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

Case No: CHG100680791

Sitting remotely using
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21 September 2026

SCHEDULE 11 TO THE LOCAL GOVERNMENT FINANCE ACT 1988

RATING — Local Government Finance Act 1988 — 2017 rating list — office and premises — valuation tone — material change of circumstances — redevelopment works — level of allowance — appeal allowed in part.

Before:

MR APS CRAWFORD
MR A HETHERTON

Between:

LUTRON EA LTD **Appellant**

- and -

VALUATION OFFICER **Respondent**

Regarding:

LUTRON (INC 101-106 FENCHURCH STREET), PT 4TH F 52-54, LEADENHALL STREET, LONDON EC3A 2BJ
(the "subject hereditament")

Mr F Sutherland of Savills UK, for the Appellant
Mr P Emmerton of the Valuation Office HMRC, for the Respondent

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DECISION AND STATEMENT OF REASONS

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DECISION

1. The appeal is allowed in part.

2. The Tribunal confirms the valuation tone adopted for the subject hereditament but finds that the allowance applied to reflect the material change of circumstances was insufficient. The entry in the 2017 Rating List therefore falls to be altered to £141,000 with effect from 8 May 2019.

STATEMENT OF REASONS

Introduction

3. This appeal arose from a proposal made by the Appellant seeking a reduction in the rateable value of the subject hereditament. The proposal was advanced on two grounds. First, it was contended that the valuation tone adopted for the hereditament was excessive. Secondly, it was contended that the hereditament had been adversely affected by a material change of circumstances arising from the redevelopment works associated with the 40 Leadenhall Street development. The Appellant sought a reduction in the assessment to reflect both contentions.

4. Following completion of the Check and Challenge process, the Respondent issued a Challenge decision notice dated 12 October 2022. The Respondent rejected the Appellant's contentions in respect of valuation tone, but determined that an allowance of 10% appropriately reflected the effect of the redevelopment works. The assessment was consequently altered to a rateable value of £159,000 with effect from 8 May 2019.

5. At the hearing, Mr Sutherland appeared on behalf of the Appellant as both advocate and expert witness. In accordance with the Upper Tribunal's judgment in *Gardiner & Theobald LLP v David Jackson (VO)* [2018] UKUT 0253 (LC), Mr Sutherland confirmed that he was instructed under a success-related fee arrangement. He further confirmed that he understood and accepted that his overriding duty, when giving evidence, was to the Tribunal and that he would comply with that duty, and with the requirements of his professional body, irrespective of whether his evidence supported the Appellant's case.

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

Relevant Law

7. Section 41 of the Local Government Finance Act 1988 (“the Act”) requires the Valuation Officer for a billing authority to compile and maintain a local non-domestic rating list for the authority’s area. Pursuant to section 42 of the Act, that rating list must include each relevant non-domestic hereditament.

8. The term *“hereditament”* is defined by section 64(1) of the Act, by reference to section 115(1) of the General Rate Act 1967, as:

> “property which is or may become liable to a rate, being a unit of such property which is, or would fall to be, shown as a separate item in the valuation list.”

9. Rateable value is defined in paragraph 2(1) of Schedule 6 of the Act, as amended by the Rating (Valuation) Act 1999, as:

> "… 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 the usual tenant's rates and taxes and bear the cost of the repairs and insurance and the other expenses (if any) necessary to maintain the hereditament in a state fit to command the rent mentioned above."

Material Change of Circumstances

10. Paragraphs 2(6) and 2(7) of Schedule 6 to the Act provide that certain matters affecting a hereditament and its locality are to be assessed by reference to the material day when considering whether an alteration to a compiled rating list should be made:

> (6) Where the rateable value is determined with a view to making an alteration to a list which has been compiled (whether or not it is still in force) the matters mentioned in sub-paragraph (7) below shall be taken to be as they are assumed to be on the material day.
>
> …
>
> (7) The matters are—
>
> a) matters affecting the physical state or physical enjoyment of the hereditament,
>
> b) the mode or category of occupation of the hereditament,
>
> …
>
> d) matters affecting the physical state of the locality in which the hereditament is situated or which, though not affecting the physical state of the locality, are nonetheless physically manifest there, and
>
> e) the use or occupation of other premises situated in the locality of the hereditament.

Discussion

11. The subject hereditament comprised office accommodation on part of the fourth floor of the Hallmark Building, 52-54 Leadenhall Street. The agreed area was 373.52m^2. It formed part of a larger office building within the City of London and was occupied at the material time by the Appellant. The building is situated within the City of London, close to Fenchurch Street, Aldgate, Aldgate East, Monument, Bank, Tower Hill and Liverpool Street stations.

Tone

12. The original proposal sought a reduction in the valuation tone adopted for the subject hereditament. The assessment was valued on the basis of an unadjusted rate of £375 per m^2 ITMS, to which additions of 10% for air-conditioning and 5% for raised floors were applied, producing an adjusted rate of £433.13 per m^2. The Appellant had contended that the unadjusted rate should be reduced to £325 per m^2 ITMS. The Respondent did not accept that contention and, following consideration of the available evidence, concluded that the adjusted rate should instead be increased to £475 per m^2 ITMS with effect from 8 May 2019. The issue for the panel was therefore whether the Respondent's adopted tone of £475 per m^2 ITMS was excessive.

13. At the hearing, Mr Sutherland, on behalf of the Appellant, confirmed that the Appellant no longer pursued its original contention that the unadjusted rate should be reduced to £325 per m^2 ITMS. Instead, he submitted that the valuation basis previously adopted in the list, namely an unadjusted rate of £375 per m^2 ITMS, adjusted to £433.13 per m^2 to reflect air-conditioning and raised floors, should be reinstated.

14. Mr Sutherland addressed the lease of the subject hereditament dated 4 July 2017 and confirmed that he accepted much of the Respondent's rental analysis. However, he disagreed with the Respondent's application of a £25 per m^2 fit-out addition. It was submitted that the accommodation had been let in a furnished condition and that the addition therefore resulted in an element of double counting. Mr Sutherland contended that, once that adjustment was removed, the analysed rental evidence supported a figure of £377.90 per m^2 rather than the £475 per m^2 ITMS advanced by the Respondent.

15. Mr Sutherland also relied upon assessment evidence drawn from office hereditaments within the City of London locality. The panel was referred to a schedule of assessments together with supporting material including photographs, floor plans, locational analysis and details of age, refurbishment history and specification. It was submitted that the evidence demonstrated a consistent pattern of assessments below the level contended for by the Respondent and provided support for retaining the earlier valuation basis.

16. Particular reliance was placed upon:

- 3rd Floor, 143-149 Fenchurch Street, valued at £254.50 per m^2 ITMS following Challenge agreement;
- 4th Floor, 38 St Mary Axe, valued at £350 per m^2 ITMS;
- 3rd Floor, 3 St Helens Place, valued at £350 per m^2 ITMS;
- 4th Floor, Holland House, 1-4 Bury Street, valued at £350 per m^2 ITMS;
- 3rd Floor, 17 St Helens Place, valued at £350 per m^2 ITMS;
- Ground to 8th Floors, New Minster House, 17 Bevis Marks, valued at £350 per m^2 ITMS; and,
- 3rd Floor, Minster House, 42 Mincing Lane, valued at £375 per m^2 ITMS.

Mr Sutherland submitted that these hereditaments formed part of a group of office assessments constructed between 1920 and 1940, sharing a similar age profile to the subject hereditament, which was constructed in 1925. He further noted that the adopted values, ranging between £254 and £375 per m^2 ITMS, excluded the benefit of raised floors and air-conditioning, and therefore provided a common framework from which the valuation of the subject hereditament could be considered before any adjustment for those features.

17. He further contended that a number also enjoyed advantages not present at the subject hereditament. In relation to 38 St Mary Axe, it was said that the property benefited from an improved outlook, enhanced public realm and stronger levels of natural light. Similar submissions were advanced regarding 3 St Helens Place and 1-4 Bury Street, both of which were said to occupy more favourable settings and enjoy a superior environment. It was argued that these factors reinforced the Appellant's contention that the subject hereditament should not properly be valued at the level advanced by the Respondent.

18. The panel was also referred to a number of more modern office hereditaments. Mr Sutherland noted that the subject hereditament benefited from raised floors and air-conditioning, resulting in an adjusted rate of approximately £433 per m^2. In that context, he relied upon 4-12 Whittington Avenue (1 Leadenhall Street), which was said to be valued at approximately £360 per m^2 before quantum adjustment and to be superior to the subject hereditament by virtue of its large reception/atrium, prominent entrance and location. He also referred to 150 Leadenhall Street, valued at £400 per m^2, which was said to benefit from a superior double-height reception and column-free floor plates. Mr Sutherland maintained that these hereditaments demonstrated an adjusted level of value below £400 per m^2 notwithstanding their superior characteristics. He further referred to 1 Undershaft (£435 per m^2), the Lloyd's Building (£420 per m^2) and 70 Gracechurch Street (£425 per m^2), each of which was advanced as a superior comparable indicating a value ceiling.

19. Mr Sutherland also relied upon additional assessment and settlement evidence admitted following the Challenge stage. This included:

    - The Willis Building, 51 Lime Street, where the applied price had been reduced from £515 per m^2 to £475 per m^2 by Tribunal consent order;
    - Aldgate House, 33 Aldgate High Street, where the value was said to be supported at £400 per m^2 (adjusted to £380 per m^2);
    - 3rd Floor, 2 Minster Court, where the value had been reduced from £475 per m^2 to £425 per m^2 following Challenge;
    - Bankside House, 107-112 Leadenhall Street, where the value had been reduced from £385 per m^2 to £370 per m^2 (adjusted to £408 per m^2);
    - 1st Floor, Bevis Marks House, 24-25 Bevis Marks, where the value had been reduced from £400 per m^2 to £375 per m^2; and,
    - 100 Leadenhall Street, where the value had been reduced from £500 per m^2 to £462.50 per m^2.

20. On behalf of the Respondent, Mr Emmerton relied principally upon direct rental evidence arising from the Hallmark Building, of which the subject hereditament formed part. The Respondent's evidence demonstrated that the Hallmark Building underwent a comprehensive refurbishment during 2016 and 2017. The refurbishment included the provision of Category A office accommodation, VRF air-conditioning, raised floors, refurbished reception areas, upgraded common parts, lift refurbishment, shower facilities and cycle storage.

21. Mr Emmerton referred the panel to the lease of the subject hereditament dated 4 July 2017, which reserved a rent of £191,835 per annum. Applying the approach identified in *Lotus & Delta Ltd v Culverwell (VO) & Leicester City Council* [1976] RA 141, he submitted that the actual rent passing on the subject hereditament should provide the starting point in the valuation exercise. The Respondent's analysis of the transaction identified a price of £402.90 per m^2 ITMS. Reference was also made to the comprehensive refurbishment of the Hallmark Building, which provided Category A office accommodation, and to the Respondent's approach to fit-out adjustments. Mr Emmerton maintained that office accommodation is commonly let with occupiers installing their own fit out and returning the premises to a Category A condition at lease expiry, such that an adjustment to reflect fit out was appropriate.

22. The panel was also referred to further lettings within the Hallmark Building. These comprised:

    - a letting of 7th Floor, 52-54 Leadenhall Street with effect from 1 August 2017, analysed at £490 per m^2 (£529 per m^2 following fit-out adjustment);
    - a letting of Part 1st Floor, 52-56 Leadenhall Street with effect from 1 October 2017, analysed at £438 per m^2 (£473 per m^2 following fit-out adjustment); and,
    - a letting of Part Ground Floor, 52-54/52-56 Leadenhall Street with effect from 1 October 2017, analysed at £579 per m^2 (£582 per m^2 following fit-out adjustment).

    Mr Emmerton submitted that these transactions represented direct market evidence arising from the same refurbished building and demonstrated rental levels consistent with, and in some instances materially above, the tone contended for by the Respondent.

23. Mr Emmerton further relied upon rental evidence close to the AVD, which pre-dated the refurbishment of the Hallmark Building. This included:

    - a rent review of 5th Floor, 52-54 Leadenhall Street with effect from 1 March 2015, analysed at £452 per m^2 (£488 per m^2 following fit-out adjustment);
    - a letting of Part 2nd Floor, 101-106 Fenchurch Street with effect from 11 May 2015, analysed at £427 per m^2 (£461 per m^2 following fit-out adjustment);
    - a lease renewal of Part 1st Floor, Hiscox Gallery, 101-106 Fenchurch Street with effect from 1 June 2015, analysed at £432 per m^2 (£467 per m^2 following fit-out adjustment); and,
    - a rent review of 6th Floor, 52-54 Leadenhall Street with effect from 15 June 2015, analysed at £437 per m^2 (£472 per m^2 following fit-out adjustment).

    It was submitted that this evidence demonstrated rental levels above the tone previously adopted in the list and that the subject hereditament had therefore been undervalued at an unadjusted rate of £375 per m^2 ITMS

24. The Respondent additionally referred to settled Challenge proceedings concerning 7th Floor, 52-54 Leadenhall Street, Part 1st Floor, 52-56 Leadenhall Street, and Part Ground Floor, 52-54 Leadenhall Street. Each challenged the adopted tone of £475 per m^2 ITMS and concluded without alteration to the valuation level. Mr Emmerton submitted that those outcomes provided further support for the valuation tone adopted from 8 May 2019.

25. The panel carefully reviewed the valuation evidence advanced by both parties. The Appellant relied principally upon assessment evidence drawn from hereditaments within the locality

which, it was contended, demonstrated that the Respondent's adopted tone was excessive. The Respondent, in contrast, relied upon rental and settlement evidence associated with the Hallmark Building.

26. Whilst the Appellant's evidence demonstrated a range of assessment levels within the locality, the panel was not persuaded that it established that the Respondent's adopted tone of £475 per m^2 ITMS was excessive. The panel noted that this evidence was drawn from a number of hereditaments elsewhere in the locality, whereas the Respondent's evidence was derived from transactions and settlements directly associated with the subject building.

27. The panel had regard to the lease of the subject hereditament dated 4 July 2017, together with the other Hallmark Building lettings from 2017 relied upon by the Respondent. Whilst these transactions constituted relevant valuation evidence, they arose more than two years after the AVD. In the panel's judgement, whilst such evidence may provide an indication of value, its persuasive force diminishes as it becomes increasingly removed from the AVD. The panel therefore attached only limited weight to the 2017 rental evidence.

28. The panel also considered the Respondent's evidence closer to the AVD, comprising the March 2015 rent review, the May 2015 letting, the June 2015 lease renewal and the June 2015 rent review. The panel considered these transactions to be of greater assistance given their proximity to the AVD, whilst recognising that rent reviews and lease renewals do not carry the same evidential weight as unencumbered open market lettings.

29. The panel attached the greatest weight to the settled Challenge evidence relating to other assessments within the Hallmark Building. Whilst settlement evidence is not determinative and each hereditament must be considered on its own merits, the panel considered that the consistent outcomes of those Challenges, when viewed alongside the other valuation evidence, provided support for the valuation tone adopted by the Respondent.

30. For these reasons, the panel was not satisfied that the Appellant had discharged the burden of demonstrating that the Respondent's adopted tone of £475 per m^2 ITMS was excessive. The panel therefore concluded that no alteration was warranted in respect of valuation tone.

Material Change of Circumstances

31. The second ground of appeal concerned the level of allowance applied to reflect the material change of circumstances arising from the redevelopment works associated with the 40 Leadenhall Street development. It was common ground that the redevelopment works constituted a material change of circumstances affecting the subject hereditament. The issue for the panel was therefore confined to the extent of the allowance required to reflect the effect of those works.

32. The parties agreed that the material day was 4 December 2019. The panel therefore determined the appeal by reference to the physical circumstances existing on that date and the extent to which those circumstances would have influenced the bid of a hypothetical tenant. Mr Sutherland also confirmed at the hearing that the Appellant accepted 8 May 2019 as the appropriate effective date for any allowance arising from the redevelopment works.

33. Although the Appellant's original proposal sought an allowance of 30%, Mr Sutherland revised that position at the hearing and contended that an allowance of 20% was appropriate. The Respondent maintained that the 10% allowance already applied to the

assessment from 8 May 2019 adequately reflected the impact of the redevelopment works upon the subject hereditament.

34. Mr Sutherland contended that the Respondent's 10% allowance failed to reflect the extent of the disturbance. He referred the panel to the nature and scale of the 40 Leadenhall Street redevelopment scheme, which involved the partial or full demolition of existing buildings and the construction of a substantial office tower and associated structures. The planning documentation described a development comprising two basement levels together with elements rising to 10, 14 and 34 storeys. He submitted that the scale of the scheme was exceptional and would have been expected to result in a prolonged period of significant redevelopment activity.

35. The panel was referred to photographic and plan evidence showing the relationship between the subject hereditament and the redevelopment site. Mr Sutherland maintained that the office directly overlooked the works, that the windows of the accommodation faced the development and that the floorplate did not lend itself to a conventional halving-back approach due to the extent of its exposure. He also noted that the accommodation was fitted with secondary glazing rather than modern double or triple glazing, which, in his view, increased the impact of noise arising from the redevelopment.

36. Mr Sutherland argued that a hypothetical tenant arriving on the scene at the material day would have anticipated continuing disturbance from demolition, excavation, piling, construction traffic, heavy vehicle movements, deliveries, dust, vibration and the associated loss of amenity. He maintained that the relevant exercise required consideration not only of the works underway at the material day itself but also of the likely future progression of the scheme as it would reasonably have been understood at that time.

37. In support of the level of allowance sought, Mr Sutherland relied upon a number of hereditaments where allowances had been adopted to reflect redevelopment works. These included, but were not limited to:

- 1st Floor, Copenhagen House, 5-10 Bury Street (10%);
- 3rd Floor, Finwell House, 26 Finsbury Square (10%);
- 4th Floor (East), 17 St Helens Place (22.5%);
- 1st-4th Floors, 8 Berwick Street (25%);
- 2nd Floor, FIBI House, 24 Creechurch Lane (17.5%);
- Part Level 0 (Rear), 85 Queen Victoria Street, Part Level 2 East, Senator House, 85 Queen Victoria Street and Part Level 1 North, Senator House, 85 Queen Victoria Street (each 25%); and,
- 1st Floor, Bankside House, 107-112 Leadenhall Street (8%).

Mr Sutherland submitted that these examples illustrated the range of allowances adopted where office accommodation was affected by redevelopment works and demonstrated the significance of factors such as the scale of the development, its proximity to the hereditament, the duration of the works and the degree of exposure experienced by the accommodation. He contended that a number of those hereditaments were affected by developments of a lesser scale, were situated further from the works or experienced a lesser degree of disturbance than the subject hereditament yet attracted allowances predominantly ranging from 10% to 25%.

38. The panel was further referred to more recent settlements. These included 5th Floor, 1 Minster Court, Mincing Lane, where a 17.5% allowance had been agreed at Challenge stage, and 2nd and 7th Floors, Salisbury Square House, 8 Salisbury Square, where a 12.5% allowance had been adopted to reflect party wall redevelopment works. Mr Sutherland maintained that these settlements demonstrated that allowances above 10% had continued to be adopted where office accommodation was affected by significant redevelopment activity.

39. Mr Sutherland also relied upon the decisions *in Millers Mutual Association v Cates* (21 Arlington Street) and *Lutron EA Ltd v Ricketts* (4th Floor, Veritas House, 125 Finsbury Pavement), in both of which the Tribunal determined that a 25% allowance was appropriate to reflect neighbouring redevelopment works. Attention was drawn to the Tribunal's analysis of the scale and duration of the works, their proximity to the hereditaments concerned and the disturbance remaining to be experienced at the material day.

40. Mr Sutherland submitted that the authorities and settlements demonstrated a range of allowances from 12.5% to 25%, with the higher allowances generally being adopted where redevelopment works were of significant scale, extended duration or close proximity to the hereditament concerned.

41. Mr Sutherland was critical of the evidence relied upon by the Respondent, contending that several of the hereditaments cited occupied materially different positions in relation to the development site, were situated at greater distances from the works, enjoyed a reduced degree of overlooking, were less susceptible to the effects of the redevelopment works, or possessed floorplates capable of analysis by way of a conventional halving-back approach. By contrast, he emphasised the direct overlooking of the redevelopment site, the degree of exposure experienced by the accommodation and the fact that it did not benefit from the characteristics of a modern sealed office environment. In his view, those factors materially increased the impact of noise, dust and disturbance, distinguished the subject hereditament from the Respondent's comparables and rendered the Respondent's evidence an unreliable guide to the appropriate level of allowance. He therefore maintained that the scale, proximity and anticipated duration of the redevelopment works justified an allowance of 20%, which most accurately reflected the effect those works would have had upon the bid of a hypothetical tenant at the material day.

42. On behalf of the Respondent, Mr Emmerton maintained that the existing 10% allowance appropriately reflected the effect of the redevelopment works upon the subject hereditament. In his view, the Appellant's proposed allowance overstated the degree of disturbance that would have been anticipated by the hypothetical tenant at the material day.

43. Mr Emmerton contended that the works most relevant to the appeal were those associated with 108 Fenchurch Street and maintained that not all elements of the wider redevelopment would have affected the subject hereditament to the same degree. In particular, he argued that other parts of the development site were situated at greater distances from the subject hereditament and would therefore have generated a lesser degree of disturbance.

44. Mr Emmerton further observed that access to the building remained available from both Leadenhall Street and Fenchurch Street and contended that neither entrance directly faced the redevelopment site. He also noted that the subject hereditament was situated within a busy central London environment where construction activity, traffic, noise, dust and vibration were commonplace features of the locality.

45. He also submitted that the correct approach was to consider the circumstances existing at the material day together with the future progression of the scheme as it would reasonably have been understood by a hypothetical tenant coming fresh to the scene. In that regard, he maintained that the redevelopment would have been viewed as a temporary event affecting occupation for a finite period rather than a permanent characteristic of the hereditament.

46. Mr Emmerton was critical of the comparator evidence relied upon by the Appellant. He maintained that those examples arose from different developments, different physical circumstances and different levels of exposure to the works. In his view, such evidence could provide no more than a broad indication of approach and could not establish the appropriate allowance for the subject hereditament.

47. Reliance was instead placed upon evidence arising from hereditaments affected by the same redevelopment scheme. Mr Emmerton referred to:

    - 4th Floor, 107 Fenchurch Street, where a 10% allowance had been adopted at Check stage and not subsequently challenged;
    - assessments within 104-106 Leadenhall Street, where allowances of 2.5% had been applied at Challenge stage;
    - assessments within 25 Fenchurch Avenue, where allowances of 5% had been applied at Challenge stage; and,
    - the left and right-hand sides of 3rd Floor, 107 Fenchurch Street, where 10% allowances had been adopted at Check stage and not challenged.

    Mr Emmerton maintained that this evidence provided a reliable guide to the appropriate level of allowance because the hereditaments were affected by the same redevelopment works.

48. Particular emphasis was placed upon Part 3rd Floor West, 101-106 Fenchurch Street, where a 10% allowance had been agreed at Challenge stage, and 2nd Floor, 101-106 Fenchurch Street (Weightmans), where a 4.5% allowance had been adopted. Mr Emmerton noted that both assessments formed part of the same building as the subject hereditament and maintained that they therefore provided particularly persuasive evidence of the level of allowance appropriate in the present appeal.

49. Drawing his evidence together, Mr Emmerton maintained that the level of disturbance anticipated at the material day was adequately reflected by the existing 10% allowance. He contended that the Appellant's proposed allowance failed to give sufficient weight to the evidence arising from hereditaments affected by the same redevelopment scheme and consequently overstated the effect of the redevelopment works upon the subject hereditament.

50. The panel noted the scale of the redevelopment works, their proximity to the subject hereditament and the extent to which the accommodation directly overlooked the development site. The panel was satisfied that a hypothetical tenant at the material day would have anticipated a substantial and prolonged period of disturbance arising from the continuing works.

51. The panel attached particular weight to the degree of exposure experienced by the accommodation, its proximity to the redevelopment works and the fact that it did not comprise a modern sealed office environment. The panel noted that the configuration and depth of the floorplate afforded limited opportunity for the effects of the works to be masked

within the accommodation. In the panel's judgement, these factors materially increased the impact of noise and disturbance arising from the redevelopment works.

52. Having regard to the evidence as a whole, the panel was satisfied that the existing 10% allowance did not adequately reflect the effect of the redevelopment works upon the rental value of the subject hereditament. The panel therefore determined that an allowance of 20% more appropriately reflected the disadvantage arising from the material change of circumstances.

Conclusion

53. For the reasons set out above, the panel was not satisfied that the Appellant had established that the Respondent's adopted valuation tone of £475 per m^2 ITMS was excessive. No alteration was therefore warranted in respect of valuation tone.

54. In relation to the material change of circumstances, the panel concluded that the existing 10% allowance did not adequately reflect the effect of the redevelopment works associated with the 40 Leadenhall Street scheme upon the rental value of the subject hereditament. The panel determined that an allowance of 20% more appropriately reflected the disadvantage arising from those works.

55. Accordingly, the appeal was allowed in part.

56. The revised assessment for the subject hereditament was therefore:

COMPONENT PARTS OF PROPERTY			
Description	**Area m^2/unit**	**£ per m^2/unit**	**Value (£)**
Office accommodation	373.52	475.00	177,422
Less 20% MCC allowance			(35,484)
		Valuation sub-total	141,938
		Say RV	141,000

57. Pursuant to Regulation 38(4) and (9) of the Valuation Tribunal for England (Council Tax and Rating Appeals) (England) Regulations 2009, the Respondent is ordered to alter the entry in the 2017 Rating List for the subject hereditament to a rateable value of £141,000 with effect from 8 May 2019. The Respondent shall comply with this order within two weeks of the date of the decision.

58. As the appeal has succeeded in part, any fee paid will be refunded in full in accordance with Regulation 13E of the above Regulations.

Right of further appeal

59. 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) using Form T385 (Notice of appeal) within **four weeks** of the date this decision and statement of reasons was issued.

60. 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/.

Mr APS Crawford, Senior Member (Chair)
Mr A Hetherton, Senior Member
25 September 2026

Mrs S Thompson,
Clerk to the Tribunal
Date issued to the parties: 25 September 2026