VALUATION TRIBUNAL FOR ENGLAND

Non-domestic rating; 2017 list appeal; Warehouse and Office Space; Local Government Finance Act 1988; Statutory Assumptions; Economic Repair; Material Day; The Rating (Material Day for List Alterations) Regulations 1992 (S.I. 1992 No. 556); The Non-Domestic Rating (Alteration of Lists and Appeals) (England) Regulations 2009 (S.I. 2009 No. 2268); Appeal Dismissed.

APPEAL NUMBER: CHG101099786

RE: 74 Gold Street, Desborough NN14 2NQ
(the "subject property")

BETWEEN: Snowdon Homes Ltd — Appellant

and

(Valuation Officer) — Respondent

SITTING: *remotely using Microsoft Teams*

ON: 24 April 2025

BEFORE: Mrs N Carman, Presiding Senior Member
Mr A Asante, Senior Member

CLERK: Mrs H Beresford

APPEARANCES: Mr P Arnold, of Eddisons
Miss R Pitts, representing the Respondent

DECISION AND STATEMENT OF REASONS

Decision

1. The appeal is dismissed.

2. The panel found that 74 Gold Street, Desborough NN14 2NQ, ("the subject property") should remain in the valuation list as it was not uneconomic to repair at the material day.

Introduction

3. This appeal has been brought in respect of the subject property, which was entered in the 2017 rating list as “warehouse and office space” with a rateable value (RV) of £85,500 with effect from 1 April 2017.

4. The challenge process began on 31 July 2023, when the appellant submitted a proposal to the Valuation Officer (VO) that the entry shown in the rating list for the subject property should be deleted with effect from 26 March 2021, on the basis that it was beyond economic repair. At the challenge stage the RV was reduced to £70,500.

5. Having considered the challenge the VO issued a decision on 25 June 2024 stating that the proposal was not well founded as a reasonable landlord would consider the cost of repairs to be economic.

6. Mr Arnold appeared on behalf of the appellant as advocate and expert witness. He declared that neither he nor Eddisons were in receipt of a conditional fee in respect of this matter.

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

Background

8. The subject property comprises a site of warehousing and office space in separate buildings. At the front of the site is the former manor house and outbuildings which form the offices and at the rear of the site are the warehouses. The larger warehouse building was originally constructed in 1969, with extensions added in 1973, 1986 and a small single storey extension in the 1990's. The smaller warehouse was added in 1980. The subject property is located in Desborough, a small town in North Northamptonshire, between Market Harborough and Kettering. Following this challenge, the office building was reduced to £0 for the 2017 Rating List, with effect from 26 March 2021, as the Valuation Officer considered that part of the assessment uneconomic to repair.

9. Mr Arnold was of the opinion that the remainder of the assessment was also uneconomic to repair, the site was a brownfield site surrounded by dense residential areas. It had been purchased with a view to demolishing the buildings and planning permission had been sought for 39 residential dwellings, this was later granted for 35 dwellings in May 2023. Mr Arnold argued that no landlord would spend time or money repairing buildings which were expected to be demolished. Furthermore, the state of the warehousing had deteriorated during the COVID lockdown when it had been vandalised.

10. Miss Pitts argued that the estimated cost of repair for the warehouse, which had been provided to the Valuation Officer by Eddisons in a ‘want of repair’ document, was estimated at £61,800. She argued that for the warehouse buildings, the cost of the works cannot be deemed uneconomic as at the date of the proposal, the rateable value was £85,500, therefore, the repair works are comparable to less than 1 years’ worth of rent at the AVD. This is less than 1.5 years of rent at the revised rateable value of £70,500. On this basis, the cost of repair cannot be considered uneconomic for the hypothetical Landlord, therefore, the property is not considered to be uneconomic to repair.

11. The issue for the panel to consider was whether the subject property should be deleted from the rating list with effect from 26 March 2021 (the material day) as it was beyond economic repair on this date.

Relevant Law

12. The material day (the date by which physical factors have to be taken into account) is provided by the Non-Domestic Rating (Material Day for List Alterations) Regulations 1992 (SI 1992 No. 556) as amended. In respect of this appeal, the material day is 26 March 2021, the day the appellant requested the deletion of the subject property from the rating list in accordance with regulation 3(4)(a).

13. 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).

14. The panel referred to the definition of the term 'rateable value' as set out in paragraph 2(1), 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

15. The appellant argued that *Newbigin (VO) v S J Monk* should be considered and the point at which the planning application was validated (17 August 2021) must be deemed to be the start of any re-development process. Following the validation of the application it had taken until 5 December 2023 for the planning to be approved at a cost of £169,000. Mr Arnold was of the opinion that no reasonable landlord would incur these costs without the firm intention to redevelop the site.

16. The panel was aware that a property can be deleted from the rating list for the duration of the works when there are major alteration works or substantial refurbishment which render the property incapable of beneficial occupation, in line with *Newbigin (VO) v SJ & J Monk*. While it noted that there was an intention to redevelop the 'site', if planning permission was granted, there was no evidence to indicate a scheme of works was actively taking place at the material date of 26 March 2021. Furthermore, the planning application was validated after the material date.

17. The panel noted Mr Arnold's argument that the property had been vandalised during the COVID pandemic and asbestos had been disturbed, however it had not been provided with any evidence, for example photographs, or reports to support this argument. The panel also noted that Mr Arnold stated that the property had deteriorated over the passing years and a

later report dated October 2021 commissioned on the offices, estimated the cost of repairs to have increased, by 125%, had this increase in cost been applied to the warehouse the cost of repair would have been £140,000. However, the panel had been provided with no evidence of the report, and it was also aware that it had to look at the property as it stood on the material date.

18. Mr Arnold went on to argue that it was unreasonable to expect a hypothetical landlord to repair a property that was intended for demolition. The panel could not take into consideration what might or might not happen in the future, it noted that planning permission was not a certainty at the material date.

19. The panel's decision had to be made on the available evidence. Based on what was available to the panel and given the lack of any reports, photographs, or works being undertaken at the material day, the panel determined that the subject property was not beyond economic repair at the material day.

Disposal

20. In view of the above findings and conclusions, the appeal was dismissed.

Date issued to parties: 21 May 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.
