

Report on Value for Various Allotments London Borough of Barnet

Report for:
London Borough of Barnet

Prepared by:
Simon de Whalley MRICS
Development Surveyor
DVS

Tel: 03000 50 1066

simon.dewhalley@voa.gsi.gov.uk

Case Number: 1407235

Client Reference: George Church

Date: 28th May 2012

Contents

1. Introduction.....	3
2. Executive Summary.....	3
3. Valuation Parameters	4
3.1 Subject of the Valuation.....	4
3.2 Purpose of Valuation	4
3.3 Basis of Valuation.....	4
3.4 Assumptions.....	5
3.5 Date of Valuation.....	5
3.6 Date of Inspection.....	6
3.7 Extent of Survey	6
3.8 Tenure.....	6
3.9 Onerous Easements & Restrictions	6
3.10 Information Provided	6
4. Property Information	7
4.1 Situation	7
4.2 Description	7
4.3 Site Area.....	10
4.4 Defects and Repair.....	10
4.5 Services	10
4.6 Planning	10
4.7 Contamination	11
4.8 Mineral Stability	11
4.9 Council Tax Band or Rateable Value	11
5. Valuation.....	12
5.1 Valuation Methodology	12
5.2 Comparable Evidence	12
5.3 Opinion of Value.....	13
5.4 Market Commentary.....	13
5.5: Potential Methods of Disposal	14
6. General Information.....	14
6.1 Costs of Sale or Acquisition.....	14
6.2 VAT.....	15
6.3 RICS Valuation Standard.....	15
6.4 'Disclosure of any Material Involvement'	15
6.5 Publication.....	15
6.6 Responsibility	15
6.7 Validity.....	15
7. Recommendations / the Next Steps	15
8. Appendices.....	16
VOA Standard Terms of Business.....	18

1. Introduction

- 1.1 DVS were instructed by the London Borough of Barnet (Council) to undertake a valuation of a further fourteen allotments in the Borough.

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 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 is also a nominal value.**

3. Valuation Parameters

3.1 Subject of the Valuation

The subject properties are located / known as:

9. Cat Hill: Cat Hill, East Barnet EN4
10. Fursby Avenue: Fursby Avenue, Finchley, London N12
11. Hatley Close: Hatley Close, Friern Barnet, London N11
12. The Crescent: The Crescent, Friern Barnet, London N11
13. Gordon Road: Gordon Road, Finchley, London N2
14. Nethercourt Avenue: Nethercourt Avenue, Finchley London N3
15. Brent Way: Brent Way, Finchley, London N3
16. Finchley Manor: Hill Top, East Finchley, London NW11
17. Hospital Fields (East & West): Hendon Way, Golders Green, London NW2
18. Pointalls: Squires Lane, Finchley, London N3
19. Simmons Way: Simmons Way, Whetstone, N20
20. Clifford Road: Clifford Road, Barnet EN5
21. Tudor Road; Tudor Road, Barnet EN5
22. Whetstone Stray: Holden Road, Finchley, London 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 may be 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 existing 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.

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 date of inspection was 4th May 2012. Only some of the allotments have been inspected. They are those which are deemed to be temporary rather than permanent. DVS consider that if the allotments are permanent (Statutory) that the protection offered them by statute means it is highly improbable that consent for development would be granted. For expediency therefore permanent sites have not been inspected. If the Council consider there is potential for development on any sites they need to inform DVS who then may alter their assumption.

3.7 Extent of Survey

3.7.1 Of the inspected allotments only a 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 all either in land classified as Greenbelt or Metropolitan Open Land or unclassified land. 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, mainly to the southern end of the Borough to those on the edge of agricultural land, such as Tudor Road at the north 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

9. Cat Hill: Cat Hill, Eccleston Close, East Barnet EN4

Measuring 4.44 ha, this is a permanent allotment. Physically the site would be suitable for residential development with several access options. The site appears undesignated as Metropolitan Open Land or Green Belt.

10. Fursby Avenue: Fursby Avenue, Finchley, London N12

Measuring 0.40 ha, this is a temporary allotment. Access is via a path off Fursby Avenue. It is possible that the land could flood due to Dollis Brook running along the southern boundary. DVS consider that the land is not suitable for development. The land is classed as Metropolitan Open Land. We have been informed by you that the Council does not own the access road to the allotment which would further hinder any development.

11. Hatley Close: Hatley Close, Friern Barnet, London N11

Measuring 1.62 ha, this is a permanent allotment that is run together with The Crescent. The land is not designated. To the south of the site is a primary school.

12. The Crescent: The Crescent, Friern Barnet, London N11

Measuring 3.23 ha, this permanent allotment is run together with Hatley Close Allotments. The allotment is designated as Metropolitan Open Land.

13. Gordon Road: Gordon Road, Finchley, London N2

Measuring 1.47 ha, this is a permanent allotment. It is run with Fursby Avenue Allotment. The site is designated Green Belt. Were it not for the statutory protection DVS consider that the frontage along Gordon Road would be suitable for residential development.

14. Nethercourt Avenue: Nethercourt Avenue, Finchley London N3

Nethercourt Avenue is a permanent allotment. It appears to be an island allotment site with housing surrounding it. The land is not designated. DVS consider development very unlikely even without statutory protection.

15. Brent Way: Brent Way, Finchley, London N3

Measuring 0.11 ha, this is a temporary allotment. It is rectangular in shape and is accessed off Brent Way, lying behind the row of houses to the northern side of the road. It has tennis courts on two sides and whilst residential or commercial development is very unlikely, there could be demand to expand the current sporting facilities. It is likely that such alternative uses would only give a low income. The allotment is designated Green Belt.

16. Finchley Manor: Hill Top, East Finchley, London NW11

Measuring 1.20 ha, this is a permanent allotment. The allotment is located in Metropolitan Open Land. Brookland Junior School adjoins to the west. Nonetheless, DVS consider opportunities to develop would be restricted.

17. Hospital Fields (East & West): Hendon Way, Golders Green, NW2

Measuring 4.45 ha this is a permanent allotment.

18. Pointalls: Squires Lane, Finchley, London N3

Measuring 3.99ha, this is a permanent allotment. The allotment has a railway line running along the south western boundary. The allotment backs onto residential gardens on the north western and north eastern boundaries. There is a small area of open land to the south eastern boundary, beyond which lies the North Circular. The allotment is on undesignated land. Were it not for statutory protection DVS consider this would be a potential site for development.

19. Simmons Way: Simmons Way, Whetstone, N20

Measuring 0.32 ha, this permanent site is located on undesignated land. It lies as “back land” between Simmons’ Way and Beech Avenue.

20. Clifford Road: Clifford Road, Barnet EN5

Measuring 3.49 ha, this permanent site is broadly square in shape. The site is located to the south of Tudor Park Golf Course with housing to each side and Cromer Road Primary school to the south. The allotment is designated Metropolitan Open Land.

21. Tudor Road; Tudor Road, Barnet EN5

Measuring 0.24 ha, this temporary site is located in Green Belt. Located between semi detached houses on Tudor Road to the south, with access off a drive and detached properties on large plots on Latimer Road to the north. A playing field is located to the west of the allotment. DVS consider the Green Belt designation protects this site from being developed as housing.

22. Whetstone Stray: Holden Road, Finchley, London N12

Measuring 4.61 ha, this permanent site is located on Metropolitan Open Land. This long, narrow allotment is located to the west of Ridgeview Road, adjoining a railway line. To the western side is a small river.

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. There is some disparity on some of the sizes of the allotments between plans that have been provided and the property Services Schedule. In the majority of cases the differences are relatively small.

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 appeared to be reasonably looked after but there were variations.

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

Most of the allotment sites are either located within the Greenbelt or classed as Metropolitan Open Land and as such are offered protection from development. However, some sites are on undesignated land but all these are permanent allotments.

For my previous report 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 (permanent) 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.

Given the duty of Councils to provide allotments and the Prime Minister's backing last year to protecting allotments (see appendix) I consider that it is highly unlikely within the foreseeable future that any of the sites could be developed.

Since the previous report my view that the presumption of development given by The National Planning Policy Framework, would not apply to Green Belt, and presumably Metropolitan Open Land, has been confirmed.

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 income for year 2010/2011 was £27,471 for the allotments above (excluding 16. Finchley Manor, where no direct info was provided). The expenditure was £12,554 but this does not include overarching costs for running all the allotments that comes to £12,580. However, it is unlikely, because of the way the allotments are currently run, that this fully reflected the liabilities.

Although 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.

I noted that several allotments adjoined schools. I assume that if additional land was required to expand these establishments that the Council would be able to invoke Compulsory Purchase powers. Alternatively the Council could consider inserting a clause(s) that enabled them to regain possession early, possibly with the payment of some compensation.

5.2 Comparable Evidence

Occasionally allotment land is marketed. Land measuring 1.5 acres (0.61ha) was marketed at Northside, Oakenground, Rockwell Green TA21 which I reported on

in my previous valuation. The 36 plots were rented privately at £12 per year. This provided an annual income of £432 and the property was unsold at a recent auction of 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 1/10th 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 is a nominal value.

I am of the opinion that the restricted value of each of the allotments considered on a 38 year lease 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 recent 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, 8th 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.

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.

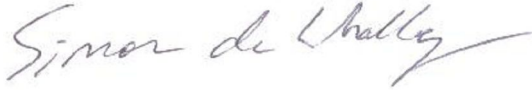
6.7 Validity

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.

7. Recommendations / the Next Steps

7.1 I understand that you will look to DVS to provide a further desktop report on the remaining allotments within the Borough.

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 and Registered Valuer
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.⁹ 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 statutory 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, 8th 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, 8th 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, 8th 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, 8th 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.

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.