



## **PUBLIC BUILDINGS COMMITTEE**

### **Practice Note 27**

### **REVALUATION 2005**

### **Valuation of Crown Properties – Prisons**

#### **1. Introduction**

1.1. This Practice Note should be used as the basis for the valuation of all civilian prison establishments in Scotland occupied or operated by, or on behalf of, the Scottish Prison Service (SPS). This Practice Note does not cover the valuation of other properties occupied by SPS.

#### **2. Method of Valuation**

2.1. All properties constructed or adapted for use as a prison should be valued using the Contractor's basis of valuation.

2.2. The recommended cost rates contained within this Practice Note have been derived from the analysis of available cost evidence within the UK. The cost rates shown have been adjusted to Scottish Mean level at the tone date, but require to be adjusted for contract size and for professional fees.

2.3. The valuation should be carried out in accordance with Basic Principles Committee Practice Note 2

#### **3. Basis of Measurement**

3.1. Building areas should be measured on the basis of gross external area (GEA) as defined in the RICS Code of Measuring Practice (5<sup>th</sup> edition)

## 4. Estimated Replacement Cost

4.1. The following overall costs expressed in £ per m<sup>2</sup> will be used to arrive at the Estimated Replacement Cost (**ERC**) for the key categories of buildings of permanent and temporary construction. The table is divided between the rates to be applied to Category A & Dispersal establishments, and Category B & C (including Young Offenders Institutes). There will be instances where the table below is not appropriate, and in such circumstances, actual costs or updated historic costs for the building in question should be considered.

Building Type□	Cost(£) per m <sup>2</sup> GEA before external works, contract size allowance, location adjustment and fees	
<b>Permanent Construction</b>	<b>Cat A &amp; Dispersal</b>	<b>Cat B &amp; C</b>
Cell Blocks (including medical cells)	1,589	1,222
Segregation Units	1,669	1,293
Gate/Entry Buildings	1,833	1,410
Reception	1,222	940
Medical/Hospital Buildings (excluding cells)	973	846
Kitchens	1,434	1,246
Offices/Administration/Visits	846	846
Educational	973	832
Gymnasias/Sports Halls	940	790
Industries/Workshops/Stores (up to 500m <sup>2</sup> GEA)	705	611
Industries/Workshops/Stores (500 - 999 m <sup>2</sup> GEA)	635	555
Industries/Workshops/Stores (1,000-1,999m <sup>2</sup> GEA)	588	517
Industries/Workshops/Stores (2,000-10,000m <sup>2</sup> )	470	423
Industries/Workshops/Stores (over 10,000m <sup>2</sup> GEA)	329	282
Offices (outside the wire) (up to 500m <sup>2</sup> GEA)	733	733
Offices (outside the wire) (500 – 999m <sup>2</sup> GEA)	686	686
Offices (outside the wire) (1,000 – 1,999m <sup>2</sup> GEA)	630	630
Offices (outside the wire) (2,000 – 10,000m <sup>2</sup> GEA)	564	564
Offices (outside the wire) (over 10,000m <sup>2</sup> GEA)	479	479
Squash Courts	705	705
<b>Temporary Construction</b>		
Portacabins (if connected to services)	353	353
Modular Buildings (if connected to services)	470	470
Portable WCs and shower blocks (if connected to services)	564	564
Timber frame, timber clad buildings (used as classrooms, stores and offices)	423	423
GRP huts and shelters (Gladson type guard huts, small plant buildings)	705	705
Bicycle and motor cycle shelters (usually metal frame, metal or GRP clad)	94	94
Metal frame open sided structures (Dutch barn type)	306	306
Nissan Huts, brick end walls	282	282

- 4.2. Within the category of buildings "industries/workshops/stores" inside the wire, the appropriate size band for costing will be determined by calculating the aggregate floor area of such buildings. The exception will be any such building that, by nature of its use in the prison, must be occupied separately from others of the same type.
- 4.3. For Category D & Open Prisons, an appropriate building cost rate for valuation using this practice note should be selected from the table of building cost rates set out in Public Buildings Committee Practice Note 25, Valuation of Ministry of Defence Establishments.
- 4.4. Any problems of physical obsolescence or exceptional costs of maintenance associated with "System Built" forms of construction will be addressed in the level of allowances made at section 9 below.
- 4.5. Link Blocks and Subways, which are solely used as passages between adjoining blocks and where not an integral part of the design and construction of those blocks, should be left out of the costing exercise. The exception to this will be for secure corridors linking accommodation "within the wire", which will be valued at up to 50% of the appropriate cell block rate for the establishment.

## 5. External Works

- 5.1. In the absence of detailed information to allow a full costing of external works to be carried out on the contractor's basis, external works should be valued by making the following additions to the **ERC** of all buildings.
- 5.2. Additions on this basis will comprise three elements, firstly costing all playing fields etc. (**Table A**), where sufficient detail exists to allow these to be costed separately. Secondly, costing the remaining site works (**Table B**) excluding perimeter security, and thirdly, costing perimeter security (**Table C**).
- 5.3. In the case of **Table B**, it is assumed the benchmark figure would be adopted in most cases, but this could be subject to variation within the range to reflect the specific nature of the site being valued.
- 5.4. These levels may be subject to upward variation for lands and heritages that require additional site works due to the function of the establishment or downward variation for sites with basic infrastructure.
- 5.5. The percentage additions in **Table B** do not include playing fields, all weather pitches, tennis courts etc., but where there is insufficient information available to allow these to be valued separately, an appropriate percentage addition from **Table B** should be selected to reflect their existence.
- 5.6. In the absence of actual or updated historic costs for perimeter security walls and fences, the percentage additions for perimeter security shown in **Table C** on the following page may be applied.

5.7 Age & obsolescence allowances for all of the above elements should be applied in accordance with the scale of allowances for civil works as set out in Public Buildings Committee Practice Note 4, Contractor's Basis Valuations, External Works Costs, Allowances and Land Value.

**TABLE A – Playing fields etc.**

<b>Playing Fields etc</b>	<b>Unit Cost addition</b>
Playing Fields	£65,000
All Weather Pitches	£350,000
Tennis Courts	£15,000

**TABLE B – Site Works**

<b>% of buildings ERC</b>	<b>% Benchmark</b>	<b>Category of Prison</b>
10 - 17.5%	15%	All excluding Category D & Open Prisons
5 - 15%	10%	Category D & Open Prisons

**TABLE C – Perimeter Security**

<b>Type of Wall/Fence</b>	<b>% of buildings ERC</b>
External Wall and Fence	12.5%
External Wall	10%
Double Fence	5%
Single Fence	2.5%
No Security Wall or Fence	0%

## **6. Rateable Plant & Machinery**

6.1. Any items of rateable plant & machinery, as defined in The Valuation for Rating (Plant & Machinery) (Scotland) Regulations 2000, should be valued and added to the ERC.

## **7. Contract Size Adjustment**

7.1. The aggregate of building costs, cost of rateable plant & machinery and external costs should be subject to contract size adjustment as set out in Basic Principles Committee Practice Note 2, Appendix 3.

## 8. Professional Fees & Charges

8.1. Professional fees and charges will be added to the total cost as adjusted above in accordance with the following scale:

	<b>Category A &amp; Dispersal, B &amp; C</b>	<b>Category D &amp; Open Prisons</b>
<b>Total Cost (£)</b>	<b>Fee as a Percentage</b>	<b>Fee as a Percentage</b>
£0 - £500,000	15%	13%
£500,000 - £2,000,000	13%	11%
£2,000,001 and above	11%	9%

8.2. For all except Category D & Open Prisons, for sums between £500,000 and £2,000,000 the minimum fee will be £75,000 and for sums in excess of £2,000,000 the minimum fee will be £260,000.

8.3. For Category D & Open Prisons, for sums between £500,000 and £2,000,000 the minimum fee will be £65,000 and for sums in excess of £2,000,000 the minimum fee will be £220,000.

## 9. Obsolescence Allowances

9.1. Obsolescence allowances shall be made for individual buildings within the lands and heritages. Allowances will be made as appropriate in accordance with Basic Principles Committee Practice Note 2.

9.2. In most cases these levels of allowance should adequately reflect the physical and functional obsolescence associated with the age and construction of buildings.

9.3. However, where a building has been subject to some significant refurbishment, consideration should be given to adopting an allowance between the date of construction and the date of refurbishment.

9.4. An allowance in excess of the age related scale might also be considered, in appropriate circumstances. Examples could include greater physical obsolescence due to accumulated lack of maintenance, greater functional obsolescence of buildings constructed for a specific purpose or function and disadvantages associated with buildings, which were constructed to standards significantly inferior to their modern counterparts (assuming these have not been specifically reflected elsewhere - see following paragraph)

9.5. For system-built structures the allowance given may be increased by a further 10% where the block was built before 1975 and by a further 7.5% where the block was built between 1975 and 1985.

9.6. Any buildings, which are either physically redundant or are surplus to operational requirements and which have been fully vacated with no intention to reoccupy, will attract a nil value.

## 10. Multi-Floor Allowances

10.1. The following deductions should be made from the ARCs of individual blocks on the assumption that lift provision is adequate.

Number of Floors	% Deduction
Buildings with 4 main floors or less	0%
Buildings with 5-7 main floors	7.5% overall
Buildings with 8 or more floors	7.5% on overall basis up to 7th floor then 12.5% on 8 <sup>th</sup> floor and above.

10.2. Where the allowance is made on an overall basis, the percentage deduction will be made in respect of all floors of the building. In these circumstances, the allowance should be applied to an area not exceeding the footprint of the floor(s) above 4<sup>th</sup> floor level.

10.3. Where the building is constructed on a sloping site with multiple levels it will not qualify for the above allowances unless there is more than one main floor above the highest main floor with ground level access.

10.4. In exceptional circumstances where lifts are inadequate to serve the building, a further allowance may be warranted. This must be justified on the facts of particular cases.

## 11. Domestic/Non-domestic

11.1. When considering whether accommodation within a prison is to be treated as domestic or non-domestic reference should be made to Section 72(2) of the Local Government Finance Act, 1992 and The Council Tax (Dwellings) (Scotland) Regulations 1997 (S.I. 1997 No.673).

11.2. Prison Farms should not be excluded from the valuation of the prison (See Armour, Valuation for Rating, 7.44 at page 198).

## 12. Developed Land Value

- 12.1. In the absence of suitable local evidence, the following table of rates may be used for guidance. It is anticipated that subjects covered by this Practice Note will attract similar levels of developed land value as other subjects in the locality, valued on the Contractor's basis.

	<b>Urban</b>	<b>Edge of Town/City</b>	<b>Rural</b>
<b>Cities/Larger Towns</b>	£50	£25	
<b>Other Towns</b>	£30	£15	
<b>Non-Urban, Central Belt</b>		£15	£10
<b>Non-Urban, elsewhere</b>		£12	£8
<b>Remote Highland/Islands Locations</b>			£5

## 13. Undeveloped (Amenity) Land Value

- 13.1. This will largely consist of amenity land. It will not include areas in excess of that required for amenity use or areas used as car parks and roadways.
- 13.2. The value of undeveloped land should be found using a price per hectare derived from evidence of transactions in other amenity or sports field land. In the absence of local evidence, it is recommended that a range of values between £5,000 and £20,000 per hectare be adopted.

## 14. Decapitalisation Rate

- 14.1. The appropriate statutory decapitalisation rate should be applied.

## 15. End Adjustment

- 15.1. Any advantages, or disadvantages, which might affect the occupation of the lands and heritages, as a whole, should be reflected at this stage.