



Scottish Assessors Association

INDUSTRIAL COMMITTEE

Practice Note 6

REVALUATION 2005

Valuation of Landfill Sites

1.0 INTRODUCTION

This practice note makes recommendations for the valuation of Landfill Sites and associated works used for the disposal of waste materials

2.0 BASIS OF VALUATION

For the 2005 Revaluation it is recommended that Landfill Sites are valued on the Comparative Principle at a rate per tonne of waste deposited in the site. The recommended rate per tonne of waste in this practice note has been derived from an analysis of rental information. An addition should be made for associated works which may include sitelining, roads, litter fencing, concrete areas, effluent treatment plant, landfill gas extraction infrastructure and electricity generating plant. Where extensive areas are used for processing waste other than the waste which is to be deposited in the site consideration should be given to an addition for the site value of these areas.

3.0 INDUSTRY BACKGROUND

The Waste Disposal Industry is presently going through major changes brought about by the legislative requirements of the Scottish Environmental Protection Agency (SEPA), Landfill Tax, and The Landfill Directive from the European Commission. Targets introduced by The Landfill Directive include:-

- a) Ban the landfill of liquid waste and certain hazardous wastes by 2001
- b) Ban the landfill of whole tyres by 2003 and shredded tyres by 2006
- c) Ban the landfill of hazardous and non-hazardous wastes together from July 2004
- d) Reduce the amount of biodegradable municipal waste sent to landfill to 75%, 50%, and 35% of the 1995 level by 2010, 2013 and 2020 respectively.

Under targets outlined in the National Waste Plan, Scotland must reach 25% recycling by 2006.

The pressures to comply with increasing legislation have resulted in the closure of many small landfill sites where compliance would be economically unviable. The industry is now consolidating around large landfill sites operated by national companies and councils. These operators are in a better position to invest in the pollution control measures and recycling facilities that are required to meet the legislative requirements. Operators are using various approaches to meet the landfill targets including recycling, which requires the formation of sorting facilities, and energy from waste projects such as generators powered by burning waste to produce electricity. An important new development is the extraction of Landfill Gas from sites to power electricity-producing generators.

Generally, leased landfill sites are operating on historic leases which have yet to reflect the changes to the industry.

4.0 VALUATION

The elements to be considered for inclusion in the valuation of a Landfill Site are:-

- 1) The amount of waste deposited in the site, which influences the site value.
- 2) Structures in the nature of buildings used as offices, workshops, stores or process buildings.
- 3) Site infrastructure which includes concrete surfaced areas, bunds and walls used for recycling or processing, roads, fencing (both perimeter and litter fencing), drainage works, effluent treatment plant and site linings.
- 4) Landfill Gas collection infrastructure.
- 5) Electricity Generating Plant
- 6) Plant and Machinery

The Return of Information form should assist in identifying the above valuation items, although survey details may require to be checked to ensure no elements are being missed.

4.1 RATE PER TONNE OF WASTE DEPOSITED IN SITE

Landfill sites should be valued on the basis of local evidence.

In the absence of local evidence the following rates are recommended as a guide.

Category of Waste	Rate per tonne
Active Waste	£0.70
Inactive/Inert Waste	£0.40
Waste exempt from landfill tax	£0.20
Special Waste	Local Evidence

The appropriate rate per tonne for the class of waste should be applied to the tonnage deposited in the site for the year 2002-2003 or the sustainable annual tonnage for the quinquennium.

The above rates assume the site is easily accessible and close to a reasonable level of demand. The rates should be adjusted for superior or inferior locations. The rates should be suitably interpolated for sites taking mixed waste and where a breakdown of tonnages is not available.

Small rural and Island sites can be considered for valuation at a lump sum figure between £100 and £1000 reflecting local hierarchy if the tonnage approach does not give a realistic answer in the light of local evidence.

Special Waste can be particularly expensive to dispose of and sites that are licensed to handle clinical or asbestos waste are in a position to charge premium rates. Enquiry should be made with the site operator to determine actual charges for Special Wastes and their relationship to charges for other waste.

4.2 BUILDINGS

Buildings on Landfill sites should be valued on the comparative basis on rates derived from local evidence or on the Contractors Basis with reference to the SAA/VOA Rating Cost Guide and Basic Principles Committee Practice Note 2.

4.3 SITE INFRASTRUCTURE

Elements in the nature of site infrastructure should be valued on the Contractors Basis.

4.4 LANDFILL GAS COLLECTION INFRASTRUCTURE

Where Landfill Gas is collected on the site, it should be valued at a rate per therm of gas collected for the year 2002-2003 or the likely sustainable volume.

Landfill gas is not considered to be a mineral and, therefore, mineral derating does not apply.

4.5 ELECTRICITY GENERATION PLANT

The SAA Utilities Committee will give guidance on the valuation of Electricity Generation Plants found on the site.

4.6 PLANT AND MACHINERY

Plant and Machinery, on Landfill sites, rateable in terms of the Valuation for Rating (Plant and Machinery)(Scotland) Regulations 2000 should be valued with reference to the SAA/VOA Rating Cost Guide.