



Altus Edwin Hill have one of the largest rating teams in the UK and represent over 8,000 companies who occupy over 14,000 properties throughout the country.

2010 Rating List

Reasons why Rating Assessments can be wrong

Incorrect Price Per Sq M

The Rateable Value of a property is the Valuation Officer's opinion of the hypothetical rental value. The vast majority of Rateable Values (other than very specialist property types) are calculated by applying a rate per sq m to the area of a property, with uplifts and adjustments to reflect areas of differing specifications. The relevant rate per sq m is determined by analysing rental evidence agreed around the Antecedent Valuation Date (AVD) of 1 April 2008.

The 'Credit Crunch' and the removal of Empty Property Relief had a dramatic effect on the property market around the AVD and consequently this valuation date is arguably the most contentious of the last four Revaluations. The Valuation Office Agency has failed in many instances to reflect the problems accurately when determining Rateable Values.

The VOA has also chosen to either completely ignore or to analyse incentives in a manner which is contradictory to the way that the property market works. This failure to reflect the realities of the property market around the valuation date mean that the adopted rate per sq m in many instances is incorrect.

Floor areas

The VOA will continue to issue detailed Summary Valuations giving a breakdown of the Rateable Value. Your valuation may be based on information that is out of date or your property may never have been measured as the VOA is increasingly calculating areas from floor plans.

An additional problem in large areas of the country relates to instances where the VOA has historically adopted a measuring system which is contradictory to that adopted by the wider property market. They have sought to remedy this for the 2010 Rating List but due to a lack of resources have been unable to re-measure thousands of properties. Floor areas have, therefore, been 'converted' by factoring them and we have identified thousands of anomalies in this process.

A detailed site survey is the only way to ensure that the areas on which your assessment is based are correct.

Valuation Schemes

The VOA groups similar age and type properties into valuation 'Schemes' which in turn links them on the VO computer system to a set scale of values. We have identified numerous instances of similar age and type properties falling into more than one scheme which have wildly differing levels of value.

Mergers

There can be situations where one assessment should apply to buildings that are separately assessed but are located close or adjacent to each other and connected in an operational sense. Where appropriate, it can prove beneficial to seek a merger of these assessments.

Relativities

The VO's computer system hardwires percentages that should be applied to different areas of a building based on the specification. Offices within industrial units for instance are valued at 120% of the warehouse basis. The standard hardwired percentages are not always appropriate and can be adjusted by negotiation in certain circumstances.

Plant and Machinery

The VOA value certain items of P&M as defined in their Plant and Machinery Order. The capital value is determined from a VOA Cost Guide and a statutory decapitalisation rate applied to arrive at an annual equivalent figure. The items included and values adopted are incorrect in a surprisingly large number of instances, and often ignore what was actually paid.

Incorrect Effective Dates

The VOA will increase or amend Rateable Values where there have been changes to a property. The effective date adopted will determine the start of liability but is frequently incorrect as the date adopted should be the date that the property is capable of beneficial occupation rather than an earlier lease or purchase date.

Transitional Relief

Transitional Relief is designed to phase in increases (or decreases) in liability and is based on complex rules and calculations. Where an assessment has been altered over the course of a Rating List there can be incorrect or missing Transitional Certificates, which can have a dramatic effect on liability. Specialist advice is required to ascertain the correct transitional path and ensure that the right certificates are applied to the assessment.

Under-utilised space, obsolescence and disrepair

If your property has vacant areas then there may be scope to obtain relief without reducing the Rateable Value. Since the changes to Empty Rates Relief in 2008, the VOA have become very reluctant to delete buildings or remove areas that are in disrepair, where occupation is prohibited or where buildings are obsolete. We have successfully fought the VOA on behalf of a number of clients and won several landmark cases which support deletions or reduced levels of value.

End Allowances

These adjustments can be used to reflect disabilities or unusual factors that differentiate specific buildings from the norm or from other properties in the valuation scheme. They are regularly removed from a valuation at the start of a new rating list despite the disability still being relevant.



Altus Edwin Hill

Street Smart. World Wise.

UK Offices at:

Central London
T: 020 7636 7347

M25 East/Dartford
T: 01322 285588

M25 West/Heathrow
T: 01753 689000

M25 North/Potters Bar
T: 01707 654111

Southern
T: 02380 450460

Midlands
T: 0121 788 4600

North West
T: 0161 877 6622

North East
T: 0844 372 1900

Our Services:

Business Rates
Rates Payment Management
Empty Rates Avoidance
Agency - Letting/Selling/Acquiring
New Build Acquisition
Rent Reviews
Lease Restructuring
Lease Renewals
Exercising Lease Breaks
Dilapidations
Building Surveying
Cost Consulting
Project Management
Health & Safety
Asset & Property Management
Valuations
Planning
Strategic Corporate Advice

altus-edwinhill.com



A member of Altus Group | altusgroup.com

Canada United Kingdom United States Australia China
Hong Kong India Singapore Thailand United Arab Emirates Vietnam