THE VALUATION TRIBUNAL FOR ENGLAND

Non-domestic rating; 2017 list appeal; Local Government Finance Act 1988; Statutory Assumptions; Car Showroom; Rental evidence; Base rate £/m^2; Tone and comparable properties; Lotus and Delta v Culverwell (VO) and Leicester City Council [1976] RA 141; Appeal part allowed.

Re: Jennings(Stockton) Ltd, Yarm Road, Stockton-on-Tees, Cleveland TS18 3RW

APPEAL NUMBER: CHG100220295

BETWEEN:	Lookers plc	Appellant
	and	
	Mr Richie Roberts (The Valuation Officer)	Respondent

PANEL:	Mr John Rogers	(Chair)
	Mrs Veronica Hollender	(Member)
CLERK:	Mr Duncan Adamson IRRV (Hons)	
REMOTE HEARING 1:	12 January 2022	
PARTIES PRESENT:	Ms Joanne Corney	Appellant's representative
	Mr Oliver Ridley	Respondent's representative

Summary of decision

1. The appeal was part allowed.

Introduction

2. This 2017 compiled list appeal was brought in respect of Lookers plc at Jennings (Stockton) Ltd situated at Yarm Road, Stockton-on-Tees, Cleveland TS18 3RW. The property was a car showroom and premises with a rateable value (RV) of £410,000 effective from 1 April 2017.

3. The appellant submitted a challenge on 7 May 2020 against the Valuation Officer's decision statement that the proposal to reduce the rateable value to £189,000 was not well-founded.

4. The appeal property is a car showroom located at Yarm Road amongst a group of similarly occupied properties being part of Preston Farm. It was constructed in 1939 as a jam factory

and therefore was not a purpose built car showroom. However, the showroom at the front of the property was purpose built, having been added in 1990. The appellant vacated the premises on 27 January 2020 and the hereditament was taken out of the 2017 Rating List. It was then taken over by a different occupier. The relevant period for this appeal is therefore 1 April 2017 to 27 January 2020.

5. Prior to the hearing, the parties had agreed the various floor areas of the property but several other issues remained unresolved particularly the number of car display spaces, the valuation of the unsurfaced land at the rear of the property and whether the “tower” was capable of use as a storage space.

6. The current valuation was calculated on a base rate of £150/m^2 but this was reduced by both parties by agreement to £125/m^2 prior to the hearing.

7. 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.

8. 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.

9. 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 a decision. Consequently, the absence of a reference to any statement, or item of evidence, should not be construed as it having been overlooked.

Preliminary Matter

10. The appellant had submitted additional evidence on 12 December 2021. Some of this concerned the revaluation of the appeal premises after 27 January 2020 when it became occupied by Motorpoint. The respondent objected to the submission of the new evidence.

11. The panel found that the new valuation was, effectively, a valuation of a different hereditament as over £1.35m of works had been undertaken with some parts of the old premises not being included.

12. The panel rejected the evidence as it was not relevant to the valuation of the appeal property.

Issues

13. The rateable value of the hereditament.

Evidence and submissions

14. The evidence bundle submitted by the respondent's representative comprised all of the documents exchanged between the parties as part of the challenge process; the Valuation Officer's challenge case decision notice; the appellant's challenge submission; photographs and location plans of the appeal property and comparable property assessments.

15. The panel were presented with a substantial bundle of nearly 400 pages detailing the history of the hereditament and the changes it had undergone. This included national car showroom market reports, summary valuation reports of comparable showrooms and transcripts of various VTE decisions in respect of car showrooms.

16. Both parties had also submitted revised valuations based on the agreed base rate of £125/m^2. However, the appellant's representative submitted that the valuation should now be £194,000 RV whereas the respondent's representative submitted that it should be £246,000 RV. Of the 25 part valuation there were 8 parts that remained contested.

Decisions and reasons

17. The panel considered the appellant's documentation submitted and found it to extremely comprehensive. The panel noted that there were many areas of the valuation to be considered, the age, quality, size and visibility of the property as well as considerations in terms of access. There was substantial evidence submitted in support of the pertinent contended areas but the panel found that, as the parties had since agreed the base rate as well as the various areas of the property, they could focus on the contested areas. Both parties agreed to this approach and the panel so proceeded.

18. The panel were, however, first required to refer to the LGFA 1988 as the term 'rateable value' was defined in paragraph 2(1), Schedule 6 to the Act:

> "The rateable value of a non-domestic hereditament (none of which consists of domestic property and none of which is exempt from local non-domestic rating) shall be taken to be an amount equal to the rent at which it is estimated the hereditament might reasonably be expected to let from year to year on these three assumptions –
>
> a) the first assumption is that the tenancy begins on the day by reference to which the determination is to be made;
>
> b) the second assumption is that immediately before the tenancy begins the hereditament is in a state of reasonable repair, but excluding from this assumption any repairs which a reasonable landlord would consider uneconomic;
>
> c) the third assumption is that the tenant undertakes to pay all usual tenant's rates and taxes and to bear the cost of the repairs and insurance and the other expenses (if any) necessary to maintain the hereditament in a state to command the rent mentioned above".

19. However, no rental evidence was submitted. The reason for this is that car showrooms are generally occupied freehold and there is very little reliable rental evidence available to use in the valuation of such properties.

20. However, as the parties had agreed to value the appeal property at the same base rate of £125/m^2 the panel decided that the most productive way to approach the appeal would be to discuss and consider each of the 8 outstanding items and to either agree them with the

parties during the hearing or, if not, to consider them after the hearing. The panel proceeded on that basis.

1.3 Office.
Agreed by both parties to be valued at 60% of the base rate less 5% allowance for no heating.
£71.25/m^2 x £128.28m^2 = £9,140.

1.4 Office.
The appellant's representative contended that this was a works office and should be valued at 50% of the base rate. The respondent contended that it was an accounts / admin office and should be valued at 60% of the base rate. The panel were presented with photographs of the work area and found that the area was indeed a works office and so the valuation should be 50% of the base rate less 5% allowance for no heating.
£59.37/m^2 x £133.68m^2 = £7,936

1.11 Canteen.
Agreed by both parties to be valued at the workshop rate of £39.21/m^2 plus 10%.
£39.21/m^2 x £55.84m^2 = £2,189

1.13 and 1.14 Storage and the Tower.
The respondent stated that the 2014 inspection of the property and a recent inspection both showed that the areas were still capable of being used as storage despite some repairs being required to the lift and to the access. The panel found that both of these storage areas were to be considered as useable storage space and their valuation should be as stated by the respondent:-
1.13 £4,756
1.14 £1,121

1.15 Workshop.
Agreed by both parties to be valued at 45% of the base rate less 5% for no heating.
£53.43/m^2 x 170.3m^2 = £9,100

1.21 Rough Land at the rear of the property.
The appellant's representative had stated that this had been valued excessively and above the usual rate for rough land of this nature at £5/m^2 and should be valued instead at £2/m^2. The respondent contended that the land was being actively used and it could be seen on one of the photographs to be almost completely used for the storage / display of cars. He had originally valued the land in comparison to that of the Land Rover site at Stratstone at £6/m^2 although that was fenced gravel land. He now felt that £5/m^2 was more appropriate and the proper value for car showroom storage land. The panel were not convinced by the argument of the appellant's representative and considered £5/m^2 to be appropriate.
£5/m^2 x 8,722m^2 = £43,610

1.24 Office Reception.
Agreed by both parties to be valued at 60% of the main rate less 5% for no heating.
£71.25/m^2 x 111.75m^2 = £7,962

21. End Allowances.

Size and Quality.

The parties had agreed that there should be reductions for size at 10% and for quality at 15% resulting in RV reductions of £31,966 and £47,949 respectively.

Shared access
The appellant's representative submitted that the access to the site was shared by three companies and had a narrow frontage. These are significant disabilities and a 5% reduction is routine for these kind of valuations. The respondent stated that the poor quality allowance of 15% includes a reduction for any shared access disabilities. The panel found that an additional reduction was not appropriate.

Visibility
The appellant's representative submitted that the 1 metre retaining wall between the site and the road restricted visibility as potential customers could not see the cars on display. The respondent stated that the cars were clearly visible and a further reduction was not due. The panel were presented with a photo of the site showing the position of the wall and found that a further reduction for visibility was not due. The panel determined that the base rate being reduced was sufficient to reflect such an issue.

22. The above agreed valuations are shown in the table below. The panel found that the rateable value for the appeal property should be £239,000 effective from 1 April 2017.

Description	Area	£/m2	RV
Showroom	811.35	125	£101,419
Workshop	2435.98	35.65	£86,843
Office	128.28	71.25	£9,140
Office	133.68	59.37	£7,937
Canteen	73.43	39.61	£2,909
office	76.41	39.61	£3,027
Plant room	7.3	36.56	£267
Office	9	40.63	£366
Store	156.23	35.65	£5,570
Mezzanine	128.36	18.29	£2,348
Canteen	55.84	39.21	£2,189
Workshop	195.02	35.65	£6,952
Storage	229.43	20.73	£4,756
Tower storage	137.83	8.13	£1,121
Workshop	170.3	53.43	£9,100
Store	62.97	31.25	£1,968
Main Display	47	218.75	£10,281
Side vehicles	62	100	£6,200
yard parking	30	100	£3,000
Rough Land, rear	8722	5	£43,610
Disabled Parking	3	100	£300
Shared Parking	24	100	£2,400
Office Reception	111.75	71.25	£7,962
	sub total		£319,663
	end allowances		
	size	-10%	-£31,966

	quality	-15%	-£47,949
		TOTAL	£239,747
		Say	**£239,000**

Order

23. The Tribunal orders, pursuant to Regulation 38 of the Valuation Tribunal for England (Council Tax and Rating Appeals) (Procedure) Regulations 2009, S.I. No. 2269 2009, that the Valuation Officer, within two weeks of the date of this order, shall reduce the rateable value in the 2017 list in respect of Lookers plc at Jennings (Stockton) Ltd, Yarm Road, Stockton-on-Tees, Cleveland TS18 3RW to £239,000 with effect from 1 April 2017.

24. A refund of the paid fee will now be arranged (Regulation 13E of the NDR Alteration of Lists & Appeals Regs) provided there is no review of the Tribunal's decision. The refund will take around six weeks to process.

Date: 21 January 2022

Appeal number: CHG100220295