

**Tameside Metropolitan Borough
Council**

Report & Valuation of

Enville House
4 Richmond Street
Ashton-under-Lyne

25 March 2020



Sanderson
Weatherall

**Enville House
4 Richmond Street
Ashton-under-Lyne
OL6 7TX**



**Report Prepared by
Sanderson Weatherall
The Chancery
58 Spring Gardens
Manchester
M2 1EW**

**Stuart Avery MRICS
stuart.avery@sw.co.uk, 0161 259 7046**



**Sanderson
Weatherall**

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1. Summary

Report Date

25 March 2020

Client

Tameside Metropolitan Borough Council

Purpose of Valuation

For internal purposes to inform an asset management strategy for the property following a request to consent to an assignment of the lease from the Tenant to an affordable housing operator.

The Property

Enville House, 4 Richmond Street, Ashton-under-Lyne, OL6 7TX

Description

A two storey brick built former residential dwelling currently laid out to provide a single men's homeless hostel consisting of 10 bedsits each with a fitted kitchen, a communal lounge, offices and laundry room. The property is currently vacant and planning permission has been permitted for a conversion to 8x one bedroom affordable rented flats.

Area

The property has a gross internal area of 377 sq m (4,056 sq ft) on a site of 0.16 acres.

Tenure

We understand the property is held Freehold.

Tenancies

The property is subject to a 99 year lease from 15 February 1999 at a peppercorn rent. This is currently held by The Guinness Partnership and it is proposed the lease is to be assigned to Ashton Pioneer Housing Group.

Basis of Value

MV1

Market Value (MV)

£8,350 (eight thousand three hundred and fifty pounds)

MV2

Market Value (MV) on the special assumption of a new 125 year lease at the valuation date on the same terms as the existing lease

£850 (eight hundred and fifty pounds)

MV3

Market Value (MV) on the special assumption the Council owns the unencumbered freehold
£245,000 (two hundred and forty five thousand pounds)

MV4

Market Value (MV) on the special assumption the Council owns the unencumbered freehold and the
building is to be demolished
£70,000 (seventy thousand pounds)

NB This summary should be read in conjunction with the full report attached hereto.

2. Instructions

We refer to your written instructions dated 4 March 2020, a copy of which is appended to our report. You have requested valuation advice in respect of the above-mentioned property and we are pleased to report as follows:

2.1. Purpose of Valuation

You have informed us that our valuation is to be prepared for your internal purposes to inform an asset management strategy for the property following a request to consent to an assignment of the lease from the Tenant to an affordable housing operator.

2.2. Asset Type & Classification

It is our understanding that the asset to be valued is a Freehold Asset subject to a long lease to Northern Counties Housing Association Limited (now The Guinness Partnership) for the use as a homeless shelter.

2.3. Scope of Instruction

The property has been valued on the bases requested, as defined in VPS4 of The Red Book and in our Terms of Engagement and Guidance for Clients.

You have specifically requested our opinion of value on the following basis:

- Market Value (MV)
- Market Value (MV) on the special assumption of a new 125 year lease at the valuation date on the same terms as the existing lease
- Market Value (MV) on the special assumption the Council owns the unencumbered freehold
- Market Value (MV) on the special assumption the Council owns the unencumbered freehold and the building is to be demolished

In accepting your instructions we confirm the following:

The valuation date is 11 March 2020.

That we carry Professional Indemnity Insurance on a per claim basis which is adequate in respect of this instruction.

This report has been prepared by Stuart Avery MRICS (Senior Surveyor) under the supervision of John Goodchild MRICS (Partner) who accept responsibility for this report, have sufficient skills, knowledge and understanding to provide an unbiased and objective valuation and undertake this instruction competently, are members of the RICS Valuer Registration Scheme and are qualified to provide this advice as External Valuers in accordance with PS2 and VPS3 of the RICS Valuation – Global Standards (January 2020) published by The Royal Institution of Chartered Surveyors (RICS) (“The Red Book”).

The property was inspected on 11 March 2020, in overcast weather conditions.

2.4. Assumptions

The asset has been valued in GB Pounds (£).

We append a report on the property, including descriptions and notes as to location, extent and features of the site, construction and accommodation of the buildings, their apparent condition and the results of enquiries of the various authorities. We also include an extract of the Ordnance Survey plan showing the extent of the site, as we understand it to be, outlined in red and include some photographs.

Details of the extent of the property, tenure, tenancies, permitted uses and related matters have been supplied by you. Where possible this information has been checked on site.

2.5. Valuation Procedure

This Valuation has been prepared in accordance with the RICS Valuation - Global Standards (January 2020) as amended, published by the Royal Institution of Chartered Surveyors ("RICS") ("the Red Book") and the IVSC International Valuation Standards (IVS).

We refer you to our "Terms of Engagement and Guidance for Clients" appended to this report. This document describes in detail the work which we have and have not undertaken in compiling this report and valuation on your behalf.

2.6. Conflicts of Interest

We have no conflict of interest in providing this advice and having checked our records, we understand none of the Partners/Directors nor employees of Sanderson Weatherall have had any other fee earning relationship within the last two years with your customers nor the subject property apart from the fee for this present service. Sanderson Weatherall acts on behalf of Tameside Metropolitan Borough Council 2019 under the Crown Commercial Service Agreement providing Estates Professional Service and Management Support.

2.7. Liability

Our valuation is provided for the stated purpose and is for the use of the addressee only and no responsibility is accepted to any other party for the whole or any part of its contents. In particular, our liability is not extended to any other party of financial institution to whom you might show this report.

Neither the whole or any part of this report, or any reference thereto, may be included in any document, circular, or statement nor our opinions of value disclosed without our prior written approval of the form and context in which they will appear.

2.8. Material Uncertainty – Novel Coronavirus (COVID-19)

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the

current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our valuations is therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this asset under frequent review.

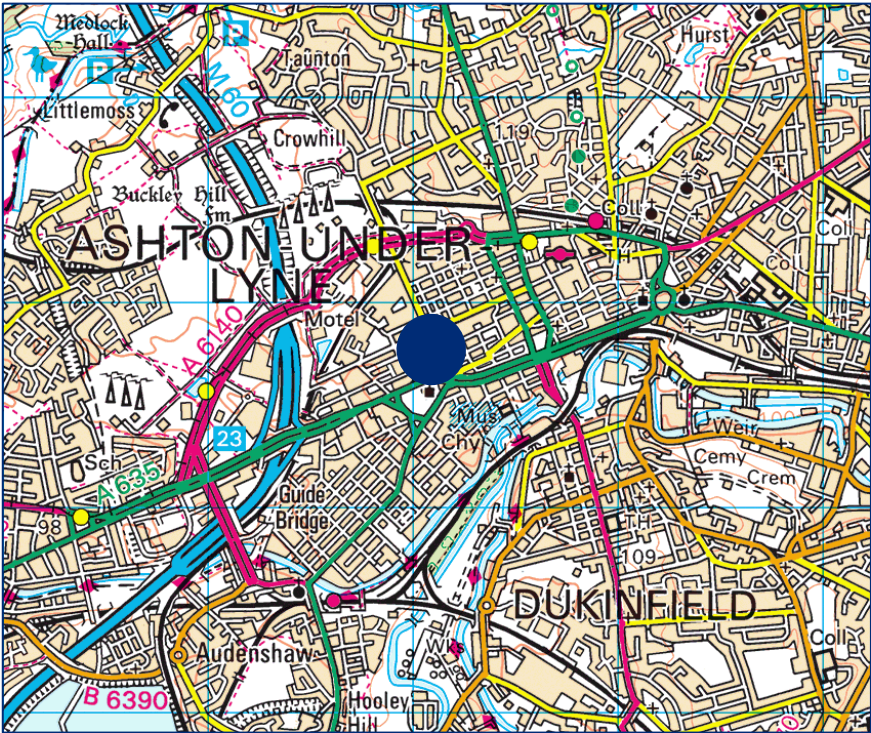
3. The Property

3.1. Location

The property is located in Ashton-under-Lyne which is a town in Tameside with a population of approximately 45,000 (2011 Census). Ashton-under-Lyne form part of Greater Manchester and is located approximately 7 miles to the east of Manchester City Centre. Junction 23 of the M60 Motorway lies close by to the west of Ashton-under-Lyne.

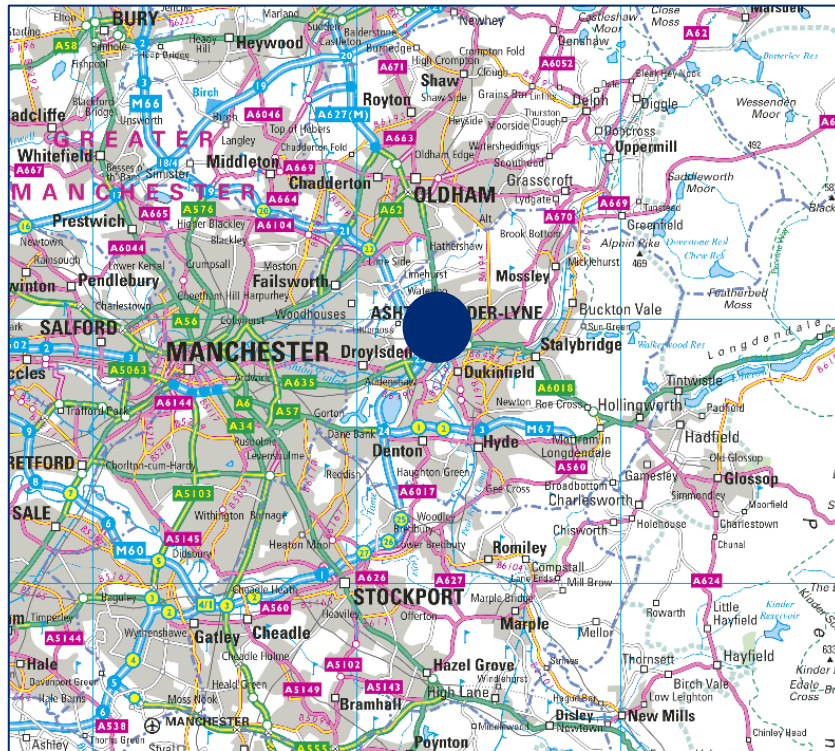
The property occupies a corner position on Richmond Street, Dale Street West and Margaret Street and is located approximately 0.5 miles west of Ashton-under-Lyne Town Centre. The property fronts on to Richmond Street which is a predominantly residential street. On the opposite side of Margaret Street is the St Petersfield Development site which was subject to a number of office developments in the mid-200s. A number of these sites have remained undeveloped and are currently used as pay and display car parks. The property is located within close proximity to Park Parade (A635) which is the main road through Ashton-under-Lyne. The A635 provides access to Stalybridge and in turn the Peak District to the east and to the M60 Motorway and Manchester to the west.

The general location of the property is illustrated on the following Ordnance Survey extracts.



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3.2. The Site

	Approximate Areas
Site Area	0.067 hectares (0.16 acres)
Site Coverage	36%

Notes on Site

The site is rectangular shaped and is level throughout. The property is situated to the western side of the site and the eastern side is used as garden space. The property is bounded to the north by residential accommodation and to the eastern, southern and western sides by roads.

The extent of the site boundaries as we understand them are shown edged red on the 1:1250 scale Ordnance Survey extract attached within Appendix I.

3.3. Description & Construction

The property comprises a two storey residential property of brick construction which dates back to the 1870s. The front section of the property has a multi-pitched slate covered roof and the rear section, which is narrower, has a pitched slate covered roof. The front section appears to extend over three storeys as there are windows to the front elevation, however, there was not an access point to the second floor. The front has a part rendered elevation to circa 1 meter.

The property has been last used as a homeless shelter but is currently vacant. Internally, the property has a cellular layout and provides 10 bedsit rooms over two storeys. Each bedsit has a basic fitted kitchen and a basin. The ground floor provides three bedsits, a communal lounge, two offices, a laundry room and three shared bathrooms. Seven bedsits and three shared bathrooms are located to the first floor. The accommodation is finished to a basic specification and would benefit from a refurbishment throughout. The property has carpeted floors, painted and plastered walls and ceilings, uPVC framed double glazed windows and gas fired wall mounted panel radiators. Some of the rooms on the first floor have dry lined walls and ceilings. There is a fixed wire fire alarm throughout and an intercom system installed to each bedsit.

There is a restricted height basement underneath approximately half of the front section of the building which contains utility meters and has previously been used for storage.

Externally, there is a walled garden to the rear which largely provides a grass covered garden. There are also paved sections which extend along the side of the property and connect to the front of the building.



Front Elevation



Rear Elevation

3.4. Accommodation

Description	Approximate Gross Internal Floor Area	
	sq m	sq ft
Ground Floor	189	2,035
First Floor	188	2,021
Basement	50	541
Total (excluding basement)	377	4,056

The above areas have been ascertained from scaled floor plans of the building. Check measurements were taken during our inspection to confirm the floor plans are accurate. A copy of the existing floor plans are contained within Appendix III.



3.5. Development Proposals

We understand a prospective purchaser has redevelopment plans to refurbish the property into 8x one-bedroom flats, four flats on each floor. Each flat will have a separate bedroom, bathroom and combined kitchen and living area. The proposals involve reconfiguration of the internal walls. Due to the current ownership and background of the property, we understand there are currently no timescales for the redevelopment to take place. We have not been provided with details of the quality of the redevelopment by the prospective purchaser and the information has been obtained via the planning portal. A copy of the proposed floor plans are contained within Appendix IV.

3.6. Repair & Condition

As referred to in our Terms of Engagement and Guidance for Clients, we have not carried out a building survey and our comments that follow should not be regarded as such.

The property would benefit from a full refurbishment throughout as it is now looking dated. However, the following points are worthy of note:

- There is standing water in the basement
- Mold growth on carpets throughout
- Some timber windowsills have swollen due to water ingress
- There is currently damp penetration on the southern elevation due to poor drainage
- The garden is looking overgrown and would benefit from landscaping
- The rear garden wall is leaning and requires securing

3.7. Services & Amenities

Mains services: We understand the property has mains connections to electricity, gas, water and drainage.

Heating: Gas fired wall mounted panel radiators

Air conditioning: None

Lifts: None

None of the above services were tested during the course of our inspection of the property.

3.8. Statutory Enquiries

3.8.1. Highways

From enquiries made of the local Highways Authority we understand that the main roads and footpaths in the vicinity of the property are made up and adopted. As such we assume there are no outstanding liabilities pertaining to the property.

3.8.2. Planning

The current Unitary Development Plan was adopted in 2004 and is in the process of being replaced by a new Local Plan. Under the Unitary Development Plan the property is allocated within a Ashton Town Centre

Conservation Area. The property borders an area which is allocated under the Town Centre Boundary but does not fall within this allocation itself.

From informal enquiries made of the local Planning Authority we understand that the property has full consents for its existing use and that there are no formal proposals which would have an adverse effect upon our valuation. We are aware of the following planning application which has been submitted at the property.

[18/00737/FUL](#) - Conversion of the existing property from 10 bedsits to 8No. 1 bedroomed self contained flats including associated works. This application was approved 12 October 2018.

We would comment that this application was submitted by the proposed assignee and their plans are for the for completed flats to provide social rented accommodation.

3.8.3. Property Taxation

The property is not assessed for business rates purposes. The property has been assessed for Council Tax purposes and falls within Band 'F'. The annual Council Tax bill is £2,639.28 for the year 2020/21.

3.8.4. Equality Act 2010 & Disability Discrimination

As referred to in our Terms of Engagement and Guidance for Clients, it should be noted that our inspection of the premises does not constitute an accessibility audit for Equality Act purposes.

However, from our brief inspection of the property the following items which may be worth further consideration were noted, including inter alia:

- The fire escape on the side elevation provides ramped access into the premises, however, the ramp does not appear to be wide enough to accommodate all wheelchair users.
- There is not a lift providing access to the first floor.
- The door frames do not appear to be wide enough to accommodate wheelchair users

On the basis that an accessibility audit for Equality Act purposes has not been undertaken, we would recommend that the occupiers commission an audit to ensure compliance with the relevant legislation and undertake those works identified that are considered to be economically viable.

3.8.5. The Regulatory Reform (Fire Safety) Order 2005

We have not had sight of any Fire Safety Assessment for this property, and we would recommend therefore that the occupiers take this in hand to ensure that they are in compliance with the legislation.

3.9. Environmental Issues

We are not Chartered Environmental Surveyors and we have not been instructed to make any investigations, in relation to the presence or potential presence of contamination or other environmental features in land or buildings or affecting the property. We have not carried out any investigation into past uses, either of the property or any adjacent land, to establish whether there is any potential for contamination from such uses or sites, and have therefore assumed that none exists. In practice, purchasers in the property market do require knowledge about contamination and other environmental factors. A prudent purchaser of this property would be likely to require appropriate investigations to be

made to assess any risk before completing a transaction. Should it be established that contamination does exist, or the property is affected by other environmental factors, this might reduce the value now reported.

No indications of past or present contaminative land uses or other environmental features were noted during our inspection. Our inspection was of a limited visual nature and we cannot give any assurances that previous uses on the site or in the surrounding areas have not contaminated subsoils or groundwaters. In the event of contamination being discovered or if it transpires there are other environmental features specifically affecting the property, further specialist advice should be obtained. You are advised to ensure that your legal adviser takes up the usual enquiries on your behalf, in respect of possible contamination or environmental issues, prior to entering into any commitments.

3.9.1. Asbestos

As referred to in our Terms of Engagement and Guidance for Clients, our inspection of the property does not constitute a survey in compliance with Government Directives and as such we will not comment in detail on any potential asbestos containing materials believed to be present in the property.

We have not had sight of any Asbestos Register for this property, however the building is of an age where we believe asbestos containing materials may be present and we would recommend further investigation in this respect.

Our valuation assumes the findings of an asbestos survey would not be valuation significant.

3.9.2. Flooding

From enquiries made of the Environment Agency website, we understand the agency classifies the subject property as being within an area categorised as Flood Zone 1 - land assessed as having a less than 1 in 1,000 annual probability of river or sea flooding (<0.1%).

3.9.3. Invasive Plant Species

During our inspection of the property the presence of invasive species was not noted, however our investigations were not exhaustive and we cannot therefore categorically state that none were present. Any potential purchaser should make their own investigations in this respect, especially if redevelopment is considered. If invasive species are found to be present on site, this may reduce the valuations herein reported.

3.9.4. Energy Performance Certificates

Properties within the UK require an Energy Performance Certificate (EPC) when bought, sold, built or rented. An EPC measures the asset rating of a building in relation to its energy performance.

The 2015 Energy Efficiency Regulations, passed in March 2015, set out minimum energy efficiency standards (MEES) for England and Wales. These regulations make it unlawful for landlords to grant a new lease of properties that have an energy performance certificate (EPC) rating below E. Furthermore, it is conceivable that in the future, the minimum energy efficiency rating could be more stringent.

It is also proposed that from April 2023 this requirement will extend to all premises, including those where a lease is already in place and a tenant is already in occupation.

The existing EPC indicates that the subject property falls within band C (72) which is an acceptable energy performance range for the purposes of the Act. Although the legislation is not expected to be reviewed again in the near future, the method of assessment may have changed since the EPC certificate was issued.

3.10. Tenure & Tenancies

FREEHOLD

We have not examined the title documents nor have we been provided with a report on title in respect of the subject property. We therefore assume that the freehold interest is not subject to any onerous restrictions, charges, easements or rights of way and is in all respects good and marketable. We recommend that legal advice is taken to verify our assumptions to be correct.

The property is subject to a long leasehold interest. The salient points of the lease are as follows.

Landlord	Tameside Metropolitan Borough Council
Tenant	Northern Counties Housing Association Limited
Term	99 years
Term Commencement Date	15 February 1999
Rent	One Peppercorn
Repairing Clause	Full repairing and insuring
User Clause	Temporary housing hostel for single men
Alienation	i) Not to assign or dispose of whole or part of the premises ii) Not to underlet whole or part of the premises Provided that the clause shall not prevent the Lessee assigning the demised premises to a registered housing association.



4. The Market

4.1. General Market Commentary

We would generally comment that macro-economic conditions have, in recent years, continued to improve following the severe economic turbulence experienced during the 'Credit Crunch' which statistically was the worst recession since the end of World War II. The UK economy has gradually expanded following the exit from recession in Q2 2009 with generally consistent GDP growth experienced during the last 10 years. Although the economic and political landscape changed considerably following the referendum held on 23 June 2016 concerning the UK's membership of the EU and the consequential decision taken to exit, the resultant uncertainty created arguably has not yet had a material impact on the UK's macro-economic performance (to date).

Although there was significant volatility in financial markets in the immediate aftermath of the EU referendum vote, with the benefit of hindsight, it has now become clear that the performance of the UK economy has remained incredibly resilient since the referendum, although it should be appreciated that the continuing weakness in pound sterling has played its part in stabilising the UK economy. Contrary to many predictions prior to the referendum vote, GDP growth has remained positive in the intervening years following the vote, albeit growth has stagnated in recent quarters.

However, the medium term outlook potentially remains fragile, as the government negotiates EU and US trade deals. In this regard, Boris Johnson has committed to Britain leaving the Brexit transition period at the end of December 2020, with or without a deal, with potential to cause severe disruption for UK and EU companies.

The above commentary provides an overview of the UK economy in recent months and years, although it should be appreciated that the global economy has now been rapidly plunged into an unprecedented crisis due to the rapid spread of the Covid-19 coronavirus which originated in China but has now been officially declared as a worldwide pandemic by the World Health Organisation. The impact of the pandemic has created significant levels of disruption to the global economy due to extreme quarantine measures being undertaken by nations around the world and particularly within Europe, which has now become the epicentre of the virus. The consensus within the UK is that the worst of the crisis has yet to be experienced and it is likely that widespread quarantine measures will be introduced in the coming weeks which will further disrupt the economy. Financial markets across the world have experienced levels of volatility not seen in approximately 30 years with massive levels of value destruction in all the major stock market indexes, including the FTSE 100. The levels of disruption to the economy are substantial, particularly for the airline and tourism industries, and it is still unclear as to what extent the economy will be impacted and how quickly and effectively it will be able to recover once the spread of the virus has been controlled. It is expected that the impact to the global economy will be temporary but very severe and it seems clear that GDP growth will be significantly impacted with a strong likelihood that many countries will experience recession. The Bank of England has responded by implementing an emergency cut in the base rate of interest to 0.25% and a number of emergency measures were announced in the Chancellor's recent Budget Statement, including substantial business rates relief measures for smaller businesses.

It should be appreciated that the situation is changing rapidly on a daily basis and the impact of the pandemic on valuations in property markets is unlikely to become clear for several months. However, it is expected that the negative impact on the economy and the high levels of uncertainty created will have a

material impact on commercial and residential property markets, at least for the short term future and transactional volumes should be expected to reduce significantly until the situation improves.

4.2. Commercial Property Market Commentary

The commercial property market in the UK has generally recovered well from the Credit Crunch financial crisis with capital and rental values demonstrating upwards momentum in recent years across most sectors. However, market sentiment was adversely impacted during 2019 by the political uncertainty which, to some extent, was lifted by the result of the general election in December. The most recent RICS Commercial Property Market Survey for Q4 2019 indicates that a stronger outlook is emerging for rental and capital values over the year ahead. In this regard, it is expected that the greater political clarity is expected to spur on some pent-up activity which had been placed on hold pending a resolution of the political deadlock. However, some Brexit related uncertainty will undoubtedly remain throughout 2020 until a resolution is reached on the ongoing trade negotiations and this could weigh on commercial property markets, although the sector has generally remained resilient in the face of uncertainty in recent years (with the exception of retail property markets which face significant challenges). With the global trend in interest rates evidently remaining lower for longer, direct assets such as commercial property can be expected to remain popular for investors. In addition, the UK still offers transparency and security that is not available in many other parts of the world and, consequently, international investor demand remains strong in the UK.

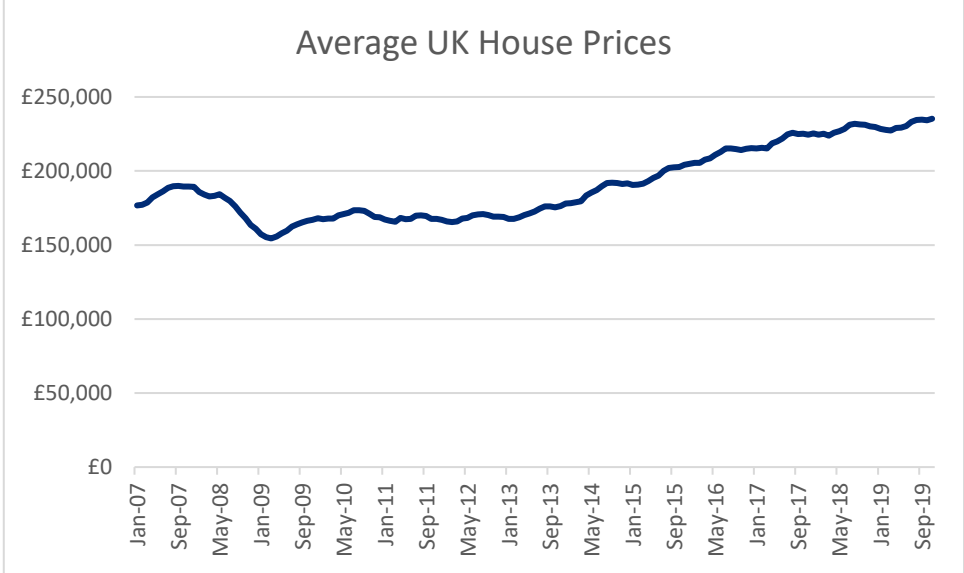
The RICS data for Q4 2019 indicated that, at the headline level, occupier demand continued to fall with an overall net balance of -12% of survey participants reporting a decline. However, the data does conceal significant disparities between the three traditional subsectors of the UK market with occupier demand increasing for industrial accommodation, albeit at a slowing pace. Tenant demand for office space was recorded as being flat. The data is therefore largely skewed by the continuing woes in the retail property sector which show no signs of abating.

As outlined within the general market commentary above, the Covid-19 coronavirus pandemic is highly likely to have an impact on both occupier and investor demand in all sectors of the commercial property market in the short term. The impact across the medium to longer term future will depend on the extent and length of the economic impact of the virus, which is currently difficult to predict.

4.3. Residential Property Market Commentary

In the last 5 years there has been a marked improvement in conditions within the residential property market, particularly within the residential development sector (which was arguably one of the worst hit during the recession). Generally, the transactional activity within this period has been strong across all sub sectors of the residential property market, including first time buyers, owner occupiers and investor markets. However, as outlined above within the general market commentary, the recent political and economic uncertainty weighed on residential property markets throughout 2019 and house price growth has been generally flat in recent months. In this regard, the most recent house price data published by Nationwide indicated that house prices grew by 0.1% in December 2019 with total annual growth of 1.4% during 2019. However, following the result of the general election in December 2019, there is now a general expectation that the UK house market should experience a boost in the early part of 2020. In this regard, Britain's largest online property portal Rightmove has reported that average asking prices increased by £2,500 in January 2020 and that it received a record 152 million visits to the website during the month. The Halifax House Price Index reports that annual house price growth jumped to 4.1% in January 2020 which also supports the theory that the UK housing market will experience a 'Boris Bounce' due to an improvement in sentiment following the result of the general election.

The most recent data from the Land Registry House Price Index states the average price of a property within the UK in November 2019 was £235,298. The chart below illustrates the generally rising trend in house prices nationally since 2007:-



Source – Land Registry

We would comment that there have been some general concerns raised at the pace of house price growth when benchmarked against earnings growth and statistics indicate that house prices have grown 259% since 1997 compared with earnings growth of 68% across the same period. The average house price now costs 7.97 times average annual earnings, the highest level on record, compared to 3.6 times in 1997, although this dataset is skewed by the market in London where there the gulf between house prices and earnings is at its widest. The general increase in house prices and reduction in affordability in recent years has resulted in a slowing of home ownership and driven an increase in private renting. Data from the Office of National Statistics indicates that the home ownership rate has slumped to 63% compared with 73% a decade ago.

With regards to the market for residential investment properties, there are signs that the increased politicisation of housing is likely to favour larger-scale build to rent investors over smaller private landlords. There are an estimated 1.5 million landlords in England and buy to let investments have long been a go-to option for people seeking to earn better returns on excess cash. However, smaller scale buy-to-let investors have been hit by regulatory and tax changes in recent years. In particular, the 3% stamp duty surcharge and the ending of the higher rate mortgage tax relief has, in most cases, severely restricted the available returns for buy to let investors. However, rental demand has remained very strong in recent years with recent research undertaken by the ONS indicating that a quarter of people aged 16-64 rent privately, whereby this figure was circa 10% in 1993, indicating a significant increase in renting over the last circa 20 years. As such, despite the regulatory headwinds, the increasing shift towards renting homes and continued demand from tenants should help to underpin buyer demand from buy-to-let investors.

As outlined within the general market commentary above, the Covid-19 coronavirus pandemic is highly likely to have an impact on both occupier and investor demand in all sectors of the residential property



market in the short term. The impact across the medium to longer term future will depend on the extent and length of the economic impact of the virus, which is currently difficult to predict.

4.4. Comparable Evidence

Properties used as homeless shelters do not regularly transact on the open market, therefore we have had regard to the following transactional activity for properties of similar specification.

Address	Date	Price	Comments
86 Oldham Road and 2 Roman Road Royton Oldham OL2 5PQ	February 2020	£531,000 9.83% GIY	Two residential blocks providing 7 self-contained flats (5x two beds, 2x three beds) producing £38,340 per annum. One three bed flat is currently vacant which could provide an additional £7,000 per annum. Sold at auction on behalf of receivers.
Former Oddfellows Pub Alderley Street Ashton-under-Lyne OL6 9LJ	September 2019	£173,000 £57.40 psf	Former public house with planning permission for a conversion to 3x dwellings extending to circa 3,014 sq ft. Part completed development. Sold at auction.
8 Richmond Street Ashton-under-Lyne OL6 7TX	January 2019	£210,000 £68.94 psf	5 bedroom mid terrace house located within close proximity of the subject property. The property extends to 3,046 sq ft (EPC) and was in a good condition at the time of the sale. Benefits from a good sized garden. Marketed from January 2018 at a guide price of £280,000.
23-25 Booth Street Ashton-under-Lyne OL6 7LF	September 2018	£110,000 £71.38 psf	Two storey brick built office building extending to 1,541 sq ft (NIA) located within Ashton town centre. Sold with planning permission for a change of use to 3x apartments and 2x studios. Based on the net sales areas of the converted units the property has a floor area of 1,823 sq ft which equates to £60.34 psf.

Address	Date	Price	Comments
117 Harley Street Openshaw Manchester M11 1AS	June 2018	£103,000 £121.18 psf 9.5% GIY	Two storey mid-terrace residential property providing a 5 bedroom house of multiple occupation with a shared kitchen and shared bathroom which extends to circa 850 sq ft. Currently producing £9,780 per annum with two rooms vacant. Potential to increase to £13,680pa which equates to a reversionary yield of 13.28%. Sold at auction.
38 Chester Square Ashton-under-Lyne OL6 7TW	September 2017	£180,000 £54.29 psf	Detached two storey residential property providing 8 letting rooms (with 10 beds) in a house of multiple occupation extending to circa 3,315 sq ft. Producing £38,640 per annum from 7 of the beds. The property was in a basic condition and would benefit from a refurbishment throughout. Failed to sell at auction with a guide price of £200,000. Sold post auction and now appears to be vacant and boarded up.
21 Booth Street Ashton-under-Lyne OL6 7LD	June 2017	£65,000 £78.03 psf	Two storey brick built office building extending to 833 sq ft (NIA) located within Ashton town centre. Planning permission obtained post sale for a conversion to 2x one bedroom flats. Based on floor areas of the new flats the property has a floor area of 980 sq ft which equates to £66.32 psf.
2 Lennox Street Ashton-under-Lyne OL6 6HP	May 2017	£131,500 £58.19 psf	Vacant residential property providing 2x one bedroom flats, 2x bedsits and 1x self-contained studio flat extending to circa 2,260 sq ft (based on EPCs). In need of some refurbishment / improvement. Sold at auction.
2 Richmond Street Ashton-under-Lyne OL6 7TX	March 2017	£270,000 £121.18 psf	4 bedroom semi detached house located opposite the subject property. The property extends to 2,228 sq ft (EPC) and was in a good condition at the time of the sale. Marketed from December 2016 at a guide of £275,000. The property has a small paved garden area.

Address	Date	Price	Comments
120 Redgrave Street Oldham	For Sale	£204,950 13.32% GIY	Mid-terrace residential property currently used as a 5 bedroom HMO. Property is modern and each bedroom benefits from an ensuite bathroom with a shared kitchen. Understand the property is currently vacant but there is potential for a rental income of £27,300 per annum.

In terms of rental prices, we are aware of two house share properties located within close proximity to the subject property on Stockport Road. These properties are located in 6 and 12 bedroom houses which are currently in a good condition and have been recently refurbished. Each bedroom has an en-suite with communal kitchen and lounge areas. The properties are fully furnished and are inclusive of all utilities and bills. The rental price is £120 per week / £520 pcm / £6,240 pa.

There is a further house share property on Blandford Street in Ashton-under-Lyne. This provides a 4 bedroom house share which is of a basic specification. A double bedroom with shared bathroom and kitchen facilities is available for £70 per week / £303 pcm / £3,640 pa. This is inclusive of all utilities and bills.

A modern studio flat is currently available for £132 per week / £575 pcm / £6,900 pa. The property is fully furnished and inclusive of utilities and bills. The kitchen is provided in a small attached room but there is no living / lounge area.

There are a number of unfurnished one bedroom flats which are currently available or recently let. These typical transact between £400 to £525 pcm depending on the quality, location and size of the flat.

4.5. Material Uncertainty – Novel Coronavirus (COVID-19)

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our valuation(s) is / are therefore reported on the basis of ‘material valuation uncertainty’ as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this asset under frequent review.

5. Valuation

5.1. Valuation Considerations

5.1.1. Valuation Approach

You have requested our valuation advice on a number of bases of values. In order to provide the valuations we have firstly valued the property on the assumption it is held unencumbered with no lease restrictions.

In making our valuations, we have used the comparative method of valuation. As the name implies the comparative method of valuation relies on the consideration of, where possible, transactions involving similar properties, before making appropriate allowances for differences in location, size, condition, age, specification and applying this data to the subject property. It is therefore a market based approach.

We have also had regard to the investment method of valuation. The Investment Method of Valuation essentially involves the capitalisation of a rental income (either notional or actual) by a suitable yield to arrive at the capital value. This choice of yield is made by comparison with other (investment property) having regard to matters such as physical characteristics to the building, use, degree of risk and life of the investment. The yield is therefore a measure of investor's opinion of the prospects and risks attached to such an investment.

As the name suggests, this method of valuation is based on an examination of the rental income produced by the property, its potential for growth in the future, the terms of the lease and the relative strength of the tenant's covenant. The income stream is then converted into a capital sum by application of an investment yield we consider appropriate to the circumstances of each particular property.

Generally speaking, a lower yield (and hence a higher multiple of the annual income) would be applied to a well located property, let to a secure tenant for a long term of years, in contrast to a less well located property (with perhaps poorer prospects for future rental growth, let to a weaker tenants with shorter unexpired lease terms).

The strength of the tenant's covenant is the most important factor when determining an investment yield, closely followed by the length of the unexpired term, the prospects of rental growth and the property's general location.

The property would lend itself to a continued use as a 10 bedroom bedsit or conversion to 8x one bedroom flats as per the planning consent. Both uses will require capital expenditure with the latter likely to cost more than a refurbishment of the existing layout.

Assuming a reasonable refurbishment is undertaken to the existing layout we would expect a capital expenditure in the region of £130,000 to bring into a lettable condition for bedsits which includes the developers profit. The property requires a refurbishment throughout and some general maintenance. We would also expect purchasers would convert the kitchens to en-suites and two shared kitchens would be created. Due to the likely end users of the property being a house share / bedsit, the property would require furnishing.

We have applied an all-inclusive rent of £425 per calendar month (£98 per week) per lettable bedroom once the refurbishment has completed. This produces an annual income for the whole property of £51,000 per annum.

We have applied an all risks yield of 13.5% to the annual income which produces a gross development value of £377,778. We have applied 13.5% to reflect the higher degree of management, the turnover of tenants and the additional running costs. After taking off the conversion costs, a rounded Market Value of £245,000 is produced which equates to £60.89 per sq ft. This is our opinion of value for MV3.

We have had consideration to a conversion a single dwelling house, however, we believe this will realise a lower value based on the underlying residential values and costs of conversion.

For MV1 we have undertaken a term and reversion. Due to the property being subject to a lease at a peppercorn with an unexpired lease term of circa 78 years there is not an income to capitalise. We have valued the reversionary interest at £375,000 on the assumption the property is handed back to the Council in good repair. We have then taken the present value of £375,000 for 78 years at 5%. This produces a value of £8,350.

For MV2 we have assumed a new 125 year lease is to be granted on the same terms as the existing lease. We have undertaken a term and reversion for this similar to the MV1 valuation. As the rent is to be a peppercorn there is no rental income to capitalise. We have then present valued £375,000 for 125 year at 5% to produce £850.

For MV4 you have asked for our opinion of value should the property be demolished and a cleared development site be available. The site extends to 0.16 acres. We have applied a land value of £675,000 per acre for residential land which produces a land value of £108,000. After taking into account the costs of demolition which we estimate to be in the order of £37,500, a rounded value of £70,000 is produced.

We understand a premium has been agreed for the assignment of the lease between The Guinness Partnership (the Tenant) and Ashton Pioneer Housing Trust (the proposed Assignee) for £355,000. Whilst this provides prima facie evidence of values in the market, this transaction has not completed. We are not aware of the background of how this figure has been agreed and it is possible the assignee will be receiving government funding to assist. Housing associations tend to appraise site differently to market developers. Ashton Pioneer Housing Trust are likely to have a requirement for a socially rented development and this opportunity is likely to be cheaper than constructing a new development of similar size. Therefore, they are willing to pay a premium to secure the property. The proposed development is to be used for affordable rent which housing associations will typical appraise at 80% of the market rents and then capitalise by a low yield of circa 5 – 6% to reflect the secure income from the affordable rent tenants and the property being refurbished to a good standard. Furthermore, they benefit from economies of scale by owning a lot of similar stock in the locality which assists with property management, repairs and maintenance costs.

5.1.2. SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • The property is located close to Ashton-under-Lyne town centre on a residential street • The property provides a large premises and is of an age which would be considered desirable due to the construction and features 	<ul style="list-style-type: none"> • The property is currently subject to a lease with under 80 years unexpired lease term • The lease has a strict user clause to be only used as a singles men’s homeless hostel • The property is in need of refurbishment throughout
Opportunities	Threats
<ul style="list-style-type: none"> • There is currently planning permission to redevelop the property to create 8x one bedroom flats. • The property is suitable for alternative uses subject to planning permission such as conversion back into a single dwelling house. 	<ul style="list-style-type: none"> • The user clause reduces the potential number of purchaser / assignees for the property which could result in a long vacancy period • Should the property remain vacant it is likely to fall further into disrepair and is susceptible to vandalism • The property is in a conservation area and conversion costs may be higher

5.1.3. Marketability

The lease places a strict user clause on the property to be used as a single men’s homeless hostel only. There will be limited demand for this user clause and purchasers are likely to be registered providers who provide this service. Typical market developers and investors would not be interested in the property with a restriction as they would not be able to make a return from this user clause. Homeless shelters do not regularly transact on the open market and there is a dearth of transactional evidence for this type of property. Housing associations are likely to receive funding / grants from government funds to undertake this type of operation.

Should a variation of the user clause be obtained we expect the property would provide a good opportunity to create an income stream. The property is in need of a refurbishment for a continued use of 10 bedsits but there is also potential to redevelop the property to create 8x one bedroom flats. There is a circa 78 years unexpired lease term. We would comment that this on the cusp of no longer being considered an virtual freehold and likely purchasers may require an extension, especially, if they are to undertake a refurbishment of the property.

The property will be most marketable should it become available on the open market without lease restrictions. In this case we would expect there to be demand forthcoming from local property companies, local investors / developers and housing associations. The property comprises a relatively small lot size and ongoing management of the property would be easier at a local level. We would expect a marketing period in the region of 6 to 12 months for a sale of the property, however, due to the current uncertainty in the market due to the impact of Coronavirus there is likely to be subdued demand and finance available for this type of property. Due to current uncertainty in the market it is not inconceivable that a period in excess of 12 to 18 months would be required to achieve our opinion of market value.

We also envisage demand to be forthcoming from residential owner occupiers who would look to convert the property back into a single dwelling, however, we expect the price obtainable from this type of users to be lower based on the underlying residential values and condition of the building.

5.2. Valuation Opinion

Having regard to the attached report we are of the opinion that the value of the freehold interest on the bases requested is:

Valuation Bases	
(a) Market Value	£8,350 (eight thousand three hundred and fifty pounds)
(b) Market Value on the special assumption of a new 125 year lease at the valuation date on the same terms as the existing lease	£850 (eight hundred and fifty pounds)
(c) Market Value on the special assumption the Council owns the unencumbered freehold	£245,000 (two hundred and forty five thousand pounds)
(d) Market Value (MV) on the special assumption the Council owns the unencumbered freehold and the building is to be demolished	£70,000 (seventy thousand pounds)

We stress the importance of the valuation date as recent experience has shown that property values may change quite significantly over a relatively short period of time.

Where statements are made upon the prospect of future growth or fall in rental and/or capital values it must be appreciated that such change may not occur and that values can fall as well as rise.



6. Terms of Engagement and Guidance for Clients

6.1. Extent of Investigations Undertaken

We refer you to our “Terms of Engagement and Guidance for Clients” appended to this report. This document describes in detail the work which we have and have not undertaken in compiling this report and valuation on your behalf.

We have not made any investigations into the Capital Allowance position in respect of the subject property in the preparation of this valuation; we recommend that the owner/occupier of the property makes their own investigations to satisfy themselves in this respect.



Stuart Avery BSc (Hons) MRICS
Senior Surveyor
RICS Registered Valuer
RICS Registration Number 5046949



John Goodchild MSc (Hons) MRICS
Partner
RICS Registered Valuer
RICS Registration Number 1177037

March 2020

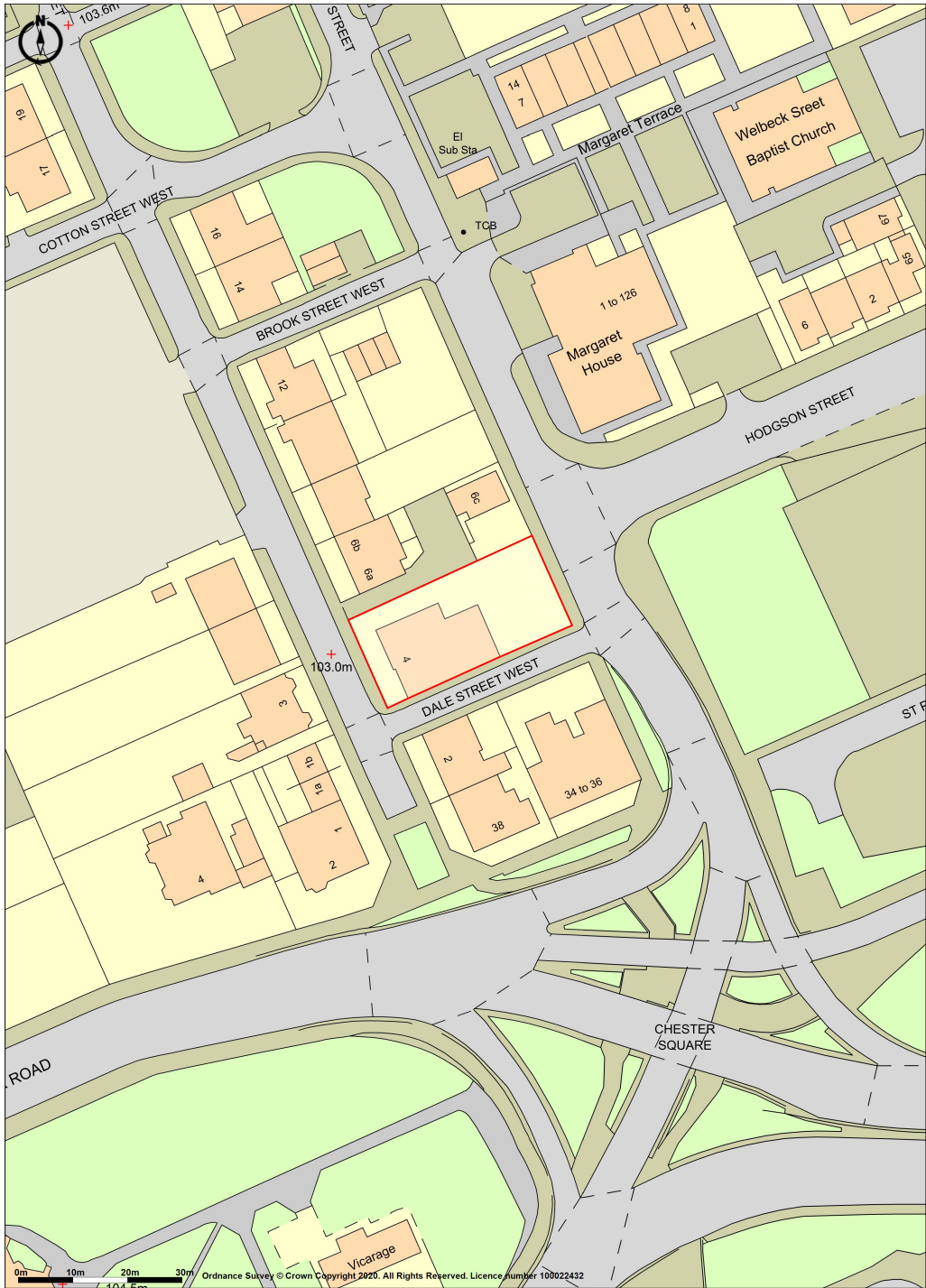
Authorised to sign for and on behalf of Sanderson Weatherall LLP

7. Appendices

Appendix I –	Site Plan
Appendix II –	Photographs
Appendix III –	Existing Floor Plans
Appendix IV –	Proposed Floor Plans
Appendix V –	Confirmation of Instructions
Appendix VI –	Terms of Engagement & Guidance For Clients

Appendix I

Site Plan



Appendix II
Photographs



1.



2.



3.



4.



5.



6.



7.



8.



9.



10.

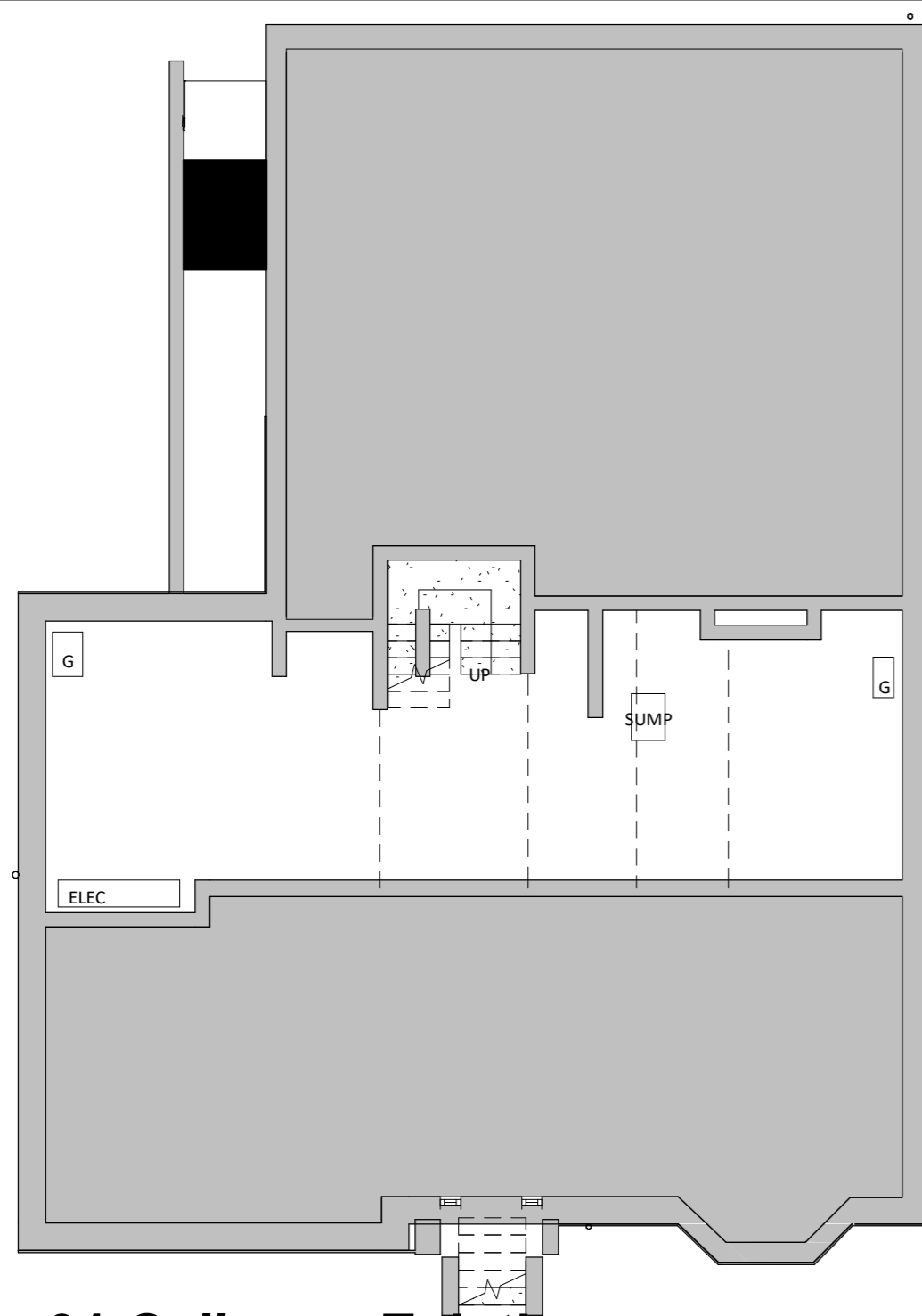


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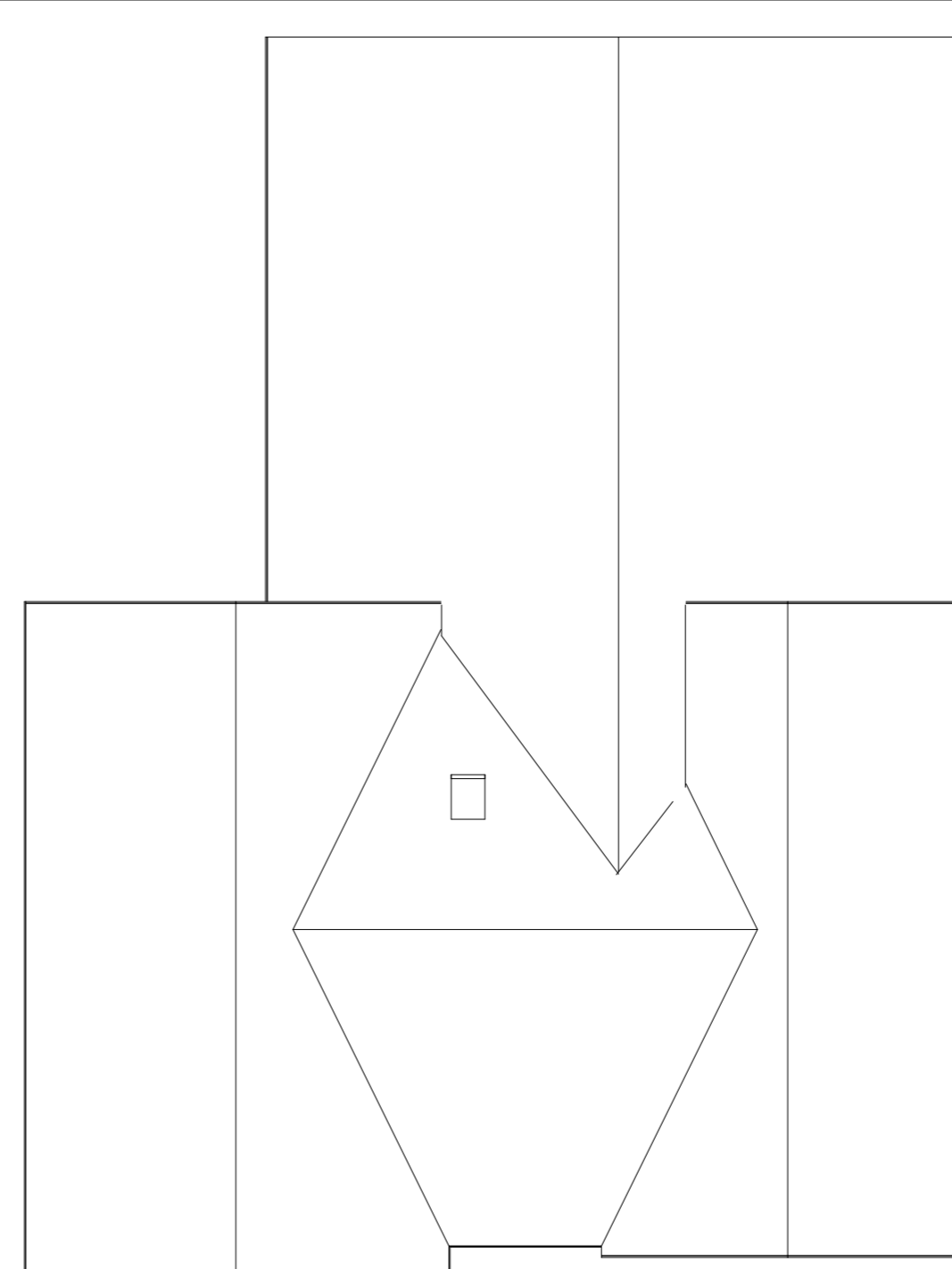
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Appendix III
Existing Floor Plans



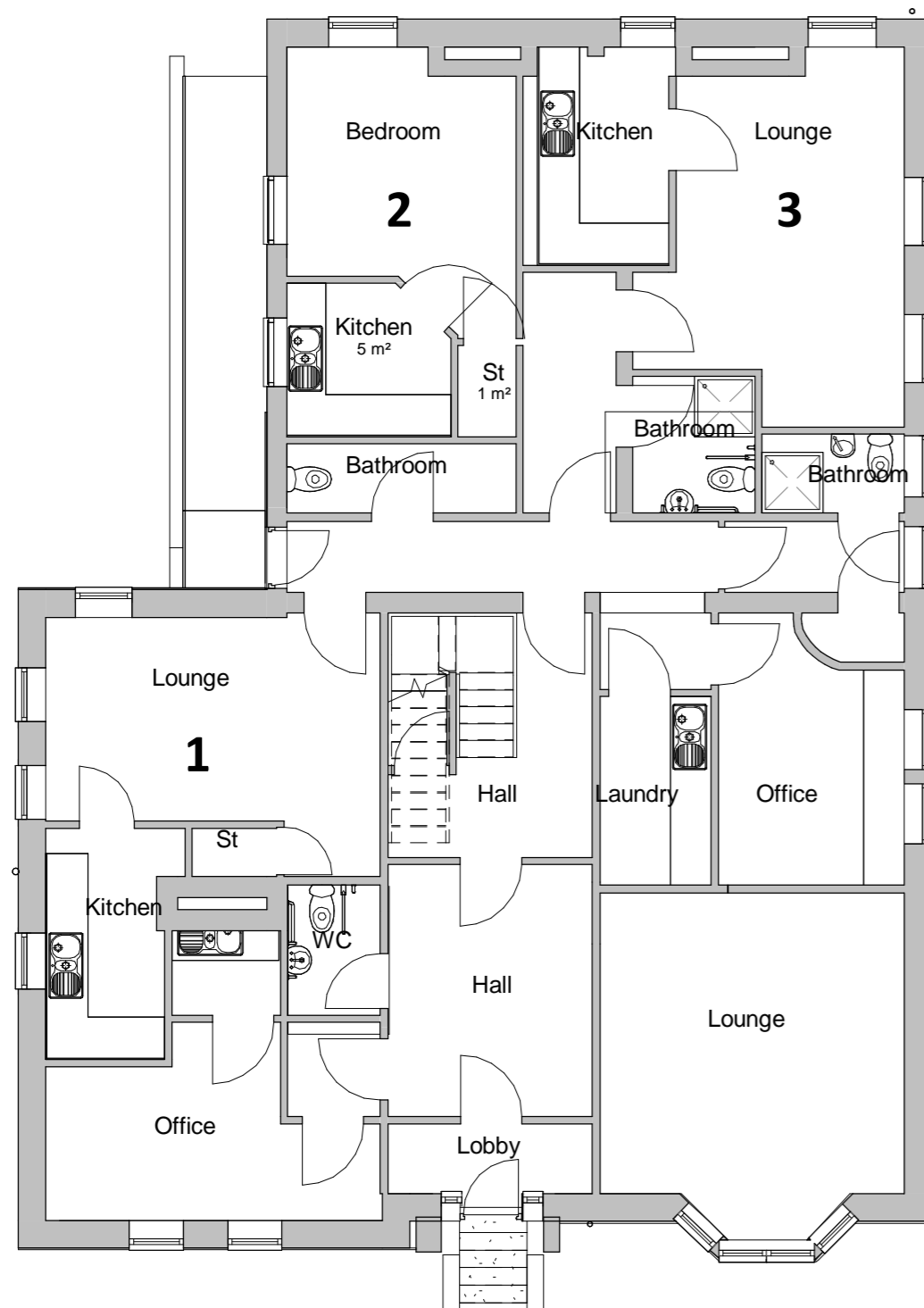
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1 : 100



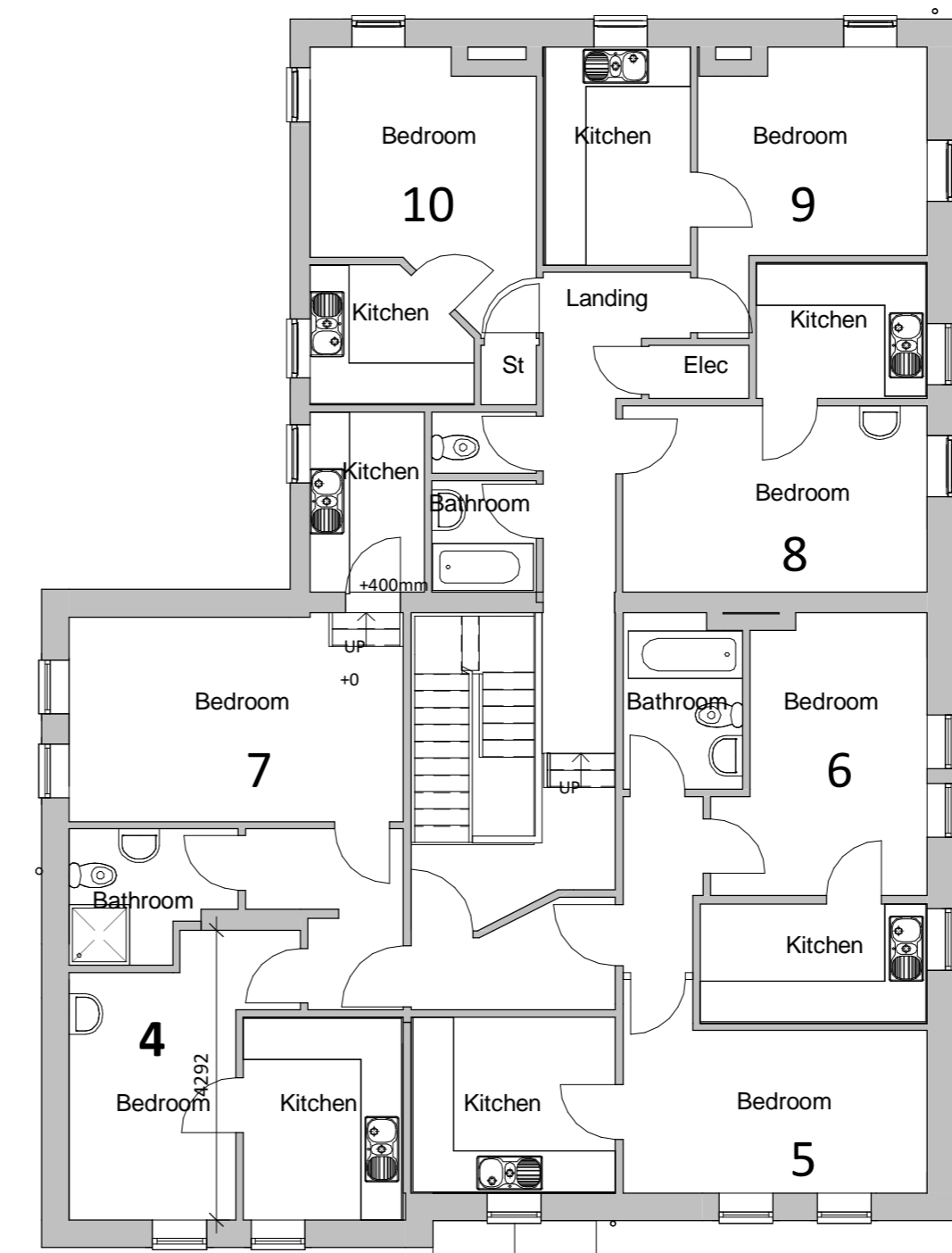
04 Roof Plan as Existing

1 : 100



00 Ground Floor as Existing

1 : 100



01 First Floor as Existing

1 : 100

Rev	Date	Int	Description
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Client:
Ashton Pioneer Homes

Project:
Enville House

Description:
Plans as Existing

Purpose of Issue:
Planning

Drawn By: Checked By: Date: Scale @ A2:

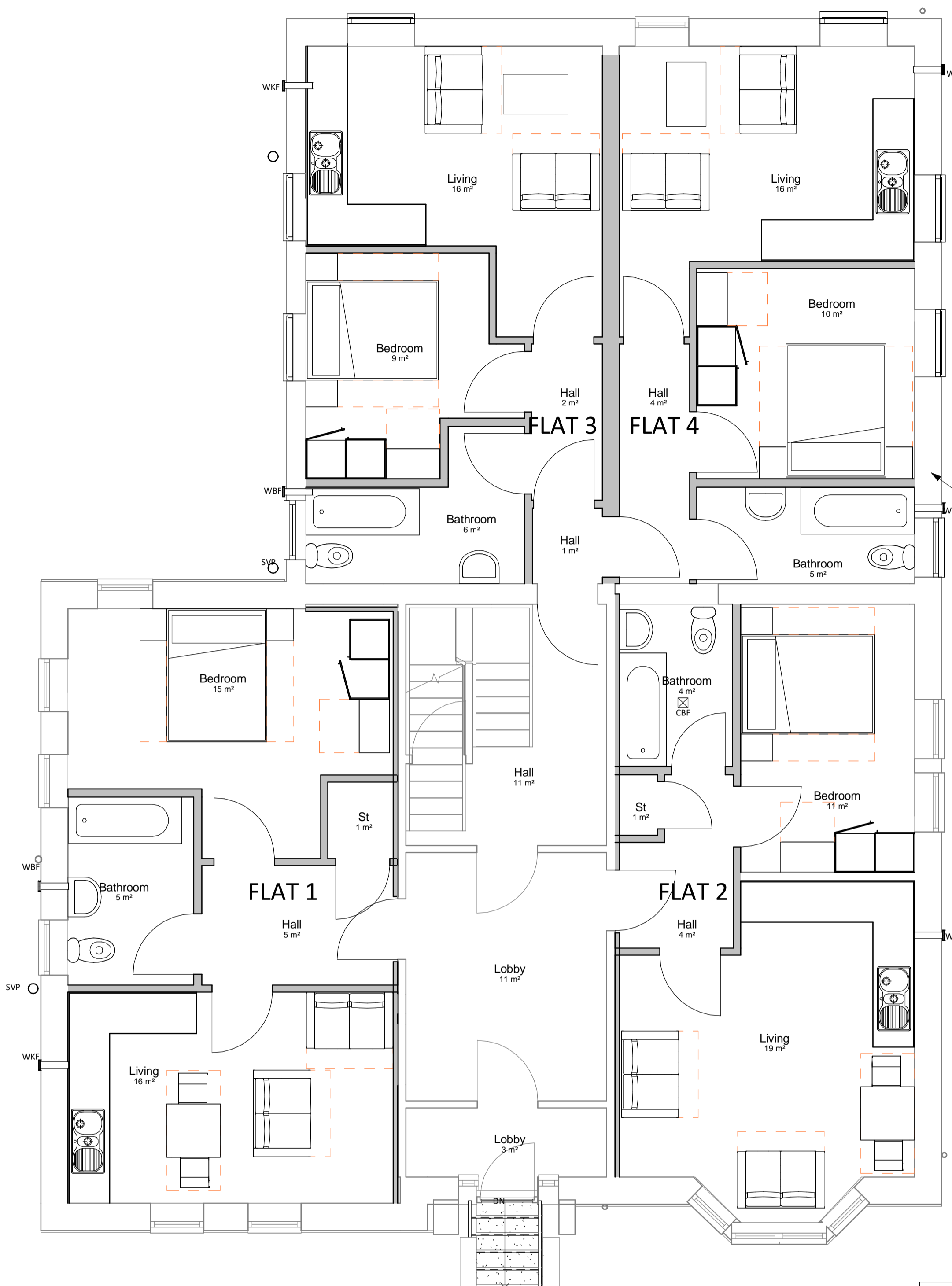
LP - 08/02/18

Job No: Status Code: Drawing No: Rev:

3300 S0 104

File Identifier:
ENV-BTP-01-XZZ-DR-A-3300_104

Appendix IV
Proposed Floor Plans



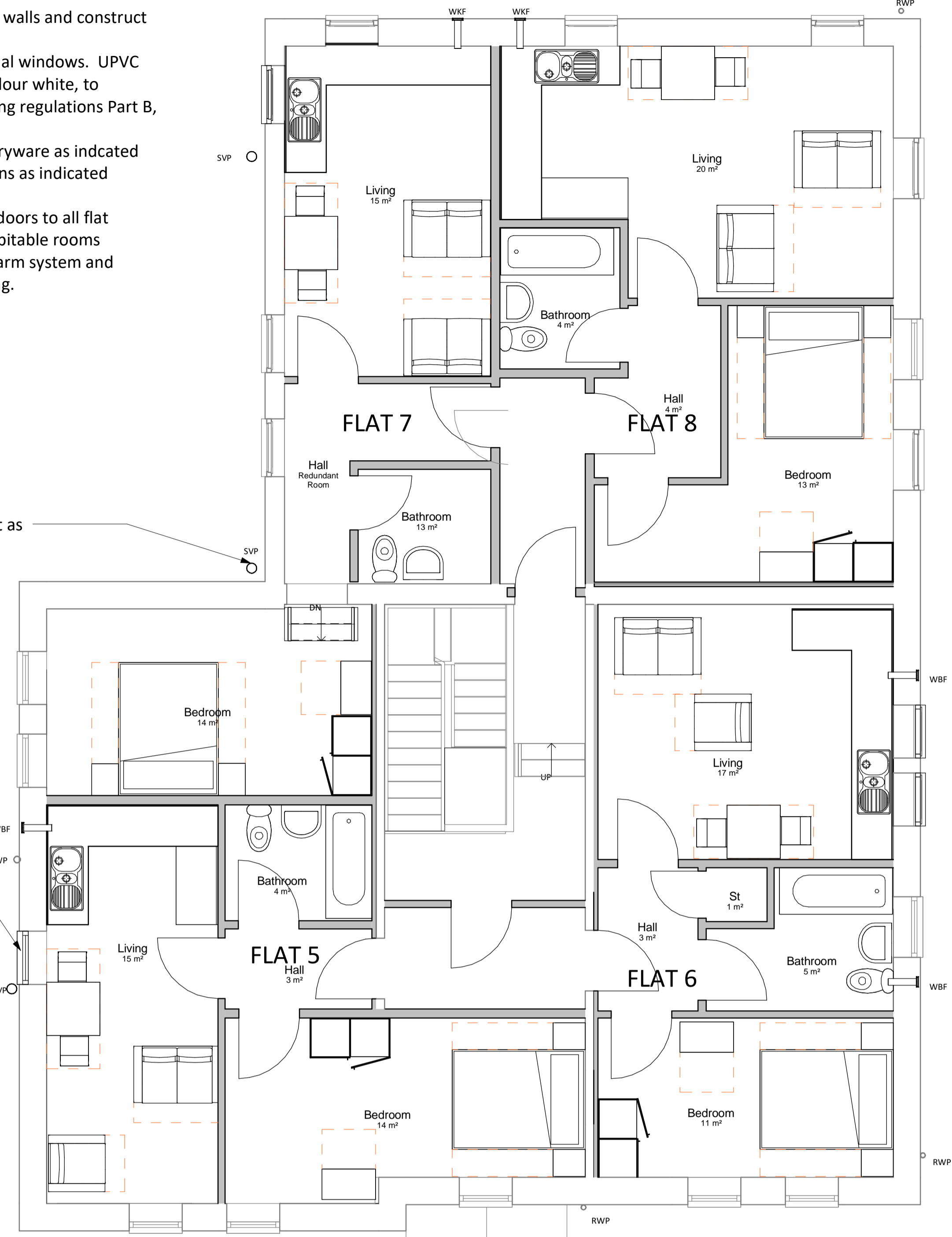
00 Ground Floor as Proposed
1 : 50

- Demolish existing walls and construct new as indicated
- Install new external windows. UPVC double glazed, colour white, to conform to building regulations Part B, K and L
- Install new sanitaryware as indicated
- Install new kitchens as indicated
- Rewire property
- Install FD30s fire doors to all flat entrances and habitable rooms
- Install new fire alarm system and emergency lighting.

Install new SVP to suit revised layout as indicated.

Form opening in existing wall and install new UPVC double glazed window to conform to Part L and K

Remove existing window and cill. Brick up opening in bricks to match existing



01 First Floor as Proposed
1 : 50

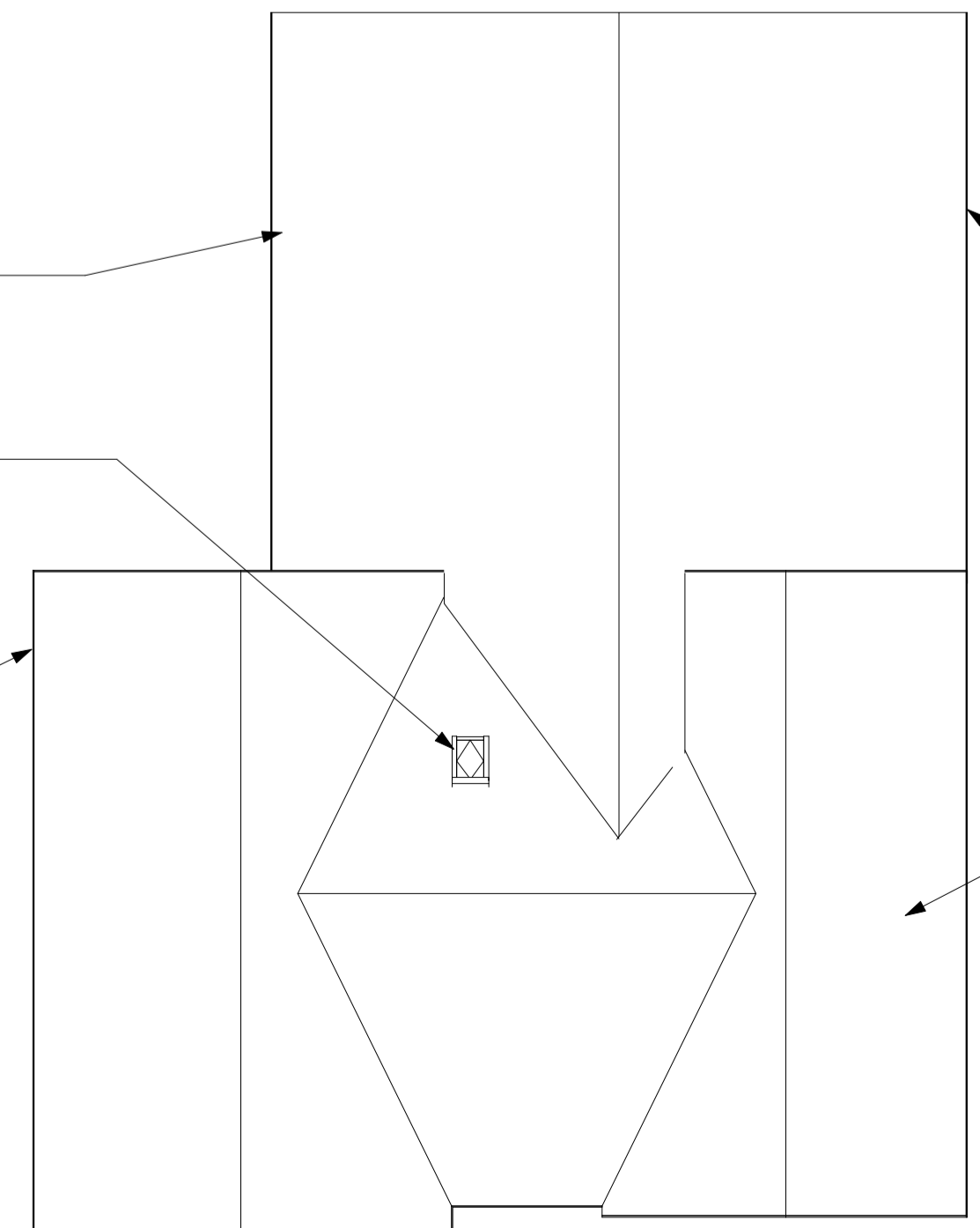
Replace gutters and install new upvc to match existing, colour black

Install AOV rooflight

Replace gutters and install new upvc to match existing, colour black

Replace gutters and install new upvc to match existing, colour black

Carry out minor roofing repairs



04 Roof Plan as Proposed
1 : 100

KEY

- RWP Rain water downpipe
- SVP Soil Vent pipe
- Co-ordinate point
- Drainage

Rev	Date	Int	Description
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Client: Ashton Pioneer Homes
Project: Enville House

Description: Plans as Proposed

Purpose of Issue: Planning

Drawn By: LP Checked By: - Date: 06/12/18 Scale @ A1: As indicated

Job No: 3300 S0 Status Code: Drawing No: 107 Rev:

File Identifier: ENV-BTP-01-ZZ-DR-A-3300_107

Appendix V

Confirmation of Instruction

Stuart Avery

From: Mark Prestwich <mark.prestwich@tameside.gov.uk>
Sent: 04 March 2020 11:17
To: Stuart Avery
Cc: Philip Kenny
Subject: RE: Enville House, 4 Richmond Street, Ashton
Attachments: po03a_1_101201.pdf

Hi Stuart,

Thanks for this and apologies for the delay in reverting back to you.

I would now like you formally commission you to proceed with this work. The keys are currently held by Ashton Pioneer Homes and therefore, if you could confirm when you would like to visit the property to carry out your inspection, I can check with APH that the keys would be available for collection.

Please can you quote PO number 40100799 on any future invoicing in connection with this commission?

Thanks

Mark

Mark Prestwich
Senior Surveyor
Estates Business
Development and Investment
Growth

[Tameside MBC](#) | [Twitter](#) | [Facebook](#) | [Instagram](#)
Ashton Old Library | Old Street | Ashton-under-Lyne | Tameside | OL6 7SG

Tel. 0161 342 3420

Email Disclaimer <http://www.tameside.gov.uk/disclaimer>



From: Stuart Avery [<mailto:Stuart.Avery@sw.co.uk>]
Sent: 13 February 2020 15:42
To: Mark Prestwich
Cc: Philip Kenny
Subject: RE: Enville House, 4 Richmond Street, Ashton

Hi Mark

Further to my email below, Phil has quickly reviewed the lease. As Landlord, the Council can recover the professional fees for the preparation of a schedule of dilapidations if it is served with a Section 146 notice by a solicitor.

Should there be no grounds to serve a schedule of dilapidations based on the current condition, the Council will not be able to recover the initial inspection professional fee.

Kind regards
Stuart

Stuart Avery BSc (Hons) MRICS
RICS Registered Valuer
Senior Surveyor

Mobile: **07785 382 099**
Direct: **0161 259 7046**
Office: **0161 259 7000**

sw.co.uk

From: Stuart Avery
Sent: 13 February 2020 14:11
To: Mark Prestwich <mark.prestwich@tameside.gov.uk>
Cc: John Goodchild <John.Goodchild@sw.co.uk>; Philip Kenny <Philip.Kenny@sw.co.uk>
Subject: Enville House, 4 Richmond Street, Ashton

Dear Mark

Thank you for asking us to provide a quote to undertake a valuation report. We understand that Tameside Metropolitan Borough Council (the Council) are the freeholders of the Enville House, 4 Richmond Street (the Property) and it is let on a 99 year lease to Northern Counties Housing Association Limited (the Tenant) now known as The Guinness Partnership. You have advised us that the Tenant has agreed an assignment of the property to Ashton Pioneer Housing for a premium of £355,000. Should the assignment be granted, Ashton Pioneer Housing have requested for a surrender of the existing lease and a new 125 year lease. You have requested valuation advice to support a strategy / options paper on the current issues of the property.

- a) Sanderson Weatherall have acted on behalf of TMBC since June 2019 under the Crown Commercial Service Agreement providing Estates Professional Service and Management Support.
- b) We can confirm we have no conflicts of interest with the Property, The Guinness Partnership or Ashton Pioneer Housing.
- c) We have the necessary expertise in relation to the properties; and
- d) We have adequate professional indemnity insurance in relation to the instruction.

Basis of Valuation

It is my understand you have requested the following bases of valuation.

- Market Value (MV)
- Market Value (MV) on the special assumption of a new 125 year lease at the valuation date on the same terms as the existing lease
- Market Value (MV) on the special assumption the Council owns the unencumbered freehold
- Market Value (MV) on the special assumption the Council owns the unencumbered freehold and the building is to be demolished

We propose a fee for the valuation of £1,500 plus VAT. Our typical timescales for reporting are 10 working days from instruction, however, due to current work commitments we will be unable to provide the valuation within those timescales. We would propose that the completed valuation report would be completed week commencing 9th March 2020.

You have also requested advice in respect of whether an interim schedule of dilapidations could be served on the Tenant. As we have not yet inspected the property we are unable to establish the extent of any breaches of the repairing covenant. During our inspection of the property for the valuation purposes, we propose to bring a building surveyor who will be able to assess the extent of any disrepair. This would be undertaken on an hourly basis and we budget £500 plus VAT for this. Should there be significant disrepair, the fee to prepare and serve an interim schedule of dilapidations would be £1,250 plus VAT. This work would be undertaken by Phil Kenny or Guy Owen who are partners in our building consultancy team in Manchester.

I trust the above is sufficient for your purposes however should you have any queries or require clarification on any points then please do not hesitate to contact me.

Kind regards

Stuart Avery BSc (Hons) MRICS
RICS Registered Valuer
Senior Surveyor

For and on behalf of Sanderson Weatherall LLP

Mobile: **07785 382 099**
Direct: **0161 259 7046**
Office: **0161 259 7000**

The Chancery
58 Spring Gardens
Manchester
M2 1EW



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Appendix VI

Terms of Engagement & Guidance for Clients

VALUATION PROCEDURES AND ASSUMPTIONS – PROPERTY APPRAISAL AND VALUATION

TERMS OF ENGAGEMENT AND GUIDANCE FOR CLIENTS

Our valuation work is carried out on the basis set out below unless specifically varied by our initial letter confirming our instructions (“our initial letter”), or our subsequent report, of which this document will form an integral part.

1 Reports and Valuations

- 1.1 Will be prepared in accordance with the current edition of the RICS Valuation – Global Standards, July 2017, as amended, published by the Royal Institution of Chartered Surveyors (“RICS”) (“the Red Book”). Any departure from the Red Book will be recorded in our initial letter and confirmed in our report.
- 1.2 The valuers to be responsible for the work are external valuers as defined by the Red Book.

2 Disclosure

- 2.1 Our valuation will be provided for the stated purpose and will be for the use of the addressee only. No liability will be accepted to any other party without our specific prior written approval.
- 2.2 Publication of our report, or any reference thereto, in whole or part, in any document, circular or statement, in either hard copy or electronically (including any web site) will be permitted only with our prior approval, this to include the form and context in which it will appear.

3 Liability

- 3.1 Our valuation is confidential to the party to whom it is addressed for the stated purpose and no liability is accepted to any third party for the whole or any part of its contents, even if that third party pays all or any part of our fee. Liability will not subsequently be extended to any other party except on the basis of written and agreed instructions; this will include an additional fee. Except as set out in 3.2 below, the terms of the agreement between Sanderson Weatherall LLP and the client are not enforceable by any third party under the Contracts (Rights of Third Parties) Act 1999. Should we agree to extend liability (and reliance) to any third party, such party will be deemed to have accepted our ‘Terms of Engagement and Guidance For Clients’.
- 3.2 No claim arising out of or in connection with this agreement may be brought against any member, employee, partner or consultant of Sanderson Weatherall LLP (each called a “SW person”). Those individuals will not have a personal duty of care to the client or any other party and any such claim for losses must be brought against Sanderson Weatherall LLP. Any SW person may enforce this clause under the Contracts (Rights of Third Parties) Act 1999 but the terms of our agreement may be varied by agreement between the client and Sanderson Weatherall LLP at any time without the need for any SW person to consent.
- 3.3 We do not accept liability for any indirect or consequential loss (such of loss of profits). Nothing in these terms of business (or in our initial letter) shall exclude or limit our liability in respect of fraud or for death or personal injury caused by our negligence or for any other liability to the extent that such a liability may not be excluded or limited as a matter of law.
- 3.4 Subject to the provisions in this clause 3, if you suffer loss as a result of our breach of contract or negligence, our liability shall be limited to a just and equitable proportion of your loss having regard to the extent of responsibility of any other party. Our liability shall not increase by reason of a shortfall in recovery from any other party, whether that shortfall arises from an agreement between you and them, your difficulty in enforcement, or any other cause.

4 The Inspection and Subsequent Enquiries

- 4.1 Will be carried out by RICS Registered Valuers and general practice surveyors making appropriate investigations having regard to the purpose of the valuation and to any restrictions recorded within our initial letter and confirmed in our report.
- 4.2 No parts of the structure which are covered, unexposed or inaccessible will be opened up for inspection. The exterior will be inspected from ground floor level only, ie without the benefit of access equipment. We cannot express an opinion about or advise upon the condition of uninspected parts and the report should not be taken as making any implied representation or statement about such parts. Furthermore the various services have not been tested. We are therefore unable to report that any such parts of the property are free from defect or that the services are in full working order.
- 4.3 Unless specifically agreed with you in writing, we shall have no responsibility for the identification of hydrochlorofluorocarbons (HCFCs) in refrigeration, air-conditioning, heat pump or other equipment at the property. We shall also, unless specifically notified, be entitled to assume that all equipment at the property complies with obligations under the EU ODS Regulation (Regulation (EC) No. 1005/2009) and other legal obligations.

5 Condition, Repair and Pollution Hazards

- 5.1 Unless specifically instructed to carry out a structural survey, test of service installations, site investigation or to facilitate an environmental survey, our valuations will assume:
- i) That except for any defects specifically noted in our report, the property is in good condition;
 - ii) That no materials have been used in the construction of the buildings which are deleterious, hazardous or likely to give rise to structural defects, including inter alia high alumina cement or calcium chloride additive, asbestos or any other hazardous or deleterious material or permanent woodwool shuttering
 - iii) That no hazardous materials are present on site.
 - iv) That all relevant statutory requirements relating to use or construction have been complied with.
 - v) That the site is physically capable of development or redevelopment, when appropriate, and that no special or unusual costs will be incurred in site clearance or providing foundations and infrastructure.
 - vi) That the property is not adversely affected by any form of pollution, current or historic, either on or off site.
 - vii) That there are no archaeological remains on or under the land which could adversely impact on value.
 - viii) That there is no abnormal risk of flooding.
 - ix) That any building services are fully functioning to include any which incorporate essential electronic devices and the software which operates such devices.
- 5.2 We will, however, reflect the general condition of the premises as evident from our superficial inspection and any defects of which we are made aware as summarised in our report.

6 Statutory Matters

6.1 Equality Act 2010

- 6.1.1 Under the Equality Act 2010 all service providers to the general public are obliged to ensure that all disabled customers are treated, as far as it is reasonable to do so, the same as non disabled customers. The legislation was operative from 1 October 2010 as amended. This legislation also extends to employees of Companies.
- 6.1.2 It should be noted that our inspection of the premises does not constitute an accessibility audit for Equality Act purposes.

6.2 **The Regulatory Reform (Fire Safety) Order 2005**

6.2.1 The Regulatory Reform (Fire Safety) Order affecting all non domestic premises in England and Wales came into force on 1 October 2006. This legislation has removed the requirement of Fire Certificates for non domestic property. Now the person responsible for the premises will be required to carry out their own risk assessment to identify the fire precautions which are required to be in place. To accompany the legislation the Government has developed specific information guides for each type of premises which sets out the guidance on the requirements and carrying out a Fire Risk Assessment.

6.2.2 Our inspection of the property does not constitute a Fire Risk Assessment.

6.3 **Control of Asbestos Regulations 2012**

6.3.1 Under the Control of Asbestos Regulations 2012 all commercial property owners/occupiers are obliged by law to have completed a Register of all materials containing asbestos within their premises and either remove them or have a programme for managing them so that they do not become a danger to health.

6.3.2 Our inspection of the property does not constitute a survey in compliance with Government Directives and as such we will not comment in detail on any potential asbestos containing materials believed to be present in the property.

6.4 **Invasive Plant Species**

6.4.1 The three main non-native invasive plant species in the UK are Japanese knotweed, Himalayan (Indian) or purple stinky balsam and New Zealand pygmyweed. Other notifiable plants and weeds include inter alia giant hogweed, ragwort and azolla.

6.4.2 Japanese knotweed is a rampant non-native invasive species which can cause physical damage to buildings and hard surfaces. Under s. 14(2) of the Countryside and Wildlife Act 1981 it is an offence to cause this plant to grow in the wild. Failure to dispose of any material containing Japanese knotweed may also result in prosecution under this Act and under the Environmental Protection Act 1990.

6.4.3 The likely costs of eradication and removal of plants such as these can be high and time consuming and may impact on the ability to enjoy/develop/redevelop the site and consequently diminish the values reported.

6.5 **The Energy Performance of Buildings Directive (England and Wales) Regulations 2007**

6.5.1 The Energy Performance of Buildings Directive (England and Wales) Regulations 2007 affecting all non domestic premises in England and Wales came into force on 6 April 2008. This legislation introduced new statutory requirements for commercial buildings offered for sale or to let to have an Energy Performance Certificate (EPC) and for certain buildings to have Display Energy Certificates (DEC). EPCs are required for any commercial building greater than 50m² (538 sq ft).

6.5.2 Our inspection of the property does not constitute an Energy Assessment of the property.

7 **Tenure and Tenancies**

7.1 We will rely upon information supplied as to the property, tenure, tenancies, permitted uses and related matters. We will assume such information to be accurate, up-to-date and complete. We will assume that your solicitors are able to confirm the accuracy of these details as set out in our report, and that the interest being valued is in all respects good and marketable. We would welcome the opportunity to consider your solicitor's report on title and to advise whether or not this affects our valuation.

7.2 We will not examine title documents and, therefore, assume that apart from any matters mentioned in our report, the interest is not subject to any onerous restrictions, to the payment of any unusual outgoings or to any charges, easements or rights of way. We will assume that any outstanding requirements of repairing covenants will be met.

8 Planning, Highway and Other Enquiries

- 8.1 We will make only informal, oral enquiries of the local planning, highway and other relevant authorities and the information obtained is assumed to be correct. No formal searches will be instigated. Except where stated to the contrary, we will have assumed that there are no local authority planning or highway proposals that might involve the use of compulsory purchase powers or otherwise directly affect the property.
- 8.2 Where limited only responses have been received to our enquiries which are material to our valuations, this will be confirmed in our report.

9 Floor, Site Areas and Plans

- 9.1 All measurements will be in accordance with RICS Property Measurement (2nd Ed). Unless stated to be otherwise, floor areas will be derived from measurements taken on site or scaled from drawings supplied and checked by sample measurements on site. Site areas will be computed from Ordnance Survey data and not from physical survey. Dimensions and areas should be regarded as being approximate only.
- 9.2 Where plans are included in our report, these are for identification purposes only.

10 Tenant Status

- 10.1 We will not make any specific enquiries as to the financial standing of actual or prospective tenants other than those a competent valuer would make when appraising and valuing the property. We will, however, reflect our general understanding of the tenants' financial status in our valuation and will have assumed, unless informed to the contrary, that the tenants are capable of meeting their financial obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.

11 Plant and Machinery

- 11.1 We will include in our valuations only those items of plant and machinery normally considered to be part of the building service installations and which would pass with the property on a sale or letting. We will exclude all items of process plant and machinery and equipment, together with their special foundations and supports, furniture and furnishings, vehicles, stock and loose tools, and tenant's fixtures and fittings.

12 Capital Allowances

- 12.1 Under the Capital Allowances Act 2001, certain allowances (which may have the effect of providing a relief from corporation tax) may be claimed by a person where that person incurs 'qualifying expenditure' on particular pieces of 'plant' which are fixtures within a building, and which are used by that person for the purposes of a 'qualifying activity'. Relevant fixtures included within 'plant' may include, for example, furniture, machinery, lifts, air conditioning and so on.
- 12.2 Certain conditions must be satisfied in order to be eligible to claim these allowances. Changes to these conditions were introduced with effect from 1 April 2012, with further changes becoming effective from 1 April 2014. As a result of these changes, anyone contemplating the acquisition of a property must take action, before the acquisition, to preserve any right to claim available allowances, as well as to obtain sufficient information to put them in a position to make such a claim in the future. Failure to do so may mean that the ability to claim capital allowances, or the ability to put a future purchaser in the position to claim allowances, is lost. A seller of property may also wish to consider the position, before disposal, so that it can decide whether the purchase price of the property may be adjusted to reflect any steps it may take to preserve a buyer's entitlement to claim such allowances.
- 12.3 We have not made any investigations into the Capital Allowance position of the property in the preparation of our valuation.

13 Development Properties

- 13.1 For properties in course of development, we will reflect, unless otherwise stated, the stage reached in construction and the costs already incurred and those remaining to be spent at the date of valuation. We will have regard to the contractual liabilities of the parties involved in the development and any cost estimates which have been prepared by the professional advisers to the project.
- 13.2 For recently completed developments we will take no account of any retentions, nor will we make allowance for any outstanding development costs, fees, or other expenditure for which there may be a liability.

14 Valuation Date and Currency

- 14.1 The valuation date will be as at the date of our report unless varied by our initial letter and confirmed in our report. Valuations will be stated in GB pounds (£), unless stated otherwise. You should be aware that property values may change substantially over a relatively short period. If you wish to dispose of this property or part thereof, or to accept a charge over it as security for a loan after the valuation date, we strongly advise a further consultation with us.

15 Costs of Realisation

- 15.1 Unless stated to the contrary in our report, no allowance will be made in our valuations for the costs of realisation, any liability for tax which might arise in the event of disposal or for any mortgage or similar financial encumbrance over the property. Our valuations will exclude VAT.

16 Bases of Value

- 16.1 The bases of value will be specified in our initial letter or the client letter of instruction and will be one or more of the following; as defined in the Red Book:

16.2 *Market Value (MV)*

'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.'

16.3 *Market Rent (MR)*

'The estimated amount for which an interest in real property should 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.'

16.4 *Investment Value (or Worth)*

The value of an asset to the owner or a prospective owner for individual investment or operational objectives.'

16.5 *Fair Value*

- 16.5.1 *'The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.'* (International Financial Reporting Standards (IFRS) adopted definition)

16.6 **Existing Use Value (EUV)**

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 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.

16.7 **Existing Use Value for Social Housing (EUV-SH) (for Housing Stock Held for Social Housing)**

'Existing use value for social housing (EUV-SH) is an opinion of the best price at which the sale of an interest in a property would have been completed unconditionally for a cash consideration on the valuation date, assuming:

(a) a willing seller

(b) that prior to the valuation date there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest for the agreement of the price and terms and for the completion of the sale

(c) that the state of the market, level of values and other circumstances were on any earlier assumed date of exchange of contracts, the same as on the date of valuation

(d) that no account is taken of any additional bid by a prospective purchaser with a special interest

(e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion

(f) that the property will continue to be let by a body pursuant to delivery of a service for the existing use

(g) that at the valuation date any regulatory body in applying its criteria for approval would not unreasonably fetter the vendor's ability to dispose of a property to organisations intending to manage their housing stock in accordance with that regulatory body's requirements

(h) that properties temporarily vacant pending re-letting should 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

(i) that any subsequent sale would be subject to all the same assumptions above.

17 **Fully equipped operational entities valued having regard to trading potential**

17.1 **Fixtures and fittings**

We will include in our valuations all items normally regarded as trade fixtures and fittings. Furthermore, unless advised to the contrary, we will assume that such items are owned outright and are not subject to any lease, hire purchase or third party charge. However, technical services equipment such as beer raising, cooling and dispensing equipment that can be conveniently or economically removed will be excluded from the valuation.

17.2 **Goodwill**

The valuation will ignore any value attributable to goodwill other than that which is reflected in the trading potential which attaches to and runs with the property.

17.3 **Stock etc**

Stock in trade, fuel, glassware etc will be excluded from the valuation.

17.4 **Valuation Apportionments**

Where given, they are an informal apportionment and do not represent the market value of the elements involved since the true valuation of a trading entity can only be the figure taken as a whole.

18 **Valuation Assumptions**

18.1 Any assumptions, Special Assumptions, reservations, special instructions or departures from the Red Book will be recorded in our initial letter or the client letter of instruction, and/or confirmed in our report.

19 Insurance Reinstatement Estimates

- 19.1 If requested, these will be provided, but should not be confused with a formal Insurance Cost Reinstatement Estimate undertaken by a building surveyor (this can be provided upon request and at an additional charge).
- 19.2 The estimate will be a guide only to the likely reinstatement cost of the buildings as existing, assuming cover on an indemnity basis with fully operative reinstatement clauses and no special conditions. An instantaneous basis of value will be adopted without regard to future inflation and without provision for loss of rent, any consequential loss or vat. The estimate will include allowances for demolition, site clearance and professional fees.

20 Complaints

- 20.1 As a regulated member firm of RICS and in accordance with our own quality procedures (we are registered to ISO 9001), we have a complaints procedure, details of which can be supplied on request.

21 Monitoring

- 21.1 As a member firm of the RICS the valuations under this instruction, may be subject to monitoring for compliance with the RICS Valuation – Global Standards, July 2017, as amended. If subject to monitoring we may be required to disclose our file and valuation to officers of the RICS.

22 Money Laundering

- 22.1 Sanderson Weatherall will undertake identity checks in compliance with the Money Laundering Regulations 2007 & The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017. We will retain the results in both hard copy and electronic formats for a minimum of 5 years from completion of the instruction.

23 General Data Protection Regulations 2018 & Privacy

- 23.1 Sanderson Weatherall will take all reasonable commercial steps to protect your privacy in its capacity as Data Controller and Data Processor.
- 23.2 The Company collects data from you only insofar as it is needed for the performance of work instructed, or in compliance with identity checks as required by anti-money laundering legislation.
- 23.3 The Company's legal basis for the collection and processing of your data is therefore in the performance of the contract between the Company and yourself.
- 23.4 Sanderson Weatherall will contact you from time to time in relation to the various services we offer, where we consider you may have a legitimate interest in those services, but we will never give your personal data to any third party other than in the performance of our contract.
- 23.5 You are entitled to opt out of receipt of this internal marketing should you so wish.



FS 632568 EMS 632569 OHS 632570

Sanderson Weatherall LLP. Registered in England Company Number OC 344 770
Registered Office 6th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL
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