

Rating Bulletin

June 2025

Issue #5

Welcome to the latest in our series of Rating bulletins.

In this month's edition we will be looking at the impact of a recent Upper Tribunal case upon building work appeals, The Non-Domestic Rating (Multipliers and Private Schools) Act 2025 and how to prepare for the next Revaluation.

Building works

Where building works are taking place it is possible to remove the rate liability during the works so long as they are not works of repair. The benefit of this approach is that there will be no rates payable until the property is reassessed. This would usually coincide with its' reoccupation or the service of a Completion Notice for rating purposes.

The boundary between qualifying works and works of repair has been contentious. A recent decision in the Upper Tribunal of the Lands Chamber gives further clarity.

Following the 2017 Supreme Court case of 'Monk v Newbigin' which related to an office block, there has been a raft of cases to test the extent to which redevelopment works are sufficient to render a property incapable of rateable occupation, which would in turn result in the deletion of an assessment from the rating list. Following 'Monk', the distinction between works to remedy a lack of repair which would result in a property remaining in assessment and redevelopment works required clarification. The distinction is one of fact, which must be assessed objectively, taking account of the condition of the building and the works which are being undertaken to it.



The VOA has been resistant to deleting industrial and warehouse properties from the rating list even when a scheme of works was fairly extensive. In many instances the VOA's reluctance centred on arguments that properties should not be deleted from the rating list as the works undertaken were no more than standard dilapidations works or repairs, that would be undertaken at the end of a lease to bring the property back into repair and therefore are ignored in rating law.

The recent Upper Tribunal Case BNPPDS(J) Limited and BCI Limited (as Trustees of the Blackrock Industrial Trust) v Hitchings (VO) adds some clarity to this matter. It was decided that the removal of small power and lights to the warehouse and offices as a precursor to a wider scheme of redevelopment

was sufficient to render the property incapable of beneficial occupation as a warehouse. The decision brings equality in treatment between owners of properties in a similar condition. With brand new buildings yet to be assessed, it has been established that the absence of small power supply, partitioning in the office accommodation or a data/telecoms supply would render the property incomplete and therefore subject to the Completion Notice regime before the property could be entered into the rating list. The Upper Tribunal stated they do not see why a building which has never been in the list should be treated more favourably than one which has, when both are in substantially the same condition.

The decision is helpful to ratepayers, but this area of business rates remains complex.


Ensuring the correct strategy is employed to minimise any empty rate exposure is critical. Cluttons have considerable experience of working collaboratively with owners in relation to empty properties subject to works. Being involved at the outset of a project and working closely with the project team on the scope and sequencing of works is critically important to the outcome. We can provide advice on the strength of an appeal and if necessary, advise on alternative strategies.

If you are embarking on building works which are more than repairs, then please feel free to contact one of the team to discuss. Any challenge to the assessment must be made in a timely manner. We can advise on whether we believe the works that are being proposed would be sufficient to allow for the partial or complete deletion of an assessment during those works.



As part of the process we aim to provide the Valuation Office with the following information:

- Schedule of Works
- 'Before and after' plans
- A gantt chart to show the progression of the works
- Photographs of the works underway
- A copy of any F10 Notice if applicable.


Following the works, it may be possible to apply for Improvement Relief. Subject to qualifying, the increase in value of the assessment as a consequence of the works may be subject to an exemption from the payment of rates over a 12 month period. The advice we will provide will be holistic and will take into account the opportunity to reduce the assessment during the works. We will also provide advice on how to take advantage of the Improvement Relief provisions following the conclusion of the works. 

The Non-Domestic Rating (Multipliers and Private Schools) Act 2025

This is an important piece of legislation that received Royal Assent on 3 April 2025. It contains several provisions, not least the removal of charitable relief applicable to private schools. Prior to 1 April 2025 private schools were entitled to charitable relief which effectively reduced their liability by 80%. Despite the best efforts of the House of Lords to change the wording of the Act, it came into law.

Importantly, the Act allows the Government to effect a replacement scheme for the Retail, Hospitality & Leisure Relief Scheme currently in place. Qualifying occupiers of properties within these sectors currently benefit from 40% relief from the payment of rates. From 1 April 2026 the Government will have the ability to vary the rate multiplier, reducing it by up to 20p for qualifying properties within these sectors. The properties that will benefit from the relief have yet to be defined. We hope the definitions will be unambiguous so that they can be applied equally between Local Authorities. We expect that the multiplier for the forthcoming Revaluation commencing on 1 April 2026 will be

confirmed during the Autumn Budget, which we expect to include the multiplier that will apply to qualifying properties within the Retail, Hospitality & Leisure sectors.

Controversially, it allows the Government to charge a supplement of up to 10p on the multiplier which it says will be used to fund the relief for qualifying Retail, Hospitality & Leisure properties. The Government has indicated that it will apply the additional multiplier to all properties with an assessment greater than Rateable Value £500,000, including retail properties in locations that the Government is keen to help. 



2026 Revaluation

In our last Bulletin we drew your attention to the revaluation of all commercial properties on 1 April 2026. The revaluation will estimate the rent that would be paid for the property on 1 April 2024, broadly assuming the tenant is responsible for all repairs and insurance and that the property has been put into a state of economic repair.

We are expecting the Draft Rating List to be published at the beginning of October 2025. Whilst challenges cannot be made against the assessments shown in the Rating List until they formally come into assessment, the Valuation Office will be carrying out maintenance of the Draft Rating List up until its publication on 1 April 2026.


There are a number of steps that ratepayers can take in advance of the publication of the new Rating List to help manage their liability:

1. Ratepayers should consider their current assessments and where applicable ensure that a challenge is made against them prior to 31 March 2026. If the assessment can be reduced, then not only will there be a benefit in recovering any overpaid rates from 1 April 2023, but it may have a positive impact upon the calculation of transitional relief that may come into effect following the Revaluation.
2. Factual matters may impact the level of assessment. If the Valuation Office has based their valuation upon incorrect floor areas, then it may be possible to reduce the assessment and recover overpaid rates. A change in the factual makeup of an assessment may allow the VOA to recast the proposed 2026 assessment. A reduction in assessment based upon factual matters (as opposed to valuation matters), will likely lead to a reduction in the Draft and hence formal Rating List when published.
3. The description of the property should be considered. If it is incorrect there may be merit in changing the description, especially if it more accurately describes the property within the Retail, Hospitality & Leisure sectors, so as to benefit from a lower multiplier for these sectors. We anticipate that one of the drivers for granting relief will be based upon the description of the property shown in the Rating List. Please contact a member of the team to assist.
4. There are various thresholds of value below which they confer certain benefits. For example, the current small business rate multiplier is applied to properties with a Rateable Value below £51,000. Assessments at or around the cusp of these levels of value should be considered and challenged if appropriate.
5. It is important to check that reliefs, especially for Retail, Hospitality or Leisure properties have been properly allowed. If you are in any doubt please get in touch and we will happily review your current and historic rate demands. We have recently come across several examples where councils have failed to allow relief which we have rectified.

“The Valuation Office have indicated that they intend to review the basis of assessment attributable to flexible office spaces, also known as serviced offices.

Very often, the assessments of these buildings are divided between the occupiers in order to maximise the benefit of Small Business Rate Relief. However, we understand the Valuation Office is looking at this approach and may merge all the assessments into a single assessment. As the situation develops we will keep you updated.”

Gareth Buckley, National Head of Rating.

The Cluttons Rating team have significant experience in identifying opportunities to reduce current and future liabilities. Please contact a member of the team if we can assist with any of your assessments. 



Meet the team

Chris Severs

Chris is a Partner based in the Manchester office which he joined in 2023. He has over 20 years experience in the provision of rating advice on all aspects of the rating process with a focus on appeal work and partial empty rate relief. His particular specialism is in advising upon the assessment of large high bay distribution warehouses around the UK.

Chris has substantial experience in negotiating with the VOA on all major categories of assessment. He has experience of representing and advising clients in the Valuation Tribunal, Upper Tribunal and Court of Appeal.

Chris is always looking for opportunities to maximise savings on behalf of our clients through challenging assessments, negotiating empty rate relief on partially or fully vacant properties. He has specialist expertise in generating empty rate relief in part vacant warehouses.

Apart from his family, Chris's passion is following Manchester United, where he is a season ticket holder.



Alex Weatherilt

Alex is an Associate in the Lease Advisory team based in Manchester. The Lease Advisory team advises a variety of landlord and tenant clients on matters, including rent reviews, lease renewals and lease restructuring arrangements across the core commercial sectors. Alex and the team are experts in negotiations, using technical interpretation and market based experience to leverage the terms of a lease. The team seek to identify opportunities beyond a lease event to enhance value for clients, through developing and executing clear lease event strategies delivering certainty and flexibility for our clients.

Alex works closely with the Rating team whenever there is crossover between the respective disciplines.

Alex enjoys travelling, pub walks and going to gigs. She is often referred to as 'Imelda' in the office, due to her enthusiasm for growing her shoe collection.



Please contact one of our team.

Gareth Buckley

National head of rating
07891 810 253
gareth.buckley@cluttons.com

Michael Hampton-Riddington

07525 632 580
michael.hampton-riddington@cluttons.com

Ryan Jones

07725 372 930
ryan.jones@cluttons.com

Chris Severs

07860 178 672
chris.severs@cluttons.com

And finally...

The Government confirmed on 28 April that the Valuation Office Agency would cease to be autonomous and will be brought back into its parent department, HMRC.

This followed the Government's announcement of a review of all arms-length bodies with the presumption that they would be closed, merged or their functions brought back into their parent departments, unless there was a compelling justification otherwise.

HMRC believe this will lead to efficiencies and will drive change faster and improve the service received by ratepayers.

Whilst we frequently disagree with values proposed by the Valuation Office Agency and sometimes their approach and interpretation of legislation, we all work in the same sector and we wish our rating valuation colleagues in the VOA our very best wishes in their new home.

We are not anticipating any immediate changes to the service provided, and we hope that the rehoming of the VOA will allow additional resource to be available, which in turn will allow matters to be dealt with more quickly and efficiently than is currently the case.