VALUATION TRIBUNAL FOR ENGLAND

2017 Rating List appeals: Local Government Finance Act 1988; offices and premises; rental evidence close to the valuation date; appeals against the accuracy of the rateable value for the hereditaments; two appeals dismissed; one appeal allowed-in-part.

APPEAL NUMBERS:	CHG100171447, CHG100529380, CHG100171528
RE:	2nd Flr, 10 Stratton Street, London W1J 8LG 3rd Flr, 10 Stratton Street, London W1J 8LG 6th Flr, 10 Stratton Street, London W1J 8LG (the “appeal properties”)

BETWEEN:

Glen Point Capital LLP
Valor Real Estate Partners LLP
Kosmos Energy LLC — Appellants

and

Ms L Dyer
(Valuation Officer) — Respondent

SITTING:	*remotely using Microsoft Teams*
ON:	27 January 2025
PANEL:	Ms T M Blades, Presiding Senior Member Ms J Gittens, Senior Member
CLERK:	Mrs K Edhouse-Thomas
APPEARANCES:	Mr D Semple (Ryan Property Tax Services UK Ltd), Representative for the Appellants Mr P Holdsworth, Representative for the Respondent

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DECISION AND STATEMENT OF REASONS

Decision

1. The appeals in respect of 2nd Flr and 3rd Flr, 10 Stratton Street were dismissed, and no change was made to the rating list entries in respect of these hereditaments. The appeal in respect of 6th Flr, 10 Stratton Street was allowed-in-part. The Tribunal panel determined a revised rateable value (RV) of £265,000, with effect from 8 January 2018.

Introduction

2. In accordance with regulation 13A of the Non-Domestic Rating (Alteration of Lists and Appeals) (England) Regulations 2009, three appeals have been made to this Tribunal on the grounds that the rateable value (RV) valuations for the appeal properties are not reasonable.

3. The panel consolidated the hearing of the appeals, as the parties were using the same supporting evidence. Further, in each case the appellants' representative was the same, as was the valuation officer's caseworker.

4. Each of the appeal properties were entered in the 2017 rating list as "offices and premises". A brief history of each list entry and the parties' respective positions is summarised as follows:

Glen Point Capital LLP
2nd Flr, 10 Stratton Street, London W1J 8LG

- Original RV £520,000 effective from 26 March 2018.
- Proposal sought a reduction to £417,500 from the same date.
- Valuation officer decided not to reduce the RV.
- Appellant now sought a reduction to RV £495,000.

Valor Real Estate LLP
3rd Flr, 10 Stratton Street, London W1J 8LG

- Original RV £515,000 effective from 23 June 2019.
- Proposal sought a reduction to £465,000 from the same date.
- Valuation officer decided not to reduce the RV.
- Appellant now sought a reduction to RV £492,500.

Kosmos Energy LLP
6th Flr, 10 Stratton Street, London W1J 8LG

- Original RV £280,000 effective from 8 January 2018.
- Proposal sought a reduction to £224,000 from the same date.
- Valuation officer decided not to reduce the RV.
- Appellant now sought a reduction to RV £252,500.

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

Background

6. The subject assessments were on the second, third and sixth floors of a purpose-built office building with nine floors, in Stratton Street, Mayfair. It is located close to Green Park and Victoria stations. The building was constructed in 1990 and refurbished in 2016/17, with the reception being remodelled.

7. The RVs in respect of the subject hereditaments were based on an unadjusted main space price of £1000/m^2.

8. The appellants' representative was seeking a reduction based on a main space price of £950/m^2. In respect of the hereditament on the sixth floor, he was seeking a further allowance of 5% for disadvantages on this floor.

9. The evidence submission before the panel comprised all the evidence disclosed and exchanged during challenge which included rental evidence and its analysis, and comparable assessment evidence. In addition, to assist the panel, the parties had provided documents of agreed supporting evidence, which was relied on by both parties.

10. Mr Semple, as representative for the three appellants, appeared in a dual role of advocate and expert witness. He stated that he was being paid on a contingency fee basis but was aware that in giving expert evidence his responsibility was to the Tribunal.

11. Mr Holdsworth, for the valuation officer, also appeared in a dual role of advocate and expert witness. He confirmed that he was not instructed under any conditional or other success-based fee arrangement.

12. The dual role is allowable in this Tribunal's proceedings having regard to the Valuation Tribunal for England (Council Tax and Rating Appeals) (Procedure) Regulations 2009) (regulation 3 (Discharge of VTE functions – general) and rules regarding admissibility of evidence (regulation 17(2)(a)). However, it was necessary to consider the "expert" evidence and assess what weight, if any, to give it in the context of the matters in issue.

Relevant Law

13. The term "rateable value" was defined in Schedule 6 to the Local Government Finance Act 1988 (as amended). The value was required to reflect an annual rent on the property, assuming a new letting with the tenant responsible for all rates, taxes, repairs and insurance. In respect of the 2017 rating list, the Rating Lists (Valuation Date) (England) Order 2014 requires the rental levels to be taken on 1 April 2015, the antecedent valuation date (AVD).

Discussion

14. In the cases under consideration, the panel analysed the competing evidence having regard to the authoritative guidance in *Lotus & Delta v Culverwell (VO) and Leicester City Council* [1976] RA141.

15. The starting point for consideration was the actual rent passing on the appeal hereditaments. These rents had been agreed post refurbishment and AVD. They were all new lettings for a period of ten years and had been adjusted for fit out.

    - The rent passing on 2nd Flr was £662,700 with the lease commencing in January 2018, having been agreed in September 2017. This rent analysed to £1,078.67/m^2.

    - The rent passing on 3rd Flr was £572,400 with the lease commencing in September 2019. This rent analysed to £890.35/m^2.

- The rent passing on 6th Flr was £310,339 with the lease commencing in December 2017, having been agreed in October 2017. This rent analysed to £989.69/m^2.

16. Mr Semple argued that less weight should be given to these rents because they were after the AVD but were useful as a guide. He had also analysed the rents on the fifth and seventh floors and argued that the average of the analysed rents indexed to AVD across five floors at 10 Stratton Street was £959.20/m^2.

17. Mr Holdsworth argued that the rental evidence at the subject property was the best evidence. These were all new leases on the refurbished building. He argued that greatest weight should be placed on the rent in respect of 2nd Flr, as it was closest to AVD. This analysed to £1078.67/m^2 and when indexed to AVD was £1,019/m^2. At the hearing, Mr Holdsworth stated that he had inspected the building and accepted that there was an inferior offering with respect to the sixth floor. There were disadvantages on this floor with mansard roofing. In his opinion, the reduced rent, which analysed to £989.69/m^2 reflected this. He stated that he considered an end allowance of 5% for 6th Flr, 10 Stratton Street was justified.

18. The panel found this rental evidence helpful as a guide, but was mindful that the leases were post AVD which made them less reliable.

19. In terms of indirect rental evidence, the parties provided comparable rental evidence in respect of two hereditaments at 5 Stratton Street.

    - The rent passing on 1st Flr Right was £226,572 with the lease commencing in February 2015. This rent analysed to £965/m^2.

    - The rent passing on 6th Flr was £1,193,680 with the lease commencing in February 2016. This rent analysed to £1,051.10/m^2.

20. Mr Semple argued that 5 Stratton Street was a landmark building opposite the entrance to Green Park station, near the Ritz. He further argued that the views from this building were superior, with the upper floors having glimpses of Buckingham Palace. The RV at 5 Stratton Street had been based on a main space price of £1,050/m^2 but had now been agreed at £975/m^2. He argued that the combined rent of the two hereditaments indexed to AVD was £983/m^2, which was lower than the average of the rents at 10 Stratton Street. He therefore argued that the main space price for 10 Stratton Street should be lower than £975.00/m^2 as it did not benefit from the superior views of 5 Stratton Street.

21. Mr Holdsworth argued that 5 Stratton Street was an older Grade II listed building which had been refurbished in 2010, seven years before the appeal property's refurbishment had been undertaken. He considered that the greatest weight should be given to the rental evidence on 1st Flr Right as this lease was closest to the AVD. Whilst Mr Semple had argued that this property had superior views, Mr Holdsworth contended that this hereditament did not benefit from such views. The panel noted that the letting particulars referred to the property as having views over Stratton Street, not Green Park. Mr Holdsworth stated that on the basis of the rent on this hereditament, he considered the agreed main space price of £975/m^2 was conservative for the building, considering that other offices within this building would benefit from the views that Mr Semple referred to.

22. The panel was more persuaded by the respondent's case in respect of 5 Stratton Street. The rental evidence in respect of 1st Flr Right, was a new lease within two months of the AVD. It analysed to £965/m^2, and the rating assessment had been agreed at £975/m^2. The panel

considered that the superior accommodation at 10 Stratton Street would warrant a higher rate than £975/m^2.

23. In terms of comparable assessment evidence, Mr Semple referred to multiple assessments where agreements below £1000/m^2 had been reached and he argued that a tone of £950.00/m^2 had been reached for grade A offices in the locality. However, the panel was more persuaded by evidence within the same street.

24. The panel considered the comparable assessment evidence in respect of the neighbouring property at 8/9 Stratton Street. The RV of this assessment had been based on a main space price of £975/m^2 and agreed at £925/m^2.

25. Mr Semple stated that there were two parts to this building. Half was built to grade A standard, like the subject property and the remainder was older. It had been refurbished behind the façade of the building similar to the appeal property. The property benefited from an impressive atrium, and he accepted that the appeal property benefited from a better reception area. Mr Semple considered that £950/m^2 for the appeal property was more reasonable considering the agreed price of £925/m^2 for this hereditament.

26. Mr Holdsworth considered that the subject property was superior to 8/9 Stratton Street. He argued that this property, which was a former period town house had three-star office accommodation, whereas the appeal property had four-star, purpose-built office accommodation.

27. The respondent’s case in respect of 8/9 Stratton Street was more compelling, as the panel considered that the office accommodation at the subject property was superior to this comparable assessment.

28. The final settlement considered by the panel was in respect of the ground floor at 10 Stratton Street. Mr Semple stated that an end allowance of 15% had been agreed in respect of this hereditament due to the physical disadvantages. He further argued that the tone of £1000/m^2 had not been considered. However, Mr Holdsworth contended that the taxpayer in respect of this challenge had been represented by a professional representative and had accepted the main space price of £1000/m^2.

29. The panel noted that agreement had been reached between the parties in respect of the ground floor at 10 Stratton Street, with an end allowance being applied for the agreed disadvantages, the main space price of £1000/m^2 had not been altered.

30. Overall, the panel was satisfied that the appeal property’s assessments in respect of 2nd Flr and 3rd Flr, 10 Stratton Street were reasonable having regard to the rental evidence, particularly in respect of 1st Flr Right, 5 Stratton Street, which was close to the AVD. This was a similar size hereditament but had inferior office accommodation to the appeal property. However, an allowance of 5% was justified in respect of 6th Flr, 10 Stratton Street, due to its accepted disadvantages.

Disposal

31. In view of the above findings and conclusions, the Tribunal panel is satisfied that the current assessment in respect of the 2nd Flr and 3rd Flr, 10 Stratton Street was reasonable, and these appeals were dismissed.

32. The Tribunal panel determined that the RV in respect of 6th Flr, 10 Stratton Street was unreasonable, and that an assessment of £265,000 RV more accurately reflected the appeal property, and the panel calculated a revised valuation, as shown below:

Hereditament Address					
6th Flr 10, Stratton Street, London W1J 8LG					
Floor	**Description**	**Area (m^2)**	**Relativity**	**Price (£/m^2)**	**Value (£)**
Sixth	Office	280.11	1	£1000	£280,110
	Total	**280.11**		**Subtotal**	**£280,110**
End Allowance Description					
-5% for mansard/ structural disadvantages			**Total Value**		**£266,105**
			Rateable Value		**£265,000**
			Effective Date		**8 January 2018**

33. As a consequence of the above decision, the Tribunal panel orders the Valuation Officer to reduce the 2017 Rating List entry in respect of 6th Flr, 10 Stratton Street to £265,000 RV, with effect from 8 January 2018 within two weeks of the date of this Order.

34. The appellant is also entitled to a full refund of the fee paid in respect of 6th Flr, 10 Stratton Street in accordance with regulation 13E(a)(a) of the Non-Domestic Rating (Alterations of Lists and Appeals) (England) Regulations 2009 (as amended).

Date issued to parties: 17 February 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.
