



Revaluation 2010

Public Buildings Committee

Practice Note 21

Valuation of Clinics and Health Centres

1.0 Introduction

- 1.1 This Practice Note is intended to provide guidance on the valuation of Clinics, Health Centres and Surgeries etc which are occupied by local Health Boards, Medical Practices and the like. There is a wide range of subject types and sizes covered by this Practice Note ranging from the large multi-functional Health Centres to be found in cities, towns and rural areas to Medical Centres and Surgeries operated by General Practice groups which can be located in virtually any building type or location.
- 1.2 Generally, there is little to distinguish between Health Centres and Surgeries, save for the fact that in any given location Health Centres may be relatively larger than Surgeries and will contain additional accommodation supporting activities such as dentistry, chiropody, speech therapy, physiotherapy, etc.

2.0 Basis of Valuation

2.1 Comparative Approach

In situations where rental evidence exists for clinics, surgeries or health centres it will be appropriate to value such subjects by reference to the prevailing level of rents.

Measurement will be on the basis of Net Internal Area

2.2 Contractor's Basis

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

- (a) Purpose built (or purpose adapted) specialist units, eg, Dialysis Units or Diagnostic Centres.
- (b) Health Centres converted from other specialist buildings, eg, hospitals or schools.
- (c) Health Centres located adjacent to and operated in tandem with Hospitals (general/cottage).

3.0 Elements of Survey/Valuation - Contractor's Basis

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

3.1 Survey and Measurement

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

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

3.2 Building Costs

The available cost evidence in respect of Clinics and Health Centres was analysed in terms of SAA Basic Principles Committee Practice Note 2 (Contractor's Basis Valuations).

3.3 Valuation

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

In the absence of actual costs, external site works should be valued in accordance with SAA Public Buildings Committee Practice Note 4 (Valuation of Contractor's Basis Subjects, Areas Adjustment, External Works' Costs, Allowances and Land).

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).

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

4.0 Estimated Replacement Cost

4.1 Unit Cost Rates

A unit cost rate per square metre of £1,030 should be applied to gross external areas to arrive at the estimated replacement cost.

4.2 Outbuildings

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

4.3 Plant and Machinery

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

4.4 External Works

External works should be valued in accordance with SAA Public Buildings Committee Practice Note 4. (Valuation of Contractor's Basis Subjects, Areas Adjustment, External Works' Costs, Allowances and Land).

4.5 Adjustment of Gross Areas

Where a subject has thicker than normal walls the areas should be adjusted on a floor by floor basis in accordance with the table in SAA Public Buildings Committee Practice Note 4 (Valuation of Contractor's Basis Subjects, Areas Adjustment, External Works' Costs, Allowances and Land).

4.6 Fees and Contract Size

Additions for fees and adjustments for contract size should be made to the total estimated replacement cost derived from steps 4.1 to 4.4 in accordance with SAA Basic Principles Practice Note 2 (Contractor's Basis Valuations) and SAA Public Buildings Committee Practice Note 4 (Valuation of Contractor's Basis Subjects, Areas Adjustment, External Works' Costs, Allowances and Land).

5.0 Adjusted Replacement Cost

5.1 Age and Obsolescence

Age and obsolescence allowances should be applied to the estimated replacement cost derived above in accordance with the table in 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, External Works’ Costs, Allowances and Land).

5.2 Multi Storey Buildings

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

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

Each principal building should be considered separately. These allowances are intended to reflect the difficulties of operating a health centre in a multi storey building. Where the lower floors of a building are larger than the upper floors, a judgement will need to be made as to the extent to which the extended parts of the lower floors should also benefit from the multi storey allowance.

5.3 Buildings without Lifts

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

2 storeys	- 5%
3 storeys	-10%

5.4 Functional Obsolescence

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

The allowances referred to in 5.1 to 5.4 should not be aggregated but applied in sequence to provide the Adjusted Replacement Cost of a particular building.

6.0 Land

Land values should be determined by reference to local evidence and SAA Public Buildings Committee Practice Note 4 (Valuation of Contractor's Basis Subjects, Areas Adjustment, External Works' Costs, Allowances and Land).

7.0 Decapitalisation Rate

The appropriate statutory decapitalisation rate should be applied.

8.0 End Allowance

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