



**VALUATION REPORT**

**VISITOR ATTRACTION (10)**

**NORTH SOMERSET COUNCIL**

**CAPITAL ACCOUNTING VALUATIONS 20 OCTOBER 2014**

PROPERTY ESTATES AND REGENERATION

## **1.0 Introduction**

**1.1** This valuation report which includes the attached schedule(s) has been produced on the instruction of North Somerset Council's Chief Executive for inclusion within the Council's Capital Accounts.

**1.2** The valuations have been prepared for capital accounting purposes in accordance with International Financial Reporting standards (IFRS) as applied to the UK Public Sector and interpreted by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Royal Institution of Chartered Surveyors (RICS) Valuation Professional Standards.

**1.3** The properties valued in this report are those classified under IFRS as Property, Plant & Equipment (PPE), Investment Properties and Surplus Property held for Sale. This may include freehold property and finance and operating leases.

**1.4** For land and property assets North Somerset Council's de-minimis level for the purposes of the 2014/15 re-valuations is £10,000.

**1.5** Assets with a negative value are reported as NIL.

## **2.0 Date of Valuation**

The valuation date, unless otherwise stated in the individual schedules annexed hereto, is 20 October 2014.

## **3.0 Valuer**

The valuations have been undertaken in accordance with the Standards and by a Valuer qualified for the purpose.

## **4.0 Asset Classification and Basis of Valuation**

**4.1** The specific classification and valuation basis for each asset is indicated on the schedules attached to this report.

**4.2** Under the Standards assets may be classified under one of the following heads:-

- Property plant and equipment - basis of valuation is Fair Value (Existing Use Value).
- Property plant and equipment sub category: Surplus Asset -Basis of Valuation is Fair Value (Existing Use Value).

- Investment property - basis of valuation is Fair Value (Market Value).
- Assets held for sale - basis of valuation is the lower of Fair Value (Market Value) or Fair Value (Existing Use Value).
- Operating leases - these are leases which are not finance leases. The basis of valuation is Fair Value (Market Value) or Fair Value (Existing Use Value). These will appear on the balance sheet of the Lessee and no value will sit on the Council's accounts.
- Finance leases - basis of valuation is Fair Value (Market Value) for properties leased in and no value in respect of properties leased out as this value will sit on the balance sheet of the lessee.
- Community assets – the value is held within the Capital Accounts at historic cost.

## 5.0 Valuation methods

The valuations contained within this report have been made in accordance with the aforementioned Standards and the guidance notes agreed between the RICS and CIPFA. Particular regard should be paid to the following definitions and methodology having been adopted in the assessment of value:-

**Fair Value (Market Value)** defined in accordance with Practice Statement UKPS 1.3 of The Standards is as follows:- "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 acted knowledgeably, prudently and without compulsion."

**Fair Value (Existing Use Value)** defined in accordance with Practice Statement UK PS 1.3 of The Standards is as follows:- 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 acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses and any other characteristics of the property that would cause its market value to differ from that needed to replace the remaining service potential at least cost."

**Specialised Assets:** specialised assets are those for which no market exists for the current use. Specialised assets are valued using the Depreciated Replacement Cost method (DRC valuation) The definition of 'Depreciated Replacement Cost', as contained in The Standards, is as follows:- "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."

## **6.0 Componentisation**

In accordance with the Standards and the instructions of the internal client, asset values, where appropriate, have been componentised to show the value of individual elements and the split between the component value and land value. Any apportionments indicated are provided solely for accounting purposes and these values should not be used for any other purpose.

In accordance with instruction from the internal client, Assets with a value in the balance sheet of below the agreed de minimus level of £2,000,000 will not be considered for componentisation purposes.

## **7.0 Sources of Information**

Information upon which the valuation is based has been obtained from a variety of sources. This information has been verified, where possible, by inspection of the property. However, note that all inspections have been of the exterior of the buildings and of a cursory nature only for the purposes of the valuation. The property was inspected by the named Valuer. No verification is made by the Valuer as to the accuracy of the information provided.

## **8.0 Construction and Repair**

It is assumed that the properties are in a reasonable state of repair for their age and character, unless stated specifically. Furthermore it is assumed that the Council will in future maintain its property portfolio to a reasonable standard.

A structural or building survey has not been carried out, nor has an internal inspection been undertaken, unless stated otherwise within the report. Tests have not been made on services nor have any technical surveys been carried out in respect of any plant or machinery. For the purpose of the valuation, it is assumed that there are no significant structural problems or that there are any significant problems with services or plant and machinery, unless stated otherwise within the report.

For the purpose of valuation, it is also assumed that no high alumina cement asbestos or other deleterious or hazardous substances are present, unless otherwise specified. No formal environmental assessment or investigations have been undertaken and, therefore, it is further assumed that no contamination or flooding problems exist on the premises or site unless a clear statement to that effect has been made within the attached schedule specific to that asset.

## **9.0 Statutory Compliance**

It has been assumed that the property complies with all legal and statutory requirements regarding either the structure or the existing and previous usage. In particular, it is assumed that the property complies with all planning policies and consents, health and safety requirements and taxation implications (VAT, Capital Gains Tax etc) etc.

## **10.0 Interest to be Valued**

It has been assumed that, unless specifically stated, good title can be shown to all properties and that they are not being used in breach of any covenants. Also that there are no restrictive, unusual or otherwise onerous covenants or encumbrances which would have an impact on the value of the asset unless a clear statement to the contrary has been made within the attached schedule specific to that asset. It should be noted that a detailed check on the Title Deeds / documentation has not been carried out by the Valuer to confirm these assumptions. Should evidence arise to prove these assumptions incorrect, the Valuation may require amendment.

## **11.0 Publication**

Neither the whole nor any part of this valuation report, or any reference thereto, may be included in any published document, circular or statement nor published in any way without the prior written approval of the Head of Property Estates and Regeneration as to the form and context in which it may appear.

## **12.0 Confidentiality and Liability to Third Parties**

This valuation report and its contents is provided for the purpose stated and for the sole use of North Somerset Council's Director of Finance and Resources. It should be treated as being confidential to the Director of Finance and Resources and his professional advisers and no responsibility whatsoever is accepted to any other persons.

## **13.0 Period of Validity**

The Valuation contained within this report should be deemed to be valid for no more than three months from the date of valuation.

## **14.0 Assumptions**

**14.1** Plant and machinery has only been included in the valuation of building assets where this forms an integral part of the fabric of the building (e.g. lifts or air conditioning equipment) or where it performs a task crucial to the continuation of the existing use (e.g. swimming pools, crematoria). Unless specifically stated otherwise it is assumed that such items are reflected in the unit building cost.

**14.2** It is assumed that all properties have the required planning consents and certificates for use and construction. Where FV (or land value in a DRC valuation) relies on obtaining an alternative planning consent the alternative use has been derived from consideration of prevailing land uses in the immediate area and Local Planning Policies / Local Development Framework.

**14.3** Where an asset has been valued by Depreciated Replacement Cost it is subject to the prospect and viability of the asset continuing to be used for the existing use.

**14.4** These valuations do not take into account Value Added Tax or any other form of taxation including Stamp Duty Land Tax.

**14.5** These valuations do not take into account inflation or finance costs.

**14.6** Valuations have been apportioned between the building and land elements in order that the building element, where applicable, can be depreciated. The resultant apportionments are derived solely for accounting purposes and do not represent formal valuations of the land or individual elements.

**14.7** Where applicable the remaining economic life of the building elements has been indicated. This is the period during which the building element is anticipated to have a future useful economic life for its existing purpose.

**14.8** In preparing the valuations information has been obtained from the following sources:

- North Somerset Council's Asset Register.
- North Somerset Council's Property and Asset Information records.
- Copies of and extracts from leases.
- Architect scaled floor plans.
- Users/occupiers of operational property assets.
- Local plans.
- The RICS Building Cost Information Service (BCIS) online for unit building costs.
- Evidence of comparable sales and lettings.

**14.9** Floor areas (where stated) are provided for guidance only and are prepared in accordance with the sixth edition of the RICS Code of

Measuring Practice. Any floor areas supplied have been obtained from one of the following sources:

- Measurements taken on site.
- Measurements extracted from North Somerset Council property records.

## **15.0 Notes**

This section will contain brief comment for example where the asset may have potential for higher value in alternative use or is listed etc.

## **16.0 Valuation**

I hereby certify that this valuation report and schedule has been prepared in accordance with the above guidance. I am a Chartered Surveyor and Registered Valuer and confirm that I have no personal material involvement regarding any of the properties referred to in this Certificate or belonging to North Somerset Council.

Harvey Purnell    BSc MRICS    Registered Valuer.

DATE: 20/10/14