VALUATION TRIBUNAL FOR ENGLAND

2017 Rating List Appeal: Local Government Finance Act 1988; Accuracy of the RV in the Rating List; Office and Premises; Rental and assessment comparable evidence; Tone; Allowances; Appeal dismissed.

APPEAL NUMBER:	CHG100177215	
RE:	34 Margery Street, London WC1X 0JJ (the "subject property")	
BETWEEN:	Thornsett Group Plc	Appellant
	and	
	Mr A Ricketts (Valuation Officer)	Respondent
SITTING:	*remotely using Microsoft Teams*	
ON:	Wednesday 13 November 2024	
BEFORE:	Ms N Carman, Presiding Senior Member Mr A Hussain, Senior Member	
CLERK:	Mrs S D Morgan	
APPEARANCES:	Mr P Barney – Appellant's representative (Altus Group) Ms R Heuck – Valuation Officer's representative	

DECISION AND STATEMENT OF REASONS

Decision

1. The appeal was dismissed. The assessment for the subject property was confirmed at £182,000 Rateable Value (RV) with effect from 1 April 2017.

Introduction

2. This is a 2017 rating list appeal. 34 Margery Street, London WC1X 0JJ (the subject property) had been entered into the 2017 rating list as 'office and premises' at a RV of £182,000 with effect from 1 April 2017.

3. The challenge proposal was submitted by Altus Group on behalf of Thornsett Group Plc and was received by the Valuation Officer (VO) on 12 March 2020. It had been made on the grounds that proposer disputes an alteration to the RV made by the VO. The VO issued a challenge case decision notice which disagreed with the proposed alteration of the list and stated that the rating list entry was reasonable based on the evidence and information available.

4. In accordance with regulation 13A of the Non-Domestic Rating (Alteration of Lists and Appeals) (England) Regulations 2009, the appeal to this Tribunal has been made on the grounds that the valuation for the hereditament is not reasonable. The appeal was lodged by the appellant's representative on behalf of the appellant and received by the Tribunal on 10 September 2021.

5. Mr Barney appeared on behalf of the appellant as both advocate and expert witness. In view of the Upper Tribunal's judgment in *Gardiner & Theobald LLP v David Jackson (VO)* [2018] UKUT 0253 (LC), Mr Barney explained that he was instructed on a contingency fee basis and he declared that he understood and accepted his duty to the Tribunal in giving his evidence and he would comply with this as well as the requirements of his professional body, regardless of whether the evidence supported the client's case.

6. The panel accepted this expert witness evidence on the above basis as the appeal is not complex and to do otherwise would be contrary to regulation 3 (Discharge of VTE functions – general) of the Procedure regulations and is allowable due to the Tribunal's rules on admissibility of evidence (regulation 17(2)(a) where the Tribunal can admit evidence whether or not it would be admissible in a civil trial).

7. Ms Hueck who appeared on behalf of the Valuation Officer (VO) also stated she was acting as advocate only.

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

Background

9. The evidence bundle before the panel comprised of the evidence disclosed and exchanged during challenge. It included comparable assessments, location plans, photographs of the subject property and their skeleton arguments.

10. The subject property is an office and premises on the ground floor of a modern apartment block. The building was completed 2004 but the office accommodation not occupied until 2008. The offices have a net internal area of 404.82m^2. It is of modern standard with no raised flooring and inferior air conditioning. It is held on a long leasehold at a peppercorn ground rent. The property is currently valued on Valuation Scheme 449289 where the value ranges from £450/m^2 to £495/m^2.

11. The property is located on the corner of Margery Street and Amwell Street between Islington and Clerkenwell. It is situated within relatively easy reach of Angel Station.

12. The unadjusted main space price of £450/m^2 was in dispute. The appellant's representative contends for a main space price of £370/m^2 less 5% for no raised floors and 5% for inferior

air conditioning. The appellant’s representative also originally contended that the subject property should be valued as part lower ground floor at 90% equating to £300.35/m^2, less 5% for natural light allowance. He proposed a revised figure of £134,000 RV.

13. In an email to the clerk dated 12 November 2024, the appellant’s representative stated that he had reviewed the comparable evidence and had accepted that the 90% relativity for the lower ground floor was not justified. However, he was still of the opinion the correct rate for this property is £390/m^2, less 5% for no raised floors and 5% for inferior air conditioning. He also believed the property warranted a 5% allowance for poor natural light. This gave a revised proposed RV of £149,000 with effect from 1 April 2017.

14. The valuation Officer’s representative believed that the existing assessment was not excessive and that the subject property should be valued in line with similar office accommodation in the locality at £450/m^2. She provided rental and assessment evidence in support of her case.

Relevant Case Law

15. Rateable value is to be determined in accordance with paragraph 2(1) of Sch.6 to the Local Government Finance Act 1988, which provides:

“(1) The rateable value of a non-domestic hereditament none of which consists of domestic property and none of which is exempt from local non-domestic rating shall be taken to be an amount equal to the rent at which it is estimated the hereditament might reasonably be expected to let from year to year on these three assumptions—

(a) the first assumption is that the tenancy begins on the day by reference to which the determination is to be made;

(b) the second assumption is that immediately before the tenancy begins the hereditament is in a state of reasonable repair but excluding from this assumption any repairs which a reasonable landlord would consider uneconomic.

(c) the third assumption is that the tenant undertakes to pay all usual tenant's rates and taxes and to bear the cost of the repairs and insurance and the other expenses (if any) necessary to maintain the hereditament in a state to command the rent mentioned above.

Discussion

16. The subject 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 be let from year to year on a number of assumptions. Those assumptions are listed in paragraph 2(1) of Schedule 6 to the Local Government Finance Act 1988.

17. In accordance with the Rating Lists (Valuation Date) (England) Order 2014 (SI:2014 No.2841), the date of the hypothetical rent was 1 April 2015, the antecedent valuation date (AVD). This common date was used to ensure that every property was treated in a consistent way.

18. Matters that affected the physical state or enjoyment of the property or the locality were to be taken at the material day, as outlined by the Non-Domestic Rating (Material Day for List

Alterations) Regulations 1992 (SI 1992 No. 556) as amended. In respect of the subject hereditament, the material day was 1 April 2017.

19. In the case under consideration, the panel had analysed the competing evidence having regard to the authoritative guidance in *Lotus & Delta v Culverwell (VO) and Leicester City Council* [1976] RA141. The rent on the subject property is considered to be the correct starting point but, where available, rents on similar properties are also to be taken into account. The assessments on other comparable properties may also be relevant. All of the evidence can then be weighted.

20. The appellant's representative contended that the majority of other buildings in the same valuation scheme were of far higher quality than the subject property and in more central and prominent locations. He referred to the following offices as comparable properties.

- 8 Graham Street, London were 2009 built offices on the ground floor of an apartment block. These were valued at 90% for semi lower ground floor with 5% natural light. The offices were valued at £370/m^2.

- 80-82 White Lion Street, London built in 1974 and refurbished in 2005. More central location. These offices were valued at £350/m^2 although the rents show circa £245/m^2.

- Angel Square, London built in 1991 and refurbished in in 2016. More central location. These offices were valued at £370/m^2.

- 75A Turnmill Street, London built in 2004 and on the ground floor of an apartment block. Situated close to Farringdon Station. These offices were valued at £425/m^2.

- Angel Building, St Johns Street, London built in 2012. A landmark building with offices valued at £370/m^2.

- 210 Pentonville Road, London, a prominent built office block. Central location. Offices valued at £450/m^2.

- 10 Pentonville Road, London, a prominent built office block. Central location. Offices valued at £450/m^2.

21. The Valuation Officer's Form of Returns provided rental evidence as follows.

- The new letting on 1st Floor at Focus Point 21-23 Caledonian Road, London on 30 August 2014 was £375,700 pa. This equates to £487.62/m^2 based over an NIA of 770.47m^2. The rent is on FRI terms over one year.

- The new letting at 46 – 52 Pentonville Road, London on 4 March 2015 was £419,464 pa. This equates to £428.25/m^2 based over the NIA of 979.49m2. The rent is on FRI terms over 10 years with a 5-year rent review with 6 months' rent free.

- The new letting at 14 New Wharf Road, London N1 9RT on 8 September 2014 was £42,000 pa. This equates to £379.92/m^2 (no raised floors and air conditioning) based over the NIA of 110.55m^2. The rent is on FRI terms over 5 years.

- The rent review at Insurance House, 1 Naoroji Street, London WC1X 0JD on 1 A ugust 2015 was £795,000 pa. This equates to £510.70/m^2 (no raised floor and air conditioning) based over a floor area of 1,541.02m^2. The rent is on FRI terms over 10m years which expires in 2025.

22. The rental summary showed a range from £379/m^2 to £510/m^2. This included new lettings and a rent review. Greater weight was given to the lettings within the immediate or similar location close to the valuation date, in particular 14 New Wharf Road and 1 Naoroji Street.

23. In his rebuttal statement, the appellant's representative believed that 1 Naoroji Street was not a useful comparable as this was an award-winning conversion of an 1850s school building to provide the 2000m^2 headquarters of Buro Four. This is an office building with a triple height glazed atrium and good quality open plan office accommodation with good ceiling heights and natural light.

24. 14 New Wharf Road, London, in common with the subject property, was a ground floor office suite in a building that was otherwise all residential. It was similar in terms of quality however had better natural light and ceiling height. The appellant's representative disagreed that it had an inferior location to the subject property as it was located close to Kings Cross Station. It is currently valued on the same scheme as the subject property, which when toned to AVD, was £405/m^2.

25. The panel noted the comments made on the comparable properties by both parties. The appellant's representative had not provided any rental evidence but had relied on the assessments for other office buildings in what he considered were more central/prominent locations which were generally valued at a lower price per m^2 than the subject property to show that the assessment for the subject property was incorrect and unreasonable. However, in examining the location plan, although the appellant's representative had selected office assessments in what he believed to be more prominent/central locations, the panel considered that Margery Street was still a good location within relatively easy reach of a number of underground stations.

26. The Valuation Officer's representative, on the other hand, had provided rental evidence for properties in the locality which she believed supported the existing assessment of £450/m^2.

27. Having examined the evidence presented, the panel found that within the basket of rental evidence, those properties in the immediate locality of the subject property were the most relevant, particularly the evidence supplied for 14 New Wharf Road, which was of a similar fit out with no raised floors or air conditioning and was in the same valuation scheme. This was stronger evidence than the assessment evidence and supported the level of value adopted of £450/m^2 for the subject property. Further, this was the lowest figure within the range of values within the same scheme. The panel believed that this figure appeared fair

and reasonable and therefore no allowances were justified for raised floors and air conditioning.

28. In relation to an allowance for reduced natural light, the panel examined the internal photograph of the offices. It found that the light from the windows and glass doorway appeared to provide adequate natural light. The windows were not obscured by hedging as in the other example in Graham Street. Furthermore, the appellant's representative had accepted that the 90% relativity for the lower ground floor was no longer justified. The panel therefore determined that no allowance for poor natural light was justified.

29. In appeals of this nature the burden of proof rested on the appellant's representative to prove his case for a reduction. However, in the case before the panel, it concluded that he had failed to produce sufficient evidence to justify his claim for the assessment to be reduced. Consequently, the panel was satisfied that the grounds for this appeal was not substantiated, and the appeal was dismissed.

Disposal

30. In view of the above findings and conclusions, the panel is satisfied that the appeal for 34 Margery Street, London WC1X 0JJ should be dismissed.

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Date issued to parties: 12 December 2024

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.