VALUATION TRIBUNAL FOR ENGLAND

2017 Rating List Appeal: Local Government Finance Act 1988; Non-Domestic Rating; Health centre and premises; tone of value of Zone A; comparable assessments; appeal allowed.

APPEAL NUMBER:	CHG100827141		
RE:	The Greenhouse,19 Tudor Road, London E9 7SN (the "appeal property")		
BETWEEN:		NHS Property Services Ltd	Appellant
		and	
		Mr A Ricketts (Valuation Officer)	Respondent
SITTING:	*remotely using Microsoft Teams*		
ON:	Tuesday 20 August 2024		
BEFORE:	Mr SP Wood (Presiding Senior Member) Mr A Ramsay (Senior Member)		
CLERK:	Miss K Hendry IRRV(Tech)		
APPEARANCES:	Mr A Waller of GL Hearn (Appellant's Representative) Mr C Cates (Respondent's Representative)		

DECISION AND STATEMENT OF REASONS

Decision

1. The appeal is allowed.

2. The panel determined the rateable value (RV) of the appeal hereditament to be £53,500 with effect from 1 April 2017.

Introduction

3. This is a 2017 rating list appeal. The appeal property had been entered into the 2017 rating list as 'Health centre and premises' at a RV of £62,500 with effect from 1 April 2017.

4. The challenge proposal was submitted by GL Hearn on behalf of NHS Property Services Ltd and was received by the Valuation Officer (VO) on 12 July 2022. Mr Waller was seeking a revised RV of £53,500 based on a reduction from £200/m^2 to £170/m^2.

5. The VO issued a challenge case decision notice on 9 June 2023 which disagreed with the proposed alteration of the list and stated that the rating list entry was reasonable based on the evidence and information available.

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. The appeal was lodged by Altus Group on behalf of the appellant and received by the Tribunal on 6 October 2023.

7. Mr Waller 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), his declaration of truth included a statement that he was not instructed under any conditional fee arrangement. He declared 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. This statement of reasons is not and does not purport to be a full verbatim record of the proceedings.

Background

9. The building comprised of a six storey terraced property of brick construction which was built between 1955-1964 and was refurbished in 2008. The appellant occupied the basement and ground floor.

10. The issue between the parties was whether the appeal property should be valued at a main rate of £200/m^2 as submitted by the VO or a main rate of £170/m^2 as the appellant's agent submitted.

Relevant Law

11. The panel is governed by Schedule 6 to the Local Government Finance Act 1988 as amended by the Rating (Valuation) Act 1999, which 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.

12. 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).

13. 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 appeal, the material day is 1 April 2017.

Discussion

14. Mr Waller in his opinion believed the appeal property to be over assessed by the VO without taking into account the characteristics or location of the appeal property compared to comparable properties. The access to the appeal property was via an alleyway off of Tudor Road and was not visible from the main road. The building is over three split floors. In the reception area there was six steps up to a small number of consulting rooms and ten steps down to a further three consulting rooms.

15. The appeal property was let on a 15 year lease from December 2007. It had five yearly rent reviews. The initial rent was £50,000 per annum (pa). At the rent review in December 2012 there was no increase to the rent. It was reviewed in 2017 and agreed at a slightly increased rate of £59,000pa. There were no rent free periods. This analysed to £158.86/m^2 and £187.46/m^2. Mr Waller contended that this supported that the current RV was overvalued.

16. Mr Waller stated that the VO had referred to 103 to 105 Stoke Newington High Street which had a new lease in January 2014 which analysed a rent at £190.11. However, it had been valued at £150/m^2 to reflect the fact that part of it is on the lower ground floor. Mr Waller argued that this property was some considerable distance from the appeal property in a different borough of Hackney. It is situated on a high road. It was also a rent for an office building.

17. In support he referred to comparable properties in the locality. 8-10 Tudor Road was in a similar condition to the appeal property but slightly more modern. It was situated across the road from the appeal property and had been valued at £180/m^2, occupied as offices.
1 King Edwards Road was an old property built before the 1940’s and was smaller than the appeal property. It was located near to the appeal property, on the main high street to the south, in a better location. It had been valued at £200/m^2 with a discount on the second floor offices to reflect the lack of a lift, equating to £190/m^2. Mare Street Studios 203-213 Mare Street was a recently refurbished office, similar in size to the appeal property, in a prominent position that had been valued of £180/m^2, supporting that the appeal property, which was inferior should be valued at a lower rate than £200/m^2.

18. Mr Cates, as advocate argued that a discrete entrance to a medical facility, specially one set up to support homelessness would be beneficial.

19. The VO stated that although the appeal property was a health centre and premises, it had been valued with an office rate due to the valuation scheme it fell under. Offices were valued on a size matrix and the closest in size to the appeal property was The Latimer Health Centre at 4 Homerton Terrace and The Surgery, Cranwich Road which both had been valued at a current tone of £200/m^2.

20. In response to the evidence presented, the panel held that the current tone of £200/m^2 was excessive. Having regard to the comparable properties, the panel held the tone should be reduced to £170/m^2. The two health centres provided by the VO were situated up to 2.5 miles away in popular residential areas. The buildings compared to the appeal property were vastly superior, they were more attractive looking with a prominent location fronting onto a good road. The Surgery also had access via ramp which would make it more accessible compared to the appeal property which was hidden away off the main road, accessible by an alleyway between two buildings. It also had split floor levels internally.

21. The comparable properties provided by Mr Waller were in the same locality, one even situated across the road which had been valued at a lower rate. Given that the appeal property did have disadvantages, the panel held that the adopted rate should be £170/m^2 and allowed the appeal.

Disposal

22. In view of the above findings, panel confirmed the revised RV of £53,500 with effect from 1 April 2017.

23. In accordance with Regulation 38(4) and (9) of the Valuation Tribunal for England (Council Tax and Rating Appeals) (Procedure) Regulations 2009, the respondent is ordered to alter the subject hereditament's entry in the rating list to £53,500 RV with effect from 1 April 2017. The respondent must comply with this order within two weeks of its making.

24. Any fee paid will be refunded in full in accordance with regulation 13E of the above Regulations.

25.

Date issued to parties: 19 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.
