VALUATION TRIBUNAL FOR ENGLAND

2017 Rating List Appeal: Local Government Finance Act 1988; TV and Film Studios and Premises; Unadjusted base rate; Comparable assessment evidence; Appeals dismissed

APPEAL NUMBER: CHG101184549
CHG101184551
CHG101184554
CHG101184528
CHG101184560
CHG101184539
CHG101184546

RE: Troubadour Meridian Water Studios, Unit 8, Stonehill Business Park, London, N18 3QU
(the "subject property")

BETWEEN:	Troubadour Theatres Limited (represented by Colliers International)	Appellant
	and	
	Andrew Mouland (Valuation Officer)	Respondent

SITTING: *remotely using Microsoft Teams*

ON: 31 March 2025

BEFORE: Miss EA Howard, Presiding Senior Member

CLERK: Mrs S Hodgson IRRV(Dip)

APPEARANCES: Mr L Hatchwell for the appellant company
Mr R Gregg witness for the appellant company
Mrs C Jones for the respondent

DECISION AND STATEMENT OF REASONS

Decision

1. The appeals are dismissed.

2. I determined the rateable value (RV) of the subject property, based on the main rate of the stages at £78 per square metre (psm) as follows:

   £173,000 with effect from 29 March 2021
   £174,000 with effect from 27 September 2021
   £186,000 with effect from 4 October 2021
   £187,000 with effect from 18 December 2021
   £407,500 with effect from 10 January 2022
   £437,500 with effect from 7 February 2022
   £442,500 with effect from 17 June 2022

Introduction

3. These were 2017 Rating List appeals. The subject property was a recording studio site that was made up of three main stages and ancillary offices and land. The site had been brought into the rating list at various points within its build, linked to the effective dates for the seven separate challenges. The hereditament had been entered in the 2017 Rating List as "TV and Film Studios and Premises".

4. The challenge proposals were submitted by Colliers International on behalf of Brent Cross Studios Ltd (Troubadour Theatres) and were received by the Valuation Officer (VO) on 16 February 2024. They had been made on the grounds that the RV's shown in the 2017 rating list were wrong and proposed revised RVs for the subject property using an unadjusted base rate of £60 psm. In addition, an end allowance was sought for the threat of flood relief works on the site adjacent to the hereditament. The end allowance sought reductions between 10% and 100% at the different effective dates.

5. The VO issued challenge case decision notices on 10 July 2024. The VO's decision was to reduce the stage rate from £100 psm to £78psm. Mr Hatchwell sought a reduction to £60 psm.

6. Mr Hatchwell appeared on behalf of the appellant as both 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 Hatchwell declared that he was instructed under a conditional fee arrangement.

7. Mr Hatchwell understood and accepted that his duty was to the Tribunal in giving his evidence and he would comply with this regardless of whether or not the evidence supported his client's case.

8. I accepted this expert witness evidence on the above basis as the appeal was not 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 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).

9. I therefore considered the expert evidence and attached such weight to it as it saw fit.

10. The Tribunal business arrangements provide that a Senior Member of the Tribunal may sit alone. I am therefore satisfied that I was authorised to hear and determine these appeals sitting alone.

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

Background

12. The subject property was a TV and film studio located in Enfield. The site was completed in stages and once completed, measured 6,490.11m^2, of which the three stages measured 1,879.08m^2, 1,014.8m^2, and 729.43m^2. On the site adjacent to the hereditament were planned flood relief works which ultimately commenced in January 2024.

13. Prior to the hearing, the parties continued discussions and agreed the rates on all parts of the subject property except the three main stages. The agreed figures were £45 psm for the offices and £60 psm for the production hubs.

Relevant Law

The Local Government Finance Act 1988

14. Schedule 6 of the Act provides that:

    2(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.

15. 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).

16. The material day (the date by which physical factors have to be taken into account) was provided by the Non-Domestic Rating (Material Day for List Alterations) Regulations 1992 (SI 1992 No. 556) as amended. In respect of the subject property, the material days vary and are the same as their effective dates as detailed in paragraph 2.

Discussion

17. I heard from Mr Hatchwell that there was no rental evidence of these types of properties in the area, however there was some comparable assessment evidence. Mr Hatchwell accepted that at this stage there was an established tone in the 2017 rating list where recording studios were valued with reference to industrial units. He was not seeking to challenge this for the unadjusted base rate part of the appeal, however when considering the end allowance, he stated the hereditament could not be considered to be an industrial unit which were more immune to noise. The subject property was made up of tentlike structures, which he contended became unusable for their intended use with noise disruption.

18. Mrs Jones stated that TV and film studios were valued as industrial units in the 2017 rating list, with a 30% uplift for the stage enhancements. It was her opinion that the three stages on the site should be valued at £78 psm with a lower figure for the production hubs and offices. Mr Hatchwell had used the same rate of £60 psm for the stages and the production hubs.

19. I referred to the comparable assessments provided by Mr Hatchwell. Drumsheds and OMA Studios were located in the same area. Drumsheds was used mainly for events and the stages were valued at £29.95 psm. Mr Hatchwell considered these to be the most similar to the subject property. OMA studios was made of four stage areas with ancillary offices and the stages were valued at £70.20 psm. Ms Jones confirmed that no uplift had been applied for the stage areas as the site had swapped occupier during the 2017 list, and the VO was not aware it was used as a studio. She stated that if it had been known it was a film studio, a 30% uplift would have been added to the £70.20 psm.

20. In addition to Drumsheds and OMA Studios in a similar location, reference was also made to Unit 33 Riverwalk Business Park, 8 River Road, Rock Building, and West London Film Studio. 8 River Road and West London Film Studio were valued in the 2017 list as TV and film studios and therefore the stage rate had been uplifted by 30%. Rock Building and 33 Riverwalk Business Park were valued as industrial buildings and therefore did not have the 30% uplift. The main stage rates were as follows:

Unit 33 Riverwalk	£102 psm
8 River Road	£84.50 psm
Rock Building	£95 psm
West London Film Studio	£80.78 psm to £84.62 psm

21. It is my opinion that the stage space was more valuable than the ancillary buildings, and therefore I accept the 30% uplift for the main stage space. This is because as a TV and film studio, clients are looking to hire stage/studio space. If a client was only wanting to hire office buildings, it would be more likely they would seek this out with dedicated office buildings. I found the evidence of Mrs Jones persuasive, that although Mr Hatchwell considered the stages to be temporary structures; the size of the stages, particularly the eaves height and the high quality fit out including soundproofing, attracted a premium and the uplift was justified.

22. Taking this into account, I do not consider Drumsheds to be truly comparable to the subject. Drumsheds was not soundproofed, and the pictures indicated the stage space was inferior to that at the subject property. I then looked at the remaining comparable properties. Having already found that there is a difference in value between the production hubs and the stages, the stage rate of £78 psm for the subject property did not seem unreasonable when compared with the range of values of the comparable assessments. The only value lower than the

subject property was OMA Studios and it had already been established that the stage rate here had not been uplifted by 30%.

23. The second part of the appeal was in relation to the proposed flood works on the adjacent site which Mr Hatchwell was seeking an end allowance for. The end allowance sought at each material day was as follows:

10%	29 March 2021
20%	27 September 2021
20%	4 October 2021
20%	18 December 2021
20%	10 January 2022
20%	7 February 2022
100%	17 June 2022 (excluding the entrance arch which measured 136.61m^2)

24. Mr Hatchwell stated the proposed flood relief works were a material change in circumstances (MCC). These appeals were not MCC appeals. Each proposal to the VO was made following an alteration to the rating list. Each proposal was made on the basis that the RV was unreasonable and sought an additional end allowance. Only one effective date and material day can be considered per proposal. The material day for an MCC appeal is the date the ratepayer confirms the accuracy of the information included in the check. For each of these proposals that was done on 22 October 2023 which is outside of the 2017 rating list. However, because the appeals were not MCC appeals, did not prevent Mr Hatchwell from seeking end allowances for the perceived disadvantage of the proposed flood relief works at the subject property.

25. I heard from Mr Hatchwell that the subject property was leased from the local authority for an initial period of four years from 14 January 2021. The appellant was aware of the proposed flood relief works at the time the lease was entered into; however, it was under the impression these works would be completed within the initial four-year term. In reality, the flood relief works did not commence until January 2024. It was his contention that there was always a cloud hanging over the subject property from the proposed development on the adjacent land. As a TV and film studio the disruption from the works would cause significant interruption and clients would not commence projects with this threat of interruption.

26. Mr Hatchwell referred to *Dawkins (VO) v Ash Brothers and Heaton Ltd* [1969] 2 AC 366 and stated the subject property was similar to the Dawkins case. In the Dawkins case a property was purchased by a compulsory purchase order where a demolition order was in place. The demolition order was for the property to be demolished within one year and it was held that this would have an effect on the value of the property at the material day. The case explained that the rating hypothesis was a fiction, and that when reality set in and could not be ignored, allowances may be due.

27. Mr Gregg made a witness statement on behalf of the appellant company. He stated that communication with the local authority had not been forthcoming. There was a verbal agreement that the local authority would provide as much notice as possible for the start of the works, however due to a lack of communication this impacted on the ability to hire the site to clients for productions.

28. I noted that the local authority advised works would commence from May 2022. The works did not start at that time. The local authority then advised in July 2023 that the works would commence January 8 2024. I heard from Mr Gregg that Netflix hired the site from 29 March

2021 to 1 May 2022. Between May 2022 and January 2023 there were short term hires and then from January 2023 Apple TV took a six-month hire. Mr Gregg stated that the Apple TV hire was at a reduced rate as during this time 80% of their work was set building. Through questioning it was established that set building would be included in other hires depending on the production.

29. During the full period in question, I was also advised that there was a shortage of studio space following Covid, which is why Netflix hired the site at that time. There were also actor and writer strikes which, it was accepted by Mr Hatchwell, could have influenced the market at the time.

30. I have considered the impact of the Dawkins case on this appeal. The rating hypothesis assumes a tenant taking on a property on a year-to-year basis. While the proposed flood relief works could not be disregarded completely, I need to consider whether they would affect the value of the subject hereditament. It is my view that the flood relief works did not become a reality until July 2023, and if there would be any effect on value it would only be after this date. However, as that date is outside of this rating list, it is not a consideration I can make.

31. As the rating hypothesis assumes a year-to-year tenancy, I have to consider on each material day whether the value of the hereditament was affected by the proposed flood relief works and I am of the opinion that the value was not affected.

32. No evidence had been provided of clients being turned away at the material days and in fact at six of the seven material days, the site was hired to Netflix. The final material day in June 2022, Mr Gregg had stated the site was still hired on short term lets. There is not sufficient evidence to show that the value of the subject hereditament was negatively affected specifically due to the proposed flood relief works during this time.

33. Therefore, I find that end allowances as detailed in paragraph 23 are not reasonable and therefore the appeals are dismissed in full.

Disposal

34. In view of the above findings and conclusions, I was satisfied that the RV's for the subject property were not unreasonable based on the main rate for the stages being £78 psm. Therefore, the appeals were dismissed.

Date issued to parties: 12 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.
