VALUATION TRIBUNAL FOR ENGLAND

Non-Domestic Rating Appeal: Local Government Finance Act 1988; Accuracy of the RV in the Rating List; Offices and Premises; Rental and assessment comparable evidence; Tone; Appeal allowed in part.

APPEAL NUMBER: CHG100821310

RE: Bst and Gnd floors, 41 Great Guildford Street, London SE1 0ES (the "subject property")

BETWEEN:	Rima Design Limited	Appellant
	and	
	Mr A Ricketts	
	(Valuation Officer)	Respondent

SITTING: *remotely using Microsoft Teams*

ON: Thursday 22 May 2025

BEFORE: Mr A Hussain, Senior Member

CLERK: Mrs S D Morgan

APPEARANCES: Mr M Morrison – Appellant's representative (Ryan Property Tax Services UK Ltd)

Ms I Roberts – Valuation Officer's representative

DECISION AND STATEMENT OF REASONS

Decision

1. The appeal is allowed in part.

2. I confirmed a revised rateable value (RV) of £64,500 with effect from 18 August 2017.

Introduction

3. This is a 2017 rating list appeal. Bst and Gnd floors, 41 Great Guildford Street, London SE1 0ES (the subject property) had been entered into the 2017 rating list as 'offices and premises' at a RV of £69,000 with effect from 18 August 2017.

4. The challenge proposal was submitted by Altus Group now known as Ryan Property Tax Servies Ltd on Rima Design Limited and was received by the Valuation Officer on 24 June 2022. It had been made on the grounds that proposer disputes the RV in the Rating List. The Valuation Officer issued a challenge case decision notice which disagreed with the proposed alteration of the list and stated that the rating list entry was reasonable based on the evidence and information available.

5. In accordance with regulation 13A of the Non-Domestic Rating (Alteration of Lists and Appeals) (England) Regulations 2009, the appeal to this Tribunal has been made on the grounds that the valuation for the hereditament is not reasonable. The appeal was lodged by the appellant's representative on behalf of the appellant and received by the Tribunal on 21 September 2023.

6. Mr Morrison appeared on behalf of the appellant as advocate and expert witness. In view of the Upper Tribunal's judgment in *Gardiner & Theobald LLP v David Jackson (VO)* [2018] UKUT 0253 (LC), Mr Morrison explained that he was instructed on a contingency fee basis and he declared that he understood and accepted his duty 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 the evidence supported the client's case.

7. I 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 Procedure regulations 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).

8. Ms Roberts appeared on behalf of the Valuation Officer acting as advocate.

9. Under Tribunal Business Arrangements, I could hear this appeal alone, as the other member selected to attend this hearing had personal issues which could not be avoided on the day and was therefore unable to participate in the hearing.

10. The hearing was held remotely via Microsoft Teams.

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

Background

12. The evidence bundles before the panel comprised of the evidence disclosed and exchanged during the challenge. It included comparable assessments, location plans, photographs of the subject property and comparable properties and the parties' skeleton arguments.

13. The subject property was built in 1894 and described as being akin to a studio/workshop with no comfort cooling, raised floors, very limited natural light with exposed serviced and pillars throughout according to the appellant's representative. The marketing particulars for the subject property stated that there was also a shared small communal gated courtyard at the

rear ground floor, directly accessed from the office. Excellent natural light on both floors with its own entrance from the doorway on Great Guildford Street. The office accommodation was over the basement and ground floors. The total area for the subject property was 218.39m^2. There were residential apartments on the upper floors of the building.

14. The unadjusted main space price of £400/m^2 was in dispute. The appellant's representative contended for a main space price of £300/m^2 with a proposed revised figure of £51,500 RV with effect from 18 August 2017. The Valuation Officer's representative believed the existing assessment was fair and reasonable.

Relevant Law

15. Rateable value is to be determined in accordance with paragraph 2(1) of Sch.6 to the Local Government Finance Act 1988, which provides:

"(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.

Discussion

16. The subject hereditament must be valued for the purpose of non-domestic rating on the basis of the rent at which it 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.

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

18. Matters that affected the physical state or enjoyment of the property or the locality were 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 hereditament, the material day was 1 April 2017.

19. In the case under consideration, I had analysed the competing evidence having regard to the authoritative guidance in *Lotus & Delta v Culverwell (VO) and Leicester City Council* [1976] RA141. The rent on the subject property is considered to be the correct starting point but, where available, rents on similar properties are also to be taken into account. The assessments on other comparable properties may also be relevant. All of the evidence can then be weighted.

20. Looking at the appellant's representative evidence first, he did not provide any rental evidence but had relied on comparable assessments from the following which covered various valuation schemes and levels of value.

    29, Great Guildford Street, London, SE1 0ES = £325/m^2
    Unit 438 Metal Box Factory 30, Great Guildford Street, London, SE1 0HS = £400/m^2
    Units 132 - 134 at 16 - 18, Great Guildford Street, London, SE1 0HS = £310/m^2
    72, Great Suffolk Street, London, SE1 0BL = £250/m^2
    Office pt gnd flr 132a, Webber Street, London, SE1 0QL = £308.75/m^2
    Unit A, The Copperfields, Copperfield Street, London, SE1 0EN = £300/m^2

21. The appellant's representative contended that the units within the Metal Box Factory, 30 Great Guildford Street, London SE1 0HS had had reductions to their unadjusted rate based on comparable assessments. He argued that The Metal Box Factory was more superior with large communal areas, showers, breakout and meeting rooms with a reception on entrance and that the subject hereditament current value at £400/m^2 should be valued less and in line with the reductions on Great Guildford Street, particularly in relation to the quantum level. The quantum levels showed that an area above 200/m^2 had been reduced from £400/m2 down to £300/m2. There had also been agreements of purpose built and fully refurbished offices on the subject street at a much lower unadjusted rate and therefore he considered that the subject property should be valued in line with these agreements. Taking into account the facts and relative disadvantages, the appellant's representative believed that £300/m^2 was reasonable.

22. The valuation officer's representative referred to a rent for the subject property from a Form of Return. However, this was post AVD with an effective date of rent of 22 August 2022. It was a new 10-year lease with an annual rent of £109,983 which analysed to £743.93/m2. Due to the date of this subject rent, additional comparable evidence was sought.

23. In support of the Valuation Officer's case reference was made to the comparable assessments at 39, Great Guildford Street, London, SE1 0ES. This was situated within the the same building as the subject hereditament sharing the same curtilage and therefore offers the same characteristics. The rental evidence for this hereditament was close to AVD and demonstrated a new 5-year lease with a lease commencement date of 1 March 2016. This analysed to £463.74/m^2 with an assessment rate of 400/m^2. This rental evidence was weighted the highest in the hierarchy of evidence as this was a new lease transaction and was located within the same building as the subject property. Its similarities to the subject property included size, location, specification and age. Photographs illustrate the shared building and characteristics. This comparable was therefore weighted the strongest in supporting the currently adopted rate of £400/m^2.

24. Number 47 Great Guildford Street was located close to the subject property and offered similar specification with no air conditioning, no raised floors, similar age and location. It is ranked second in the hierarchy of evidence put forward by the valuation officer's representative due to its location, similarity in style and age. There is a lease dated 1 April 2011 on a three yearly rent review. This analysed to £761.78/m^2 with a total area of 159.80m^2 and supports the adopted tone of £400/m^2.

25. In relation to the comparable assessments put forward by the appellant's representative, these have been dismissed by the valuation officer's representative due to their significant differences with the subject property.

26. Number 29 Great Guildford Street was significantly different in size specification and age with the subject property. The property was modern, and purpose built with the main differences including air conditioning, size of floor plate, no basement accommodation, lift facilities and raised floors. It measured 415.35m^2 and was therefore over double the size of the subject property.

27. The Metal Box Factory was serviced office accommodation. There were 124 individual smaller units over 6 floors which were different in character to the subject property. The leases were a licence to occupy and included a service charge within the rent and was inclusive of utilities therefore a different produce to the subject property. Other comparable properties were considered as either situated in an inferior location or not directly comparable to the subject property.

28. In relation to the points raised by the appellant's representative regarding the disadvantages, the photographs showed that there was good natural light from the window placement in the office areas. The office and kitchen accommodation in the basement of the subject property confirmed that although on a lower level that the space benefits from fully glazed windows. The basement had been valued accordingly and reflected an adopted factor of 0.5%.

29. Having examined the evidence provided by the parties; I found that the appellant's representative had not provided any rental evidence but had relied on other comparable assessments in the locality to support his belief that £300/m^2 was reasonable for the subject property. He had shown that offices which were originally assessed at £400/m^2, like the subject property, had been reduced to this lower figure of £300/m^2. However, the quantum argument appeared specific to The Metal Box Factory. The valuation officer's representative, on the other hand, had referred to rental evidence from the subject building and comparable assessments in the locality which she believed showed no justification to reduce the level of value any further than the unadjusted rate of £400/m^2.

30. Having noted the comments made on the rental and comparable properties submitted by both parties, I found the rental evidence to be the useful, particularly that at 39 Great Guildford Street. which was the closest to AVD and valued at £400/m^2 whilst other properties in Great Guildford Street were assessed at £310/m^2 and £325/m^2. I also noted that unit 438 referred to at The Metal Box Factory was valued at £400/m^2 for a smaller unit and that the building was arguably fitted out to a better specification than the subject building. When weighing up the rental and other comparable assessments, I felt that overall, the specification of the subject property was slightly inferior to those units at £400/m^2. Therefore, taking this into account and applying a stand back and look approach, I found that £375/m^2 appeared fair and reasonable for the subject property and determined the following.

Floor	Description	Area	£ per m^2	Value
Basement	office	88.22	£187.50	£16,541
Basement	kitchen	2.72	£187.50	£510
Ground	office	127.45	£375.00	£47,794
				£64,845
			Say	£64,500

21. In view of the foregoing, I am satisfied that the subject property should be reduced to £64,500 RV with effect from 18 August 2017. Consequently, the appeal was allowed in part.

Disposal

22. 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 amend the entry in the Rating List to £64,500 RV with effect from 18 August 2017.

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

24. The appellant is also entitled to a full refund of the fee paid in accordance with regulation 13E(1)(a) of the Non-Domestic Rating (Alterations of Lists and Appeals) (England) Regulations 2009 (as amended)) provided there is no review of the Tribunal's decision. The refund will take around six weeks to process.

Date issued to parties: 17 June 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.
