



TAYLOR WEAVER

Chartered Surveyors

Valuation Report

in respect of

**Churchfield House
Church Street
Great Harwood
Blackburn BB6 7RE**

Client: Hyndburn Borough Council

TW Ref No. W2237

VALUATION REPORT
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Client: Hyndburn Borough Council

Taylor Weaver Ref: W2237

1. TERMS OF ENGAGEMENT

In accordance with the Rules and Regulations, as set out by the RICS I write to confirm that the report has been prepared having regard to the requirements of the following:

a) Identification and status of the valuer

Neil Weaver is an RICS registered valuer and member of the Royal Institution of Chartered Surveyors experienced in commercial property valuations.

Neil Weaver is fully able to undertake a valuation of the property as an independent valuer with no conflict of interest or previous involvement in the property; and that he has complied with the current edition of the RICS Valuation – Professional Standards (The Red Book) (including IVS incorporation update), in completing the valuation.

The instructed firm and individual surveyor have the appropriate technical competence and experience in the valuation of the subject property within the area in which it is located and the wider region generally as confirmed in the report.

b) Identification of the client and any other intended users

Hyndburn Borough Council, Scaitcliffe House, Ormerod Street, Accrington, Lancashire BB5 0PF

c) Purpose of valuation

The purpose of the valuation is to advise the Client as to the Valuer's opinion of the current market rent of the "Subject Property" for Council purposes

The property is to be valued in Pound Sterling.

d) Identification of the property to be valued

Churchfield House, Church Street, Great Harwood, Lancashire

e) Basis of value

We are instructed to prepare a valuation of the subject property in accordance with the current edition of RICS Valuation – Professional Standards (The Red Book) on the following basis:

Market Rent VPS 4 1.3 The estimated amount for which the interest in the property should be leased on the valuation date between a willing lessor and a willing lessee on assumed lease terms in an arm's length transaction after property marketing and where the parties had each acted knowledgeably, prudently and without compulsion

f) Valuation date

The date of Valuation is the date of the report.

g) Extent of investigations

The Valuer will undertake investigations as he considers appropriate to verify assumptions and special assumptions in accordance with RICS Reference VPS 4.2 (Assumptions) and VPS 4.3 (Special Assumptions).

In making the Report the Surveyor has inspected the property and made enquiries as appropriate.

h) Nature & source of the information to be relied upon

Where the Valuer has no personal knowledge of facts or the information provided by the parties and has relied upon this information in formulating an opinion as to value, the Valuer will state the source of such facts and information within the body of the Report.

i) Assumptions and special assumptions

Any assumptions, special assumptions, reservations, special instructions or departures from the RICS Valuation Standards will be specifically referred to within the body of the report. The extent/limitations of the Valuer's inspection are set out below:

1. Neither our inspection nor this Report is a survey and it should not be read as such.

Reference to defects is limited to those which are notable, evident from superficial inspection and relevant in arriving at the valuation figure.

2. The inspection undertaken is not;

- a) A detailed schedule of defects
- b) An asbestos survey
- c) A building survey or structural survey
- d) An energy performance certificate inspection/assessment
- e) A schedule of condition

f) A ground conditions investigation or assessment of ground conditions.

3. The inspection will not involve any testing of services or connections such as electricity, gas, water or drainage including cess pit or septic tank.

4. The following assumptions have been made in the course of the inspection in preparation of the valuation:

- a) No deleterious or hazardous materials were used in the construction of the property or incorporated into any extension or modification thereof
- b) That good title can be shown to the property on the basis of either a freehold or long leasehold interest and that the property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings.
- c) That the property is not affected by any matters which would be revealed by a Local Authority search in replies to the usual enquiries or by any statutory notice that neither the property nor its intended use is or will be unlawful.
- d) That the property, including the land, is not affected by contamination from previous uses, or materials stored on or under the property and that the property is not affected by migratory contamination from neighbouring or adjoining property.

Unless advised to the contrary the valuation assumes the current use of the property to be lawful.

j) Restrictions on use, distribution or publication

A copy of the report is for the clients' sole use and neither the whole nor extracts thereof must be disclosed to any third party without prior written consent.

No liability will be accepted for any statement or the contents of the Valuation Report to any third party without specific authorisation from the Valuer.

- k) Confirmation that the valuation will be undertaken in accordance with the IVS
The valuation will be undertaken in accordance with the current edition of the RICS Valuation – Professional Standards (The Red Book) (including IVS incorporation update),

- l) Description of report
Two hard copies of the report together with an electronic copy will be provided.

The report will include comments on the following:

1. Terms of engagement
2. Location
3. Description-to include accommodation, site area, services and business rates.
4. Repair and condition
5. Tenure
6. Tenancies-if applicable
7. Statutory enquiries including planning, highways and EPC
8. Land contamination/Environmental issues
9. Valuation considerations
10. Comparable evidence
11. Valuation

The appendices will include the following:

1. Location Plan
2. Site Plan and Floor plan (if available)
3. Photographs
4. Comparable evidence schedule and valuation considerations
5. Caveats and definitions

- m) Fees
The fee for providing the Valuation Report is £750 plus Vat.

We request pre-payment of the fee before releasing the Valuation Report.

- n) Complaint Procedure
Any complaint will be dealt with through our Complaints Handling Procedure in accordance with the Rules and Regulations, as set out by the RICS. A copy is available upon request.

- o) Compliance
The valuer is aware that compliance to the RICS Valuation – Professional Standards (The Red Book) may be subject to monitoring under the institutions conduct and disciplinary regulations.

2. LOCATION

The property occupies a prominent main road position with frontage to Church Street and Park Lane in a predominantly residential area of Great Harwood.

The Town Centre is approximately half a mile from the premises and provides a range of facilities, including a library, swimming pool and leisure centre, a range of independent retailers, together with both a Morrisons and Tesco supermarket.

Great Harwood is a small town in the Borough of Hyndburn with a resident population of 11,217 people (2011 Census). It is approximately 6 miles from Blackburn and 4 miles from Accrington.

3. DESCRIPTION

The property comprises a two storey stone built premises under a hipped slate roof.

The southern and western elevations are of coursed stone, with the northern and eastern elevations being of random stone construction.

Internally the premises is sub-divided into a number of small offices, conference and meeting rooms, ranging in size from around 177 sq.ft up to the largest suite being the Mercer Room at 416 sq.ft. The rooms are capable of accommodating between 10 and 50 people.

The property has timber framed windows some of which are double glazed, gas fired central heating, kitchen and WC/amenity facilities. During the course of our inspection it was apparent that the building is going through a process of upgrade and refurbishment being undertaken by volunteers of the Churchfield House Trust.

Externally there is a tarmacadam area to the front of the premises, which we would estimate to be able to accommodate approximately 10 parked vehicles.

A Brief History

A brief history of the property is as follows:

It was built by Surgeon Henry Ainsworth Grime on part of a field called Churchfield leased from James Lomax in 1851. By 1857 it had become the home of Joseph Haydock, spirit merchant in Blackburn, a member of the Nuisance Committee from 1855 and Local Board from 1963. His son Milton was also a Local Board member and in 1895 became a councillor on the newly formed Urban District Council.

Milton and his wife were childless, so when Milton died in 1926 he directed that his estate was held in trust for his wife, then should pass to the UDC for the benefit of the people of the town, the house to be a free library, the gardens to provide a pleasure ground for the towns people and the income from the residue of the estate to be used to pay for outgoings in respect of Churchfield House. Any remainder from the annual income was to be used in works of public

improvement to the ornamentation of the town, but not to be applied to purposes for which the Urban Council usually provided out of rates.

Mrs. Haydock died in 1936, by which time a temporary library had already been built in 1930. It proved impractical to convert the house into a library so, to comply with the terms of the will, Churchfield House was used as a reference library and a room was set aside for people to read the daily papers, which were provided during the Second World War. The greenhouse was used for raising seedlings to be planted by allotment holders in the "Dig for Victory" campaign and for growing mushrooms and tomatoes.

Much restoration was carried out between 1990 and 1992 to the building and the books left by Mr. Haydock. Further work has been carried out by the Churchfield House Trust and rooms are now available for local groups, meetings, seminars, classes and sport social functions.

Accommodation

The following areas have been measured on site in accordance with the RICS Code of Measuring Practice (as amended).

Ground Floor

Haydock Room	Room 1	225 sq.ft	(20.903 sq.m)
	Room 2	191 sq.ft	(17.797 sq.m)
Mercer Room		180 sq.ft	(16.668 sq.m)
WC Facilities			
Kitchen		185 sq.ft	(17.16 sq.m)

First Floor

The Trappes Lomas Room		185 sq.ft	(17.16 sq.m)
Kitchen		69 sq.ft	(6.397 sq.m)
Hesketh Room		250 sq.ft	(23.253 sq.m)
DeLacey Room		192 sq.ft	(17.84 sq.m)
WC			
Bathroom		64 sq.ft	(5.894 sq.m)
Office		177 sq.ft	(16.403 sq.m)

Cellar Comprising 3 rooms

Total **1,718 sq.ft** **(160 sq.m)**

Externally there is parking space for approximately 10 vehicles.

Site Area

Based on plans provided, we have calculated that the site area is 0.148 acres. This excludes the neighbouring park.

Services

All mains services are available to the premises, including gas fired central heating.

Rating

From the Valuation Office Agency rating list, as published on the internet, we are advised that the property is assessed as follows:

Address: Churchfield House, Church Street, Great Harwood, Blackburn, BB6
7RE
Description: Reading rooms and premises
Rateable Value: £5,400

The Uniform Business Rate for the financial year 2014/2015 is 48.2p.

The current rateable value is below the threshold for small business relief. This applies to all commercial property with a rateable value of under £6,000 and is available until the end of March 2016 and therefore no rates are payable.

4. REPAIR AND CONDITION

Whilst we would stress that we have not carried out a structural survey of the property, it was apparent that some refurbishment works are taking place and that, if the current tenant can secure a longer lease, they will apply for grants and funding to ensure that additional refurbishment works are undertaken to the premises.

From our inspection it was apparent that internal redecoration is taking place, as a number of the rooms have been improved recently and this process is likely to be ongoing to ensure that the premises is suitable for modern community use.

External works required to the premises include sealing around the windows, re-painting the majority of the external woodwork and replacing, where necessary, any rotten windows or joinery.

5. TENURE

Whilst we have not been provided with any title documents we have been advised that the property is held freehold and that good title can be shown.

It is understood that the property is owned by Hyndburn Borough Council under a trust granted through the will of Milton Haydock Esquire.

It is a condition of the will that the building should be used as a free public library for the inhabitants of Great Harwood.

It is understood that Churchfield House Trust intend to continue to observe the terms of the will by providing a reference area but also to provide internet and web site access. In addition the rooms are available for community use.

6. TENANCIES

The property is currently occupied by Churchfield House Ltd., a community charity set up with a view to maintaining Milton Haydock Esquire's will, which established Churchfield House for the benefit of the community of Great Harwood.

The initial agreement was for a term commencing on the 7th October 2013 and ending on the 1st July 2015, at a peppercorn rental.

It is the intention of both Hyndburn Borough Council and Churchfield House Ltd. to enter into agreement to extend the lease on similar terms on expiration of the current agreement, with the exception that the period shall be for a term of 25 years with the tenant being responsible for all repairs and other outgoings in respect of the use of the building. The rent for the period will be a peppercorn and there will be no rent reviews.

It is understood that permission is to be granted by Hyndburn Council to allow the tenant to sub-let two of the rooms on a commercial basis in order to assist in funding the continued upkeep of the premises.

It is understood that Churchfield House Ltd. is a not for profit organisation, with any surplus funds generated from the business invested into the upkeep of the premises to safeguard its community use for the townspeople of Great Harwood.

7. STATUTORY ENQUIRIES

Planning

It is understood that the property has planning consent for its established use as a reference library, community facility, meeting room and conference centre in accordance with the will of Milton Haydock Esquire.

It is understood that the proposed tenant, Churchfield House Ltd., intend to fulfil the obligations of the will, albeit they would like the ability to generate income from two small offices on the first floor.

Highways

Park Lane and Church Road are made up and adopted highways, maintainable at public expense.

8. LAND CONTAMINATION/ENVIRONMENTAL ISSUES

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the property, and which may draw attention to any contamination or the possibility of any such contamination.

Our own enquiries into past and present uses of the subject property and neighbouring land, together with due consideration to the foreseen future use of the property, would suggest that there is no particular concern as to contamination, and we have for the purposes of this Report assumed that no contamination exists.

However, in view of the size of the potential investment, we would recommend that, as part of the legal searches, your solicitor be instructed to obtain a desktop environmental survey which will provide valuable information regarding current and previous contaminative uses, both on site and in the neighbouring area that may affect the subject premises.

Should it be established subsequently that contamination exists at the property or on any neighbouring land or that the premises have been or are being put to contaminative use, this might reduce the values now reported.

From May 2004 new legislation requires property owners, occupiers and managers to identify and control Asbestos Containing Material ("ACM") in their property. If potential ACM is in good condition and undisturbed the Health and Safety Executive ("HSE") recommends that the ACM is identified and a management plan formulated as follows

- Identify its position
- Inspect its condition regularly
- Take a precautionary approach to maintenance and minimising disturbance that could cause fibre release
- HSE sees removal as a last resort unless the material is in poor condition or at risk of damage

In carrying out and providing this report and valuation Taylor Weaver Ltd. have not undertaken an ACM inspection and understand that the owner of the property has not obtained or commissioned a report from an ACM Inspector. Furthermore, Taylor Weaver Ltd. has made no allowance for the potential liability.

9. VALUATION CONSIDERATIONS

The property occupies a prominent position in a predominantly residential area, close to Great Harwood Town Centre and adjacent to St. Bartholomew's Church.

It provides an attractive former residential dwelling and has, since the will of Milton Haydock bequeathed the property to the population of Great Harwood been used as a library/reading room. More recently the not for profit organisation, Churchfield House Trust Ltd., have been involved with the premises with a view to creating a vibrant community centre incorporating meeting rooms, conference facilities, wedding venue and community centre.

It would seem that any profits made by the organisation in operating the centre are to be invested back in the premises to safeguard the fabric of the building, but also to provide a financially stable community asset.

It is apparent that members of the Trust are committed volunteers dedicated to ensure that the building provides a vital role for the community and yet determined to observe the requirements of the will.

In our opinion the terms of the will do restrict the potential rental value of the premises. However, if the terms can be annulled and the building available to the open market there is strong potential that the property would have value for alternative use, such as offices, doctors/health surgery, veterinary practice or residential use.

The will of Milton Haydock is fairly well known locally and whether the Council or indeed the local community would be prepared to allow the building to be used for wholly for commercial or residential use is very unlikely.

10. VALUATIONS

We are of the opinion that the Market Rental Value of the premises described herein and situated at Churchfield House, Church Street, Great Harwood, on the basis of a new 25 year lease with no reviews to Churchfield House Ltd., and to allow them to invest any surplus monies into the premises, upon the terms and conditions earlier recited and having regard to the will of Milton Haydock Esquire, may be expressed in the region of:

Peppercorn

On the assumption that the requirements of the will can be rescinded, and that the property was to be available to the open market, we would anticipate a rental value in the region of £13,600 per annum to be achievable.

This would be based on the assumption that the lease is held for a minimum period of 5 years on full repairing and insuring terms.

Given the repair work and refurbishment work required it is likely that the tenant would require a significant rent free period to ensure that the building is updated to modern commercial use

We have based our views on a marketing period of six to twelve months, considered reasonable for a property of this type.

SIGNED

N. A. WEAVER, MRICS RICS registered valuer
Taylor Weaver Ltd.

DATED this 19th December 2014

APPENDIX I

Location Plan

APPENDIX II

Site Plan/Floor Plans

APPENDIX III

Photographs

APPENDIX IV

Comparable Evidence & Valuation Considerations

APPENDIX V

Caveats & Definitions

CAVEATS AND DEFINITIONS

Our instructions do not extend to the carrying out of a Structural Survey, and this Valuation Report should not be construed as such nor to represent a dissertation upon the condition or suitability of the materials incorporated within the construction.

We have not inspected woodwork or other parts of the structure which are covered, unexposed or inaccessible and we are therefore unable to report that such parts of the property are free from rot, beetle or other defect. Further, we have not arranged for any investigations to be carried out to determine whether or not high alumina cement, concrete or calcium chloride additive or any other deleterious or hazardous material has been used in the construction of the property or has since been incorporated, and we are therefore unable to report that such part of the property is free from risk in this respect.

For the purposes of this valuation we have assumed that such investigations would not disclose the presence of any such materials to any significant extent.

We should point out that no allowance has been made for any rights, obligations or liabilities arising from the Defective Premises Act 1972.

The premises have been valued by an assessment of the rental value of the building and applying an appropriate capitalisation yield. Both the rental and capitalisation yield figures have regard to comparable evidence.

In arriving at our valuation we have excluded all items of process, plant, fixtures and fittings, furniture etc., and other loose chattels found upon the premises, but have included those items of plant and machinery which may normally be regarded as part of the fixed services to the building.

No allowance has been made in our valuation for any liability for taxation nor for any expenses of realisation which might arise in the event of the disposal of the whole or any part of the property.

Market Value

Valuations based on Market Value (MV) shall adopt the definition, and the interpretive commentary, settled by the International Valuation Standards Committee.

Definition:

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

Commentary

3.2 3.2 The term *property* is used because the focus of these Standards is the valuation of property. Because these Standards encompass financial reporting, the term *Asset* may be substituted for general application of the definition. Each element of the definition has its own conceptual framework.

3.2.1 *'The estimated amount . . .'* refers to a price expressed in terms of money (normally in the local currency) payable for the property in an arm's-length market transaction. *Market Value* is measured as the most probable price reasonably obtainable in the market at the date of valuation 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.

3.2.2 '*... a property should exchange ...*' refers to the fact that the value of a property is an estimated amount rather than a predetermined or actual sale price. It is the price at which the market expects a transaction that meets all other elements of the Market Value definition should be completed on the date of valuation.

3.2.3 '*... on the date of valuation ...*' requires that the estimated *Market 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 actual market state and circumstances as of the effective valuation date, not as of either a past or future date. The definition also assumes simultaneous exchange and completion of the contract for sale without any variation in price that might otherwise be made.

3.2.4 '*... 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 on an imaginary or hypothetical market which cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present property owner is included among those who constitute 'the market'. A valuer must not make unrealistic assumptions about market conditions or assume a level of Market Value above that which is reasonably obtainable.

3.2.5 '*... 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 property at market terms for the best price obtainable in the (open) market after proper marketing, whatever that price may be. The factual circumstances of the actual property owner are not a part of this consideration because the 'willing seller' is a hypothetical owner.

3.2.6 '*... in an arm's-length transaction ...*' is one between parties who do not have a particular or special relationship (for example, parent and subsidiary companies or landlord and tenant) which may make the price level uncharacteristic of the market or inflated because of an element of *Special Value* (defined in IVSC Standard 2, para. 3.11). The *Market Value* transaction is presumed to be between unrelated parties each acting independently.

3.2.7 '*... after proper marketing ...*' means that the property 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 length of exposure time may vary with market conditions, but must be sufficient to allow the property to be brought to the attention of an adequate number of potential purchasers. The exposure period occurs prior to the valuation date.

3.2.8 '*... wherein 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 property, its actual and potential uses and the state of the market as of the date of valuation. Each is further presumed to act for self-interest with that knowledge and prudently to seek the best price for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the date of valuation, not with benefit of hindsight at some later date. It is not necessarily imprudent for a seller to sell property in a market with falling prices at a price which is lower than previous market levels. In such cases, as is true for other purchase and sale situations in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time.

3.2.9 '*... and without compulsion.*' establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.

Market Value is understood as the value of a property estimated without regard to costs of sale or

purchase, and without offset for any associated taxes.

Market Rent

Valuations based on Market Rent (MR) shall adopt the definition settled by the International Valuation Standards Committee.

Definition

“The estimated amount for which a property, or space within a property, should lease (let) on the date of valuation between a willing lessor and a willing lessee on appropriate lease terms in an arm’s-length transaction after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion.”

Commentary

The definition of Market Rent is the Market Value (MV) definition modified by the substitution of a willing lessor and willing lessee for a willing buyer and willing seller, and an additional Assumption that the letting will be on ‘appropriate lease terms’. This definition must be applied in accordance with the interpretive commentary of MV at PS3.2, together with the following supplementary commentary:

1.1 ‘. . . willing lessor and willing lessee . . .’ — the change in the description of the parties simply reflects the nature of the transaction. The willing lessor is possessed with the same characteristics as the willing seller, and the willing lessee with the same characteristics as the willing buyer, save that the word ‘price’ in the interpretive commentary to MV should be changed to ‘rent’, the word ‘sell’ changed to ‘let’ and the word ‘buy’ changed to ‘lease’.

1.2 ‘. . . appropriate lease terms . . .’ — MR will vary significantly according to the terms of the assumed lease contract. The appropriate lease terms will normally reflect current practice in the market in which the property is situated, although for certain purposes unusual terms may need to be stipulated. Matters such as the duration of the lease, the frequency of rent reviews, and the responsibilities of the parties for maintenance and outgoings, will all impact on MR. In certain States, statutory factors may either restrict the terms that may be agreed, or influence the impact of terms in the contract. These need to be taken into account where appropriate. Valuers must therefore take care to set out clearly the principal lease terms that are assumed when providing MR.

If it is the market norm for lettings to include a payment or concession by one party to the other as an incentive to enter into a lease, and this is reflected in the general level of rents agreed, the MR should also be expressed on this basis. The nature of the incentive assumed must be stated by the valuer, along with the assumed lease terms.

MR will normally be used to indicate the amount for which a vacant property may be let, or for which a let property may be re-let when the existing lease terminates. Market Rent is not a suitable basis for settling the amount of rent payable under a rent review provision in a lease, where the actual definitions and Assumptions have to be used.