



Neutral Citation Number: [2025] UKUT 6 (LC)

Case Nos: LC-2024-171
LC-2024-491

**IN THE UPPER TRIBUNAL (LANDS CHAMBER)
IN THE MATTER OF TWO APPEALS
FROM DECISIONS OF THE
VALUATION TRIBUNAL FOR ENGLAND**

Royal Courts of Justice

14 January 2025

TRIBUNALS, COURTS AND ENFORCEMENT ACT 2007

RATING – VALUATION – Advertising rights on bus shelters – ratio of values of digital to static displays – some industry evidence indicating a ratio of 1:6 – limited utility of commercial agreements – rateable values determined using a 1:6 ratio – s.64 Local Government Finance Act 1988, Reg. 4, Non-Domestic Rating (Miscellaneous Provisions)(No. 2) Regulations 1989 - appeals allowed

BY:

**MS AMANDA HITCHINGS
(LC-2024-171)**

**MS JOANNE MOORE
(LC-2024-491)**

(VALUATION OFFICERS)

**GMPTE Bus Shelter (EB0125)
Opp 107 Piccadilly
Manchester
M1 2DB**

**Advertising Site 0404 0354
Bus Shelter
22 Atlas Way
Brightside Lane
Sheffield
S9 2SR**

Mr Peter D McCrea OBE FRICS FCI Arb

7 and 8 January 2025

Cain Ormondroyd, instructed by HMRC's solicitor's office, for the appellants.

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Introduction

1. It is some years, if ever, that the Tribunal or its predecessor the Lands Tribunal has been asked to turn its attention to bus shelters, but now, perhaps like the vehicles which the shelters serve, two cases come along at once. They are unopposed appeals by Valuation Officers (“VO”) against decisions of the Valuation Tribunal for England (“the VTE”) and concern the rateable value of advertising rights on two bus shelters, one in central Manchester and one in Sheffield.
2. The first appeal (LC-2024-171) concerns a hereditament known as ‘GMPTE Bus Shelter (EB0125)’, Opp 107 Piccadilly, Manchester, M1 2DB. It is by Ms Amanda Hitchings (Valuation Officer) against a decision of the VTE dated 13 February 2024 in which the VTE determined that the rateable value as at 1 April 2017, as certified by a Transitional Certificate, should be reduced from £7,200 to £3,600 RV. The VO seeks the restoration of the original figure of £7,200 (while valuing the hereditament at £10,000).
3. The second appeal (LC-2024-491) concerns a hereditament known as ‘Advertising Site 0404 0354’ Bus Shelter, 22 Atlas Way, Brightside Lane, Sheffield, S9 2SR. It is by Ms Joanne Moore (Valuation Officer) against the VTE’s decision dated 17 June 2024 in which the appeal of the ratepayer was allowed, reducing the rateable value of the hereditament from its list value of £4,800 to £850 RV with effect from 1 October 2020. The VO now seeks a rateable value of £3,900.
4. I heard the first appeal on 7th January 2025, and the second appeal the following day. In both appeals, the VO was represented by Cain Ormondroyd, who called Mr Chris Royle MRICS, DipRating, to give expert evidence. I am grateful to them both.

Statutory Basis in brief

5. Section 64 of the Local Government Finance Act 1988 provides:

“Hereditaments

(1) A hereditament is anything which, by virtue of the definition of hereditament in section 115(1) of the 1967 Act, would have been a hereditament for the purposes of that Act had this Act not been passed.

(2) In addition, a right is a hereditament if it is a right to use any land for the purpose of exhibiting advertisements and—

(a) the right is let out or reserved to any person other than the occupier of the land, or

(b) where the land is not occupied for any other purpose, the right is let out or reserved to any person other than the owner of the land.

...

(11) In subsection (2) above “land” includes a wall or other part of a building and a sign, hoarding, frame, post or other structure erected or to be erected on land.”

6. The Non-Domestic Rating (Miscellaneous Provisions)(No. 2) Regulations 1989 make further provision as to the valuation of advertising hereditaments, insofar as material as follows:

“Reg 4 – Advertising rights, etc.

(1) In relation to an advertising hereditament, in applying the provisions of sub-paragraphs (1) to (7) of paragraph 2 of Schedule 6 to the Act it shall be assumed that the grant or reservation of the right of which the hereditament consists included the grant or reservation of a right to use any structure or sign for the time being available for use for the purpose of exhibiting advertisements by the occupier of that hereditament, notwithstanding the structure or sign was provided by that occupier or was provided after the making of the grant or reservation concerned.

...

(4) In this regulation -

“advertising hereditament” means a hereditament consisting of a right to which section 64(2) of the Act applies; and “advertising right” means a right which is such a hereditament, and

“structure” includes a hoarding, frame, post or wall.”

7. The appeals concern entries in the 2017 rating list, and are therefore valued by reference to the Antecedent Valuation Date of 1 April 2015.

The hereditaments

8. The Manchester bus shelter is on Piccadilly within the city centre. I was told it was a ‘bus shelter of the future’, having a ‘green’ roof, Wi-Fi hotspots, and areas both to sit and to stand at raised tables. The advertising sign in question is on the southern end of the bus shelter. It is a two-sided back to back digital display, each side of approximately 1.8m tall by 1.2m wide, a size long known in the industry as ‘6-sheets’, a phrase dating back to the days when signs were made up from a number of smaller sheets.
9. The Sheffield bus shelter is more modest, being on the northern outskirts of the city centre on Brightside Lane, a fairly main road into the city. The sign is on the south-western end of the shelter. When first brought into the rating list, it was valued as a double-sided 6-sheet display, but in fact the internal side, facing north-east into the shelter, is a digital display, whereas the outer face, facing south-west towards Sheffield, is a ‘static’ display.
10. There are three main types of 6-sheet displays. First there are ‘static’ displays, which are in backlit boxes, and which are manually changed periodically in the same way that traditional signs might be changed. Secondly, there are scrolling displays, also in a backlit box, which contain 2 or 3 advertisements on a scroll, which can rotate, pausing on one advert before moving on. Thirdly, there are digital displays, of differing and one would

suspect ever-evolving sophistication. The digital elements of the subject hereditaments are 'standard' digital billboards.

The VTE's Decisions

11. The VTE's decisions are inconsistent.
12. As regards the Manchester hereditament, the appeal to the VTE was by 'the Ratepayer', against the VO's certificate dated 26 February 2023 which certified the rateable value of the right at £7,200. The VTE was satisfied that as a digital installation, the right would command a higher value than that for a static advertisement, but no higher than that of a rotating sign. Its decision was based on a rotating 'Ultravision' sign, valuing the subject right at three times the agreed value had the signage been static (£1,200, being £600 per face), and determined that the certified value should be £3,600.
13. For the Sheffield hereditament, the appeal to the VTE was by Alight Bus Shelter Media Limited, against an entry into the rating list by the VO at £4,800 with effect from 1 October 2020. The panel was not persuaded that there was sufficient evidence to conclude that a digital display was any more valuable than a static display in the same location. It determined that in the absence of any better evidence, the rateable value should be based on the agreed unit price for a main road in Sheffield of £425 per face, and determined a rateable value of £850.
14. Reference was made to a third decision of the VTE regarding bus shelters in Sheffield, Rotherham and Barnsley, but since that is subject to a separate VO's appeal to the Tribunal (LC-2024-0869), I shall say no more about it.

Evidence

15. Mr Chris Royle, MRICS DipRating, for the valuation officers, gave evidence. He has long experience in the valuation of advertising hereditaments for rating.
16. In his written evidence, Mr Royle outlined the history of how advertising sites had been valued. Valuations of advertising displays are made by rental comparison if possible. For larger formats (48-sheet posters etc.), direct rental evidence is available. But for small format signs (such as 6-sheets found on bus shelters, in shopping centres and at superstores etc.), direct rental evidence is scarcer, particularly on individual displays.
17. Traditionally, the rental evidence in respect of large format displays demonstrated that rental value was increased for those sites supporting a display that incorporated multiple screens. Examples include externally illuminated 'Ultravision' (being vertical triangular bars that rotated to display three screens over a period of time) and backlit 'scrollers', that displayed two or more screens on a roll of material between two rollers.
18. The rental value of sites that supported multiple faces on one display demonstrated a broadly linear relationship with single sheet displays of the same size in the same position. For example, an 'Ultravision' display would be found to have a rent between 2.6 and 3.3 times that of a static 'paper and paste' 48-sheet, all other things being equal.

19. Mr Royle explained that this resulted in the valuation methodology for large format advertising sites over many years being based on the value of a single sheet, with multiples applied depending on the number of faces. With sufficient incidental evidence to support this linear relationship in large formats, for better or worse the same approach was used in making valuations of small-format advertising displays.
20. As regards formats capable of displaying multiple screens in rotation, this linear relationship conveniently lent itself to automation in computer supported valuation modelling. The VO would start with a single sheet price for a particular display type and size in a particular location, and would then apply multiples depending on the number of faces the advertising display was capable of showing: 1x1 for a single sheet; 1x2 for a double sided; 1x3 for a scroller type capable of showing three advertisements on one side.
21. However, with the move over recent years into electronic and digital advertising displays, the capacity for displays from a single sided digital display seemed almost endless, making the 'linear relationship' between number of faces and rental value unworkable. Furthermore, as the most recent screen types to emerge are 'TV quality', not only outdoor multiple digital displays were possible, but also video content.
22. He accepted, however, that as a starting point it was understood that there is a limit as to how much a single person can see at any one time; dwell time is not endless, even at bus stops. Any relationship to single sheet posters that could be deduced from mere observation of the display type was not possible with electronic/digital displays. So, in exploring how these digital displays could best be valued, the VO began by looking at income generation.
23. In May 2008, Mr Royle and a colleague had a meeting with representatives from Clear Channel UK Limited ("CCUK"), an advertisement company, in advance of the 2010 rating revaluation. Mr Royle circulated a note of the meeting in his letter of 20 May 2008. Among 'Other points of interest', Mr Royle noted that:

"Digital Media: Currently subject to a lot of research and development to try and make it work well in completion [sic] with natural daylight. Indoors it is more useable. There are not many in use at the moment, between 10 and 20 displays, which means it is not sold in bulk packages...yet. Tends to be sold in parcels that make it crudely equivalent to a '6 scroller'."
24. Mr Royle told me that nobody present at that meeting subsequently demurred from that being an accurate record of what was said.
25. The VO accepted that as evidence of a 1:6 ratio of the value of static to digital advertisement displays and was adopted in the VO's valuation schemes for the 2010 list and onwards.
26. The approach whereby differential prices were used for sites capable of making multiple displays based on multipliers from a single sheet price provided a way forward for small formats and capable of being extending it to digital display formats. It was attractive, being built on (albeit large format) rental evidence, logical and supported by CCUK (in revenue generation terms).

27. Mr Royle explained that rental evidence on individual small-format, digital display sites was extremely rare. Instead, most agreements cover numerous sites and 'payment' on bus shelter sites was said by CCUK to be overwhelmingly based on reciprocity (for example, 'we'll supply and maintain all your bus shelters if you let us advertise on some of them'). According to CCUK, 'no money changed hands' as such.
28. In brief, discussions were held with Clear Channel UK in making preparations for placing valuations in 2010 rating lists. This resulted in the values adopted and relationships between format types, sizes, illumination, position, location etc., being based on a 'common sense' approach. Regard was had to bus routes, demographics and locations with towns and cities.
29. Format types and number of display faces per side (whether by scrolling or digital means) were also catered for and macro movements in advertising spending and prevalence of hoardings factored in. The resultant 'small format schemes' were based on an agreed understanding with ratepayers.
30. Not everyone agreed. In the VTE, JC Decaux Limited successfully challenged the '6x' uplift through its agent. The VTE allowed three of its 2010 appeals, saying that the basic 'single sheet' rate should not be uplifted at all as the VO had no evidence for such an approach. This meant Valuation Officers' could no longer rely on what Mr Royle described as a 'gentleman's agreement'; it was recognised that there would need to be found a firmer footing on which VO's could make valuations.
31. Of the 2010 lists VTE decisions, one was in respect of a display at a Tesco superstore. There was a commercial agreement in place covering all displays in Tesco superstores in England, Wales and Scotland.
32. This led the VO to consider that rental evidence of advertising displays at supermarkets might be possibly a place where some evidence could assist in determining whether at least the 'intrinsic' values placed on digital displays (albeit based on the workings of the schemes) were in the right 'ball park'. Therefore, the commercial agreements where money did 'change hands' became of interest and a potential source of evidence. The VO therefore sought and obtained evidence of rental agreements.
33. Mr Royle summarised the agreements between the main supermarket operators (Tesco, Asda, Morrisons, Sainsburys, Waitrose, and the Co-operative Group), and the advertising companies (J C Decaux, CCUK, and Primesight). They contain information which is probably commercially sensitive, and nothing is to be gained by outlining them in detail. Mr Royle accepted the limitations of the utility of the agreements. Among a variety of reasons why they were less than helpful in the valuation exercise, Mr Royle acknowledged that the agreements deal with large portfolios, whereas the VO is seeking to value individual sites. While there are indications of relative weight to be placed on digital and static signs, the agreements were based on hypothetical calculations for the internal purposes of lease mechanisms. There is no hard evidence of a quantifiable relationship in rental values, and no differential for location.
34. The agreements were not entirely useless, however. Some of the data suggested annual values for digital sites of between £8,500 and £22,500, with scrolling installations at just over £9,000, and with statics at between £1,500 and around £2,300.

35. His next piece of evidence was in respect of a VORC return from CCUK in May 2024. He explained that Valuation Office Ratepayer Contacts (“VORC’s”) are parties that voluntarily submit information to the VOA to cut down on the number of Forms of Return required to be made for individual properties. CCUK are such a contact, and in May 2024 made a VORC submission which included a number of entries regarding advertising sites within the Trafford area. ‘Paper’ advertisements were generally valued at £912 pa, and digital at £5,475. Each of the entries with these values has this comment:
- “FSU [free standing unit] agreement with Trafford. Contract is split over panels, with paper and digital weighted at 1:6”.
36. Finally, Mr Royle relied on commercial agreements which had been provided by the ratepayers following a pre-trial application by the VO for disclosure of them. Again, the agreements are commercially sensitive, and on 22 November 2024 I made an Order under Rule 15 of the Tribunal’s procedure rules, preventing the disclosure or publication of the data therein.
37. As regards the Manchester hereditament, Mr Royle referred to an agreement dated 27 July 1995 between Greater Manchester Passenger Transport Executive (GMPTE) (now Transport for Greater Manchester (TfGM)), which when entered into covered some 1,500 bus shelters, and was envisioned to last until 2012 or, if 3,500 bus shelters were installed, it could continue until December 2022. He did not place any weight on the agreement, as all but one of the ‘advertising bus shelters’ were static, and no differential between static and digital could be assessed.
38. He did place weight on an agreement dated April 2021 between Manchester City Council and J C Decaux, which was in respect of purely digital signs. Under the agreement, JCD removed older structures and replaced them with a greater number of double sided ‘obelisks’ (free-standing units). JCD was responsible for rates, but the amount could be offset against rent, meaning the council would bear the impact. Mr Royle calculated that the annual rent at commencement would equate to something in the order of £7,073 per side in April 2021 after allowing for rates.
39. As regards Sheffield, Mr Royle referred to an agreement dated 28 January 2008 between South Yorkshire Passenger Transport Executive (SYPTE) (now South Yorkshire Combined Mayoral Authority (SYCMA)) and CCUK. However, the agreement did not cover digital displays, and it was not clear whether it covered scrollers.
40. When this contract came to an end, a tender process resulted in an agreement dated 8 February 2020 between SYPTE and Alight Bus Shelter Media Limited. Mr Royle considered this agreement capable of being analysed to establish an indication of value of bus shelters in Sheffield, but only on a broad basis; it would be challenging to assess the relativity between digital and static facilities. In the Sheffield appeal, Mr Royle again referred to the Manchester 2021 agreement referred to above.
41. Mr Royle said that the value of static sites was uncontroversial. As regards Manchester, the generally agreed rate for city centre locations was £600 per side. The VTE valued the hereditament on the basis of 3 x the static rate, arriving at £3,600. Mr Royle’s valuation was based on £5,000 per side (a multiple of 8.33 of the static rate), thus £10,000 RV. However, since the VO was prevented from increasing the amount from the original certificate, in his view the Tribunal should order a reinstatement of that certificate, at £7,200.

42. As regards Sheffield, the uncontested rate for static advertisement rights on main roads was £425 per side. Mr Royle accepted that the VO's original valuation of £4,800 was excessive, but he considered the VTE had erred in making no uplift for the digital nature of one side of the sign. He valued the static side of the sign at £425, and applied the same 8.33 relativity to the digital side, £3,500 to arrive at £3,925, say £3,900 RV.

Discussion

43. These are unopposed appeals, and therefore there is nothing to counter Mr Ormondroyd's helpful submissions about the law, and the basis of valuation. While the Plant and Machinery Regulations were referred to by the ratepayers before the VTE, arguing that the nature of the signs themselves should not be taken into account, there is no such argument before me.
44. Mr Ormondroyd referred to several fixed points, being uncontroversial steps in the valuation exercise. The first is the 'tone' of static signs, £600 in Manchester, and £425 in Sheffield, being 'Cities – Town Centre' and 'Cities – Main Roads' respectively in the VO's valuation scheme. The second is that there is an increase from that tone rate if the sign is not static – a multiple of three for 'scroller' signs.
45. I have separated Mr Royle's evidence into two limbs. The first is a batch of evidence which seems to suggest that at the valuation date, the industry was applying a ratio of 1:6 to digital signs compared with static – see the note of the meeting with CCUK, and the VORC return.
46. We then have a number of commercial agreements, which in my judgment are less reliable - partly because they are national agreements covering many hundreds of locations, partly because they do not provide a reliable basis to provide evidence of arm's length rents, but mainly because those upon which Mr Royle places weight were entered into many years after the Antecedent Valuation Date of 1 April 2015. But the supermarket agreements are helpful in suggesting that digital signs are of more value than scrollers.
47. It is uncontroversial that a scroller display is of higher value than a static display, with a 3:1 ratio. I have no doubt that a digital display must have a higher value than a scroller, because it can show more advertisements in a more sophisticated way.
48. I can understand why the VTE might be reluctant to increase the ratios applied to digital signs. But much of the material before me now was not available to the VTE. While I have no evidence of like-for-like rents, on balance there is sufficient evidence to warrant a ratio of 6:1 for the right to use digital signs. Whether that ratio increases in future valuation lists is an argument for another day.
49. In my judgment, the rateable value of the Manchester hereditament should be based on £600 per side, with a multiple of 6 to be applied, thus **£7,200 RV** with effect from 1 April 2017.
50. In respect of the Sheffield hereditament, the rateable value should comprise a static side at £425, and a digital side at £425 x 6 = £2,975, rounded to **£2,950 RV** with effect from 1 October 2020.

51. Accordingly, I allow both appeals. There being no respondents, I make no order for costs.

Mr Peter D McCrea OBE FRICS FCI Arb

14 January 2025

Right of appeal

Any party has a right of appeal to the Court of Appeal on any point of law arising from this decision. The right of appeal may be exercised only with permission. An application for permission to appeal to the Court of Appeal must be sent or delivered to the Tribunal so that it is received within 1 month after the date on which this decision is sent to the parties (unless an application for costs is made within 14 days of the decision being sent to the parties, in which case an application for permission to appeal must be made within 1 month of the date on which the Tribunal's decision on costs is sent to the parties). An application for permission to appeal must identify the decision of the Tribunal to which it relates, identify the alleged error or errors of law in the decision, and state the result the party making the application is seeking. If the Tribunal refuses permission to appeal a further application may then be made to the Court of Appeal for permission.