VALUATION TRIBUNAL FOR ENGLAND

Non-Domestic Rating appeal; Car showroom and premises; Proposal seeking a lower £ p/m^2 and an end allowance; Appeal allowed in part.

APPEAL NUMBER: CHG101100215

RE: Lookers, Mandale Road, Thornaby, Stockton-on-Tees, TS17 6AW

BETWEEN: Lookers Plc — Appellant

and

The Valuation Officer — Respondent

SITTING: 7 January 2025 (remotely using Microsoft Teams)

BEFORE: Mrs S Patel (Senior Member)
Miss R Punia (Member)

CLERK: Mr A Johnson

APPEARANCES: Miss J Corney of Knight Frank LLP (representing the Appellant)
Miss L Willis (representing the Respondent)

DECISION AND STATEMENT OF REASONS

Decision

1. The appeal is allowed in part.

2. The panel reduced the rateable value (RV) of the subject property to £81,000 with effect from 1 April 2017.

Introduction and background

3. This decision and statement of reasons is not a verbatim record of the proceedings.

4. The subject property was described as a steel portal frame purpose built property with a double height showroom. It was described as a ‘car showroom and premises’. It had a total area of 1,256.56m^2. It was located on the fringes of an industrial estate close to the A66.

5. The 2017 RV of the subject property was £108,000 with effect from 1 April 2017, based upon an adopted rate of £120 p/m^2. A Challenge was submitted to the Valuation Officer on the grounds that the RV was unreasonable and should be reduced to £72,000, based upon an adopted rate of £80 p/m^2. Whilst the Valuation Officer subsequently determined that the Challenge was not well-founded, the RV of £108,000 was considered to be unreasonable and the RV was revised to £103,000, based upon an adopted rate of £115 p/m^2.

6. An appeal was subsequently made to this Tribunal and following an inspection of the subject property by Miss Corney, a revised RV of £77,000 was sought on the basis of an adopted rate of £90 p/m^2 with a 5% adjustment for air-conditioning (lines one and eleven of the summary valuation) and a 5% allowance for poor access. During the remote hearing, the Clerk advised the panel that Miss Corney was unable to seek an allowance because this had not been raised as an issue as part of the initial Challenge. Therefore, the revised RV sought, excluding the allowance, is £81,000.

7. The representatives appeared in the dual roles of advocate and expert witness. Miss Corney declared that Knight Fank LLP were representing the Appellant on a contingency fee basis. Mindful of the Upper Tribunal's judgment in *Gardiner & Theobald LLP v David Jackson (VO)* [2018] UKUT (LC), the panel accepted the expert witness evidence on this basis as the appeal was not considered to be complex and to do otherwise would be contrary to regulation 3 (Discharge of VTE functions - general) of the Procedure Regulations and was allowable due to the Tribunal's rules concerning admissibility of evidence (regulation 17(2)(a) where the Tribunal can admit evidence whether or not it would be admissible in a civil trial). It was therefore appropriate for the panel to consider the 'expert' evidence and assess what weight, if any, to give it in the context of the issue before it.

8. Both representatives acknowledged that when presenting evidence as expert witnesses that their duty was to the Tribunal, regardless of whether or not it supported their case.

Discussion

9. This was an appeal against an entry in the 2017 rating list and so 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. The material day (the date by which physical factors must be taken into account) was provided by the Non-Domestic Rating (Material Day for List Alterations) Regulations 1992 (as amended). The material day in respect of the subject property is 1 April 2017.

10. Paragraph 2(1) of Schedule 6 to the Local Government Finance Act 1988 provides that 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 based upon three assumptions. These assumptions are well known to the parties and so the panel did not consider it necessary to set them out in this decision notice.

11. The starting point for consideration is the actual rent passing on the subject property. The rental information that had been provided took the form of a lease which had commenced on 22 September 2019 at £113,000 per annum. The panel understood and accepted that this was not an open market rent because the lease agreement was between connected

parties. The panel also noted that it had been agreed more than four years after the AVD. Given these factors, the panel give the rental evidence less weight.

12. Miss Corney referred to group pre-challenge discussions between the Valuation Officer Agency and the representatives of ratepayers who occupy car showroom businesses throughout the North. In broad summary, it had been agreed that car showrooms in prime locations (such as Preston Farm in Stockton and Silverlink in Newcastle) had been reduced to £137.50 p/m^2. This, it was further argued, supported an adopted rate of £80 p/m^2 for the subject property which was located at a secondary location.

13. In support of this contention, Miss Corney referred the panel to a report from Knight Frank (of which she was the author) which detailed the lack of demand at secondary locations and the resultant closure of a significant number of car showrooms. Miss Willis disputed the contents of the report, highlighting a number of car showrooms which had opened or had been refurbished in the North since the commencement of the 2010 rating list. Reference had also been made to the BCA's Used Car Market Report 2014 to support £80 p/m^2 for the subject property and for which Miss Corney provided some commentary. Miss Willis argued that this report related to fleet sales and private sales of vehicles and not the car franchise market. As such, its contents and any analysis of it was not relevant to this appeal. Upon review of these documents, the panel concluded that they were too general in their nature and that they did not provide any significant assistance to the task at hand, which was to assess the RV value of the subject property in its specific location at the AVD.

14. Whilst the Valuation Officer had provided evidence relating to car showrooms in other locations, the panel preferred the evidence relating to two car showrooms in the more immediate locality of the subject property which were found to more accurately reflect the circumstances at the AVD. Accordingly, the best evidence was drawn from the car showrooms at Caledonian, Middleway, Thornaby TS17 6BZ and Chapel Street, Thornaby TS17 6BB. These had adopted rates of £80 p/m^2 and £90 p/m^2 respectively. The panel concluded that, after allowing for the differences in age and quality, £90 p/m^2 was reasonable for the subject property with a 5% adjustment for air-conditioning (lines one and eleven of the summary valuation). This calculates a RV of £81,000 (when rounded down), as set out below.

Disposal

15. In view of the foregoing, the panel is satisfied that the RV of the subject property should be reduced to £81,000 with effect from 1 April 2017.

16. In accordance with regulations 38(4) and 38(9) of the Valuation Tribunal for England (Council Tax and Rating Appeals) (Procedure) Regulations 2009 the Valuation Tribunal for England orders the Valuation Officer to alter the rating list within two weeks of the date of this order to show the entry for the subject property at £81,000 with effect from 1 April 2017.

Refund of appeal fee

17. The appellant is entitled to a refund of the appeal fee in accordance with regulation 13E of the Non-Domestic Rating (Alteration of Lists and Appeals) (England) Regulations 2009. This will be refunded as soon as possible.

Date issued to parties: 5 February 2025

Summary Valuation	Area m/2	£ p/m^2	Value
Ground floor showroom	434.46	94.50	41,056
Ground floor plant room	3.48	40.50	141
Ground floor staff toilets	4.72	40.50	191
Ground floor kitchen	7.68	54.00	415
Ground floor internal storage	80.31	40.50	3,253
Ground floor works office	9.9	45.00	446
Ground floor internal storage	5.7	40.50	231
Ground floor works office	7.2	45.00	324
Ground floor workshop	284.25	40.50	11,512
Mezzanine floor internal storage	81.92	20.25	1,659
First floor office	142.89	56.70	8,102
First floor staff toilets	10.58	27.00	286
Ground floor workshop	111.47	40.50	4,515
Ground floor vehicle display spaces	13	157.50	2,048
Ground floor vehicle display spaces	27	157.50	4,253
Ground floor vehicle display spaces	19	72.00	1,368
Ground floor vehicle display spaces	22	72.00	1,584
	1,265.56		**81,381**
		RV SAY:	**81,000**

Addendum
After this decision was issued by the Tribunal it became apparent that it inaccurately referred to the adopted rate sought by the Appellant as being £94.50 p/m^2. This was a clerical error as it should have read £90 p/m^2 with an addition of 5% for air-conditioning (lines one and eleven of the valuation summary shown above). The Tribunal has therefore amended paragraphs six and fourteen of the decision notice in accordance with its powers under Regulation 39 of the Valuation Tribunal for England (Council Tax and Rating Appeals) (England) Regulations 2009, which allows for the correction of clerical mistakes, accidental slips or omissions.

The original paragraph six incorrectly stated that:

> An appeal was subsequently made to this Tribunal and following an inspection of the subject property by Miss Corney, a revised RV of £77,000 was sought on the basis of an adopted rate of £94.50 p/m^2 and a 5% allowance for poor access. During the remote hearing, the Clerk advised the panel that Miss Corney was unable to seek an allowance because this had not been raised as an issue as part of the initial Challenge. Therefore, the revised RV sought, excluding the allowance, is £81,000.

The original paragraph fourteen incorrectly stated that:

> Whilst the Valuation Officer had provided evidence relating to car showrooms in other locations, the panel preferred the evidence relating to two car showrooms in the more immediate locality of the subject property which were found to more accurately reflect the circumstances at the AVD. Accordingly, the best evidence was drawn from the car showrooms at Caledonian, Middleway, Thornaby TS17 6BZ and Chapel Street, Thornaby TS17 6BB. These had adopted rates of £80 p/m^2 and £90 p/m^2 respectively. The panel concluded that, after allowing for the differences in age and quality, £94.50 p/m^2 was reasonable for the subject property. This calculates a RV of £81,000 (when rounded down), as set out below.

These amendments was duly authorised by the Senior Member in order to correct the clerical errors.

Date amended decision was issued: 7 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.