VALUATION TRIBUNAL FOR ENGLAND

2017 Rating List Appeal: Local Government Finance Act 1988; Relativity to be applied for lack of natural light; Appeal dismissed.

APPEAL NUMBER:	CHG100794067
RE:	PT LEVEL 1 (E) THAMES HOUSE VINTNERS PLACE, 68 UPPER THAMES STREET, LONDON EC4V 3BJ (the "subject property")
BETWEEN:	Miki Travel Limited (represented by Altus Group) — Appellant and Andrew Ricketts (Valuation Officer) — Respondent
SITTING:	*remotely using Microsoft Teams*
ON:	6 November 2024
BEFORE:	Mr OL Roberts, Presiding Senior Member Mr WJ Read, Senior Member
CLERK:	Mrs S Hodgson IRRV(Dip)
APPEARANCES:	Mr Barney for the appellant Mr Cates for the respondent

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DECISION AND STATEMENT OF REASONS

Decision

1. The appeal is dismissed.

2. The Tribunal Panel determined the rateable value (RV) of the subject property at £152,000 with effect from 21 May 2021.

Introduction

3. This was a 2017 rating list appeal. The subject property had been entered in the 2017 rating list as “Offices and Premises” at an RV of £186,000 with effect from 21 May 2021.

4. The challenge proposal was submitted by Altus Group on behalf of Miki Travel Limited and was received by the Valuation Officer (VO) on 8 April 2022. It had been made on the grounds that the RV shown in the rating list was wrong and proposed a revised RV of £68,000 for the subject property by way of a reduction in the unadjusted base rate and an adjustment to the relativity applied for a lack of natural light.

5. The VO issued a challenge case decision notice on 21 September 2022. The VO’s decision found the RV to be unreasonable and the unadjusted base rate was reduced from £435psm to £375psm, and an additional 5% allowance was granted which brought the end allowance to 10%. These amendments reduced the RV of the subject property to £152,000.

6. 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) he confirmed that he was instructed under a contingency fee. He declared that he understood and accepted that his duty was to the Tribunal in giving his evidence and that 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.

7. The panel accepted this expert witness evidence on the above basis as the appeal was not complex and to do otherwise would be contrary to regulation 3 (Discharge of 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).

8. The panel therefore considered the expert evidence and attached such weight to it as it saw fit.

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

Background

10. The subject property is an office located in Thames House in London. It is on the ground floor of a nine-storey building that was built in 1911 and due to the slope of the building, part of the office is on the lower ground floor. The subject property measures 453.92m^2.

11. The subject property, referred to as Office 3 in the floor plans, was previously part of a larger hereditament that incorporated Office 1, Office 2, and Office 3. That hereditament was in the rating list with a 0.4 relativity of the base rate for the area now known as Office 3. In the previous assessment Office 3 was listed as 400.13m^2, this has been amended to 453.92m^2 when the hereditament was split.

Relevant Law

The Local Government Finance Act 1988

12. Schedule 6 of the Act provides that:

2(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.

13. In respect of an appeal against an entry in the 2017 rating list, the rental levels are to be taken as those passing at the antecedent valuation date (AVD) of 1 April 2015, in accordance with the Rating Lists (Valuation Date) (England) Order 2014 (SI 2014 No. 2841).

14. The material day (the date by which physical factors have to be taken into account) was provided by the Non-Domestic Rating (Material Day for List Alterations) Regulations 1992 (SI 1992 No. 556) as amended. In respect of the subject appeal, the material day is 21 May 2021.

Discussion

15. There was a lease in respect of the subject property with effect from 28 May 2021 for £209,560 per annum. This was a described as a surrender/renewal of the 2008 lease which had been for a hereditament that included the subject property in addition to two other offices in the building. It was the panel's opinion that the rent was not useful as it was agreed five years after the AVD.

16. The panel heard from Mr Barney that prior to the hereditament being split, it incorporated the current assessment and Office 1 and Office 2 from the floor plan within the evidence bundle. He contended that when the hereditament was larger, 'Office 3' was listed in the valuation with a relativity of 0.4. Whilst the panel accepted that this was previously the case, the appeal before it was for a new hereditament with an amended area and should be valued as such.

17. Mr Barney contended that basement accommodation was generally valued with a 0.5 relativity of the main space and that the subject property was akin to basement accommodation with no natural light. He had provided an agreed challenge with a 0.5 relativity on basement accommodation which measured 842.59m^2 at 16 Finsbury Circus. A photograph had been provided of this office. A table was also provided that showed 0.5 relativity agreed on a further five assessments. No further details or photographs were provided of these assessments.

18. Mr Cates argued that where 0.25 and 0.5 relativities were applied for lower ground floor and basement accommodation, it was based on rental evidence. It was his opinion that, as Mr Barney had not provided any rental analysis for the assessment being appealed, an increased discount was not warranted.

19. The panel heard from the parties that the floor within the subject property sloped downwards, and it was not on the side of the building that had views of the River Thames. The panel noted from the floorplans that the subject property was on the same level as Office 1 and Office 2, however Mr Barney stated it was necessary to descend down some stairs to the subject property. The panel found that based on the oral submissions and floorplans before it, it was satisfied that the subject property was located on the ground floor of the building with part sloping into the lower ground floor.

20. It was the panel's view that there was limited evidence before it to find that the current RV was unreasonable. The unadjusted base rate had already been reduced to £375psm as agreed between the parties. The panel had reviewed the photographs and descriptions, both within the evidence bundles and from the oral submissions at the hearing and were not persuaded that a greater allowance was warranted for a lack of natural light. The photographs demonstrated that there were areas of light within the subject property and a 10% allowance had already been applied where it lacked.

21. The subject property was located on the ground floor, with part into the lower ground floor, so the panel did not find that the relativities for basement accommodation, or for full lower ground floor accommodation, would apply. There was only one photograph provided of comparable assessments to compare the subject property with. The panel noted that was of a basement office and therefore, in isolation, did not find it provided sufficient evidence for a reduction at the subject property.

Disposal

22. In view of the above findings and conclusions, the Tribunal Panel was satisfied that the RV of £152,000 with effect from 21 May 2021 for the subject property was not unreasonable. Therefore, the appeal was dismissed.

Date issued to parties: 16 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.
