

Statement of Reasons

Relative to an Appeal

By

North Lanarkshire Council

In respect of

Workshop, 5-7 Netherdale Road, Wishaw

This appeal concerned the valuation of the appeal subjects which were a new entry on in the 2005 valuation roll on 28th December, 2008 having previously been valued as an unum quid entry with neighbouring subjects at 1-3 Netherdale Road, Wishaw.

The parties agreed that the appeal subjects were to be valued in accordance with the scheme of valuation set out in the Scottish Assessors Association practice note no. 1 for industrials comparative principle.

Initially, the Assessor in valuing the appeal subjects had applied a basic rate of £37.50. By the time of the hearing, he had determined that this rate was in error and that the correct rate to maintain the tone of the roll was in fact £32.50. The Appellants did not dispute the basic rate applied by the Assessor.

The parties' dispute concerned the extent of the allowance to be applied to the appeal subjects in relation to age and obsolescence and whether there should be any allowance applied in respect of restricted yard space.

In terms paragraph 5 of the scheme of valuation, the allowance to be applied for age and obsolescence of buildings built prior to 1950 is 50%. The Appellants contended that an allowance of 48% was appropriate. The Assessor disagreed and contended that an allowance of 32% was appropriate.

In terms of paragraph 6 of the scheme of valuation, if subjects have restricted yard space as compared to rental evidence subjects then an allowance of up to 5% ought to be applied. The Appellants contended that this allowance should be applied to the appeal subjects. The Assessor disagreed and argued that no allowance was appropriate.

The Appellants contended for a net annual value of £21,500. The Assessor spoke to a proposed net annual value of £25,750.

The appeal subjects were built in the mid 1940s and were formerly part of a Royal Navy base. They had a corrugated asbestos roof which had become fragile and brittle through age and which required expensive, specialist repair given the material from

which it was made. They had internal valley gutters which were of obsolete construction and which were difficult to clean and maintain because of the fragility of the roof. Further, they had a truss roof, again of obsolete construction, which inhibited head height within the subjects which in turn restricted the use of fork lift trucks within the subjects. The internal support pillars also restricted access within the subjects.

The parties agreed that as there had been upgrading to the appeal subjects since their construction that the full allowance for age and obsolescence was not appropriate. There had been new sheeting added to the front of the appeal subjects and the electrical works and heating had been upgraded.

The appeal subjects were located close to one of the main entrance to the industrial estate in which they are located. They have parking facilities to the front of the subjects sufficient to accommodate 4 or 5 cars. They do not have access to any other car parking or loading facilities. When previously valued along with numbers 1-3 Netherdale Road, they had the use of the space between the buildings. When the appeal subjects were split from the subjects at numbers 1-3 Netherdale Road, these subjects retained sole use of the space between them and the appeal subjects.

The Appellants, in attempt to support their contention that the allowance in respect of restricted yard space was appropriate, made reference to three properties; 10-14 Netherdale Road, 50-60 Canyon Road and 12-22 Canyon Road which they contended were comparable with the appeal subjects. These subjects had access to parking and facilities for loading and unloading. In the case of the subjects in Canyon Road, their car parking and loading and unloading facilities were shared with other subjects. No addition had been made in valuing these subjects for the benefit to them of these facilities. The Assessor contended that the subjects in Canyon Road were not valid comparisons as there were more modern subjects and the facilities from which they benefitted would be reflected in higher rents. The Assessor contended that no addition for yard space was appropriate were these facilities were shared with other subjects. Assessor argued that the disability complained of existed when the subjects were valued as part of the unum quid entry with 1-3 Netherdale Road, no allowance had been applied and the Appellants although they had appealed the 2005 re-valuation, that appeal had subsequently been withdrawn and the valuation accepted.

The Committee rejected the Appellants' argument that as the passing rentals for the appeal subjects in the period from 28th December, 2000 to 28th December, 2008 had not exceeding £20,000 that similarly the net annual value of the appeal subjects should not therefore exceed that figure. The passing rental is not conclusive of annual value. In any event the Appellants had not taken issue with the basic rate applied by the Assessor which had been determined by him after an analysis of the rent in respect of the appeal subjects and those comparison properties referred to by him.

Reference by the Appellants to the net annual value entered in the valuation roll for 2010 was considered by the Committee to be irrelevant as each re-valuation constitutes a completely fresh start and the Assessor is not fettered by previous valuations in respect of the appeal subjects. See *Armour on Valuation for Rating* 5th edition paragraph 2-06.

The Assessor's reference to quantum was not helpful. No quantum allowance had been applied but rather the Assessor had adopted a combined built up rate. The Assessor argued that the analysed rate of the previous unum quid of which the appeal subjects had formed part having regard to the net annual value and its size produced a rate of £25.40. As the appeal subjects were smaller one would expect to see the rate increase. Having regard to the net annual value proposed by the Appellants analysing this with regard to the size of the appeal subjects the resultant rate was lower. However, the same was true using the net annual value proposed by the Assessor.

The Committee determined that having regard to the degree of upgrading, that the appropriate allowance for age and obsolescence was 40%.

With regard to the issue of the allowance for restricted yard space, firstly, the Committee accepted that the subjects at 50-60 and 12-22 Canyon Road were not comparable as there were modern properties. However, the subjects at 10-14 Netherdale Road were of similar age to the age to the appeal subjects and therefore were comparable. This was clear from the Assessor's production 3. These subjects had parking and loading facilities to the front and rear. The Assessor's production 3 also made reference to subjects at 18 and 20 Netherdale Road which he maintained were comparable to the appeal subjects and to which he has applied the same basic rate of £32.50. Again it was clear from the Appellants' production 7 that these subjects also had parking and loading facilities to the front and rear. It was correct that the disability with regard to parking and loading existed when the subjects were previously valued as part of the unum quid entry with 1-3 Netherdale Road however at that time the appeal subjects had the benefit of the area between the subjects. The Committee were of the view that having regard to the comparable subjects cited it was clear that the appeal subjects suffered from restricted yard space and that the allowance sought by the Appellants was appropriate.

The Committee determined to use the Appellant's proposed valuation as set out in their production number 23 as a base. They did so because the total area stated was 1111 square metres which the Appellants' witness, Angela McCance stated she had personally measured the appeal subjects and this figure corresponded with the total area in respect of the appeal subjects which the Assessor's witness had spoken to in evidence. Whereas the Assessor's propose valuation as set out in his production number 4 had a total area of 1151 square metres.

The workshop area extended to 994.11 square metres. The basic rate of £32.50 was applied to this area which produced a figure of £32,308. The age and obsolescence allowance of 40% was applied to that figure producing a figure of £19,385.

The first office area extended to 25.26 square metres. A rate of £48.75 was applied to this area. This rate was an 50% increase in the basic rate to reflect the better finish of the office area. This produced a figure of £1231 to which the age and obsolescence allowance was applied producing a figure of £739.

The second office area and WC extended to 67.19 square metres and again a rate of £48.75 was applied producing a figure of £3276 to which was then applied the age and obsolescence allowance producing a figure of £1966.

Finally the remaining office area extended to 24.44 square metres to which the rate of £48.75 was applied producing a figure of £1191 to which the age and obsolescence allowance was then applied producing a figure of £715.

The total of the figures produced is £22,805. The end of allowance for restricted yard space of 5% is a figure of £1140 producing a figure of £21665 rounded to £21,500.

The Committee have accordingly granted the appeal.