

Adrian Webb
Director of Corporate Services
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Council Offices
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11th September 2015

Dear Sir,

Valuation Report - Land at Great Chesterford, Saffron Walden, Essex.

We write further to your recent instructions to prepare a valuation for the parcel of land at Great Chesterford, Essex. We have pleasure in reporting as follows:

1. Purpose of the Valuation

This report provides independent valuation advice in respect of the land located in Great Chesterford, Saffron Walden. The land is currently owned freehold by Uttlesford District Council (UDC).

The land was passed over to the District Council pursuant to a planning application (UTT/12/5513/OP) and secured by way of a S106. This S106 provides a number of limitations as to the use of the land (community use, pre-school or primary school).

If no school is provided within a 15 year timeframe then the land must be passed back to the previous land owner, as of 10th July 2013.

UDC would now like to pass the land over to the Parish Council (they would need to enter into an agreement on the restriction of use and also the pass it back clause).

As Chartered Surveyors we set out to provide independent advice and opinion in respect of the primary issues as identified by your Authority. This report has been prepared under the terms and definitions set out in the Royal Institution of Chartered Surveyors RICS Valuation – Professional Standards issued in January 2014 (The Red Book).

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Associates:

S Mcbeth

Consultants:

R J Guy FRICS (Dip Rating) FIRR V
B Morle FCSD

This valuation report does not constitute a formal valuation report but is prepared as advice to the Authority and the applicants in respect of these issues.

Our report is constrained only for the provision of advice in respect of valuation and specifically excludes any implied or direct decision making or determination in respect of estate management matters. These aspects are for consideration by the Authority and its officers (see Section 4 below).

2. Date of Valuation

The date of valuation is 1st September 2015

3. Inspection

We inspected the property on the 18th August 2015

4. RICS Appraisal & Valuation Manual

This valuation report has been provided under the provisions of the Royal Institution of Chartered Surveyors Professional Standards (Incorporating the International Valuation Standards) – January 2014.

This edition applies to all valuation reports with a valuation date on or after 6 January 2014 undertaken by Chartered Surveyors.

As mentioned within Section 1 above; within the guidance it is recognised that valuation advice provided expressly in preparation for, or during the course of negotiations may result in the mandatory application of VPS1 to VPS4 not being appropriate. This is the case for this report and is classified as an exception as opposed to a departure for these purposes.

5. Reporting Format

This signed valuation report and advice is the ultimate result of this instruction and has been provided in an electronic format.

6. Valuers

The valuation report has been prepared by:

- M S Aldis BSc MRICS IRRV (Hons) RICS Registered Valuer of Wilks Head & Eve LLP, Fairgate House, 78 New Oxford Street, London, WC1A 1HB.

The report was subject to the internal audit by our in house RICS qualified Partners:

- I R J Dewar FRICS FIRR V MCI Arb,
- R G Messenger BSc FRICS FIRR V MCI Arb REV,
- A M Williams Dip BSc (Hons) MRICS FIRR V REV.
- G S C Harbord MA MRICS IRRV (Hons)

We confirm that all surveyors involved in the instruction are RICS Registered Valuers and are suitable qualified and experienced for the purposes of the instruction and have the knowledge, skills and understanding to undertake the valuations competently.

All personnel involved with the instruction are employed by Wilks Head & Eve LLP of Fairgate House, 78 New Oxford Street, London, WC1A 1HB. Wilks Head & Eve LLP is a RICS Regulated Firm.

7. Sources of Information

For the purposes of this report and valuation we have had to rely upon information provided to us by the UDC by way of an instruction letter, plan and accompanying documentation. We have also made independent enquiries in order to prepare this report.

8. Location

The valuation instruction relates to a parcel of land located adjacent Great Chesterford recreation ground and to the north of the residential properties along Meadow Road and Hyll Close. Effectively the land is located between B1383 Newmarket Road and B184 Walden Road, north of Great Chesterford. (See Appendix 1)

Great Chesterford is a medium sized village and civil parish in the Uttlesford District of Essex. It is located 18 miles north of Bishop's Stortford, 12 miles south of Cambridge.

9. Description

The site is a vacant land plot which has been seeded, levelled and fenced measuring 2.3 hectares.

10. Tenure

We assume that UDC can prove Title and that there are no other unusual or onerous covenants restricting use or fragmentation.

11. Construction and State of Repair

We have assumed that the land is in good condition given the recent work and that this condition would not affect value adversely.

We have not inspected the parts of the land that are inaccessible and such parts we assume to be in a reasonable state of repair and condition. We cannot express an opinion about or advise up on the condition of the unexpected parts and this report should not be taken as making an implied representational statement about such parts.

12. Services

We understand there are no services present. If services are present in the land then no inspection or testing of the services has been undertaken as part of this report.

13. Contamination, Deleterious or Hazardous Substances

We are not aware of the content of any environmental audit or any other environmental investigational soil survey, which may have been carried out on the land, which may have drawn attention to any contamination or possibility of any contamination.

In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative uses have been carried out at the site.

We have not carried out any investigation into the past or present uses either of the site or any neighbouring land to establish whether there is any potential for contamination from these sites to the subject site, and therefore assume that none exists.

14. Non – Publication Clause

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

Our letter of consent will be given when a final proof of the document is available and the consent will refer to a specimen annexed and signed as identification of what has been approved.

Such publication of, or reference to, this report will not be permitted unless; it contains a sufficient contemporaneous reference to any departure from the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Standards.

This report is provided for the stated purpose and for the sole use of the named client and their professional advisors and the Valuer accept no responsibility whatsoever to any other person.

15. Basis of Valuation

The value of the land has been determined using the Market Value / Fair Value definition set out in The RICS Valuation – Professional Standards.

These definitions are set out in Appendix 3.

16. Valuation Commentary

We understand that the parcel of land is to be transferred to the Parish Council and be held as amenity land, in which the Parish Council is to enter into an agreement on the restriction of use and also the pass it back clause.

Whilst in this area of Uttlesford the prevailing highest use for development land is for residential use we understand that this site is not suitable for this type of development.

On this basis and for the purposes of this valuation exercise we have attached a value to the site based on the existing restricted use amenity land value. This assumption would adopt the defined methodology of existing use value and would assume that there was no development potential for this site or the value reflected relating to surrounding parcels of land (namely the agricultural land adjacent to the East and North).

At present based on letting values for sports and leisure uses, the value of land restricted and used for amenity or leisure uses is in the order of £25,000 per hectare in rural areas. Higher figures have been established in more urban locations, or where intensification of use through multiple use games areas (MUGA) or other leisure facilities have been permitted. These additional figures do not apply to the subject sites by virtue of their size, layout and location, but in light of the specific obligation to provide the amenity land as a consequence

of obtaining planning consent to develop the land south of Stanley Road and Four Acres, we feel that it is realistic to assume £50,000/ha in this case.

Assuming freehold possession, with no claw back provision our opinion of value at the valuation date is in the region of;

- £115,000 (One Hundred and Fifteen Thousand Pounds)

Due to the clawback provision within the agreement of the transfer, an allowance has to be made if no educational development takes place. Therefore, the transfer of the land between UDC and the Parish Council will only be for a maximum of say, 13 years as at the valuation date.

In order to determine a value for the transfer, we are of the opinion that it is more of a rental value for a limited term.

We are of the opinion that the transfer value would be in the region of 40% to 50% of freehold value with vacant possession.

Value of the transfer of land between UDC and the Parish Council at the valuation date is in the region of say;

- **£52,000 (Fifty Two Thousand Pounds)**

17. Conclusion

We have established the Fair Value for the site for the purposes of informing the Authority on the basis that the land is restricted to amenity use.

As discussed we understand that the land will be transferred subject to an agreement on the restriction of use and also the pass it back clause. We are of the opinion a clawback provision in the transfer to the Parish Council is applicable.

As stated, if the land is not developed for educational purposes within the 15 years from the agreement on 10th July 2013 then the land will transfer back to the previous land owner, rendering the site worthless and no value to the Council. In order to unlock the true value, UDC would be required to construct a school on the site.

We are quite willing to discuss these valuations in more detail if this should be required but trust that the conclusions are as expected.

If you require further information or evidence please do not hesitate to contact us.

Yours faithfully,

WILKS HEAD & EVE

M. S. ALDIS BSc MRICS IRRV (Hons)

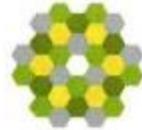
This report was prepared by M S Aldis BSc MRICS IRRV (Hons), RICS Registered Valuer, subject to internal audit by our other valuation partners: I. R. J. Dewar FRICS FIRRV MCI Arb, R. G. Messenger BSc FRICS FIRRV MCI Arb, A. M. Williams Dip BSc (Hon) MRICS IRRV (Hons), G.S.C Harbord MA MRICS IRRV (Hons).

APPENDIX 1

SITE PLAN

Land Registry
Official copy of
title plan

Title number **EX885586**
Ordnance Survey map reference **TL5043SE**
Scale **1:2500**
Administrative area **Essex : Uttlesford**



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APPENDIX 2 PHOTOGRAPHS



APPENDIX 3

VALUATION DEFINITIONS

Definition of Market Value (VPS 4 paragraph 1.2)

1.2.1 The definition of market value as defined in IVS Framework paragraph 29 is:

“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.”

1.2.2 Market value is the basis of value that is most commonly required, being an internationally recognised definition. It describes an exchange between parties that are unconnected and are operating freely in the marketplace and represents the figure that would appear in a hypothetical contract of sale, or equivalent legal document, at the valuation date, reflecting all those factors that would be taken into account in framing their bids by market participants at large and reflecting the highest and best use of the asset. The highest and best use of an asset is the use of an asset that maximises its productivity and that is possible, legally permissible and financially feasible – see IVS Framework paragraphs 32–34 Market Value.

1.2.3 It ignores any price distortions caused by special value or synergistic value. It represents the price that would most likely be achievable for an asset across a wide range of circumstances. Market rent applies similar criteria for estimating a recurring payment rather than a capital sum.

1.2.4 In applying market value, regard must also be had to the conceptual framework set out in IVS Framework paragraphs 30–34 Market Value, which includes the requirement that the valuation amount reflects the actual market state and circumstances as of the effective valuation date.

- **IVS Framework paragraphs 30 – 34, Market Value**
- **30.** The definition of market value shall be applied in accordance with the following conceptual framework:
- “the estimated amount” refers to a price expressed in terms of money payable for the asset in an arm’s length market transaction. Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value;
- “an asset should exchange” refers to the fact that the value of an asset is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the market value definition at the valuation date;
- “on the valuation date” requires that the value is time-specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the market state and circumstances as at the valuation date, not those at any other date;

- “between a willing buyer” refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute “the market”;
- “and a willing seller” is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;
- “in an arm’s length transaction” is one between parties who do not have a particular or special relationship, eg parent and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated because of an element of special value. The market value transaction is presumed to be between unrelated parties, each acting independently;
- “after proper marketing” means that the asset would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the market value definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the valuation date;
- “where the parties had each acted knowledgeably, prudently” presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses and the state of the market as of the valuation date. Each is further presumed to use that knowledge prudently to seek the price that is most favourable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the valuation date, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;
- “and without compulsion” establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.
- **31.** The concept of market value presumes a price negotiated in an open and competitive market where the participants are acting freely. The market for an asset could be an international market or a local market. The market could consist of numerous buyers and sellers, or could be one characterised by a limited number of market participants. The market in which the asset is exposed for sale is the one in which the asset being exchanged is normally exchanged (see paras 15 to 19 above).

- **32.** The market value of an asset will reflect its highest and best use. The highest and best use is the use of an asset that maximises its potential and that is possible, legally permissible and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid.
- **33.** The highest and best use of an asset valued on a stand-alone basis may be different from its highest and best use as part of a group, when its contribution to the overall value of the group must be considered.
- **34.** The determination of the highest and best use involves consideration of the following:
 - (a) to establish whether a use is possible, regard will be had to what would be considered reasonable by market participants,
 - (b) to reflect the requirement to be legally permissible, any legal restrictions on the use of the asset, e.g. zoning designations, need to be taken into account,
 - (e) the requirement that the use be financially feasible takes into account whether an alternative use that is physically possible and legally permissible will generate sufficient return to a typical market participant, after taking into account the costs of conversion to that use, over and above the return on the existing use.

1.2.5 Valuers must ensure in all cases that the basis is reproduced or clearly identified in both the instructions and the report. There is no mandatory requirement VPS 4 Bases of value, assumptions and special assumptions RICS Valuation – Professional Standards January 2014

1.2.6 However, a valuer may be legitimately instructed to provide valuation advice based on other criteria, and therefore other bases of value may be appropriate. In such cases the definition adopted must be set out in full and explained. Where such a basis differs significantly from market value it is recommended that a brief comment is made indicating the differences.

1.2.7 Notwithstanding the disregard of special value (see definition in IVS Framework paragraphs 43–46 Special Value), where the price offered by prospective buyers generally in the market would reflect an expectation of a change in the circumstances of the asset in the future, the impact of that expectation is reflected in market value. Examples of where the expectation of additional value being created or obtained in the future may have an impact on the market value include:

- The prospect of development where there is no current permission for that development and
- The prospect of synergistic value (see definition in IVS Framework paragraph 47) Arising from merger with another property or asset, or interests within the same property or asset, at a future date.

1.2.8 The impact on value arising by use of an assumption or special assumption should not be confused with the additional value that might be attributed to an asset by a special purchaser.

1.2.9 Note that in some jurisdictions a basis of value known as 'highest and best use' is adopted and this may either be defined by statute or established by common practice in individual countries or states.