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

Case Nos: See attached schedule

Sitting remotely using Microsoft Teams

Date: 17 July 2025

SCHEDULE 11 TO THE LOCAL GOVERNMENT FINANCE ACT 1988

RATING — Local Government Finance Act 1988 — Barristers Chambers — Victorian and Georgian properties — Difference in value — Unadjusted base rate — Fragmentation — Appeals allowed in part.

Before:
MRS T WATSON
MR APS CRAWFORD

Between:

SEE ATTACHED SCHEDULE
(ALL REPRESENTED BY
JMA CHARTERED SURVEYORS) — **Appellant**

- and -

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

Regarding:
SEE ATTACHED SCHEDULE
(the “subject properties”)

Mr A Bacon for the Appellants
Mr A McKillop for the Respondent

Hearing date: 18 June 2025

DECISION AND STATEMENT OF REASONS

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Decision

1. The appeals are allowed-in-part.

2. The Tribunal Panel found that the current rateable values (RV) were unreasonable and determined revised RVs based on an unadjusted base rate of £380 per square metre (psm) for the Victorian properties and £360 psm for the Georgian properties. Please refer to the attached Schedule of Valuations for the revised RV's and effective dates.

Introduction

3. These were 2017 Rating List appeals. The subject properties were located in the Temple region of London and had been entered in the 2017 Rating List as "Office and Premises". The hereditaments had a range of effective dates, and therefore material dates, from when they were entered into the rating list, and the RV's ranged between £15,700 and £121,000 dependent on each hereditaments size. All of the offices were of Victorian or Georgian build and were in the 2017 Rating List with an unadjusted base rate of £400 psm and £380 psm respectively. The main issue for the panel to decide was the unadjusted base rate for the subject properties.

4. The challenge proposals were submitted by JMA Chartered Surveyors on behalf of the appellants. They had been made on the grounds that the RV's shown in the 2017 rating list were wrong and proposed a revised RVs for the subject properties using an unadjusted base rate of £350 psm for the Victorian properties and £315 psm for the Georgian properties.

5. The VO issued challenge case decision notices and treated the appellants' challenges as not well-founded and proposed no change to the rating list.

6. Mr Bacon 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), Mr Bacon declared that JMA Chartered Surveyors was instructed under a conditional fee arrangement.

7. Mr Bacon understood and accepted his duty was to the Tribunal in giving his evidence and he would comply with this regardless of whether or not the evidence supported his client's case.

8. The panel accepted this expert witness evidence 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. The panel therefore considered the expert evidence and attached such weight to it as it saw fit.

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

Background

11. These appeals were all barristers' chambers in Victorian and Georgian buildings located in Temple in London.

12. These appeals were heard together with the agreement of the parties as the main issue in dispute was the same for all subject properties.

Relevant Law

The Local Government Finance Act 1988

13. Schedule 6 of the Act provides that:

 2(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.

14. 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).

15. 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 properties, the material days vary and are the same as their entries into the rating list. These are detailed on the attached Schedule of Valuations.

Discussion

16. Whilst the main issue for the panel to determine in these appeals was the unadjusted base rate to be applied, there were two additional issues which related to some of the subject properties. The decision will address each issue separately. The issues are:

 1. The size of 2nd Flr East, One Essex Court, EC4Y 9AR
 2. Whether an end allowance for fragmentation should be applied to certain properties
 3. The unadjusted base rate to be applied to the subject properties

Size of 2nd Flr East, One Essex Court, EC4Y 9AR

17. The panel heard from the parties that there was a difference of opinion as to whether an area within the subject property should be included in the net internal area (NIA) calculation. The area in dispute is 11.95m^2.

18. Mr Bacon contended that the area in dispute should not be included in the NIA as it was an area of essential access. He stated that there were doors from the area to the other rooms in the subject property and that there were pictures demonstrating fire extinguishers in the area which would only be provided in areas that are means of escape. Mr Bacon stated this was a single stairway building and that the area in dispute was a corridor/fire escape area. Mr McKillop was of the opinion that the area was a reception/entrance area and was useable space, it was for this reason that it had been included in the NIA.

19. The parties had both referred the panel to the RICS Code of Measuring Practice. The panel reviewed the photographs and floor plans of the subject property and the disputed area in conjunction with the RICS code. With reference to 3.2 and 3.11 of the RICS code, the panel found that the area in dispute was not a common area. The floorplan of the subject property demonstrated that the stairwell of the building was outside of the subject property and the door from the stairwell was into the entrance area. Whilst the occupier was not using it as a traditional reception area, the panel was of the opinion that it was useable space.

20. Diagram F in the RICS code had been highlighted to the panel, however it found this was not the same situation as the subject property due to the stairwell being outside of the hereditament.

21. For these reasons, the panel found that as the disputed area was an entrance and useable space, this part of the appeal was dismissed.

End allowance for fragmentation

22. Mr Bacon requested a 10% allowance for fragmentation for the following subject properties:

    1 Pair-2 Pair E 1, Paper Buildings, London, EC4Y 7EX
    BST-2 8, Kings Bench Walk, London EC4Y 7DU
    GND F-2 Pair S, Doctor Johnsons Buildings, London EC4Y 7BA
    4 Essex Court, London, EC4Y 9AA
    First Floor to Third Floor North, Devereux Chambers, London, WC2R 3JJ

23. The panel heard from Mr Bacon that the rental evidence in these appeals is for self-contained units, however the above are non-self-contained units and in these cases allowances for fragmentation should be granted.

24. Mr Bacon provided a previous VT decision where a 7% end allowance for a divided unit was already in situ on the appeal property. It was his contention that this demonstrated the VO did grant this type of allowance. Mr Bacon provided an internal image of that property which was a

restaurant that incorporated three premises with internal connection. It was his opinion that where there is no internal connection the allowance should be greater.

25. Reference was made to two properties that were merged into a single assessment following the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018, referred to as PICO. In that situation the two properties were merged and granted a 7.5% allowance, which Mr Bacon stated was as a result of PICO, the valuation lists it as ‘divided or split unit’. Mr Bacon had been inside the premises and confirmed there was an internal connection between the buildings at the basement level.

26. 49 South Molton Street was a Victorian building with an assessment in the rating list for 1st Flr Excl RR & 2nd-3rd Flrs. This assessment had a 10% allowance for a divided or split unit which Mr Bacon contended was the most comparable to the subject properties. A photograph of the external of the building had been provided which Mr Bacon stated demonstrated the internal stairwell was on the left of the building. He had not been inside this property.

27. An additional six valuations had been provided by Mr Bacon of properties with an end allowance for a divided or split unit. The allowances ranged between 7.5% and 15%. Mr Bacon was of the view that this demonstrated a tone for allowances being granted where the property was fragmented, in this case due to the PICO Act.

28. Mr McKillop argued that an end allowance should not be applied as it had not been proved that it was warranted for the subject properties listed at paragraph 23. It was his contention that the same situation Mr Bacon described can also arise in modern multi-level office buildings.

29. Mr McKillop stated that the restaurant premises had an allowance since 2010 and was not PICO related, it was his opinion that this property was not comparable or a relevant allowance when discussing the subject properties. He stated that the two merged properties were two separate buildings with exclusive occupation and the allowance was for fragmentation and access. 49 South Molton Street had a shop on the ground floor with offices on the three floors above, he stated the allowance was for the layout of the rooms.

30. The panel reviewed the evidence put forward for the end allowance. It was of the view that Mr Bacon had not demonstrated the disadvantage of the subject properties that would warrant an allowance. It was the panel’s opinion that whilst it had been demonstrated that this was an allowance given by the VO, which was not enough for it to be applied to the subject properties.

31. The panel found that the properties put forward were not comparable. Where there were images, they demonstrated different scenarios than that before the panel with the subject properties. The list of six valuations where allowances had been granted were not backed up with floor plans, photographs or satellite images, and the panel noted that five of the six valuations listed the assessments as including multiple buildings.

32. For these reasons, the panel found that there was not sufficient evidence to support an end allowance for fragmentation for the subject properties listed at paragraph 23 and therefore, this part of the appeal was dismissed.

Unadjusted Base Rate

33. The main issue for the panel to determine was the unadjusted base rate to be applied to the subject properties. The subject properties were a mix of Victorian and Georgian properties,

and the parties agreed there should be a difference in value between the types. With the exception of #16 from the attached schedule, the properties were valued at £400 psm for the Victorian properties and £380 psm for the Georgian properties. #16 was valued at £350 psm as it was a property located outside of Temple. The unadjusted base rate for this property was not in dispute.

34. The panel heard that three previous VT decisions had been appealed to the Upper Tribunal. The issue in those appeals was in relation to an uplift for properties inside the “Inn”. However, before the appeals made it to hearing, the VO deleted the properties from the rating list and a consent order was issued for the *“…entries comprising the former appeal hereditaments…”.* The three properties were one Victorian building and two 1950’s buildings and the consent order was for £400 psm for all three newly constituted assessments.

35. Historically, there had been three levels of value in Inner and Middle Temple based on the type of building with a difference of £20 psm between post-war, Victorian, and Georgian buildings. It was Mr Bacon’s view that there were still three levels of value, and it was Mr McKillop’s view that post-war and Victorian were now the same value with Georgian £20 psm less.

36. Rental evidence had been provided on five Georgian properties, three Victorian properties, and five post-war properties. Whilst the panel was not required to determine the value for any post-war properties, the rents were provided to demonstrate the differences between the three property types.

37. The panel heard that within Temple, there was Inner Temple and Middle Temple and the rents for the two areas were arrived at differently. Inner Temple leases had indexed rents with an RPI (retail price index) clause in them, which meant that the rents could never be negotiated between the parties as they were reviewed in line with inflation.

38. Rents within Middle Temple had been negotiated by a panel of experts including those within the evidence bundle with an effective rent from 1 June 2016. Of the rental evidence provided, eight were of rents in Inner Temple where negotiations had not taken place. It was Mr McKillop’s view that the Inner Temple rents were not determinative of value, but demonstrated a range of values across the building ages. The Inner Temple rents were indexed linked; however, he stated that they were still arm’s length agreements between willing parties.

39. The panel considered the evidence before it and placed less weight on the consent order. It found that the rate was agreed for those three properties, however the properties were reconstituted, and the parties were not in agreement on what was decided by the consent order. All the panel had to go off was the wording of two brief lines and therefore less weight was given to this evidence when there was rental evidence to consider.

40. It was mentioned through questioning that there were approximately 300 hereditaments within Inner and Middle Temple. The evidence before the panel was limited to thirteen rents. The panel placed less weight on the eight rents from Inner Temple where the rents were index based. The panel found that when comparing the rents on the table, there was a definite value differential between the post-war, Victorian, and Georgian properties. The post-war properties were already agreed at £400 psm and not subject to this appeal, however this was the starting point for the panel as it had determined that the Victorian and Georgian properties both had less value based on the rental evidence.

41. The parties had agreed on new evidence prior to the hearing which was the inclusion of the updated lease renewal for 2 Pair N New Court, Temple, EC4Y 9BE which was renewed on 1

June 2016 as part of the Middle Temple agreements, and the size of 2 Pair N & S Lamb Buildings, Temple EC4Y 7AS which was reduced following a joint inspection. This resulted in an increased analysis for the property.

42. The panel found that on the basis of the rental evidence table there was a difference of 5% and 9% between the post-war properties and the Victorian and Georgian. When the updated evidence was included, the difference increased to 12% and 21% respectively, however this was based on only one rent. The panel found that there should be a distinction between the property types but was not persuaded this should be to the level requested by Mr Bacon on the back of one rent.

43. The panel was persuaded that the evidence demonstrated a difference of 5% and 10% was not unreasonable, and whilst not the basis for the decision, also fitted with the original £20 psm difference between the types.

44. Therefore, this part of the appeal was allowed in part and the panel found that the Victorian properties (1-9 on the schedule) should be reduced to £380 psm and the Georgian properties (10-15 on the schedule) should be reduced to £360 psm.

Determination

45. In view of the above findings and conclusions, the Tribunal Panel is satisfied that the existing assessments are unreasonable and determined RV's as per the attached Schedule of Valuations.

46. The Tribunal Panel orders pursuant to Regulation 38 of the Valuation Tribunal for England (Council Tax and Rating Appeals) (England) Regulations 2009 [SI 2009 No 2269] that the respondent shall alter the 2017 list in respect of the listed appeals, within two weeks, as per the attached Schedule of Valuations.

Right of further appeal

47. 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.

48. 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/.

Mrs T Watson, Senior Member (Presiding)

Mr APS Crawford, Senior Member

17 July 2025

Mrs S Hodgson
Clerk to the Tribunal
Date issued to the parties: 17 July 2025

Schedule of Appeals (Victorian Properties)

Valuation #	Appeal number	Subject property	Appellant
1	CHG101075436	GND FLR N 3 Temple Gardens, Middle Temple Lane, London EC4Y 9AU	One Essex Court Ltd
2	CHG101081757	1 Pair-2 Pair E 1, Paper Buildings, London, EC4Y 7EX	Hailsham Chambers
3	CHG101075473	LGF 1 Brick Court, London, EC4Y 9BY	One Essex Court Ltd
4	CHG101090281	Basement E, 5 Paper Buildings, London, EC4Y 7HB	Hailsham Chambers
5	CHG101085502	2 Pair 1, Mitre Court Buildings, London, EC4Y 7BS	Smyth Barkham LLP
6	CHG101048832	Farrars Building, Hare Court, London, EC4Y 7BD	Farrars Building
7	CHG101057109	GND F-2 Pair S, Doctor Johnsons Buildings, London EC4Y 7BA	3 Doctor Johnsons Buildings
8	CHG101081721	4 Paper Buildings, Kings Bench Walk, London, EC4Y 7EX	Hailsham Chambers
9	CHG101094024	Basement, 3 Paper Buildings, London, EC4Y 7EU	Hailsham Chambers

Schedule of Appeals (Georgian Properties)

Valuation #	Appeal number	Subject Property	Appellant
10	CHG101081158	1 Pair 9, Kings Bench Walk, London, EC4Y 7DX	7 KBW Ltd
11	CHG101081800	BST-2 8, Kings Bench Walk, London, EC4Y 7DU	7 KBW Ltd
12	CHG100807340	2ND Flr East, One Essex Court, London, EC4Y 9AR	One Essex Court Ltd
13	CHG101085518	4 Essex Court, London, EC4Y 9AJ	One Essex Court Ltd
14	CHG101094001	Second Floor, 2 Middle Temple Lane, London, EC4Y 9AA	Chambers of Simon Davenport QC
15	CHG101090279	BST 4 Kings Bench Walk, Temple, London, EC4Y 7DL	Honourable Society of Inner Temple

Schedule of Appeals (outside of Temple)

Valuation #	Appeal number	Subject Property	Appellant

16	CHG101069670	First Floor to Third Floor North, Devereux Chambers, London, WC2R 3JJ	One Essex Court Ltd

Schedule of Valuations

Number	Area (m^2)	£/m^2	Total (£)	RV (£)	Effective Date
1	100.91	380	38,346	38,250	24 June 2018
2	178.91	380	67,986	67,500	1 April 2017
3	48.32	380	18,362	18,250	1 April 2017
4	45.80	380	17,404	17,250	1 April 2017
5	131.99	380	50,156	50,000	1 April 2017
6	345.56	380	132,313	132,000	1 April 2017
7	241.96	380	91,945	91,500	1 April 2017
8	218.92	380	83,190	83,000	1 April 2017
9	69.71	380	26,490	26,250	1 April 2017
10	123.71	360	44,536	44,500	1 April 2017
11	356.41	360	128,308	128,000	1 April 2017
12	67.50	360	24,300	24,250	15 January 2018
13	244.22	360	87,919	87,500	1 April 2017
14	82.56	360	29,722	29,500	1 April 2017
15	46.21	360	16,636	16,500	1 April 2017
16	171.88	350	60,158	60,000	1 April 2017