**VALUATION TRIBUNAL FOR ENGLAND**

*2017 Rating List Appeal; college and premises; rateable value disputed; the comparable assessments demonstrated that the subject hereditament was over assessed; the rateable value for the subject hereditament is reduced to £585,000 effective from 1 April 2017.*

APPEAL NUMBER: CHG100156659

RE: Basement to 4th Floor, St Giles College, 152-154 Southampton Row, London, WC1B 5AL
(the "subject hereditament")

| | | |
|---|---|---|
| BETWEEN: | St Giles Schools of Languages Ltd | Appellant |
| | and | |
| | Mr A R Ricketts<br>(Valuation Officer) | Respondent |

PANEL: Mr FJ Stuart (Chairperson)
Mr SM Hooberman

CLERK: Mr P Hill IRRV Tech

HEARING: Remote hearing 2 on 10 February 2023

APPEARANCES: Mr I Landau of Landau Rating Consultants for the Appellant
Mr G Emery of Valuation Office Agency for the Respondent

---

**Summary of Decision**

1. The appeal is allowed in part.

2. The panel is satisfied that –

   a. the rateable value shown in the 2017 non-domestic rating list for the subject hereditament is not reasonable; and that

   b. the correct rateable value for the subject hereditament is £585,000 with effect from 1 April 2017.

3. A copy of the valuation for the subject hereditament is appended to this decision and statement of reasons.

**Introduction**

4. This tribunal decision document is not and does not purport to be a verbatim record of proceedings.

5. This appeal has been brought pursuant to Regulation 13A of the Non-Domestic Rating (Alterations of Lists and Appeals) (England) Regulations 2009 [SI 2009 No 2268]. The appeal challenges the respondent's decision that the appellant's proposal (also known as a "challenge" under the "check, challenge, appeal" framework) was not well-founded.

6. This case was previously heard and on a review application the decision was set aside due to a procedural irregularity. The panel members are hearing the appeal afresh and did not have sight of the previous decision, which was made by a different panel.

7. The appellant's proposal had sought an alteration to the 2017 non-domestic rating list to rateable value £515,000 from 1 April 2017.

8. Mr Landau, a member of the Royal Institute of Chartered Surveyors, appeared on behalf of the appellant as expert witness and as advocate. He was not on a conditional or success related fee. In his declaration, Mr Landau stated that he understood and accepted that his duty was to the tribunal in giving his evidence, that he would comply with this duty, and the requirements of his professional body, regardless of whether or not the evidence supported the appellant's case.

9. Mr Emery, a member of the Royal Institute of Chartered Surveyors, appeared on behalf of the respondent as advocate and expert witness.

## Relevant Law

The non-domestic rate

10. Part III of the Local Government Finance Act 1988 (the "Act") makes provision for the payment of a non-domestic rate in respect of non-domestic hereditaments in England. The rateable value of a non-domestic hereditament, which is used to determine the amount of the rate payable, is defined at paragraph 2(1) of Schedule 6 to the Act (which is commonly referred to as the "rating hypothesis").

11. For these proceedings, it is not necessary to set out all the provisions but suffice it to say that the rateable value of any hereditament is to be taken to be the amount, determined in accordance with the statutory assumptions, equal to the rent at which it is estimated the hereditament might reasonably be expected to let from year to year, on 1 April 2015 (the "antecedent valuation date").

The material day

12. Matters affecting the physical state or enjoyment of the hereditament and the mode and category of occupation are, amongst other things, taken to be as they were on the "material day". The Non-Domestic Rating (Material Day for List Alterations) Regulations 1992 [SI 1992 No 556] provides for determining the material day. So far as is relevant for these proceedings, Regulation 3 of those Regulations provides –

> ***3 Material day for list alterations***
>
> *(1) For the purposes of sub-paragraph (6) of paragraph 2 of Schedule 6 to the 1988 Act, the material day shall be determined in accordance with paragraphs (2) to (7) below.*
>
> *(2) Where the determination is with a view to making an alteration to correct an inaccuracy in the list on the day on which it was compiled, the material day is the day on which the list was compiled.*

## Issue

13. The issue in dispute concerned the application of an end allowance of 10% for layout which had been allowed for in previous lists.

## Decision and reasons

14. The parties' representatives took the panel through their respective submissions and evidence orally at the hearing. The panel carefully considered the parties' respective submissions, together with the legislative tests set out above. The panel was grateful to the parties' representatives for their submissions.

15. The subject hereditament is located on the east side of Southampton Row, a short distance from Russell Square and Russell Square underground station. The location is an established locality within Bloomsbury, with the subject hereditament being close to many prestigious hotels.

16. The subject hereditament is a college and premises occupied by the appellant since 1997. The subject hereditament is situated in a mid-terraced period property of masonry construction consisting of eight floors. The appellant occupies six floors, those being basement, ground floor, 1st floor, 2nd floor, 3rd floor, and 4th floor. The remaining two floors (5th and 6th) are occupied residentially and are domestic.

17. Each floor of the subject hereditament contains a mixture of classrooms and office space. The basement contains a library and the first floor a restaurant. Access to the building is from the ground floor. The subject hereditament has a total area of 2,198.31m$^2$ and a main space area of 1,977.35m$^2$. The property is held on a freehold basis and therefore no rental evidence exists for the subject hereditament.

18. The subject hereditament was originally shown in the 2017 non-domestic rating list with a rateable value of £670,000 from 1 April 2017. This was subsequently reduced to £600,000 based upon a base rate of £450/m$^2$. Upon completion of the challenge the rateable value of £600,000 was considered as reasonable by the valuation officer and not changed. The appeal before the panel concerns the rateable valuation of £600,000 effective from 1 April 2017.

19. There is no dispute over the areas adopted or the relativities used in respect of different areas, nor is there a dispute over a 20% end allowance for planning restrictions.

20. In advance of the hearing the valuation officer submitted a new rateable value of £585,000 effective from 1 April 2017, calculated on a base rate of £375/m$^2$. The revised valuation includes an end allowance of 20% for planning restrictions. The appellant's representative wants a further end allowance of 10% applied to the rateable value of £585,000. An end allowance is sought by

the appellant’s representative for *‘layout / fragmentation’.* The valuation officer argues the base rate of £375/m² takes account of *‘layout / fragmentation’.*

21. From the comparable properties submitted the parties focused predominantly on three of them. When looking at the comparables the panel need to consider the mode or category of occupation. The subject hereditament is listed as *‘office and premises’* but used as a ‘*college and premises’,* this has been the case since before 1997. Previously the subject hereditament was a secretarial college occupied by Pitmans. The mode or category of occupation must therefore be that of a college and as such be valued on that basis. This was the approach set out in *Williams (VO) v. Scottish & Newcastle Retail Ltd and Allied Domecq Retailing Ltd* [2001] EWCA Civ 185.

22. Number 43 – 45 Bedford Square was a comparable provided by the valuation officer. It is a new letting provided on a stepped rent basis; the property has an analysed rent figure of £441/m². The building is of a similar age to the subject hereditament and stated to be of average quality, the subject hereditament is also stated to be of ‘*average specification’*. There appeared to be consensus between the parties that 43 – 45 Bedford Square is in a higher value location than the subject hereditament. The property is listed as D1 use which is the same category as the subject hereditament and is used as a bilingual school and has a main space area of 1,861.40m².

23. It was argued by the appellant’s representative that 43 – 45 Bedford Square is not that close to the subject hereditament; it is approximately 0.4 miles from the subject hereditament. The base figure for 43 – 45 Bedford Square is £475/m², the respondent stated it had an end allowance which effectively reduced the price per square metre down to £421. The appellant’s representative argued that 43 – 45 Bedford Square had a history of being used as an office and this means the landlord would not accept a reduced rate for use as a school. The panel accepts this observation. The main space areas for 43 – 45 Bedford Square and the subject hereditament are similar, being 1,861.40m² and 1,977.35m² respectively. The panel considers that 43 – 45 Bedford Square provides a useful comparable but the differences between it and the subject hereditament had to be taken into account.

24. Number 69 Southampton Row was a comparable provided by the valuation officer. The rent agreed on 69 Southampton Row in September 2014 devalues to £418.12m², although it is argued that some growth in market value should be applied. The building is of similar age and quality to the subject hereditament and is used as an auction house and premises with a main space area of 1,411.08m².

25. It is argued by the appellant’s representative it would be wrong to use 69 Southampton Row as a comparison due to its specification. The panel noted that the parties stated that the building dates from the 1800’s (or 1900). However, it has been completely refurbished and is valued at an analysed rent figure of £418/m². The panel noted the proximity to the subject property and that the rent reflects that the property is refurbished. The base rate for 69 Southampton Row is £420/$m^2$, this compares to a base rate of £375/$m^2$ for the subject hereditament. It was clear to the panel that the subject hereditament has differences, but the panel considered 69 Southampton Row to be a further useful comparable.

26. Finally, 1 Alfred Place was a comparable provided by the respondent’s representative. There had been a new letting with a rent of £735,000 for 10 years from June 2015 and a 1 year rent free period. The rent has been analysed at £408.46/m². The main space area is 1,307.90m² and is stated to be of similar size to the subject hereditament, the panel noted that the subject hereditament has a main space area of 1,977.35m², arguably that is not of similar size. The panel also noted that 1 Alfred Place is a grade A refurbished office building.

27. It is argued by the appellant’s representative that in using 1 Alfred Place, one is comparing a ‘*grade A’* property against the subject hereditament which is stated to be in poorer condition. 1 Alfred Place has air conditioning, and it is argued this would have to be taken out of the valuation when comparing against the subject hereditament. The panel considers 1 Alfred Place to be a weaker comparison, it is a refurbished office that was a relatively new letting from June 2015.

28. It is stated that approximately 8% of the space in the subject hereditament is taken up with corridors. The panel recognised that corridors are needed in an educational establishment but also noted that this is a small percentage of the total area of the subject hereditament. The appellant’s representative argues that this supports a reduction of 10% for layout, the respondent argues that account has already been taken of the corridor space and this ultimately represents a small area within the subject hereditament. The panel does not take the view that the corridor space of 8% translates into an end allowance of 10%. In forming its view the panel has taken account of the comparables and compared that evidence to the subject hereditament. It is the view of the panel that you cannot simply take the percentage of corridor space, the property has to be considered as a whole and the rateable value assessed taking into account all factors.

29. From the basket of evidence considered the panel finds that the subject hereditament is at the lower end of values, that being £375m2, and that the comparables are towards the top end, that being £425m$^2$. The valuation officer has allowed a 2.5% reduction for the accessibility issues on the 4th floor, this is adjusted in the base rate of £375/m². Then the valuation includes a substantial end allowance of 20% to reflect the planning restriction. It is the view of the panel the valuation therefore reflects any 'disabilities' in the subject hereditament where appropriate.

30. The appellant's representative argued *Barnard & Barnard v Walker (VO)* [1975] RA 383 and *Lamb v Minards (VO)* [1974] RA 153 mean that the valuation officer must provide strong evidence before removing an end allowance that had been allowed in previous rating lists. Whilst the panel accepts these cases are relevant, the panel has concluded the assessment adequately takes account of any perceived disabilities for layout.

31. The panel concludes that, when measured against the comparables, £375/m² takes account of the layout issues, the subject hereditament is valued at the lowest end of the respective comparables and that a further end allowance of 10% should not be applied to the rateable value in addition to the existing end allowance of 20%, which is substantial. The panel however is satisfied that the rateable value should be reduced from £600,000 to £585,000. This for the reasons stated takes account of the layout difficulties for the subject hereditament.

**Order**

32. The Tribunal orders –

    a. the Respondent shall alter the entry in the 2017 non-domestic rating list to show the subject hereditament with a rateable value of £585,000, as set out in the appended valuation, with effect from 1 April 2017; and

    b. the Respondent shall comply with this order within two weeks.

**Refund of appeal fee**

33. Further, as the ground of the appeal has been made out, the appeal fee shall be refunded. This will take approximately six weeks to process.

**Date:** 7 March 2023

**Appeal number:** CHG100156659

**Right of 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.

Valuation Office Agency

Summary Valuation produced by the Valuation Office Agency

This is not your bill which will be issued separately by your local authority

(See enclosed explanatory leaflet)

**BST-4TH FLR ST GILES COLLEGE 152-154, SOUTHAMPTON ROW, LONDON, WC1B 5AL**

Property description: Offices And Premises

Special category and code: Offices (Inc Computer Centres)/203

Basis of measurement: Net Internal Area

**COMPONENT PARTS OF THE PROPERTY**

| Ref | Floor | Description | Area m²/unit | £ per m²/unit | Value (£) |
|---|---|---|---|---|---|
| 1.1 | Basement | Classrooms | 130.23 | 196.88 | 25,640 |
| 1.2 | Basement | Classrooms | 52.59 | 196.88 | 10,354 |
| 1.3 | Basement | Office | 13.49 | 187.50 | 2,529 |
| 1.3 | Basement | Office | 7.25 | 187.50 | 1,359 |
| 1.4 | Basement | Staff Room | 128.51 | 196.88 | 25,301 |
| 1.5 | Basement | Library | 61.60 | 196.88 | 12,128 |
| 1.6 | Basement | Internal Storage | 64.58 | 93.75 | 6,054 |
| 1.7 | Basement | External Storage | 6.81 | 18.75 | 128 |
| 1.8 | Ground | Classrooms | 152.93 | 375.00 | 57,349 |
| 1.9 | Ground | Offices | 5.45 | 375.00 | 2,044 |
| 1.10 | Ground | Classrooms | 93.51 | 375.00 | 35,066 |
| 1.11 | Ground | Offices | 10.37 | 375.00 | 3,889 |
| 1.12 | Ground | Classrooms | 96.55 | 375.00 | 36,206 |
| 1.13 | First | Restaurant | 150.85 | 375.00 | 56,569 |
| 1.14 | First | Classrooms | 91.98 | 375.00 | 34,493 |
| 1.15 | First | Offices | 12.94 | 375.00 | 4,853 |
| 1.16 | First | Office | 8.77 | 375.00 | 3,289 |
| 1.16 | First | Classrooms | 71.45 | 375.00 | 26,794 |
| 1.16 | First | Store | 14.90 | 187.50 | 2,794 |
| 1.17 | Second | Classrooms | 168.85 | 375.00 | 63,319 |
| 1.17 | Second | Classrooms | 119.33 | 393.75 | 46,986 |
| 1.17 | Second | Office | 17.90 | 375.00 | 6,713 |
| 1.18 | Second | Office | 39.39 | 375.00 | 14,771 |
| 1.19 | Third | Classrooms | 189.36 | 375.00 | 71,010 |
| 1.19 | Third | Office | 12.23 | 375.00 | 4,586 |
| 1.19 | Third | Classrooms | 132.54 | 375.00 | 49,703 |
| 1.20 | Third | Office | 26.63 | 375.00 | 9,986 |
| 1.21 | Fourth | Classrooms | 90.77 | 383.93 | 34,849 |
| 1.22 | Fourth | Office | 28.76 | 365.63 | 10,516 |
| 1.23 | Fourth | Classrooms | 174.22 | 393.75 | 68,599 |
| 1.24 | Fourth | Office | 23.57 | 375.00 | 8,839 |
| | | | | **valuation sub-total** | 736,716 |

**ADJUSTMENTS MADE TO THE SUB TOTAL**

| | | |
|---|---|---|
| Planning restriction | -20.00% | |
| | | -147,343 |

The total of all the elements above is £589,373, which we have rounded down to a rateable value of £585,000. This is effective from 01 April 2017.

If you have any queries regarding business rates, rateable values, and the 2017 Revaluation, you can find out more information on our website **www.gov.uk/voa/revaluation**. You may also see your property details, compare with others', and estimate the amount of business rates you will pay. You can search online by post code, address or BA reference number.

For official use only

| | |
|---|---|
| **List Year:** 2017 | **Billing Authority:** Camden |
| **BA Ref:** 01106015230041 | **VO Ref:** 36166667284 |