

Valuation Report for  
Castle Toward  
Toward  
Dunoon  
Argyll  
PA23 7UG



Report for:  
Mr Ian Heron  
Scottish Government

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## Contents

Executive Summary .....	1
1. Introduction .....	2
2. Valuation Parameters.....	2
3. Property Information.....	5
4. Valuation .....	14
5. General Information .....	18
6. Appendices .....	20
6.1 Photographs.....	20
6.2 Plans.....	22

## Executive Summary

### 1.1 Parties

Argyll and Bute Council – Owners

South Cowal Community Development Company Limited – Proposed Purchasers

### 1.2 Description

The subjects comprise the Toward Castle Estate which extends to some 142.7 acres or 57.75 hectares. The land contains the large former mansion house known as Toward Castle which was until recently used as an outdoor education/music education centre but is now vacant. Associated with the house are a gate lodge complex and a pair of semi detached cottages. Also within the grounds there are two Victorian walled gardens and various associated outhouses/greenhouses and Old Castle Toward which is a 'B' Listed 15th century monument. Outwith the formal areas the remainder of the grounds are made up of a large lawn, some grazing ground and areas of both native and coniferous woodland. The estate also includes some beach head areas stretching to the high water mark below the estate.

### 1.3 Location

The subjects are situated on a southward facing slope close to Toward Point on the Cowal peninsula overlooking the Firth of Clyde. The surrounding uses are mainly agricultural and forestry although the former oil rig construction yard at Ardyne is within a mile of the estate.. The main local town is Dunoon which is 7-8 miles away.

### 1.4 Tenure

Other than a grazing lease for ponies over some small paddocks, the property was vacant at the relevant date and it is assumed that that lease could be terminated at short notice.

### 1.5 Valuation Date

The valuation date is 7 February 2014.

### 1.6 Market Value

The opinion of **Market Value** of the owner's heritable interest with vacant possession as at **7 February 2014** is **£1,750,000 (one million, seven hundred and fifty thousand pounds)**.

No diminution in value arises in terms of Section 59(6)(b) of the Act nor are any moveables included in the valuation.

This report has been prepared by David Herriot BSc (Hons) MRICS of the Valuation Office Agency who has more than 29 years experience in the valuation of all types of property. During the past 29 years he has been based in the Glasgow DVS office.

## **1. Introduction**

I refer to your instructions dated 18 March 2014 and my terms of engagement dated 19 March 2014.

I have inspected and valued the property and I am pleased to report to you as follows.

## **2. Valuation Parameters**

### **2.1 Identification of Client**

The client is the Scottish Government, however, the report is also supplied to South Cowal Community Development Company and Argyll and Bute Council who will be the parties to any proposed transaction.

### **2.2 Purpose of Valuation**

A competent application has been made to the Scottish Government under Part 2, Community Right to Buy of the Land Reform (Scotland) Act 2003 by the South Cowal Community Development Company.

### **2.3 Subject of the Valuation**

The subject of the valuation is the Castle Toward Estate.

### **2.4 Date of Valuation**

The date of valuation is 7 February 2014.

### **2.5 Confirmation of Standards**

The valuation has been prepared in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation - Professional Standards 2014 UK Edition, commonly known as the Red Book so far as they are consistent with the statutory basis of value adopted.

Compliance with the RICS professional standards and valuation practice statements gives assurance also of compliance with the International Valuations Standards (IVS).

### **2.6 Agreed Departures from the RICS Professional Standards**

There are no departures beyond those restrictions on the extent of investigations and survey, and the assumptions, stated below.

### **2.7 Basis of Value**

The statutory basis of value to be applied is in terms of Section 59(6) and (7) of the Land Reform (Scotland) Act 2003.

The market value of land is the aggregate of;

6(a) the value that it would have on the open market as between a seller and buyer both of whom are as respect to the transaction willing and

(b) where a community body is exercising a right to buy which has arisen in relation to part only of the land in respect of which the owner has given notice under Section 40(1) of the Act that a transfer is proposed the amount of any diminution in the value of that land which is attributable to the fact that part only of the land is being sought by the body.

In assessing the value which land would have in the circumstances mentioned in Section 6(a) above –

7(a) - account may be taken insofar as a buyer and seller of the land such as are mentioned above would do so of any factor attributable to the existence of a person who (not being the community or body which is exercising its rights to buy the land) would be willing to buy the land at higher price than other persons because of the characteristic of the land which relates peculiarly to the persons interest in buying it.

(b) no account should be taken of:

- (i) the registration of an interest in or the exercise of a "right to buy" of the land as a community body under this part of the act;
- (ii) the absence of the period of time during which the land would on the open market be likely to be advertised and exposed for sale;
- (iii) any depreciation in the value of any other land owned by the seller; and
- (iv) the expenses of the valuation or otherwise related to the sale and purchase of the land.

## 2.8 Special Assumptions

There are no special assumptions.

## 2.9 Nature and Source of Information Relied Upon

I have assumed that all information provided by, or on behalf of you, in connection with this instruction is correct without further verification – for example, details of tenure, tenancies, planning consents, etc.

My advice is dependent upon the accuracy of this information and should it prove to be incorrect or inadequate, the accuracy of my valuation may be affected.

The Scottish Government has supplied the plans and copies of the application to buy. Other information has been obtained from Argyll and Bute Council regarding previous offers for the property and its asbestos survey, a copy of a grazing licence to a third party and information on the ownership of a shed.

The community body have provided similar information together with the Phase one report on their proposed development of the site and also forwarded a copy of the asbestos survey and the grazing licence.

The Planning Department of Argyll and Bute council have at my request provided detailed comment on the planning status of the property.

#### 2.10 Date of Inspection

The subjects were inspected on Thursday 10 April when weather conditions were fine. Representatives of both parties were present.

#### 2.11 Extent of Investigations, Survey Restrictions and Assumptions

An assumption in this context is a limitation on the extent of the investigations or enquiries undertaken by the valuer. The following agreed assumptions have been applied in respect of your instruction, reflecting restrictions to the extent of our investigations.

- Such inspection of the property and investigations as the Valuer considered professionally adequate and possible in the particular circumstance was undertaken. This comprised undertaking an internal inspection of the property, some small buildings were not inspected internally such as a workshop and Nissan hut complex nor were the small areas of hillside from which the water supply is drawn. The woodland areas have not been inspected in detail. The East and West Cottages and parts of the Gate Lodge complex were subject to limited inspection by torchlight.
- No detailed site survey, building survey or inspection of covered, unexposed or inaccessible parts of the property was undertaken. The Valuer has had regard to the apparent state of repair and condition, and assumed that inspection of those parts not inspected would neither reveal defects nor cause material alteration to the valuation, unless aware of indication to the contrary. The building services have not been tested and it is assumed that they are in working order and free from defect. No responsibility can therefore be accepted for identification or notification of property or services' defects that would only be apparent following such a detailed survey, testing or inspection.
- It has been assumed that good title can be shown and that the property is not subject to any unusual or onerous restrictions, encumbrances or outgoing.
- It has been assumed that the property and its value are unaffected by any statutory notice or proposal or by any matters that would be revealed by a local search and replies to the usual enquiries, and that neither the construction of the property nor its condition, use or intended use was, is or will be unlawful or in breach of any covenant.
- Valuations include that plant that is usually considered to be an integral part of the building or structure and essential for its effective use (for example building services installations), but exclude all machinery and business assets that comprise process plant, machinery and equipment unless otherwise stated and required.

- It has been assumed that no deleterious or hazardous materials or techniques were used in the construction of the property or have since been incorporated. However where an inspection was made and obvious signs of such materials or techniques were observed, this will be drawn to your attention and captured in this report.
- No access audit has been undertaken to ascertain compliance with the Equality Act 2010 and it has been assumed that the premises are compliant unless stated otherwise in this report.
- No environmental assessment of the property (including its site) and neighbouring properties has been provided to or by the VOA, nor is the VOA instructed to arrange consultants to investigate any matters with regard to flooding, contamination or the presence of radon gas or other hazardous substances. No search of contaminated land registers has been made.

However, where an inspection was made and obvious signs of contamination or other adverse environmental impact were visible this will have been advised to you, further instructions requested and the observations captured in the report. Where such signs were not evident during any inspection made, it has been assumed that the property (including its site) and neighbouring properties are not contaminated and are free of radon gas, hazardous substances and other adverse environmental impacts. Where a risk of flooding is identified during any inspection made, or from knowledge of the locality, this will be reported to you. The absence of any such indication should not be taken as implying a guarantee that flooding can never occur.

### **3. Property Information**

#### **3.1 Location**

The property is situated at Toward in Argyll and Bute. This is the south eastern most point of the Cowal peninsula and is between 7-8 miles from the main local town of Dunoon where most local services are available. A car ferry crossing from Hunter's Quay by Dunoon to the town of Gourock provides a quick link into the central belt of Scotland and Glasgow Airport is around three quarters of an hour from the ferry terminal in normal conditions. Access is taken from the public road at a point just beyond Toward Sailing Club and is via a tarmac road to the main house. More peripheral parts of the grounds are served by unsurfaced tracks.

#### **3.2 Description**

##### **a) Main House**

This is a large country house constructed originally in 1820 with an extension added in 1920. It is of traditional blond sandstone construction with a very complex roof which is partly pitched and slated and partly in flat felt covering. There is a good deal of lead work to the roof in gulleys and valleys etc. There are turreted and castellated features. Most of the house has single glazed timber sash type windows but some of the upper floor rooms have single glazed metal windows.



The property is over three main floors. It is heated by oil fired central heating from a boiler house to the rear of the property. It is a house of great character externally but has been used as a educational facility for many years and has been institutionalised internally. Despite this the main public rooms at ground floor level retain very attractive original features such as fireplaces corncicing and oak panelling which in parts is ornately carved

b) **Gate Lodge Complex**

The Gate Lodge Complex is situated at the bottom on the main drive and comprises a sandstone and slate block around a central courtyard which is covered by metal framed canopy. The main building is laid out as a series of five flats/terraced properties and there is an archway centrally to the front. The property is believed to be Listed Grade 'B' and is mainly of two storeys. A number of the windows have been replaced by double glazed units.

In addition to the residential elements there are old laundries and stores, a boiler room and workshops. There appears to be a substantial basement area below this service area although inspection of this was very limited as it was flooded.

c) **East and West Cottages**

These are situated to the north end of the property and are reached by an unsurfaced roadway. They comprise a pair of single storey rendered brick and slate properties. The properties have been used as staff or dormitory accommodation in recent times and are currently linked by a corridor running through the property. They would however lend themselves to being restored to their previous condition of two houses. There are various associated small outbuildings which are in poor condition.

d) **Walled Gardens**

There are two substantial walled gardens with the walls of these remaining intact. They both are situated on the south facing slope. The upper garden has two small stores attached and one of these is currently used as a stable. The other garden has a conservatory type greenhouse to the rear and a glazed pavilion area overlooking the main garden and other small stone and slate buildings. No access was obtained to these buildings.

e) **Nissan Huts**

There is a pair of Nissan huts close to the back of the main building which are believed to be of war time origin and are of steel frame and corrugated metal sheeting. It is believed that these have been used as dormitory accommodation but no access was obtained to them and I consider it likely that while such essentially temporary buildings might be of use in the construction/renovation phase of the main house that most purchasers would be likely to either use these as basic storage or indeed to demolish them on completion of the works.

There are other small buildings including gardeners workshops and dilapidated greenhouses. in particular a green metal shed which has been used as a workshop.

It is believed to have been erected by the previous occupants of the premises but they do not seem to have exercised their right to remove their property on vacating Castle Toward and as such it would appear that this has now fallen to Argyll and Bute Council. However, once again whilst this building might be useful for basic storage, particularly during the construction phase or as a very basic workshop, it is of very limited significance in valuation terms.

f) **Grazing Fields**

There are four small fields adjoining the upper walled garden which are subject to a month to month lease for horse grazing purposes. These appear to provide reasonable grazing on a gentle south facing slope.

g) **Remaining Grounds**

The remaining grounds are taken up by parkland type woodland to the rear of the main house, substantial lawns to the front of the house and native woodland on the lower parts of the estate. There is a substantial area of car parking adjoining the main house and a more open area between the lower walled garden and Old Castle Toward. There are areas of conifer plantation most notably close to east and west Cottages.

Many of the trees in the parkland area have either been blown over by storms or have become dangerous and had to be felled and at least one dead elm tree showing signs of Dutch Elm Disease was noted. In common with many other estates many parkland trees are reaching the end of their leaves and continuing losses can be anticipated.

3.3 **Tenure**

Owner's heritable interest with vacant possession applies to all but approximately 2.2 hectares which are occupied by a licensee who has, for some years, grazed horses on them under the terms of a grazing licence. This grazing licence appears to me to give no security of tenure beyond one month and is on a month to month basis at a rental of £20 per month. It is clear that the licence is for the purposes of grazing ponies or horses only and should in no way be construed as an agricultural tenancy affording the protection of the Agricultural Holdings Act and the licensee is responsible for maintaining fences, etc. The licence has continued on this month to month basis since 1 February 1993. It was suggested by the community company that this may confer some security of tenure, however, I am unaware of any such provisions and enquiries of the Council have brought the response that their solicitor has no knowledge of any provisions which would grant such security of tenure. In the circumstances I have reached the conclusion that vacant possession of this land if required could be obtained within a relatively short time. It is noted that the licensee in February paid a year's rent in advance.

3.4 **Title Restrictions**

It is assumed that there are no significant restrictions in title.

### 3.5 Site Area

The application from South Cowal Community Development Company defines the area as 57.76 hectares or 142.7 acres.

### 3.6 Floor Area

It was agreed on site with the parties that no measurement of the property would be undertaken owing to the time and complexity involved in carrying out such an exercise, however, the following areas have been used both in the Phase 1 Feasibility Cost Plan and were taken from the initial brochure when the properties were advertised for sale. These are given on the basis of a Gross Internal Area as defined in the RICS Code of Measuring Practice 6<sup>th</sup> Edition and area as follows:

Mansion House	3,487 square metres
Gate House	813 square metres
East and West Cottages	249 square metres
Nissan Huts	480 square metres
Walled garden buildings	<u>220 square metres</u>
<b>Total</b>	<b>5,249 square metres</b>

### 3.7 Accommodation

#### Main house

At ground floor level there is a sitting room, drawing room, boiler room, library, dining room, games room, toilets, kitchen, store and office.

At first floor level there are 14 bedrooms, 6 showers and 3 toilets.

At second floor level there are 11 bedrooms, 3 showers and 4 toilets.

The lower ground floor comprises dining room, kitchen, 10 storage rooms, laundry, wash room, workshop, 3 toilets and assorted stores and cupboards.

Two of the rooms at ground floor level had been used as drying rooms for equipment for outdoor pursuits. Some of the stores situated at lower ground floor level are situated around a courtyard.

The Lodge Complex has 5 flats/houses in addition to various stores and a boilerhouse. The stores include a former laundry and garage

East Cottage comprises hall, living room, kitchen, sitting room, bathroom and 4 bedrooms with West Cottage comprising hall, living room, kitchen, lobby, larder, study, 2 bathrooms and 6 bedrooms.

### 3.8 Defects and Repair

The Gate Lodge Complex is in very poor condition and in need of full renovation. There is considerable water penetration to most of the flats and the parapet roof seems to be causing significant problems. In some of the stores it is apparent that internal woodwork has rotted and there is active water penetration.

I would envisage that there is a good deal of hidden timber decay in this complex and that a comprehensive approach to its renovation would be required. The basement area at the rear is flooded.

Castle Toward itself has been maintained to a basic standard although it is to some degree institutionalised as a result of its previous use. Generally, décor throughout is very plain but the public rooms at ground floor level do retain outstanding features in terms of oak panelling, cornicing, plasterwork, fireplaces, etc.

The main concerns observed by myself on inspection, and also noted by South Cowal Community Company structural engineers and service engineers concern the structural cracking to the tower of the building and water penetration at the western gable in the 1920s part of the building. This is particularly obvious on the first and second floor where there is obvious damage to plaster, etc. and may have resulted in timber decay to timbers in contact with the external walls.

It is noted that an asbestos survey has been carried out, however, most of the potential asbestos identified is either of low or very low hazard rating and would be of consequence only if and when renovation is carried out. It is noted that an allowance of £50,000 has been made in the cost of renovation for asbestos removal although this appears to have been done prior to the availability to the full asbestos survey. The Phase 1 report for South Cowal Community Development Company indicates that at the time of their engineer's inspection that a room was closed off due to the presence of loose asbestos. I am informed by the Council that works have been carried out in the meantime to remove this potential hazardous material and at the time of my inspection the area had been reopened.

The East and West Cottage are also affected by considerable dampness and general overhaul of the roof, guttering, etc. is required.

The gardener's sheds, etc. have some problems relating principally to poor roofs where there is rotting of roof timbers. These require to be made good at an early stage.

Much of the servicing in all of the buildings is also old and upgrading will be required.

The walls of the walled gardens require repointing in places.

It should be appreciated that given the size and scope of the property it is beyond the scope of this report to provide a comprehensive list of defects and the above highlight only some of the more obvious serious defects. In general, the basic standard of maintenance carried out over recent years means that a comprehensive programme of upgrading is required throughout the properties.

### 3.9 Services

It is understood that the property is currently connected to mains electricity only, the water supply coming from a private supply on the hillside beyond the main site which requires local treatment to make it fit for drinking. Drainage is believed also to be to septic tanks although none of these have been inspected. It is possible that outfalls from the septic tanks may not meet modern standards. The main buildings generally have oil fired central heating.

It has been identified in the Phase1 report that mains water and gas are available at the public road and can be led into the premises albeit at considerable cost and that mains water would require to be pumped to a holding tank.

### 3.10 Access and Highways

The main public road serving the area is the responsibility of the local authority. It is assumed that all roads within the grounds would be the responsibility of the property owner.

### 3.11 Energy Performance Certificate

No Energy Performance Certificate has been provided.

### 3.12 Planning

I have made formal enquiries of the Planning Authority. These have revealed that the property has a number of Listed structures. The 1475 Toward Castle ruin is a scheduled ancient monument and Listed Grade 'B'. Castle Toward itself was built 1821 by Hamilton with 20th Century enlargement is Grade 'B' Listed. Curtilage structures West Lodge East and north walled gardener's workshop, glasshouses and other garden structures are Grade 'B' Listed. Castle Toward grounds by Bateman incorporating areas of ancient woodland is identified by Historic Scotland as a candidate for the Inventory of Gardens and Design Landscapes. There are no statutorily protected nature or conservation interests.

In Argyll and Bute Local Plan the area is mainly sensitive countryside but is partly a rural opportunity area. Much of the site is located within an area of panoramic quality.

Following the Council's decision to support the Local Plan Enquiry Reporter's recommendation not to consider rural opportunity areas within areas of panoramic quality has been effective a subsequent landscape capacity study was commissioned and approved by the Council. As a consequence a tract of Castle Toward grounds within the area of panoramic quality to the east of the house was not recommended for development and should be regarded as sensitive countryside.

The remainder of the rural opportunity area to the north of the house was recommended for smaller scale development tucked within wooded areas around the outdoor centre. These changes are reflected in the Argyll and Bute proposed development plan.

However, the estate as a whole is encompassed within Potential Development Area PDA2/42 for mixed use development (tourism/education/leisure/housing/business) which gives the site enhanced status relative to the development potential of the surrounding areas. potential development areas comprehensive proposals are devised to address the development of the whole PDA in order to avoid piecemeal development and to ensure matters relevant to the land as a whole, such as access and servicing, are addressed at the onset of potential development interest. In 2011 the Council agreed that proposals for development area should be accompanied by a master plan which demonstrates how the proposed development will relate to the wider area and any part of the potential development area which does not form part of the application site.

There have been no recent applications of relevance within Castle Toward Estate although certain proposals for development of the site were discussed with a variety of parties when the site was recently marketed for sale by the Council. It is noted that planning permission in principle was granted in 2012 for a major mixed use redevelopment of Ardyne construction yard to the west of the site.

The planner goes on to note that Castle Toward is an important example of the 19th Century designed landscape set at a focal point in the Firth of Clyde and funded by mercantile success. It is of significance due to its castellated mansion, its designed landscape incorporating pre-park woodland and the fact that it incorporates earlier castle ruins. This is recognised in the various designations protecting its historic environment. As an estate it has suffered latterly from war time requisitioning, the demolition of some curtilage structures and the abandonment of others, the loss of some important trees, garden features and horticultural interest, the introduction of an inappropriate conifer plantation and a general lack of maintenance inherent in public ownership. However, the parkland/ woodland setting of the site and the built features which remain still afford the potential for there to be sensitive restoration of the estate underpinned by enabling development although care is required to ensure that the nature and scale of such development does not undermine the very qualities which gave rise to landscaped qualities and historic importance of this site.

The Council's adopted plan recognises this when encompassing the estate within a potential development area this designation recognises the opportunity for limited development for various business, tourism, educational, housing purposes in order to support the continued viable use and the long term maintenance of the mansion at Castle Toward. The nature, scale and location of enabling development should respect the qualities and settings of the various listed buildings and should be integrated sensitively within the landscaped character of the estate. It is important that the development supports the rural cohesion of the estate rather than contributing to its fragmentation. In terms of development potential it is important that any development should be formulated within the scope of an overall master plan for the estate.

The other key opportunities would include:

a) **Castle Toward Mansion**

This is a most significant imposing feature within the estate by virtue of its elevated and demanding location affording views out over the sea and its architectural flamboyance.

It is important that introducing new development this building retains its pre-eminence in terms of use as well as its fabric. It would therefore be preferable for any proposed use to occupy the mansion building itself. The less interesting rear of the building could be appropriate for adaptation and extension subject to listed building consent and there is an opportunity to remove the war time structures at the rear of the house to accommodate ancillary facilities linked( physically if necessary) with the main building.

b) **West Gate Lodge**

This would present an opportunity for conversion to other uses.

Additional development to this building between the driveway and the western boundary would not be appropriate given the need to maintain the setting of this listed structure and the need to avoid estate buildings of importance being devalued by the presence of uncharacteristic development. Some potential for small scale development does however exist in the open area to the east of the low stone buildings standing to the east of the Gate Lodge.

c) **North Walled Garden**

This is a significant historic and listed feature, the value of which would be diminished by the introduction of uncharacteristic development within its confines. It would be capable of accommodating outdoor activities associated with the mansion as it has a relationship with the rear of the mansion across formal garden and grounds. There are structures on the outside face of the north wall which would be capable of conversion or redevelopment, perhaps for staff accommodation.

d) **Gardener's Accommodation and Glasshouses**

These are listed and are of interest in terms of the history of the estate and the development of gardens. Whilst conversion to accommodation would be appropriate along with some additional development to the rear this would require to be carried out in a very sympathetic manner in order to maintain the character and historic legibility of these buildings.

e) **North Estate Boundary**

This area has been forested and consequently is of limited interest in terms of the overall landscape of the estate. There would be potential to integrate development into wooded setting by selectively clearing forestry and there are adjacent residential buildings which might lend themselves to sub-division or re-use.

I made specific enquiries about the suitability of the site for wind turbines and planners have noted that while the wind turbine has been approved and erected at Killellan Farm other applications on higher ground have been refused because of scale and prominence. One refusal is now the subject of an appeal.

The Council have produced an Argyll and Bute Wind Energy Capacity Study, this shows that Castle Toward Estate as principally falling within the rolling farmland and estate character type where only smaller wind turbines might be appropriate. However, given the potential impact on the setting of listed buildings the estate would be particularly sensitive to any turbine development.

The Planning Department go on to say that the designation of the estate as a potential development area requires a comprehensive master plan approach to development, sensitivities of historic and natural environment require that the development proposal should be developed following careful assessment in the landscape context and by respecting the setting of historic buildings. The design process should therefore assess the importance of these assets, identify development constraints and focusing these development opportunities which will not erode the historical significance of the site inappropriately and impinge upon those key features of the designed landscape which are worthy of safeguarding. It is essential that any proposals for development should be accompanied by a master plan for the PDA which demonstrates how the proposed development will relate to the wider area.



To that end it will be necessary for any prospective developer to undertake a formal landscape assessment including an appraisal in terms of the historic value of the designed landscape, an arboricultural survey to identify areas of woodland and particular specimens of value to produce a design statement for proposals having regard to the foregoing the advice of the Government's Planning Advice Note 68 and also in the light of the historical value of the scheduled listing buildings and curtilage structures.

Depending on the scale of development it is likely that planning application would be considered a major application in terms of the Government's planning hierarchy, in that event the application process will entail a three month pre-application consultation obligation in advance of the submission of an application along with the requirement for the mandatory design and access statement. The development will also require to be screened to determine whether there is an additional requirement for an environmental statement in terms of the environmental impact assessment regulations. In the event that a comprehensive environmental statement is not required there is still likely to be a requirement for particular aspects of the developments to be reviewed in detail, eg drainage impact assessment, transport assessment, etc. Those aspects of any development relating to listed buildings (including curtilage structures) will also need to be the subject of separate applications for listed building consent in addition to any planning permission which may be required.

### 3.13 Equality Act 2010

Whilst I have had regard to the provisions of the Equality Act 2010 in making this report, I have not undertaken an access audit nor been provided with such a report. It is recommended that you commission an access audit to be undertaken by an appropriate specialist in order to determine the likely extent and cost of any alterations that might be required to be made to the premises or to your working practices in relation to the premises in order to comply with the Act.

### 3.14 Mineral Stability

The property is not in an underground mining area and a Mining Subsidence Report has not been obtained.

### 3.15 Environmental Factors Observed or Identified

I have already referred to the asbestos report which has been carried out and which has identified the presence of asbestos in building materials in various parts of the buildings.

Asbestos may be present in the construction of various elements of the buildings. While this material remains intact and in good condition the asbestos fibres are likely to be safe but specialist advice should be sought in the event of alteration, maintenance or demolition.

My limited inspection of the woodland areas indicated that there was a significant infestation of rhododendron ponticum which is invasive and restricts the biodiversity of woodland areas and also noted were two areas of Japanese knotweed infestation, one in the area towards the old Castle Toward and the other adjoining the wall of the upper walled garden. Potentially invasive bamboo was also noted on the fringe of the lawn. At least one dead tree exhibited signs of Dutch Elm disease and also noted was an old metal oil tank which is now disused in the vicinity of the main building.



## 4. Valuation

### 4.1 Valuation Representations

I have covered a number of the items which have been given to me by the parties under the information section above and some of these do relate to factual information rather than representations, notably the asbestos survey, grazing licence, etc.

In accordance with the legislation I have asked the parties for their representations on value and the following were received:

**Argyll and Bute Council** submitted a report carried out by DMH Baird Lumsden, Chartered Surveyors which have valued the property at £1.8 million. Much of the report is descriptive in nature and it would serve little purpose to reproduce it here. I do however reproduce the following paragraphs from the property market section of the report:

Castle Toward was marketed by Baird Lumsden on behalf of Argyll and Bute Council during 2010 and a number of offers to purchase the property were received at a closing date. These offers ranged from £2,300,000 to £1,285,000 and were subject to securing planning consent for a variety of development schemes. This marketing process provides us with some insight into how the market would react to the property being marketed for sale in 2014.

Although Castle Toward is fairly unique in terms of size and location we are aware of a range of other large houses with grounds which are sold within Scotland over recent years and in considering our opinion of market value we have taken into account the current condition of the property and the fact that it appears to have deteriorated since 2010 when it was still operating as an outdoor recreational centre.

The opinions on the property market given the basis of current market evidence and trends for the avoidance of doubt we confirm that property values can fall as well as rise and the opinion should not be regarded in any way as a prediction on future market trends.

In the light of this information I sought clarification on the offers received from Argyll and Bute Council Estates Department and received the following information:

- 1) There were four offers at the closing date in 2010.
- 2) The offers were received as follows:
  - £2.3 million from a major holiday/leisure company.
  - £2.25 million from an individual.
  - £1.4 million plus an additional £500,000 subject to suitable planning consent from another limited company for children's educational activity centre. It is noted that the £1.4 million was dependent only on vacant possession being given and the additional £500,000 was subject to planning for various facilities required.
  - £550,000 plus possible additional sums of up to £735,000.

This was quite a complicated offer involving instalments over a period and also the payments which could have £735,000 being dependent on sums received for sales of plots and limitation of 5 years for any additional sums which obviously is a matter of some uncertainty.

The top bid originally proposed a major development of holiday leisure lodges, some permanent residential, a spa hotel, tennis academy, restaurants and retail, foreshore workshops, small retail units and café with Castle Toward being converted to include high quality restaurants/extensive conference facilities/management suite and executive apartments. This £2.3 million bid was taken forward as the preferred bidder and became a matter of discussion between the Council Planning Department, Estates Department, etc. and I am informed that ultimately agreement was reached on up to 150 new lodges being possible in addition to redevelopment of the existing structures, subject to full planning process. These discussions carried on over a period from the closing date in 2010 until July of 2013 when the preferred bidder withdrew due to lack of development financing. At this stage a decision was taken to place the property back on the market.

Summarising the other proposed uses – the individual bidder proposed to convert Castle Toward to a private dwellinghouse and to develop 70 lodges on the site. The third bidder as I have already mentioned was proposing children's educational activity centre plus various new buildings including some timber lodges. It seems that the planning department were relatively comfortable with the additional facilities proposed subject to proximity to the scheduled ancient monument. The final bid suggested continuing use as an outdoor educational facility with up to 21 individual plots being sold for residential development in addition. I have already noted the complexity of the offer.

Argyll and Bute Council have indicated that one of the under bidders remains interested in Castle Toward.

**South Cowal Community Development Company** have been very helpful in providing information as to their proposed development for which they have produced a Phase 1 report dated April 2014 which provides helpful information on the condition of the various properties, services, etc. together with a conceptual scheme involving sympathetic restoration of the existing buildings and a review of tourism potential within the area. It also includes costs which indicate a total estimated development cost for the scheme of £5.128 million.

The proposals are conceptual rather than detailed at the present but suggest using the existing smaller houses as self catering accommodation with some retail activity also incorporated in the main lodge complex, the main building being used as hotel type accommodation and the walled gardens being brought back into use potentially with a garden centre activity in one and outdoor events in the lower walled garden and on the main lawns with consideration also being given to an eco camping or lodge type development. I have noted in the tenure section and the information received section above that the Community Development Company have made some representations on tenure, etc. which I note once again.

Whilst no formal valuation report was received, nor any particular valuation figure indicated, the property consultants, Savills, had looked at sales in Argyll which indicated only a total of eight residential transactions between 2007 and 2013 and as well some estate farms and forests which have sold for a million pound plus.

They also note that in that time there has only been one transaction over £2 million which was that of an estate on the Isle of Mull. Savills suggest that the available comparable evidence teamed with the works required to the property to make it habitable for any use would suggest that the original asking price was very unrealistic. Savills did further note that this was not to be considered as a formal opinion of value.

The Community Company directly passed me correspondence between Argyll and Bute Council and the Scottish Executive from 2002 when consideration was being given to leasing the premises to the former occupiers on a 99 year lease at a nominal rent and sought consent under Section 74(2) of the Local Government (Scotland) Act 1973 to do so. The lease was to be to Actual Reality, Learning and Leadership Company Limited which had been formed from the management and staff of Castle Toward and Ardentiny Outdoor Centres (formerly run by Argyll and Bute Council) and was dependent upon their continual operation as such and the tenants carrying out all repairs and upgrading. Essentially the Council's letter indicated that they could no longer afford to operate these outdoor centres and wished to allow the company to seek funding for upgrading and clearly the major motivation was to maintain the outdoor educational service at a much lower cost. Consent was granted under Section 74(2) via a letter from Scottish Government. However, I am informed by the Council that no lease ever took place and apparently Actual Reality continued to occupy the premises on a grace and favour basis until they vacated it in August 2013. The Council noted at that time that there was no readily identifiable alternative use for either property (this included Ardentiny as well). Although Castle Toward may lend itself to conversion to a hotel and/or conference centre the letter suggested that there would be limited interest in the property on the basis of a restricted use and given the amount of work required.

#### 4.2 Valuation Methodology / Approach and Reasoning

In coming to my opinion of value I have considered the representations made by the parties and have also considered sales and availability of larger properties particularly in Argyll but also on a wider basis. The fact that the property has been marketed and the market tested is without doubt a weighty factor in my considerations.

Whilst the planning situation may have been tightened slightly by decisions taken in the meantime the facts appear to be that the planning department was able to have a discourse with the would-be purchasers and that the preferred bidder was able to agree to a substantial development in the grounds albeit much less than that originally proposed and remained interested in completing a deal until the lack of funding precluded a final sale. I have also looked at the under-bids received and consider that receiving four bids of any sort at a closing date in 2010 was remarkable given the depressed market at the time but probably remains indicative of interest in a property such as Castle Toward which offers a mixture of interesting properties together with an attractive location and prospects for enabling modern development.

I note the comments of DMH Baird Lumsden in their valuation that the property has deteriorated somewhat since 2010, obviously I did not have the advantage of seeing it at that time but the comments are taken on board and related to my own observations.

It is also noted that the offers received suggested a range of uses residential, tourist related, outdoor education which had different densities and possibilities for development. It is clearly a property which lends itself to a variety of ideas and interest.

Balanced against that the property is in need of substantial upgrading which will undoubtedly involve great expense given the nature of the buildings.

I am also well aware of the difficulties in attracting tourist numbers to areas like Cowal and Bute.

Nevertheless, the previous marketing exercise was carried out in conditions which were if anything probably more challenging than at the relevant valuation date and as such had the property been on the open market at that date it would not have been unreasonable to expect at least a similar level of interest.

#### 4.3 Comparable Evidence

I have already noted that the previous marketing exercise provides good comparable evidence of a level of interest in the market in 2010 and it does seem likely that similar interest could be elicited in present economic conditions. It is very difficult to obtain direct comparable evidence for similar properties although the following are perhaps of interest:

1. Knockdow House on the neighbouring estate to Castle Toward sold for £1.36 million in August 2010 which is believed to be a 13 bedroom house with surrounding parkland, estate land.
2. Duncraig Caste by Plockton west of Ross sold for £1.305 million in August 2009. This property had been partially renovated as a hotel but shared a similar institutionalised history with Castle Toward and is believed to have still required considerable works.
3. Balmory Hall just a few miles over the sea from Castle Toward on the Isle of Bute sold for £1.65 million in March 2010. This property was a 10 bedroom property and was in very good order but included only 8 acres and is Listed Grade 'B'. The sale included a small one bedroom lodge house.
4. Currently on the market and believed to be under offer is Auchendennan House otherwise known as Loch Lomond Youth Hostel which has 27 bedrooms and it is on the market at £1.5 million. This is obviously in a better tourist location close to Loch Lomond. It has around 50 acres of surrounding grounds and having been used as a youth hostel is in basic condition although the property does seem to include some excellent public rooms.
5. Birkwood Hospital near Motherwell which has been empty since 2002 sold for £625,000 in June 2012, includes 33.3 hectares of grounds. It is to be converted to a boutique hotel.
6. Nearby it is noted that 130 acres at Ardyne Point sold in August 2013 for £2.25 million. This is a former oil rig construction yard at Ardyne. It did receive a consent for over 300 houses in 2012 which seemed very ambitious but it appears from press reports that this is not the type of development being contemplated at present. Also nearby Ardyne Farm sold for £1.611 million in October 2013 to the new owner of Ardyne Point.

#### 4.4 Opinion of Value

I am of the opinion that the Market Value of the owner's heritable interest in Castle Toward estate, with vacant possession, is **£1,750,000 (one million, seven hundred and fifty thousand pounds)** as at 7 February 2014.

The basis for valuation is as laid out in Sections 59 and 60 of the Land Reform (Scotland) Act 2003 is the basis of valuation

No diminution in value arises in terms of Section 59(5)(b) of the Act.

#### 4.5 Currency

All prices or values are stated in pounds sterling.

#### 4.6 VAT

I understand that VAT does not apply to this transaction and my opinion of value reflects this. In the event that my understanding is found to be inaccurate, my valuation should be referred back for reconsideration.

### 5. **General Information**

#### 5.1 Status of Valuer

It is confirmed that the valuation has been carried out by David Herriot, a RICS Registered Valuer, acting in the capacity of a single independent valuer, who has the appropriate knowledge and skills and understanding necessary to undertake the valuation competently, and is in a position to provide an objective and unbiased valuation.

#### 5.2 Conflict of Interest

Checks have been undertaken in accordance with the requirements of the RICS standards and have revealed no conflict of interest. DVS has had no previous material involvement with the property.

#### 5.3 Restrictions on Disclosure and Publication

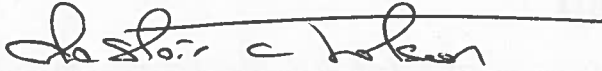
The client will neither make available to any third party or reproduce the whole or any part of the report, nor make reference to it, in any publication without our prior written approval of the form and context in which such disclosure may be made.

#### 5.4 Limits or Exclusions of Liability

The report should only be used for the stated purpose and for the sole use of your organisation and your professional advisers. No responsibility whatsoever is accepted to any Third Party who may seek to rely on the content of the report unless previously agreed.

Client Ref: CB00166  
VOA Ref: 1496533 DJH/JS  
Date: 29 April 2014

I trust that the above report is satisfactory for your purposes. However, should you require clarification of any point do not hesitate to contact me further.



David J Herriot BSc (Hons) MRICS  
Senior Surveyor  
RICS Registered Valuer  
DVS

ok



## 6. Appendices

### 6.1 Photographs



Complex Roof and Walled Garden



Conservatory Greenhouse



East and West Cottages



East Gable and Car Park



Lodge House



Old Castle Toward



Rear of Lodge



Tower showing Cracking



Walled Garden Pavilion



West Gable



Ballroom



6.2 Plans

