



*Scottish Assessors Association*

## **Revaluation 2023**

### **Industrial Properties Committee**

#### **Practice Note 6 Valuation of Landfill Sites**

#### **1.0 Introduction**

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**

For the 2023 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 rate per tonne of waste in this practice note has been derived from the analysis of rental information. An addition should be made for associated works which may include void engineering, 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. The appropriate unit of valuation should be considered when landfill gas collection and electricity generation is associated with the site (see para 4.5.1).

#### **3.0 Industry Background**

3.1 The Waste Disposal Industry continues to go through major changes brought about by the legislative requirements of Scotland's Zero Waste Plan and the Waste Framework Directive [2008/98/EC] as implemented by the Waste (Scotland) Regulations 2012 and changes to Scottish Landfill Tax.

The Scottish Government as part of its Zero Waste Plan intends to introduce progressive bans on the types of materials that may be disposed of in landfill to ensure that no resources with a value for re-use or recycling are sent to landfill by 2020.

3.2 A summary of the Zero Waste Plan targets is provided in the table below:

<b>Target</b>	<b>Year</b>	<b>Derivation</b>
The preparing for re-use and the recycling of 50% by weight of waste materials such as paper, metal, plastic and glass from household waste.	2020	Article 11(2)(a) of Waste Framework Directive.
60% recycling / composting and preparing for re-use of waste from households.	2020	Scottish Government Target.
70% recycling and preparation for re-use of construction and demolition waste.	2020	Article 11(2)(b) of Waste Framework Directive.
A complete ban on biodegradable municipal waste going to landfill.	2021	Waste (Scotland) Regulations 2012.
No more than 5% of all waste going to landfill.	2025	Scottish Government Target.
70% recycling / composting and preparing for re-use of all waste.	2025	Scottish Government Target.

These targets will have a significant effect on industry practices and infrastructure provision in Scotland, particularly for those involved in the management of municipal waste.

Landfill Tax aims to encourage waste producers to produce less and recover more value from the waste produced. Scottish Landfill Tax is considered a key factor in the changing of attitudes and the diversion of waste from landfill and is consistent with the Scottish Government's Zero Waste Plan.

The Scottish Landfill Tax (Standard Rate and Lower Rate) Order 2015 has set current rates of Landfill Tax at £82.60 per tonne for active wastes and £2.60 per tonne for inactive wastes.

The pressures to comply with Landfill Tax, pollution control legislation and landfill diversion targets has resulted in the closure of a number of landfill sites and an increased pressure on the business models of the industry in general. The industry continues to consolidate 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 diversion targets including composting, the provision of materials recovery facilities and energy from waste projects. Many landfill sites are becoming increasingly dependent on income from the generation of electricity produced from the combustion of landfill gas to remain profitable.

## 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

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	£1.65
Inactive/Inert Waste	£0.75
Waste exempt from landfill tax	£0.25
Special Waste	Local Evidence

The appropriate rate per tonne for the class of waste should be applied to the tonnage deposited in the site for the year 2021-2022 or the sustainable annual tonnage for the triennium.

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.

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.

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

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 SAA Basic Principles Committee Practice Note 2 Contractor's Basis Valuations.

## 4.4 Site Infrastructure

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**

The treatment of these subjects will depend upon the nature of occupation. These items may be included as unum quid with the Landfill Site or may merit separate entries in the Valuation Roll. The SAA Industrial Properties Committee Practice Note 4 Electricity Generation from Landfill Gas will give full guidance on the valuation of the above items.

#### **4.6 Plant and Machinery**

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).

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