

THE VALUATION TRIBUNAL FOR ENGLAND



*Non Domestic Rating Appeal; 2017 Rating List; Warehouse and Premises;
Basic rate; Relativities; Comparable properties; Appeal dismissed*

Re: Unit 6 Nicholson Way, Burton on Trent, Staffs DE14 2BA

APPEAL NO: CHG100014053

BETWEEN Premier Self Storage (Appellant)

and

Mr R Roberts (Respondent)

BEFORE: Mr M Unees (Chairman); Mr C Hathaway

SITTING AT: NSPCC, 3 Gilmour Close, Beaumont Leys, Leicester LE4 1EZ

ON: Wednesday 13 February 2019

APPEARANCES:

Mr F Smith of Salloway Property Consultants, representing the Appellant as advocate and expert witness.

The Respondent was represented by Mrs J Hodgson of the Valuation Office Agency as advocate and expert witness.

Summary of decision

The appeal was dismissed and the assessment was confirmed at £52,500 with effect from 1 April 2017.

Introduction

1. This was a 2017 Rating List appeal and the rateable value of the appeal hereditament was £52,500 with effect from 1 April 2017. This was a compiled list appeal so the material day was also 1 April 2017. The appeal was made following the Valuation Officer's Challenge Case Decision Notice of 18 May

2018 in respect of the appeal property. The rateable value prior to the challenge by the appellant had been £77,000 and the rating list entry had been amended to the present rateable value in accordance with that decision notice.

2. This is not intended to be an exhaustive record of the proceedings, but the parties can be assured that all of the evidence presented was fully considered by the panel when coming to its decision. Consequently, the absence of a reference to any statement, or evidence, should not be construed as it having been overlooked.
3. The appeal hereditament comprises a warehouse completed in the late 1990s with an 8.0 metre eaves height. The property has been converted into a self-storage facility and is located on the south western side of Burton-on-Trent approximately one mile from the town centre in an established industrial/business area. The property is owner occupied.
4. The appeal property was originally entered in the 2017 rating list at £77,000 rateable value based on a basic rate of £60 pm², which was considered to be the appropriate modern warehouse tone for properties with similar characteristics located in Burton. However, following the challenge by the appellant's representative, the Valuation Officer (VO) had decided that the valuation failed to reflect that the property was a self-storage hereditament and the relativities applied to the different floors of such properties, as detailed in the Valuation scheme for such hereditaments had not been adopted. This was amended and the revised rateable value of £52,500 was proposed.

Issues

5. The issue in dispute related to the relativities that had been adopted by the Valuation Officer in the valuation of the different floors. The appellant submitted that there were inconsistencies in the approach adopted in respect of the subject property compared with other similar hereditaments and it was submitted that the resulting rateable value was incorrect.

Evidence and Submissions

6. The basic price adopted in the present valuation of £52,500 is £60 pm² and the following relativities are applied:

Ground floor	0.65
First floor mezzanine	0.55
Second floor mezzanine	0.35

7. In a statement which accompanied the challenge, Mr Smith stated that the values applied to the storage accommodation are considerably higher than other similar age and quality self-storage accommodation in the Burton and Derby area, which are able to charge higher storage fees than the subject property. He argued that the hypothetical tenant looking for this type of property from which to operate a self-storage business would look at properties in both

the Burton and Derby areas and would make a rental bid for the subject property at or below the level of its peers.

8. Having regard to the revised valuation and the existing assessment, Mr Smith accepted that the basic rate of £60 pm² was reasonable, however, he was of the opinion that the relativities applied to the various floors were incorrect. To support his argument that the property was not assessed in line with comparable properties in the locality, the panel was referred to a series of self-storage assessments including properties at Wharf Road, Burton, Sutton in Ashfield and Meadow Road, Hansard Gate, Foresters Park, Racecourse Industrial Estate and Access Self Storage, Derby. Mr Smith referred to the differing relativities that had been adopted in respect of the various units and, having regard to the evidence he proposed that the split should be: ground floor 0.65; first floor 0.5 and second floor 0.2. This was in line with the next door unit at 5 Nicholson Way and the unit at Racecourse Industrial Estate which, he submitted provided the best evidence. On this basis he submitted that his proposed rateable value of £45,750 was fair and reasonable.
9. Mrs Hodgson outlined the history of the appeal and the exchanges that had taken place between the parties. She argued that the revised assessment was correct and had properly reflected the fact that the property was a self-storage hereditament. She referred the panel to the Rating Manual section 6 part 3 and in particular provided a copy of Section 905: self-storage hereditaments. Referring to the manual she highlighted that 'these properties should properly be valued by reference to the appropriate local modern warehouse tone for their localities and basic accommodation with a variety of factors to reflect the specific nature of these hereditaments'.
10. The manual went on to explain how such properties should be valued and it provided that 'the starting point should be the local tone, derived from rental evidence of a modern warehouse unit in a similar location with a good standard of eaves height, plot ratio etc.' It was stated that the unit value of the ground floor of such a property should be discounted by 35% and provided a table showing the relativities to be applied to other floors.
11. Mrs Hodgson argued that this basis had been adopted for the subject property and that the basic rate had been derived from warehouse values at Centrum 100 and she referred to a schedule demonstrating the make up of assessments from that location. She submitted that the rental evidence from the next door property supported that tone and on this basis, she argued that the basic rate adopted for the appeal premises was correct. The relativities that had now been applied to this basic rate were in line with the rating manual and reflected rates that had been adopted for other such hereditaments. She accepted that the appellant's representative had demonstrated some anomalies but argued that these examples did not demonstrate that the appeal property's assessment was incorrect.
12. In respect of the appellant's valuation, Mrs Hodgson argued that he had incorrectly applied the guidance. The next door property was a warehouse and the ground floor had been taken at 100%. The relativities that had been applied to the other parts of the accommodation applied to warehouse

premises, whereas the subject property was for self-storage. She argued that the existing assessment was based on a correct interpretation of the rating manual and that the relativities that had been adopted were appropriate for such a property.

Decision and reasons

13. The appeal hereditament must be valued for the purpose of non-domestic rating on the basis of the rent at which it might reasonably be expected to let from year to year on a number of assumptions (see paragraph 2(1) of Schedule 6 of the Local Government Finance Act 1988). The date of the hypothetical rent was 1 April 2015 (antecedent valuation date or AVD).
14. Matters that affect the physical state or enjoyment of the property or the locality were to be taken as at 1 April 2017 for this appeal.
15. The appeal hereditament is not subject to a rent, and therefore there is no direct rental evidence available.
16. In considering the appeal, the panel was mindful that the rating manual referred to by the VO is not a statutory document and that the guidance it provides should be treated as such and may be subject to challenge. Nevertheless, the panel recognised that it did provide the basis which should have been adopted by officers, across the country in the valuation of self-storage hereditaments and should thus ensure a consistency in approach.
17. The panel noted that the proposed approach was not challenged by the appellant's representative and, from the evidence put forward by the parties, it was clear that the basic rate of £60 pm² derived from the local warehouse tone was not disputed.
18. The appellant had highlighted differences in the relativities that had been adopted between modern, self-storage hereditaments in Derby and Burton and argued that the VO had failed to follow its own guidelines, making arbitrary changes from one location to another.
19. However, the panel did not find that this demonstrated that the subject property was incorrectly assessed. It was clear that errors had been made and that certain self-storage properties had not been identified as such and valued accordingly. This was certainly the case in respect of Unit 11 Racecourse Industrial Estate which had been relied upon by the appellant when arriving at the relativities he had adopted in his valuation. In the case of Unit 5 Nicholson Way, which had also been used to support his argument, the panel noted that this was a warehouse and had been valued as such. The fact that the relativities adopted to the different accommodation at that property reflected its use as a warehouse meant, the panel found, that it could not be used as a like-for-like comparable with the appeal property.
20. Overall, the panel found that the appeal property had been valued having regard to its mode and category of use as a self-storage warehouse. This distinguished it from a warehouse and, whilst the basic rate was driven by the

unit price for a similar warehouse in the locality, the relativities applied to the different areas of accommodation varied between the two types of property.

21. The appeal property had been valued at an agreed basic rate and the panel found that the appellant's representative had failed to demonstrate that his proposed relativities were correct. Conversely, the panel found that the relativities adopted were in accordance with the guidance provided in the rating manual.
22. The onus was on the appellant to demonstrate that the existing assessment is incorrect and the panel found that he had failed to do so. Accordingly, the appeal was dismissed.

Date: 12 March 2019

Appeal number: CHG100014053