

### 3.8 Tenure

The Council owns the freehold of the allotments. They intend to grant 38 year leases. It is assumed that there will be no legal renewal rights, although it is likely that leases will be renewed.

### 3.9 Onerous Easements & Restrictions

We are not aware of any onerous easements or restrictions with respect to this property, other than those set out below:

The allotments are either in land classified as Greenbelt, Metropolitan Open Land or "White Land", which is undesignated. We are unaware if there are any Tree

Preservation Orders in place but consider this likely, given we know tree surveys have been undertaken.

### 3.10 Information Provided

We have assumed that all information provided by you with regard to details of boundary and tenure, and all other relevant information is correct. Advice will, therefore, be dependent upon the accuracy of this information and should it prove to be incorrect or inadequate, the accuracy of the valuation may be affected.

## 4. Property Information

### 4.1 Situation

The allotments locations vary from being in dense suburban locations to those on the edge of parkland, such as Cool Oak Lane at the south of the Borough. These fourteen allotments are part of 46 allotments within the Borough giving a total of over 4,000 plots. Barnet's review states "These are relatively evenly distributed throughout the urban areas of the Borough, but with a slightly increased concentration in the central and northern parts and a lower incidence in the southern areas around Hendon and Hampstead Garden Suburb. They are a popular facility with a high demand for plots and waiting lists for most sites."

### 4.2 Description

#### 1. Archfield Allotments, Off Ashley Lane, NW4

Measuring 2.02 ha this rectangular allotment is set back from the road, Great North Way, and accessed via a short driveway. Land used by Hendon Golf Club and Hendon Rugby Football Club border the allotment to the east and west respectively. There is open land immediately to the North of the site with the majority of the housing appearing to be of middle to upper value. The allotment is within land classified as Green Belt, as with the surrounding land bordering West, North and East. Due to the location, permanent status and Green Belt classification we assume a proposed development would not be granted.

2. Barfield Allotments, Barfield Avenue, N20

Measuring 1.62 ha this allotment is set back from the road, Barfield Avenue, and accessed via a short driveway. Residential housing and flats border the allotment on three sides with open space and playground to the North. The surrounding housing appears to be of lower to medium value. The allotment is not classified Green Belt or Metropolitan Open Land and given the surrounding land is densely populated by housing it would be suitable for future residential development. However, we assume planning would not be granted due to the permanent status and assumptions outlined above.

3. Bells Hill Allotments, Barnet, EN5

Measuring 3.24 ha this square allotment is accessed off Newlands Place, Barnet. Residential housing borders the allotment on all four sides, and the site appears well utilised. The surrounding housing area appears to be lower to medium value. The allotment is not classified Green Belt or Metropolitan Open Land and given the surrounding land is densely populated by housing it would be suitable for future residential development. However, we assume planning would not be granted due to the permanent status and assumptions outlined above.

4. Booth Road Allotments, Sheaveshill Avenue, NW9

Measuring 2.02 ha this allotment is set back from the road, accessed via Rankin Close, Barnet. Silk Stream borders the allotment to the South, with residential housing to the East and West and the British Newspaper Library and offices to the North. It appears in reasonable order and well used, with the majority of the housing appearing to be of middle value. The allotment is not classified Green Belt or Metropolitan Open Land and given the surrounding land is densely populated by housing it would be suitable for future residential development. However, we assume planning would not be granted due to the permanent status and assumptions outlined above.



5. Cherry Tree Hill Allotments, Wellington, Place N2

Measuring 0.81 ha this square site is set back from the main road accessed via a driveway from Great North Road. Residential properties predominantly border the site which are of middle to upper value, with Bishops Avenue on the North West border a particularly affluent area. The allotment is not classified Green Belt or Metropolitan Open Land and given the surrounding land is densely populated by housing it would be suitable for future residential development. However, we assume planning would not be granted due to the permanent status and assumptions outlined above.

6. Childs Hill Allotments, Garth Road, NW2

Measuring 4.05 ha this large rectangular shape site is accessed via a driveway from Garth Road. The North, South and West perimeters back onto gardens for residential houses, with predominantly residential flats on the East border. The allotment is not classified Green Belt or Metropolitan Open Land and given the surrounding land is densely populated by housing it would be suitable for future residential development. However, we assume planning would not be granted due to the permanent status and assumptions outlined above.

7. Cool Oak Lane Allotments, Cool Oak Lane, NW9

Measuring 5.26 ha this allotment is one of the largest within the Borough, and lies to the north of Brent Reservoir. Woodfield Park and playing fields surround the allotment with Cool Oak Lane running along the south border. Nearby housing appears to be of lower to medium value. The allotment and surrounding land is classified as Metropolitan Open Land, due to the location, permanent status and classification assume consent for development would not be granted.

8. Needham Terrace Allotments, Needham, Terrace NW2

Measuring 60 poles circa 0.025 ha in size this is a small elongated allotment located South West of Cricklewood Railway Junction. The secluded allotment borders residential gardens on three sides and industrial premises on the North East border. The allotment is within a classified conservation area, due to the location, permanent status and classification assume consent for development would not be granted.

9. Rathbone Allotments, Oakleigh Road North, N20

Measuring 1.62 ha this allotment is set back from the main road, Beaconsfield Road accessed via a short driveway. Open park land borders the South West perimeter, with residential flats and housing on the remaining borders. The majority of properties in the area appear to be lower to middle value. The allotment is classified as Metropolitan Open Land, due to the location, permanent status and classification assume consent for development would not be granted.

10. Sanders Lane Allotments, Sanders Lane NW7

Measuring 2.43 ha this allotment is accessed from Sanders Lane via Brownsea Walk. Open park land, tennis courts and a playground lie to the North of the allotment with residential housing on the East and West sides. Property values appear to be lower to middle value. The allotment is not classified Green Belt or Metropolitan Open Land and given the surrounding land is densely populated by housing it would be suitable for future residential development. However, we assume planning would not be granted due to the permanent status and assumptions outlined above.

11. Stanhope Road Allotments, Stanhope Road, N12

Measuring 62 Poles circa 0.16 ha this small allotment is rectangle in shape and has a temporary status. The site is set back from the main road, Stanhope Road and accessed via a short narrow driveway between two residential houses.

Residential gardens back onto all sides of the perimeter of the allotment. The majority of properties in the area appear to be of middle value. The allotment is not classified Green Belt or Metropolitan Open Land and is temporary in nature. This site could potentially be redeveloped for housing but due to access difficulties, likely opposition from surrounding residents and current allotments holders and the relatively small land area we have on balance concluded that the site has a nominal or low alternative value. However, we would recommend that the Council makes enquiries with their Planning Department to assess the likelihood of consent being granted for residential redevelopment. We would be pleased to undertake a revised valuation if upon receipt of planning guidance.

#### 12. Vale Farm Allotments, High Road, N2

Measuring 0.81 ha this allotment borders the North Circular Road and is accessed via Tarling Road. The allotment is split into two pieces of land by a footpath from Tarling Road to a foot bridge going over the North Circular Road. Residential housing and flats border the south eastern sides with the North Circular bordering the north western side. Property values appear to be lower to middle value. The allotment is not classified Green Belt or Metropolitan Open Land and given the surrounding land is densely populated by housing it would be suitable for future residential development. However, we assume planning would not be granted due to the permanent status and assumptions outlined above.

#### 13. Wise Lane Allotments, Wise Lane, NW7

Measuring 0.72 ha this rectangular allotment is accessed from Moorlands Avenue, and borders residential gardens to the North, East and West and open land to the South. The majority of surrounding housing appears to be of middle to upper value. The allotment is within special advertisement control but not classified Green Belt or Metropolitan Open Land and given the surrounding land is densely populated by housing it would be suitable for future residential development. However, we assume planning would not be granted due to the permanent status and assumptions outlined above.

#### 14. Woodhouse Allotments, Grove Road, N12

Measuring 3.53 ha this sizeable allotment is accessed off Grove Road. Residential garden land predominantly borders the allotment, with a secondary school and playing field adjoining the south border. The majority of surrounding houses appear to be of middle to upper value. The allotment is not classified Green Belt or Metropolitan Open Land and given the surrounding land is densely populated by housing it would be suitable for future residential development. However, we assume planning would not be granted due to the permanent status and assumptions outlined above.

#### 4.3 Site Area

Allotments are usually measured by a system known as Rods. They are also known as Poles or a Perch. A Rod is circa 5m in length and therefore a square rod is circa 25 sq m or 10 rods is equivalent to an area circa 253 sq m. The total site area of all the fourteen allotments is 28.32 ha.

#### 4.4 Defects and Repair

DVS did not undertake any form of survey and time / our instruction did not allow for detailed inspection of all the allotments. The majority of the allotments plots inspected appeared to be reasonably managed.

#### 4.5 Services

It is assumed that all the properties have a mains water connection. The cost of supplying water comprises a reasonably large proportion of expenditure. Based on the schedule provided it would appear that water bills are not always charged / paid. This may prove an outstanding liability.

#### 4.6 Planning

The allotments sites are located within a mixture of Greenbelt, Metropolitan Open Land or unclassified white land.

I approached a Planning Officer who confirmed that these sites would be protected from development. The planning policy would normally only permit redevelopment of existing buildings on a like for like area basis. I was referred to planning policy guidance PPG 17 Planning for Open Space, Sport and Recreation 2002 which addresses recreational facilities, open spaces and playing pitches. Also the Borough carried out an assessment published in December 2009 known as Barnet Open Space, Sports and Recreational Facilities Assessment. Although this report did not concentrate on assessing allotments it recommended greater protection of allotments as green corridors.

Allotments are either classed as Statutory or Temporary. The term Temporary, I understand, can include land that has been used for allotments for many decades. Only Statutory allotments have protection under the Allotments Act 1925. The protection offered to Statutory allotment land can only be lifted by the Secretary of State. All the allotments valued for this report are Statutory other than Stanhope Road Allotments, which is Temporary.

With regard to Stanhope Road, it is a very small site surrounded by residential garden land on all borders. The site is set back from the main road and accessed by a short driveway between two residential houses. The current access appears very narrow and may prove difficult to provide emergency access. With this in consideration, despite the allotment being within unclassified white land I feel the site would not be granted consent for development due to the difficulties regarding access and potential negative reaction to developing open space likely to be valued by neighbouring residents. However, I advise you to consult with your colleagues in the Planning Department.

Given the duty of Councils to provide allotments I consider that it is highly unlikely within the foreseeable future that any of the sites could be developed.

Planning Policy has undergone considerable change over the last two years and there is much uncertainty. Recently Planning Minister, Nick Boles, indicated that land that currently designated as Green Belt may be able to be developed. This has caused a negative reaction from numerous charities, organisations and

pressure groups and it leaves uncertainty as to where current policy lies. It would appear that there is a presumption for development and it is likely that land that has previously been protected will be released for development. We consider that if land was needed for essential development the Council could use Compulsory Purchase Order (CPO) powers to obtain the land and compensation would be limited by the fact that there is a peppercorn rent. Clearly this does not impact the Council benefitting from money raised by the sale of land for development but it does mean that land remains potentially available for development schemes of public benefit. You consider a clause allowing the Council to repossess a particular allotment upon obtaining planning consent, with some form of compensation for the leaseholders impacted.

#### 4.7 Contamination

It is assumed that there is no contamination of the allotments.

#### 4.8 Mineral Stability

The allotments are not in an underground mining area and a Mining Subsidence Report has not been obtained.

#### 4.9 Council Tax Band or Rateable Value

Allotments are exempt from Non-Domestic Rates.

### **5. Valuation**

#### 5.1 Valuation Methodology

Currently the allotments are let on lease on terms which require the Council to carry out repairs to internal surfaced roads, footpaths, car parks, fences, hedges, gates, structures or buildings and to install and maintain water supplies. Management policy that has meant that the annual cost of repairs have been limited to annual income has led to a back log of repairs.

The proposed income from the granting of the new leases will be a peppercorn. The current income for year 2010/2011 was £32,751 for the allotments forming

part of this valuation. However, when expenditure was deducted a net loss for the year of £4,485 was produced. It is unlikely, because of the way the allotments are currently run, that this fully reflects the liabilities.

The potential to charge more rent may be possible over time this does not allow for difficulty the Council are likely to face in increasing the rents which, given the relatively small income as part of their overall budget, is unlikely to be justifiable given the reward / resistance ratio.

Some allotments in the schedule of income / expenditure pay rent but have little or no expenditure. This only reflects a single year and does not change my view that all the allotments have potential liabilities which exceed their income.

Site 2010/11	Designation	Plot size (ha)	Total site Expenditure	Total Site Income	Balance
Archfield Allotments	Greenbelt	2.02	£2,020	£3,970	£1950
Barfield Allotments	-	1.62	£4,944	£1,143	<b>-£3,801</b>
Bells Hill Allotments	-	3.24	£4,142	£3,432	<b>-£710</b>
Booth Road Allotments	-	2.02	£547	£1,866	£1319
Cherry Tree Hill Allotments	-	0.81	£294	£685	£391
Childs Hill Allotments	-	4.05	£11,870	£6,616	<b>-£5,254</b>
Cool Oak Lane Allotments	MOL	5.26	£1,405	£6,680	£5,275
Needham Terrace Allotments	Conservation Area	0.025	£0	£329	£329
Rathbone Allotments	MOL	1.62	£308	£1,254	£946
Sanders Lane Allotments	-	2.43	£2,782	£1,980	<b>-£802</b>
Stanhope Road Allotments	-	0.16	£0	£328	£328
Vale Farm Allotments	-	0.81	£6,650	£1,059	<b>-£5,591</b>
Wise Lane Allotments	Special Advertisement Control	0.72	£308	£482	£174
Woodhouse Allotments	-	3.53	£1,966	£2,927	£961
		<b>28.315</b>	<b>£37,236</b>	<b>£32,751</b>	<b>-£4,485</b>

## 5.2 Comparable Evidence

Occasionally allotment land is marketed. Land measuring 1.5 acres (0.61ha) was marketed at Northside, Oakenground, Rockwell Green TA21. The 36 plots were rented privately at £12 per year. This provided an annual income of £432 and the property was unsold at a auction at a guide of £15,000. Obviously this allotment one mile from the centre of Wellington in Somerset is in a much less valuable location.

I spoke to the selling agent who said that he believed the land would have been purchased by a developer paying in the region of circa £50 - £60,000 (approximately 1/10<sup>th</sup> of land value with consent for residential development) but for the vendor not requiring that a bungalow adjoining the site being sold first. The reason why developers considered that consent would be possible was, I was led to understand, that the land (which is bounded on three sides by housing with a railway line on the remaining side) had agricultural land on the other side of the track which could provide more allotment land whilst being close to the housing. Planners had indicated that a relocation of the allotment might be acceptable freeing up the allotment for development. Given the urban nature of the Barnet allotments such an option appears unlikely.

## 5.3 Opinion of Value

**I am of the opinion that the unrestricted value of each of the allotments considered on a 38 year lease as 5<sup>th</sup> October 2011 is a nominal value.**

**I am of the opinion that the restricted value of each of the allotments considered on a 38 year lease as 5<sup>th</sup> October 2011 is also a nominal value.**

## 5.4 Market Commentary

The annual rent charged nationally for individual plots appears to vary between £20 to £100 per annum. Values within London Boroughs appear to be at the higher end of this scale. However, it does seem usual practice to offer discounts (often half rent) to the retired / unemployed etc.



There has been press coverage regarding dramatic rent rises of up to 300%, with the London Borough of Barnet singled out in some articles. The articles point out that there is little protection to the tenants to prevent rent rises by statutory recourse, with the 1950 Allotment Act saying that the Landlord can only charge “at such a rent as a tenant may reasonably be expected to pay for the land”. This obviously gives the tenant little defence, particularly if the Council or Landowner can point to significant running costs.

Recent increased demand for allotment plots in many areas and traditionally historically low rents can be set against the real running costs for Councils can easily justify significant rent increases in many locations but dramatic increases is likely to cause resistance. As stated above resistance to rent increases may not make doing so either a politically or financially achievable.

The rents that Council could justifiably charge against what is currently charged makes valuing the allotments a challenging task.

Records provided by the Council for income and expenditure of the allotments DVS have been instructed to value give a strong guide to value. DVS consider that the actual income received would provide a value at the lowest end of a range.

#### 5.5 Potential Methods of Disposal

I consider that you do not wish me to comment on this element. However, if you do I would be more than willing to advise.

## 6. General Information

### 6.1 Costs of Sale or Acquisition

It is assumed that both parties to any proposed transaction would bear their own proper legal costs and surveyor's fees.

No allowance has been made for liability for taxation that may arise on disposal.

## 6.2 VAT

It is assumed that the allotments are not elected and therefore VAT is not payable on any rent. In the event that this understanding is found to be inaccurate, the valuation should be referred back for reconsideration.

## 6.3 RICS Valuation Standard

The valuation has been prepared in accordance with the RICS Valuation – Professional Standards, 8<sup>th</sup> edition except where agreed departures have been made (detailed above) in accordance with your instructions. In accordance with RICS requirements it is confirmed that the valuer has the appropriate knowledge, skills and understanding to undertake the valuation competently.

## 6.4 'Disclosure of any Material Involvement'

6.4.1 DVS has no previous involvement with the allotments to my knowledge prior to undertaking these valuations.

## 6.5 Publication

The client will not make available to any third party or reproduce the whole or any part of the report, nor make any reference to it, in any publication without our prior written approval of the form and context in which the disclosure may be made.

## 6.6 Responsibility

The valuation report should only be used for the purpose stated therein, and no responsibility is accepted to any Third Party who may seek to rely on the content of the report unless previously agreed.

## 6.7 Validity

This report remains valid for six months from its date unless market circumstances change or further or better information comes to light, which would cause us to revise our opinion.

We trust that the above report is satisfactory for your purposes. However, should you require clarification of any point do not hesitate to contact me further, as above.



Simon de Whalley MRICS  
Development Surveyor  
DVS Property Specialists for the Public Sector

## 8. Appendices

### Allotments

Standard Note: SN/SC/887  
Last updated: 13 July 2011  
Author: Christopher Barclay  
Section: Science and Environment Section

In 2011, the Government has compiled a list of Local Government's statutory duties in the Review of statutory duties placed upon local government.<sup>9</sup> Amongst the duties on the DCLG in DCLG 136 Small Holdings and Allotments Act 1908 s.23.

Allotment authorities (that is, parish councils, or where there isn't one, district councils) must provide a sufficient number of allotments and let them to persons resident in the area (where they are of the opinion that there is a demand).

On 4 May 2011, the Prime Minister denied any plans to abolish the stator duty to provide allotments:

Mike Gapes (Ilford South) (Lab/Co-op): More than 100 years ago, Parliament legislated to make sure that local authorities provided allotments. Healthy local food is a very good part of good British values. Why therefore are the Prime Minister's Government scrapping the obligation on local authorities to provide allotments?

The Prime Minister: I was as concerned as the hon. Gentleman when I read that report. I immediately checked, and found that that is not the case. It is extremely important that allotments are made available. Many Members will find that when they ask about that in their constituencies there are massive queues for allotments, as many people want to grow their own vegetables and food and understand more about where food comes from. It is a great movement, and it has my full support.

## VOA Standard Terms of Business

### **THE VALUATION OFFICE AGENCY – DVS**

DVS is the property services arm of the Valuation Office Agency

### **STANDARD TERMS OF BUSINESS FOR VALUATIONS**

This document details the standard terms upon which the Valuation Office Agency will provide valuations and will be referred to when instructions are confirmed for each case. Any specific variations from these standard terms which are required and have been agreed for a case will be captured in the confirmation of instructions document. The two documents are to be read together as a single document. Any variations subsequently agreed following the initial settlement of terms must be agreed before the report is delivered.

We are pleased to discuss variations and to arrange the provision of extended or additional services such as consultancy, building and other surveys and contamination reports.

The RICS Valuation – Professional Standards, 8<sup>th</sup> edition, apply to the majority of valuations, but you may instruct the Agency to depart from these Standards where necessary and any such departures will be detailed in the report. Any variations will be dealt with on a case specific basis.

Valuations undertaken under the RICS Valuation – Professional Standards, 8<sup>th</sup> edition are also considered to comply with the International Valuation Standards.

#### **1. Inspection and Investigations**

Such inspection of the property and investigations as the Valuer decides is professionally adequate and possible in the particular circumstance will be undertaken, unless you instruct otherwise. Where valuations have to be made on restricted information, the nature of the restrictions will be agreed between the parties.

#### **2. Survey**

No detailed site survey, building survey nor inspection of covered, unexposed or inaccessible parts of the property will be undertaken, nor the services tested and the Valuer will have regard to the apparent state of repair and condition, assuming those parts not seen are in good condition. No responsibility can therefore be accepted for identification or notification of those defects that would only be apparent following such a survey or inspection. If the Valuer decides further investigation to be necessary, separate instructions will be obtained from you.

*The Agency's Building Surveyors can undertake building and many other surveys subject to a separate fee.*

### 3. Minerals

If the property is situated in an underground mining area where there is a risk of damage from underground mining subsidence a report from the Agency's Mining Specialists is normally obtained, unless the client instructs otherwise.

*This report would be subject to a separate fee.*

### 4. Basis of Valuation

The basis on which the valuation is to be carried out will be stated in the Confirmation of Instructions letter. If you have any query on the nature or appropriateness of the basis this should be raised immediately with the Valuer.

The bases most often used are defined below; unless otherwise stated these are taken from the RICS Valuation – Professional Standards, 8<sup>th</sup> edition.

4.1 **Market Value (MV)** VS 3.2 defines MV as: *“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”*

4.2 **Market Rent (MR)** is based on the definition of Market Value and is the basis to be used when valuing on a rental basis when lease terms are not known or provided to the valuer. VS 3.3 provides that valuations based on MR shall adopt the definition settled by the International Professional Standards Committee, as follows:

*“The estimated amount for which a property would be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”*

4.3 **Existing Use Value (EUV)** is to be used only in connection with the valuation to fair value of certain public sector assets for inclusion in IFRS based Financial Statements. It is defined at UKVS 1.3 as:

*“The estimated amount for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had acted knowledgeably, prudently and without compulsion – assuming that the buyer is granted vacant possession of all parts of the asset required by the business, and disregarding potential alternative uses and any other characteristics of the asset that would cause its market value to differ from that needed to replace the remaining service potential at least cost.”*

4.4 **Existing Use Value for Social Housing (EUV-SH)** is to be used only for the inclusion in Financial Statements of housing stock held by registered social housing providers for social housing. It is defined at UKVS 1.13:

*“Existing use value for social housing (EUV-SH) is the estimated amount for which a property should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had*

*each acted knowledgeably, prudently and without compulsion – subject to the following special assumptions that the property will continue to be let by a body pursuant to delivery of a service for the existing use:*

- (a) at the valuation date any regulatory body, in applying its criteria for approval, would not unreasonably fetter the vendor's ability to dispose of the property to organisations intending to manage their housing stock in accordance with that regulatory body's requirements;*
- (b) properties temporarily vacant pending re-letting would be valued, if there is a letting demand, on the basis that the prospective purchaser intends to re-let them, rather than with vacant possession; and*
- (c) any subsequent sale would be subject to all of the above special assumptions."*

4.5 **Depreciated replacement cost (DRC):** International Accounting Standards stipulate that DRC may be used as a method for reporting the Market Value of Specialised Property in Financial Statements. It is defined at para.2.3 of GN6 as:

*"The current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation."*

It is also used as a Basis of Valuation in UKGAAP based accounting and the parties should agree in which context it is being used.

4.6 **Value of Plant and Equipment to the Business (VPEB)** is used for the valuation of plant and equipment for inclusion in Financial Statements. UKVS 1.11 defines VPEB as:

*'An opinion of the price at which an interest in the plant and equipment utilised in a business would have been transferred at the valuation date, assuming that:*

- (a) the plant & equipment will continue in its present use in the business;*
- (b) there is adequate potential profitability of the business, or continuing viability of the undertaking, both having due regard to the value of the total assets employed and the nature of the operation; and*
- (c) the transfer is part of an arm's length sale of the business wherein both parties had acted knowledgeably, prudently and without compulsion.'*

4.7 Where the Valuer is aware of the possibility of Special Value attaching to property arising, for example, from the physical, functional or economic association with some other property, the basis of valuation may be modified and a Special Assumption added to reflect the relevant circumstances. Any Special Assumptions necessary will be agreed before the report is issued. Special Value and Special Assumptions are defined in the RICS Valuation – Professional Standards, 8<sup>th</sup> edition.

5. **Planning**

When it is relevant to the valuation, enquiries may be made at the Valuer's discretion of the Local Planning Authority as to the planning status and potential of the property. A brief statement of the outcome or assumptions made will be included in the report.

6. **Machinery and Business Assets (Plant and Machinery)**

Unless otherwise instructed (e.g. if undertaking a plant and machinery valuation) valuations will normally exclude machinery and business assets (e.g. process plant, machinery and equipment) except where it is considered to be an integral part of any building or structure and essential for its effective use, i.e. building services installations which are normally included in valuations of land and buildings.

*The Agency's Machinery and Business Assets Valuers can value your process items subject to a separate fee.*

7. **Assumptions**

When reporting, the following assumptions will normally be made which the Agency will not verify as part of the valuation process unless they are prima facie incorrect or unreasonable.

- that no deleterious or hazardous materials or techniques were used in the construction of the property or have since been incorporated;
- that good title can be shown and that the property is not subject to any unusual or onerous restrictions, encumbrances or outgoing;
- that the property and its value are unaffected by any matters which would be revealed by a local search and replies to the usual enquiries or by any statutory notice, and that neither the construction of the property nor its condition, use or intended use was, is or will be unlawful or in breach of any covenant;
- that inspection of those parts that have not been inspected would neither reveal defects nor cause material alteration to any valuation;
- that all information provided by you with regard to the purpose of the request and details of tenure, tenancies, planning consents and all other relevant information is correct. The advice will therefore be dependent on the accuracy of this information and should it prove to be incorrect or inadequate the Basis or the accuracy of any valuation may be affected;
- that no environmental assessment of the property will be provided to or by the Agency, nor is the Agency instructed to arrange consultants to investigate any matters with regard to contamination or presence of radon gas. It will be assumed that the property (including its site) and neighbouring properties are free of radon gas and not contaminated and no search of contaminated land registers will be made.

However if an inspection is made and obvious signs of contamination are visible this will be reported to you and further instructions will be requested from you. In such circumstances it is recommended that further investigations are undertaken.

*The Agency's Environmental Specialists are available to undertake assessments subject to a separate fee.*

- that there has been no recent flooding affecting the property or that any representation of the property on any map identifying possible flood occurrences will have no effect on value.
- that no access audit will be undertaken to ascertain compliance with the Equality Act 2010 and that the premises are compliant.

*The Agency's Building Surveyors can undertake such audits subject to a separate fee.*

- in the case of trading related properties the Valuer will assume that all licences, fire certificates and permissions required to operate the business will be transferable to a purchaser.

## 8. **Validity**

Current valuations, i.e. those agreed with you as being required as at the date of the report, are subject to a validity period, normally of 3 or 6 months, and this will be stated in the report. Reliance should not be placed on the valuation beyond that period, nor if further or better information relevant to the valuation comes to your attention, without reference back to the VOA for an updated valuation.

## 9. **Fees**

The Confirmation of Instructions letter will state the basis of fee payable for the case concerned, unless already agreed elsewhere with you – fees are rounded up to the nearest £10 before any applicable VAT is added. Our fees are payable by our client within 30 days from the receipt of our invoice whether or not the amount is disputed or is being passed on to a third party for reimbursement. The VOA reserves the right, subject to prior notification of details of time spent, to invoice at suitable points during the financial year for work in progress undertaken but not yet formally reported. Where a case is cancelled before completion, our fees will be calculated on a 'work done' basis with added reasonable disbursements unless alternative arrangements have been agreed.

## 10. **Publication**

The client will not make available to any third party or reproduce the whole or any part of the report, nor make reference to it, in any publication without our prior written approval of the form and context in which such disclosure may be made.



**11. Responsibility**

The valuation report should only be used for the purpose stated therein, and no responsibility whatsoever is accepted to any Third Party who may seek to rely on the content of the report unless previously agreed.

**12. Commercial Confidentiality and Freedom of Information**

We will do all that we can to keep any information gathered or produced during this assignment confidential. The Freedom of Information Act 2000 or Environmental Information Regulations 2004, and subordinate legislation, may apply to some or all of the information exchanged between yourself and the Valuation Office Agency under this engagement. Therefore the Valuation Office Agency's duty to comply with the Freedom of Information Act may necessitate, upon request, the disclosure of information provided by you unless an exemption applies.

The Valuation Office Agency undertakes to make reasonable endeavours to discuss the appropriateness of disclosure, or the applicability of any exemptions allowed by the Act, with you prior to responding to any third party requests. However, the Valuation Office Agency reserves the right to comply with its statutory obligations under the Act in such manner as it deems appropriate.

The Valuation Office Agency requires you to make all reasonable endeavours to discuss with us the appropriateness of disclosure, or the applicability of any exemptions allowed by the Act, prior to your responding to any third party requests for information provided to you by the Valuation Office Agency.

**13. Previous Involvement**

The VOA will check that there is no conflict of interest and disclose any previous material involvement with the property or state that there has been no such involvement.

**14. Quality Assurance, Complaints Handling Procedure and RICS Regulation**

It is confirmed that the valuation will be carried out by a RICS Registered Valuer who has appropriate knowledge and the skills and understanding to undertake the valuation competently.

The VOA operates a rigorous QA/QC system. This includes the inspection by Team Leaders of a sample of work carried out during the life of the instruction together with an audit process carried out by experienced Chartered Surveyors upon completion of casework. This includes a feedback cycle to ensure continuous improvement.

The Agency has a comprehensive complaints handling procedure if you are not getting the service you expect. If you have a query or complaint it may be best to speak first to the person you have been dealing with or their manager. If you remain dissatisfied you should be offered a copy of our brochure "Our Code of Practice on Complaints". If it is not offered to you, please request a copy or access it on our website [www.voa.gov.uk](http://www.voa.gov.uk).

It is possible that the RICS (Royal Institution of Chartered Surveyors) may at some stage ask to see the valuation for monitoring purposes.

15. **Currency**

Unless otherwise stated, all prices or values are stated in pounds sterling.