



Consultation

Review of Basic Principles Committee Practice Note 2

Contractor's Basis Valuations-Section 8.0 -Obsolescence Allowances

The use of Monsanto based age and obsolescence scales for older buildings has been questioned in recent case law and in recognition of this, the Scottish Assessors' Association is conducting a review of Section 8.0 (including associated Appendix 1) of its Basic Principles Committee Practice Note 2- Contractor's Basis Valuations, in preparation for Revaluation 2023.

Stakeholder engagement is an essential feature of any review of this nature and the SAA is seeking views on the inclusion of an additional age and obsolescence scale for certain categories of public buildings which are valued on the Contractor's basis. This new additional scale will represent the combined age- related physical depreciation along with functional obsolescence and technical redundancy displayed by buildings of each age typical for their specification and condition.

This new additional scale will assume normal wear and tear and/or depreciation due to the age of the building and a degree of cyclical refurbishment, to include whole or partial renewal of some components. It is anticipated that there will only be adjustment away from the scale by exception for example in older buildings which have been subject to modernisation and refurbishment.

A copy of the existing Practice Note 2 and the SAA's proposed new additional obsolescence scale are attached to this consultation.

To take part in the consultation, please consider the documentation and take the time to submit answers to the following questions no later than the **consultation closing date of 10th December 2021**.

Responses may be made by email to Fife.Assessor@fife.gov.uk .or by post to:

Assessor for Fife Council
Bankhead Central 2
Bankhead Park
Glenrothes
Fife
KY7 6GH

**Consultation – Review of Section 8.0 of Basic Principles Committee Practice
Note 2- Contractor’s Basis Valuations**

Question 1	Do you agree that a revised age and obsolescence scale should be adopted for certain public buildings?
<p>We welcome the review of the age and obsolescence scales by the Scottish Assessors in response to the change in practice adopted by the Valuation Office Agency following a number of Supreme Court decisions.</p> <p>We accept that there will be different approaches to be adopted between respective categories of properties and we consider it reasonable for the Scottish Assessors to be considering the adoption of a revised model for public building subjects.</p> <p>We consider that the restriction of this review to an age and obsolescence scale for public buildings only provides potential for further debate and litigation on other types of properties where scales do not reflect the condition of properties.</p>	
Question 2	Do you agree that a single age and obsolescence scale should be applied to different types of public buildings?
<p>Each building or category of subject should have and even needs consideration on their own merits. Properties are not constructed uniformly with some buildings more highly serviced than others. We understand the thoughts behind the adoption of a single age and obsolescence scale however there needs to be scope within the model to differentiate between buildings depending on the characteristics of those buildings.</p>	
Question 3	The new additional scale assumes cyclical refurbishment has taken place but, in the circumstance where a building is still in operational use, do you agree that the age and obsolescence scale should include adjustments to reflect functional and technical obsolescence typical of the buildings age, taking account of the assumed cyclical refurbishment?
<p>Yes. Each building will be required to be considered on its own merits when undergoing refurbishment.</p>	
Question 4	Do you agree that only specific functional deficiencies or technical redundancy, not representative of the buildings age, should qualify for increased allowances?
<p>No, each property will require to be considered on its own merits. Public buildings, particularly historic in nature, have differing characteristics that will not be present within the revised scales. The removal of the flexibility of such allowances could result in additional debate and litigation between the Scottish Assessor and the Ratepayer. The final RV must represent reality taking into account a holistic review of the properties characteristics so adjustments to input factors must be maintained</p>	

Question 5	Do you agree that in exceptional circumstances, where an older building has undergone significant major renovation, including structural components and a complete internal refit including services, that the standard allowances may be reduced?
Yes this is a reasonable assumption, especially if the expenditure results in the re-purpose or extending the economic life of a building. We however believe that each building should be considered on their own merits depending on the renovation works.	
Question 6	Do you have any other comments or suggestions?
We welcome the Assessors request for consultation on this matter. We would like this review to be extended beyond the scope of public buildings to ensure uniformity of the practices adopted in Scotland is similar to the practice adopted in England and Wales. We would maintain the right to challenge the other scales contained in the table particularly around the cap applicable to civils, plant and general other buildings.	
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Contractors Basis Valuations Obsolescence Allowances - Reval 2023

Year	Temp Buildings	Monsanto Buildings	Public Buildings
	%	%	%
2023	0.00	0.00	0.00%
2022	1.50%	0.50%	0.75%
2021	3.00%	1.00%	1.50%
2020	4.50%	1,5%	2.50%
2019	6.00%	2.00%	3.50%
2018	7.50%	2.50%	4.75%
2017	9.00%	3.00%	6.00%
2016	10.50%	3.50%	7.25%
2015	12.00%	4.00%	8.50%
2014	13.50%	4.50%	10.00%
2013	15.00%	5.00%	11.25%
2012	16.50%	6.00%	12.75%
2011	18.00%	7.00%	14.25%
2010	19.50%	8.00%	15.75%
2009	21.00%	9.00%	17.25%
2008	22.50%	10.00%	18.75%
2007	24.00%	11.00%	20.25%
2006	25.50%	12.00%	21.75%
2005	27.00%	13.00%	23.25%
2004	28.50%	14.00%	24.50%
2003	30.00%	15.00%	26.00%
2002	31.50%	16.00%	27.50%
2001	33.00%	17.00%	28.75%
2000	34.50%	18.00%	30.00%
1999	36.00%	19.00%	31.25%
1998	37.50%	20.00%	32.50%
1997	39.00%	21.00%	33.75%
1996	40.50%	22.00%	35.00%
1995	42.00%	23.00%	36.00%
1994	43.50%	24.00%	37.00%
1993	45.00%	25.00%	38.00%
1992	46.50%	26.00%	39.00%
1991	48.00%	27.00%	40.00%
1990	49.50%	28.00%	40.75%
1989	51.00%	29.00%	41.50%
1988	52.50%	30.00%	42.25%
1987	54.00%	31.00%	43.00%
1986	55.50%	32.00%	43.75%
1985	57.00%	33.00%	44.50%
1984	58.50%	34.00%	45.00%

Contractors Basis Valuations Obsolescence Allowances - Reval 2023

Year	Temp Buildings	Monsanto Buildings	Public Buildings
	%	%	%
1983	60% Max Allowance	35.00%	48.00%
1982		36.00%	51.00%
1981		37.00%	54.00%
1980		38.00%	56.75%
1979		39.00%	57.25%
1978		40.00%	57.50%
1977		41.00%	58.00%
1976		42.00%	58.25%
1975		43.00%	58.50%
1974		44.00%	58.50%
1973		45.00%	58.75%
1972		46.00%	59.00%
1971		47.00%	59.00%
1970		48.00%	59.25%
1969		49.00%	59.25%
1968		50.00% (See para 8.1 of BPC PN2)	60.00%
1967		51.00%	60.00%
1966		52.00%	60.00%
1965		53.00%	60.00%
1964		54.00%	60.00%
1963		55.00%	60.00%
1962		56.00%	60.00%
1961		57.00%	60.00%
1960		58.00%	60.00%
1959		59.00%	57.50%
1958		60.00%	55.00%
1957		61.00%	55.00%
1956		62.00%	55.00%
1955		63.00%	55.00%
1954		64.00%	55.00%
1953		65.00% (Max allowance)	55.00%
1952			55.00%
1951			55.00%
1950			55.00%
1949			55.00%
1948			55.00%
1947			55.00%
1946			55.00%
1945			55.00%