VALUATION TRIBUNAL FOR ENGLAND

Non-Domestic Rating Appeal: Local Government Finance Act 1988; Accuracy of the RV in the Rating List; Office and Premises; Rental and assessment comparable evidence; Tone; Appeal allowed in part.

APPEAL NUMBER: CHG100906411

RE: 2nd Floor, Hightrees, Hillfield Road, Hemel Hempstead HP2 4AA
(the "subject property")

BETWEEN: Structa LLP — Appellant

and

(Valuation Officer) — Respondent

SITTING: *remotely using Microsoft Teams*

ON: Friday 9 May 2025

BEFORE: Mr A Backway, Presiding Senior Member
Mr S Muldoon, Senior Member

CLERK: Mrs S D Morgan

APPEARANCES: Mr A Sparsi – Appellant's representative (Ryan Property Tax Services Ltd)

Ms T Manyadza – Valuation Officer's representative

DECISION AND STATEMENT OF REASONS

Decision

1. The appeal is allowed in part.

2. The panel confirmed the rateable value (RV) £43,500 with effect from 1 April 2017.

Introduction

3. This is a 2017 rating list appeal. 2nd Floor, Hightrees, Hillfield Road, Hemel Hempstead HP2 4AA (the subject property) had been entered into the 2017 rating list as ‘offices and premises’ at a RV of £45,500 with effect from 1 April 2017.

4. The challenge proposal was submitted by Altus Group now known as Ryan Property Tax Servies Ltd on Structa LLP and was received by the Valuation Officer on 11 January 2023. It had been made on the grounds that proposer disputes the RV in the Rating List. The Valuation Officer issued a challenge case decision notice 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.

5. 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 the appellant’s representative on behalf of the appellant and received by the Tribunal on 16 November 2023.

6. Mr Sparsi appeared on behalf of the appellant as advocate. In view of the Upper Tribunal’s judgment in *Gardiner & Theobald LLP v David Jackson (VO)* [2018] UKUT 0253 (LC), Mr Sparsi explained that he was instructed on a contingency fee basis and he declared that he understood and accepted his duty 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 the evidence supported the client’s case.

7. The panel accepted this expert witness evidence on the above basis as the appeal is not complex and to do otherwise would be contrary to regulation 3 (Discharge of VTE functions – general) of the Procedure regulations and is 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).

8. Ms Manyadza appeared on behalf of the Valuation Officer acting as advocate and expert witness.

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

Background

10. The evidence bundles before the panel comprised of the evidence disclosed and exchanged during the challenge. It included comparable assessments, location plans, photographs of the subject property and the parties’ skeleton arguments.

11. The subject property is an office and premises on the second floor of a purpose built 5-storey office block. It was built in 1982 and measure 390.4m^2. It included full central heating, air conditioning and a passenger lift to all floors.

12. The unadjusted main space price of £120/m^2 was in dispute. The appellant’s representative contended for a main space price of £110/m^2 with a proposed revised figure of £41,750 RV.

The Valuation Officer's representative believed the existing assessment was fair and reasonable.

Relevant Law

13. Rateable value is to be determined in accordance with paragraph 2(1) of Sch.6 to the Local Government Finance Act 1988, which provides:

"(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.

Discussion

14. The subject hereditament must be valued for the purpose of non-domestic rating on the basis of the rent at which it might reasonably be expected to be let from year to year on a number of assumptions. Those assumptions are listed in paragraph 2(1) of Schedule 6 to the Local Government Finance Act 1988.

15. In accordance with the Rating Lists (Valuation Date) (England) Order 2014 (SI:2014 No.2841), the date of the hypothetical rent was 1 April 2015, the antecedent valuation date (AVD). This common date was used to ensure that every property was treated in a consistent way.

16. Matters that affected the physical state or enjoyment of the property or the locality were to be taken at the material day, as outlined by the Non-Domestic Rating (Material Day for List Alterations) Regulations 1992 (SI 1992 No. 556) as amended. In respect of the subject hereditament, the material day was 1 April 2017.

17. 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. The rent on the subject property is considered to be the correct starting point but, where available, rents on similar properties are also to be taken into account. The assessments on other comparable properties may also be relevant. All of the evidence can then be weighted.

18. The subject property was held on a new 10-year lease effective from 2 September 2013 at an initial rent of £53,325 per annum (pa) following a 15-month rent free period at the start of

the term. The lease sets out that the tenant only is responsible for internal repairs and insurance, with the landlord being responsible for external repairs. This produces a net effective rent of £39,111.84 pa, which the appellant's representative believed showed the current RV of £45,500 to be excessive.

19. The appellant's representative contended that as this subject rent was agreed by a new letting one and a half years prior to the AVD, it could be attributed with some weight. The appellant had exercised the 5th year break clause contained within their September 2013 new letting and agreed a new 10-year lease effective from the 28 October 2018 at an initial rent of £72,500 pa after an initial 6-month rent-free period, subject to a 5th year break and review.

20. There were no new lettings within the subject office building within 12 months of the AVD, so the appellant's representative had considered a wealth of comparable evidence in the locality to further support his case for a reduction in the base rate. The 27 assessments submitted had originally unadjusted rates which ranged from £105/m^2 to £120/m^2. Following agreements on these properties, the current unadjusted rate ranged from £90/m^2 to £115/m^2. The appellant's representative considered that a revised unadjusted rate of £110.00/m^2 was fair and reasonable for the subject property.

21. The rental evidence provided by the valuation officer's representative, showed that the best evidence lay with the subject rent and the rent on the comparable first floor assessment within the subject building, which analysed to £110.00/m^2 and £100.00/m^2 respectively. Both of these were agreed as new lettings, although the lease commencements pre-date the AVD by 18 months and rental growth would be reasonably expected.

22. The Valuation Officer had reviewed the two Forms of Return on the subject property and had analysed and adjusted the rents accordingly. Based on the terms of the 2013 lease agreement, as detailed above, the rent adjusted to £41,998 and analysed to £110.34/m^2. A rent review three years and 5 months post AVD with an annual rent of £72,400 had an adjusted rent of £68,875 pa and analysed to £180.95/m^2.

23. In addition, the valuation officer's representative stated that she had considered a basket of rental evidence from properties close to the subject property with effective dates that were not far from the AVD of 1 April 2015. She referred to five comparable office properties, one being on the first floor of the same office block as the subject property and the others being in Wood Lane, Corner Hall, and High Street in Hemel Hempstead. The five comparable properties, she felt, demonstrated that the existing base rate of £120/m^2 was not unreasonable. It also demonstrated that quantum had been applied to reflect the differences in floor areas with the smaller properties having a base rate of £130/m^2 and the larger ones, £120/m^2.

24. Of the 27 assessments provided by the appellant's representative, the valuation officer's representative contended that these would carry less weight than the rental evidence which she had provided and therefore low weight had been attached to them.

25. Based on the basket of evidence including the 2013 rent and the 2018 rent review on the subject property, the rental evidence and the settlement evidence, the valuation officer's representative believed that the current RV of £45,500 with effect from 1 April 2017 was not excessive.

26. The panel examined the evidence provided by the parties; the appellant's representative had relied on the rent for the subject property, which supported £110/m^2 and a wealth of settlement evidence for other office accommodation in the locality. This showed that offices which were original assessed at £120/m^2, like the subject property, had been reduced to £115/m^2. The valuation officer's representative, on the other hand, had referred to a basket of rental evidence from comparable properties in the locality. In addition, she had also provided rental evidence for the first floor of the subject property which supported £120/m^2 which had remained unchallenged. The valuation officer's representative believed there was no justification to reduce the level of value any further than the unadjusted rate of £120/$m^{2.}$

27. Having noted the comments made on the rental and comparable properties submitted by both parties, the panel found that the rental evidence for properties in the same building to be the most relevant, particularly the subject property and the first-floor assessment, which was the closest to AVD. The panel placed greater weight on this rental evidence when comparing assessment evidence for other office accommodation in the locality. The panel noted that the 2013 subject rent had analysed to just over £110/m^2 with a growth to just over £180/m^2 in 2018. On a stand back and look approach, the panel found that £115/m^2 appeared fair and reasonable for the subject property and determined the following.

Floor	Description	Area	£ per m^2	Value
2nd floor	office	390.40	£115	£44,896
2nd floor	kitchen	0	0	0
				£44,896
	Inferior air conditioning		-2.5%	£1,122 £43,774
			Say	£43,500

21. In view of the foregoing, the panel is satisfied that the subject property should be reduced to £43,500 RV with effect from 1 April 2017. Consequently, the appeal was allowed in part.

Disposal

22. 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 amend the entry in the Rating List to £43,500 RV with effect from 1 April 2017.

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

24. The appellant is also entitled to a full refund of the fee paid in accordance with regulation 13E(1)(a) of the Non-Domestic Rating (Alterations of Lists and Appeals) (England) Regulations 2009 (as amended)) provided there is no review of the Tribunal's decision. The refund will take around six weeks to process.

Date issued to parties: 5 June 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.