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

Case No: CHG101100911

Sitting remotely using Microsoft Teams

Date: 7 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:
MISS A M PRICE
MRS F E R DUGGAN

Between:

ROOFOODS LTD — **Appellant**

- and -

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

Regarding:
PT L2 (EAST) ATRIUM BUILDING CANNON BRIDGE, 25 DOWGATE HILL, LONDON EC4R 2SU
(the "subject property")

Mr A Johns of CBRE Limited, for the Appellant
Mr P Emmerton, for the Respondent

Hearing date: 9 June 2025

DECISION AND STATEMENT OF REASONS

Decision

1. The appeal is allowed-in-part.

2. The Tribunal finds that the entry in the 2017 rating list should be altered to £675,000 with effect from 1 April 2017.

Introduction

3. The appellant made a proposal to challenge the entry in the 2017 Rating List of £730,000 with effect from 1 April 2017. The proposal sought a reduction to £635,000. The Valuation Officer (VO) did not find the proposal to be well founded, and a Challenge decision was issued on 20 September 2024 revising the existing entry in the list to £720,000. An appeal against that decision was received by the Tribunal on 15 January 2025.

4. Mr Emmerton was appearing as Advocate for the respondent.

5. In view of the Upper Tribunal's judgment in *Gardiner & Theobold LLP v Jackson (VO)* [2018] UKUT 0253 (LC), Mr John declared that he was appearing for the appellant 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. The subject hereditament is valued as offices and premises and is situated in Cannon Bridge House. Cannon Bridge House comprises two adjoining buildings, the River Building and the Atrium Building. The subject property measures 1,698.83m^2 and is located on the second floor of the Atrium Building. The facts were agreed between the parties, but the dispute arose over the main space price to be applied to the valuation. The VO revised the compiled list entry in this case from a main space price of £430/m^2 to £425/m^2. Mr Johns sought a reduction to £365/m^2 in his appeal submission, resulting in a new valuation of £620,000.

8. The VO's defence of the valuation at £720,000 relied on a rent for the third floor of Atrium House. Mr Emmerton disagreed with the original analysis of that rent, and he provided a revised calculation for the Tribunal's consideration. Mr Johns did not oppose this. Mr Johns' appeal submission also disagreed with the approach taken by his colleague at the Challenge stage. The challenge initially relied upon rental evidence, but Mr Johns submitted that comparison with other assessments in the locality and the tone of the list was a better approach, so he no longer sought to rely on rents. No objection was raised at the hearing by either party to these changes, so the panel proceeded to hear all the evidence available.

9. The material day on which to consider the property and its surroundings was 1 April 2017, as this was a challenge to the compiled list entry. The property must be valued as at the antecedent valuation date (AVD) of 1 April 2015.

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

Relevant Law

11. The subject property 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.”

12. 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 VO’s decision notice, which provided guidance on the weight to be attached to different forms of evidence.

Discussion

13. In accordance with Lotus & Delta, the panel first considered any rent passing on the subject property. In this case, the ratepayer had been in occupation for a number of years and the rent agreed in 2017 was a renewal. Mr Johns submitted that it was both some distance from the AVD and carried less weight as it was a renewal of an existing lease, making the tenant a ‘special purchaser.’ He contended that the tone of the 2017 list is established and comparison with other similar hereditaments was a better approach.

14. The decision notice under appeal provided the panel with the VO’s analysis of the rent agreed on the floor above the subject property for the offices shown in the list as Pt Level 3 East Cannon Bridge House, 25 Dowgate Hill, London EC4R 2SU. This rent was also a renewal, but the VO considered it to carry weight as a rent agreed between a willing landlord and tenant. The rent was agreed from 1 June 2016, and the VO had adjusted it to the AVD at £919,851 per annum, which analysed to £463/m^2, toned to £400/m^2. Then £25/m^2 was added for fit out (disregarding any tenant’s improvements) arriving at £425/m^2. Prior to the hearing, Mr Emmerton provided a revised analysis of this rent, arriving at £448.97/m^2, after adjusting to reflect fitting out deducted from the rent-free period.

15. Mr Johns submitted that little weight should be placed on the third-floor rent. He contended that it was a lease originally agreed in 2002, and its terms were outside the Landlord and Tenant Act 1954. As a result of this, he argued that the tenant could only renew the lease by

agreement and would be willing to pay more to stay in occupation and avoid the costs associated with re-locating. Mr Johns did not agree with the VO's analysis of the third-floor rent and his own calculations resulted in a main space price of £397.20/m^2. He also disagreed with the addition of a £25 uplift in this case. In the absence of useful open market lettings close to the AVD, Mr Johns felt the best evidence was comparison with similar offices and having regard to the tone of the list.

16. In support of a reduction in tone, Mr Johns provided the panel with five examples of office assessments ranging from £350/m^2 to £400/m^2, which had been settled or agreed in the 2017 list.

17. The panel noted that the subject property forms part of Cannon Bridge House which straddles both Cannon Street station and Upper Thames Street. Mr Johns submitted that the offices to the north, on Cannon Street and King William Street were not comparable and the subject property should be compared with offices on Upper Thames Street, as the subject is accessed from that road. Photographs were presented to show the entrance to the building. In contrast he provided photographs of 12 Arthur Street, which he contended is a higher value building, valued at £375/m^2. Also referenced was Governor's House, 5 Laurence Pountney Hill, valued at £365.50/m^2, and 10 Queen Street Place, with its river frontage, agreed at £350/m^2. Mr Johns submitted that these examples, along with 68 Upper Thames Street (£375/m^2) and 9 Cloak Lane (£400/m^2) demonstrated the subject property was over assessed.

18. Mr Johns mentioned at the hearing that there was a rent in the subject building dating from 2016 on a five-year lease that had been overlooked when the subject property was appealed. However, he accepted that this rent had not been provided in evidence and therefore could not be relied upon. Nevertheless, he considered the comparable offices he had presented supported his case for a reduction in the main space price for the subject property.

19. Mr Emmerton submitted that, in line with *Lotus & Delta*, the rent in the subject property's building for the third floor carried most weight. He explained his analysis to £448.97/m^2 and contended that this rent showed the subject property's valuation was not excessive. It was argued that the appellant's representative had failed to recognise the importance of the subject property's proximity to Cannon Street station, a prime location. Mr Emmerton considered the best comparisons were with offices on Queen Victoria Street and Cannon Street and only the north side of Upper Thames Street. He was of the opinion that the subject property is located on Cannon Street.

20. Reference was made to 71 Queen Victoria Street, a building redeveloped in 2014 and providing examples of rents from 2015, close to the AVD. Rents on levels 4 and 5 from March and July 2015 respectively were cited but the panel noted these included substantial rent-free periods of 24 and 30 months. It was highlighted that this building had been agreed in the 2017 list at £450/m^2 and it is a higher specification than the subject property. The third-floor offices at Watling House, 33 Cannon Street were also presented at £375/m^2. An array of settlement evidence from the EC4 postcode area was also provided, ranging from 5th Floor, 50 Cannon Street (£520/m^2) to Governor's House, 5 Laurence Pountney Hill (£365.50/m^2).

21. After considering all the evidence, the panel found that the rental evidence was not particularly helpful in this case. In the Atrium Building, the subject property and the third-floor offices were both renewals of older leases and both required adjustments to align with the statutory assumptions. The parties could not agree on the analysis of the third-floor rent and

the weight to place on it. The rents in 71 Queen Victoria Street were close to the AVD but both leases had significant rent-free periods, and this building appeared to be located some distance from the subject property. As the 2017 rating list is now closed and there were a number of settlements available, the panel preferred this method.

22. The panel noted that the entrance to the Atrium Building was in Upper Thames Street and there appeared to be an established tone of office assessments in that road at £375/m^2. However, it found that the subject property's proximity to a major train station could not be ignored and therefore its value would be higher than others in Upper Thames Street. Offices in Cannon Street had been settled for values between £520/m^2 and £430/m^2. Bearing in mind its situation on Upper Thames Street, the panel found the subject property would not be as valuable as those examples and it decided that £400/m^2 was fair and reasonable.

Determination

23. In view of the above findings and conclusions, the Tribunal is satisfied that the existing valuation in the list is unreasonable and the entry should be reduced.

24. 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 entry for Pt L2 (East) Atrium Building Cannon Bridge, 25 Dowgate Hill, London EC4R 2SU in the 2017 Rating List to £675,000 effective from 1 April 2017.

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

Floor	Description	Area m^2	Price £/m^2	£
Second	Office	1,698.83	400.00	679,532
	Total value			679,532
			RV say	675,000

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 A M Price, Senior Member (Presiding)

Mrs F E R Duggan, Member

7 July 2025

Mrs A Sloan
Clerk to the Tribunal
Date issued to the parties: 7 July 2025