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: 31 July 2025

SCHEDULE 11 TO THE LOCAL GOVERNMENT FINANCE ACT 1988

RATING — Local Government Finance Act 1988 — Barristers Chambers — Unadjusted base rate — Comparable assessments — Appeals allowed in part.

Before:
MR WJ READ
MRS C PARKES

Between:

SEE ATTACHED SCHEDULE — **Appellant**

- and -

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

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

Mr W Illingworth from Savills UK LTD
Mr R Nice from Newmark Gerald Eve LLP
Mrs L Weir for the Respondent

Hearing date: 1 July 2025

DECISION AND STATEMENT OF REASONS

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 £500 per square metre (psm). Please refer to the attached Schedule of Valuations for the revised RVs and effective dates.

Introduction

3. These were 2017 Rating List appeals. The subject properties were located at 20 Old Bailey, London EC4 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 RVs ranged between £242,000 and £3,560,000 dependent on each hereditament's size. The subject properties were in the rating list with an unadjusted base rate of £525 psm. The issue for the panel to decide was the unadjusted base rate for the subject properties.

4. The challenge proposals were submitted by Savills UK LTD, Newmark Gerald Eve LLP, CBRE LTD, and Knight Frank LLP. They had been made on the grounds that the RVs shown in the 2017 Rating List were wrong and proposed revised RVs for all of the subject properties.

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

6. Prior to the hearing, the agents revised what they were seeking from £450 psm to £475 psm to take account of the agreement of a £25 psm uplift for offices let in a Category B condition in Central London. This agreement was reached between a consortium of rating agents and the VOA following the Upper Tribunal judgment of *Dawn Bunyan (VO) v Acenden Limited* [2023] UKUT 17 (LC).

7. Mr Illingworth would be presenting the case for all the appeals at the hearing. This was agreed in advance of the hearing by the agents. Mr Illingworth appeared 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 Illingworth declared that he was instructed under a conditional fee arrangement.

8. Mr Illingworth 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 the appellants' case.

9. 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).

10. The panel therefore considered the expert evidence and attached such weight to it as it saw fit.

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

Background

12. The subject properties were all offices within 20 Old Bailey in Central London. The building was originally constructed in 1981 and underwent a refurbishment with partial recladding in 2018. The refurbishment included the addition of two floors (8^{th} and 9^{th}) and the extension of two other floors. The front entrance from Old Bailey had a new façade, whilst the three other sides of the building were largely retained.

13. These appeals were heard together with the agreement of the parties as the issue in dispute was the same for all subject properties, which were located within the same building.

Preliminary issue

14. The day before the hearing, Mrs Weir had requested to submit new evidence which consisted of settlement evidence from September 2024 of the next-door property which she considered to be pertinent to the appeals before the panel. Mrs Weir stated that she was picking the appeals up on behalf of a colleague and had only just become aware that this evidence had not been included within the evidence.

15. Mr Illingworth, on behalf of the agents, objected to the settlement evidence on the basis that it was being introduced the day before the hearing. He stated that these appeals had been postponed before, and the respondent had had plenty of time to submit this evidence. As it was only raised the day before the hearing, the agents had not had time to consider the evidence, examine the floorplans, images and details of the agreements.

16. The panel must decide whether this new evidence could be admitted into evidence. Regulation 17A of the Valuation Tribunal for England (Council Tax and Rating Appeals) (Procedure) Regulations 2009 [SI 2009 No 2269] (the "Tribunal Procedure Regulations") places restriction upon the admission of new evidence. So far as is relevant, it provides—

> *17A Admission of new evidence on NDR Appeal*
>
> *(1) On an NDR appeal, the VTE may only admit evidence that was not included in the notice of appeal or any document accompanying the notice of appeal ("new evidence") if—*
>
> *(a) that evidence—*
>
> *(i) is provided by a party to the appeal;*
>
> *(ii) relates to a ground on which the proposal was made; and*
>
> *(iii) was not known to the party and could not reasonably have been acquired by the party before the proposal was determined under Part 2 of the NDR Regulations*

17. The panel found that, based on Mrs Weir's comments, the settlement evidence was available at the time the proposals were completed. The evidence was known to her; however, her colleague had not included it within the challenge decision notices.

18. The panel considered the inclusion of the evidence having regard to the three-stage test set out in *Denton v TH White Ltd* [2014] EWCA Civ 906. Stage one requires the Tribunal to determine the significance and seriousness of the breach. If the breach is neither serious nor significant, then relief from sanctions should usually be granted. At stage two the Tribunal must consider the reasons why the failure and default occurred. If the defaulting party has good reasons to explain what happened, relief from sanctions should usually be granted. Finally, at the third stage, the Tribunal must have regard to all of the circumstances of the case, the need for litigation to be conducted efficiently and at a proportionate cost.

19. The panel considered that there had been a significant and serious breach of the Tribunal's directions. The panel found that the reasons for not providing the documents earlier were not satisfactory. The evidence had been available since September 2024. The panel accepted that Mrs Weir had only just picked up the appeals, however this did not constitute a good reason for the prior failures of the respondent to include the evidence, or seek to introduce the evidence, at a much earlier stage in the appeal proceedings.

20. The panel then had to consider the appeal as a whole. The panel found that it was not in the interest of justice to allow the evidence at this stage. The appellants' agents would be prejudiced by the inclusion and the panel found that it was not in the interest of justice to delay proceedings with another postponement when the evidence had been available for ten months.

21. Therefore, the new evidence was not allowed. The panel reconvened the hearing and Mr Read advised the parties on the decision the panel had made and the reasons why.

Relevant Law

<u>The Local Government Finance Act 1988</u>

22. 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.

23. 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).

24. 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

25. At the hearing, Mr Nice raised the issue of floor areas for CHG101078059. It had been discussed during the check and challenge stage that the floor areas should be 7,460.90m^2, however this was not in the VO's final valuations. Mrs Weir agreed with the floor area of 7,460.90m^2 as provided by Mr Nice.

26. The panel heard from Mr Illingworth that the subject building was built in 1981 and refurbished in 2018. He stated the Old Bailey side of the building had a new façade whilst the other three sides retained their original features. He referred the panel to photographs to demonstrate the difference between the Old Bailey entrance of the building and the Fleet Place entrance. The building was located on a sloping site which meant the Fleet Place entrance only had a single height reception area with less natural light.

27. Mr Illingworth referred to rents within the subject building which he had analysed over five, ten, and fifteen years, and adjusted for market movements. He stated there was an agreement with the VOA to adjust rents by 1.1% per calendar month for twelve months either side of the AVD to allow for market movements.

28. There were eight rents from within the subject building which were all new leases with fifteen-year terms. The leases began on 3 October 2017, with the terms having been agreed in March 2017, and 31 October 2017, with the terms having been agreed in November 2016. All had a 33-month rent free period after allowing for a 3-month fit out period. Mr Illingworth had analysed these to between £424.78 psm to £469.86 psm over the full fifteen-year terms. There was one exception to this range which was Pt Lwr Gnd Flr which was significantly smaller than the other seven offices and analysed to £242.77 psm. These figures exclude the £25 psm which was agreed for offices in Central London let in a Category B condition as agreed between the parties. However, Mr Illingworth stated that even with the inclusion of the £25 psm the analysed figures are still comfortably within the £475 psm that was being requested by the appellants.

29. Mrs Weir agreed that there was an agreement between the VO and agents to adjust rents in the 2017 rating list by 1.1% per month for twelve months pre- and post-AVD. However, she stated there was no agreement for this adjustment outside of twelve months. She did not find the rental evidence provided by Mr Illingworth within the subject property to be useful as it was in excess of two years post-AVD. She did still analyse it and, excluding Pt Lwr Gnd Flr, her analysed figures were between £470 psm and £593 psm. These figures included the £25 psm for the Category B condition.

30. The panel then reviewed Mr Illingworth's comparable properties put forward to demonstrate a tone in the area. Mr Illingworth argued that there was a difference in value for newly built properties compared to refurbished properties, even when completed at similar times. He

sought to demonstrate this with 5 Fleet Place and 10 Fleet Place which were neighbouring buildings. 5 Fleet Place was newly built in 2008 and was valued at £500 psm, whereas 10 Fleet Place was refurbished in 2008 and was valued at £455 psm. 10 Fleet Place was a neighbouring building to the subject.

31. 10 Old Bailey was built in 2009 and was reduced from £500 psm to £480 psm. Mr Illingworth compared this to 10 Fleet Place which, as above, was refurbished in 2008 and valued at £455 psm. Mr Illingworth stated that when the subject building was excluded, refurbished buildings were valued between £400 psm and £455 psm and building newly constructed between 2001 and 2009 were valued between £375 psm and £500 psm.

32. Mrs Weir made reference to 60 Ludgate Hill which was newly built in 2015 and was valued at £550 psm. It was Mrs Weir's opinion that the subject property was superior to 10 Old Bailey where rental evidence supported £480 psm, and inferior to 60 Ludgate Hill where rental evidence supported £550 psm. The panel noted that both 10 Old Bailey and 60 Ludgate Hill were newbuild properties.

33. Mrs Weir had put forward rental evidence from within 10 Old Bailey and 60 Ludgate Hill. There were five rents from within 10 Old Bailey which were effective from 25 December 2014 to 12 March 2015. Four were rent reviews which analysed between £471 psm and £517 psm and one was a new letting from 1 March 2013 on a fifteen-year lease. Mrs Weir analysed this to £469 psm including the £25 psm uplift. The new letting on the 1st floor and one of the rent reviews on the 2nd floor were valued in the rating list at£480 psm, with the other three at £500 psm.

34. Eleven rents were submitted from within 60 Ludgate Hill. These were with effect from 18 March 2015 to 1 November 2016 and had been analysed between £400 psm and £639 psm inclusive of the £25 psm uplift. The panel noted that eight of the rents were within three months of the AVD and were all new leases. All were in the rating list at £550 psm.

35. In addition to the rental evidence, Mrs Weir referred to settlement evidence from within the subject property. The settlements came from material change of circumstance (MCC) challenges due to building works at the next-door building. Mrs Weir contended that the challenges were settled with agreements on end allowances for the MCC and this included a tone of £525 psm being agreed. Mr Illingworth argued that the discussions surrounding the MCC agreements was prior to the fit-out agreements and were also based on the MCC challenges. They were without prejudice discussions and were the driver for the valuation challenges which followed.

36. The panel considered all of the evidence before it. It placed little weight on the settlements within the subject building on the basis that these were MCC challenges and sought end allowances for the disturbance of building works on the next-door property.

37. The panel placed less weight on the rents from within the subject building due to their proximity from the AVD, when there were rents available in the locality within three months of the AVD and therefore required less adjustment.

38. The panel agreed with Mr Illingworth's submission that, based on the evidence he had referred to, there was a difference in tone between newly built properties and refurbished properties. Whilst the panel preferred the rents from 10 Old Bailey and 60 Ludgate Hill, it did note that these were both newly built properties albeit one in 2009 and one in 2015, compared with the refurbishment of the subject building in 2018.

39. The panel reviewed all the photographs provided and was in agreement with Mrs Weir that the subject property was superior to 10 Old Bailey but inferior to 60 Ludgate Hill. However, it was the panel's view that the current rateable value of the subject property was unreasonable based on all of the evidence. Taking the lower values of 10 Old Bailey at £480 psm which is what Mrs Weir had referred to in her comparison, and the values of £550 psm in 60 Ludgate Hill, the panel found that £500 psm was reasonable. This allowed for the differences between the subject property and 60 Ludgate Hill where only the Old Bailey side of the subject had a new façade, and the images demonstrated less natural light at the Fleet Place entrance due to the sloping site and single level reception.

40. The panel found the quality of the evidence provided by both parties to be useful, however on the balance of the evidence, it found that the current RV for the subject properties was unreasonable. Based on the basket of evidence, the panel found that the unadjusted base rate for the subject properties at 20 Old Bailey should be reduced to £500 psm.

Determination

41. 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.

42. 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

43. 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.

44. 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/.

Mr WJ Read, Senior Member (Presiding)

Mrs C Parkes, Member

31 July 2025

Mrs S Hodgson
Clerk to the Tribunal
Date issued to the parties: 31 July 2025

Schedule of Appeals at 20 Old Bailey, London, EC4M 7:

Valuation #	Appeal Number	Subject Property	Appellant
1	CHG100547627	PT LGND FLR	Metro Bank plc
2	CHG100547666	PT GND FLR	Metro Bank plc
3	CHG100547679	1ST FLR	Metro Bank plc
4	CHG100547691	2ND FLR	Metro Bank plc
5	CHG100803082	2ND FLR	Phoenix Group
6	CHG101121861	3RD & 4TH FLRS	Withers LLP
7	CHG101121975	3RD & 4TH FLRS	Withers LLP
8	CHG101273341	3RD & 4TH FLRS	Withers LLP
9	CHG101122063	PT GND FLR NORTH	Withers LLP
10	CHG101122009	PT GND FLR NORTH	Withers LLP
11	CHG101273335	PT GND FLR NORTH	Withers LLP
12	CHG101078059	PT 5TH FLR WEST-9TH FLR	Barings

Schedule of Valuations at £500 psm:

Number	Area (m^2)	Relativity	Allowance	Total (£)	RV (£)	Effective date
1	694.80	0.75		260,550	**260,000**	2 July 2018
2	820.48	1		410,240	**410,000**	21 January 2019
3	1,782.97	1		891,485	**890,000**	12 March 2018
4	2,416.96	1		1,208,480	**1,200,000**	26 February 2018
5	2,416.96	1		1,208,480	**1,200,000**	13 September 2021
6	4,670.63	1		2,335,315	**2,330,000**	6 August 2018
7	4,670.63	1	7.5%	2,160,166	**2,160,000**	1 September 2018
8	4,670.63	1		2,335,315	**2,330,000**	28 February 2021
9	498.40	1		249,200	**249,000**	20 August 2018
10	498.40	1	7.5%	230,510	**230,000**	1 September 2018
11	498.40	1		249,200	**249,000**	28 February 2021
12	7,460.90	0.95	7.5%	3,278,133	**3,270,000**	21 June 2021