



VALUATION TRIBUNAL FOR ENGLAND

Non-domestic rating; 2017 rating list appeal; Local Government Finance Act 1988; Rate per m²; Relativity due to poor natural light; Lotus and Delta v Culverwell (VO) [1976] RA 141; Rental evidence; Comparable assessments; Appeal allowed in part.

APPEAL NUMBER: CHG100873213

RE: Lower Ground Floor, 12 St James's Square, London SW1Y 4RB

BETWEEN:	JC Rathbone Holdings Ltd	Appellant
	and	
	The Valuation Officer	Respondent

SITTING ON: 8 January 2025 (Remote Hearing number 4)

BEFORE:	Ms Alice Cole Roberts	(Presiding Senior Member)
	Mrs Stacey Patel	(Senior Member)

CLERK: Mr Duncan Adamson IRRV (Hons)

APPEARANCES:	Mr John Banbury of Allsop LLP	for the appellant
	Mr Nicholas Green	for the respondent

Summary of decision

1. Appeal allowed in part. The rate per m² applied to the appeal property remained at £1,150/m² but the relativity for all of the ground floor office space was reduced from 0.675 to 0.5 giving a rateable value (RV) of £462,500 with effect from 1 April 2017.

Introduction

2. This 2017 rating list appeal had been brought in respect of the following: the appellant was the non-domestic ratepayer of the appeal property Lower Ground Floor, 12 St James's Square, London SW1Y 4RB.
3. The property had been entered in the 2017 rating list as an office and premises based on a rate of £1,150/m² with effect from 1 April 2017. A relativity of 0.75 was applied to the office space giving an RV of £625,000.

4. A challenge proposal was submitted by the appellant's representative on 28 October 2022 to reduce the rate from £1,150/m² to £1,000/m² and reduce the relativity to 0.5 thereby reducing the RV to £402,500.
5. The VO issued a challenge decision notice on 5 April 2024 which stated that, based upon the evidence and information available, the rating list entry was reasonable and disagreed with the entry proposed.
6. 12 St James's Square comprised of an office building arranged over a lower ground floor, a ground floor and six upper floors. The appeal property on the lower ground floor was 808.63m² in area.
7. This tribunal decision document is not and does not purport to be a verbatim record of proceedings.

Issue

8. The issue in dispute was whether the £/m² and the relativity should be reduced.

Evidence and submissions

9. The bundle comprised all of the documents exchanged between the parties as part of the challenge process including the appellant's challenge submission, initial response to the challenge and the VO's challenge case decision notice.
10. The appellant's representative referred to photographs, however, it was apparent that he was not referring to the same document submitted to the tribunal. He was referring to his original challenge document. At the clerk's request he emailed the said document and the clerk displayed the relevant photographs to the parties and panel when required.
11. He also referred to the specification of the premises being similar to the other floors in the rear part of the building except that the natural light was restricted to the point of being entirely absent for practical purposes.
12. The appeal property had raised floors, metal tiled suspended ceilings, LG7 lighting, four pipe fan coil air conditioning and was 2.7m floor to ceiling height. It was an infill building behind a period block and was not one of the properties in St James's Square that commanded a significant quality premium.
13. His main argument for the relativity being reduced was that there was no effective natural light at lower ground floor level. He made reference to the photographs to show that because of the infill style of the building there was little natural light penetrating between the buildings but also that the basement actually received more light than the appeal property.
14. He also referred to numbers 3, 8 and 28 St James Square where the basements had a relativity of 0.5 due to restricted natural light and for these reasons he contended that these supported a 0.5 relativity for the appeal property.
15. In respect of the rate, he stated that the rent agreement from November 2018 was not useful as it was too far after the valuation date, however, it can be shown that from March 2015 to December 2018 there was rental growth of 16.2% as

demonstrated with reference to MSCI data. He submitted that there had been three deals on the first floor of the building over five years showing 13% increase and it was reasonable to expect this to be the same for the appeal property.

16. He had analysed the 2018 rent to £565.49/m² which would have been £486.65/m² by his calculations at the valuation date and therefore supported a lower rate for the appeal property.
17. He further contended that the unadjusted rates for the lower ground, first and second floors should be consistent with adjustments made on other buildings of equivalent space and, when all considered, supported an unadjusted rate for the appeal property of £1,000/m².
18. For these reasons he sought that the RV of the appeal property be assessed using the figure of £500/m² with effect from 1 April 2017 at £404,315 rounded down to £402,500.
19. The VO's representative stated that the appeal property was described in marketing particulars as a landmark, highly specified, contemporary office building. It had been comprehensively redeveloped in 2007 to provide Grade A accommodation and was situated in the north west corner of St James's Square.
20. He had submitted a summary of rents in St James's Square around the valuation date that supported the current £/m² of the appeal property and contended that these were a much better indicator of value than data sets and heavily adjusted rental evidence as submitted by the appellant's representative.
21. He had considered the appellant's representatives' submission and acknowledged that there were quality issues with the office space and that is why the relativity had been reduced by a further 10% from 0.75 to 0.675.
22. In his opinion, there was no evidence of reduced rents and therefore no evidence for a reduced rate/m² for the appeal property.

Decision and reasons

23. The panel referred to the Local Government Finance Act 1988 in respect of the definition of rateable value in paragraph 2(1), Schedule 6 to the Act (as amended). The rateable value of any hereditament is to be taken to be the amount, determined in accordance with the statutory assumptions, equal to the rent at which it is estimated the hereditament might reasonably be expected to let from year to year, on 1 April 2015 the "antecedent valuation date" (AVD). The material day for this appeal was 1 April 2017.
24. The panel was aware that the leading judgment in non-domestic rating assessments was *Lotus and Delta v Culverwell (VO) and Leicester City Council* [1976] RA 141 and noted that the LO's representative had listed the six relevant propositions to take into account when considering the weight of evidence submitted.
25. The panel noted both parties comments in relation to the current rent on the appeal property and found that it was too far removed from the AVD to be of value.

26. The panel noted the analysis by the appellant's representative of the 2018 rent and the adjustments made in the light of a data set but found that this did not correlate well with the Lotus and Delta case and therefore attached little weight to it.
27. The panel noted the comments by the LO's representative that the rental evidence for 12 St James's Square was not reliable due to many of the properties within being subject to sub-letting. The panel therefore referred to the comparable rental evidence table submitted by the LO's representative. These were for properties all within St James's Square on a variety of buildings and floors within them with rents within a year or so of the AVD, the majority of which were new lettings.
28. The panel found that as they were new open market lettings they should be afforded considerable weight in the valuation of the appeal property. The panel noted that when the assessment unit values were compared to the appeal property of £1,150/m², they did not support a reduction to £1,000/m² for the appeal property and therefore £1,150 was reasonable.
29. The panel then referred to the photographs and noted that the lower floors below the third floor suffered from poor natural light due to the close proximity between buildings at the rear. The second and first still enjoyed some natural light at the sides but less at the rear whereas the lower ground floor and basement had no windows at the side and their only natural light came from the light wells. These got progressively deeper and darker until at lower ground level they were floodlit to alleviate the gloom. At lower ground level they provided no useful natural light.
30. The panel found that the appeal property was directly comparable to basement offices without windows rather than to lower ground floors with windows looking up to ground level light. For this reason the panel found that a relativity of 0.5 was more appropriate for the appeal property office space.
31. On a rate of £1,150/m² this meant that the office space be valued at £575/m² giving an RV of £464,963 rounded down to £462,500 with effect from 1 April 2017.

Component parts of the property				
Floor	Description	Area m ²	£/m ²	Value (£)
Lower Ground	Office	808.63	575	464,962
Valuation sub-total				464,962

32. The appeal was therefore allowed in part.

Order

33. The Tribunal orders, pursuant to Regulation 38 of the Valuation Tribunal for England (Council Tax and Rating Appeals) (Procedure) Regulations 2009, that the Valuation Officer, within two weeks of the date of this order, shall alter the rateable value in the 2017 list in respect of Lower Ground Floor, 12 St James's Square, London SW1Y 4RB to an RV of £462,500 with effect from 1 April 2017.

34. A refund of the paid fee will now be arranged (Regulation 13E of the Non-Domestic Rating (Alteration of Lists & Appeals) (England) Regulations 2009. Provided there is no review of the Tribunal's decision the refund will take around six weeks to process.

Date issued to parties: 3 February 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.