IN THE VALUATION TRIBUNAL FOR ENGLAND
IN THE MATTER OF A 2017 RATING LIST APPEAL

Case No: CHG100610898

Sitting remotely using
Microsoft Teams

Date: 30 May 2025

SCHEDULE 11 TO THE LOCAL GOVERNMENT FINANCE ACT 1988

RATING, Local Government Finance Act 1988, Factory and premises; Compiled List Entry; Price per square metre; Rental evidence/assessment of comparable properties; Lotus and Delta v Culverwell (VO) & Leicester City Council [1976] RA 141; Appeal allowed.

Before:
MRS WJ BRIGGS
MS S BAINS

Between:

FARSHID MOUSSAVI ARCHITECTURE LTD **Appellants**

- and -

(VALUATION OFFICER) **Respondent**

Regarding:
12 TH F FOUNTAIN HSE, 125-135 FENCHURCH STREET, LONDON EC3M 5DJ

(the “appeal properties”)

Mr M Morrison of Ryan on behalf of the Appellant
Mr K Abbaas on behalf of the Respondent

Hearing date: 6 May 2025

DECISION AND STATEMENT OF REASONS

Decision

1. The appeal is allowed.

2. The panel find that the entry in the 2017 rating list is unreasonable and should be reduced to £108,000 rateable value with effect from 1 April 2017.

Introduction

3. Mr Abbaas stated that he was appearing as Advocate and Expert Witness for the respondent.

4. In view of the Upper Tribunal's judgment in Gardiner & Theobold LLP v Jackson (VO) [2018] UKUT 0253 (LC), Mr Morrison declared that he was also appearing for the appellant as Advocate and Expert Witness. He confirmed that his firm was instructed under a conditional or other success-based fee arrangement and that he understood his duty was to the Tribunal, regardless of whether the evidence supported his client's case.

5. 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 Valuation Tribunal for England (Council Tax and Rating Appeals) (Procedure) Regulations 2009 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). It was therefore appropriate for the panel hearing the evidence to consider the 'expert' evidence and assess what weight, if any, to give it in the context of the matters in issue before it.

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

Background

7. The appellant made a proposal on 12 February 2021 to challenge the entry in the 2017 rating list of £124,000 with effect from 1 April 2017. The proposal sought a reduction to £108,000 to reflect a reduced unadjusted rate from £375/m^2 to £325/m^2.

8. The Valuation Officer (VO) did not find the proposal to be well founded, and a Challenge decision was issued on 22 July 2022 maintaining the existing entry in the rating list. An appeal against that decision was received by the Tribunal on 17 November 2022.

9. The appeal property was in the rating list as offices and premises. Fountain House was a small office tower constructed in 1958. Planning permission was approved in March 2016 for the building to be demolished. It was located between Lloyd's of London and the London Underwriting Centre.

10. The issue to be determined by the Tribunal was the correct price per square metre. It was currently in the list at £375/m^2 which Mr Morrison argued was over-assessed and sought a reduced rate of £325/m^2.

Relevant Law

11. The subject property must be valued by the statutory assumptions set out in in Schedule 6 to the Local Government Finance Act 1988 as follows:

“(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.”

12. The material date on which to consider the physical state of the hereditament and its locality was 1 April 2017, when the entry was made in the rating list. The valuation date for the 2017 rating list is 1 April 2015, the antecedent valuation date (AVD).

Discussion

13. Mr Morrison stated that planning permission had been granted in March 2016 for the building to be demolished and as a consequence tenancy agreements back to 2011 had been on short term lettings or with rolling breaks for a number of years to enable the landlord to obtain vacant possession in order to begin the necessary works. He argued that short term lettings often attract a premium and only those hypothetical tenants in the market for short-dated terms and the offer of flexibility would see a year to year lease as being viable.

14. He argued that the building was so dated having only minor refurbishment over the years meant that it was increasingly unsuitable for the modern office tenant. He considered Fountain House to be a grade C building and the only reason it has tenant demand was due to rental values being significantly below all surrounding properties. Given the poor quality of the building, the lack of modernisation and the outdated and fairly unsuitable office space internally, Mr Morrison argued that the tone of £375/m^2 was excessive.

15. The VO had relied on the rent on 8th floor as their sole piece of rental evidence which analyses to £326/m^2 with effect from December 2015. When adjusting the rent for growth between the AVD and December 2015 at the agreed rate of 1.1% per month, it yielded an equated figure of £296.40/m^2.

16. In further support of a reduction, Mr Morrison referred to five pieces of rental evidence between July 2015 and December 2015 which average £332.74/m^2. When he toned this back the AVD, he considered a reduced rate of £325/m^2 to be fair and reasonable. He argued that the highest of all the achieved rents at the AVD was on the 8ft floor, which the VO had cited as the best evidence. Mr Morrison argued that the VO had chosen to take one rent in isolation and not fully considered the basket of rents.

17. Mr Morrison referred to Sackville House, 143-149 Fenchurch Street which was in the immediate proximity to the appeal property and appeared to be an equally poor quality and dated building. It had been agreed from £375/m^2 same as the appeal property to a new rate of £280.59/m^2. There had also been agreements on 1-4 Great Tower Street, another dated and poor quality building at £325/m^2.

18. In response Mr Abbaas referred to the rent on 8th Floor Fountain House as it was a similar grade to the appeal property and closest to AVD. It was let for £100,000 in December 2015 for a one year term. This analysed to £326/m^2. The VO argued that this rent was a starting point. Mr Abbaas argued that the intentions of the owner to demolish the property and only letting the property on short term leases should be ignored and therefore it should command a higher rate per /m^2 than the actual analysis. He argued that it would not be unreasonable for the tenant to seek a 15-25% reduction in the market rent for the inconvenience in repose to a lack of security or tenure, however in rating, this is ignored meaning that a true rate would be around £390/m^2, which supported the current rate of £375/m^2.

19. Having heard all the evidence presented from the parties, the panel determined that the adopted rate that should apply was £325/m^2 as this was supported by the rent on the 8th floor which both parties had relied upon. The panel held this adopted rate was also supported by the agreements in the locality on other poor quality buildings, namely Sackville House and 1-4 Great Tower Street which had been reduced to £280.59/m^2 and £325/m^2.

Determination

20. In view of the above findings and conclusions, the Tribunal finds that the price per square metre should be reduced from £375/m^2 to £325/m^2 equating to a revised rateable value of £108,000 with effect from 1 April 2017.

21. Under the provisions of regulation 38(4) of the Valuation Tribunal for England (Council Tax and Rating Appeals) (Procedure) Regulations 2009, the Valuation Tribunal for England orders the Valuation Officer to reduce the entry in the rating list to rateable value £108,000 with effect from 1 April 2017.

22. Under regulation 38(9), the Valuation Officer must comply with this order within two weeks of the date of its making

23. Any fee paid will be refunded in full in accordance with regulation 13E of the above Regulations

Right of further appeal

24. Any party who is aggrieved at the Tribunal’s decision, and who appeared or was represented at the hearing, has a statutory right of further appeal to the Upper Tribunal (Lands Chamber) pursuant to Regulation 42 of the Tribunal Procedure Regulations. A party does not require permission to appeal from the Tribunal. Any appeal must be made directly to the Upper Tribunal (Lands Chamber) within **four weeks** of the date this decision and statement of reasons is issued.

25. Further information regarding this statutory right of further appeal, and the parties' other rights, is contained in the guidance booklet "*A guide to tribunal decisions"* available on the Tribunal's website at www.valuationtribunal.gov.uk/guidance-booklets/.

Mrs WJ Briggs, Senior Member (Presiding)

Ms S Bains, Senior Member

30 May 2025

Miss K Hendry
Clerk to the Tribunal
Date issued to the parties: 30 May 2025