VALUATION TRIBUNAL FOR ENGLAND

2017 Rating List Appeals: Local Government Finance Act 1988; offices and premises; rental evidence close to the valuation date; appeals against the accuracy of the rateable value for the hereditaments; appeals dismissed.

APPEAL NUMBERS:	CHG100783782, CHG100785482, CHG100709842, CHG101073819 and CHG101073808
RE:	Pt 3rd F Bank Of Scotland 55, Old Broad Street, London EC2M 1RX Pt 3rd Floor 55, Old Broad Street, London EC2M 4RX 1st Floor 55, Old Broad Street, London EC2N 1AR 5th Floor 55 Old Broad Street, London EC2M 1RX 6th Floor 55 Old Broad Street, London EC2M 1RX

BETWEEN:	JCW Search Limited, Gb Railfreight Ltd, Finn Partners The Travel Company Limited	Appellants
	and	
	Ms N Johnson (Valuation Officer)	Respondent

SITTING:	*remotely using Microsoft Teams*
ON:	25 February 2025
PANEL:	Miss S Ballentine, Presiding Senior Member Prof P Catterall, Member
CLERK:	Mrs H Beresford
APPEARANCES:	Mr P Smith of Ryan Group, representing the Appellants Mr M Henson, Representing the Respondent

DECISION AND STATEMENT OF REASONS

Decision

1. The appeals are dismissed. The panel made no change to the rating list entries in respect of the subject properties.

Introduction

2. The appeal process began with proposals made by the appellant's representative against the entries in the 2017 rating list as follows: (all of the entries were with effect from 1 April 2017 with the exception of 1st Floor, 55, Old Broad Street, which was with effect from 1 May 2020)

Appeal	Proposal	VOA Decision	Appeal	£/m^2	RV £
Pt 3rd F Bank Of Scotland	10 03 2022	21 09 2022	12 01 2023	420.00	223,000
Pt 3rd Floor	13 03 2022	21 09 2022	13 01 2023	420.00	241,000
1st Floor	14 07 2021	14 09 2022	11 01 2023	420.00	407,000
5th Floor	14 06 2023	14 09 2024	26 09 2024	420.00	224,000
6th Floor	14 06 2023	14 09 2024	26 09 2024	420.00	217,000

3. The appellant's representative proposed revised assessments from based on a reduced tone of value for main space of £375/m^2

Appeal	Proposed RV
Pt 3rd F Bank Of Scotland	£199,000 with effect from 1st April 2017
Pt 3rd Floor	£215,000 with effect from 1st April 2017
1st Floor	£365,000 with effect from 1st May 2020
5th Floor	£200,000 with effect from 1st April 2017
6th Floor	£194,000 with effect from 1st April 2017

4. Mr Smith appeared on behalf of the appellants 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), the representative confirmed that he was instructed under a conditional fee arrangement. He declared that he understood and accepted that his duty was 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 or not the evidence supported the client's case.

5. The panel accepted this expert witness evidence on the above basis as the parties agreed the appeal was not complex and to do otherwise would be contrary to regulation 3 (Discharge of Valuation Tribunal for England (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). The panel therefore considered the "expert" evidence and attached such weight to it as it saw fit.

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

Background

7. The subject building, 55 Old Broad Street, London EC2M 1RX, was constructed in the 1970s and refurbished in 2018. The building provides office and retail accommodation arranged over basement, ground and ten upper floors. The property comprises a main tower with an ancillary wing, which has offices at first to fourth floors. The property is located in the heart of the City of London's financial district on the northeast junction of Old Broad Street and Wormwood Street. Liverpool Street, Moorgate, Bank and Aldgate stations are all within close proximity.

8. The issue for the panel to determine was whether the rate/m^2 adopted by the Valuation Officer was fair and reasonable.

Preliminary issue

9. During the submissions from Mr Smith, he referred to analysis of some of the rental evidence he had undertaken prior to the hearing which had not been provided to the respondent. As such, this was new evidence outside the required directions pertaining to evidence disclosure. Mr Smith stated that he had performed his own analysis after he was allocated this appeal which did not appear in the pack provided by the initial caseworker. Mr Henson stated he would be unable to pass comment on this analysis as he had not been offered the opportunity to consider it.

10. The panel was referred to the three-stage test set out in *Denton v TH White Ltd* [2014] 1 WLR 3926 and advised to consider this test in deciding whether or not to admit the new evidence with respect of any breach of the Tribunal's directions. The panel found the submission of the new evidence to be both a serious and significant breach of the directions. Mr Smith had not been aware, until it was pointed out during the hearing that the previous caseworker had not submitted any interpretation of existing evidence in the case summary, apart from that for Pt 3rd Floor 55, Old Broad Street, London, EC2M 4RX. This was not new evidence in the form of material evidence not previously available, it was evidence in the form of Mr Smith's analysis of the rental evidence referred to in the evidence statement. As Mr Henson had not had sight of this analysis prior to the hearing, the panel did not find it conducive, or in the interests of justice, to allow for any adjournment to consider it, and consequently rejected its admission.

Relevant Law

11. The term "rateable value" was defined in Schedule 6 to the Local Government Finance Act 1988 (as amended). The value was required to reflect an annual rent on the property, assuming a new letting with the tenant being responsible for all rates, taxes, repairs and insurance. In respect of all entries in the 2017 rating list, the Rating Lists (Valuation Date) (England) Order 2014 requires the rental levels to be taken on 1 April 2015, the antecedent valuation date (AVD).

12. The subject hereditaments must be valued for the purpose of non-domestic rating on the basis of the rent at which they 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.

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

14. Matters that affected the physical state or enjoyment of the property or the locality are 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 hereditaments, the material days are 1 April 2017 and 1 May 2020.

Discussion

15. The Lands Tribunal judgment in *Lotus and Delta* v *Culverwell (VO) and Leicester City Council* [1976] RA 141 provided authoritative guidance on the weight to be attached to rental and assessment evidence. The rent on the subject property was considered to be the correct starting point but, where available, rents on similar properties were also to be considered. The assessments on other comparable properties may also be relevant. All of the evidence could then be weighted.

16. The rents for the subject properties had been analysed by the respondent as follows:

Appeal	Rent £	Date Agreed	Analysed Rent £/m^2
Pt 3rd F Bank Of Scotland	248,583	1 June 2016	430
Pt 3rd Floor	285,430	20 October 2014	366
1st Floor	498,180	1 May 2020	454
5th Floor	239,030	16 September 2014	417
6th Floor	261,464	3 October 2014	473

17. The panel found this to be good evidence with several of the rents agreed relatively close to the AVD, which appeared to support a tone of £420/m^2. The panel found this to be persuasive evidence.

18. In these appeals both parties referred to the rents for the offices in 55, Old Broad Street, London, including the rents for the subject properties to support their arguments.

19. Mr Smith was able to refer to one piece of rental evidence which was the rent for Pt 3rd Floor 55, Old Broad Street, London, EC2M 4RX. This was a new lease for a term of 10 years which had been agreed on 10 October 2014 for £285,430. Mr Smith had analysed the rent to £329.32/m^2 which had been toned to AVD at 1.1% per month to £347.83 with an uplift of £25/m^2 for fitout giving an analysed rent of £372.83/m^2 which Mr Smith argued supported a rate of £375/m^2 for the subject properties. The panel noted that the respondent valuation officer had analysed this particular rent to £366/m^2, however, it also noted that this was just one of several rents within 55, Old Broad Street and it had to consider the full basket of evidence.

20. Mr Henson referred to rental evidence for three properties in addition to the subject properties which he argued supported a tone of £420/m^2 for the offices in 55, Old Broad Street. In particular, the panel noted the two rents which had been agreed close to the AVD. 9th Floor, 55, Old Broad Street, London EC2M 4RX had a rent agreed on 28 April 2015, for £303,987 this was a new lease for a five year term which analysed to £518/m^2, and 10th Floor, 55, Old Broad Street, London EC2M 4RX, had a rent agreed on 3 September 2015, for £291,233 this was a new lease for a ten year term which analysed to £488/m^2. The panel found this to be compelling evidence, and it attached significant weight to it.

21. Mr Smith questioned whether the higher rent reflected the fact that these were higher floors, however, Mr Henson confirmed that in the city, the rent would not be expected to be affected unless it was the 14th floor or above.

22. Mr Smith argued that the appeal properties were not grade A properties and had a poor energy efficiency rating, they are currently in the process of being demolished, however the panel was aware that this was not the case at the AVD.

23. Considering the basket of evidence, the panel determined that the respondent's tone of value for main space for the subject hereditaments was fair and reasonable.

Disposal

24. In view of the above findings and conclusions, the Tribunal panel was not satisfied that any reduction in the rating list entry was warranted. The appeals were therefore dismissed.

Date issued to parties: 19 March 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.
