



## **PUBLIC BUILDINGS COMMITTEE**

### **Practice Note 21**

## **REVALUATION 2005**

### **Valuation Of Clinics And Health Centres**

#### **1.0 INTRODUCTION**

This practice note is intended to provide guidance on the valuation of Clinics, Health Centres and Surgeries etc which are occupied by local Health Boards/Trusts, Medical Practices and the like. There is a wide range of subject types and sizes covered by this practice note ranging from the large multi-functional Health Centres to be found in cities, towns and rural areas to Medical Centres and Surgeries operated by General Practice groups which can be located in virtually any building type or location.

Generally, there is little to distinguish between Health Centres and Surgeries, save for the fact that in any given location Health Centres may be relatively larger than Surgeries and will contain additional accommodation supporting activities such as dentistry, chiropody, speech therapy, physiotherapy, etc.

#### **2.0 BASIS OF VALUATION**

##### **2.1 Comparative Approach**

In situations where rental evidence exists for clinics, surgeries or health centres it will be appropriate to value such subjects by reference to the prevailing rents. Such rental transactions may indicate a level of value commensurate with local evidence for offices but conversely may set their own level of being higher or lower than the local office market.

Caution should therefore be exercised in blindly applying local office rates/m<sup>2</sup> for this class of subject.

Measurement will be on the basis of Net Internal Area.

##### **2.2 Contractor's Basis**

The following types of Health Centres/Clinics/Surgeries would normally be expected to be valued on the Contractor's Basis. It is unlikely that suitable rental evidence will exist for the following types of property and therefore the Contractor's Basis may be used.

- (a) Purpose built (or purpose adapted) specialist units e.g. Dialysis Units or Diagnostic Centres.
- (b) Large purpose built Health Centres exclusively or almost exclusively occupied by a trust/health authority.
- (c) Health Centres converted from other specialist buildings e.g. hospitals or schools.
- (d) Health Centres located adjacent to and operated in tandem with Hospitals (general/cottage).
- (e) Purpose built Health Centres in rural areas serving several small communities.
- (f) Purpose built Health Centres located in housing estates

### **3.0 ELEMENTS OF SURVEY/VALUATION - CONTRACTOR'S BASIS**

Where the Contractor's Basis of Valuation is considered appropriate for this class of subject, the following considerations should be observed:-

#### **3.1 Survey and Measurement**

Building areas should be calculated on a gross external basis for each floor. Attic floor accommodation should be calculated on a gross internal basis excluding any area under 1.5 metres in height.

Total site area and areas of car parks, roadways and soft landscaping should also be determined.

Where walls are formed in stone and are over 450 mm thick the following allowances should apply to the individual buildings concerned (with reasonable interpolation at the margins);

Block area	up to 100 m <sup>2</sup>	-12%
	101-200 m <sup>2</sup>	-9%
	over 200 m <sup>2</sup>	-6%

#### **3.2 Building Costs**

The available cost evidence in respect of Surgeries, Clinics and Health Centres was analysed in terms of Basic Principles Committee Practice Note 2.

### 3.3 **Valuation**

Buildings should be valued in accordance with Basic Principles Committee Practice Note 2 Contractor's Basis Valuations. The recommended unit cost rate based on the cost analysis is noted below. The recommended rate excludes professional fees and external works.

In the absence of actual costs, external site works should be valued in accordance with Public Buildings Committee Practice Note 4 External Works Costs, Allowances and Land Values.

Adjustments in respect of contract size and additions for professional fees should be made in accordance with the recommendations contained in Basic Principles Committee Practice Note 2.

The estimated replacement cost and the adjusted replacement cost should be derived as indicated in Sections 4 below.

## 4.0 **ESTIMATED REPLACEMENT COST**

### 4.1 **Unit Cost Rates**

A unit cost rate per square metre of £750 should be applied to adjusted gross external areas to arrive at the estimated replacement cost.

### 4.2 **Adjustment of Gross Areas**

In the case of multi-storey buildings, the following general allowances should be made to the whole of the individual building.

3 storeys	5%
4 storeys	10%
5 storeys	15%

### 4.3 **Outbuildings**

Garages and other substantial outbuildings may also be added at appropriate rates. Care should be taken to ensure that values attributed to old buildings, which may be of little use or even redundant, are reasonable.

#### 4.4 **Plant and Machinery**

The building specification will include heating and lighting provision. Any additional plant found in these subjects should be dealt with in terms of the Valuation for Rating (Plant & Machinery) (Scotland) Regulations 2000.

#### 4.5 **External Works**

External works should be valued in accordance with Public Buildings Committee Practice Note 4.

#### 4.6 **Fees and Contract Size**

Additions for fees and adjustments for contract size should be made to the total estimated replacement cost derived from steps 4.1 to 4.5 in accordance with Basic Principles Practice Note 2 and Public Buildings Committee Practice Note 4.

### 5.0 **ADJUSTED REPLACEMENT COST**

#### 5.1 **Age and Obsolescence**

Age and obsolescence allowances should be applied to the ERC derived above in accordance with the table in Basic Principles Committee Practice Note 2 and Public Buildings Committee Practice Note 4.

Furthermore the presence of flat roof construction in this class of subject may result in greater repairing obligations. Where older forms of this type of construction exist it may be appropriate to apply a further allowance of 5% to the affected parts.

#### 5.2 **Buildings without Lifts**

Buildings without lifts should be granted an additional allowance for functional obsolescence as indicated below:-

2 storeys                      5%

3 storeys                      10%

#### 5.3 **Functional Obsolescence**

While disabilities which are inherent in the design of older Clinics or Health Centres are covered by the scheme of age/obsolescence allowances, individual subjects may suffer from particular disabilities, and where this is the case, further allowances may be granted as deemed appropriate. As attic floors are to be measured internally, there is effectively an in-built allowance for such accommodation.

### 6.0 **LAND**

Land values should be determined by reference to local evidence.

## **7.0 DECAPITALISATION RATE**

The appropriate statutory decapitalisation percentage should be applied.

## **8.0 END ALLOWANCE**

The Valuer may, at this stage, consider any factor which affects the subjects as a whole and which have not been accounted for at other stages.