VALUATION TRIBUNAL FOR ENGLAND

2017 Rating List Appeal: Local Government Finance Act 1988; Lotus & Delta Ltd v Culverwell (VO) and Leicester City Council [1976] RA 141; end allowance for triple unit; uplift for return frontage; weight to be applied to rent on subject property; appeal allowed.

APPEAL NUMBER:	CHG100731240	
RE:	58-62 High Road, Wood Green, London N22 6BX (the “subject property”)	
BETWEEN:	Barclays Bank PLC	Appellant
	and	
	Andrew Ricketts (Valuation Officer)	Respondent
SITTING:	*remotely using Microsoft Teams*	
ON:	19 August 2024	
BEFORE:	Miss U Haque, Presiding Senior Member Mr G D Coombes, Senior Member	
CLERK:	Mrs A Sloan IRRV(Hons)	
APPEARANCES:	Ms L Allen (of Jones Lang LaSalle for the appellant) Ms M Maine (for the Valuation Officer)	

DECISION AND STATEMENT OF REASONS

Decision

1. The appeal is allowed.

2. The panel ordered a reduction in Rateable Value (RV) to £185,000 with effect from 1 April 2017.

Introduction

3. The appellant made a proposal on 21 September 2021 to challenge the entry in the compiled 2017 Rating List of £206,000. The proposal sought a 10% end allowance to reflect the fact

that the subject property is formed from three units. The Valuation Officer (VO) agreed that such an allowance was reasonable but also applied an uplift to reflect the return frontage. The Challenge decision was issued on 7 June 2023 with a revised RV of £190,000 with effect from 1 April 2017. An appeal against that decision was received by the Tribunal on the same date.

4. Ms Maine stated that she was appearing in a dual role as both Advocate for the respondent and Expert Witness. In view of the Upper Tribunal's judgment in *Gardiner & Theobold LLP v Jackson (VO)* [2018] UKUT 0253 (LC), Ms Allen provided a statement of truth and declaration prior to the hearing. In this declaration she stated that she was not instructed under any conditional or other success-based fee arrangement, and she understood her duty was to the Tribunal, regardless of whether the evidence supported her client's case.

5. When the appeal was lodged in June 2023, the appellant's submission consisted of a four-page document. Also supplied was the VO's Challenge decision under appeal, which contained twenty-two pages. At the hearing, Ms Allen initially referred to page numbers that were not in the documentation before the panel. It was identified that additional documentation was not uploaded with the notice of appeal but neither party had supplied any omitted evidence within four weeks of the appeal being lodged, as required under the Tribunal's practice statement. No application was made to include that additional documentation as new evidence by the parties, either before or at the hearing, so the panel proceeded to hear the appeal with consideration of the submissions on file.

6. The subject property is valued as a bank and premises and is located on the High Road in Wood Green. The ground floor is a retail unit with basement storage and offices and additional storage on the upper floors.

7. This statement of reasons is not and does not purport to be a full verbatim record of the proceedings.

Issue and Relevant Law

8. The issue to be determined by the panel was whether an uplift should apply to the valuation of the subject property, to reflect the return frontage. Both parties agreed that an allowance of 10% was appropriate to reflect the triple unit but the appellant's representative disagreed with the uplift applied.

9. The VO's decision notice referred to the Lands Tribunal judgment of *Lotus & Delta Ltd v Culverwell (VO) and Leicester City Council* [1976] RA 141, which provided guidance on the weight to be applied to different forms of evidence.

Discussion

10. The panel understood from the parties that both agreed a 10% allowance was appropriate to reflect the subject property's triple unit, as its larger size would potentially make the unit less marketable. Ms Allen submitted that it also suffered from masking due to structural columns and, if the uplift for the return frontage were not removed, she contended an allowance should be applied to reflect the masking.

11. Ms Allen stated the VO had applied a 5% uplift to the ground floor Zone A and part of Zone B to reflect the return frontage. She provided examples of other units in High Road that benefitted from a return frontage but had no uplift in their valuation. When asked for her

comments on these examples, Ms Maine was unable to assist the panel with an explanation of why those units did not have an uplift for the return frontage.

12. Ms Maine contended that the 10% allowance for being a triple unit also reflected any masking from the structural columns. She relied heavily on the rent passing on the subject property at £196,000 from a rent review in June 2015, close to the AVD of 1 April 2015. She submitted that, if there was no uplift to reflect the return frontage, the appellant's proposed RV of £185,000 would be low in comparison to the actual rent. On this basis, she considered the revised RV of £190,000 to be reasonable.

13. The panel found that the examples provided by Ms Allen were all in the same locality as the subject property and clearly benefitted from a return frontage. It was disappointed that the VO had not provided any explanation for this to assist the Tribunal. It noted that 64 High Road, a unit directly opposite the subject property, had a return frontage onto the same service entrance as the subject property, Dovecote Avenue, but no uplift had been applied. Ms Allen contended that the service entrance was not a retail space but access to a car park, and therefore not a prime location. Ms Maine submitted that market stalls were located in the service entrance, which were visible in the photograph of the subject property in the VO's decision notice and Ms Allen's photograph of 64 High Road opposite. However, the panel found that a service entrance with temporary stalls would not be as valuable as a return frontage facing a retail area with passing trade. While it accepted the return frontage made the property more visible, it was not persuaded that the location would be comparable to a high traffic pedestrian route. Ms Allen stated that the pedestrian access to the car park was at another location, not via Dovecote Avenue.

14. The panel noted that 64 High Road was a smaller unit than the subject property but occupied a very similar location, being on the opposite side of Dovecote Avenue, and had a return frontage. Ms Maine had submitted that she was unable to comment on why other units had not been uplifted for return frontages without considering the available rental evidence on each one. However, the panel noted from Ms Allen's submissions that 64 High Road had been the subject of an agreement to reduce the Zone A price in the 2017 rating list yet no uplift had been applied at that time, when presumably the valuation would have been examined.

15. Similarly, the panel noted that 67 High Road, formerly occupied by Santander bank, had been challenged in the 2017 rating list and a Zone A reduction agreed without an uplift to reflect the return frontage. This was also the case with 14 Cheapside, High Road.

16. The panel found it interesting that 39-41 High Road's valuation in the 2010 rating list had included a 5% uplift for the return frontage. However, as highlighted by Ms Allen, the 2017 rating list entry had been agreed with a Zone A reduction and no uplift for the return frontage. All four of the examples provided by Ms Allen were in the same valuation scheme as the subject property, had a return frontage, and no uplift to the Zone A rate.

17. The panel was aware that *Lotus & Delta Ltd v Culverwell* states the passing rent on the subject property to be the starting point of any valuation. It noted that the rent review in June 2015 was a nil increase review of a rent agreed in 2010. The panel did not find that this carried as much weight as a new lease negotiated on the open market. The lease was not available for the panel to assess whether the terms prevented a rent reduction at review. At best, it concluded the rent demonstrated there was no justification for an increase.

18. Ms Allen provided a breakdown of the rent for the panel's consideration. The subject property is leased in two parts. The end unit with the return frontage is unit 62, where the rent agreed in 2010 was not increased at review and remained at the same rate of £85,000. Unit 58-60 was increased from £95,000 to £111,000. The two rents combined made up the £196,000 passing on the triple unit. The panel concluded that the unit with the return frontage, unit 62, was clearly not considered to be as valuable as units 58-60 as the rent was not increased inline with them. This could be due to the masking referred to by Ms Allen, but it certainly did not demonstrate the return frontage increased value.

19. After considering the available evidence, the panel found that the appellant's representative had demonstrated that the uplift to Zone A and part of Zone B on the subject property was not reasonable. Four examples were provided of similar units in the same High Road location, with return frontages, and no uplift had been applied. They had all been the subject of Zone A reductions in the 2017 rating list, but the VO had not seen fit to apply an uplift when considering the valuation in each case. The VO's case placed great weight on the review of the subject property's rent in June 2015. While the panel found this was close to the AVD, it placed less weight on it than if it had been a new lease agreed on the open market. The rent increase was in relation to the part of the subject property that did not benefit from the return frontage and therefore the panel did not consider this supported the VO's opinion that the return frontage justified an uplift.

Disposal

20. In view of the above findings and conclusions, the panel found that the appeal should be allowed.

21. In accordance with Regulation 38 (4) and (9) of the Valuation Tribunal for England (Council Tax and Rating Appeals) (Procedure) Regulations 2009, the Valuation Officer is ordered to amend the entry for 58-62 High Road, Wood Green, London N22 6BX in the 2017 Rating List to £185,000 effective from 1 April 2017.

    The Valuation Officer must comply with this Order within two weeks of its making.

Date issued to parties: 3 September 2024

Right of further appeal

Any party who is aggrieved by the Tribunal's decision, and who appeared or was represented at the hearing, has the right of appeal to the Upper Tribunal (Lands Chamber). Any such appeal should be made within four weeks of the date of this decision notice.

Valuation

Description	Relativity	M^2	£/m^2	Value
Ground floor retail Zone A	1	84.91	£1,165.00	£98,920
Ground floor retail Zone B	0.5	83.49	£582.50	£48,633
Ground floor retail Zone C	0.25	86.01	£291.25	£25,050
Ground floor remaining retail zone	0.125	65.02	£145.63	£9,469
Basement (first level below gf) internal storage	0.05	183.98	£58.25	£10,717
First floor office	0.0625	108.23	£72.81	£7,880
First floor internal storage	0.05	5.91	£58.25	£344
Second floor office	0.04	62.59	£46.60	£2,917
Second floor internal storage	0.04	27.74	£46.60	£1,293
Sub-total		707.88		£205,223
Additional items				
Air conditioning		183.34	£7.00	£1,283.38
				£206,506
Adjustments				
Size or quantity allowance- triple retail unit		-10%		£20,650.64
Total				£185,856
			Say	£185,000