**VALUATION TRIBUNAL FOR ENGLAND**

*2017 Rating List appeal: Local Government Finance Act 1988; offices; tone of the rating list; rental evidence, appeal dismissed.*

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| APPEAL NUMBER: | CHG100732016 | |
| RE: | 2nd Floor Front Heathcoat House, 20 Savile Row, London W1S 3PR (the “subject property”) | |
| BETWEEN: | Voriana Capital Partners LLP | Appellant |
| | and | |
| | Andrew Ricketts (Valuation Officer) | Respondent |
| SITTING: | *remotely using Microsoft Teams* | |
| ON: | 28 January 2025 | |
| BEFORE: | Mr G McGill, Presiding Senior Member<br>Mr G Bhakar, Senior Member | |
| CLERK: | Mrs A Sloan | |
| APPEARANCES: | Mr D Semple (Ryan Property Tax Services Ltd, representing the appellant)<br>Mr C Cates (representing the Valuation Officer) | |

**DECISION AND STATEMENT OF REASONS**

## Decision

1. The appeal is dismissed.

2. The panel made no alteration to the entry in the rating list and confirmed the rateable value (RV) at £141,000 with effect from 1 April 2017.

## Introduction

3. The appellant made a proposal on 23 September 2021 to challenge the entry in the 2017 Rating List of £141,000 with effect from 1 April 2017. The proposal sought a reduction to £131,000 as the appellant considered the valuation unreasonable. The Valuation Officer (VO)

did not agree, and a Challenge decision was issued on 21 April 2023 maintaining the existing entry in the rating list. An appeal against that decision was received by the Tribunal on 17 August 2023.

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

5. The panel accepted Mr Semple's 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 the proceedings.

**Issue and Relevant Law**

7. The subject property is valued as an office and premises on the second floor of a multi occupancy building. The building is located on the corner of Saville Row and New Burlington Street in the Mayfair area of London. The building has ten floors and there is a retail unit on the basement and ground floor. The office accommodation covers the first to eighth floors, with the subject property being located on the second floor.

8. The issue to be determined by the panel was whether the existing valuation, based on £750/m$^2$ was unreasonable. Mr Semple sought a reduction to £700/m$^2$.

9. 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). The rateable value (RV) must represent the statutory definition of the annual rent the property might reasonably achieve from year to year, assuming the tenant is responsible for repairs and insurance, with effect from 1 April 2015.

10. Both parties referred to the Lands Tribunal judgment of *Lotus & Delta Ltd v Culverwell (VO) and Leicester City Council* [1976] RA 141, which provided guidance on the weight to be applied to different forms of evidence.

**Discussion**

11. In accordance with *Lotus and Delta*, the panel first considered the rent agreed on the subject property. The rent was effective from 27 November 2014, less than five months before the AVD, at £164,400 per year for a term of eight years and four months. There was a ten-month rent-free period at the beginning of the lease and provision for a further ten months rent-free if the tenant did not take the break option in 2019. Mr Semple analysed this rent to

£672.08/m$^2$ and contended that this meant the existing valuation at £750/m$^2$ was not reasonable.

12. The VO's position was that the range within the scheme for 20 Saville Row varied from £750/m$^2$ to £825/m$^2$ and the current valuation sat at the lower end of that scale. Mr Cates contended that the subject rent, while the starting point of any valuation under *Lotus and Delta*, must be tested against the basket of available rental evidence. The VO had analysed the subject property's rent over the full eight-year term and arrived at an analysed unit price of £742.82/m$^2$. Toned to the AVD, the VO relied on a unit price of £772.53/m$^2$. Mr Cates submitted that the subject property benefits from a corner location and the second floor had been refurbished by the landlord in 2009 to Grade A standard.

13. The panel found that the subject property's rent must carry weight as it was a new let and agreed close to the AVD. It understood that the variation in the unit price presented by the parties was due to their different approaches to the analysis of the rent and treatment of the rent-free periods. Whereas the VO had analysed over the full eight-year term, Mr Semple had analysed to the break date in September 2019. The panel therefore considered that other rents in the same building must be examined to test the market at the AVD.

14. Agreed at a similar time to the subject property was the rent on 1st Floor Front of Heathcoat House. This was a rent review from 2 October 2014 at £175,840, which the VO had analysed to £758.36/m$^2$. Although the panel placed slightly less weight on a rent review over a new lease, it found that this rent was still useful evidence of the market in the building close to the AVD and supported the existing valuation at £750/m$^2$.

15. Also on the first floor was a new lease for 1st Floor Rear of Heathcoat House from 24 July 2015, less than four months after the AVD. This rent was for £210,210, which the VO analysed to £275,760 and £1,012.22/m$^2$. Mr Semple contended that this rent was out of kilter with values in the building and should carry little weight. The panel noted that the VO had not taken his analysis as the basis of the valuation for the property, but had valued this hereditament at £750/m$^2$, the same as the subject property. It found that the rent must be considered as part of the basket of evidence as it was a new lease agreed close to the AVD. This office is 84.29 metres larger than the subject property, but the rent agreed on both first floor offices suggested the VO's analysis of the subject property's rent was more likely to be correct and £750/m$^2$ did not appear excessive.

16. In support of his case for a reduction on the subject property, Mr Semple presented a number of examples from 18 Savile Row, next door to the subject property. He submitted that offices on the first to seventh floors had all been agreed and reduced in 2020 from £750/m$^2$ to £700/m$^2$ and he considered the same should apply to the subject property. Mr Semple contended that 18 Savile Row is comparable to the subject property as it is of similar age and layout and the VO had valued both buildings at £750/m$^2$ when compiling the list, suggesting it was considered a good comparable property. Mr Cates submitted that the VO had reviewed rental evidence in 18 Savile Row since the list was compiled and the reductions were agreed because the rents in that building did not support a tone of £750/m$^2$. The panel noted Mr Semple's submissions but found that the strongest evidence must be the rents in the same building as the subject property. It was not disputed that 18 Savile Row was only next door and did appear comparable in character, but the rents in the subject property cannot be ignored and the panel concluded the rents in 20 Savile Row supported the existing tone.

17. Mr Semple submitted that his revised valuation at £700/m$^2$ included a 5% allowance to reflect the fact that the subject property does not have raised floors. Photographs of the floor boxes were provided in his evidence and examples of offices on the fourth to seventh floors of 20 Savile Row where a 5% allowance had been given for this reason. At the hearing Mr Cates accepted that this level of raised floor is less than would usually be expected for Mayfair offices and it would not be considered full access raised floors. He did not consider a 5% allowance was justified but suggested that a 2.5% reduction in the unit price may reflect the disadvantage. However, he submitted that the lack of the expected full access raised floors did not appear to have harmed the desirability of the offices and rents in the building suggested £750/m$^2$ was not unreasonable.

18. After considering all the evidence presented, the panel did not consider that the appellant had discharged the burden of proof in demonstrating the existing valuation for the subject property was unreasonable. It found that it could not place more weight on rents or comparisons with offices in a neighbouring building when there was stronger evidence of the market close to the AVD in the subject property's building. The rent on the subject property had caused some confusion due to the parties' differing approaches to the analysis but the panel found that the other rents on the first floor supported the VO's analysis. The rent on the first floor from July 2015 analysed higher than the unit price used in the valuation and Mr Semple contended it was too high for the building, reflecting the rents usually paid for superior office accommodation. However, the panel found that this rent should not be so readily disregarded. It was evidence of an open market transaction close to the AVD one floor below the subject property and therefore carried weight. The VO had correctly not taken any rent in isolation, including the subject property, but had taken a 'stand back and look' approach considering the basket of rents available.

19. The panel noted Mr Semple's comments regarding the issue of raised floors and the assessments on the higher floors of 20 Savile Row demonstrating a reduction had been given. However, it found that the rents agreed on the first and second floors of the building compelling and they supported the existing valuation at £750/m$^2$. There was sufficient rental evidence in the subject property's building without looking at neighbouring properties. Regardless of the similarities between 18 and 20 Savile Row, the panel concluded that the rents agreed in Heathcoat House close to the AVD suggested it was more valuable than its neighbour and they were the best evidence of value. Therefore, it found that £750/m$^2$ was not unreasonable.

**Disposal**

20. In view of the above findings and conclusions, the panel confirmed the existing valuation at £141,000 from 1 April 2017 and dismissed the appeal.

**Date issued to parties:** 13 February 2025

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**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.

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