



Revaluation 2026
Industrial Properties Committee
Practice Note 3
Valuation of Minerals, Etc

1.0 Introduction

- 1.1 This Practice Note makes recommendations on the basic royalty rates to be applied to minerals and peat where worked, adjustments to these rates where appropriate and the approach to the valuation of plant, associated buildings and other works.
- 1.2 Other activities may be carried on at a subject such as landfill and handling of imported material. Care must be exercised to identify any such activities and consideration given to an appropriate adjustment to value in accordance with available guidance.

2.0 Basis of Valuation

- 2.1 The valuation of the mineral or peat element to Net Annual Value (NAV) is to be arrived at by applying the recommended royalty rate (or, where appropriate, a rate based on local evidence) to the annual output of material extracted at the site (ie, excluding imported materials) for the year 2024-25. If, however, upon examination of information for other relevant periods available this is regarded as inappropriate, an average of the annual output for the relevant periods should be taken.

2.2 Unit of Measurement

Output should be stated in tonnes for all minerals (output for peat should be in cubic metres) and the level of annual output adopted should be adjusted to reflect any marked change in trend. Occasionally, the output from a quarry will be measured in units other than metric tonnes.

The following conversion factors may be useful:

General	1 metric tonne	0.984 imperial tons
Whinstone/Roadstone	1 metric tonne	0.370 cubic metre

Gravel	1 metric tonne	0.550 cubic metre
Sand	1 metric tonne	0.610 cubic metre

2.3 Methodology

The basic rates reflect only the value of the mineral element and should be applied to the total annual tonnages for untreated, washed, dressed, crushed, graded and coated material. Adjustments for quality of mineral, overburden, height of face and other disabilities may be appropriate, but evidence and past experience seem to indicate that some of these disabilities would have to be significant before they affect the basic rate. Guidance is given in paragraph 3.

2.4 Site Infrastructure

Items of plant and infrastructure associated with the winning and working of minerals, to be included in valuation, will now probably be restricted in view of the terms of the Valuation for Rating (Plant and Machinery) (Scotland) Regulations 2000 (as amended). However, individual characteristics of the plant may influence decisions on rateability, eg, size, removability, situation inside or outside buildings, whether or not it is power or service plant etc., and if the tests for inclusion under the regulations are satisfied.

Rateable plant and infrastructure should be valued by the application of the contractor's basis with reference to SAA Contractor's Basis Valuations Practice Note. Typical items for inclusion will be settings and supports for process plant, settling tanks, large hoppers or bunkers, flumes, power generation/distribution plant, hazard protection plant etc. Also, all buildings, roadways, fences, etc. should be valued.

Care should be taken to ascertain whether processing plant is occupied by the site operator or some other party. If the former, site value for the processing plant is deemed included in the royalty rate and in cases of the latter a separate entry should be made for the plant including a site element based on an appropriate rate per hectare based on local evidence.

2.5 Rates to be Applied

The following royalty rates are recommended subject to variation where local evidence is incontrovertible and to adjustment as indicated in paragraph 3. From available royalty evidence, they represent royalties paid for average quality minerals, having average disabilities and reflect the average tenant's liability to reinstate.

These royalty rates reflect the position as at the tone date of 1 April 2025:

Minerals etc.	£ Royalty Rate
Sand and Gravel	£1.00/tonne
Whinstone or other Roadstone	£0.50/tonne
Barytes	Local Evidence
Peat	Local Evidence

Where minerals are known to have exceptional qualities, or there are disabilities, which would either inflate the price of the material or significantly affect operational costs, an adjustment to the basic rate would be justified.

It is recommended that there should be no allowance for quantum.

3.0 Allowances

- 3.1 Adjustments to the recommended royalty rates (other than for variations from basic rates justified by local evidence) should normally be restricted to the most extreme circumstances.

Such adjustments may fall under two heads:

3.2 Quality of Material

3.2.1 Shrinkage

High shrinkage in sand and gravel can have a serious effect on the sale price of the material and, in some circumstances, may limit sales significantly. An adjustment to the basic rate of up to a maximum of 30% may be appropriate. It should be noted that a shrinkage value of between 0.046 and 0.065 is considered normal.

3.2.2 Poor Quality Material

Gravel, whinstone or decomposed granite may be of such a quality that it can be used only as infill. Adjustment may be made to the basic rate up to a maximum of 30%.

- 3.2.3 Significant levels of contamination by foreign materials in excess of an accepted norm of 5% - 7% may justify an allowance of up to 10%.

3.3 Working Disabilities

The recommended royalty rates assume average disabilities at a site. Operational advantages and disadvantages are site specific and should be considered as a whole. In accordance with para 2.5 above, an adjustment to the basic rate can be considered for disabilities. The following paragraphs

provide commentary on some common operational issues. However, this is not intended to represent a list of the only operational issues where consideration of an adjustment to the basic rate would be appropriate. Any such consideration will rely on adequate information being provided by the operator.

3.3.1 Thickness of Overburden

The significance of overburden has tended to have been exaggerated as a disability. Modern equipment and methods of working have generally reduced the difficulties unless the overburden is exceptionally heavy, or trees and/or rocky terrain is encountered. Any adjustment for this reputed disability should be resisted unless it is of a serious nature.

3.3.2 Height of Face

Health & Safety regulations now restrict the working height of face to 15metres. This does not preclude the working of a face which is higher but this must be carried out in separate steps. Exceptional cases may affect the royalty rate passing for the mineral.

3.3.3 Distance to the Processing Plant

The distance from the quarry face to such plant is usually a matter that is regulated by the suitability of site, restrictions by the landlord or planning authority, availability of water, etc., but only in very exceptional cases would it affect the royalty rate for the mineral.

3.3.4 Planning or Blasting Restrictions

Such restrictions, which may limit the volume of extraction in order to reduce noise and vibration in the area. This may affect the willingness of a tenant to take a lease and may, consequently, have an effect on the royalty rent, but the restrictions would have to be much more onerous than in the average case. Sometimes these difficulties are encountered near built up areas.

4.0 Mineral Derating

- 4.1 From the total Net Annual Value (NAV) so achieved, the rateable value will be derived in terms of the Mines & Quarries (Rateable Values) (Scotland) Order 1995. It should be noted that peat is not a mineral therefore mineral derating does not apply.