SAA
Scottish Assessors Association

Revaluation 2023

Industrial Properties 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) Production Buildings – i.e. all buildings except (b) and (c).
(b) Non-production 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 location are suitable for valuation by the Comparative Principle. The Contractor's Basis is described in S.A.A. Basic Principles Committee Practice Note 2 (Contractor's Basis Valuations) (BP PN2).

The cost rates detailed in this practice note are per square metre of gross external area (GEA), unless specified otherwise.

The rates are exclusive of: -
(i) all external site works
(ii) adjustment for notional contract size
(iii) professional fees and other charges

and in the case of production buildings
(iv) internal items.

3.0 Production 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.

3.1 Production Building Rates

The cost rate for a Grade 1 production building as specified in **3.1.2** can be found at **Schedule 1**. These cost rates will be adjusted as specified below for Grade 2 & Grade 3 production buildings.

The rates shown in **Schedule 1** have been analysed from the available cost information and have been checked and amended as necessary. Rates used in the adjustment of the main cost rates to reflect differences from the "**shell"** building have also, in part, been obtained from Spons Architects and Builders Price Book.

3.1.1 Grades of Production Building

Grade 1 (100% of rate specified in **Schedule 1)**

This category of building and the associated cost rate will cover the majority of modern purpose built "main" production buildings at new or existing sites. Although age itself is not the determinative factor, distilleries built after 2000 are more likely to fall into this category, but examples are likely to exist, albeit infrequently, from the 1970's onwards. Particular care should be exercised in the treatment of buildings that may have notional ages for age and condition purposes that do not reflect the date of construction of the buildings. Main" buildings will generally include most production units including still houses and mash houses and could also include some tun rooms. It may also include tank rooms, malt deposits etc., however, where these are free-standing and separate to the "main" buildings mentioned above these would more normally be valued as Grade 2 buildings. Care should be exercised when valuing some of the newer independent distillers as, although these buildings may be new or relatively new, they may not be built to the same standard as a Grade 1 building and it may be appropriate to value these buildings as Grade 2.

The building will comprise a "shell" of one storey under a single roof with no internal walls, upper floors, gallery floors, staircases, internal offices or parts with varying finishes. The floor will be of reinforced concrete with a granolithic finish. The frame will be of medium weight steel portal construction, with walls and roof clad with modern insulated profile metal sheeting, or equivalent and glazing, The Building will typically incorporate higher quality finishes and/or more complex technical, or design, features. The building will have production standard electric light to most levels but will have no heating or mechanical ventilation which, if present, will be added for later in the valuation.

Where a particular building, or production unit, forms part of a physically joined group of buildings, most likely constructed at the same time, a holistic approach to the classification should be employed, with the grade of the complex being determined by the grade of the predominant areas in most cases, i.e. the still house, mash house and tun rooms. Only where the construction of the subservient parts is markedly poorer, or simpler,

would a different classification be taken over these parts.

Care should be exercised when new buildings or production units are newly constructed as stand-alone or extended units to ensure they are classified in the correct grade. For example, it may be possible for older pre-2000 buildings or production units to be valued as Grade 2 but for the newly constructed buildings or production units to be valued as Grade 1.

In recent years a number of new build distilleries, or major expansions, have taken place where some, or all, of the “main” buildings stand out as superior even to the Grade 1 definition. These are relatively scarce at present and care should be exercised to ensure that they are sufficiently different, by way of finish, or design features to justify a departure from the Grade 1 rate. Reference to the actual build cost of these subjects should assist in the decision making process. Where such a building exists and it has been decided that there is sufficient justification and evidence to depart from the Grade 1 rate, it may be appropriate to apply a percentage addition to the rate applied to these buildings having regard to the actual cost of construction or, in the case of truly unique builds, to adopt the actual cost of construction, adjusted for time, contract size etc. and any unremunerative expenditure, as appropriate.

Grade 2 (80% of rate specified in **Schedule 1)**

This grade will generally cover poorer quality, older and more basic non-stone built production units containing still houses, mash houses and tun rooms. Typically these will have been built prior to the 2000’s, with little or no refurbishment. Better quality, or more complex examples, where either construction or features dictate, may more correctly be classified in Grade 1. This grade will cover most boiler houses, switch houses, MCC houses, yeast houses, tank rooms, malt deposits etc. (subject to the comments in Grade 1).

Care should be exercised for this type of building when refurbishment takes place. If the refurbishment is of a better quality bringing it up to a post 2000 standard, then it may be appropriate to re-classify it as Grade 1. However, subject to the comments in the following paragraph, if the refurbishment maintains the same characteristics as a Grade 2 building then it should be maintained as Grade 2 with the age and obsolescence factor being adjusted to reflect a notional age.

Many stone-built buildings will also fall within this grade. However, good quality buildings, particularly if benefitting from architectural, or design features, setting them apart from more utilitarian examples, or buildings that have been extensively refurbished and are in effect a stone shell surrounding a modern building, will be more correctly placed in Grade 1.

Less complex examples of specialist buildings, such as bottling halls and disgorging units, particularly where they are lacking in complex design features or specialist finishes should be normally be classified as a Grade

2 building. They are often of a relatively simple design and may feature large floor areas with uninterrupted wide spans. This is not to say that all bottling halls and disgorging units should be Grade 2. It may be appropriate to classify these buildings in Grade 1 if they have complex design features, architectural merit, or are finished to a superior level to comply with food standards, or for other reasons that would result in a build cost commensurate with the Grade 1 rate. Likewise buildings, particularly those of narrow span, repurposed from other uses (such as storage), or that are particularly basic, would be more properly classified as Grade 3. Again, construction costs where known, may well give a strong indication as to the appropriate grade or, where no costs are available, a comparison to other similar buildings on the site, used for other purposes.

Again, the building will comprise a “shell” of one storey under a single roof with no internal walls, upper floors, gallery floors, staircases, internal offices or parts with varying finishes. The floor will be of reinforced concrete with a granolithic finish. In post 1950’s examples it is likely to consist of medium weight steel portal construction, with walls and roof clad with insulated sheeting, and will incorporate at least some glazing. Older examples may be of brick, or stone construction. The building will have good lighting but this is likely to be less extensive than that found in a Grade 1 building. Again it will have no heating or mechanical ventilation, which if present, will be added for later in the valuation.

Note: Reference should be made to the guidance in Grade 1 regarding the correct treatment of subjects that form part of a physically joined group of buildings.

Grade 3 (50% of rate specified in **Schedule 1)**

This grade will mainly be reserved for more basic buildings, probably with a storage, or workshop, type purpose. This will include, but not be limited to, cask stores, traditional cooperages, general stores, workshops and garaging. It is possible that the poorest examples of “main” still buildings, boiler houses, switch houses, MCC houses, yeast houses, tank rooms, malt deposits etc. may also fall within this class. ‘Industrial’ distillery complexes will mainly fall within Grade 3 where construction and standards of finish are basic and in line with other production buildings in the locality.

Once more, the building will comprise a “shell” of one storey under a single roof with no internal walls, upper floors, gallery floors, staircases, internal offices or parts with varying finishes. The floor will be of reinforced concrete with a granolithic finish. It is likely construction will be of a sheeted construction to a steel frame or of, lighter weight brick construction or other simpler, less expensive construction materials and techniques. The building likely will have more basic and less extensive electric lighting and again it will have no heating or mechanical ventilation which, if present, should be added later in the valuation.

Note – In no circumstances should the Grade 3 rate to be applied (following adjustment for wall construction and floor finish) be lower than what would be applied for a spirit storage building of the same floor area and wall head height.

Whilst it should be a relatively simple matter to place the majority of production buildings within one of the three grades listed above there will no doubt be instances where the grade to be applied is less clear cut. In these instances it may be useful to refer to the actual cost of construction when known, or to contact the Practice Note author for more guidance. For new buildings entering the Valuation Roll the actual build cost will often form a useful guide as to which grade is most appropriate.

It is considered that the three grades listed above will cover the majority of production buildings but the cost rate for that grade may have to be further adjusted to allow for varying construction of the building. This variation may be to reflect factors that result in a lower, or higher, cost of construction, with the most frequently encountered cost reductions being detailed in **3.1.2** below. As previously referred to under Grade 1 above, examples of some of the most recently constructed production buildings demonstrate that, by design, buildings, or elements of buildings, are being specified to levels exceeding those defined in Grade 1 in **3.1.1** above. Accordingly, it is appropriate for these buildings, or buildings elements, to be adjusted for in the costing exercise.

3.1.2 **Approach for Production Buildings of Varying Construction**

Equivalents: - Where construction varies from 3.1 above in so far as the wall construction is of stone, block or brickwork, cavity or otherwise, it is recognised that construction costs may be higher. However this is offset by functional obsolescence, therefore no adjustments for these forms of construction are required. Deductions for poorer constructions are listed below.

Deductions: -

for concrete floor instead of concrete and granolithic floor	-£13.25
for earth or ash floor instead of concrete and granolithic floor	-£35.00
for external flush pointing instead of roughcast to brick or block walling. (not applicable to facing brick or stone pointed)	-2.5%
for internal flush pointing instead of cement plaster to brick, block or stone walling.	-1.25%
for external and internal flush pointing instead of roughcast and cement plaster to brick or block walling.	-3.75%

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	-4.25%
	Roof	-2.5%
walls over 450mm thick		
building area	up to 100m²	-12%
	101 to 200m²	-9%
	over 200m²	-6%
No sheeting or infill to entire wall		
One wall open		-3%
Two walls open		-6%
Three walls open		-9%
Buildings with no services		-4%

3.1.3 **Internal Items – Production Buildings**

The various grades of production building, as specified in **3.1.1** are merely shell buildings 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 cost such items separately and added as internal items.

Unit costs for these items will be found in **Schedule 2**. These costs have been obtained from the Rating Cost Guide Scotland 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.

4.0 Non-production Buildings

The following costs are recommended for buildings other than distillery production and spirit storage buildings. These rates have been obtained from information from the Rating Cost Guide Scotland.

4.1 Offices

Corporate Offices

Not typically found at distilleries in rural locations, but may be present in larger sites, or urban locations, where non-production staffing levels are such that offices of this type are required. These offices will have a high standard of finish, will normally be of modern construction, or be well refurbished stone buildings. Size will not necessarily be a determining factor.

£2,298/m²

Typical Offices

Usually these offices will be relatively modest in size but, not necessarily so, and be used by production staff, or for utilitarian purposes only. They will be of reasonable, but not of outstanding quality, and would normally be similar to offices found on other industrial sites where only a site administration function is being conducted.

Under 100m² **£1,000/m²**
Over 100m² **£825/m²**

Portable 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 which should be treated at the same rate as a typical office.

£750/m²

4.2 Visitor Centres (public and/or corporate uses)

Superior Visitor Centres

Purpose built or extensively refurbished quality building benefiting from extensive toilet facilities, audio visual theatre, shop, restaurant/cafeteria and possibly separate VIP visitor facilities. Typically may have significant design features with high quality materials being used throughout the structure.

£2,506/m²

Average Visitor Centres

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

£1,574/m²

Basic Visitor Centres

As above but smaller with minimal visitor services, often converted from a house or other form of non-production building.

£968/m²

4.3 **Toilet Blocks**

All Toilet Blocks

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

£831/m²

5.0 Spirit Storage Buildings

5.1 Definition of a Typical Spirit Storage Building

5.1.1 Spirit Storage Buildings can vary widely in construction. From 2m wallhead to 12m wallhead, or higher, 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 heights and finishes, though mainly sheeted construction, were examined and the following tables of basic cost rates (**see 5.2**) are recommended.

5.1.2 The 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) Rates are inclusive of lighting in and on the building.

(ii) 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.

5.2 Spirit Storage Buildings

5.2.1 Spirit Storage Buildings Basic Cost Rate Table

Height m	2.0	2.5	3.0	3.5	4.0	4.5	5.0	5.5	6.0	6.5	7.0
Rate £	£345	£346	£348	£350	£353	£359	£367	£370	£373	£377	£380
Height m	**7.5**	**8.0**	**8.5**	**9.0**	**9.5**	**10.0**	**10.5**	**11.0**	**11.5**	**12.0**	
Rate £	£388	£395	£404	£415	£426	£437	£450	£462	£476	£490	

(Interpolate for intervening wallhead heights).
The above rates have been obtained from the analysis of actual costs.

5.3 Approach for Spirit Storage Buildings of Varying Construction

5.3.1 Where construction varies from **5.1.2 (ii)** above in so far as the wall construction is of stone, block or brickwork, cavity or otherwise, it is recognised 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.

5.3.2 Adjustments

for earth or ash floor (instead of concrete)		-£26.00
for earth or ash floor with concrete passages instead of full concrete		-£22.50
profile fibrous cement clad	Walls	No adj.
	Roof	No adj.
profile asbestos clad	Walls	-5%
	Roof	-3%
corrugated iron clad	Walls	-5%
	Roof	-3%
for insulated sheeting (either composite or otherwise)	Walls	+3.5%
	Roof	+8.5%
walls over 450mm thick building area	up to 100m²	-12%
	101m² to 200m²	-9%
	over 200m²	-6%
sprinklers	high risk	£26.00/m²
	extra high risk	£40.80/m²

5.4 Multi-Storey Spirit Storage Buildings

5.4.1 The modern equivalent spirit storage building is as specified above with a wallhead height of about 8 metres. Where a multi-storey spirit storage building exists, the following methodology should be followed.

(i) For total wallhead heights (including intermediate floors) up to 8 metres.
Solum area x rate from basic cost rate table for total wallhead height.

(ii) For total wallhead heights (including intermediate floors) greater than 8 metres but less than 16 metres.
Divide total wallhead by two to give an “equivalent wallhead height”.
Total solum area x two x rate from basic cost rate table for “equivalent wallhead height”.

(iii) For total wallhead heights (including intermediate floors) greater than 16 metres but less than 24 metres.
Divide total wallhead by three to give an “equivalent wallhead height”.
Total solum area x three x rate from basic cost rate table for “equivalent wallhead height”.

5.5 Functional Obsolescence in Multi-Storey Spirit Storage Buildings

5.5.1 Due to the degree of manual handling required in the movement of casks in a multi-storey spirit storage building an allowance to reflect functional obsolescence caused by the handling and lifting requirements relative to a modern equivalent building should be considered. The recommended allowance is -**20%.** This allowance is applied to the whole building not just the upper floors. The modern equivalent assumes a full concrete ground floor. If ground floor varies from this specification allow as per **5.3.2**. The construction of intermediate floors is allowed for in the 20% allowance detailed above.

6.0 Effluent Disposal

6.1.1 It is normal for distillery occupiers to be required by the Scottish Environmental Protection Agency, 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.

6.1.2 It had become common practice among “group” distillers to tanker, or pipe away, effluent to a central disposal point. Whilst this may still be the case, it should be noted that there seems to be swing back to on-site treatment facilities.

6.1.3 Where pipelines are provided between distilleries, or to disposal works, separate Valuation Roll entries should be considered.

7.0 Water Supply

7.1.1 Where sufficient information is available the individual elements should be costed and valued.

7.1.2 Where the level of detail held is insufficient for a line by line valuation of the water supply, additions should be made to the Estimated Replacement Cost (ERC) of the subject in line with the table below. This table is based on the maximum production of alcohol possible at the site and the composite costs recommended include for dams, pipes, pumps and holding tanks where applicable but exclude water-cooling towers. **(see 8.0 - Plant & Machinery).**

7.1.3

Production (per annum)	**ERC**
Under 1 million litres pure alcohol	£172,500
1 million to 2.5 million litres	£300,000
2.5 million to 4 million litres	£415,000
4 million to 8 million litres	£550,000
In excess of 8 million litres	At valuer's discretion

7.1.4 Where bottling of spirits takes place on site, additions to the above may be required. Where there is a by-product plant at a distillery, a further sum of up to 10% should be added. Where the water supply is wholly public, no addition will be made.

Where the natural water supply to a distillery is inadequate for present day production, necessitating the use of several water cooling towers, special consideration **<u>may</u>** be given to restrict the value of the water supply normally applicable.

8.0 Plant & Machinery

8.1 Items of plant and machinery considered rateable after having regard to the provisions of The Valuation for Rating (Plant and Machinery) (Scotland) Regulations 2000, will require to be added into valuation.

9.0 Site Works

9.1 The cost of site preparation and external works requires to be added into valuation as separate items. Details of the unit costs etc. required to value these elements may be found in SAA Public Buildings Committee PN 4 Valuation of Contractor's Basis Subjects, - Areas Adjustment and External Works' Costs, or in the Rating Cost Guide Scotland.

9.2 For fire ring mains the following recommendations are made in the absence of detail.

Fire mains feeding Sprinkler Systems Add 2%
Fire mains feeding Hydrants only Add 1%
Fire mains feeding part Sprinkler part Hydrants add 1.5%

10.0 Adjustments to ERC

10.1 Adjustments in respect of contract size and additions for professional fees should be made in accordance with the recommendations contained in SAA Basic Principles Committee Practice Note 2 (Contractor's Basis Valuations) (BPPN2), subject to the following recommendations.

10.2 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 ERC after contract size adjustment (CSA) is **wholly** in respect of Production and Non-production Buildings, the standard scale contained in BPPN2 should apply.

(ii) For subjects where ERC after CSA is **predominantly** in respect of Production and Non-production Buildings, scale contained in BPPN2 less 1.25**%** should apply.

(iii) For subjects where ERC after CSA is **predominantly** in respect of Spirit Storage Buildings, scale contained in BPPN2 less 2.5**%** should apply.

11.0 Adjusted Replacement Cost

11.1 Age

In applying age allowances reference should be made to the guidance in SAA Basic Principles Committee Practice Note 2 (Contractor's Basis Valuations). In particular it should be noted that allowances in respect of age in excess of 50% should only be given to buildings and plant in exceptional circumstances.

11.2 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. Care should be exercised when revaluing the reclad building to

ensure that any improvement in the standard of cladding employed, 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
1958	-50.00%	1984	1977	1974
1959	-50.00%	1984	1977	1974
1960	-50.00%	1984	1977	1974
1961	-50.00%	1984	1977	1974
1962	-50.00%	1984	1977	1974
1963	-50.00%	1984	1977	1974
1964	-50.00%	1984	1977	1974
1965	-50.00%	1984	1977	1974
1966	-50.00%	1984	1977	1974
1967	-50.00%	1984	1977	1974
1968	-50.00%	1984	1977	1974
1969	-49.00%	1985	1978	1975
1970	-48.00%	1986	1979	1976
1971	-47.00%	1986	1980	1977
1972	-46.00%	1987	1981	1978
1973	-45.00%	1988	1981	1979
1974	-44.00%	1988	1982	1979
1975	-43.00%	1989	1983	1980
1976	-42.00%	1990	1984	1981
1977	-41.00%	1990	1985	1982
1978	-40.00%	1991	1986	1983
1979	-39.00%	1992	1986	1984
1980	-38.00%	1992	1987	1985
1981	-37.00%	1993	1988	1985
1982	-36.00%	1994	1989	1986
1983	-35.00%	1994	1990	1987
1984	-34.00%	1995	1990	1988
1985	-33.00%	1996	1991	1989
1986	-32.00%	1996	1992	1990
1987	-31.00%	1997	1993	1991
1988	-30.00%	1997	1994	1992

Age	Table A Allowance	Notional Date for Roof & Walls	Notional Date for Roof Only	Notional Date for Walls Only
1989	-29.00%	1998	1994	1992
1990	-28.00%	1999	1995	1993
1991	-27.00%	1999	1996	1994
1992	-26.00%	2000	1997	1995
1993	-25.00%	2001	1997	1996
1994	-24.00%	2001	1998	1997
1995	-23.00%	2002	1999	1998
1996	-22.00%	2003	2000	1998
1997	-21.00%	2004	2001	1999
1998	-20.00%	2004	2002	2000
1999	-19.00%	2005	2002	2001
2000	-18.00%	2006	2003	2002
2001	-17.00%	2006	2004	2003
2002	-16.00%	2007	2005	2004
2003	-15.00%	2008	2005	2005
2004	-14.00%	2008	2006	2005
2005	-13.00%	2009	2007	2006
2006	-12.00%	2010	2008	2007
2007	-11.00%	2010	2009	2008
2008	-10.00%	2011	2009	2009
2009	-9.00%	2012	2010	2010
2010	-8.00%	2012	2011	2011
2011	-7.00%	2013	2012	2011
2012	-6.00%	2015	2013	2012
2013	-5.00%	2016	2014	2014
2014	-4.50%	2017	2015	2015
2015	-4.00%	2017	2016	2016
2016	-3.50%	2018	2017	2016
2017	-3.00%	2018	2018	2017
2018	-2.50%	2019	2018	2018
2019	-2.00%	**It is unlikely that any building built after 2018 will be reclad during the lifetime of this practice note.**		
2020	-1.50%			
2021	-1.00%			
2022	-0.50%			
2023	0.00%			

11.3 **Obsolescence & Redundancy**

Further allowances of a functional and technical nature should be considered in accordance with SAA Basic Principles Committee Practice Note 2 (Contractor's Basis Valuations) and SAA Public Buildings Committee Practice Note 4 Valuation of Contractor's Basis Subjects, Areas Adjustment and External Works' Costs).

Further specific guidance for whisky related subjects is contained in the following sections and also at **5.5** above.

11.3.1 **Production & Non-production Buildings**

A particular production or non-production 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 will 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.

11.3.2 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, 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;

11.3.3 Cask stores and cooperages: In many 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.

11.3.4 Spirit stores and filling stores: Again a change in working practices has resulted in many such buildings becoming redundant. Many sites now only fill 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.

11.4 Spirit Storage Buildings

11.4.1 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 be 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, estimates of cost of demolition to be made available, with the dates of these documents being close to the claimed dates of redundancy). Some physical works to have started	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

11.4.2 **Low Wallhead Spirit Storage Buildings**

The following table provides percentage deductions to be applied to the ERC 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, e.g. 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	
2023 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.

12.0 Land

12.1 Land should be determined by reference to local evidence and SAA Basic Principles Committee Practice Note 2 (Contractor's Basis Valuations)

13.0 Decapitalisation

The appropriate statutory decapitalisation rate should be applied.

14.0 End Allowances

14.1 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 Production 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.

Schedule 1- (Grade 1 @ 100%, Grade 2 @ 80% & Grade 3 @ 50%)

			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	1,410	1,461	1,522	1,550	1,553	1,748	1,802	1,855	1,909	1,964	2,182	2,244	2,307	2,369	2,433
110	1,380	1,430	1,489	1,519	1,522	1,707	1,760	1,808	1,863	1,914	2,122	2,182	2,244	2,305	2,364
120	1,350	1,397	1,453	1,484	1,492	1,664	1,713	1,762	1,813	1,863	2,062	2,122	2,182	2,240	2,296
130	1,321	1,363	1,419	1,448	1,459	1,620	1,668	1,715	1,765	1,811	2,005	2,059	2,117	2,174	2,229
140	1,290	1,330	1,383	1,413	1,430	1,576	1,623	1,668	1,715	1,762	1,944	2,000	2,053	2,106	2,160
150	1,260	1,299	1,350	1,377	1,397	1,536	1,579	1,623	1,667	1,710	1,888	1,936	1,989	2,040	2,089
160	1,230	1,265	1,315	1,341	1,366	1,492	1,533	1,576	1,617	1,659	1,827	1,877	1,925	1,975	2,020
170	1,201	1,235	1,279	1,307	1,336	1,448	1,489	1,530	1,568	1,609	1,768	1,813	1,863	1,909	1,953
180	1,170	1,206	1,243	1,271	1,304	1,408	1,442	1,484	1,519	1,557	1,710	1,754	1,797	1,844	1,885
200	1,154	1,190	1,227	1,254	1,285	1,383	1,419	1,456	1,495	1,530	1,677	1,718	1,762	1,805	1,846
220	1,137	1,173	1,210	1,235	1,265	1,361	1,397	1,432	1,467	1,503	1,642	1,685	1,726	1,771	1,805
240	1,121	1,156	1,192	1,216	1,246	1,336	1,372	1,408	1,439	1,472	1,609	1,650	1,688	1,735	1,768
260	1,104	1,140	1,176	1,201	1,227	1,315	1,347	1,380	1,413	1,445	1,576	1,615	1,653	1,696	1,726
280	1,092	1,123	1,156	1,181	1,208	1,293	1,322	1,355	1,386	1,419	1,544	1,579	1,617	1,662	1,688
300	1,078	1,107	1,140	1,162	1,190	1,268	1,299	1,328	1,358	1,388	1,511	1,547	1,579	1,626	1,648
320	1,064	1,092	1,123	1,145	1,170	1,246	1,274	1,304	1,333	1,361	1,478	1,511	1,544	1,587	1,609
340	1,050	1,075	1,104	1,126	1,151	1,224	1,252	1,279	1,307	1,333	1,445	1,475	1,506	1,553	1,568
360	1,036	1,061	1,089	1,110	1,132	1,201	1,227	1,252	1,279	1,304	1,413	1,439	1,470	1,514	1,530
380	1,023	1,047	1,072	1,092	1,112	1,179	1,203	1,227	1,252	1,277	1,380	1,408	1,435	1,478	1,492
400	1,017	1,042	1,067	1,086	1,107	1,170	1,195	1,219	1,243	1,268	1,369	1,397	1,424	1,464	1,478
425	1,012	1,036	1,061	1,081	1,101	1,165	1,190	1,213	1,235	1,260	1,358	1,386	1,410	1,453	1,467
450	1,006	1,031	1,058	1,075	1,096	1,159	1,181	1,206	1,230	1,252	1,347	1,374	1,399	1,439	1,453
500	1,001	1,025	1,053	1,070	1,092	1,151	1,176	1,198	1,221	1,243	1,339	1,363	1,388	1,430	1,442
525	995	1,020	1,047	1,067	1,086	1,145	1,167	1,192	1,213	1,235	1,328	1,352	1,377	1,416	1,432
550	992	1,014	1,045	1,061	1,083	1,137	1,162	1,184	1,206	1,227	1,318	1,341	1,366	1,405	1,419
575	989	1,009	1,039	1,056	1,078	1,132	1,154	1,176	1,198	1,219	1,310	1,330	1,355	1,391	1,408
600	987	1,003	1,034	1,050	1,072	1,126	1,148	1,170	1,190	1,210	1,299	1,321	1,344	1,380	1,394
625	984	998	1,031	1,045	1,067	1,118	1,140	1,162	1,184	1,203	1,288	1,310	1,333	1,366	1,383
650	981	995	1,025	1,039	1,061	1,112	1,134	1,154	1,176	1,195	1,279	1,301	1,322	1,352	1,369
675	978	992	1,020	1,034	1,056	1,107	1,126	1,145	1,167	1,187	1,268	1,290	1,312	1,341	1,358
700	977	989	1,017	1,028	1,050	1,098	1,118	1,140	1,159	1,179	1,257	1,279	1,301	1,328	1,347
750	974	987	1,012	1,025	1,045	1,093	1,112	1,132	1,151	1,170	1,249	1,268	1,290	1,318	1,333
800	972	984	1,006	1,020	1,039	1,086	1,104	1,123	1,143	1,162	1,238	1,257	1,279	1,304	1,322
850	969	981	1,003	1,014	1,034	1,081	1,098	1,118	1,137	1,154	1,227	1,246	1,268	1,293	1,310
900	966	978	998	1,009	1,028	1,075	1,092	1,110	1,129	1,145	1,216	1,235	1,257	1,279	1,299
950	963	977	992	1,003	1,023	1,067	1,086	1,101	1,121	1,137	1,208	1,224	1,246	1,268	1,288
1000	960	974	989	998	1,017	1,061	1,078	1,096	1,112	1,129	1,198	1,213	1,235	1,254	1,274
5000	864	872	878	886	894	916	925	933	941	949	989	1,001	1,009	1,017	1,028

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

Schedule 2

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

Item	Rate	Unit
100mm Wall Flush Pointed Both Sides	£62.00	m^2
100mm Wall Foundations (timber floor)	£94.00	m
100mm Wall Plastered Both Sides	£84.70	m^2
225mm Reinforced Concrete Upper Floor	£201.00	m^2
215mm Wall Flush Pointed Both Sides	£87.00	m^2
215mm Wall Foundations (concrete floor)	£144.00	m
215mm Wall Foundations (timber floor)	£164.00	m
215mm Wall Plastered Both Sides	£109.70	m^2
325mm Wall Flush Pointed Both Sides	£119.00	m^2
325mm Wall Foundations (concrete floor)	£144.00	m
325mm Wall Plastered Both Sides	£141.70	m^2
Admin offices/ Canteens/ Control Rooms (Internal)	£800.00	m^2
Back Cage Ladder	£440.00	m
Basic Works Office (Internal)	£409.00	m^2
Canopy (Cantilevered from side of building) Span < 5m Span 5m to 10m	 £424.00 £310.00	 m^2 m^2
Concrete Loading Bank	£450.00	m^3
Elevator Walling (Roof Projection)	£123.00	m^2
Glass Lined Spirit Tank	£28,000.00	each
Internal Toilet Block	£490.00	m^2
Link Passageway / Corridor	£819.00	m^2
Malt bins - Square Multi-link > $400m^3$	£472.00	m^3
Malt Intake Pit (1m x 1m) (unit of multiplication is length)	£663.00	m
Metal Balustrade	£245.00	m
Pipe Bridge	£2,607.00 or Average £1,408.00	t m
Quarry Floor Tiling (including 50mm screed)	£39.00	m^2
Reinforced Concrete Beam	£1219.00	m
Reinforced Concrete Piers or Foundations	£515.00	m^3
Reinforced Concrete Staircase	£1459.00	m
Security camera system	£1,476.00	each
Sinking to floors- Untiled	£398.00	m^3
Spirit Disgorging Trough (Lined)	£796.00	m^3
Sprinklers, High Risk (1head per $9m^2$, no pumps, tanks or mains)	£26.00	m^2

Item	Rate	Unit
Steel Gangways & Balustrades	£870.00	m
Steel ladder (No Cage)	£195.00	m
Steel Mesh Floor (galvanised) with no supporting steelwork	£91.00	m^2
Steel Staircase Mesh Treads Twin Balustrade	£1,075.00	m
Still Base	£2,607.00	each
Structural Steelwork (galvanised)	£2607.00	t
Timber Upper Floor 18mm Chipboard (including support)	£255.00	m^2
Timber Upper Floor 18mm Plywood Boarding (including support)	£285.00	m^2
Timber Upper Floor 19mm Softwood Boarding	£273.00	m^2
Tun Base	£5,214.00	each
Ventilation or Background Heating	£25.65	m^2
Wall Tiling	£221.00	m^2
Wood lining to walls (19mm shiplap)	£76.00	m^2
Wooden Balustrade (as metal)	£245.00	m
Wooden Staircase and Treads Twin Balustrade	£240.00	m