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

Case Nos: CHG101115261
CHG10165791

Sitting remotely using
Microsoft Teams

Date: 22 August 2025

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

*RATING — Local Government Finance Act 1988 — accuracy of rateable value in the list; method of valuation in dispute; contractor's basis or rentals method; comparable assessments; major alterations required to convert to office use; appeal allowed.*

**Before:**
**MR A HUSSAIN**
**MRS U NASEEM**

**Between:**

**THE UNIVERSITY OF LAW** **Appellant**

**- and -**

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

**Regarding:**
**2 BUNHILL ROW, LONDON, EC1Y 8HQ**
(the "subject property")

**Mr A Izett from Daniel Watney LLP, representing the Appellant**
**Ms T Adeyemi for the Respondent**

Hearing date: 6 August 2025

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**DECISION AND STATEMENT OF REASONS**

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## Decision

1. The appeals are allowed.

2. The Tribunal determines a revised rateable value (RV) of £540,000 for the subject property , with effect from 1 April 2017, based upon the contractor's method of valuation.

## Introduction

3. These are 2017 rating list appeals. 2 Bunhill Row, London, EC1Y 8HQ (the subject property) had been entered into the 2017 rating list as "Law College" at £2,030,000 RV with effect from 1 April 2017.

4. The challenge proposals were submitted by Daniel Watney LLP on behalf of The University of Law on 23 May 2023 (disputing the accuracy of the RV in the list) and 23 August 2023 (disputing the assessment based on a court decision in relation to another property). Both challenge proposals sought a revised RV of £540,000 with effect from 1 April 2017, based on a change of valuation method from rentals basis to contractors basis.

5. The Valuation Officer issued challenge case decision notices on 20 November 2024, which disagreed with the proposed alterations of the list, and stated that the rating list entries were reasonable based on the evidence and information available.

6. In accordance with regulation 13A of the Non-Domestic Rating (Alteration of Lists and Appeals) (England) Regulations 2009, the appeals to this Tribunal have been made on the grounds that the valuation for the hereditament is not reasonable. The appeals were lodged by Daniel Watney LLP on behalf of the appellant, and received by the Tribunal on 19 March 2025.

7. Mr Izett 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 declared that he was instructed on a contingency based fee, and 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.

8. The expert witness evidence was accepted 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).

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

*<u>Preliminary issue</u>*

10. On 8 July 2025, the appellant's representative submitted a request to include new evidence: a recent Valuation Tribunal decision in respect of Granville Park Adult Education Centre, London SE13 7DU (appeal number CHG101100571). The decision had been issued on 3 June 2025, and therefore, had not been available during the challenge period. This was

considered to be relevant as the Tribunal had determined that the contractors basis was appropriate. No objection was raised by the Valuation Officer.

11. On 22 July 2025, the Valuation Officer submitted a request to include new evidence, which comprised recent consent orders in respect of 6th Floor, 3 Bunhill Row (CHG101244080) and 7th Floor, 3 Bunhill Row (CHG100129154). The Valuation Officer considered that they were relevant to the subject appeal as they set the tone for office accommodation in the locality.

12. The appellant's representative objected to the Valuation Officer's request, and also referred to evidence contained in the challenge decision notice which had not been discussed during the challenge period.

13. The Valuation Tribunal for England (Council Tax and Rating Appeals) (Procedure) Regulations 2009 as amended details at Regulation 17A the circumstances when new evidence may be included in Non-Domestic Rating appeals.

*"17A. Admission of new evidence on NDR appeal*

*(1) On a NDR appeal, the VTE may only admit evidence that was not included in the notice of appeal or any document accompanying the notice of appeal ("new evidence") if—*

*(a) that evidence—*
*(i) is provided by a party to the appeal;*
*(ii) relates to the ground on which the proposal was made; and*
*(iii) was not known to the party and could not reasonably have been acquired by the party before the proposal was determined under Part 2 of the NDR Regulations; or*

*(b) all the parties to the appeal agree in writing to the party providing the new evidence."*

14. In consideration of the regulations, together with the application of the *Denton* test, the panel decided that the consent orders should not be included in the proceedings. While it was acknowledged that the consent orders had only been issued in July, the panel considered that in the absence of further details, the appellant's representative was at a disadvantage and unable to provide a response.

15. In contrast, the panel was satisfied that the appellant's representative was aware of the evidence contained within the challenge decision notice, and had provided his response in the appeal submission. As such, the panel considered that the evidence should form part of the proceedings.

**Relevant Law**

16. Rateable value is to be determined in accordance with paragraph 2(1) of Schedule 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.

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).

17. 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 1 April 2017.

**Discussion**

18. The issue in dispute is the method of valuation to be applied.

19. The case for the appellant is that the Valuation Officer has incorrectly valued the subject property using office rental values. Originally constructed in 1990 as the headquarters for Royal Mail, the property was substantially redeveloped in 2005, at a cost of £12 million to alter the building for use as a university. Mr Izett submitted that a conversion back to office use is beyond the *rebus* provisions for minor alterations, as held in *Williams (VO) v Scottish and Newcastle Retail Ltd* [2001] EWCA Civ 185.

20. In support of his proposed contractors basis valuation, Mr Izett referred to: the closest comparable property, Cass Business School, 106 Bunhill Row; a schedule of 34 university buildings in central London; and the Valuation Tribunal decision on the subject property for the 2010 rating list. In an appeal heard on 2 September 2016 (appeal number VTE 557025195143/538N10), the Valuation Tribunal allowed the appellant's appeal to value the subject property on a contractors basis, as per the agreed 2010 Memorandum of Agreement for Higher Education Institutions.

21. Mr Izett submitted that the Valuation Officer's comparable properties were not relevant for comparison with the subject property, for the following reasons:

*Ground to 3rd Floors, 102 Middlesex Street, E1 7EZ*

This property had been substantially redeveloped as a purpose-built office, prior to a change of use for either B1 (offices) or D1 (non-residential institutions). There was ample rental evidence within the building and other comparable office buildings on Middlesex Street to support the valuation as an office, and only minor alterations would be required for office use. In contrast, the subject property was substantially redeveloped for use as a university and would require significant alteration for use as offices. Mr Izett further submitted that the subject property's long and narrow configuration with one service core would be unsuited to modern office use, whereas 102 Middlesex Street benefits from more attractive large open plan floor plates with a central core.

*33 Finsbury Square, EC2A 1AG*

Constructed in the 1930s, planning permission was granted in 2011 to extend and add two floors of office accommodation and refurbish and reconfigure the layout of the offices on the lower floors. The University of Liverpool and subsequently Bayes Business School, took space in an office building on an office rent and as such, it should be valued using the rental method of valuation. As is the case with 102 Middlesex Street, 33 Finsbury Square would only need to undergo minor alterations to convert it back into an office. Furthermore, the specification and layout of 33 Finsbury Square would make it attractive as a modern Grade A office, unlike the subject property.

*Thames Quay, 197 Marsh Wall, E14 9SG*

The Valuation Officer referred to a consent order but had not provided any details, other than that the property is valued as an office building. With the information available, Mr Izett was aware that this was constructed as an office building in the 1980s. Before EThames Graduate School took a lease, a planning application was submitted in 2009 for a change of use to both D1 and B1. Whilst the mode and category would have been a college, as only minor alterations would be needed to convert the property back to offices, it could be valued using an office rental method of valuation. This property was substantially different from the subject property and would only require the removal of partitions, as illustrated in the floor plans provided.

22. Mr Izett disputed the Valuation Officer’s reliance on the subject rent, as this related to a new lease created on 20 March 2015, which was not an open market arm’s length transaction.

23. The case for the Valuation Officer is that the subject property is correctly assessed on a rentals basis, as vacant and to let, it is an office building. Reference is made to the subject rent which analyses at £427.18 per $m^2$, which is in excess of the adopted tone of £308.75 per $m^2$. Comparable properties were cited in support of the rentals method: Ground to 3rd Floors 102 Middlesex Street, 33 Finsbury Square and 197 Marsh Wall.

24. With reference to the previous Valuation Tribunal decision which had upheld the appellant’s appeal for a contractors basis valuation, Ms Adeyemi highlighted that the Valuation Officer had been barred from proceedings and so there had been no right of appeal to the Upper Tribunal. She submitted that the 2017 list reflected a new market and a fresh valuation approach, and therefore, she attached little weight to the previous decision.

25. Ms Adeyemi confirmed that she had inspected Cass Business School (the appellant’s main comparable) and considered that it was more specialised and adapted to educational use. With reference to photographs of the subject property, she submitted that significant adaptations would not be required: for example, the flexible lecture theatre lacked the structural features to differentiate it from a meeting room typically found in an office building, and it was not unusual to find a café in an office building.

26. The Valuation Officer contended that vacant and to let, the subject property would be let as offices, as it retained its core office features, and only minor alterations would be required to return to office use. On this point, the panel was guided by *Williams (VO) v Scottish and*

*Newcastle Retail Ltd*, which directed that in terms of both permitted planning use and physical alteration, the *rebus* doctrine should be applied strictly, so that a use other than that permitted could not be assumed, and that only minor physical alterations could be assumed.

27. Mr Izett had confirmed that while the permitted use of the subject property was either D1 or B1, as this had been granted in 2005, new planning permission would be required for office use.

28. Taking into account the photographs of the subject property, the cost of the redevelopment works in 2005, and the following alterations required to convert to office use, the panel found that those works could not reasonably be described as minor:
    - Installation of a second service corridor with passenger lifts;
    - Reinstallation of air conditioning for open plan layout;
    - Additional power sockets throughout;
    - Installation of raised floors;
    - Switch rooms to be upgraded for additional power required;
    - Removal of the ground floor café, lecture theatres and syndicate rooms.

29. It had also been highlighted by Mr Izett that the long and narrow configuration of the subject property made it less attractive for modern office use. The fact that it had been on the market for three years prior to the appellant's acquisition appeared to support this argument.

30. While not bound by the previous Valuation Tribunal decision, it was clear that the panel had been provided with full details of the building works, schedules and costs, which had led to the conclusion that any works to convert back to office use were major, rather than minor. Mr Izett highlighted that the only difference in the evidence presented in the subject appeal related to the new lease effective from March 2015, however this was not an open market arm's length transaction, and therefore little weight could be attached to it.

31. The panel attached most weight to the comparable properties put forward by Mr Izett, in particular Cass Business School. The previous Tribunal panel had also attached significant weight to that property:

    *The panel found in particular that Cass Business School, which was directly opposite the appeal property and from the photographs appeared to (be) almost identical provided conclusive evidence that the appeal property should be assessed as a Category A Contractor's Basis Hereditament. The VO had sought to distinguish that property from the appeal property, as a purpose built HEI with a large lecture theatre with tiered seating but the panel found these differences were minimal and did not justify a different valuation approach for the appeal property.*

32. The panel attached less weight to the comparable properties put forward by the Valuation Officer. Mr Izett had demonstrated that they were purpose-built office buildings, let as Category A offices which had subsequently been fitted out for university use. As such, only minor alterations would be required to return to office use.

33. The panel noted that the Valuation Officer had not commented on the accuracy of Mr Izett's proposed valuation of £540,000 RV based on the contractor's method, and had not provided an alternative valuation. The panel therefore decided to adopt the contractor's basis valuation submitted by Mr Izett.

**Determination**

34. In view of the above conclusions, the Tribunal finds that the appellant's representative has demonstrated that the present RV of £2,030,000 is not reasonable, and therefore the appeals are allowed.

35. 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 alter the entry in the rating list to a rateable value of £540,000 with effect from 1 April 2017.

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

37. A refund of the paid fees will now be arranged provided there is no review of the Tribunal's decision. The refunds will take around six weeks to process.

**Right of further appeal**

38. 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 on which this decision and statement of reasons is issued.

39. 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/.

Mr Amran Hussain, Senior Member

Mrs U Naseem, Member

22 August 2025

Mrs L Horne
Clerk to the Tribunal
**Date issued to the parties:** 22 August 2025