



NON-DOMESTIC RATING REPAIR AND YOUR RATEABLE VALUE (RV)

As a general rule **disrepair** does not affect the rateable value of properties. The rating system normally treats properties as being in a reasonable state of repair. There are, however, exceptions. This fact sheet explains what needs to be considered when dealing with properties that are not in a state of reasonable repair.

Disrepair

A property might be in disrepair because:

- It has fallen into disrepair over time
- It has been damaged
- It has been vandalised
- There has been a fire or a flood

The definition of RV and the impact of repair

So that all properties are valued on the same fair basis, legislation gives a definition of rateable value that applies to all properties. A rateable value represents the rental value of a property if it was let at the standard valuation date on the basis the

tenant pays for all repairs during the letting. The definition includes an assumption that the property is let in a state of reasonable repair. Legislation and case law requires that properties are normally valued as if in a state of reasonable repair, regardless of their actual condition. There are some exceptions to this assumption. The exceptions are:

- properties that are in such a state of disrepair, a reasonable landlord would consider the repair costs uneconomic,
- where a reasonable landlord might repair part of the property only, and
- where the property is subject to fire or flood damage to such an extent that it cannot be economically repaired and used

If a landlord would consider it uneconomic to do the repairs then the rental valuation has to be made on the basis of the actual state of repair.

What is meant by repair?

Repair only covers making good any parts of a property which are in disrepair to a standard that is expected for a property of its age, character, locality and the type of tenant likely to occupy. For example the expected standard of repair for a modern office building would be much higher than that for an old warehouse. Repair can include an element of renewal but not improvement. This means for example that a leaking flat roof would usually be patch repaired to make it watertight and not fully replaced with slated pitched roof.

What is meant by a “reasonable landlord would consider to be uneconomic”?

This phrase means repair costs that are so out of proportion to the rental value of the property that a reasonable landlord would not spend money doing the repairs because it would be unlikely they would get an adequate return on the investment and so it would not be financially worthwhile. The potential to demolish and rebuild, which might well be a better financial project, is not something that can be considered for rating. The property has to be looked at and valued in its existing use. Development potential is ignored.

Properties in course of repair work

If work is being undertaken to repair a property this is considered in just the same way as a property needing repair. If the works would be considered economically reasonable then the property is treated as already being in reasonable repair for rating.

Schemes of alteration to your property

Depending on the extent of a scheme of works to improve, extend or enhance a property it may be that the valuation can be reduced to nil whilst the works are underway. This is not always an easy question and very much depends upon the particular facts. The scheme of works must be much more than repairs. A reduction will usually be appropriate only when the works are to create a materially different property to the one that currently exists and at the point where the cost to restore the property to its original use is no longer economic in relation to its rateable value.

What to do if you think your property is in uneconomic repair

You should contact your local Valuation Office as soon as possible and provide all the evidence that you consider supports your view that your property is in a state of substantial disrepair so that the valuation officer can investigate the situation.

Examples of useful evidence include:

- Photographs of the repairs required and the extent of those repairs.

- A detailed breakdown of costs to identify relevant repair costs, excluding improvements, that may be required to the property.
- A schedule of works providing details of the type of work that may be required to be undertaken.
- The history of occupation and use of the premises.
- Future plans or proposals for the use and occupation of the building including any planning applications or permissions.

We will consider the evidence you provide and determine whether or not the repairs required have an impact on the RV. If we consider that the repairs required have a detrimental effect on the RV of your property we may reduce the RV figure to reflect the repair issue or, depending on the extent of the repair, we may reduce the RV to nil or a nominal figure.

An inspection by the valuation officer may be required and you should advise of any necessary health and safety arrangements that will need to be in place should an inspection be required.

In the case of works of alteration or demolition it may be that we cannot amend the list entry until the works are substantially underway in which case we will ask you to contact us again when the works are more advanced.

What can you do if you disagree with our decision?

If you disagree with the valuation officer’s decision then we are happy to explain how we have arrived at our view and discuss any further evidence with you. You also have the right to make a formal appeal (known as a proposal). You can do this on our website. If you decide to make a proposal, please provide as much detail as possible. The more detail you can provide, the quicker we can deal with the proposal. We will discuss the case with you and if we cannot reach an agreement then the proposal will be listed for hearing by the independent Valuation Tribunal.

Legislation and case law

If you would like to read into the legal background regarding the repair assumptions to be made for rating valuations further information can be found at [paragraph 1\(b\) Schedule 6](#) of the Local Government Finance Act 1988 as amended and the Court of Appeal decision [Newbiggin VO v Monk \[2015\] EWCA Civ 78](#).