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

Case No: CHG101082625
and
CHG101053593

Sitting remotely using
Microsoft Teams

Date: 14 July 2025

SCHEDULE 11 TO THE LOCAL GOVERNMENT FINANCE ACT 1988

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

Before:
MS S BAINS
MR J P PERCIVAL

Between:

MEDIAOCEAN SYSTEMS LTD AND CROWN AGENTS LIMITED — **Appellant**

- and -

ANDREW RICKETTS (VALUATION OFFICER) — **Respondent**

Regarding:
PT 2ND FL 2A (EXCL EAST WING) BLUE FIN BUILDING, 110 SOUTHWARK STREET, LONDON SE1 0SU and
PT 7TH FLR (SOUTH), BLUE FIN BUILDING, 110 SOUTHWARK STREET, LONDON SE1 0SU
(the “subject properties”)

Mr M Morrison of Ryan Property Tax Services Limited, for the Appellant
Mr W H Mak, for the Respondent

Hearing date: 16 June 2025

DECISION AND STATEMENT OF REASONS

Decision

1. The appeals are allowed.

2. The Tribunal finds that the entries in the 2017 valuation list are unreasonable and should be reduced.

Introduction

3. The appellants representative made a proposal on 5 July 2023, in relation to appeal CHG101082625 (“the second-floor offices”), to challenge the entry in the 2017 Rating List of £352,500 with effect from 13 January 2020. On 20 April 2023, a proposal was made in relation to appeal CHG101053593 (“the seventh-floor offices”), to challenge the entry in the 2017 Rating List of £660,000 with effect from 1 April 2017. The proposals sought a reduction in the tone applied to the valuations, from £490/m^2 to £440/m^2 for the second-floor offices and £450/m^2 for the seventh-floor offices. The Valuation Officer (VO) did not find the proposals to be well founded, and Challenge decisions were issued on 24 September 2024 for both hereditaments, upholding the existing entries in the list. Appeals against both decision notices were received by the Tribunal on 21 November 2024 for the second-floor offices and 27 November 2024 for the seventh-floor offices.

4. Mr Mak stated that he was appearing as both Advocate and Expert Witness for the respondent, providing his statement of truth prior to the hearing.

5. In view of the Upper Tribunal’s judgment in *Gardiner & Theobold LLP v Jackson (VO)* [2018] UKUT 0253 (LC), Mr Morrison declared that he was also appearing for the appellants in a dual role as Advocate and Expert Witness. He confirmed that his firm was instructed under a conditional or other success-based fee arrangement, but he understood his duty was to the Tribunal, regardless of whether the evidence supported his 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. As the appellants were represented by the same agent and there was some duplication in the submissions, the panel proposed that the appeals be heard together. No objection was raised to this approach so, with the consent of the parties, the panel heard the evidence on both appeals.

8. There had been some discussion between the parties prior to an earlier listing of one of these appeals and the parties had agreed to the admission of further evidence. Those further submissions included email exchanges, a table of rental analysis, and a VTE decision from December 2024 relating to offices located on the fifth and twelfth floors of the Blue Fin Building. As the parties had agreed in writing to these documents being admissible, the panel considered all available evidence in deciding these appeals. Mr Morrison had adjusted his valuations for the subject properties and sought a reduction to £460/m^2 for each.

9. The hereditaments in these appeals are offices on the second and seventh floors of the Blue Finn Building in Southwark. The building was constructed in 2007 and contains fourteen floors, with retail units on the ground floor and offices above. The offices benefit from a number of shared facilities, including a café, conference facilities and a terrace garden, and the building is located close to a number of underground and overground stations.

10. The issue to be determined by the Tribunal was the correct valuation in the 2017 rating list for each hereditament. The material day on which to consider the properties and their locality was 1 April 2017 for the seventh-floor assessment and 13 January 2020 for the second-floor assessment. The properties must be considered with regard to values on the antecedent valuation date (AVD) of 1 April 2015.

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

Relevant Law

12. The subject properties must be valued by the statutory assumptions set out in 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.”*

13. 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

14. The dispute in these appeals stemmed from the parties being unable to agree on the best approach to value the subject hereditaments. The VO relied on rents in the subject building and contended that there was an established tone of values, with a quantum effect meaning larger offices were valued at a lower rate than smaller ones. The appellants’ representative contended that the analysis of the rents showed no clear pattern, and it had not been agreed that quantum was an issue in this building. He relied on settlements and an earlier VTE decision.

15. The panel noted that the VTE's decision on the fifth and twelfth floors of the Blue Fin Building from December 2024, allowed the appeals at a unit price of £460/m^2. VTE decisions are not binding and the VO submitted that the panel in December had reached its decision without having the benefit of the full background to the settlements. Therefore, the panel noted the decision but considered all the available evidence in these appeals.

16. Mr Mak referred the panel to a table of rents in the Blue Fin Building, ranging from 10 April 2014 to 1 April 2016. The VO's analysis of these rents ranged from £422/m^2 to £583/m^2, after being toned to the AVD at a rate of 1% per month. Mr Morrison submitted that there was a wide range of values considering four of the rents were agreed within a few months of each other in 2014. It was the VO's position that the rents analysed lower for the larger offices, measuring 2,684.29m^2 (ninth floor) and 3,622.39m^2 (eighth floor), with these offices valued at £460/m^2. The offices measuring below 2,500m^2 analysed to a higher unit price and were valued at £490/m^2. Mr Morrison disagreed that there was a quantum effect in the building or that this separation in value had been agreed. In support of this he referred the panel to the December 2024 VTE decision where the fifth floor (957.63m^2) and twelfth floor (574.41m^2) offices were valued at £460/m^2.

17. In accordance with *Lotus & Delta*, the panel found that its starting point must be any rent passing on the subject properties. In the case of the second-floor offices, there was a rent agreed on a full repairing and insuring basis for ten years from 13 January 2020 at £537,924 per annum. The panel did not consider this rent useful as it was closer to the AVD for the 2023 list than the 2017 list. However, another rent on the second floor was presented at £771,053 from 10 April 2014 for a ten-year term, which was analysed to £481/m^2 by the appellant's representative. The VO analysed this rent to £457/m^2 but then added a £25 uplift to reflect it being let in a category A state, making the unit price £537/m^2. Mr Morrison contended that the agreement to apply a £25 uplift for category A offices applied to the City of London and not Southwark, so he disputed this analysis. The VO contended that the second-floor offices, measuring 724.30m^2 should be valued at £490/m^2 in line with the other offices in the building below 2,500m^2 and the rent from 2014 supported this rate.

18. The seventh-floor offices were let on a full repairing and insuring basis from 11 May 2017 for a term of eight years and seven months, at an initial rent of £997,920 per annum. A fifteen-month rent-free period was agreed at the beginning of the lease and the rent was not increased at the review date in December 2020. The seventh-floor offices are larger than the other subject property, at 1,348.42m^2 but the VO contended they should still be valued at £490/m^2 as they were below the threshold of 2,500m^2. Although this rent was closer to the 2015 AVD, the panel found that it was still further away than was useful in establishing the value on the statutory date. It also required adjustments and therefore was of limited use.

19. The panel noted the rents on other assessments within the Blue Fin Building presented by the parties. Mr Morrison cited the rent agreed on Pt 9th Flr South, East and West Wing at £1,444,150 from 9 June 2014, which he analysed to £419/m^2. He then highlighted two rents on the eleventh floor, 11th Flr West Wing and 11th Flr South Wing (East and West Side). The former had a rent agreed from 6 August 2014 which he analysed to £575/m^2. Mr Morrison questioned how there could be such a difference in value between this office and the ninth-floor office in the space of a couple of months. He also pointed out that the rent was agreed with an existing tenant in the building, who may have paid a premium to take on extra space.

20. In contrast, Mr Morrison referred the panel to the rent on 11th Flr South Wing (East and West Side), which was a renewal from 19 November 2014 at £251,038, analysing to £530.83/m^2. He queried reference to yearly reviews on the Form of Return for this office. A rent on Pt 10th

Flr South and Pt West was agreed at £625,172 from 1 August 2014, analysing to £551.96/m^2. Mr Mak maintained that these rents supported a rate of £490/m^2 for the two subject properties in these appeals, as they were below 2,500m^2 and smaller offices commanded a higher value per m^2.

21. The panel was aware that the ninth-floor office measured 2,684.29m^2 and was therefore larger than both subject properties. 11th Flr West Wing was recorded as measuring 739.41m^2 and was therefore comparable in size to the second-floor subject property. 11th Flr South Wing (East and West Side) was much smaller at just 490m^2. The seventh-floor subject property was closer in size to the offices at Pt 10th Flr South and Pt West. Mr Mak referred the panel to email exchanges between the parties where the VO set out that the ninth-floor office, relied on by the appellant in the appeals for the fifth and twelfth floors in December 2024, was agreed at £460/m^2 on the basis that the rent on this larger office supported a quantum effect. However, it was contended that the rents on smaller offices in the building supported a higher tone.

22. In other email exchanges and at the hearing, reference was made to an adjacent building to the Blue Fin Building, namely 240 Blackfriars Road. The VO had adjusted the size matrix for 240 Blackfriars Road to reflect rents in the building. The panel sought clarification on the tone applied to 240 Blackfriars Road and Mr Mak provided the following matrix –
    Offices measuring 0 – 1,000m^2 - £500/m^2.
    Offices measuring 1,000 – 2,250m^2 - £475/m^2.
    Offices measuring 2,250 – 4,500m^2 - £450/m^2.
    Offices measuring 4,500 - 18,000m^2 - £425/m^2.

23. Mr Mak explained that the rents within 240 Blackfriars Road supported a different tone to that in the Blue Fin Building and occupancy tended to be by whole floors, rather than the offices covering partial floors as in the subject building. He contended that, where there were leases in 240 Blackfriars Road for only part of a floor, the rents demonstrated a higher tone. In response to questioning from the panel, Mr Mak confirmed that 240 Blackfriars Road was constructed in 2014 and the Blue Fin Building in 2007, but both have similar features and fit out. When considering rents around the AVD for the 2017 list, Mr Mak submitted that 240 Blackfriars would reflect a new building, and the subject property is older.

24. After considering all the submissions, the panel was not persuaded that the rents in the Blue Fin Building were the best evidence. It noted that the panel hearing the appeals on the fifth and twelfth floor offices in December 2024 were not aware of the VO's argument that quantum applied in the building. However, in these appeals, the panel heard this submission. It accepted that quantum may apply in offices and that a clear pattern of values had been established in the neighbouring building of 240 Blackfriars Road. Although, no rental evidence from that building was presented, so the panel could not verify the pattern. However, it noted that 240 Blackfriars Road was a new building at the AVD and found that this would make it desirable to tenants looking for quality office space. It was to be expected that the Blue Fin Building may achieve lower rental values in comparison.

25. When looking at the rents in the Blue Fin Building, the panel was not persuaded that quantum necessarily applied there. The VO contended that the offices on the ninth and eighth floors were valued at £460/m^2 because they were above 2,500m^2 in size. However, if the principle was that the larger the office was, the lower the value it would achieve, then this was not demonstrated by the rents on these two assessments. The eighth-floor office (3,622.39m^2) had a rent analysing to £464/m^2 at the AVD, whereas the ninth floor

(2,684.29m^2) analysed to £422/m^2. Given a difference of nearly 1,000m^2 in size, the panel expected the larger office to analyse lower if a quantum effect applied.

26. The panel noted the appellant's representative disputed the VO's uplift of £25 on the analysis of the second-floor offices and found there was no other examples presented where such an uplift had been applied to a Southwark office assessment. As the analysis on this rent was not agreed and the seventh-floor office's rent was too far removed from the AVD to be useful, the panel did not place weight on them. It found that an earlier VTE panel had ordered a reduction to £460/m^2 for offices on the fifth and twelfth floor, which were both measured at below 2,500m^2. The VO had not appealed that decision, which would be the correct course of action if it was felt the decision was wrong. The panel found that, in comparison with the newer building next door at 240 Blackfriars Road, there should be a lower tone applied in the Blue Fin Building. The two subject properties measured below 2,250m^2 and equivalent office space in the more modern 240 Blackfriars Road was valued at between £475/m^2 and £500/m^2. Therefore, the panel found that £460/m^2 in the Blue Fin Building was reasonable.

Determination

27. In view of the above findings and conclusions, the Tribunal is satisfied that the unit price for both subject properties should be reduced from £490/m^2 to £460/m^2.

28. In accordance with Regulation 38 (4) and (9) of the Valuation Tribunal for England (Council Tax and Rating Appeals) (Procedure) Regulations 2009, the Valuation Officer is ordered to amend the entries in the 2017 rating list as follows –

Pt 2nd Fl 2a (Excl East Wing) Blue Fin Building, 110 Southwark Street, London SE1 0SU to £333,000 with effect from 13 January 2020.

Pt 7th Flr (South), Blue Fin Building, 110 Southwark Street, London SE1 0SU to £620,000 with effect from 1 April 2017.

29. The Valuation Officer must comply with this Order within two weeks of its making.

Floor	Description	Area m^2	£/m^2	Value
Part 2nd Floor 2a (Exl East Wing)	Office	724.30	£460	£333,178
			Rateable Value	£333,000

Floor	Description	Area m^2	£/m^2	Value
Part 7th Floor (South)	Office	1,348.42	£460	£620,273
			Rateable Value	£620,000

Right of further appeal

30. 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.

31. 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/.

Ms S Bains, Senior Member (Presiding)

Mr J P Percival, Senior Member

14 July 2025

Mrs A Sloan
Clerk to the Tribunal
Date issued to the parties: 14 July 2025