

Business Rates

Properties undergoing refurbishment and redevelopment



Supreme Court ruling favours developers

The Supreme Court has come down on the side of property owners and developers in a long running test case on liability to rates during refurbishment and redevelopment works. The Supreme Court overturned an earlier Court Of Appeal decision and determined a Rateable Value of £1 during the works to the building concerned.



“This is a significant ruling which will lead to substantial rate savings for property owners undertaking redevelopment and refurbishment works”

The “Monk” Case

The appeal related to 1st floor offices in Avalon House in Sunderland. The premises had been partially stripped back to a shell with the majority of ceiling tiles, suspended ceiling grid, light fittings and half the raised floor removed. The premises were marketed from 2010 whilst works were being carried out. Two years later the premises were still unlet with refurbishment works unfinished.

Monk, the developer lodged an appeal seeking to reduce his rates liability arguing that the property could not be occupied due to the building works. The Valuation Office opposed granting any allowance. Following various appeals the case eventually reached the Supreme Court who published their decision in March 2017. The Supreme Court overturned the earlier Court of Appeal decision and determined a Rateable Value of £1.

This complex test case considered a number of fundamental legal issues relating to the rating of premises undergoing redevelopment and refurbishment works. The principles set out in the decision will determine how all future cases will need to be considered.

Impact for property owners and developers – Q & A

Q: Does the decision relate only to offices?

A: No: the principles will be relevant to any property type

Q: Can this be applied to schemes which have already completed?

A: Possibly: if no appeal was served then seek advice urgently as there could be a way of retrospectively securing a rate saving

Q: On current schemes is the timing of an appeal important?

A: Very: seek advice from a specialist urgently

Q: Do the Valuation Office accept the decision?

A: Partially: their rating manual suggests that although they accept the decision they will scrutinise each case very carefully to determine whether to accept that a reduction is appropriate probably suggesting a rating specialist will be best placed to handle any appeal

Why Allsop?

- Allsop are recognised specialists in advising property owners and developers
- We have an intimate knowledge of the Monk case having been the advisor to the British Property Federation in their intervention in the case
- We advise on a number of high profile developments, many ahead of acquisition to the delivery of the finished scheme and consideration of Completion Notices.
- Our work has included advising on schemes for: Derwent London, Stanhope, Friends Life, Low Carbon Workplace, as well as residential conversions for Jerram Falkus, Norman Linton Holdings and Bloomsbury Property Holdings.

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