THE VALUATION TRIBUNAL FOR ENGLAND

2017 rating list appeal; offices and premises; weight to be applied to rental evidence; Decision: appeal dismissed.

RE: 20 Little Park Farm Road, Fareham, Hants, PO15 5TD

APPEAL NUMBER: CHG100287231

BETWEEN:	Schneider Electric Limited	Appellant
	and	
	Dawn Bunyan (Valuation Officer)	Respondent

PANEL:	Ms A Ursprung (Presiding Senior Member) Prof. P Catterall
CLERK:	Mrs A Sloan
HEARING:	Remote hearing No.2 on 12 January 2022
APPEARANCES:	Mr I Allison of BNP Paribas for the Appellant Ms P Rowntree for the Respondent

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Summary of decision

1. Appeal dismissed. The rateable value of £26,250 was confirmed with effect from 1 April 2017.

Introduction

2. This appeal has been brought in respect of 20 Little Park Farm Road, Fareham, Hants, PO15 5TD (the “appeal property”), which was entered in the 2017 rating list as ‘office and premises’ at rateable value £26,250, effective from 1 April 2017.

3. The challenge process began when the Appellant had made a proposal to the Valuation Officer (VO) on the grounds that the entry shown in the rating list on 1 April 2017 is inaccurate and proposed a Rateable Value of £16,750. The VO decided that the proposal was not well founded and issued a decision maintaining the existing entry in the rating list, on 29 April 2021. The Appellant then lodged an appeal with this Tribunal to dispute that

decision on 23 August 2021. As this appeal concerns a challenge to the compiled list, the Material Date on which to consider the property was 1 April 2017 and the Antecedent Valuation Date (AVD) was 1 April 2015.

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. 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. This hearing was conducted via video conference using Microsoft Teams.

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.

Preliminary Issues

7. Firstly, shortly before the hearing, Mr Allison provided the parties' evidence in an alternative format for the panel. The panel had been provided with the submissions in advance of the hearing but, as Ms Rowntree confirmed she had no objections and the content was the same as originally submitted, the panel used the bundle provided by Mr Allison during the hearing.

8. Secondly, the panel asked the parties to clarify the name of the Appellant before hearing the substantive case. The Clerk explained that the appeal had, on registration with the Tribunal, been recorded as being brought by Mr Simon Ridley in his personal capacity but the VO's decision notice under appeal showed the Appellant as Schneider Electric Limited. The parties both confirmed that the company is the Appellant in this matter.

9. Neither party had any objection to the correction of the record and the panel was satisfied that there was no prejudice to either party in doing so. Accordingly, pursuant to Regulation 11(1)(a) of the Tribunal Procedure Regulations, the panel formally directed that the Appellant, Schneider Electric Limited, was substituted as the Appellant in this appeal.

Issue

10. The dispute concerned the best evidence on which to value the appeal property. Both parties relied upon rental analysis, with Mr Allison placing most weight on the passing rent at the appeal property and Ms Rowntree contending that the rents on similar offices in the locality should be considered and placing greater weight on rents agreed close to the AVD.

Evidence and submissions

11. The appeal to the Tribunal included correspondence between both parties and the evidence which they had exchanged, along with the VO's Challenge decision notice. It also included photographs of the appeal property and rental evidence from the appeal property and others within Little Park Farm Road.

12. Mr Allison stated at the beginning of the hearing that he wished to revise the rateable value he sought for the appeal property from £16,750 to £20,000. Ms Rowntree confirmed she had no objection to this change.

Decision and reasons

13. The appeal property is a two-storey office block constructed in 1987 and located on Segensworth Office Park along with other similar office blocks. It has a total floor area of 182m^2 and 12 car parking spaces. The floor areas were agreed between the parties at Check stage and the sole dispute concerned the valuation of the office.

14. Mr Allison stated that he considered the current rateable value of £26,250 to be excessive when considering available rental evidence. He relied upon two rents agreed on the appeal property. A stepped rent from 24 June 2013, which he had analysed to an average of £15,742 and a renewal from June 2018 at £21,500. In line with *Lotus & Delta Ltd v Culverwell (VO)* [1976] RA 141, Mr Allison argued that the starting point should be the rent passing on the appeal property and he considered that this was the best evidence. His analysis of these rents produced a headline unit price of £86.14 (June 2013 rent) and £117.65 (June 2018 rent). In contrast, he highlighted that the rent relied upon by the VO for Unit 10 Little Park Farm Road analysed to £173.25. Mr Allison also suggested that the rent for unit 10 required adjustment as he believed there was a rent-free period included that had not been disclosed.

15. Mr Allison stated that he felt the correct unit price for the appeal property was £110/m^2, which resulted in a rateable value of £20,000.

16. Ms Rowntree confirmed that, whilst she accepted that the rent passing on the appeal property must be the starting point, she felt that a basket of rental evidence on similar offices in the locality must also be considered. She stated that the rent for unit 20 agreed in June 2013 was not a new letting but a renewal as the Appellant company had been in occupation since April 2006. She explained that the appeal property is valued at a unit price of £145/m^2 and this is in line with other similar sized units on the office park such as units 2, 10, 16 and 18. Unit 4 (first floor only) was smaller at 91.10m^2 and this was reflected in the unit price of £160/m^2. Unit 12 was much larger than the appeal property, at 700.80m^2 so this unit had been valued at £130/m^2, reflecting a quantum allowance for a larger unit, along with Unit 14, measuring 229.45m^2.

17. Mr Allison had alleged that a rent-free period would be expected on the new, open market, seven-year lease agreed on unit 10 and he felt the VO's records may not be complete in respect of this property. Ms Rowntree confirmed that she had referred to the Forms of Return (FOR) for unit 10 and no rent-free period had been mentioned. She stated that the rent had been confirmed on two separate occasions as the form had been returned by both the agent of the occupier and the occupier themselves. She was therefore content that unit 10 provided the strongest evidence of value on a similar office to the appeal property at the AVD.

18. Unit 10 is similar in size to the appeal property, measuring 184.70m^2, of similar age and the rent was a new open market rent effective from 16 October 2015, which required no adjustment. Ms Rowntree accepted that the rent on unit 10, £32,000, analysed to a unit price higher than that used in the valuation of £145/m^2 and much higher than the analysed rents provided by Mr Allison from the appeal property, but she contended that the basket of rents across Little Park Farm Road on similar offices supported the tone. She acknowledged that the rents on units 2 and 18 held less weight as it was believed that the rents were agreed between connected parties. However, she considered that the renewed rent on the smaller unit 16, from August 2014 at £15,612, also supported the tone of £145/m^2.

19. After considering the parties submissions, the panel noted that the analysed rents on the various units in Little Park Farm Road ranged from £84.69 (unit 20 from June 2013 rent) to £205.48 (unit 12 from April 2017 rent). It placed most weight on the rent for unit 10, which analysed to £173.25. This unit was comparable to the appeal property in both size and age and the rent was a new open market lease agreed just six months after the AVD, which fulfilled the rating hypothesis of a new tenant coming fresh to the scene. The rents on the appeal property from 2013 and 2018 carried less weight, in the panel's opinion, as they were negotiated further from the AVD and were renewals rather than new leases. Although unit 10 had analysed to £173.25, the property was valued on £145/m^2. The panel considered that this unit, just 2m^2 larger than the appeal property provided the best evidence of the rent that the appeal property would have achieved at the AVD.

20. In appeals of this nature the burden of proof lies with the Appellant to prove his case. On balance, after considering the evidence presented, the panel concluded that the unit price for the appeal property of £145/m^2 was reasonable. The panel found that the existing entry in the rating list was not inaccurate and therefore the appeal was dismissed.

Date: 26 January 2022

Appeal number: CHG100287231