VALUATION TRIBUNAL FOR ENGLAND

2023 Rating List Appeal: Local Government Finance Act 1988; accuracy of the rateable value in the list as at 1 April 2023; workshop and premises; rental evidence; comparable assessments; appeal allowed.

APPEAL NUMBER:	CHG101145216	
RE:	Unit 6, Cromwell Trading Estate, Cromwell Road, Stockport SK6 2RF (the "subject property")	
BETWEEN:	Standex International Limited	Appellant
	and	
	(Valuation Officer)	Respondent
SITTING:	*remotely using Microsoft Teams*	
ON:	10 October 2024	
BEFORE:	Mrs WJ Briggs, Presiding Senior Member Mrs R Heald, Senior Member	
CLERK:	Mrs H Beresford	
APPEARANCES:	Mr A Fowke, of Altus Group, representing the Appellant Mr U Ali. Representing the Valuation Officer	

DECISION AND STATEMENT OF REASONS

Decision

1. The appeal is allowed.

2. The assessment was confirmed at rateable value (RV) £68,500 with effect from 1 April 2023.

Introduction

3. This appeal has been brought in respect of Unit 6, Cromwell Trading Estate, Cromwell Road, Stockport SK6 2RF (the "subject property"), which was entered in the 2023 rating list as 'workshop and premises' at RV £72,000, effective from 1 April 2023.

4. In accordance with regulation 13A of the Non-Domestic Rating (Alteration of Lists and Appeals) (England) Regulations 2009, Altus Group made an appeal to the Valuation Tribunal for England (VTE) on behalf of Standex International Limited. The appeal was made because the appellant did not agree with the Valuation Officer's decision not to alter the 2023 rating list following the challenge. The appellant sought a reduction to RV £68,500 with effect from 1 April 2023.

5. The appellant's representative, when appearing as expert witness, stated that he was on a conditional fee arrangement. However, he also stated that he understood and accepted that his first duty was to the VTE in giving his evidence, whether or not the evidence supported his client's case.

6. The panel has 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 Valuation Tribunal for England (Council Tax and Rating Appeals) (Procedure) Regulations 2009 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).

7. It was therefore appropriate for the panel hearing the evidence to consider the 'expert' evidence and assess what weight, if any, to give it in the context of the matters in issue before it.

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

Background

9. The subject property comprises a two storey workshop and premises. It includes a mezzanine floor and ancillary office space. It has a total area of 1679.20m^2.

10. The appeal to the VTE was made on the grounds that the valuation for the subject property was not reasonable.

Issue

11. The base level of value adopted for the subject property was not agreed. The valuation officer had adopted £40.00/m^2, however, the appellant's representative sought a reduction to £38.00/m^2 in his revised analysis which resulted in a rateable value of £68,500.

Relevant Law

12. The term 'rateable value' is defined in 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

13. The panel had to determine the rateable value for the subject property, which represented a rent that a hypothetical landlord and tenant would agree, as at the AVD, 1 April 2021. The common date was used to ensure that every property was treated in a consistent way.

14. The Lands Tribunal judgment in *Lotus and Delta* v *Culverwell (VO) and Leicester City Council* [1976] RA 141 provided authoritative guidance on the weight to be attached to rental and assessment evidence. The rent on the subject property was considered to be the correct starting point but, where available, rents on similar properties were also to be taken into account. The assessments on other comparable properties may also be relevant. All of the evidence could then be weighted.

15. The panel noted that in this appeal the subject property was taken on a 15-year lease effective from 25 March 2009 at an annual rent of £62,500 per annum which increased to £70,000 per annum the following year. There had been two nil increase rent reviews, one on 25 March 2014 and the other on 25 March 2019, with the reviews being upwards-only to the higher of open market value or the passing rent prior to review.

16. Mr Fowke argued that the 2019 nil increase review suggests that the rateable value is excessive. The subject rent of £70,000 per annum which had been agreed by both parties to analyse to £38.01/m^2 against the current base price of £40.00/m^2, showed the subject assessment to be overvalued. Mr Ali argued that despite the nil increase in 2019, the subject rent is only £2.00/m^2 less than the current valuation of £40.00/m^2, taken two years later at the 2021 AVD. He also contended that, the tenants long standing occupancy with ongoing lease renewals since the late 1980's strongly suggests goodwill may have been applied to the most recent rent review.

17. The panel noted that the rent on the subject property had been agreed somewhat remotely from the AVD, however, it also noted that there had been no increases since 2010, and the rent could reasonably be assumed to be a reliable starting point. It also noted that no alternative evidence of rent for similar sized properties had been supplied by the respondent.

18. Mr Fowke argued that in scheme 602336 which was for industrial properties built between 1980 and 1995 in Stockport, the RV's had base rates which ranged from £35/m^2 to £85/m^2 depending on size. He contended that the rental evidence on properties below 900m^2 in the area, appeared to be supported and fair, however the rent on the subject property suggested that the price for the larger size band (1,500-2,500m^2) was excessive and insufficient adjustment had been given for quantum.

19. Mr Fowke referred to three comparable properties which he submitted supported his argument that a base rate of £38.01/m^2 and RV of £68,500 were fair and reasonable. He argued that 2, 3, and 4 Cromwell Trading Estate, Cromwell Road, Bredbury, Stockport, Cheshire, SK6 2RF with areas ranging from 506.00m^2 to 638.19 m^2 and UAR's of £47.00/m^2 to £48.82/m^2, were significantly smaller than the subject property. Considering the analysed rent for the subject property was £38.01/m^2 and allowing for quantum suggested that an RV of £72,000 based on £40.00/m^2 was unreasonable.

20. On behalf of the Valuation Officer, Mr Ali argued that a base rate of £40.00/m^2 was not unreasonable given that the rent on the subject property analysed to £38.01/m^2, referring to the same comparable properties as Mr Fowke, he contended that the rents for 2 and 4 Cromwell Trading Estate had been agreed close to the AVD and had been fairly adjusted to reflect quantum.

21. The panel found Mr Fowkes' evidence to be the more persuasive. Taking the rental analysis of the subject property as a starting point the panel found no evidence of similar size properties had been provided to suggest that a base rate of £38.01 should not be adopted. Given the size of the subject property as compared to the properties put forward as comparable the panel found that £38.00/m^2 for the subject property was reasonable resulting in an RV of £68,500 as follows:

Floor	**Description**	**Area m^2**	**£/m^2**	**Value**
Ground	Workshop	920.06	£38.00	£34,962
Ground	Area Under Supported Floor	183.79	£26.60	£4,889
Ground	Office	175.35	£45.60	£7,996
First	Office	341.87	£45.60	£15,589
Mezzanine	Internal Storage	28.60	£19.00	£543
Mezzanine	Internal Storage	29.53	£19.00	£561
	TOTAL	1679.20	**TOTAL**	**£64,541**
	Plant & Machinery			£4,456
	Total Value			£68,997
	Rateable Value			**£68,500**

Disposal

22. In view of the above findings and conclusions, the panel allowed the appeal.

23. The Tribunal Panel orders 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 show a revised assessment of £68,500 RV for the subject property, with effect from 1 April 2023.

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

25. 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: 28 October 2024

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.