VALUATION TRIBUNAL FOR ENGLAND

2023 Rating List Appeal: warehouse and premises; rental evidence; end allowance due to poor quality and lack of insulation; appeal dismissed.

APPEAL NUMBER:	CHG101199767	
RE:	Shed 5, Manchester INT Freight Terminal, Westinghouse Road, Manchester M17 1DP (the "subject property")	
BETWEEN:	AM Freight Limited	Appellant
	and	
	Amanda Hitchings BA (Hons) MRICS (Valuation Officer)	Respondent
SITTING:	*remotely using Microsoft Teams*	
ON:	17/12/2024	
BEFORE:	Mr WJ Read, Senior Member	
CLERK:	Mrs C McAvoy IRRV(Dip)	
APPEARANCES:	Adam Fowke of Altus Group, for the appellant Stewart Wright, for the respondent	

DECISION AND STATEMENT OF REASONS

Decision

1. The appeal is dismissed. I was not persuaded that an end allowance was applicable and confirmed no change to the rateable value (RV).

Introduction

2. The Tribunal Business Arrangements provide that a hearing will normally take place before a panel of two Members of the Tribunal, including at least one Senior Member. However, the arrangements also provide that a Senior Member may sit alone to avoid a postponement of the hearing where a second Member of the Tribunal is unable to sit. On the day of the hearing, my colleague informed me that they were unable to sit, consequently, to avoid a last

minute postponement and in accordance with the arrangements, I proceeded to hear this appeal alone.

3. A challenge was submitted on 26 March 2024 which disputed the determination of the RV. The current RV is £126,000 which is based on a tone of £37.00/m^2. The challenge proposed a reduction to £30.00/m^2 but at the appeal stage, the appellant's representative confirmed that the only issue still in dispute was that the subject property should have an end allowance applied to its valuation to account for the general poor quality and lack of insulation at the property. The appellant sought a 10% end allowance which produced a reduced RV of £114,000 with effect from 1 April 2023.

4. Prior to the hearing, Mr Fowke informed the clerk that he had omitted the table of rents from his case, however, this was contained within the respondents pack. It was confirmed that the senior member had both the challenge decision pack and the Altus supporting evidence statement. No preliminary issue was raised to request any late or additional evidence but rather he confirmed that he would refer to the table within the respondents challenge documents.

5. Both parties appeared in a dual role of 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 Fowke, for the appellant, declared that he was instructed under a conditional fee. He declared that he accepted and understood that his overriding duty was to the Tribunal.

6. I 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 Tribunals' 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). I therefore considered the "expert" evidence and attached such weight to it as it saw fit.

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

Issue and Relevant Law

8. The issue between the parties concerned the RV of the subject property, specifically, whether an end allowance should apply.

9. The term 'rateable value' as defined 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."

10. The antecedent valuation date (AVD) for 2023 list rating appeals is 1 April 2021. The material day was 1 April 2023, this being the date the subject property entered the valuation list.

Discussion

11. The subject property was shown in the rating list as 'warehouse and premises'. It was a warehouse of brick elevations under a pitched asbestos roof situated at the Manchester International Freight Terminal located off Europa Way. It was assessed within scheme 599611, which is applicable to properties in Trafford Park within the Metropolitan Borough of Trafford, which have been built between 1971 and 1980 and were not included in any other valuation scheme. Within this scheme, the base price ranged from £35/m^2 to £85/m^2.

12. The appellant's contention was that the properties at Manchester International Freight Terminal are of poor quality as they feature only single-skin asbestos on both the walls and roof apart from the dividing walls and small office blocks. The fact that the subject property was uninsulated was contested at the check stage, however, it was rejected as being the norm for a unit in scheme 599611.

13. I had regard to the Lands Tribunal judgment of *Lotus & Delta v Culverwell and Leicester City Council (*LVC/376/1975). This case established six propositions which gave clear guidance to be followed when assessing rateable value. With this in mind, the starting point was to consider the rent passing on the subject and then, if necessary, consider the basket of evidence presented.

14. The information provided detailed that the subject property had an annual rent of £98,345 with effect from 21 December 2020. The appellant had analysed this to £24.87/m^2 and the respondent to £26.95/m^2. No information was provided in respect of the terms of the rental agreement but I was mindful that this was less than five months prior to AVD so provided a good starting point.

15. A rental summary was provided for other properties at Manchester International Freight Terminal. They were rents agreed were for amounts ranging from £48,592 to £126,000 with effective dates in 2019 and 2020. The analysed rents ranged from £23.53 to £48.25. The assessment rates adopted ranged from £37/m^2 to £45/m^2.

16. Mr Wright submitted that based on his experience the rent on Shed 5A and Shed 3 seemed low and the evidence supplied for other 1950's and 1960's sheds in Trafford Park supported this assertion.

17. Mr Fowke commented on the respondent's assessment evidence and submitted that the properties referred to were insulated. It was therefore submitted that the parade of properties at Manchester International Freight Terminal were different to all the scheme.

18. In reaching my decision, I found that I was not concerned with the differences within the scheme as a whole. Rather, I was considering whether or not the RV was reasonable on the subject property. I placed greater weight on the subject rent and the rental evidence for the other sheds at Manchester International Freight Terminal as they were the most comparable.

19. To allow an end allowance for the reasons stated, it should be evidenced that the subject property suffers from a disadvantage that is not shared by other properties in the same locality. In this case, whilst the appellant submitted that the parade of properties were different to the wider scheme, ultimately, the properties within the immediate locality (at the Manchester International Freight Terminal) were all uninsulated. I was satisfied that the rents agreed would reflect any disadvantages, and a tenant would be aware that a warehouse of this age and in this location would not be insulated. Consequently, it is reasonable to conclude that it would be reflected in the rent. Furthermore, I accepted Mr Wrights submission that there would be rental growth and allowing an end allowance would make the RV lower than the rent.

20. Mr Wright submitted that a 5% allowance had been awarded to Shed 1 but that this will be reviewed as he believes this to be an error. Whilst I had to accept the valuation as it stood, I was mindful that an error should not be compounded and there was no other persuading evidence presented to suggest an allowance should be granted.

21. In such appeals the burden rests with the appellant to prove that the RV is unreasonable. I found that based on the evidence brought before me, I was not persuaded that an end allowance should be applied. In conclusion I found that RV of £126,000 to be reasonable.

Disposal

22. In view of the above findings and conclusions, I am satisfied that the RV is reasonable and the appeal is dismissed.

Date issued to parties: 9 January 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.
