THE VALUATION TRIBUNAL FOR ENGLAND

Non-domestic rating appeal; 2017 rating list; Offices and premises; Rental evidence; Unadjusted base rate; Appeal dismissed.

RE: Suite 1 Mey House, Dorchester DT1 3QY

APPEAL NUMBER: CHG100165040

BETWEEN: BPL Solicitors Limited (represented by Altus Group) — Appellant

And

Daljit Virk (Valuation Officer) — Respondent

PANEL: Mr C Lester (Senior Member)
Mrs C Dodsley

CLERK: Ms S Hodgson

ON: 3 December 2020

APPEARANCES: Mr R Storr of Altus Group for the appellant
Mr E Doran of the Valuation Office Agency for the respondent

REMOTE HEARING

Summary of decision

1. Appeal dismissed. The existing valuation is not excessive and the entry in the rating list is confirmed at £41,500 rateable value (RV) with effect from 1 April 2017.

Introduction

2. This was a 2017 rating list appeal. The RV of the appeal hereditament was £41,500 with effect from 1 April 2017. This was a compiled list appeal, so the material day was also 1 April 2017.

The challenge stage was completed on 6 August 2020. The challenge sought a reduction in RV to £32,250.

3. The hereditament was an office measuring 463.46m^2 in the rear wing of a purpose-built office building. Access to the appeal dwelling was by way of a separate entrance from the carpark. It was located on the outskirts of Dorchester with access to nearby railway stations

4. The President of the Valuation Tribunal for England (VTE) is required to make sure arrangements are in place and make such statements and Directions so as to ensure that business before the Tribunal is conducted in accordance with The Local Government Finance Act 1988, Schedule 11, Part 1, paragraph A17(1) and The Valuation Tribunal for England (Council Tax and Rating Appeals) (Procedure) Regulations 2009 and by virtue of Part 2 regulation (5)(arrangement for appeals) and regulation (6)(3)(g) (appeal management powers) the VTE may determine the form of any hearing.

5. Therefore, in pursuance of Regulation (6)(3)(g) the VTE has incorporated “remote hearings” as part of that definition and for the time being as the default option until it is safe to return to normal working. The Tribunal’s Consolidated Practice Statement has been amended to reflect this.

6. This is not intended to be an exhaustive record of the proceedings, but the parties can be assured that all of the evidence presented was fully considered by the panel before coming to its decision. Consequently, the absence of a reference to any statement, or evidence, should not be construed as it having been overlooked.

Issue

7. The issue for the panel to consider was the correct RV to be ascribed to the assessment.

Evidence and submissions

8. Mr Storr for the appellant explained that the office building was built in two parts. The main section was multi-level with a reception area and client bathrooms, with access through the main door or from the carpark. The rear wing, where the subject property was located, was a single level block that did not have the same amenities as the main block and was only accessible through the carpark. Mr Storr commented on the comparable properties put forward by the respondent and considered the rental values on the two new lettings, one at the subject property and the other on Suite 2C, were the strongest evidence. Mr Storr asked for a reduction in the base rate to £70psm which would result in a rateable value of £32,250

9. Mr Doran for the respondent advised the panel that the appellant occupied two offices in the block, the subject property and Suite 4. He explained that the new letting agreed on the subject property was taken out at the same time as the lease renewal on Suite 4 and, in his opinion, the rent for Suite 1 was not an open market rent due to the relationship already in place between the appellant and the landlord. Mr Doran stated that a holistic view had been taken of all the

evidence available and that he believed the current RV was not unreasonable and asked the panel to confirm the RV of £41,500 with effect 1 April 2017.

Decision and reasons

10. In deciding the appeal, the panel was to have regard to the economic factors at the antecedent valuation date (AVD) of 1 April 2015 and the physical factors and locality at the material date of 1 April 2017.

11. The panel started by considering the rent on the subject property. Two rents were provided, one from 24 June 2012 and one from 1 June 2018. The panel noted that both rents were three years removed from the AVD. The rent agreed in 2012 was for £34,703 per annum (pa) with a rent-free period of 6 months for a 10 year term with five yearly reviews. It included 15 car parking spaces valued at £4,500 and was on a full repairing and insuring basis. Mr Storr had analysed this rent to £66.63m^2.

12. The panel heard that the rent on the subject property with an effective date of 24 June 2012 was agreed at the same time as a lease renewal was agreed on Suite 4, that was also occupied by the appellant. It was the panel's view that the rent on the subject property could not be considered in isolation as it was not negotiated in isolation and therefore was not a truly open market rent.

13. Following a rent review, the rent for the appeal property commencing 1 June 2018 was increased to £44,662 pa. This again included 15 car parking spaces but according to the Form of Return the landlord was responsible for outside repairs and insurance. The panel noted that this rent did not fit with the rating hypothesis and required adjustment. Mr Doran had analysed this rent to £76.60m^2.

14. The panel found authoritative guidance from the Lands Tribunal's judgment in *Lotus and Delta Ltd v Culverwell (VO) & Leicester City Council* [1976] RA 141, regarding the weighting of evidence, in that, the passing rent, where available on the appeal property should be used as the starting point in its consideration of the rateable value for the appeal property. The more closely that rent matched the rating hypothesis, then the more weight should be attached to it.

15. In this case, the rent for the appeal property did not match the hypothesis and therefore the panel also looked at the evidence of the assessments of the comparable properties in accordance with *Lotus and Delta* in order to determine the appeal.

16. The panel considered the rent on Suite 2C that was agreed on 1 October 2015 and noted it was the closest rent to the AVD. However, the panel was of the opinion that this rent appeared to be an outlier compared to the other rents provided as it analysed at £68.62psm, almost £20 less than the next analysed rent of £87.02psm when the rent on the subject property was excluded.

17. The panel noted that the rent on Suite 2C with an effective date of 1 October 2015 was for a lease of two years and four months. At the end of the initial term a ten-year lease was agreed with effect from 1 June 2018 that analysed at £98.73psm. The panel was of the opinion that the initial lease was not an open market rent and appeared to have been reduced due to the short-

term nature. Therefore, little weight could be attached to it. The 2018 rent appeared to be more in line with other rents but was three years post the AVD.

18. The panel went on to look at the other rents as follows: -
Suite 4 had a rent of £62,933 commencing on 24 June 2012 following a five yearly rent review. The lease was held on a FRI basis and included 18 car parking spaces. This rent had been analysed to £109.43$m^{2.}$

19. Suite 6 was subject to a rent review on 24 March 2014 at £37,730pa. The landlord was responsible for outside repairs and insurance, this rent had been analysed to £87.02 m^2 taking account of the 13 car parking spaces included within the rent.

20. Suite 2D had been subject to a new letting on a five-year term on 1 February 2014 at a rent of £31,152 pa. The landlord was responsible for outside repairs and insurance, this rent had been analysed to £108.85 ^{2} taking account of the 8 car parking spaces included within the rent.

21. Finally, Suite 2A-2B had a rent of £21,430 pa commencing on 21 September 2016 following a rent review. This was held on FRI terms and included 8 car parking spaces. The rent had been analysed to £102.02$m^{2.}$

22. Having regard to the basket of rents available the panel considered that discounting the rent in October 2015 of Unit 2C and the appeal property rent in 2012 the main space price of £90m^2 did not appear unreasonable as this figure sat between the analysed rents for the comparable properties provided.

23. Consequently, based on the evidence before it, the panel dismissed the appeal.

Date: 22 December 2020

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