



ENGLISH HERITAGE



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Woodhouse Mill, Todmorden, West Yorkshire: this building had been disused for some years. Fire broke out in the course of repairs in 1994. The emergency services were hampered by its immediate proximity to the Leeds and Liverpool Canal. (Photos: Robert Aram)

- Managed occupation is desirable in larger and important historic buildings, especially those open to the public and with valuable contents. Standing orders should be instituted for testing fire precautions and response to intruder alarms. Controls on smoking, on the storage of flammable materials, and on the use of heat-producing appliances can also help to reduce risks. Planned inspection and maintenance are not only beneficial to the building, but should also prevent or identify hazardous situations. Contingency plans for the removal, salvage, and emergency conservation of valuable items should be drawn up, including lines of responsibility, availability of manpower at different times of the day or night, and places of safe storage. Proper training of staff (including volunteers) in fire fighting, prevention, salvage techniques, and response to break-in is essential, as are simulation exercises, to test that plans will work in practice. This is a particular problem with unoccupied buildings, in which case remote sensors to detect unauthorised entry or fire, reporting to a 24-hour main control point, could be investigated as could the isolation of electrical supplies from all but essential circuits.

- Protection against water damage can be considered, for example, leak sensors on pipes, leak trays under pipes in high risk areas (eg over elaborate decorative plaster ceilings), or automatic isolator valves.

- The risk of additional damage from the actions of the emergency services can be mitigated by regular liaison between owners and the services. Marked-up ground plans and elevations are invaluable to those fighting a fire or doing salvage work during a disaster.

- It is essential to review all management arrangements regularly.

For further information on this topic see *Heritage under fire*, published by the Fire Protection Association, second edition 1994 (available from English Heritage Postal Sales at £25.00, by telephoning 0604 781163, quoting product code XC10793). The Fire Protection Association also operates an information service (see p15). In all



Crofton Hall Gateway, Cumberland: gateways and other buildings beside main roads are particularly liable to damage from vehicles. (Photos: Cumbria County Council)

cases it is important that 'deemed to satisfy' provisions for means of escape and structural fire precautions are not imposed on historic buildings if this would result in significant damage to their appearance or special interest. Where potential conflicts between listed buildings and fire or safety regulations arise, risk assessment from first principles and a strategy to address it are strongly recommended. Specialist consultants can advise you.

Vacant property

Empty buildings are particularly vulnerable to theft, vandalism, and arson, and it is customary for insurers to impose restrictions in cover where buildings are left empty for extended periods. It is important

that they are notified whenever this occurs; failure to do this may affect cover to that building. Special terms are also normally imposed for holiday homes and untenanted buildings, such as redundant agricultural buildings and garden or purely decorative estate buildings.

Extent of perils

Standard perils include fire, lightning, explosion, storm, escape of water or oil from tanks, apparatus or pipes, theft (including theft of elements of the building and fixtures), riot and malicious damage, impact by aircraft, vehicles, animals, falling trees, and flood. Landslip, subsidence, heave, and acts of terrorism can also be covered at additional cost. The owner chooses

the extent of perils covered, bearing in mind the specific risks to historic buildings. Architectural theft, in particular, has become a serious problem in recent years. Reduction in cover from the full standard perils tends to achieve only minimum reductions in premiums, but can leave serious gaps in cover. Who in southern England thought storm damage insurance was important before the storms of 1987, 1989, and 1990?

Fixtures and contents

It may be possible to adjust the extent of cover by excluding, or removing to a safer location, fixtures which are irreplaceable works of art or very fine examples of craftsmanship, and therefore almost impossible to recreate. However, listed building or scheduled monument consent is required for the removal of fixtures, and if they are historically associated with the building, it is most unlikely to be granted. If such items are to be excluded from cover, then full details should be given to the insurers.

Negotiable terms

Long-term agreements with an insurer over, say, three or five years may provide a discount in premiums. Group policies, such as those available to churches through the Ecclesiastical Insurance Group, can also provide a discount, and groups of historic building owners may be able to negotiate similar schemes. A reduction in premiums can also be negotiated in return for an excess, ie the insured agreeing to pay the first part of any claim, up to a fixed sum.

In effect, with an excess the owner is providing a proportion of the insurance cover, a course only to be recommended if capital is available to cover the loss which could be incurred. Whilst most policies are subject to an excess of, say, £100, increasing this to, say, £1,500 – £5,000 on a large property, can make a considerable difference to premiums because of the elimination of the high administrative costs of small claims. They can be well worth considering. A no-claims discount is also offered by many insurers.



Margate, Kent. Timber balconies were reduced to matchwood by this storm, but they would have been damaged to some extent even if they had been built in masonry. The force of the sea is often underestimated. (Photos: RCHME)

Valuing an historic building for reinstatement

Definition

Value in the context of property insurance is defined as the cost of completely reinstating a building or structure (if totally destroyed) to its present design, quality, and style, but also in accordance with current

legislation (which can involve significant additional work and therefore costs). Allowances will also need to be made to cover temporary site works, demolition and site clearance, professional fees, and any other justifiable expense related to a claim. The sum insured must be enough to cover the value of the building at the time reinstatement is

completed, not just at the time of the loss. It is essential that provisions for inflation take into account foreseeable timetables for planning and rebuilding.

Valuation

The most accurate estimate is likely to be obtained by an elemental cost



Lynmouth, Devon: this famously picturesque village was severely damaged when the River Lyn flooded in October 1952. (Photo: RCHME)



Windsor Castle, Berkshire: meticulous archaeological investigation will enable significant parts of this historically important building to be accurately repaired after the fire of 1992, but the cost of such exercises can be considerable.

analysis. This needs the definition and quantification of all the elements of the building and assessment of their rebuilding costs. Other methods range from calculations based on a cost per square metre to 'significant item' estimating and cost models.

One method based on a cost per square metre approach is the BCIS *Guide to house rebuilding costs*. This may be appropriate for recent buildings, say post-1914, but where older, complex buildings are involved a more detailed assessment of cost will be appropriate. In all cases professional advice will be needed to ensure that the relevant factors are accounted for and appropriate rates applied. Specialist chartered quantity surveyors, and some insurance companies and specialist building surveyors and architects, can provide this advice. Some insurance companies also do this, but are not professionally accountable for its accuracy. When appointing a consultant it is important to agree, in advance, the level of detail expected

in an estimate and the fee.

Whatever the approach adopted, all the relevant information should be brought together at the start of the valuation. Floor plans and other measured surveys of the building will be useful, not only for taking off measurements but also in helping to identify any voids or features hidden by later alterations. If accurate survey drawings are not available, great care must be taken to make sure that the whole structure is included. Details of the extent of each type of construction, of finishes, special features, and associated measurements will need to be recorded to allow the reinstatement costs to be established.

In the case of listed buildings and scheduled monuments it is important to remember the need to replace like with like. The types of construction and materials need to be assessed accurately, as statutory authorities may not accept substitutes, such as, for example, reconstructed or artificial stone for natural stone. The

cost of using the appropriate material must be the basis of valuation.

Additional provisions

To arrive at a true estimate of the reinstatement cost of large, important, and historically or archaeologically sensitive buildings, some special factors will need to be considered, including:

- The cost of temporary support to save further collapse, or the careful taking down of structures which cannot be stabilised to protect adjacent property. The statutory authorities will normally require you to reduce such taking down to a minimum, and to make sure that sound materials are salvaged for reuse in their original locations.
- The cost of temporary protection being erected rapidly, to aid salvage operations, to protect adjoining property, and to reduce deterioration of the remains and/or exposed

structures following the loss of a roof or another enclosing element.

- The cost of detailed recording of what is left after serious damage or total loss, and the research necessary for accurate reinstatement. This can involve an archaeological excavation of debris, and the subsequent conservation of materials, which can be expensive.
- The time taken to undertake safeguarding, clearance, and research work, prepare tender documents, invite and evaluate tenders, receive all necessary approvals, and place a contract with a suitable contractor, as this can span many months. You should make allowances for this delay in assessing reinstatement costs.
- Making allowances for fluctuations in the cost of labour, materials, and plant which are likely to occur during the life of the building contract and which will either be incorporated in tenders, or may be recoverable under variation of price (fluctuation) provisions within a contract. It should be noted that insurers may need agreement on the form of the contract, as well as the overall approach to contract procurement.
- The cost of additional works to meet current statutory requirements, especially in cases where the building is to remain in use. Waivers may be given when compliance with the building regulations would be in conflict with the preservation of the architectural or historic interest of the building. With that proviso, compliance is likely to be needed when rebuilding is to take place after damage so extensive that the structure must be treated as a 'new building' under the regulations.
- Historic plant and machinery which contributes to the special interest of the building, if not separately covered. (If it is to be operated, especially with the public present, special public liability insurance will also be needed).
- VAT; depending on the legislation in operation at the time of valuation, this should be included where the owner is not in a position to reclaim. This is a complex issue and specialist

advice may be necessary. For example, VAT will not be payable on works of alteration which require and have received listed building consent, and very extensive reconstruction is likely to be treated as new building, generally free of VAT if it is a residence.

Advice from HM Customs and Excise should be sought for individual cases where an element of work does not clearly match one of the standard defined categories. Insurers are usually very helpful on this issue and it is often possible to insure exclusive of VAT, with the insurer accepting the variable risk of VAT being charged.

Updating of valuations

Valuations should be updated annually, by changing the rates from the original pricing source to those likely to be prevailing in tenders sought on the last day of the policy (or later if special factors would be likely to involve long delay in letting a contract). If a standard inflation clause is relied upon, such a check is desirable every five years, since the generalised figures used may not accurately reflect changes in costs in the more specialised area of historic building repairs (and may indeed lead to over-insurance and thus unnecessary expense).

The importance of records

It is very important to have a permanent record of the building to help with reinstatement, of which at least one copy should be held off the premises. At the most basic level, the record should consist of photographs taken by the surveyor preparing the valuation, cross-referenced to enough measured drawings, floor plans at the very least.

With particularly fine or complex buildings, it is worth considering commissioning rectified photography of the elevations and principal interiors, or stereo photographs related to a control survey which can form the basis for producing photogrammetric drawings. The expense of photogrammetric plotting of the survey may be deferred unless or until details are required for a claim or other purpose.

Presentation to insurers

The total of the rebuilding cost and the addition of other provisions and allowances when applicable represents the valuation for total reinstatement. At this stage the maximum potential loss can be determined and the options for cover explored.

The final submission of the valuation should, where possible, include a duplicate set of available drawings, record photographs with a reference plan, and a summary of the valuation calculation, with any qualifications required by special circumstances. In the event of a claim, a duplicate set of records would be available to help with reconstruction and in negotiations with the insurer.

It is important that full details of the cover required, as well as an accurate claims history, are submitted, together with a full description of the activities carried out at the premises and details of the loss prevention measures undertaken.

Insuring works in progress

Materials on site

The responsibility for building materials will normally be defined by the terms of the building contract. It is a requirement, under the terms of the JCT suite of contracts (such as the *Agreement for minor building works*), that where work is to an existing building, the employer takes out an all-risks insurance policy jointly on behalf of himself and the contractor for the works and for all unfixed materials and goods stored on site. The insurance should cover the replacement of stolen or damaged materials by others of the same quality. The premature delivery of valuable materials such as lead to the site should be discouraged.

Contractors' risks

Losses caused by the direct carelessness or inefficiency of the contractors or their agents must be covered by their own all-risks insurance, which should include substantial cover for third party injury and damage risks, the latter enough to cover the property involved. The question of insurance

should be clarified where a contractor is employed on a labour-only basis.

Major works are a material fact affecting any contract of insurance maintained by an owner, potentially imposing additional risks unless these are fully covered by the contractor's insurance. The terms of this insurance should be discussed and agreed with the owner's underwriter at tender stage, to ensure that all risks arising from the works are fully covered by the insurance maintained by the owner and contractor during the works. Most UK insurers now ask for compliance with a joint code of practice (available from the Fire Protection Association, see p15) to limit the risk of fire during building works as a condition of providing cover on larger projects.

Financial failure of contractor

Financial failure almost inevitably leads to increased costs in finding a new contractor and negotiating new prices. It is wise with larger contracts to investigate the financial standing of the proposed contractor before awarding the contract, especially if a particularly low tender is received. While it is not normal practice to insure against the financial failure of a contractor, it may, particularly for large projects, be appropriate to agree some form of performance bond and/or a parent company guarantee.

This leaflet draws substantially on information sheet no 1 issued by the RICS Building Conservation Skills Panel, *Approach to property insurance and insurance valuations for historic buildings*. It has been updated and expanded for wider circulation by a joint working party of the RICS and English Heritage. English Heritage gratefully acknowledge the contribution of the RICS towards the cost of publication. The general advice given about the types of insurance policies available at the time of going to press should not be considered a substitute for specific professional advice from brokers or other advisors.

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Uppark, Sussex: this house was damaged by fire in 1989 towards the end of an extensive restoration. Detailed records have allowed it to be carefully reconstructed. (Photos: National Trust Photographic Library/Ian West and Tim Stephens)

Useful addresses

Association of British Insurers
51 Gresham Street
London EC2V 7HQ
Tel: 071 600 3333

Council for the Prevention of Art Theft
17 Whitcomb Street
London WC2H 7PL
Tel: 071 839 5845

Fire Protection Association
140 Aldersgate Street
London EC1A 4HX
Tel: 071 606 3757

Historic Houses Association
2 Chester Street
London SW1X 7BB
Tel: 071 259 5688

Royal Institute of British Architects
66 Portland Place
London W1N 4AD
Tel: 071 580 5533

Royal Institution of Chartered Surveyors
12 Great George Street
Parliament Square
London SW1P 3AD
Tel: 071 222 7000

Summary

English Heritage and The Royal Institution of Chartered Surveyors urge owners of historic buildings to take all reasonable measures to prevent and limit the extent of loss, through fire, theft, or other catastrophe and ensure that if the worst happens repair is affordable. In particular they should:

- Carry enough insurance cover to meet their statutory and contractual responsibilities to reinstate and repair damage after fire or other catastrophes.
- Act promptly both to safeguard a damaged building from further harm by the elements and set permanent repairs in motion, to avoid statutory action by local planning authorities.
- Adopt risk management strategies to reduce the chance of loss of historic fabric, particularly by:
 - Using physical barriers to reduce the spread of fire, particularly in voids, and installing detection systems.
 - Providing physical and alarm protection against intruders and thieves.
 - Ensuring that contracts include provisions to reduce the high risks otherwise inherent in building works.
 - Reducing hazards and losses through managed occupation and established salvage procedures.
- Ensure that valuations for insurance purposes are accurate, taking into account the need for special provisions (such as archaeological clearance of debris) where appropriate.
- Maintain records of buildings which will guide reinstatement if major damage occurs.

Owners are strongly advised to ensure adequate cover by seeking advice from specialist insurance brokers or companies, and professionally from architects and surveyors with specialist experience in dealing with historic buildings.