VALUATION TRIBUNAL FOR ENGLAND

2017 Rating List appeal: Lotus & Delta Ltd v Culverwell (LO) and Leicester City Council [1976]; rental evidence; assessments of comparable properties; adopted rate in dispute; appeal upheld in part.

APPEAL NUMBER:	CHG100822466
RE:	Servicemaster House, Tigers Road, Wigston, Leicester, LE18 4WS (the "subject property")

BETWEEN:	ServiceMaster Ltd	Appellant
	and	
	Joanne Moore (Valuation Officer)	Respondent

SITTING:	*remotely using Microsoft Teams*
ON:	8 January 2025
BEFORE:	Mr PJ Ward (Presiding Senior Member) Mr C Derrick (Senior Member)
CLERK:	Mrs J Smith IRRV(Tech)
APPEARANCES:	Mr Simons of Altus Group– representing the Appellant Mrs Cockhill– representing the Respondent

DECISION AND STATEMENT OF REASONS

Decision

1. The appeal is allowed-in-part.

2. The Panel determined a rateable value (RV) of £69,500 with effect from 1 April 2017, based on an adopted rate of £65/m^2.

Introduction

3. This is a 2017 rating list appeal. Servicemaster House, Tigers Road, Wigston, LE18 4WS had been entered in the 2017 rating list at £87,000 RV with effect from 1 April 2017.

4. The challenge proposal was submitted by Altus Group (UK) Limited on behalf of ServiceMaster Limited. It was received by the Valuation Officer on 28 June 2022. It was made on the grounds that the RV shown in the rating list on 1 April 2017 was inaccurate. A revised RV was proposed of £64,500 with effect from 1 April 2017.

5. The Valuation Officer issued a challenge case decision notice on 22 August 2023 which confirmed the RV was unreasonable and notified a lower RV of £74,500 with effect from 1 April 2017

6. In accordance with regulation 13A of the Non-Domestic Rating (Alteration of Lists and Appeals) (England) Regulations 2009, the appeal to this Tribunal has been made on the grounds that the valuation for the hereditament is not reasonable.

7. 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).

8. Mr Simons appeared on behalf of the appellant as both advocate and expert witness. In view of the Upper Tribunal's judgment in *Gardiner & Theobald LLP v David Jackson (VO)* [2018] UKUT 0253 (LC), Mr Simons confirmed that he was instructed under a contingency fee basis and he declared that he understood and accepted that his duty was to the Tribunal in giving his evidence and that 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.

9. The panel accepted this expert witness evidence on the above basis as the appeal was not complex and to do otherwise would be contrary to regulation 3 (Discharge of VTE functions – general) of the Procedure regulations and was allowable due to the Tribunal's rules on admissibility of evidence (Regulation 17(2)(a) where the Tribunal can admit evidence whether or not it would be admissible in a civil trial).

10. The panel therefore considered the expert evidence and attached such weight to it as it saw fit.

11. Mrs Cockhill appeared as advocate and expert witness.

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

Background

13. The subject property consists of a purpose built, late 1960's, three storey office building with a total area of 1101.30m^2. It is a brick built building with a flat roof and continuous steel

framed glazing to the front. The property is located on a business park approximately 2.25km from Wigston town centre and 400m from South Wigston railway station. Access to the property is shared with three other premises. Wigston is approximately 5km south of the city of Leicester.

14. Mr Simons had argued that the RV is excessive based on the rent of the subject property and compared with other offices in the locality. He sought a reduction to £64,500 based on an adopted rate of £60/m^2.

15. The Valuation Officer defended the present assessment of £74,500 RV based on an adopted rate of £70/m^2.

Relevant Law

16. The term ‘rateable value’ is defined in Schedule 6 to the Local Government Finance Act 1988 (as amended):

“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”.

Discussion

17. The panel had to determine the rateable value for the appeal property, which represented a rent that a hypothetical landlord and tenant would agree, as at the AVD, 1 April 2015. The common date was used to ensure that every property was treated in a consistent way.

18. In the case under consideration, the panel had analysed the competing evidence having regard to the authoritative guidance in *Lotus & Delta v Culverwell (VO) and Leicester City Council* [1976] RA141.

19. Mr Simons had referred to the rent of the subject property, which had been agreed on 1 November 2013 at £57,800 per annum for a term of 10 years, with a 5 year upwards only

rent review. He had analysed this rent at £55.17/m^2. The rent was reviewed on 1 November 2018 and increased to £65,000 per annum which analysed at £57.71/m^2. In his view, the rental evidence of the subject property did not support the current adopted rate of £70/m^2.

20. The panel was aware from *Lotus v Delta* that whilst the best evidence was the subject rent, especially when close to the AVD, this was a starting point, and where available, rents on similar properties should also to be taken into account and weight applied to the entire basket of evidence according to its merits.

21. Mrs Cockhill contended that the rent on the subject property in 2013 was a lease renewal and, although closer to the AVD than the 2018 review, it had been adjusted for tenants' improvements and therefore carried less weight. She referred to the letting on 1-5 Tigers Place which was opposite the subject property. A new lease had been agreed on 19 May 2014 of £196,000 per annum which analysed at £61.71/m^2. Whilst this property, at 3202.38m^2, was three times the size of the subject property, she suggested this was a clearer indication of open market values at 1 April 2015. Mr Simons stated that a challenge on 1-5 Tigers Place had recently been settled at £60/m^2 and that this reduction reinforced his argument that the subject property had been over assessed.

22. Mrs Cockhill had also referred to 16 West Walk, Leicester, LE1 7NA which was located 4.5 miles from the subject property. A new lease had been agreed on 1 July 2014 at £71,500 per annum which she had analysed at £75.61/m^2. The adopted rate for this property was £70/m^2. Whilst she acknowledged that this property was closer to the city centre and that this was reflected in the higher rent, the lease had been agreed within 12 months of the AVD and supported her argument that the reduction in the base price from £82.74/m^2 to £70/m^2 for the subject property was sufficient. Mr Simons argued that West Walk was situated in a premium office sector of Leicester where property was more valuable due to its superior location and that it was not a direct comparable with the subject property which was in a mixed residential and commercial area.

23. Mrs Cockhill had compared the subject property to other 3 storey office buildings of similar age and style. Galliford Try Limited, Stockwell House, New buildings, Hinckley, LE10 1HN, was 1021.90m^2 and valued at an adopted rate of £65/m^2 and Lancer House, 38 Scudamore Road, Leicester LE3 1UQ was 2061.72m^2 and valued at £56.38/m^2. She also referred to East Mercia Estates Limited, Countersthorpe Road, Wigston, LE18 4PG which was much smaller at 632m^2 and valued at £90/m^2.

24. The panel acknowledged that both parties had put forward good arguments in support of their cases. Whilst the rent on the subject property was not agreed on the open market, the current value of £70/m^2 appeared out of line when compared with the recently agreed assessment for 1-5 Tigers Place. Whilst this property was significantly larger than the subject property, and could therefore have had a lower value due to demand, the panel considered that location was key and that a city centre office such as 16 West Walk, would be more attractive to a hypothetical tenant. Stockwell House in Hinckley, whilst some 13 miles from

Wigston was in a similar locality, being outside of the main city centre. Whilst Mrs Cockhill had referred to values in Hinckley being typically lower than Leicester, the panel considered it a good comparable to the subject property.

25. After carefully considering all the evidence, the panel concluded that the current adopted rate of £70/m^2 was excessive. However, it was not convinced that a reduction to £60/m^2 as requested by Mr Simons was supported by the evidence. The panel determined that a reduced adopted rate, midway between these amounts, of £65/m^2 was fair and reasonable.

26. The panel therefore allowed the appeal in part.

27. This resulted in a revised assessment of £69,500 RV with effect from 1 April 2017. A breakdown has been shown below. In arriving at this valuation, the panel has applied the agreed 5% allowance for access.

Line	**Floor**	**Description**	**Area m^2**	**£/m^2**	**Value £**	
1.0	Second	Office	139.01	51.22		7120.09
2.0	Second	External Storage	13.50	4.87		65.75
3.0	Ground	Office	161.34	65.00		10487.10
4.0	Ground	Office	184.66	68.25		12603.05
5.0	Ground	Staff Toilets	0	0		0
6.0	Ground	Plant Room	0	0		0
7.0	First	Office	161.28	65.00		10483.20
8.0	First	Office	209.62	68.25		14306.57
9.0	First	Staff Toilets	0	0		0
10.0	Second	Office	231.89	48.75		11304.64
11.0	Second	Staff Toilets	0	0		0
		Total				**66370.40**
		Lock Up Garage	1	250.00		250
		Lock Up Garage	1	250.00		250
		Total	**2**			**500**
		Car parking spaces	44			6600
		Total				**6600**
Subtotal						**73470.40**
Access					-5%	3673.52
						69796.88
Say £69,500 Rateable Value, with effect from 1 April 2017						

Order

28. As a consequence of the above decision, the Valuation Officer is ordered to reduce the 2017 Rating List entry to RV £69,500 with effect from 1 April 2017, within two weeks of this Order.

Date issued to parties: 3 February 2025

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.