**VALUATION TRIBUNAL FOR ENGLAND**

*2017 Rating List Appeal: Local Government Finance Act 1988; Offices and premises; Unadjusted base rate; Comparable assessment evidence; Appeal allowed in part.*

| | | |
|---|---|---|
| APPEAL NUMBER: | Please see attached schedule | |
| RE: | Please see attached schedule<br>(the "subject properties") | |
| BETWEEN: | Beaumont Business Centres Limited | Appellant |
| | and | |
| | Andrew Ricketts<br>(Valuation Officer) | Respondent |
| SITTING: | *remotely using Microsoft Teams* | |
| ON: | 31 January 2025 | |
| BEFORE: | Mrs F Rahman-Cook, Presiding Senior Member<br>Mr M Nwosu, Member | |
| CLERK: | Mrs S Hodgson IRRV(Dip) | |
| APPEARANCES: | Mr M Hill for the appellant<br>Mr K Abbaas for the respondent | |

---

**DECISION AND STATEMENT OF REASONS**

---

**Decision**

1. The appeal is 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 £425 per square metre (psm). 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 at 181 Queen Victoria Street in 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 list, and the RV’s ranged between £1,225 and £49,250 dependent on each hereditaments size. All of the offices were in the 2017 Rating List with an unadjusted base rate of £450 psm. This base rate was the only contended issue between the parties and therefore the appeals were all heard in one hearing.

4. The challenge proposal was submitted by Avison Young (UK) Ltd on behalf of Beaumont Business Centres Limited and was received by the Valuation Officer (VO) on 7 September 2023. It 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.

5. The VO issued challenge case decision notices on 29 April 2024. The VO’s decision was to treat the appellant’s challenges as not well-founded and proposed no change to the rating list.

6. Mr Hill 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 Hill declared that Avison Young (UK) Ltd was instructed under a conditional fee arrangement.

7. Mr Hill 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 the proceedings.

<u>*Background*</u>

11. The subject properties were serviced offices located in the basement to the fourth floor of 181 Queen Victoria Street. The building was built in 1890 and was refurbished in 2017, maintaining the external walls and internal floor to ceiling heights. The appellant has a leasehold for the entire building which is then split into 47 separate hereditaments which are the basis of the appeals today.

12. The adjustments to the base rate for size and location in the building are not in dispute between the parties.

## 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. The leading judgment of *Lotus and Delta v Culverwell (VO) and Leicester City Council* [1976] RA 141, set out six propositions to be followed when considering the weighting of evidence:

    1. Where the hereditament which is the subject of consideration is actually let that rent should be taken as the starting point.
    2. The more closely the circumstances under which the rent agreed both as to time, subject matter and conditions relate to the statutory requirements contained in the definition of gross value in s.19(6) of the General Rate Act 1967 the more weight should be attached to it.
    3. Where rents of similar properties are available, they too are to be properly looked at through the eye of the valuer in order to confirm or otherwise the level of value indicated by the actual rent of the subject property.
    4. Assessments of other comparable properties are relevant. When a valuation list is prepared these assessments are to be taken as indicating comparative values estimated by the

Valuation Officer. In subsequent proceedings on that list therefore they can properly be referred to as giving an indication of that opinion.

5. In light of all the evidence an opinion can then be formed of the differing types of evidence depending on the one hand the nature of the actual rent and on the other hand, on the degree of comparability found in other properties.
6. In those cases where there are no rents available of comparable properties a review of other assessments may be helpful but, in such circumstances, it would be clearly more difficult to reject the evidence of the actual rent.

17. The whole building at 181 Queen Victoria Street was subject to a lease for a term of 15 years with effect from 12 October 2017. The passing rent was £1,014,054 per year. Both parties agreed that the rent was too far removed from the AVD to be useful in determining the RV of the individual offices. The panel agreed with this view.

18. The panel heard from Mr Abbaas that the subject property was to be valued based on its refurbishment in 2017. He did not consider that the fact the building was dated circa 1890 affected its value.

19. Mr Abbaas had provided one piece of rental evidence to support the contention that the current unadjusted base rate of £450 psm for the subject properties was not unreasonable. This was a new letting at 5$^{th}$ Flr, 71 Queen Victoria Street which was let on a 15-year term with effect from July 2015. The passing rent was £1,818,875 per year and it had an area of 3,032m$^2$. Mr Abbaas had analysed this to £592 psm once the £25 psm has been added for fit out.

20. Mr Hill had analysed the rent of 5$^{th}$ Flr, 71 Queen Victoria Street to £472 psm including the £25 psm for fit out. He had included the 29.3 month rent free period and had analysed to the break option in the lease. The panel noted that 71 Queen Victoria Street was in the rating list with an unadjusted base rate of £450 psm.

21. Whilst the panel accepted that in terms of rental evidence, this was close to the AVD, it was not satisfied to base the RV of the subject properties on a single piece of evidence. The panel noted that 71 Queen Victoria Street was constructed in 2014, and the photographs demonstrated a far more modern build than the subject property externally.

22. Mr Hill provided rental evidence for 2$^{nd}$ Floor 68 Upper Thames Street, 3$^{rd}$ Floor 128 Queen Victoria Street, and 1$^{st}$ Floor 85 Queen Victoria Street. Upper Thames Street had a passing rent of £649,506 per year for a term of four years and six months with effect from 1 February 2015. He analysed this to £373.15 psm, and it was in the rating list at £375 psm. 128 Queen Victoria Street had a passing rent of £454,230 per year for a term of ten years with effect from 29 September 2014. Mr Hill analysed this to the break clause to £370.75 psm and it was in the rating list at £415 psm. 85 Queen Victoria Street had a passing rent of £512,662 per year for a term of ten years with effect from 2 March 2016. He analysed this to the break clause to £428.55 psm and it was in the rating list at £425 psm.

23. Mr Hill had also provided settlement evidence of nine hereditaments in 68 Upper Thames Street that had been reduced at the check stage from £435 psm to £375 psm, and 1 Queenhithe which was reduced from £450 psm to £400 psm.

24. Mr Abbaas had stated in the hearing and confirmed through questioning that it was his opinion that only other properties on Queen Victoria Street could be considered for tone, and he placed little weight on the evidence submitted by Mr Hill.

25. The panel disagreed with Mr Abbaas in that only comparable properties on Queen Victoria Street could be used. While it could understand the reasoning if there was a plethora of evidence neighbouring the subject property, in this appeal Mr Abbaas had only referred to one piece of evidence which was located East of the subject property and was closer to Upper Thames Street. However, the closest in terms of distance to the subject building was 128 Queen Victoria Street.

26. The panel heard that Mr Abbaas had only inspected the subject building externally in the days before the hearing and had never inspected it internally. The panel found that without having inspected the subject property, Mr Abbaas could not be considered an expert witness of the subject property.

27. At the material days of the subject properties, the whole building had been refurbished, and it was in this state that the building had to be considered. However, the panel found that there was a distinct difference between 71 Queen Victoria Street which was built in 2014 and the subject building which was originally built in the 1890’s. Internal photographs demonstrated the low ceilings that remained in the building and the floor vents for air conditioning and heating due to the original build.

28. 85 and 128 Queen Victoria Street were built in 1991 and 1997 respectively, and both refurbished in 2018. 68 Upper Thames Street was built in 1911 and refurbished in 2018.

29. The panel reviewed all of the evidence before it and placed the most weight on the rents at Upper Thames Street at 71 Queen Victoria Street which were both within three months of the AVD, however it did not find 71 Queen Street to be comparable in terms of character and quality. Therefore, as 71 Queen Street was considered to be superior to the subject property and had been agreed in the 2017 rating list at £450, the panel found that the RV for the subject properties was unreasonable.

30. The panel found 85 and 128 Queen Victoria Street were the most comparable in terms of location and properties. When considering all of the rental and settlement evidence in the basket of evidence, it found that the unadjusted base rate for the subject properties at 181 Queen Victoria Street should be reduce to £425 psm.

**Disposal**

31. 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 at an unadjusted base rate of £425 psm.

32. 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 at 181 Queen Victoria Street, London EC4V 4EG, within two weeks, as per the attached Schedule of Valuations.

**Date issued to parties:** 28 February 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.

**Addendum**

Following release of the decision document, a party requested that the Order be amended to reflect the correct effective date for RMS 3.07-3.09 AT 3$^{RD}$ FLR. The original effective date had been taken from the VOA challenge case decision notice, however the assessment did not exist in the 2017 rating list until 1 October 2020. This has been corrected on the Schedule of Valuations attached to this decision, following authorisation by the VTE under regulation 39 of the Tribunal Procedure regulations.

**Schedule of Appeals at 181 Queen Victoria Street, London, EC4V 4EG**

| **Appeal Number** | **Subject Property** |
|---|---|
| CHG101122041 | RMS 3.08-3.11 |
| CHG101121971 | CLUB LOUNGE GND FLR |
| CHG101120499 | RMS LG 01-LG 03 AT LWR GRD FLR |
| CHG101119944 | RMS 3.07-3.09 AT 3RD FLR |
| CHG101120460 | RM LG.02-03 AT LWR GRD FLR |
| CHG101122047 | GND FLR ROOMS G.10 & G.11 |
| CHG101122026 | ROOMS 4.08-4.09 AT 4TH FLR |
| CHG101122046 | 2ND FLR ROOMS 2,08 & 2.09 |
| CHG101122070 | ROOMS 4.03-4.04 AT 4TH FLR |
| CHG101093760 | 2ND FLR ROOMS 2.10 & 2.11 |
| CHG101119939 | RMS 3.10-3.11 AT 3RD FLR |
| CHG101120506 | RMS 1.08-1.09 AT 1ST FLR |
| CHG101122038 | RMS 1.10-1.11 AT 1ST FLR |
| CHG101120581 | RMS 1.03-1.04 AT 1ST FLR |
| CHG101120594 | RMS 3.03-3.04 AT 3RD FLR |
| CHG101122086 | ROOMS 4.10 & 4.11 4TH FLR |
| CHG101120477 | RM LG.02 AT LWR GRD FLR |
| CHG101122032 | 2ND FLR ROO, 2.05 |
| CHG101122043 | ROOM AT 4.05 AT 4TH FLR |
| CHG101120588 | RM 3.05 AT 3RD FLR |
| CHG101122058 | RM 1.05 AT 1ST FLR |
| CHG101120473 | RM LG.01 AT LWR GRD FLR |
| CHG101120463 | RM LG.03 AT LWR GRD FLR |
| CHG101120569 | ROOM 4.07 AT 4TH FLOOR |
| CHG101122064 | 2ND FLR ROOM 2.07 |
| CHG101120537 | RM 3.07 AT 3RD FLR |
| CHG101120583 | GND FLR MEETING RM 02 |
| CHG101122056 | RM 1.07 AT 1ST FLR |
| CHG101120574 | 2ND FLR ROOM 2.01 |
| CHG101121969 | 3RD FLR RM 3.01 |
| CHG101121978 | RM 1.01 AT 1ST FLR |
| CHG101122068 | ROOMS 2.03 & 2.04 2ND FLR |
| CHG101122045 | ROOM 4.01 AT 4TH FLOOR |
| CHG101122052 | ROOM 4.06 AT 4TH FLOOR |
| CHG101122035 | 2ND FLR ROOM 2.06 |
| CHG101120511 | RM 3.02 AT 3RD FLR |
| CHG101120586 | RM 1.02 AT 1T FLR |
| CHG101120598 | RM 3.06 AT 3RD FLR |
| CHG101122016 | RM 1.06 AT 1ST FLR |
| CHG101122021 | 2ND FLR ROOM 2.02 |
| CHG101120584 | GND FLR MEETING ROOM 04 |
| CHG101122022 | ROOM 4.02 AT 4TH FLOOR |
| CHG101120562 | GND FLR MEETING RM 01 |
| CHG101122049 | PT LGND FLR |
| CHG101122014 | GND FLR MEETING ROOM 03 |
| CHG101120487 | GND FLR MANAGERS OFFICE |
| CHG101120469 | GND FLR MEETING ROOM 05 |

**Schedule of Valuations at £425 psm**

| Subject Property | Area ($m^2$) | Relativity | Total (£) | RV (£) | Effective Date |
|---|---|---|---|---|---|
| RMS 3.08-3.11 at 3RD FLR | 109.60 | 1 | 46,580 | 46,500 | 01/04/18 |
| CLUB LOUNGE GND FLR | 102.70 | 1 | 43,468 | 43,250 | 23/04/18 |
| RMS LG 01-LG 03 AT LWR GRD FLR | 122.90 | 0.75 | 39,174 | 39,000 | 13/09/18 |
| RMS 3.07-3.09 AT 3RD FLR | 77.96 | 1 | 33,133 | 33,000 | 01/10/20 |
| RM LG.02-03 AT LWR GRD FLR | 86.84 | 0.75 | 27,680 | 27,500 | 23/02/19 |
| GND FLR ROOMS G.10 & G.11 | 58.90 | 1 | 25,033 | 25,000 | 01/06/18 |
| ROOMS 4.08-4.09 AT 4TH FLR | 56.40 | 1 | 23,970 | 23,750 | 01/05/18 |
| 2ND FLR ROOMS 2,08 & 2.09 | 56.04 | 1 | 23,817 | 23,750 | 12/02/18 |
| ROOMS 4.03-4.04 AT 4TH FLR | 55.70 | 1 | 23,673 | 23,500 | 01/05/18 |
| 2ND FLR ROOMS 2.10 & 2.11 | 55.20 | 1 | 23,460 | 23,250 | 29/08/18 |
| RMS 3.10-3.11 AT 3RD FLR | 54.84 | 1 | 23,307 | 23,250 | 01/10/20 |
| RMS 1.08-1.09 AT 1ST FLR | 54.10 | 1 | 22,993 | 22,750 | 01/09/18 |
| RMS 1.10-1.11 AT 1ST FLR | 54.00 | 1 | 22,950 | 22,750 | 09/04/18 |
| RMS 1.03-1.04 AT 1ST FLR | 53.50 | 1 | 22,738 | 22,500 | 01/08/18 |
| RMS 3.03-3.04 AT 3RD FLR | 53.20 | 1 | 22,610 | 22,500 | 01/07/18 |
| ROOMS 4.10 & 4.11 4TH FLR | 54.90 | 0.8342 | 19,465 | 19,250 | 01/02/18 |
| RM LG.02 AT LWR GRD FLR | 53.45 | 0.75 | 17,037 | 17,000 | 01/04/20 |
| 2ND FLR ROOM 2.05 | 35.10 | 1.05 | 15,663 | 15,500 | 30/04/18 |
| ROOM AT 4.05 AT 4TH FLR | 34.60 | 1.05 | 15,440 | 15,250 | 12/03/18 |
| RM 3.05 AT 3RD FLR | 34.30 | 1.05 | 15,306 | 15,250 | 01/07/18 |
| RM 1.05 AT 1ST FLR | 34.20 | 1.05 | 15,262 | 15,250 | 01/04/18 |
| RM LG.01 AT LWR GRD FLR | 36.06 | 0.7875 | 12,069 | 12,000 | 23/02/19 |
| RM LG.03 AT LWR GRD FLR | 33.39 | 0.7875 | 11,175 | 11,000 | 01/04/20 |
| ROOM 4.07 AT 4TH FLOOR | 23.50 | 1.1 | 10,986 | 10,750 | 01/08/18 |
| 2ND FLR ROOM 2.07 | 23.66 | 1.1 | 11,061 | 11,000 | 12/02/18 |
| RM 3.07 AT 3RD FLR | 23.20 | 1.1 | 10,846 | 10,750 | 21/08/18 |
| GND FLR MEETING RM 02 | 23.00 | 1.1 | 10,753 | 10,750 | 23/07/18 |
| RM 1.07 AT 1ST FLR | 23.20 | 1.1 | 10,846 | 10,750 | 09/04/18 |
| 2ND FLR ROOM 2.01 | 21.30 | 1.1 | 9,958 | 9,900 | 30/07/18 |
| 3RD FLR RM 3.01 | 20.90 | 1.1 | 9,771 | 9,700 | 30/07/18 |
| RM 1.01 AT 1ST FLR | 20.92 | 1.1 | 9, 780 | 9,700 | 23/04/18 |
| ROOMS 2.03 & 2.04 2ND FLR | 23.09 | 0.99 | 9,715 | 9,700 | 01/02/18 |
| ROOM 4.01 AT 4TH FLOOR | 19.10 | 1.1 | 8,929 | 8,900 | 05/03/18 |
| ROOM 4.06 AT 4TH FLOOR | 18.10 | 1.1 | 8,462 | 8,400 | 01/05/18 |
| 2ND FLR ROOM 2.06 | 17.10 | 1.1 | 7,994 | 7,900 | 24/04/18 |
| RM 3.02 AT 3RD FLR | 16.40 | 1.1 | 7,667 | 7,600 | 28/08/18 |
| RM 1.02 AT 1st FLR | 16.50 | 1.1 | 7,714 | 7,700 | 01/08/18 |
| RM 3.06 AT 3RD FLR | 16.50 | 1.1 | 7,714 | 7,700 | 01/07/18 |
| RM 1.06 AT 1ST FLR | 16.50 | 1.1 | 7,714 | 7,700 | 11/06/18 |
| 2ND FLR ROOM 2.02 | 16.50 | 1.1 | 7,714 | 7,700 | 01/06/18 |
| GND FLR MEETING ROOM 04 | 13.90 | 1.1 | 6,498 | 6,400 | 09/07/18 |
| ROOM 4.02 AT 4TH FLOOR | 13.50 | 1.1 | 6,311 | 6,300 | 05/05/18 |
| GND FLR MEETING RM 01 | 12.30 | 1.1 | 5,750 | 5,700 | 02/08/18 |
| PT LGND FLR | 10.77 | 0.825 | 3,776 | 3,750 | 01/02/18 |
| GND FLR MEETING ROOM 03 | 7.50 | 1.1 | 3,506 | 3,500 | 15/06/18 |
| GND FLR MANAGERS OFFICE | 6.00 | 1.1 | 2,805 | 2,800 | 24/09/18 |
| GND FLR MEETING ROOM 05 | 2.50 | 1.1 | 1,169 | 1,150 | 24/09/18 |