

Revaluation 2010

Miscellaneous Properties Committee

Practice Note 10

Valuation of Riding Schools, Livery Stables, Equestrian Centres and Other Quasi-agricultural Subjects

1.0 Introduction

- 1.1 There is a distinction between riding schools and livery stables. In practice, however, there is often an overlap or mix of use. It is a Jockey Club requirement that a designated horse racing stable yard cannot offer other equestrian services such as livery and riding lessons.

The types of equestrian subjects range from small establishments in converted farm buildings occupied together with small areas of land, to much larger premises with purpose-built stables, indoor or outdoor schools, and sometimes full cross country courses or gallops.

A number of riding schools begin as a paying hobby, using formerly exempt agricultural buildings. Often only the use distinguishes them from agricultural buildings.

1.2 Livery Stables

A livery stable as a business concern offers facilities for owners to stable their horses often offering the following options -

Full livery - the horse is stabled, fed, watered, groomed, mucked out and exercised by the occupier of the livery yard.

Part livery - the horse is stabled but the owner might undertake to exercise, groom, or muck out and feed, in any combination.

Stabling only (often referred to as DIY livery) the horse is stabled, the owner is responsible for everything else.

1.3 Riding Schools

A riding school usually operates on the basis of hiring out horses or ponies on a pay per hour basis. Typically clients go out in groups on a ride accompanied by a member of staff. More experienced riders go out in unaccompanied groups or alone. Clients may receive tuition alone or in groups from a member of staff, either in an indoor or outdoor arena.

1.4 Equestrian Centres

A livery stable might keep a horse to hire out to clients, may offer hay or straw for sale, may hire out a horsebox for transport or may provide schooling or tuition. This is where the use of a livery stable and that of a riding school begins to overlap, and where there is a mixture of the two functions in large establishments they are usually entitled "equestrian centres".

1.5 Horse Racing Stable Yards

According to the Jockey Club, strict criteria have to be fulfilled before licence applications are considered. If the owner keeps some personal racehorses, and he is not a licensed trainer, in order to qualify for official races, the racehorse must be put to a licensed trainer for a set period prior to racing.

1.6 Trainers' Qualifications

Trainers of racehorses vary from those with a permit to train a few horses for themselves and immediate family to fully licensed trainers who may have in excess of 200 horses in training on behalf of many owners. In all cases they must satisfy the Jockey Club's strict requirements that they are suitably qualified to train racehorses and that their premises, known as a Yard, meet the standards expected for the proper care of racehorses. There is a requirement for the trainer or one of his staff to be resident on site or very close to it at all times. Without a licence or permit, a trainer is unable to enter horses for races on any racecourse.

2.0 Basis of Valuation

2.1 Stables, ancillary buildings, grass gallops and grazing land should be valued on the basis of the Comparative Principle of Valuation. All weather gallops and site improvements such as horsewalkers should be valued using the Contractor's Basis of valuation.

3.0 Survey and Measurement

All buildings should be measured on a gross external basis. Site areas and details of land used for grazing, gallops and car parking should also be determined together with details of horsewalkers, floodlighting, etc.

4.0 Valuation Considerations

4.1 Stables

In the absence of local rental evidence, the following rates are recommended:

General Description	Rate/m ² NAV
Purpose built with brick walls, pitched or flat roof, concrete floor, electric light and water supply.	£10.75
Older purpose built stables, possibly the stable block of a house, with stone walls, slated roof, electric light and water supply.	£8.00
Purpose built with timber walls, pitched or flat roof (lined), concrete floor, electric light and water supply.	£7.75
Farm steading type of building used as stables. Typically stone walls, slated roof, concrete floor, electric light and water supply.	£6.50

4.2 Ancillary Buildings

Ancillary buildings are usually of similar standard to the stables and should be valued accordingly. Markedly superior or inferior accommodation should be taken at appropriate rates, remembering that the property is used for stabling horses and any excessive facilities may not add to the rent the hypothetical tenant would pay. For guidance, reasonable quality offices or tack rooms could be taken at 1.25 times the stable rate, open stalls at 0.25 and barns at 0.33 to 0.50 of the stable rate.

4.3 Arena

The useable area of a riding arena should be a minimum size of 20m x 40m. An arena may not conform to this standard (e.g. where there are site constraints or an agricultural building has been converted to provide an indoor arena). Larger establishments may have arenas in multiples of the standard size or provide separate warm up areas. These factors should be reflected in the value applied. Arenas of below normal size should be treated on their own merit, bearing in mind that these will probably be of limited use and wholly unsuitable for competitions or advanced level teaching.

4.3.1 Indoor Arena

Typically sized indoor arenas should usually be valued within the range of £3 - £6/m² NAV dependent on quality and location, allowing for quantum where appropriate. While there may be some superficial similarities between indoor arenas and industrial buildings the differences are such (e.g. planning permission, quality, finish, floors, insulation along with location, access, etc) that industrial or warehouse scales may not be appropriate.

4.3.2 Outdoor Arena

Typically sized outdoor arenas should usually be valued within the range of 75p - £1.50/m² NAV, taking the standard 800m² at £1/m² NAV as a norm.

The construction and drainage, riding surface used and associated ancillary features, such as lighting and the provision of kick boards are all factors that should be taken into account within this range of values.

In the absence of local rental evidence for similar subjects, comparison with local rental evidence for agricultural land use would be the best evidence for the arena site value.

4.4 Car Parking

No addition to value will generally be required for car parking as it is deemed to be included in the building rates, however, where car parking provision is considered to be in excess of the norm, an addition in line with local evidence may be appropriate.

4.5 Grazing

Grazing and other land used solely for horses should be valued in line with local evidence of grazing rents and local agricultural land values. If no local evidence is available £250/ha NAV should be used for good grazing land.

4.6 Gallops

The training of racehorses requires availability of suitable gallops, although it is not necessary for the training yard to own or lease gallops.

Some horses may have to walk as much as a mile to reach the gallops, but this time is useful in itself as warm-up exercise and should not be seen as a value significant disadvantage.

4.6.1 Grass Gallops

Gallops may seem nothing more than a strip of grass which may run for a mile or more along the side of a track or road and, possibly, adjoining arable or meadow land. However, good grass gallops take from 8 to 15 years to create and involve the removal of all stones or similar sharp objects.

The gallops are sown with a mixture of moss and special grasses, grown to a density not found in the average garden or meadow, to provide a thick 'carpet' on which it is safe to gallop a thoroughbred racehorse without it risking an injury which could end its career.

Not surprisingly, grass gallops require considerable maintenance including rolling and cutting and the replacement of divots. As a result they are costly to maintain.

Gallops are well prepared and maintained stretches of grassland used for the exercise and training of racehorses. The better gallops will be situated on upwardly sloping land where the horses can be made to "work". The training of National Hunt horses takes place during the winter and the land may be used for sheep or mowing during the summer (cattle would not be grazed as their heavier weight may damage the carefully prepared surface).

If a grass gallop is substantially used as sheep pasture for example, and the only other use is exercising horses, it should not enter the roll [Valuation and Rating (Scotland) Act 1956 Section 7(2B)]. If not exempt, and there is no local evidence, a rate of £335/ha NAV is recommended.

4.6.2 All-Weather Gallops

The term "all-weather gallop" can be ambiguous, but it is usually used to describe a strip of land about 3 metres wide, where the topsoil has been removed and replaced with a surface such as wood shavings. It is very unlikely that this can be considered to be "agricultural land".

All-weather gallops have been in use since the 19th century, however, their popularity has surged in the last 25 years.

The following costs have been derived:

Sand or Woodchip

For these, costs in the range £12,000 - £18,000 per furlong (£20 - £30/m²) may be adopted for basic tracks using these two coverings. However, new developments in the use of these materials may well increase the costs to the £24,000 - £30,000/furlong range (£40 - £50/m²).

Fibresand/Equitrack/Polytrack

While these surfaces are superior to sand/woodchip, the costs are variable. An equitrack/polytrack surface, comprising oiled chopped rubber fibres and other materials in a silica/vaseline coating was costed at around £10,854/furlong (£18/m²). But by increasing the top covering, the cost could rise to as much as £25,326/furlong (£42/m²) for the very best all weather gallops.

4.7 Horsewalkers

With ever increasing labour costs, some trainers have decided to use horsewalkers as a means of exercising several horses at once. The original walkers attached the horse by a short chain from its head collar to a rotating arm but modern "loose walkers" have the horse walking within a confined fenced area. They are circular enclosures between 10m - 20m diameter and must have a stabilised base (often concrete) for the horse to walk on; they have permanent walls and a roof, and 'paddles' on the rotating arms to ensure the horse moves around the walker. They are built in various sizes and designs but all operate by means of an electric motor, which is designed to cut-out in the event of the horse stopping. Horsewalkers with an earth base with rotating arm gear from a central electric motor will probably be de minimis in value terms, but the concrete base should be costed at around £63/m². For surrounding fencing, adopt £22-£24/m length for three-rail timber and £25-£30/m length for plastic rails and posts.

4.8 Costs

All costs quoted should be regarded as inclusive of fees and have been adjusted for location in accordance with SAA Basic Principles Committee Practice Note 2 (Contractor's Basis Valuations). The appropriate decapitalisation rate should be applied.

4.9 Training Schools

Some trainers have utilised large old agricultural barns and turned them into 'indoor schools' in much the same way as riding school operators. Trainers use them for 'breaking-in' horses, familiarising them with starting stalls or light exercise following injury. As such, they are not likely to be used very often and their value is considerably less than a similar building used by a Riding School.

4.10 Other Quasi-Agricultural Subjects

There are many other varied uses of land and buildings that raise similar questions to equestrian centres and can be loosely termed quasi-agricultural. A similar approach should be taken in valuing such subjects, unless there are suitable comparisons available for subjects such as farm shops, craft workshops, farm tearooms, etc. Agriculture Research Centres should be valued in accordance with the SAA Public Buildings Committee Practice Note 12 (Valuation of Universities, Colleges and other Institutes of Higher & Further Education). If, however, the centre is in reality an unadapted farm then local rental evidence for farms should be used. The rental evidence would include normal farm buildings.

Any other buildings should be valued using the Contractor's Basis in accordance with the recommendations of the SAA Basic Principles Committee Practice Note 2 (Contractor's Basis Valuations). The 2008/09 Farm Building Cost Guide published by the Scottish Agricultural College provides Scottish Costs.

5.0 Legislation

5.1 General

The Riding Establishments Acts 1964 and 1970 require a licence issued by the Local Authority (Environmental Health Officer) for the operation of an establishment where horses are kept for hire or reward. The Acts apply to riding schools, equestrian centres and trekking centres, but do not apply to livery stables.

The Acts are primarily concerned with horse welfare and have particular regard to the suitability and qualifications of the proprietor in this respect. However, both Acts also have regard to the provision of adequate pasture and accommodation; Section 2(b) (iii) of the 1970 Act requires "that there will be available at all times, accommodation for horses suitable as respects construction, size, number of occupants, ventilation, drainage and cleanliness and that these requirements be complied with not only in the case of new buildings but also in the case of buildings converted for use as stabling"

5.2 Derating and Identification of the Unum Quid

When compiling the valuation of buildings used in association with horses, the following legislation should be considered to establish whether the building should be partially or wholly de-rated:

Section 7B of the Valuation and Rating (Scotland) Act 1956

Section 8 of the Rating Act 1971

The Valuation (Stud Farms) (Scotland) Order 2005

Regulation 2(3) of the Council Tax (Dwellings) (Scotland) Regulations 1993

There may be parts of the property which are used for agriculture, an example being a hay loft used either to store a hay crop taken from the land occupied by the riding school proprietor or to store hay solely for agricultural livestock which are also kept by the riding school proprietor. However, a hayloft is rateable if it is wholly or partly used to store hay brought in to feed the riding school horses. An apportionment can be made between agricultural and non-agricultural use [Rating Act 1971 section 8]. This apportionment should only be made on an area basis not a seasonal basis. To be exempt, agricultural use of a part of a building has to be exclusive. However, a degree of non-agricultural use is acceptable, as long as that use in time does not amount to a substantial part of the year. Any agricultural use also has to be in connection with agricultural land in the same occupation as the building. For instance, if the Riding School is operated as a separate company from the farm, the building cannot be occupied in connection with agricultural land. (NB Although Section 31 of the Local Government in Scotland Act 2003 has effectively, in certain circumstances, extended rating exemption where the land on which the agricultural operations takes place is not occupied by the person who occupies the building, this is unlikely to apply to equestrian type subjects).

Where there is grazing or exercising land that is exclusively used for the horses this should be valued. However, most riding schools will use land that is also used for agricultural purposes. This remains exempt, despite the use for horses, if the only other use is a substantial use for agriculture or other pastoral purposes [Valuation and Rating (Scotland) Act 1956 Section 7(2B)].

Where the whole, or part, of the lands and heritages consists of buildings used for breeding and rearing of horses or ponies (or for either purpose), and those buildings are occupied together with any agricultural land or agricultural building, the value of those buildings is deducted from the NAV, up to a prescribed amount (from 1 April 2005, £3,500) to arrive at Rateable Value [Valuation for Rating Scotland Act 1956 Section 7B and Valuation (Stud Farms) (Scotland) Order 2005]. Agricultural land in this context is specifically defined in the Act as not including land exclusively used for pasturing of horses.

A stable is domestic if it is an outhouse or other pertinent belonging to and occupied with a dwelling. Equestrian facilities which are occupied together with a dwelling and which are used only for horses of the residents of the dwelling should be treated as domestic. If the property is within the curtilage it will be unum quid with the house. If separated from the house it may still be domestic in the same way as domestic stores under Regulation 2(3) of the Council Tax (Dwellings)(Scotland) Regulations 1993. Regard must be had to the relative size of the living accommodation and the stables. In some cases (e.g. where the living accommodation is small in comparison with the stable accommodation) it may be that it is the living accommodation that is a pertinent of the stables and not vice versa.

Riding schools/livery stables, which are occupied together with a house or flat, should not be regarded as pertinents of the living accommodation. They are non-domestic subjects and should be treated as separate lands and heritages in the same way that a shop and flat would be. Similarly, private stable yards and facilities where horses/ponies are regularly bought and sold, or broken in, schooled, or trained, for reward or profit, and/or are used in the course of a business by a professional/competitive rider, will be non domestic property.

A consideration of the planning permission may be of assistance in deciding whether or not the stables or ancillary facilities may be treated as domestic.