VALUATION TRIBUNAL FOR ENGLAND

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

APPEAL NUMBER:	CHG100910300
RE:	Lower Ground Floor, 20-22 Bedford Row, London WC1R 4EB (the "subject property")

BETWEEN:	The British Soft Drinks Association Limited	Appellant
	and	
	Andrew Ricketts (Valuation Officer)	Respondent

SITTING:	*remotely using Microsoft Teams*
ON:	28 January 2025
BEFORE:	Mr G McGill, Presiding Senior Member Mr G Bhakar, Senior Member
CLERK:	Mrs A Sloan
APPEARANCES:	Mr P Barney (Ryan Property Tax Services Ltd, representing the appellant) Mr M Staples (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 £66,000 with effect from 1 April 2017.

Introduction

3. The appellant made a proposal on 2 February 2023 to challenge the entry in the 2017 Rating List of £66,000 with effect from 1 April 2017. The proposal sought a reduction to £62,000 as the appellant considered the valuation unreasonable. The Valuation Officer (VO) did not

agree, and a Challenge decision was issued on 26 July 2024 maintaining the existing entry in the rating list. An appeal against that decision was received by the Tribunal on 16 August 2024.

4. Mr Staples stated that he was appearing before the Tribunal in a dual role as Advocate and Expert Witness. In view of the Upper Tribunal's judgment in *Gardiner & Theobold LLP v Jackson (VO)* [2018] UKUT 0253 (LC), Mr Barney 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 Barney'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. On 18 December 2024, Mr Barney submitted new evidence under Regulation 17a of the Tribunal's procedure regulations. The evidence consisted of settlements and alterations to the 2017 rating list since the Challenge decision was issued for this appeal. On 21 January 2025, Mr Staples confirmed that the VO had no objection to the inclusion of this evidence. The panel therefore considered the new evidence as having been agreed by both parties.

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

Issue and Relevant Law

8. The subject property is valued as an office and premises on the lower ground floor of a multi occupancy building. The building is a mid-terraced, five-storey property constructed in the 1950s in a mock Georgian style to blend in with period properties in the locality. The property is situated in the Bloomsbury area of London, close to Gray's Inn and Lincoln's Inn Courts.

9. The issue to be determined by the panel was whether the existing valuation, based on an unadjusted rate of £400/m^2, was unreasonable. Mr Barney's proposed valuation was based on an unadjusted rate of £375/m^2.

10. 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.

11. 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

12. In accordance with *Lotus and Delta*, the panel first considered the rent agreed on the subject property. The rent was originally agreed from August 2011 at £55,000 per annum for ten years on a full repairing and insuring (FRI) basis. This was followed by a rent review in August 2016 at £83,600. Mr Staples submitted that taking into account the increase in the market between the two rents and toning back to the AVD on 1 April 2015, this resulted in an analysed rent of £75,500 per annum and £466/m^2. Applying the relativity of 75% for the lower ground floor, this produced the RV of £66,000.

13. Mr Barney referred to settlements on other buildings in the locality for lower rates, with similar 1950s built properties agreed at £375/m^2 and older Listed buildings at £350/m^2. He submitted that £375/m^2 should be applied to the subject property in line with similar character properties in the locality.

14. The panel found that the subject property's rent must be the starting point of any valuation. In this case it was a new let in 2011, over three years prior to the AVD, with a rent review in August 2016, over a year after the AVD. However, the panel held that no one rent should be taken in isolation and consideration must be given other rents to test the market at the AVD.

15. Particular weight was placed by Mr Barney on the neighbouring property at 19 Bedford Row, where the lower ground floor had been valued at £375/m^2. Photographs were provided to the panel to illustrate the similarities between 19 and 20-22 Bedford Row. This hereditament was subject to a new lease from 24 April 2014, a year before the AVD, at £26,527.

16. The panel noted that the rents on the subject property showed an upward trend in the locality between 2011 and 2016, and both rents were significantly higher than that agreed on the lower ground floor of neighbouring 19 Bedford Row in 2014. The subject property measures 165.36m^2 in terms of metres squared (ITMS), compared to 70.99m^2 ITMS for the lower ground floor of 19 Bedford Row. The panel concluded that the offices were not comparable in size, with the subject hereditament being double the size of that in 19 Bedford Row and this was reflected in the rents achieved, which suggested a less valuable property.

17. The VO had provided evidence of rents on other offices in 20-22 Bedford Row for comparison with the subject property. 1st Floor, 20-22 Bedford Row was subject to a lease renewal from 1 October 2015, just six months after the AVD, at £135,000 per annum. This was analysed to £496/m^2 and suggested the tone in the building at £400/m^2 was not excessive. The panel noted that this first-floor office was larger than the subject property, at 272.18m^2 ITMS but found this was useful evidence of the rents achieved in the building.

18. Another rent for 3rd Floor, 20-22 Bedford Row was presented at £94,185 from 20 February 2015, very close to the AVD. This rent was analysed to £366.12/m^2 and the hereditament was valued the same as the subject property at £400/m^2. This office is slightly closer in size to the subject property, at 257.25/m^2 ITMS and the panel found this to be again useful evidence of rents achieved in the building.

19. The closest office in size to the subject property was 4th Floor, 20-22 Bedford Row with a rent review from 1 October 2015 at £77,000. This hereditament is slightly smaller than the subject property at 135.34m^2 ITMS and the rent was analysed to £568.94/m^2. This office was valued at £525/m^2. The panel concluded that the fourth-floor office was likely to be more desirable

that the subject property in the lower ground floor and it was to be expected that adjustments would be made to reflect the differences. However, this was another rent from within the subject property's building and therefore useful evidence.

20. Aside from the rent on the lower ground floor of 19 Bedford Row, the panel noted another lower ground floor assessment at 26-28 Bedford Row. These offices were very comparable in size to the subject property, at 155.18m^2 ITMS and were subject to a new let from 1 July 2015 at £114,445. This rent was analysed to £737.50/m^2 and valued at £400/m^2, the same as the subject property. Although in a different building to the subject property, on the opposite side of the road, the panel noted this office was comparable in size to the subject property, also on a lower ground floor, and demonstrated a new lease very close to the AVD. In comparison, this rent suggested that the lower ground floor at 19 Bedford Row was a less valuable location, and 26-28 Bedford Row was more valuable than the subject property.

21. After considering all the evidence presented, the panel concluded that the strongest evidence was the rents agreed in the subject property's building. In addition to the subject property, there were rents available on the first, third and fourth floors, all agreed close to the AVD in 2015. These offices were all valued at the same unadjusted rate as the subject property or higher. While the panel noted that 19 Bedford Row is just next door to the subject property, it found that the offices on the lower ground floor were around half the size of the subject hereditament and the rent reflects a different building. The subject property's building, 20-22 Bedford Row is significantly larger than number 19, more akin to 26-28 Bedford Row opposite. The panel concluded that the rents on the first, third, and fourth floors of 20-22 Bedford Row were closer to the AVD than the rent on the 19 Bedford Row offices and were a better indication of the rents achievable in the same building as the subject property.

22. The panel noted the settlement evidence from Mr Barney on other properties in Bedford Row and that there were examples where the tone had been reduced from £400/m^2 to £375/m^2 or £350/m^2. However, the panel found that settlement evidence was not more valuable than open market rents from close to the AVD agreed on comparable hereditaments within the subject property's building.

23. The burden of evidential proof in this type of appeal rests with the appellant to demonstrate the current entry in the rating list is wrong. Unfortunately for the appellant, the panel was not satisfied that this burden had been discharged. Mr Barney sought to place great weight on the rent and valuation on a lower ground floor office in 19 Bedford Row and settlements in other buildings. The panel found that, where rents are available, the whole basket of evidence must be considered, and the subject property's rent must be tested against others on comparable offices. It concluded that, rents on comparable offices in the same building as the subject property were the most compelling evidence, as these rents would reflect the market at the time they were negotiated as well as the attributes of the building. Taking into account all rental evidence on offices in the same building as the subject property, the panel found that the tone at £400/m^2 was not unreasonable.

Disposal

24. In view of the above findings and conclusions, the panel confirmed the entry in the 2017 rating list at £66,000 RV with effect from 1 April 2017 and dismissed the appeal.

Date issued to parties: 13 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.