

Revaluation 2017

Commercial Property Committee

Practice Note 22 Valuation of Licensed Clubs

1.0 Introduction

- 1.1 This practice note deals with standalone clubs which are not ancillary to sporting facilities and are governed by The Licensing (Clubs) (Scotland) Regulations 2007.

Where a licensed club is predominantly commercially operated, and is competing with other licensed premises, valuation may be considered by reference to the SAA Commercial Properties Committee Practice Note 19 (Valuation of Licensed Premises). The method of valuation should be supported by the planning status of the property and either the constitution of the club or the operating plan lodged with the Licensing Board. The licensing fee should be in accordance with The Licensing (Fees) (Scotland) Regulations 2007 category 1.

- 1.2 The subjects will be identified by the presence of bar facilities and may also contain kitchen, toilet and perhaps ancillary accommodation. More extensive subjects could contain a number of bars, committee rooms, boardroom, offices, function hall, games room and possibly a quiet room.
- 1.3 The Licensing (Clubs) (Scotland) Regulations 2007 prescribe the business of a licensed club as not being conducted for the purpose of making a profit, governed by a written constitution under the management of a committee or other governing body elected by the members.

Typical examples of these clubs are listed below;

- a) British Legion
- b) Football Supporters
- c) Knights of St Columba and Hibernian
- d) Masonic Lodges
- e) Miners Welfare and Social
- f) Political Constituency
- g) Sports Social
- h) Workers Social

2.0 Basis of Valuation

2.1 The valuation of Licensed Clubs is by application of the Comparative Principle using the rates per square metre derived from local evidence. Rentals should be analysed in accordance with SAA Basic Principles Practice Note 1 (Adjustment of Rents).

3.0 Recommended Rates

3.1 In the absence of local evidence, the recommended rates as detailed below should be applied to the gross external area of the property. Properties should be classified into one of the undernoted types and the final rate applied direct to NAV making suitable adjustment within the range for the quality and character of the property.

Type	Location	Rate per sqm to NAV
1	Located in the main cities, where there will be competing users.	£45.00 - £55.00
2	Located in smaller cities and towns where there will be fewer competing users.	£35.00 - £45.00
3	Located in areas of a low commercial value with few alternative users.	£25.00 - £35.00

4.0 Adjustments

(a) Storey Allowance

Floor	Allowance
Ground	Nil
First	10%
All other floors	At valuer's discretion.

(b) Quantum

An allowance for quantum should be granted in accordance with the undernoted table:

Area	Allowance
up to 500 m ²	Nil – 5%
up to 750 m ²	5% - 10%
up to 1000m ²	10% - 15%
over 1000m ²	15%

(c) End Allowances

Properties which have not been upgraded or modernised since 1990 may require an end allowance. Subjects which have been converted from other uses such as industrial buildings or schools may require an adjustment where they do not meet the standard of the properties from which the rental evidence has been derived.

Year of Conversion/Modernisation	Allowance up to
1990	-20%
1980	-30%
1970	-40%
1960	-50%

The percentage applied may be interpolated and buildings which are of an inferior standard of construction may warrant a higher percentage adjustment. However, the maximum allowance granted other than in exceptional cases should be 50%.

(d) Car Parking

The above rates are exclusive of Car Parking. If appropriate, an addition should be made for parking in accordance with local evidence, normally to a maximum of 10% of the value of the subject in the absence of local evidence.