VALUATION TRIBUNAL FOR ENGLAND

2017 Rating List appeal: workshop and premises; uplift for quality in dispute; Local Government Finance Act 1988; rental evidence; comparable properties; appeal allowed in part.

APPEAL NUMBERS:	CHG100745475 and CHG100772456
RE:	620 Chester Road, Manchester, M16 0SF (the "appeal property")
BETWEEN:	Lancaster Plc — Appellant and Ms A Hitchings (Valuation Officer) — Respondent
SITTING:	*Remotely using Microsoft Teams*
ON:	26 April 2024
BEFORE:	Mr J Thomas, Presiding Senior Member Mr B Proudfoot, Senior Member Ms R Sharma, Senior Member
CLERK:	Mrs L Horne IRRV(Hons) BA (Hons)
APPEARANCES:	Mr M Gill from Avison Young, representing the Appellant Mr U Ali representing the Valuation Officer

DECISION AND STATEMENT OF REASONS

Decision

1. The appeals are allowed in part. The panel determined revised rateable values (RV) of £120,000 with effect from 1 April 2017 (CHG100745475) and £102,000 with effect from 8 July 2019 (CHG100772456).

Introduction

2. These are 2017 rating list appeals. 620 Chester Road, Manchester, M16 0SF (the 'appeal property') had been entered in the 2017 rating list as 'workshop and premises' at a RV of £174,000 with effect from 1 April 2017. Following a split of the assessment (when the

compound parking area was removed) this resulted in a revised RV of £163,000 with effect from 8 July 2019.

3. Challenge proposals were submitted by Avison Young on behalf of Lancaster Plc and were received by the Valuation Officer on 10 November 2021 (in respect of £174,000 RV with effect from 1 April 2017) and 4 February 2022 (in respect of £163,000 with effect from 8 July 2019). They had been made on the grounds that the RV's were inaccurate. A revised RV of £112,000 was proposed with effect from 1 April 2017, and £94,000 with effect from 8 July 2019.

4. The Valuation Officer issued challenge case decision notices on 9 January 2023, which disagreed with the proposed alterations of the list and stated that the rating list entries were reasonable based on the evidence and information available.

5. In accordance with regulation 13A of the Non-Domestic Rating (Alteration of Lists and Appeals) (England) Regulations 2009, the appeals to this Tribunal have been made on the grounds that the valuations for the hereditament are not reasonable. The appeals were received by the Tribunal on 2 and 3 May 2023.

6. As Mr Gill appeared on behalf of the appellant as both advocate and expert witness, the clerk asked if there was a success related fee involved and if so whether its existence was compatible with his obligations to the Tribunal as an expert. This question was raised in view of the Upper Tribunal's judgment in *Gardiner & Theobald LLP v David Jackson (VO)* [2018] UKUT 0253 (LC).

7. Mr Gill declared that he was not instructed under any conditional fee arrangement. He confirmed that he understood and accepted that his duty was to the Tribunal in giving his evidence and he would comply with this as well as the requirements of his professional body regardless of whether or not the evidence supported the client's case.

8. The appeal property comprised a workshop and premises, used by the appellant as a car repair workshop for Audi, with associated parts stores and other ancillary accommodation. Formerly a motorcycle showroom, the property had undergone significant building alterations which required planning permission. It was located on the A5067 Chester Road, close to the junction with the A56 Bridgewater Way and it had a total significant area of 1,191m^2.

9. The appeals were heard together as the evidence and submissions both concerned the same issue, but with different effective dates.

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

Issue

11. In dispute was the price per m^2 to be adopted in the valuation of the appeal property as at 1 April 2017 and 8 July 2019.

Evidence and submissions

12. The bundle comprised all of the documents exchanged between the parties as part of the challenge process: initial response to the challenge, Valuation Officer’s challenge case decision notice, and appellant’s challenge submission.

13. In the challenge submissions, the appellant’s representative disputed the Valuation Officer’s uplift of 72% to the industrial tone of £43.50 per m^2 for showroom quality. The Valuation Officer’s alternative valuations as a tyre and exhaust centre were disputed on the grounds that the location did not warrant a premium value.

14. In the challenge decision notices, the Valuation Officer provided alternative valuations based upon the assessment of the appeal property as a tyre and exhaust centre at £85 per m^2. This resulted in an increase in the RVs, and therefore it was the Valuation Officer’s contention that the present RV’s were not excessive.

Decision and reasons

15. In arriving at a decision, the panel is governed by rating legislation laid down by Parliament where Schedule 6 to the Local Government Finance Act 1988 as amended by the Rating (Valuation) Act 1999, provides that:

    2(1) 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.

16. In respect of an appeal against an entry in the 2017 rating list, the rental levels are to be taken as those passing at the antecedent valuation date (AVD) of 1 April 2015, in accordance with the Rating Lists (Valuation Date) (England) Order 2014 (SI 2014 No. 2841).

17. The material day (the date by which physical factors have to be taken into account) was provided by the Non-Domestic Rating (Material Day for List Alterations) Regulations 1992 (SI 1992 No. 556) as amended. In respect of the subject appeals, the material days are 1 April 2017 (CHG100745475) and 8 July 2019 (CHG100772456).

18. The panel was aware that the subject rent had been agreed between connected parties, and therefore attached little weight to it.

19. The Valuation Officer submitted that although the appeal property was of an industrial construction, it had been intentionally built in an area of high visibility and prominence. This had been beneficial to the previous occupier as the premises had been used as a showroom. With reference to rental evidence and comparable assessments, he presented an alternative valuation of the appeal property as a tyre and exhaust centre at £85 per m^2.

20. Mr Gill disputed that the appeal property was in a prominent location. Although situated close to the A56, Mr Gill argued that the appeal property did not front the A56, as did the Valuation Officer's comparable properties, and it was not visible from it. The Valuation Officer had cited daily traffic journeys of 7,885 vehicles for the appeal property in 2015, according to Roadtrafficstats.uk. Mr Gill provided statistics from the same source for the Valuation Officer's comparable properties which demonstrated significantly higher traffic journeys. For the three closest properties situated on the A56, the number of daily traffic journeys was 29,180: Halfords Auto Centre, 709 Chester Road, National Tyres, 709A Chester Road and Kwik Fit, 713 Chester Road.

21. A further point made by Mr Gill was that at 2,200m^2, the appeal property was substantially larger than the comparable properties cited by the Valuation Officer. There were over 300 properties assessed as a tyre and exhaust centre in the northwest, none of which were over 2,000m^2, and only nine were over 1,000m^2.

22. It appeared to the panel that the main factor in the Valuation Officer's approach to the valuation of the appeal property at a premium as a tyre and exhaust centre was due to the opinion that it was situated in a prominent location.

23. With reference to the photographs and the traffic statistics, the panel considered that the location of the appeal property did not warrant a premium. Although it was situated close to the A56, it was not clearly visible from it. There was a significant difference in the daily traffic journeys between the appeal property and the Valuation Officer's comparable properties which were situated on the A56.

24. While not a deciding factor, the larger size of the appeal property further supported the panel's decision to reject the Valuation Officer's alternative valuation as a tyre and exhaust centre.

25. A number of comparable assessments had been cited by Mr Gill in support of his contention that there were industrial properties with "A" road locations not assessed with an uplift over and above an industrial basis of assessment which would apply on an industrial estate. However, when questioned, Mr Gill stated that he could see a case for a slightly higher value. He volunteered that he had made a "without prejudice" offer to the Valuation Officer ahead of the hearing, which comprised of an uplift of 10% to reflect the proximity of the appeal property to the A56.

26. The panel concluded that the appeal property was correctly assessed on an industrial tone. The panel noted that the Valuation Officer had conceded that an uplift of 72% was incorrect, and, in recognition of Mr Gill's concession that a slightly higher value was appropriate, the panel determined that an uplift of 10% to the base price of £43.50 per m^2 was fair and reasonable.

27. The panel determined revised RV's of £120,000 with effect from 1 April 2017 and £102,000 with effect from 8 July 2019. The appeals were therefore allowed in part.

CHG100745475:

Floor	Description	Area m²	£ per m²	Value (£)
Ground	Workshop	1,085.95	47.85	51,963
Ground	Valeting bay	187.02	46.65	8,724
Ground	Parts department	134.06	47.85	6,415
Ground	Stores	21.99	46.65	1,026
Ground	Office	71.28	57.42	4,093
First	Canteen	81.90	52.64	4,311
First	Locker room/WC's	92.77	52.64	4,883
First	Office	89.64	57.42	5,147
First	Parts department	279.14	31.10	8,681
Ground	Workshop	154.23	47.85	7,380
ADDITIONAL FEATURES OF THE PROPERTY INCLUDED IN THE VALUATION				
	Compound car parking	3,562.20	5.00	17,811
			Valuation sub-total	120,434

Rounded down to £120,000 with effect from 1 April 2017.

CHG100772456:

Floor	Description	Area m²	£ per m²	Value (£)
Ground	Workshop	1,085.95	47.85	51,963
Ground	Valeting bay	187.02	46.65	8,724
Ground	Parts department	134.06	47.85	6,415
Ground	Stores	21.99	46.65	1,026
Ground	Office	71.28	57.42	4,093
First	Canteen	81.90	52.64	4,311
First	Locker room/WC's	92.77	52.64	4,883
First	Office	89.64	57.42	5,147
First	Parts department	279.14	31.10	8,681
Ground	Workshop	154.23	47.85	7,380
			Valuation sub-total	102,623

Rounded down to £102,000 with effect from 8 July 2019.

Order

28. Under the provisions of regulation 38(4) of The Valuation Tribunal for England (Council Tax and Rating Appeals) (Procedure) Regulations 2009, the Valuation Tribunal for England orders the Valuation Officer to alter the entries in the rating list to £120,000 with effect from 1 April 2017 and £102,000 with effect from 8 July 2019.

29. Under regulation 38(9), the Valuation Officer must comply with this order within two weeks of the date of its making.

30. A refund of the paid fees will now be arranged provided there is no review of the Tribunal's decision. The refunds will take around six weeks to process.

Date issued to parties: 17 May 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.