

## **Revaluation 2010**

### **Public Buildings Committee**

#### **Practice Note 12**

#### **Valuation of Universities, Colleges and other Institutes of Higher & Further Education**

##### **1.0 Introduction**

###### **1.1 Educational Accommodation**

This Practice Note should be used in connection with properties occupied for University, Higher or Further Education purposes and which should be considered for valuation under the following two principal groups: -

**A** Property that has been purpose built or substantially adapted for occupation by a University, College or Higher Education Institution and for which they are the only hypothetical tenants. This will include buildings forming part of the main complex or campus, as well as those that are separate from it.

**B** Property separate from a complex or campus, which is comparable physically with property in the locality and which has been taken over with little or no adaptation for educational purposes. For example, former houses, shops, offices or stores acquired perhaps with a view to future development but in the meantime used for education or administration purposes.

###### **1.2 Residential Accommodation**

All Halls of Residence, hostels and other living accommodation used as residences by students and/or, as the sole or main residence of staff should be treated as separate dwellings and entered on the Valuation List, in accordance with Schedule 1 of the Council Tax (Dwellings and Part Residential Subjects) (Scotland) Regulations 1992. Student halls are defined in Schedule 1 paragraph 2 as: -

"Any lands and heritages –

a) which are used (or, if not in use, were last used) predominantly as residential accommodation by students; and

b) in which there are facilities which are available for sharing by some or all of the students".

Accordingly should the student accommodation meet the foregoing requirements then an entry should appear in the Council Tax List and be excluded from the educational establishment valuation. Any individual

residential property being the sole or main residence of an employee of the establishment should also be shown as a separate entry in the Council Tax List.

Following the decision in the case Assessor for Lothian Region -v- Heriot-Watt University, 1998 SC 736, entries should not be made in the Valuation Roll for residential property which is used outwith term-time for commercial letting in connection with summer schools, short courses and conferences, provided the predominant use is as student accommodation.

### 1.3 **Let- Outs**

Non-domestic premises forming part of a campus or complex which are let by the University or College in such a way as to require separate assessment should be assessed by the most appropriate method of valuation; this will normally be by reference to rental evidence.

## 2.0 **Basis of Valuation**

- 2.1 Category **A** properties: - Purpose built and adapted buildings should be valued by employing the Contractor's Basis.
- 2.2 Category **B** properties: - Property of this type should be valued by Comparison with similar properties in the immediate locality.
- 2.3 The following instructions apply to Category A properties only.

## 3.0 **Survey and Measurement**

- 3.1 Building areas should be calculated on a gross external basis (GEA) for each main floor. The definition of GEA should be as provided in the RICS Guidance Note "Code of Measuring Practice" (6th Edition) and measurements should be taken in accordance therewith.
- 3.2 Where a subject is of older construction e.g. stone, and has thicker than normal walls the area should be adjusted on a floor by floor basis in accordance with SAA Public Buildings Committee Practice Note 4 (Contractor's Basis Valuations, Adjustment of Areas, External Works' Costs, Allowances and Land) to adjust the floor area to the modern equivalent.
- 3.3 The total site area and areas and details of car parks, roadways, landscaping etc should also be determined together with details of boundary walls, fences etc.

## 4.0 **Building and External Works Costs**

- 4.1 The available UK cost evidence was analysed in terms of SAA Basic Principles Committee Practice Note 2 (Contractor's Basis Valuations). The unit cost rates derived reflect a Scottish Mean location factor, a £3 million contract size and a tone date of 1 April 2008.

## 5.0 Valuation

- 5.1 Buildings should be valued in accordance with SAA Basic Principles Committee Practice Note 2 (Contractor's Basis Valuations).
- 5.2 Recommended unit cost rates based on the cost analysis referred to in para 4.1 are noted below. The recommended rates exclude professional fees and external works.
- 5.3 External works should be valued in accordance with SAA Public Buildings Committee Practice Note 4 (Contractor's Basis Valuations, Adjustment of Areas, External Works' Costs, Allowances and Land).
- 5.4 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).
- 5.5 Age, obsolescence and other allowances should be made in accordance with SAA Public Buildings Committee Practice Note 4 (Contractor's Basis Valuations, Adjustment of Areas, External Works' Costs, Allowances and Land).
- 5.6 Land Value should be determined by reference to local evidence and SAA Public Buildings Committee Practice Note 4 (Contractor's Basis Valuations, Adjustment of Areas, External Works' Costs, Allowances and Land).
- 5.7 The Estimated Replacement Cost and the Adjusted Replacement Cost are derived as indicated in Sections 6 and 7 below.

## 6.0 Estimated Replacement Cost

### 6.1 Unit Cost Rates (Buildings)

The following unit cost rates per square metre should be applied to adjusted gross external areas in accordance with the different categories described. Costs were analysed on the basis of total building areas and, accordingly, the recommended rates should be applied with all main and ancillary areas taken at 100%.

#### 6.1.1 Superior Science Research Buildings **Unit Cost Rate £3,300**

This unit cost rate is **only** intended to apply to particular buildings of the highly specialised nature and specification described below.

Buildings used for postgraduate and upward research in highly specialised scientific laboratories which have a high proportion of one or more of the following attributes:-

- Containment level 2 capability or above
- Clean room class 100 capability or below
- Substantial foundations with or without isolation from the main structure to ensure vibration free operation of scientific machinery.

Examples within university departments may include those for the purposes of, nanotechnology, epidemiology or medical research involving animals or pathogens etc.

**6.1.2 Principal Buildings** **Unit Cost Rate £1,500**

General University and College buildings of the classic traditional character and standard, or their modern equivalent, providing relevant educational and social accommodation. e.g. teaching areas, lecture theatres, study areas, science laboratories, training workshops, library, concourses, student's union, administrative areas etc.

**6.1.3 Other Principal Buildings** **Unit Cost Rate £1,300**

University and College buildings of a standard and style of construction similar to a secondary/comprehensive school

**6.1.4 Sports Buildings**

**6.1.4.1 Sports Barns** **Unit Cost Rate £900**

With changing and associated plant rooms

**6.1.4.2 Sports Barns** **Unit Cost Rate £620**

Without changing rooms

**6.1.4.3 Swimming Pools** **Unit Cost Rate £1,600**

Including surrounds, changing and plant rooms

**6.1.5 Huttred and Portable Buildings** **Unit Cost Rate £600**  
(less 12.5% if unheated)

Broadly those buildings generally intended to have a relatively short life, (although they may have outlived original expectations), and of inferior construction compared to standard building construction. Where a temporary building is built to a standard superior to the norm for that type, consideration should be given to treating it as a principal or other principal building at 6.1.2 or 6.1.3.

**6.1.6 Greenhouses/Simple Timber Structures** **Unit Cost Rate £185**

Those greenhouses used purely in connection with raising plants for ornamental purposes, without climate control, and used neither for research nor public admission. Timber structures within this category will be of the simplest type, used as stores and/or garages, and with no heating.

**6.1.7 Workshops** **Unit Cost Rate £625**  
(less 12.5% if unheated)

These will be more substantial structures than at 6.1.6. Typically with light steel frame, 100mm brickwork infill to 1.0m height, profiled corrugated sheet cladding above, translucent sheet glazing, electric power, water toilets and central heating. Such buildings are likely to have been built after 1975. Older workshops may be constructed from different materials.

#### **6.1.8 Link Walkways**

Any link walkways, not of a substantial character or not an original component of a unified design should be excluded from valuation.

#### **6.2 Unit Cost Rates (External Works)**

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

Specialised facilities such as athletics tracks and their ancillaries should be added in accordance with SAA Miscellaneous Properties Committee Practice Note 9 (Valuation of Sports Grounds).

### **7.0 Adjusted Replacement Cost**

#### **7.1 Age and Obsolescence**

Age and obsolescence allowances should be applied to the estimated replacement cost derived above in accordance with the table in SAA Public Buildings Committee Practice Note 4 (Contractor's Basis Valuations, Adjustment of Areas, External Works' Costs, Allowances and Land).

As noted in that practice note, buildings that are system-built structures of inferior frame and panel construction with flat roofs and very little or no brickwork to walls may be given an additional allowance of up to 20% for pre-1975 structures and 15% for those built between 1975 and 1985. This additional allowance may be given in relation to actual construction, actual state and the nature of any problematic circumstances as a result of the original system of building.

Buildings, which have undergone extensive modernisation to such an extent that it is not appropriate to treat them as dating from or in their original specification/date, should be treated from an intermediate point of allowance depending on the extent of modernisation.

#### **7.2 Functional Obsolescence**

In the case of multi storey properties, the following general allowances should be made to the whole of the individual building. Reduction factors for subsidiary floors will not apply.

Multi Storey Allowance	2 Storey	2.5%
	3 Storey	5%
	4 Storey	10%
	5 to 7 Storeys	17.5%
	8 Storeys and above	22.5%
No lift (see below) *	An additional allowance of	5%

\*Where a multi storey building has no lift an additional allowance of 5% should be applied.

Each principal building should be considered separately.

These allowances are intended to reflect the operational difficulties of housing a university or college in a multi storey building. In particular, they reflect the problems of students moving between different storeys. 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 excess areas of the lower floors should also benefit from the multi-storey allowance. This will depend on the use of the excess areas in the context of the use of the building. Where the use in the excess areas is related to the use in the building then it will be appropriate to apply the allowance to the excess areas part.

***The allowances referred to in 7.1 and 7.2 should not be aggregated but applied in sequence to provide the Adjusted Replacement Cost of a particular item.***

## 8.0 Land

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

## 9.0 Decapitalisation Rate

All subjects referred to in this Practice Note being valued under the Contractor's Basis should attract the appropriate statutory decapitalisation rate.

## 10.0 End Allowances

Any advantages or disadvantages which might affect the value of the occupation of the Lands and Heritages as a whole should be reflected at this stage.