



Revaluation 2010

Industrial Committee

Practice Note 8

Valuation of Whisky Distilleries & Related Subjects

1.0 Introduction

- 1.1 The buildings within these subjects may fall into one of the following categories: -
- (a) Distillery Buildings – i.e. all buildings except (b) and (c).
 - (b) Ancillary buildings – offices, toilets, visitor centres
 - (c) Spirit Storage Buildings

2.0 Basis of Valuation

- 2.1 The Contractor's Basis of valuation is recommended other than for subjects which by reason of their size, character and/or situation are suitable for valuation by the Comparative Principle. The Contractor's Basis is provided in SAA Basic Principles Committee PN 2 (Contractor's Basis Valuations), which should be referred to.

3.0 Model Valuation Format

- 3.1 There is no ideal valuation format or layout, but one which follows the five classic stages of a Contractors' valuation, caters for necessary adjustments within the stages as described in the stage by stage procedure at Section 3.0 of SAA Basic Principles Committee PN 2 (Contractor's Basis Valuations).

4.0 Notional Contract Cost – Estimated Replacement Cost – Stage 1

4.1 Recommended Cost Rates.

4.1.1 Distillery Buildings

This category includes **all** buildings at the subject **except** Spirit Storage Buildings, off site maltings, offices, shops, visitor centres, separate toilet blocks and any other buildings the valuer considers best valued by the use of another rate.

4.1.1.1 Definition of a Typical Distillery Building

A “**shell**” building of one storey under a single roof comprising, floor, perimeter walls and roof with no internal walls, upper floors, gallery floors, staircases, internal offices or parts with varying finishes. The basic floor is concrete (reinforced and waterproofed) with a granolithic finish. The walls are medium weight steel portal frame, clad with insulated profile metal sheeting, glazed as appropriate. The roof is mild steel trusses covered with insulated profile metal sheeting, glazed as appropriate. The building has electric light, no heating or mechanical ventilation.

4.1.1.2 Cost Rate

The basic cost rate for a Distillery Building as specified in **4.1.1.1** can be found at Schedule 1. Rates are to be applied to Gross External Area (GEA).

The rates have been obtained from information contained within the Cost Guide and have been adjusted as appropriate for gross external area, the Scottish Factor and specification. Rates have also been obtained from Spons Architects and Builders Price Book.

NB The rates are exclusive of: -

- (ii) Internal items. (**see 4.1.2**)
- (iii) All external site works. (**see 4.1.5**)
- (iv) Adjustment for notional contract size. (**see 4.2.1**)
- (v) Professional fees and other charges. (**see 4.2.2**)

4.1.1.3 Approach for Buildings of Varying Construction

Equivalents: - Where construction varies from 4.1.1.1 above in so far as the wall construction is of stone, block or brickwork, cavity or otherwise, it is recognised that in reference to the cost guide that construction costs are higher. However this is offset by functional obsolescence. No adjustments for these forms of construction are required. Deductions for poorer constructions are listed below.

The construction of a basic distillery building is defined in paragraph **4.1.1.1**. and is expanded upon in the paragraph above It is considered that the basic building will cover the majority of distillery buildings but the basic cost may have to be adjusted to allow for varying construction to the typical building.

Deductions: -

for concrete floor instead of concrete and granolithic floor		-£15.50
for earth or ash floor instead of concrete and granolithic floor		-£38
for external flush pointing instead of roughcast to brick or block walling. (not applicable to facing brick or stone pointed)		-5.5%
for internal flush pointing instead of cement plaster to brick, block or stone walling.		-3.25%
for external and internal flush pointing instead of roughcast and cement plaster to brick or block walling.		-8.75%
profile fibrous cement clad	Walls	No adj.
	Roof	No adj.
profile asbestos clad	Walls	-5%
	Roof	-3%
corrugated iron clad	Walls	-5%
	Roof	-3%
no insulation	Walls	-8.5%
	Roof	-5.5%
walls over 450mm thick		
building area	up to 100m ²	-12%
	101 to 200m ²	-9%
	over 200m ²	-6%
One wall open		-15%
Two walls open		-30%
Three walls open		-45%
Buildings with no services		-4%

4.1.2 Internal Items – Distillery Buildings

The typical distillery building, as specified in 4.1.1.1, is merely a shell building under one roof comprising floor, walls and roof. Where there are internal items such as upper floors, internal walls, staircases, internal offices, parts of varying finishes etc. it will be necessary to measure and cost such items separately.

Unit costs for these items will be found in Schedule 2. These costs have been obtained from the Cost Guide and Spons and reflect the specifications normally found at distilleries. Accordingly, the recommended rates may not be appropriate for apparently similar items found in other industrial subjects.

4.1.3 Ancillary Buildings

Where the scale of ancillary buildings is greater than would be expected in a whisky related subject of the size being valued, consideration should be given, where appropriate, to increasing the rates recommended below.

4.1.3.1 The following costs are recommended for buildings other than distillery buildings and spirit storage buildings.

Offices	Corporate	£1007
	Typical (under 100m ²)	£ 634
	Typical (over 100m ²)	£ 629
	Portacabin or equivalent	£ 495
Visitor Centres	Superior	£2083
	Average	£1308
	Basic	£ 804
Toilet Blocks	All	£ 1269

These rates have been obtained from information from the Cost Guide.

4.1.3.2 The following descriptions may offer guidance as to what the above rates represent.

OFFICES

Corporate Offices

Building Construction:

Foundations: Reinforced concrete strip foundations with concrete ground slab.

Frame: Steel- when applicable Upper Floors: Concrete slab/pre cast concrete block and beam with screed topping.

Roof: Flat concrete with asphalt. For pitched roof with steel/timber trusses, plain tile covering, pvcu rainwater disposal.

External Walls: Facing brick outer leaf, insulated cavity, block inner leaf cavity wall - good quality offices.

For high quality offices there will be an increase in quality of materials used, usually with some special design feature and larger areas of glazing.

Windows and Doors: Aluminum or similar double-glazed.

Internal Walls: Brick/block walls, plasterboard metal stud walls.

Internal Finishes: Emulsion paint to plastered walls and ceilings, ceramic tiling to toilet area walls, vinyl flooring to wet areas.

Building Services: Full gas central heating to steel panel radiators, mechanical ventilation to toilets, general lighting and power, good quality sanitary appliances.

Typical Offices

Building Construction:

Foundations: Reinforced concrete strip foundations with concrete ground slab.

Frame: Steel- when applicable.

Upper Floors: Concrete slab/pre cast concrete block and beam with screed topping.

Roof: Flat concrete with asphalt. For pitched roof with steel/timber trusses, plain tile covering, pvcu rainwater disposal.

External Walls: Facing brick outer leaf, insulated cavity, block inner leaf cavity wall.

Windows and Doors: Timber or pvcu windows, double glazed, S/w doors.

Internal Walls: Brick/block, plastered and painted.

Internal Finishes: Emulsion paint to plastered walls and ceilings, ceramic tiling to toilet area walls, vinyl flooring to wet areas.

Building Services: Gas or oil boiler central heating to steel panel radiators, general lighting and power, hot and cold water supplies, reasonable quality sanitary appliances, with local ventilation to toilets. Lifts not included. Air handling not provided to office areas.

Portacabin Offices or Equivalent

Rudimentary building, single brick or timber walls, roof of inferior cladding, no heating, basic or no toilets. This rate does not apply to modern modular offices.

VISITOR CENTRES (public and or corporate uses)

Superior Visitor Centres

Purpose built or extensively refurbished quality building benefiting from extensive toilet facilities, audiovisual theatre, shop, restaurant/cafeteria and possibly separate VIP visitor facilities.

Construction may vary depending on whether building refurbished or purpose built.

Typically may have outstanding design features with high quality materials being used throughout the structure.

Average Visitor Centres

As above but of more modest finish/size/facilities.

Basic Visitor Centres

As above but smaller with minimal visitor services, often converted from house.

TOILET BLOCKS

Structurally similar to offices, but rate reflects increased services to structure, provision of sanitary appliances and wet area finishes.

Note, small toilet blocks of rudimentary standards would still attract basic toilet rate on grounds of services and inverse quantum.

4.1.3.3 Cost Rates

The cost rates for Ancillary Buildings as specified in **4.1.3.1** are per square metre of G.E.A.

- NB** These rates are exclusive of
- (i) all external site works (**see 4.1.5**)
 - (ii) adjustment for notional contract size (**see 4.2.1**)
 - (iii) professional fees and other charges (**see 4.2.2**)

4.1.4 Spirit Storage Buildings

4.1.4.1 Spirit Storage Buildings vary widely in construction. From 4m wallhead to 12m wallhead, from single skin sheeted construction to good quality cavity brick and from earth floors to concrete floors. Costs of recently constructed Spirit Storage Buildings of different height and finish, though mainly sheeted construction, were examined and the following tables of basic cost rates (**see 4.1.4.2**) are recommended.

NB Rates recommended are for spirit storage buildings or warehouses which are unum quid with distilleries or form separate "bond" complexes which, by reason of their size, character and/or situation, are unsuitable subjects for valuation by the Comparative Principle. They are recommended on the basis of the undernoted qualifications.

- (i) Gross External Area Cost Rates inclusive of lighting.
- (ii) Construction: Although spirit storage building construction has historically varied, of the 18 costs of such subjects available for analysis for the 2010 Revaluation, 14 had single skin, profile metal clad, walls. It is therefore clear that the current industry standard spirit storage building is constructed using a steel frame clad with single skin profile metal sheeting and with an uninsulated profile metal clad roof. The floor will be of reinforced concrete or where it is a racked spirit storage building, may be ash etc. with extensive concrete passages.

Equivalents: - Where construction varies from **4.1.4.1** (ii) above in so far as the wall construction is of stone, block or brickwork, cavity or otherwise, it is recognised that in reference to the cost guide that construction costs are higher. However this is offset by functional obsolescence. No adjustments for these forms of construction are required. Adjustments for alternative constructions are listed below.

4.1.4.2 Spirit Storage Buildings Basic Cost Rate Table

Current Standard - steel framed single skin profile metal wall cladding and an uninsulated profile metal roof cladding. The floor will be of reinforced concrete or where racked spirit storage building, may be ash etc. with extensive concrete passages.

(Interpolate for intervening wallhead heights).

Height m	2.0	2.5	3.0	3.5	4.0	4.5	5.0	5.5	6.0	6.5
Rate £	230	231	232	233	234	237	239	247	250	251

7.0	7.5	8.0	8.5	9.0	9.5	10.0	10.5	11.0	11.5	12.0
254	257	272	275	278	280	283	287	290	290	291

The above rates have been obtained from the analysis of actual costs and supported by reference to the Cost Guide.

Adjustments

for earth or ash floor instead of concrete		-£22.50
for earth or ash floor with concrete passages instead of full concrete		-£17.50
profile fibrous cement clad	Walls Roof	No adj. No adj.
profile asbestos clad	Walls Roof	-5% -3%
corrugated iron clad	Walls Roof	-5% -3%
for insulated sheeting (either composite or otherwise)	Walls Roof	+8.5% +5.5%
walls over 450mm thick		
building area	up to 100m ² 101 to 200m ² over 200m ²	-12% -9% -6%
sprinklers	high risk medium risk	£16.67 £12.50

Cost Rates

4.1.4.3 The basic cost rates for Spirit Storage Buildings, as specified in **4.1.4.3** are per square metre of G.E.A.

- NB These rates are exclusive of
- (i) all external site works (**see 4.1.5**)
 - (ii) adjustment for notional contract size (**see 4.2.1**)
 - (iii) professional fees and other charges (**see 4.2.2**)

Multi Storey Spirit Storage Buildings

4.1.4.4 The modern equivalent spirit storage building is as specified above with a wallhead height of about 8 metres. It is assumed that a landlord, providing space, would construct these units. Therefore, where a multi spirit storage building exists, the following methodology is proposed.

- (i) For total wallhead height (including intermediate floors) up to 8 metres.
Solum area x rate from basic cost rate table for total wallhead height.
- (ii) For total wallhead height (including intermediate floors) greater than 8 metres but less than 16 metres. {Greater than 16 metres but less than 24 metres}.
Divide total wallhead by two {three} to give an "equivalent wallhead height".
Total solum area x two {three} x rate from basic cost rate table for "equivalent wallhead height".

Allowance to reflect functional obsolescence caused by handling/lifting requirements relative to modern equivalent, **minus 20%**. The allowance of 20% now covers the entire structure whereas in the past it was only given to any upper floors.

Note: The modern equivalent assumes a full concrete ground floor. If ground floor varies from this specification allow as per **4.1.4.2**. The construction of intermediate floors is allowed for in the 20% given above.

Site Works

4.1.5 The cost of site preparation and external works requires to be added into valuation as a separate item. Details of unit costs etc. to value these elements may be found in SAA Public Buildings Committee PN 4 (Valuation of Contractor's Basis Subjects, - Areas Adjustment, External Works Costs, Allowances and Land). If insufficient detail is found in this Report reference may be made to the VOA Cost Guide. Costs from the Cost Guide will require to be modified for the Scottish Regional Factor.

For fire ring mains the following recommendations are made.

Fire mains feeding Sprinkler Systems Add 2%

Fire mains feeding Hydrants only Add 1%

Fire mains feeding part Sprinkler part Hydrants add 1.5%

Plant & Machinery

4.1.6 Items of plant and machinery considered rateable after having regard to the provisions of The Valuation for Rating (Plant and Machinery)

(Scotland) Regulations 2000, as amended by The Valuation for Rating (Plant and Machinery) (Scotland) Amendment Regulations 2001, require to be added into valuation.

Effluent Disposal

- 4.1.7 It is normal for distillery occupiers to be required by public bodies, e.g. River Purification Boards, to provide effluent disposal installations. Such installations, where they exist, should be included in valuation subject to the terms of The Valuation for Rating (Plant and Machinery) (Scotland) Regulations 2000 as amended by The Valuation for Rating (Plant and Machinery) (Scotland) Amendment Regulations 2001.

It has become common practice among “group” distillers to tanker or pipe away effluent to a central disposal point. In this instance, at distilleries where on site plant is not functioning and is unlikely to recommence, redundancy may be appropriate. Where pipelines are provided between distilleries or to disposal works, separate entries for these on the Valuation Roll should be considered.

Water Supply

- 4.1.8 The composite costs recommended include for dams, pipes, pumps and holding tanks where applicable but exclude water-cooling towers. **(see 4.1.6 plant and machinery).**

In the past, additions have been made to the NCC of distilleries to represent the above infrastructure based on production of alcohol. It is therefore proposed that the previous production based scheme be maintained with the following additional provisos.

- (i) Where sufficient information is available the details should be costed and valued by first principles.
- (ii) Where the water supply is wholly public, no addition will be made.

Production (per annum)	NCC
Under 1 million litres pure alcohol	£120,000
1 million to 2.5 million litres	£210,000
2.5 million to 4 million litres	£280,000
4 million to 8 million litres	£390,000
In excess of 8 million litres	At valuer's discretion

Conversion

Proof gallons to litres of pure alcohol: 1 : 2.595

Note: Where bottling of spirits takes place on site, additions to the above may be required. Calculate on the maximum production figures. Where there is a By-product Plant at a Distillery, add a further sum up to a maximum of 10%.

Where the natural water supply to a Distillery is grossly inadequate for

present day production necessitating the use of several Water Cooling Towers, special consideration **may** be given to restrict the value of the water supply normally applicable.

4.2 **Adjustments to Notional Contract Cost (NCC) to Obtain Estimated Replacement Cost (ERC)**

4.2.1 **Contract Size Adjustment (CSA)**

Having arrived at an initial notional contract cost, the table of adjustments should be used to reflect the effect of the hypothetical overall contract size.

NCC £	% adjustment
up to 500,000	+ 10% max
590,000	+9%
675,000	+8%
750,000	+7%
825,000	+6.5%
1,000,000	+6%
1,125,000	+5.5%
1,250,000	+5%
1,375,000	+4.5%
1,500,000	+4%
1,625,000	+3.5%
1,750,000	+3%
1,825,000	+2.5%
2,000,000	+2%
2,250,000	+1.5%
2,500,000	+1%
2,750,000	+0.5%
3,000,000	0
3,500,000	-0.5%
4,000,000	-1%
4,500,000	-1.5%
5,000,000	-2%
5,500,000	-2.5%
6,000,000	-3%
6,500,000	-3.5%
7,000,000	-4%
7,500,000	-4.5%
8,000,000	-5%
8,750,000	-5.5%
9,500,000	-6%
10,250,000	-6.5%
11,000,000	-7%
12,500,000	-7.5%
14,000,000	-8%
15,500,000	-8.5%
17,000,000	-9%
18,500,000	-9.5%
20,000,000	-10%

The preceding table is an interpolation of the Contract size adjustment table in SAA Basic Principles Committee PN 2 (Contractor's Basis Valuations).

In the valuation process, these adjustments, determined in relation to Notional Contract Cost (NCC), should be applied to NCC prior to any addition for Fees to produce ERC.

4.2.2 Professional Fees

4.2.2.1 Percentage additions as set out below should be added to the notional contract cost, after adjustment for contract size where appropriate. The following table is an interpolation of the fees table in S.A.A. Basic Principles Committee PN 2 (Contractor's Basis Valuations).

Notional Contract Cost after CSA		Additions for Professional Fees/Charges	
From £0	To £500,000	13.00%	
From £500,001	To £590,900		£65,000
From £590,901	To £2,000,000	11.00%	
From £2,000,001	To £2,444,450		£220,000
From £2,444,451	To £6,000,000	9.00%	
From £6,000,001	To £6,352,000		£540,000
From £6,352,501	To £12,000,000	8.50%	
From £12,000,001	To £12,750,000		£1,020,000
From £12,750,001	To £20,000,000	8.00%	
From £20,000,001	To £21,330,000		£1,600,000
Over £21,330,000		7.50%	

4.2.2.2 Some large 'whisky' lands and heritages which contain structures of a relatively simple form of repetitive nature may attract professional fees at a lower level. From analysis of actual costs of spirit storage buildings, it is clear that lower levels of fees are charged in relation to the relatively unsophisticated and repetitive nature of the construction of such buildings. Accordingly, it is appropriate to apply different additions for fees, **dependent** on the mix of buildings in the subject under consideration. The following recommendation should be used, after careful consideration: -

- (i) For subjects where Notional Contract Cost after CSA is wholly in respect of Distillery and Ancillary Buildings, the scale at **4.2.2.1** should apply.
- (ii) For subjects where Notional Contract Cost after CSA is predominantly in respect of Distillery and Ancillary Buildings, the scale at **4.2.2.1** less **1.25%** should apply.

- (iii) For subjects where Notional Contract Cost after CSA is predominantly in respect of Spirit Storage Buildings, the scale at 4.2.2.1 less 2.5% should apply.

4.3 Estimated Replacement Cost

At this stage of the classic Contractor's Principle Valuation the summation of all the costs of individual buildings, site finishes, plant and machinery, effluent disposal and water adjusted to reflect contract size and including professional fees leads to the **Estimated Replacement Cost** which finalises Stage 1 of the Contractor's Principle Model Valuation Format.

5.0 Estimated Replacement Cost - Adjusted Replacement Cost – Stage 2

5.1.1 Age & Condition

2010	-0.0 %	1996	-9.0 %	1982	-23 %	1968	-37 %
2009	-0.5 %	1995	-10 %	1981	-24 %	1967	-38 %
2008	-1.0 %	1994	-11 %	1980	-25 %	1966	-39 %
2007	-1.5 %	1993	-12 %	1979	-26 %	1965	-40 %
2006	-2.0 %	1992	-13 %	1978	-27 %	1964	-41 %
2005	-2.5 %	1991	-14 %	1977	-28 %	1963	-42 %
2004	-3.0 %	1990	-15 %	1976	-29 %	1962	-43 %
2003	-3.5 %	1989	-16 %	1975	-30 %	1961	-44 %
2002	-4.0 %	1988	-17 %	1974	-31 %	1960	-45 %
2001	-4.5 %	1987	-18 %	1973	-32 %	1959	-46 %
2000	-5.0 %	1986	-19 %	1972	-33 %	1958	-47 %
1999	-6.0 %	1985	-20 %	1971	-34 %	1957	-48 %
1998	-7.0 %	1984	-21 %	1970	-35 %	1956	-49 %
1997	-8.0 %	1983	-22 %	1969	-36 %	Pre 1955	-50 %

The above table of recommended percentage allowances is derived from Table A of SAA Public Buildings Committee PN 4 (Valuation of Contractor's Basis Subjects, Areas Adjustment, External Works' Costs, Allowances and Land). These allowances are recommended but should not be slavishly applied. They are provided as an indication of the deductions that may be due. Special care should be taken with refurbished buildings. The **Bar** is not absolute as there will be examples of very old spirit storage buildings that have seen no improvement since they were originally built. Care however should still be exercised since many such buildings may also attract additional allowances (see Sections 5.2.2.1 and 5.2.2.2).

5.1.2 Recladding

Modification of actual age to notional age as a result of recladding of all, or part, of a building.

The following table of adjustments should be used where all, or some, of the fabric of the building has been reclad. This recladding may be to the roof, walls or both roof and walls. The purpose of the table is to standardise the adjustments made to the actual age of the property, to reflect the increase in

value of the building resulting from the replacement of older cladding, in a condition commensurate with its age, with new cladding which will obviously be in pristine condition. Care should be exercised when revaluing the reclad building to ensure that any improvement in the standard of cladding employed, or for that matter, any reduction in the standard of that cladding, is reflected in the constructional adjustments for that building.

Where a building is over clad, that is where the original cladding is covered over by a new outer, or possibly inner, surface the following table of adjustments may not necessarily reflect the difference in value of the building resultant from the over cladding. In these cases consideration should be given to whether an intermediate adjustment to the notional age of the building would be more appropriate to reflect the actual circumstances of the building.

The table of adjustments shown below would be appropriately used for any structure found at a whisky related site.

Age	Table A Allowance	Notional Date for Roof & Walls	Notional Date for Roof Only	Notional Date for Walls Only
1940	-50.00%	1971	1964	1961
1946	-50.00%	1971	1964	1961
1947	-50.00%	1971	1964	1961
1948	-50.00%	1971	1964	1961
1949	-50.00%	1971	1964	1961
1950	-50.00%	1971	1964	1961
1951	-50.00%	1971	1964	1961
1952	-50.00%	1971	1964	1961
1953	-50.00%	1971	1964	1961
1954	-50.00%	1971	1964	1961
1955	-50.00%	1971	1964	1961
1956	-49.00%	1972	1965	1962
1957	-48.00%	1973	1966	1963
1958	-47.00%	1973	1967	1964
1959	-46.00%	1974	1968	1965
1960	-45.00%	1975	1968	1966
1961	-44.00%	1975	1969	1966
1962	-43.00%	1976	1970	1967
1963	-42.00%	1977	1971	1968
1964	-41.00%	1977	1972	1969
1965	-40.00%	1978	1973	1970
1966	-39.00%	1979	1973	1971
1967	-38.00%	1979	1974	1972
1968	-37.00%	1980	1975	1972
1969	-36.00%	1981	1976	1973
1970	-35.00%	1981	1977	1974
1971	-34.00%	1982	1977	1975
1972	-33.00%	1983	1978	1976
1973	-32.00%	1983	1979	1977
1974	-31.00%	1984	1980	1978

Age	Table A Allowance	Notional Date for Roof & Walls	Notional Date for Roof Only	Notional Date for Walls Only
1975	-30.00%	1984	1981	1979
1976	-29.00%	1985	1981	1979
1977	-28.00%	1986	1982	1980
1978	-27.00%	1986	1983	1981
1979	-26.00%	1987	1984	1982
1980	-25.00%	1988	1984	1983
1981	-24.00%	1988	1985	1984
1982	-23.00%	1989	1986	1985
1983	-22.00%	1990	1987	1985
1984	-21.00%	1991	1988	1986
1985	-20.00%	1991	1988	1987
1986	-19.00%	1992	1989	1988
1987	-18.00%	1993	1990	1989
1988	-17.00%	1993	1991	1990
1989	-16.00%	1994	1992	1991
1990	-15.00%	1995	1992	1992
1991	-14.00%	1995	1993	1992
1992	-13.00%	1996	1994	1993
1993	-12.00%	1997	1995	1994
1994	-11.00%	1997	1996	1995
1995	-10.00%	1998	1996	1996
1996	-9.00%	1999	1997	1997
1997	-8.00%	1999	1998	1998
1998	-7.00%	2000	1999	1998
1999	-6.00%	2002	2000	1999
2000	-5.00%	2003	2002	2001
2001	-4.50%	2004	2002	2002
2002	-4.00%	2004	2003	2003
2003	-3.50%	2005	2004	2003
2004	-3.00%	2005	2005	2004
2005	-2.50%	2006	2005	2005
2006	-2.00%	It is unlikely that any building built after 2005 will be re clad during the lifetime of this practice note.		
2007	-1.50%			
2008	-1.00%			
2009	-0.50%			
2010	0.00%			

5.2 Obsolescence & Redundancy

5.2.1 Distillery Buildings

A particular distillery building can be said to be obsolete or redundant when it was designed for a particular purpose and is now unused in respect that the needs of the distillery are fully satisfied as far as alternative uses are concerned. In these cases the **estimated replacement cost** of the buildings should receive a 100% allowance when arriving at **adjusted replacement cost**. However, in the cases where alternative use is made, e.g. empty cask storage within old malt barns; it is considered that the hypothetical landlord and tenant might agree on a rent. A realistic approach should be made when converting the **estimated replacement cost** of these particular buildings to **adjusted replacement cost**. Regard should be had to the

amount of space normally allocated at a modern distillery for the particular purpose involved.

In some instances, the above could be applied to entire distilleries. Where distilleries are wholly unused, including any warehousing, and have been for some time, without any prospect of re-opening without substantial works, probably with equipment removed and/or “robbed”, 100% redundancy may be granted to the whole subject and an entry made in the valuation roll for “Premises” with a nil value. This situation will not arise at any subject where care and maintenance is carried out with a prospect to re-opening.

Examples of where modern working practices have rendered a building partly or totally obsolete that were found in the recent past are;

Cask stores and cooperages: In most cases, but by no means all, such buildings are now totally redundant for their original purposes, as cask preparation and repair are often contracted out or conducted at a central location. Where such buildings are totally unused a 100% redundancy allowance would be appropriate, where they are used for rough storage “because they are there”, a maximum of 75% redundancy should be granted and where they have been put to useful alternative use, value as per use.

Spirit stores and filling stores: Again a change in working practices has resulted in many such buildings becoming redundant. Many sites now only fill produced spirit to tankers to be transported to a central filling facility. Other sites continue to fill a proportion of their production to casks on site with the remainder being tankered. Some sites still carry out all filling on site, but may have tanker facilities in case of emergency. There are three main issues to be considered.

- i. Is the spirit store totally redundant or does it contain the spirit storage tank? If the tank is no longer present in the building, or if a new tank has been placed elsewhere on site and the old tank is redundant the building will be redundant and a 100% allowance would be appropriate if no alternative use is made.
- ii. If the tank is within the spirit store and is still in use is a redundancy allowance warranted? If the spirit store building contains no more than the tank and is not unduly large for the containment of the tank and access to said tank, no allowance is appropriate. If the building is greater in size than is necessary then there is an argument that there is a degree of redundancy present and that some allowance is due. This is a matter that should be decided on the merits of each site and should be down to the discretion of the valuer.
- iii. Is the filling store unused and unlikely to be put to alternative use? If yes then a 100% allowance will be appropriate, if not value as appropriate.

It should be noted, that where present, tanker-loading facilities should be surveyed and valued as appropriate. These are normally served by some form of Pipe Bridge and will comprise a concrete or tarred spirit containment area with spill drains and sumps, covered with gratings. An access gantry served by steel stairways and an access gangway and drop down access to the tanker roof. All these items should be costed as appropriate.

5.2.2 Spirit Storage Buildings

5.2.2.1 Unused Spirit Storage Buildings

The following advice and adjustments will mainly apply to old low wallhead or multi-storey warehouses. Given the high demand for the provision of warehousing that has been demonstrated over recent years, by way of new-build, recladding & over cladding, careful consideration should be given before any redundancy is granted to this category of building. The argument may put forward that the occupier no longer requires warehousing in that given location, but it should be borne in mind that the actions of the hypothetical occupier must be considered, not just the actions of a single operator. To this end the following practice is recommended: -

- | | | |
|-------|--|--|
| (i) | Unused.
Scheduled for demolition. (Demolition Warrants should have been granted, or are being sought, and estimates of cost of demolition be made available, with the dates of these documents being close to the claimed dates of redundancy). | 100% allowance |
| (ii) | Unused.
Not scheduled for demolition as building protected by some form of planning restriction. (Documentary evidence should be presented to support claim for redundancy). | 100% allowance |
| (iii) | Unused.
Clearly in a dangerous state or in such poor condition as to render occupation unviable. (To a large extent this can be covered by the age and condition tables, particularly where the 50% bar has been already been exceeded. However, it may be more pragmatic in these cases to merely apply 100% physical obsolescence to the areas concerned. Care should be taken to ensure that only the areas incapable of use, rather than those merely empty, receive this allowance). | 100% allowance |
| (iv) | Unused.
Has remained vacant and unused, for any purpose, for a period of at least 5 years, but is not scheduled for demolition by the occupier. | Up to 100% allowance dependant of length of period building has been unused. |
| (v) | Used for alternative use. | Value according to use |

5.2.2.2 Low Wallhead Spirit Storage Buildings

The following table provides percentage deductions to be applied to the **Estimated Replacement Cost** of old low wallhead height Spirit Storage Buildings.

This allowance is in respect of the working difficulties experienced by warehouse operators due to the much greater incidence of manual labour required to operate old low Spirit Storage Buildings, eg incidence of pillars etc.

Discretion will require to be exercised, however, in the case of recently erected, purpose built “low bonds” which may not experience the same working difficulties.

Obsolescence Deduction For Low Wallhead Spirit Storage Buildings	
2010 Revaluation	
Height m	Allowance
1.7	-60%
1.8	-55%
2.1	-50%
2.4	-47.5%
2.7	-45%
3.0	-41%
3.3	-39%
3.7	-37%
4.0	-35%
4.3	-21%
4.6	-19%
4.9	-17%
5.2	-15%
5.5	-12%
5.8	-10%
6.1	- 7%
6.4	- 5%
6.5	-2%

The allowance will be applied at the height shown. Where a Spirit Storage Building has a wall head falling between two points on the table the allowance granted would be for the **lower** height.

No allowance will be applied to any Spirit Storage Building with a wallhead above 6.5m.

5.3 Adjusted Replacement Cost

At this stage of the classic Contractor's Principle valuation the adjustment of the Estimated Replacement Cost to reflect obsolescence etc. leads to the Adjusted Replacement Cost, which finalises Stage 2 of the Contractor's Principle Model Valuation Format.

6.0 Adjusted Replacement Cost – Effective Capital Value – Stage 3

6.1 Land

- 6.1.1 Land should be costed using bona fide actual costs or in comparison with undeveloped land cost evidence in the particular area, for similarly sized sites with similar use classes at the “tone” date. Ground rents may, perhaps, be available to assist and dispose of this stage 3 action in the “classic” stages of this contractor’s basis valuation.
- 6.1.2 Consideration should be given to the appropriateness of any allowance to reflect the site being “encumbered” by obsolete buildings, structures, plant and machinery or some other factor. [the so called “Ebdon” allowance] – for background see *Imperial College of Science and Technology v. Ebdon (VO) and Westminster City Council 1984 LT RA84 page 213*. The quantum of any such allowance may be influenced by adjustments made between stages 1 and 2 of the particular valuation i.e. between notional contract cost and adjusted replacement cost. In all cases, this is a matter of valuer judgement.
- 6.1.3 The resultant figure for land is added to the ARC.

6.2 Effective Capital Value (ECV)

At this stage of the classic Contractor’s Valuation, the summation of the Adjusted Replacement Cost (ARC) and the Land leads to the Effective Capital Value (ECV), which finalises Stage 3 of the Contractor’s Principle Model Valuation Format.

7.0 Effective Capital Value – Initial Annual Value – Stage 4

7.1 Decapitalisation

The appropriate decapitalisation rate should be applied.

7.2 Initial Annual Value

At this stage of the classic Contractor’s Valuation the decapitalised Capital Value is the Initial Annual Value and completes Stage 4 of the Contractor’s Principle Model Valuation Format.

8.0 Initial Annual Value – Net Annual Value – Stage 5

8.1 Review “Stand Back and Look”

8.1.1 Site Specific Allowances

Examples of this allowance may include poor access, poor layout of buildings giving rise to interference with normal production flow etc. etc. They are essentially up to a valuer’s judgement.

Where the disability allowance applies to the whole of the unum quid, they should be applied to the otherwise final Net Annual Value. Where, however, the allowance applies to only part of the unum quid (e.g. the Distillery buildings as opposed to the spirit storage buildings) etc. it should be applied selectively at an earlier stage of valuation.

No allowance should be made for being remote or rural.

8.2 **Net Annual Value**

At this stage of the classic Contractor's Valuation the reviewed Initial Annual Value is the Net Annual Value and completes the Contractor's Principle Model Valuation Format.

Schedule 1

HEIGHT (m)

AREA	3.0	3.5	4.0	4.5	5.0	5.5	6.0	6.5	7.0	7.5	8.0	8.5	9.0	9.5	10.0
100	517	536	558	568	569	641	661	680	700	720	800	823	846	869	892
110	506	524	546	557	558	626	645	663	683	702	778	800	823	845	867
120	495	512	533	544	547	610	628	646	665	683	756	778	800	821	842
130	484	500	520	531	535	594	612	629	647	664	735	755	776	797	817
140	473	488	507	518	524	578	595	612	629	646	713	733	753	772	792
150	462	476	495	505	512	563	579	595	611	627	692	710	729	748	766
160	451	464	482	492	501	547	562	578	593	608	670	688	706	724	741
170	440	453	469	479	490	531	546	561	575	590	648	665	683	700	716
180	429	442	456	466	478	516	529	544	557	571	627	643	659	676	691
200	423	436	450	460	471	507	520	534	548	561	615	630	646	662	677
220	417	430	444	453	464	499	512	525	538	551	602	618	633	649	662
240	411	424	437	446	457	490	503	516	528	540	590	605	619	636	648
260	405	418	431	440	450	482	494	506	518	530	578	592	606	622	633
280	400	412	424	433	443	474	485	497	508	520	566	579	593	609	619
300	395	406	418	426	436	465	476	487	498	509	554	567	579	596	604
320	390	400	412	420	429	457	467	478	489	499	542	554	566	582	590
340	385	394	405	413	422	449	459	469	479	489	530	541	552	569	575
360	380	389	399	407	415	440	450	459	469	478	518	528	539	555	561
380	375	384	393	400	408	432	441	450	459	468	506	516	526	542	547
400	373	382	391	398	406	429	438	447	456	465	502	512	522	537	542
425	371	380	389	396	404	427	436	445	453	462	498	508	517	533	538
450	369	378	388	394	402	425	433	442	451	459	494	504	513	528	533
500	367	376	386	392	400	422	431	439	448	456	491	500	509	524	529
525	365	374	384	391	398	420	428	437	445	453	487	496	505	519	525
550	364	372	383	389	397	417	426	434	442	450	483	492	501	515	520
575	363	370	381	387	395	415	423	431	439	447	480	488	497	510	516
600	362	368	379	385	393	413	421	429	436	444	476	484	493	506	511
625	361	366	378	383	391	410	418	426	434	441	472	480	489	501	507
650	360	365	376	381	389	408	416	423	431	438	469	477	485	496	502
675	359	364	374	379	387	406	413	420	428	435	465	473	481	492	498
700	358	363	373	377	385	403	410	418	425	432	461	469	477	487	494
750	357	362	371	376	383	401	408	415	422	429	458	465	473	483	489
800	356	361	369	374	381	398	405	412	419	426	454	461	469	478	485
850	355	360	368	372	379	396	403	410	417	423	450	457	465	474	480
900	354	359	366	370	377	394	400	407	414	420	446	453	461	469	476
950	353	358	364	368	375	391	398	404	411	417	443	449	457	465	472
1000	352	357	363	366	373	389	395	402	408	414	439	445	453	460	467
5000	317	320	322	325	328	336	339	342	345	348	363	367	370	373	377

Buildings outwith these ranges of height and size will be interpolated using this table as reference.

Schedule 2

Rates derived from Spons or the Cost Guide and adjusted for location as appropriate

Item	Rate	Unit
100mm Wall Flush Pointed Both Sides	£45.90	m ²
100mm Wall Foundations (timber floor)	£140.76	m
100mm Wall Plastered Both Sides	£71.14	m ²
225mm Reinforced Concrete Floor	£168.30	m ²
225mm Wall Flush Pointed Both Sides	£80.58	m ²
225mm Wall Foundations (concrete floor)	£112.20	m
225mm Wall Foundations (timber floor)	£224.40	m
225mm Wall Plastered Both Sides	£124.90	m ²
325mm Wall Flush Pointed Both Sides	£113.22	m ²
325mm Wall Foundations (concrete floor)	£168.30	m
325mm Wall Foundations (timber floor)	£336.60	m
325mm Wall Plastered Both Sides	£175.49	m ²
Admin offices/ Canteens/ Control Rooms (Internal)	£242.25	m ²
Back Cage Ladder	£400	m
Basic Works Office (Internal)	£169.58	m ²
Canopy (Cantilevered from side of building)	£100	m ²
Concrete Loading Bank	£283.62	m ³
Elevator Walling (Roof Projection)	£54.26	m ²
Glass Lined Spirit Tank	£50100	each
Internal Toilet Block	£594	m ²
Link Passageway / Corridor	£780	m ²
Malt bins - Square Multi-link > 400m ³	£387.60	m ³
Malt Intake Pit (1m*1m*10m)	£559.98	m ³
Metal Balustrade	£155	m
Open Walled Structure	£225	m ²
Pipe Bridge	£182.18	m
Quarry Floor Tiling (including 50mm screed)	£36.75	m ²
Reinforced Concrete Beam	£861.90	m ³
Reinforced Concrete Piers or Foundations	£386.58	m ³
Reinforced Concrete Staircase	£1555.32	m
Security system (4 cameras)	£1940	each
Sinking to floors- Untiled	£559.98	m ³

Item	Rate	Unit
Spirit Disgorging Trough (Lined)	£1345.82	m ³
Sprinklers, High Risk (1head per 9m ² , no pumps or tanks) [Where floors are not of a mesh type the area served by the sprinklers will have to be increased as appropriate to reflect each floor]	£16.67	m ²
Sprinklers, Medium Risk (1head per 12m ² , no pumps or tanks) [Where floors are not of a mesh type the area served by the sprinklers will have to be increased as appropriate to reflect each floor]	£12.50	m ²
Steel Gangways & Balustrades	£563.50	M
Steel ladder (No Cage)	£322.50	M
Steel Mesh Floor (Galvanised)	£76.50	m ²
Steel Staircase Mesh Treads Twin Balustrade	£656.02	m
Still Base	£2320.49	each
Structural Steelwork (Galvanised)	£2320.49	t
Timber uf 18mm Chipboard (including support)	£63.24	m ²
Timber uf 18mm Plywood Boarding (including support)	£87.72	m ²
Timber uf 19mm Softwood Boarding (including support)	£75.48	m ²
Tun Base	£4640.98	each
Ventilation or Background Heating	£18.50	m ²
Wall Tiling	£171.36	m ²
Wood lining to walls (19mm shiplap)	£41.82	m ²
Wooden Balustrade (as metal)	£155	m
Wooden Staircase and Treads Twin Balustrade	£257.36	m