VALUATION TRIBUNAL FOR ENGLAND

Non-domestic rating; 2023 rating list appeal; Local Government Finance Act 1988; Car showroom and premises; Price per m^2 in dispute; Lotus and Delta v Culverwell (VO) [1976] RA 141; Rental evidence; Comparable assessments; Appeal dismissed.

APPEAL NUMBER: CHG101077364

RE:	Bristol Street Motors, Brenda Road, Hartlepool TS25 1HT		
BETWEEN:	Vertu Motors Plc and The Valuation Officer		Appellant Respondent
SITTING ON:	23 January 2025 (Remote Hearing number 2)		
BEFORE:	Ms Teresa Blades Mr Andrew Backway	(Presiding Senior Member) (Senior Member)	
CLERK:	Mr Duncan Adamson IRRV (Hons)		
APPEARANCES:	Ms Joanne Corney of Knight Frank Ms Lucy Willis		for the appellant for the respondent

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Summary of decision

1. Appeal dismissed. The panel confirmed the Rateable Value (RV) of the appeal property as £72,000 with effect from 1 April 2017.

Introduction

2. This 2017 rating list appeal had been brought in respect of the following: the appellant was the non-domestic ratepayer of the appeal property Bristol Street Motors, Brenda Road, Hartlepool TS25 1HT.

3. The property had been entered in the 2017 rating list as a car showroom and premises based on a rate of £65/m^2 with effect from 1 April 2017 giving an RV of £78,000.

4. A challenge proposal was submitted by the appellant's representative on 23 June 2023 to reduce the rate from £65m^2 to £55/m^2 giving a revised RV of £66,000 with effect from 1 April 2017.

5. The valuation officer (VO) issued a challenge decision notice on 20 March 2024 which stated that, based upon the evidence and information available, the rating list entry was unreasonable but disagreed with the entry proposed.

6. The VO found that an applied main space rate of £60/m^2 was reasonable giving an RV of £72,000 with effect from 1 April 2017.

7. The appeal property was a car showroom occupied by Bristol Street Motors and located on Brenda Road, to the south of Hartlepool Centre. Internally, there were showrooms, workshops, offices and ancillary areas and externally there were vehicle display areas and customer and staff parking.

8. This tribunal decision document is not and does not purport to be a verbatim record of proceedings.

Issue

9. The issue in dispute was whether the £/m^2 should be reduced.

Evidence and submissions

10. The bundle comprised all of the documents exchanged between the parties as part of the challenge process including the appellant's challenge submission, initial response to the challenge and the VO's challenge case decision notice.

11. The appellant's representative had helpfully combined all of the documents into a single document of 222 pages in order to assist the tribunal.

12. She stated that car showrooms in Hartlepool were located along Brenda Road and the A689 with the appeal property being the furthest away south from the centre. It was a first-generation purpose-built car showroom with a typical layout of basic quality. It was steel portal framed with cladding to the walls and roof and a glazed showroom frontage to Brenda Road. It was held on a freehold basis.

13. She stated that she had considered the Group Pre Challenge Review (GPCR) agreement at nil increase from the 2010 list rate to the 2017 list rate for the car showroom in the prime location at Preston Farm. As the appeal property was in a secondary location in an industrial estate with no frontage to the A689, it followed that, as Preston Farm had not been increased and there had been no evidence of an increase in value from the 2010 list for the appeal property, the rate should therefore remain at £55/m^2. There were many car showroom appeals outstanding in the area and all were seeking a nil increase between the lists. Generally, all retail had been affected by internet sales and this was the same for the used car showroom market.

14. She made reference to a Location Plan of the Teesside area showing the layout of the various car showrooms that were clustered together, the appeal property was not in the main cluster.

15. She also made reference to the used car commentary report from Knight Frank which detailed the closure of car showrooms, particularly in secondary locations due to the impact of the internet and car super markets. This had led to a lack of demand at these sites and a decline in their need. She submitted that the

stagnant market was further evidence that there had been no growth between the 2010 and 2017 lists and that profits had decreased. There was little rental evidence in this sector.

16. In respect of the VO's rental evidence for Honda House in Middlesbrough she stated that this appeared to be between connected parties and was therefore not reliable evidence. Other submitted comparables had had the same rate since the 2005 list, were of poorer quality or were now vacant. Where a valuation had not been challenged this was because of the significant impact of retail relief on car showroom assessments.

17. The VO's representative had stated that the appellant had relied on general market conditions in her appeal but this was not accepted by the VO.

18. The vast majority of car showrooms in the North East were still operating as car showrooms, sales volumes had continued to rise and the market had recovered from 2008 with growth through to 2015 and 2016. Car supermarkets had not taken over and online sale sales were commonplace for all car retailers.

19. There had also been significant investment in the market by many operators and she made reference to the increase in rent for the property at Longlands Road from 2011 to 2019. From the Form Of Return (FOR) the VO had found that the rent was not between connected parties.

20. She also referred to the appeal property at H Tones & Sons Ltd on Brenda Road where the 2010 rate of £55/m^2 had been increased to £65/m^2 in the 2017 list but had not been challenged throughout the life of the 2017 list.

21. In respect of other comparable car showroom settlements that had been increased in the 2017 list, these had been reduced by Decision Notice but were still increases over the 2010 list rate.

22. For these reasons, she submitted that £60/m^2 was reasonable for the appeal property.

Decision and reasons

23. The panel referred to the Local Government Finance Act 1988 in respect of the definition of rateable value in paragraph 2(1), Schedule 6 to the Act (as amended). The rateable value of any hereditament is to be taken to be the amount, determined in accordance with the statutory assumptions, equal to the rent at which it is estimated the hereditament might reasonably be expected to let from year to year, on 1 April 2015 the "antecedent valuation date" (AVD). The material day for this appeal was 1 April 2017.

24. The panel was aware that the leading judgment in non-domestic rating assessments was *Lotus and Delta v Culverwell (VO) and Leicester City Council* [1976] RA 141 which set out six propositions to be followed when considering the weighting of evidence. The starting point was the subject rent followed by the consideration of the rents of similar properties and comparable assessments.

25. The panel noted the appellant representatives argument that the appeal properties £/m^2 rate should remain to be as it was in the 2010 list. However, the

panel was aware that each rating list required a fresh look at a properties assessment in the light of all the evidence available.

26. The panel noted that there was no rental evidence for the appeal property and very little evidence in the vicinity and for these reasons took into consideration the references to the increases in the main rate from the 2010 list to the 2017 list that had been subsequently challenged and reduced but still remained higher than the 2010 rate.

27. H Tones & Sons Ltd had increased from £55/m^2 to £65/m^2 but had not been challenged. Peugeot South Cleveland Garages had been increased from £60/m^2 in the 2010 list to £70/m^2 in the 2017 list and reduced to £65/m^2 at Decision Notice, S G Petch had an increase of £5/m^2 for the 2017 list at both sites and 218 – 234 Marton Road an increase of £5/m^2 for the 2017 list. The panel also noted that Drive on Trunk Road had not been decreased at Decision Notice and that the 2017 increased rate had not been challenged.

28. The panel found that this was good evidence for the appeal property to remain at £60/m^2 with effect from 1 April 2017. The panel noted the appellant representatives comments that many of these remained under appeal, however, the panel found that this was not a determinative feature for its decision as there was no indication as to how these might be decided upon at appeal.

29. The panel found that the VO's representative had provided more factual evidence in respect of the car market, its recovery and noted that there had been regular and sustained investment in such properties between the two rating lists. This supported the fact that the car market in this area was not the same as it was in 2010 and basing the appeal property's assessment simply on its comparison to its 2010 entry was not appropriate.

30. The panel was aware that in cases such as these the onus was on the appellant to provide suitable evidence that the VO's assessment of the appeal property was unreasonable, however, the panel had not been so persuaded.

31. The appeal was therefore dismissed.

Date issued to parties: 20 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.