

Revaluation 2010

Industrial Committee

Practice Note 6 Valuation of Landfill Sites

1.0 Introduction

- 1.1 This Practice Note makes recommendations for the valuation of Landfill Sites and associated works used for the disposal of waste materials.

2.0 Basis of Valuation

- 2.1 For the 2010 Revaluation it is recommended that Landfill Sites are valued on the Comparative Principle at a rate per tonne of waste deposited in the site. The recommended rates per tonne of waste in this Practice Note have been derived from the analysis of rental information. An addition should be made for associated works which may include void engineering (e.g. cell construction and site lining), roads, litter fencing, concrete areas, effluent treatment plant, landfill gas extraction infrastructure and electricity generating plant. Where extensive areas are used for processing waste other than the waste which is to be deposited in the site consideration should be given to an addition for the site value of these areas.

3.0 Industry Background

- 3.1 The Waste Disposal Industry continues to go through major changes brought about by the legislative requirements of Landfill Tax, European Commission Landfill Directive [1993/31/EC] and Waste Framework Directive [2008/98/EC]. As a result targets and approaches have changed as follows:-
- a) To reduce the amount of biodegradable municipal waste sent to landfill to 75%, 50%, and 35% of the 1995 level by 2010, 2013 and 2020 respectively.
 - b) An acceleration of new waste treatment facilities and technologies to try and meet the set Landfill target for 2013. If this target is not met fines may be imposed.
 - c) New targets set by the waste framework directive for construction and demolition waste include an anticipated re-cycling and composting rate of 70% by 2020.
 - d) Landfill Tax is to increase from 2010/11 by £8 per tonne per year until 2013/2014. The current figure is set at £40 per tonne.

- 3.2 Previously under targets outlined in the National Waste Plan [2003] for municipal waste, Scotland had to reach 30% recycling and composting by 2008. However under recent new targets, the Scottish Government has established a “Zero Waste” policy.

From this the anticipated targets for re-cycling and composting are:-

- a) 40% by 2010
- b) 50% by 2013
- c) 60% by 2020
- d) 70% by 2025

- 3.3 The Scottish Government have given a clear commitment to reduce the amount of biodegradable municipal waste to landfill within Scotland. This will be achieved not only through recycling and composting but through a more sustainable approach with waste prevention being the key. As a result and under its ‘Zero Waste’ policy, Scottish Government has declared the amount of municipal waste going to landfill site should be reduced to :-

- a) 56% by 2010,
- b) 36% by 2013,
- c) 15% by 2020
- d) 5% by 2025.

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

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

4.0 Valuation

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

- 1) The amount of waste deposited in the site, which influences the site value.
- 2) Structures in the nature of buildings used as offices, workshops, stores or process buildings.
- 3) Site infrastructure which includes concrete surfaced areas, bunds and walls used for recycling or processing, roads, fencing (both perimeter and litter fencing), drainage works, leachate treatment plant ,void engineering and composting

operations.

- 4) Site value for areas processing and recycling waste
- 5) Landfill Gas collection infrastructure.
- 6) Electricity Generating Plant
- 7) Plant and Machinery

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

4.2 Rate per tonne of waste deposited in site

4.2.1 Landfill sites should be valued on the basis of local evidence. In the absence of local evidence the following rates are recommended as a guide.

Category of Waste	Rate per tonne
Active Waste	£1.15
Inactive/Inert Waste	£0.50
Waste exempt from landfill tax	£0.25
Special Waste	Local Evidence

4.2.2 The appropriate rate per tonne for the class of waste should be applied to the tonnage deposited in the site for the year 2007-2008 or the sustainable annual tonnage for the quinquennium.

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

4.2.4 Small rural and Island sites which still exist can be considered for valuation at a lump sum figure between £150 and £1500 reflecting local hierarchy if the tonnage approach does not give a realistic answer in the light of local evidence.

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

4.3 Buildings

4.3.1 Buildings on Landfill sites should be valued on the comparative basis on rates derived from local evidence or on the application of the Contractors Basis with reference to Basic Principles Committee Practice Note 2.

4.4 Site Infrastructure

4.4.1 Elements in the nature of site infrastructure should be valued on the Contractor's Basis.

4.5 Landfill Gas Collection Infrastructure and Electricity Generation Plant

4.5.1 The treatment of these subjects will depend upon the nature of occupation. They may be included as unum quid with the Landfill site or may merit separate entries in the Valuation Roll. Guidance from the designated Assessor for the valuation of electricity land and heritages will be sought on the valuation of these subjects.

4.6 **Plant and Machinery**

4.6.1 The items of Plant and Machinery at a subject to be included in valuation will be governed by the provisions of the Valuation for Rating (Plant and Machinery) (Scotland) Regulations 2000 (as amended).