

Revaluation 2023
Public Buildings Committee
Practice Note 27
Valuation of Custodial Centres

1.0 Introduction

- 1.1 This Practice Note deals with the valuation of all civilian prison establishments in Scotland occupied or operated by, or on behalf of, the Scottish Prison Service (SPS). This Practice Note does not cover the valuation of other properties occupied by SPS.
- 1.2 It should also be used as the basis of valuation of Detention Centres and Secure Units.

2.0 Basis of Valuation

- 2.1 All properties constructed or adapted for use as custodial centres should be valued using the Contractor's Basis of valuation.
- 2.2 Adjustments in respect of contract size should be made in accordance with the recommendations contained in SAA Basic Principles Committee Practice Note 2 (Contractor's Basis Valuations).
- 2.3 Additions for professional fees and charges will be added to the total cost as adjusted above in accordance with the scale set out at 6.14.

3.0 Survey and Measurement

- 3.1 Building areas should be calculated on a gross external basis (GEA) for each main floor.
- 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 (Valuation of Contractor's Basis Subjects, Areas Adjustment and External Works Costs) to adjust the floor area to the modern equivalent.
- 3.3 Site area should be calculated together with the areas of any car parks, roadways and other paved or landscaped surfaces. Measurements and details of boundary walls, fences and any other items in the nature of external works, civil works or plant and machinery should also be noted.

- 3.4 When considering whether accommodation within a custodial centre is to be treated as domestic or non-domestic, reference should be made to Section 72(2) of the Local Government Finance Act 1992 and The Council Tax (Dwellings) (Scotland) Regulations 1997 (S.I. 1997 No.673).
- 3.5 The Regulations vary the definition of “dwelling” to include as a “dwelling” those parts of a prison and young offenders’ institution set out in the Regulation. An entry should be made in the Council Tax Valuation List for those parts.
- 3.6 The NAV and RV of the remainder should be entered in the Valuation Roll accordingly. There is no requirement to apportion the NAV between residential and non-residential parts.
- 3.7 Prison Farms should not be excluded from the valuation of the prison.

4.0 Building and External Works Costs

- 4.1 The available cost evidence was analysed in terms of SAA Basic Principles Committee Practice Note 2 (Contractor’s Basis Valuations). The unit cost rate(s) derived reflect a Scottish Mean location factor, a £4 m contract size and a tone date of 1 April 2022.

5.0 Valuation

- 5.1 Valuations should be carried out in accordance with SAA Basic Principles Committee Practice Note 2 (Contractor’s Basis Valuations) in accordance with Section 2 of that Practice Note.

5.2 Buildings Outside the Wire

In certain limited circumstances it may be deemed appropriate to value buildings by reference to the Comparative approach. If adopting this method, the valuer should ensure the rate applied is appropriate to the unit of valuation.

6.0 Estimated Replacement Cost (ERC)

6.1 Unit Cost Rate (Buildings)

The unit cost rates, expressed in £/m² at Appendix 1 will be used to arrive at the Estimated Replacement Cost (ERC) for the key categories of buildings of permanent and temporary construction. There may be instances where Appendix 1 is not appropriate, and in such circumstances actual costs or updated historic costs for the building in question should be considered.

- 6.2 With the exception of Secure Units, an addition of up to 20% may be made to the above rates to reflect individual specifications which are in excess of the “norm” for that particular facility or for that building’s normal use unless local evidence suggests this should be higher.
- 6.3 Within the category of buildings "industries/workshops/stores" inside the wire, the appropriate size band for costing will be determined by calculating the aggregate floor area of such buildings. The exception will be any such building that, by nature of its use in the custodial centre, must be occupied separately from others of the same type.
- 6.4 Link Blocks and Subways, which are solely used as passages between adjoining blocks and where not an integral part of the design and construction of those blocks, should be left out of the costing exercise. The exception to this will be for secure corridors linking accommodation "within the wire", which will be valued at up to 50% of the appropriate cell block rate for the establishment.
- 6.5 **Unit Cost Rates (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 and External Works Costs).
- 6.6 In the absence of detailed information to allow a full costing of external works to be carried out, external works should be valued by making the following additions to the ERC of all buildings.
- 6.7 Additions on this basis will comprise three elements, firstly costing all playing fields etc (6.11), where sufficient detail exists to allow these to be costed separately. Secondly, costing the remaining site works (6.12) excluding perimeter security, and thirdly, costing perimeter security (6.13).
- 6.8 In the case of Site Works, it is assumed the benchmark figure would be adopted in most cases, but this could be subject to variation within the range to reflect the specific nature of the site being valued.
- 6.9 These levels may be subject to upward variation for lands and heritages that require additional site works due to the function of the establishment or downward variation for sites with basic infrastructure.
- 6.10 The percentage additions in relation to Site Works do not include playing fields, all weather pitches, tennis courts etc, but where there is insufficient information available to allow these to be valued separately, an appropriate percentage addition from the table at 6.12 should be selected to reflect their existence.

6.11 **Playing Fields etc.**

Playing fields, football pitches and other recreational/sporting facilities out with those noted in this table should be valued by reference to the SAA Public Buildings Committee Practice Note 4 (Valuation of Contractor's Basis Subjects, Areas Adjustment and External Works Costs).

6.12 **Site Works**

% of Buildings ERC	Benchmark	Category of Prison
10 – 17.5%	15%	All excluding Open prisons
5 – 15%	10%	Open prisons only

6.13 **Security Fence/Wall**

In the absence of actual or updated historic costs for perimeter security walls and fences, the percentage additions for perimeter security shown in following table.

Type of Wall / Fence	% of Buildings
External Wall & Fence	12.5%
External Wall	10%
Double Fence	5%
Single Fence	2.5%
No Security Wall or Fence	0%

N.B. When additional buildings are added to a Custodial Centre without the need for additional Perimeter Security the original valuation of Perimeter Security should not be altered.

6.14 **Adjustments to ERC**

Adjustments in respect of contract size should be made in accordance with the recommendations contained in SAA Basic Principles Committee Practice Note 2 (Contractor's Basis Valuations). Adjustments in respect of professional fees should be made in accordance with the following table.

Total Cost (£)	Fee as a Percentage			
	All Except Open Prisons	Subject to Minimum Fee	Open Prisons	Subject to Minimum Fee
£0 - £750,000	14.0%		12.0%	
£750,000 - £1,500,000	13.0%	£105,000	11.0%	£90,000
£1,500,000 - £4,000,000	11.5%	£195,000	9.5%	£165,000
£4,000,000 - £7,500,000	10.5%	£460,000	8.5%	£380,000
£7,500,000 - £15,000,000	9.5%	£787,500	7.5%	£637,500
Over £15,000,000	9.0%	£1,425,000	7.0%	£1,125,000

7.0 Adjusted Replacement Cost (ARC)

- 7.1 In applying age and obsolescence allowances reference should be made to guidance in SAA Basic Principles Committee Practice Note 2 (Contractors Basis Valuations). Allowances for all building types with the exception of Industries/Workshops/Stores should be applied in accordance with Column E. Allowances for Industries/Workshops/Stores should be applied on the basis of Column A. In particular it should be noted that allowances in respect of age in excess of 60% should only be given to buildings and plant in exceptional circumstances. Further allowances of a functional and technical nature should be considered in accordance with 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 and External Works Costs).

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7.2 Multi Storey Properties

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 floor allowance	Buildings with 4 main floors or less	0%	
	Buildings with 5-7 main floors	7.5% overall	
	Buildings with 8 or more floors	Up to & including 7 th floor	7.5% overall
8 th floor & above		12.5% on each floor	

- 7.3 The above allowances should not be aggregated but applied in sequence to provide the Adjusted Replacement Cost of a particular item.

8.0 Plant and Machinery

- 8.1 Buildings' unit cost rates above are inclusive of service plant typically found in subjects covered by this Practice Note. Rateable items of plant and machinery not already reflected in these rates should be dealt with in terms of the Valuation for Rating (Plant & Machinery) (Scotland) Regulations 2000 (as amended) and valued with reference to the Rating Cost Guide and added to the ERC.

9.0 Land

- 9.1 Land value should be determined by reference to local evidence and SAA Basic Principles Committee Practice Note 2 (Contractor's Basis Valuations).

10.0 Decapitalisation Rate

- 10.1 The appropriate statutory decapitalisation rate should be used.

11.0 End Allowance

- 11.1 Any factors or circumstances which might affect the value of the occupation of the lands and heritages as a whole should be reflected at this stage. An adjustment under this head should not duplicate adjustments made elsewhere.

Table A Permanent Construction – Inside the Wire

Building Use	GEA (m2)	Unit Cost Rate/m2
Cell Blocks (including medical cells)	All	£2,270
Cell Blocks (Residential Treatment Unit)	All	£1,660
Open Prisons	Up to 249	£1,310
	250 - 499	£1,250
	500 - 999	£1,220
	Over 999	£1,190
Segregation Units	All	£2,315
Gate/Entry Building	All	£2,670
Secure Unit	All	£2,630
Reception	All	£2,055
Medical/Hospital Buildings (excluding cells)	All	£2,235
Kitchen	All	£2,270
Dining Hall	All	£1,660
Office/Administration/Visits	All	£1,660
Educational	All	£1,660
Gymnasias/Sports Halls	All	£1,485
Squash Courts	All	£1,500
Industries/Workshops/Stores	Up to 249	£1,435
	250 - 499	£1,080
	500 - 999	£940
	1,000 – 4,999	£860
	5,000 – 10,000	£825
	Over 10,000	£795

Table B Permanent Construction – Outside the Wire

In the case of subjects outside the wire, consideration should be given to the unit of valuation. If deemed appropriate to proceed on the comparative basis, prevailing rental levels for that type of property may provide the best evidence of Net Annual Value.

Rates in the following table are to be applied if the subjects are to be correctly valued by the contractors' basis of valuation or if there is a lack of the evidence referred to above.

Building Use	GEA (m2)	Unit Cost Rate/m2
Offices	Up to 249	£1,160
	250 - 499	£1,140
	500 - 999	£1,120
	1,000 – 4,999	£1,095
	5,000 – 10,000	£940
	Over 10,000	£845

Industries/Workshops/Stores (unlined & unheated) Eaves 4m	Up to 249	£515
	250 - 499	£380
	500 - 999	£330
	1,000 – 4,999	£290
	5,000 – 10,000	£290
	Over 10,000	£280

Industries/Workshops/Stores (lined & heated) Eaves 6m	Up to 249	£970
	250 - 499	£715
	500 - 999	£610
	1,000 – 4,999	£540
	5,000 – 10,000	£500
	Over 10,000	£460

Table C Temporary Construction

Building Use	GEA (m2)	Unit Cost Rate/m2
Portacabins (serviced)	All	£750
Modular Buildings (serviced)	All	£1,150
Portable WCs/Shower Blocks	All	£1,215
Timber Frame/Clad (used as classrooms, stores & offices)	All	£1,150
GRP Huts/Shelters (Gladson type) & Small Plant Buildings (circa 2.15m2 x 1.50m2)	All	£3,160 Cost per hut
Bicycle/Motorcycle Shelters (usually metal frame or GRP)	All	£230
Metal Frame Open Sided Structure (Dutch barn type)	All	£420
Nissan Huts/Romany Huts	All	£330
Timber Huts	All	£575
Stables/Kennels & similar	All	£420
Metal Frame, Fabric Covered	All	£330
Podded Accommodation Blocks	All	£1,215