VALUATION TRIBUNAL FOR ENGLAND

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

APPEAL NUMBER: CHG101049010

RE: Unit 3 Anglia House, Hallingbury Road, Bishops Stortford CM23 5LY (the "subject property")

BETWEEN: Herts Insurance Consultants Limited — Appellant

and

Ms J Moore

(Valuation Officer) — Respondent

SITTING: *remotely using Microsoft Teams*

ON: Thursday 22 May 2025

BEFORE: Mr A Hussain, Senior Member
Ms J Morton

CLERK: Mrs S D Morgan

APPEARANCES: Mr M Clayton – Appellant's representative (Ryan Property Tax Services UK Ltd)

Ms N Awoyokun – Valuation Officer's representative
Ms M Gladczuk – Expert witness of fact on behalf of the VOA.

DECISION AND STATEMENT OF REASONS

Decision

1. The appeal is allowed in part.

2. The panel confirmed a revised rateable value (RV) of £250,000 with effect from 1 March 2021.

Introduction

3. This is a 2017 rating list appeal. Unit 3 Anglia House, Hallingbury Road, Bishops Stortford CM23 5LY (the subject property) had been entered into the 2017 rating list as 'offices and premises' at a RV of £260,000 with effect from 1 March 2021.

4. The challenge proposal was submitted by Altus Group now known as Ryan Property Tax Servies Ltd on Rima Design Limited and was received by the Valuation Officer on 12 April 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 *6 December 2024.*

6. Mr Clayton appeared on behalf of the appellant as 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 Clayton 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 Awoyokun appeared on behalf of the Valuation Officer acting as advocate and expert witness.

9. The hearing was held remotely via Microsoft Teams.

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

Background

11. 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 comparable properties and the parties' skeleton arguments.

12. The subject property was built in 1993 and refurbished between 2013 and 2016. It is a purpose-built standalone office block over three floors with brick walls and a tiled roof. It has a total area of 1579.50m^2. The current tenant had leased the ground and first floors of this building known as Unit 3, Anglia House, Hallingbury Road since 1 April 2016 and acquired

the second floor from 1 April 2021. This effective date of 1 April 2021 was when the tenant occupied the whole building. The property address was changed to Sterling House with effect from 1 July 2022. The subject property had been included in valuation scheme 313792 for Bishops Stortford offices built from 1990 onwards.

13. Following a joint inspection of the property, some minor elements were corrected to the assessment to include air conditioning, plant and machinery and the correct number of car spaces (67). The valuation officer corrected the survey details and as a result the assessment was increased from £250,000 to £260,000 with effect from 1 March 2021.

14. The unadjusted main space price of £140/m^2 was in dispute. The appellant's representative contended for a main space price of £120/m^2 with a proposed revised figure of £228,000 RV with effect from 1 March 2021. The Valuation Officer's representative believed the existing assessment was fair and reasonable*.*

Relevant Law

15. 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

16. 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.

17. 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.

18. 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. 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.

19. Looking at the appellant's representative's evidence first, the rent passing on the subject property was agreed in 2021 for 10 years at £290,000 pa with a one year rent free period. It analysed to £133/m^2 based on the revised survey details. However, this was too far away from the AVD for this 2017 list entry to be helpful. An element of fit out was raised by the Valuation Officer's representative, but the appellant's representative felt that it was not relevant to this case even after considering the leading case of *Bunyan (VO) v Acenden Ltd* [2023] UKUT 17 (LC) which refers to fit outs. He had disregarded the costs as he considered that they were repairs. It was let as a fully furnished office ready to be utilised when the tenants moved in which he contended was difference to the *Bunyan* case.

20. In relation to the service charge, the appellant's representative explained his view as to why the Valuation Officer's representative should not have included it in the analysis of the rent. In his view it covered items which were not the responsibility of the tenant and therefore should not form part of the analysis as covered in the Valuation Officer's own Rating Manual.

21. The nearest comparable property in terms of size was Ground to 2nd Floor Lhs, Tees House 95, London Road, Bishops Stortford, which measured 1,521.60m^2. It was in the same valuation scheme as the subject property, and both were valued at £140/m^2. The appellant's representative believed that Tees House was arguably far more superior to Anglia House/Sterling House as this comparable was constructed in 2014 compared to 1993 for the subject property. With an age difference of over 20 years and with full air conditioning in Tees House, the expectation would be that these two properties would have been valued at different levels of value rather than the same. He considered that this was demonstrated by the rents that could be achieved

22. Prior to 1 April 2021, the floors within the subject property were let separately. On 1 April 2016 the rent passing on the ground floor at Anglia House was held on a lease effective from 18 December 2015 for a term of 5 years at a passing rent of £118,622 pa. The appellant's representative was unable to confirm any rent-free period therefore he had used £118,622 pa less the car parking element to give a net rent of £97,382 pa which devalued to £123.71/m^2. He believed this to be a key rent albeit for a single floor within the subject building. In his opinion, it demonstrated that the subject property was overvalued. The appellant's representative therefore sought a revised valuation of £228,000 RV with effect from 1 March 2021 when the merged assessment was brought into the Valuation List.

23. The valuation officer's representative queried the valuation being forward by the appellant's representative whether it was £125/m^2 or £120/m^2. He confirmed that he was seeking £120/m^2. She also referred to the fit-out costs which the appellant's representative continued to suggest these were repairs. In addition, the appellant's representative accepted that his key rent on the ground floor of Anglia House was a sublease.

24. In support of the valuation officer's case, reference was made to the rental evidence of the subject property and three comparable properties. The 2021 lease on the subject property was unhelpful as it was 6 years post AVD.

25. The first floor at Anglia House was a new lease in 2013, for a 7-year 9-month term, 2 years 5 month rent free period for fit out reduced to 2 years 2 months. The tenant spent £628,979 in October 2013 on improvements, half of it adopted as rateable and amortised to the end of lease. The adjusted and analysed rent comes to £174.26/m^2 for 751.80m^2. Adjusting the subject property down for quantum for the floor area of 1,579.5m^2, £140/m^2 seems to be reasonable and supported by rental evidence.

26. The ground floor at Anglia House were formerly premises occupied by the tenant. It was a new lease on a 5-year term. The tenant was said to have spent £130,976.40 in 2016 on rateable improvements amortised to end of lease, a year after AVD.

27. Ground to 2nd Floor Lhs, Tees House 95, London Road, Bishops Stortford was a new letting with effect from 1 April 2014 in a shell state with rent £399,100 pa for Cat A, 15-year term, rent review at 5 years, 3 years at half rent £199,500 pa. The tenant declared that they spent £590,000 on improvements in 2014, assuming half of it was for rateable improvements and their costs were amortised to end of term. The adjusted and analysed rent is £183.68/m^2 for 1,7734.50m^2. It has been valued at £140/m^2. The Valuation Officer's representative was of the opinion that there were no differences between the subject property and the comparable properties within the same scheme. She therefore believed that the unadjusted rate of £140/m^2 for the subject property was fair and reasonable and was supported by rental evidence on either side of the AVD.

28. The panel examined the evidence provided by the parties. The appellant's representative had relied on the ground floor rent as part of the subject building. The lease analysed to £123.71/m^2 to justify his proposed unadjusted rate of £120/m^2. The Valuation Officer's representative, on the other hand, had referred to rental evidence from comparable properties in the locality which were within the same valuation scheme at Tees House together with the original floors at the subject property. The Valuation Officer's representative believed there was no justification to reduce the level of value any further than the unadjusted rate of £140/m^2.

29. Having examined the evidence presented by the parties, the panel found that there appeared to be a quality difference for those within the same scheme, with the subject property appearing to be of a lesser quality than the comparable properties. It believed that the hypothetical tenant would reduce his rental bid taking into account the specification and age of the subject property compared to the comparable properties. With this in mind, the panel determined that an unadjusted rate of £135/m^2 would reflect the lesser quality/age of the subject property and determined the following.

Floor	Description	Area	£ per m^2	Value
Ground	Reception	40.50	£135	£5,467.50
First	Office	780.90	£135	£105,421.50
First	Kitchen	6.30	£135	£850.50
Second	Office	745.50	£135	£100,642.50
Second	kitchen	6.30	£135	£850.50

	Plant & machinery			£2,591,00
	Surface covered spaces	33	£590	£19,470.00
	Surface open spaces	34	£500	£17,000.00
				£252,292.50
		SAY		£250,000.00

30. In view of the foregoing, the panel is satisfied that the subject property should be reduced to £250,000 RV with effect from 1 March 2021. Consequently, the appeal was allowed in part.

Disposal

31. 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 £250,000 RV with effect from 1 March 2021.

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

33. 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: 20 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.
