**IN THE VALUATION TRIBUNAL FOR ENGLAND**
**IN THE MATTER OF A 2017 RATING LIST APPEAL**

Case No: CHG100917741

Sitting remotely using Microsoft Teams

Date: 3 September 2025

**SCHEDULE 11 TO THE LOCAL GOVERNMENT FINANCE ACT 1988**

*RATING — Local Government Finance Act 1988 — Lotus & Delta Ltd v Culverwell (VO) and Leicester City Council [1976] RA 141- rental evidence - tone of the rating list – office and premises*

**Before:**
**MISS S STAPLETON**
**MR M NWOSU**

**Between:**

**EVOLUTION MARKETS LTD** — **Appellant**

**- and -**

**NICOLA JOHNSON (VALUATION OFFICER)** — **Respondent**

**Regarding:**
**4TH FLR, 36-38 LEADENHALL STREET, LONDON EC3A 1AT**
(the "subject property")

Ms E Nazziwa of Colliers International, for the Appellant.
Mr J Ivers, for the Respondent.

Hearing date: 21 August 2025

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**DECISION AND STATEMENT OF REASONS**

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## Decision

1. The appeal is dismissed.

2. The Tribunal finds that the existing entry in the rating list from 1 April 2017 at £91,000 is reasonable.

## Introduction

3. The appellant's representative made a proposal on 9 February 2023 to challenge the entry in the 2017 Rating List of £101,000 with effect from 1 April 2017. The proposal sought a reduction to £59,000. The Valuation Officer (VO) did not find the proposal to be well founded, and a Challenge decision was issued on 30 May 2023, revising the existing entry in the list to £91,000. The appeal against the decision notice was received by the Tribunal on 29 September 2023.

4. Mr Ivers stated that he was appearing as Advocate, presenting evidence prepared by a colleague.

5. In view of the Upper Tribunal's judgment in *Gardiner & Theobold LLP v Jackson (VO)* [2018] UKUT 0253 (LC), Ms Nazziwa declared that she was appearing for the appellant in a dual role as Advocate and Expert Witness. She confirmed that her firm was instructed under a conditional or other success-based fee arrangement, but she understood her duty was to the Tribunal, regardless of whether the evidence supported her client's case.

6. The panel 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 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.

7. The hereditament is valued as an office and premises located on the fourth floor of 36-38 Leadenhall Street in London. The building was constructed in 1987 and renovated in 2007. There was no dispute on the survey data, which was agreed at the Check stage. However, the parties could not agree on multiple issues. The existing valuation was based on £440/m$^2$, which was defended by Mr Ivers, and the appellant's representative, Ms Nazziwa, sought a reduction to £350/m$^2$. The existing valuation included a 10% allowance for building work at the neighbouring building, the Scalpel. Ms Nazziwa contended that a 22.5% allowance was more appropriate. Finally, Ms Nazziwa sought a further allowance of 5% to reflect the loss of natural light from the construction of the Scalpel building.

8. The material day on which to consider the property and its locality was 1 April 2017, as this was a challenge to the compiled list entry. The property must be considered with regard to values on the antecedent valuation date (AVD) of 1 April 2015.

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

## Relevant Law

10. The subject property must be valued by the statutory assumptions set out in Schedule 6 to the Local Government Finance Act 1988 as follows:

*"(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."*

11. The panel had regard to the Lands Tribunal judgment of *Lotus & Delta Ltd v Culverwell (VO) and Leicester City Council* [1976] RA 141, mentioned in the parties' submissions, which provided guidance on the weight to be attached to different forms of evidence.

## Discussion

12. The panel decided to consider the issues in dispute in the following order –
    - Main space price (£/m$^2$)
    - Allowance for disturbance from nearby building works
    - Allowance for loss of natural light

<u>*Tone*</u>

13. In accordance with *Lotus & Delta*, the panel first considered the rent passing on the subject property. The current occupant took a ten-year lease on the subject offices from 4 February 2008 at £138,270 per annum with a six-month rent-free period as an incentive. The appellant's representative analysed this rent to £558.68/m$^2$ and submitted it should carry little weight as the rent was agreed too far from the AVD. The VO's evidence cited a new lease on the subject property from 4 February 2015 at £100,560 per annum. This was analysed to £437/m$^2$ but, once toned to the AVD and with a £25/m$^2$ uplift to reflect fit out, the VO's analysis was £472/m$^2$. The panel noted the 2015 rent was agreed with the same tenant as the 2008 lease and therefore considered it less valuable evidence than a new lease with a different occupier. However, it also noted that both parties' analysis produced a higher rate than the tone applied to the subject building. The panel decided that regard should be given to the rents agreed on other similar offices in the locality close to the AVD, to test the subject property's rent.

14. The VO's evidence contained rents on three other offices within the same building as the subject hereditament. 3rd Floor, 36-38 Leadenhall Street was let on a new ten-year lease from 19 June 2014 at £100,520 per annum. The VO analysed this rent to the first five yearly rent review with an uplift for fit out and produced £470/m$^2$. Ms Nazziwa analysed the same

rent to £454.65/m$^2$ when toned to the AVD. Mr Ivers highlighted that there had been no uplift for fit out and, even without this, the agent's analysis was higher than the tone for the building. The panel found this rent, less than a year prior to the AVD, was useful evidence of the values achieved in the building.

15. Offices on the 5th Floor of the subject building were let from 1 April 2013 on a new five-year lease at £110,607 per annum. When toned to the AVD and with an uplift for fit out, the VO analysed this rent to £597/m$^2$. The panel noted this far exceeded the tone of £440/m$^2$ but placed less weight on this example as the rent was agreed two years before the AVD.

16. The VO's last example was the offices at 6th Floor 36-38 Leadenhall Street, which were subject to a new letting from 1 February 2015 at £79,230 per annum. After toning to the AVD and with an uplift for fit out, the VO analysed this rent to £546/m$^2$.

17. The panel found the rents on the 3rd and 6th Floors of the subject building to be strong evidence. Both were agreed close to the AVD and would reflect the age, character, and location of the building. The analysis produced figures in each case that were higher than £440/m$^2$, suggesting the existing tone was not unreasonable.

18. Ms Nazziwa provided the panel with a table of comparable properties for consideration. These included the subject property, 33 Creechurch Lane, 22 Bevis Marks, Valiant House at 4-10 Heneage Lane, 5 Lloyds Avenue, One Aldgate, Irongate House at 22-30 Dukes Place, 70 Mark Lane, 51 Lime Street, 58 Fenchurch Street, Renown House at 33-34 Bury Street, 34 Lime Street, and 40 Lime Street. Comparison was drawn to the quality of these other buildings and their lower Energy Performance Certificate (EPC) rating. It was highlighted that the subject building has an EPC rating of F, which Ms Nazziwa submitted would make it incapable of legal occupation by 2030. She contended that the comparable properties presented were valued within a range of £287.61/m$^2$ to £640.78/m$^2$.

19. The panel noted the appellant's representative relied on the rent on the 3rd floor of the subject property (previously mentioned above) and the rents for the 8th and 9th floors. Both parties' analysis of the 3rd floor rent came to over £440/m$^2$ and the panel found the rents agreed on the 8th and 9th floors from 2018 were too far beyond the AVD to be of assistance. Although other rents from 2014, 2015, and 2016 were cited in Ms Nazziwa's evidence, the panel noted they were in different buildings and the panel did not find these as helpful as rents agreed in the same building as the subject property. Although the EPC rating for the subject property was noted, the panel found that the rents on the 3rd and 6th Floors, as well as the subject property's rent, would have been negotiated with that in mind and provide a better reflection of value than rents agreed in other buildings. After considering the evidence presented, panel was satisfied that the best evidence came from rents in the subject building and the valuation based on £440/m$^2$ was not unreasonable.

_Allowance for nearby building works_

20. The revised valuation arising from the Challenge decision included a 10% allowance for the disruption from building works nearby. Ms Nazziwa contended that this should be increased to a 22.5% allowance. She submitted that all floors within the subject building benefitted from a 22.5% allowance in the 2010 rating list and this should be carried forward into the 2017 list. Mr Ivers explained that a higher allowance was given in the 2010 list as the works were more significant then, involving the demolition of an earlier building and the construction of the Scalpel. When considered on the material day of 1 April 2017 for the 2017 rating list, he submitted the works had moved on and any disturbance was not as severe. The VO had

given a 10% allowance for disruption from the works to the offices on the 8th and 9th floors and therefore the same was applied to the subject property in the Challenge decision.

21. The panel noted Ms Nazziwa's submissions, and the image taken from Google Street View in March 2017 to show works were ongoing at the Scalpel around the material day. She submitted that the works on the site began in 2013 with the demolition of a previous building and construction of the Scalpel began in 2015. Although the photograph from March 2017 shows cranes and hoardings in place, the panel noted the building appeared to be fully erected and therefore presumed any groundworks were complete. No evidence had been presented to demonstrate the level of disruption experienced at the subject property or why it should benefit from a higher allowance than other offices in the same building. The panel found the 10% allowance applied to the valuation was reasonable.

*Allowance for loss of natural light*

22. Ms Nazziwa submitted that the Scalpel building is immediately adjacent to the subject property, and it negatively affects natural light into the building. She contended a permanent 5% allowance should be given to the subject property. In support of this argument, she provided a table of examples where allowances ranging from 10% to 20% had been given on other properties as an adjustment for natural light.

23. Mr Ivers highlighted that there had been a building on the site of the Scalpel previously, since demolished, and no allowance was given to the subject property for a lack of natural light then. The VO did not consider an allowance to be appropriate now. When questioned at the hearing Ms Nazziwa submitted that the Scalpel is much taller than the previous building and therefore it warrants an allowance.

24. The panel noted that no detail was contained in Ms Nazziwa's evidence regarding the height of the previous building or its replacement, the Scalpel. The subject property is on the 4th floor of the building, so the panel was not persuaded that the height of the Scalpel would necessarily impact the lower floors any more than the previous building. Potentially, if the previous building on the site was smaller than 36-38 Leadenhall Street, the Scalpel may affect light into the higher floors but the impact on the 4th floor had not been demonstrated to the panel's satisfaction. Therefore, the panel was not convinced the appellant's representative had made her case for a further allowance for lack of natural light.

## Determination

25. In view of the above findings and conclusions, the Tribunal is satisfied that the existing entry in the 2017 rating list of £91,000 is reasonable and the appeal is dismissed.

## Right of further appeal

26. Any party who is aggrieved at the Tribunal's decision, and who appeared or was represented at the hearing, has a statutory right of further appeal to the Upper Tribunal (Lands Chamber) pursuant to Regulation 42 of the Tribunal Procedure Regulations. A party does not require permission to appeal from the Tribunal. Any appeal must be made directly to the Upper Tribunal (Lands Chamber) within **four weeks** of the date this decision and statement of reasons is issued.

27. Further information regarding this statutory right of further appeal, and the parties' other rights, is contained in the guidance booklet "*A guide to tribunal decisions"* available on the Tribunal's website at www.valuationtribunal.gov.uk/guidance-booklets/.

Miss S Stapleton, Senior Member (Presiding)

Mr M Nwosu, Member

3 September 2025

Mrs A Sloan
Clerk to the Tribunal
**Date issued to the parties:** 3 September 2025