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; appeals allowed-in-part.

APPEAL NUMBERS: CHG100394282, CHG100732039 and CHG100409174

RE: 1st Floor Knollys House, 47 Mark Lane, London EC3R 7QH
2nd Floor Knollys House 47, Mark Lane, London EC3R 7QQ
Part 4th Floor East 47, Mark Lane, London EC3R 7QQ
(the "subject properties")

BETWEEN: AmTrust Management Services Limited
Coforge Advantagego Limited
ARB International Limited — Appellants

and

Andrew Ricketts
(Valuation Officer) — Respondent

SITTING: *remotely using Microsoft Teams*

ON: 25 February 2025

PANEL: Miss S Ballentine, Presiding Senior Member
Prof P Catterall, Member

CLERK: Mrs H Beresford

APPEARANCES: Mr M Morrison of Ryan Group, representing the Appellants
Mr A McKillop, Representing the Respondent

DECISION AND STATEMENT OF REASONS

Decision

1. The appeals are allowed-in-part.

2. The tone for the subject properties was reduced from £420/m^2 to £410/m^2 resulting in rateable values (RV) as follows:

Appeal	RV
1st Floor Knollys House	£535,000 with effect from 1st April 2017
2nd Floor Knollys House	£535,000 with effect from 1st April 2017
Part 4th Floor East	£206,000 with effect from 1st April 2017

Introduction

3. The appeal process began with proposals made by the appellant's representative against the entries in the 2017 rating list as follows:

Appeal	Proposal	VOA Decision	Appeal	£/m^2	RV £
1st Floor Knollys House	09 09 2020	09 12 2021	18 02 2022	420.00	545,000
2nd Floor Knollys House	23 09 2021	09 12 2021	18 02 2022	420.00	545,000
Part 4th Floor East	29 09 2020	09 12 2021	18 02 2022	420.00	211,000

4. The appellant's representative proposed revised assessments from based on a reduced tone of value for main space of £390/m^2.

Appeal	Proposed RV
1st Floor Knollys House	£505,000 with effect from 1st April 2017
2nd Floor Knollys House	£505,000 with effect from 1st April 2017
Part 4th Floor East	£196,000 with effect from 1st April 2017

5. Mr Morrison appeared on behalf of the appellants 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), the representative confirmed that he was instructed under a conditional fee arrangement. He declared that he understood and accepted that his duty was 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 or not the evidence supported the client's case.

6. The panel accepted this expert witness evidence on the above basis as the parties agreed the appeal was not complex and to do otherwise would be contrary to regulation 3 (Discharge of Valuation Tribunal for England (VTE) functions – general) of the Procedure regulations and was 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). The panel therefore considered the "expert" evidence and attached such weight to it as it saw fit.

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

Background

8. The subject properties are situated within Knollys House, 47 Mark Lane, London EC3R 7QH. The building was constructed circa 1964 with refurbishment in 2008-2010. The building is arranged over eight floors including basement and ground floors and incorporates basement carparking, ground floor retail and office accommodation above with raised floors and air-conditioning.

9. The property is situated on the east side of Mark Lane with frontage to Byward Street and Great Tower Street. London Fenchurch Street station and Monument and Tower Hill Underground stations are within close proximity. Surrounding development comprises a mixture of uses including offices, retail, bars and restaurants.

10. The only issue for the panel to address was the £/m^2 for the subject properties.

Relevant Law

11. 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 being responsible for all rates, taxes, repairs and insurance. In respect of all entries in 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).

12. The subject hereditaments must be valued for the purpose of non-domestic rating on the basis of the rent at which they 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.

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

14. Matters that affected the physical state or enjoyment of the property or the locality are 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 hereditaments, the material day is 1 April 2017.

Discussion

15. The Lands Tribunal judgment in *Lotus and Delta* v *Culverwell (VO) and Leicester City Council* [1976] RA 141 provided authoritative guidance on the weight to be attached to rental and assessment evidence. The rent on the subject property was considered to be the correct starting point but, where available, rents on similar properties were also to be considered. The assessments on other comparable properties may also be relevant. All of the evidence could then be weighted.

16. Mr Morrison referred to three key rents to support his argument that the £/m^2 for the subject properties should be reduced to £390/m^2.

Property	Rent £	Date Agreed	Analysed Rent £/m^2	
			IP	VOA
6th Floor East Front	82,498	23 April 2015	£495/m²	£489/m^2
3rd Floor Knollys House	569,665	1 February 2016	£403/m²	£404/m^2
2nd Floor	570,800	25 March 2016	£405/m²	£407/m^2

17. Mr Morrison argued that two of these rents are below the £420/m^2 adopted by the Valuation Officer. With regard to 6th Floor East Front, he was of the opinion that this was an outlier and inflated due to the view of Tower Bridge from the 6th floor and due to the size of the office which was 163.76m^2, considerably smaller than 3rd and 2nd floor which were 1353.25m^2 and

1306.00m^2 respectively. The panel found this to be useful evidence, and it attached some weight to it, however, it noted that all rents analysed to a value above £400/m^2. It also noted that it is not uncommon for a higher floor with views to have an adjusted RV to reflect views, roof terraces etc.

18. Mr Morrison also referred to 1st, 6th and 4th Floors 50 Mark Lane, an adjoining building, these offices had a tone of £390/m^2 and were in his opinion of a higher quality having been built in 1995, 30 years after the subject properties, and had been renovated in 2008.

19. Mr Morrison had also provided evidence of a recent agreement for nearby, 4th Floor Level, 90, Fenchurch Street, London, EC3M 4BY, which had been agreed from £420/m² to £380/m². This property was built in 1990.

20. The panel noted that despite the subject properties being 1960s builds, the parties both agreed that they had been given a £25/m^2 uplift for fit out as it had been refurbished to a high standard. The panel also noted that neither 50 Mark Lane nor 90, Fenchurch Street, had been given a £25/m^2 uplift for fitout and in light of this the panel could attach only moderate weight to this evidence.

21. Mr McKillop argued that in line with the authority, *Lotus and Delta* v *Culverwell,* particular attention should be paid to the basket of rental evidence available in Knollys House, 47 Mark Lane, which in his opinion support a tone of £420/m^2. He referred the panel to photographs of Knollys House, which he believed showed it to be, a superior property with a glass frontage which had been redeveloped rather than refurbished and no longer having the look of a 1960s building. The panel noted that Mr Morrison had inspected the 1st Floor of Knollys House, and his view was that the property still had some disadvantages of a sixties build internally, including columns and a smaller lift shaft.

22. Considering the basket of evidence of rents in Knollys House and the other arguments made by the parties, the panel determined that the respondent's tone of value for main space for the subject hereditaments should be reduced to a value of £410/m^2 resulting in RVs as follows:

Floor	Description	Area m^2/unit	£/m^2	Value
1st Floor Knollys House	Office	1306.00	£410	£535,460
Total area		1306.00	Sub Total	£535,460
			Total	£535,460
			RV	**£535,000**

Floor	Description	Area m^2/unit	£/m^2	Value
2nd Floor Knollys House	Office	1306.00	£410	£535,460
Total area		1306.00	Sub Total	£535,460
			Total	£535,460
			RV	**£535,000**

Floor	Description	Area m^2/unit	£/m^2	Value
Part 4th Floor East	Office	503.12	£410	£206,279
Total area		503.12	Sub Total	£206,279
			Total	£206,279
			RV	**£206,000**

Disposal

23. In view of the above findings and conclusions, the Tribunal panel was satisfied that a reduction in the rating list entry was warranted. The appeals were therefore allowed-in-part.

Order

24. In accordance with Regulation 38(4) and (9) of the Valuation Tribunal for England (Council Tax and Rating Appeals) (Procedure) Regulations 2009, the respondent is ordered to alter the subject hereditaments' entries in the rating list to:

Appeal	RV
1st Floor Knollys House	£535,000 with effect from 1st April 2017
2nd Floor Knollys House	£535,000 with effect from 1st April 2017
Part 4th Floor East	£206,000 with effect from 1st April 2017

25. The respondent must comply with this order within two weeks of its making.

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

Date issued to parties: 18 March 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.