IN THE VALUATION TRIBUNAL FOR ENGLAND
IN THE MATTER OF A 2023 RATING LIST APPEAL

Case No: CHG101142694
CHG101129418

Sitting remotely using
Microsoft Teams

Date: 4 December 2025

SCHEDULE 11 TO THE LOCAL GOVERNMENT FINANCE ACT 1988

2023 Rating List Appeal: Local Government Finance Act 1988; Offices and premises; Unadjusted base rate; Comparable assessment evidence; Dawn Bunyan (VO) v Acenden Limited [2023] UKUT 17 (LC); Category A or Category B fit out; Appeal dismissed.

Before:
MRS N MANZOOR
MRS V HOLLENDER

Between:

HCR LEGAL LLP
IBB LAW LLP — **Appellant**

- and -

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

Regarding:
1ST FLR SOUTH AQUIS HOUSE, BLAGRAVE STREET, READING, RG1 1PW
PT 13TH FLR, THE BLADE, ABBEY STREET, READING, RG1 3BA
(the “subject properties”)

Mr S Carter, from Ryan Property Tax Services UK Limited, representing the Appellant
Mr C Looser, from Ryan Property Tax Services UK Limited, Expert Witness for the Appellant
Mr J Reene, representing the Respondent Valuation Officer

Hearing date: 5 November 2025

DECISION AND STATEMENT OF REASONS

Decision

1. The appeals to which the panel had regard are dismissed.

2. The Tribunal found that the existing assessments at Rateable Values (RV) of £131,000 for 1st Floor South Aquis House, Blagrave Street, Reading and £133,000 for Part 13th Floor, The Blade, Abbey Street, Reading, with effect from 1 April 2023 were neither unreasonable nor excessive.

Introduction

3. These were 2023 Rating List appeals. The subject properties were 'Offices and Premises' located in Reading Town Centre. Both of the properties were in the 2023 Rating List with an unadjusted base rate of £325/m^2. This base rate was the only contended issue between the parties, with the appeals heard together, as agreed by the parties.

4. The challenge proposals were submitted by Ryan Property Tax Services UK Limited. They had been made on the grounds that the RV's shown in the 2023 Rating List were incorrect, with proposed revised RV's for both hereditaments.

5. The VO issued challenge case decision notices. The VO's decision was to treat the appellant's challenges as not well-founded and proposed no changes to the Rating List.

6. Following the exchange of evidence and discussions throughout the challenge period, the VO's position did not change.

7. Prior to the appeal hearing, the appellant, in respect of both subject properties, revised the request, seeking reductions in RV from £131,000 and £133,000 to £111,000 and £112,000 respectively, rather than reductions to RV's of £101,000 and £102,000 that were originally sought. These revised amounts were arrived at, with the appellant seeking a reduction in the unadjusted base rate of £325/m^2 to £275/m^2, instead of £250/m^2, as initially requested.

8. Mr Carter and Mr Looser, on behalf of the appellant, appeared as advocate and expert witness, respectively. In view of the Upper Tribunal's judgment in *Gardiner & Theobald LLP v David Jackson* (VO) [2018] UKUT 0253 (LC), Mr Carter informed the panel that he was not instructed on a conditional fee basis, with Mr Looser stating that he was instructed on a conditional fee basis. Both declared that they understood and accepted that their duty was to the Tribunal in giving their evidence and that they were aware of and have complied with the requirements of the rules, protocols and directions of the Valuation Tribunal

9. The panel accepted Mr Looser's 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).

10. Mr Reene, for the Valuation Officer, appeared before the panel in a dual capacity, as both advocate and expert witness.

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 offices and premises within office buildings situated within Reading town centre, stated to be of grade A condition. The subject property at South Aquis House, Blagrave Street, was a first floor office with a size of 405.66m^2. The subject property at The Blade, Abbey Street, was a thirteenth floor office 390.19m^2 in size.

13. The appellant sought a reduction in the RV's of the subject properties on the basis that the unadjusted base rate of £325/m^2 was excessive and that for both subject properties this rate should be reduced to £275/m^2.

Preliminary issue

14. Prior to the hearing, Mr Looser and Mr Reene confirmed to the clerk that they were in agreement for three appeals listed to this hearing to be heard together. Two of the three appeals related to the subject properties referred to in paragraph 2, above, in this notice.

15. The other appeal, CHG101129456, related to the entry in the 2023 Rating List for the offices and premises at 'Falanx Group Ltd, 5th Floor Part, the Blade, Reading, RG1 3BA.' At the start of the hearing, Mr Carter stated that the Challenge decision notice in respect of this property included inaccurate information regarding car parking spaces. He added that the appeal for this property had been submitted in respect of an incorrect assessment, with Mr Reene agreeing to undertake a reconstitution of the assessment.

16. Both representatives requested that the panel did not consider the appeal for this particular property, CHG101129456, and would give regard only to the properties at 1st Floor South Aquis House, Blagrave Street, and Part 13th Floor, The Blade, Abbey Street, Reading. The panel, taking into account the verbal agreement between the parties, accepted their requests with the parties making representations in support of the appeals for these two subject properties, appeals CHG101142694 and CHG101129418, with appeal CHG101129456 being adjourned.

Relevant Law

17. When arriving at its decision, the panel is governed by rating legislation laid down by Parliament. Schedule 6 to the Local Government Finance Act 1988, as amended by section 1(2) of the Rating (Valuation) Act 1999, defines the Rateable Value of a non-domestic property as the amount equal to the rent at which it is estimated the property might reasonably be expected to let on a year to year basis 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 the 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.

18. In respect of an appeal against an entry in the 2023 Rating List, the rental levels are to be taken as those passing at the antecedent valuation date (AVD) of 1 April 2021, in accordance with the Rating Lists (Valuation Date) (England) Order 2020 (SI 2020 No. 832). In respect of these appeals, the material day is 1 April 2023.

Discussion

19. The panel was aware that the Lands Tribunal judgment in *Lotus and Delta v Culverwell (VO) and Leicester City Council* [1976] RA 141 provided authoritative guidance on the weight to be attached to rental and assessment evidence. This case had established six propositions that gave clear guidance to be followed when assessing rateable value. Bearing these six propositions in mind, the panel acknowledged that the rent on the subject property, where available, was considered to be the correct starting point and consideration to how that rent compared to the statutory definition of rateable value. The rents on similar properties were also considered and assessments on other comparable properties may also be relevant. All of the evidence could then be weighted.

20. In addition, the Upper Tribunal judgment of *Dawn Bunyan (VO) v Acenden Limited* [2023] UKUT 17 (LC) was central to these appeals. The judgment had determined that there was a difference in value between a building in Category A condition and one in Category B condition, with the latter having a higher value.

21. Following the *Acenden* decision, there had been an agreement between a consortium of Central London rating agents and the Valuation Office Agency on what uplift should be applied for the fitting out from Category A to Category B. This was agreed at £25/m^2.

22. Also following the *Acenden* decision was the Upper Tribunal's decision *in Hitchings (VO) v. Shoosmiths LLP and Mando Group Ltd* [2025] UTUK 224 (LC). This reaffirmed the principle from *Acenden* that tenant Category B fit-out works increase the rateable value of Grade 'A' office premises. It rejected arguments equating Category A and B conditions and dismissed sub-lettings, distressed lettings, and rent reviews as unreliable comparable properties. Instead, the Tribunal endorsed a valuation method based on Category A rent plus the amortised cost of the fit-out, applying the tenant's cost of capital (4.5% accepted as reasonable). Arbitrary uplifts previously used by the Valuation Tribunal were overturned, with Liverpool's uplift set at £30/m^2, while Manchester required no adjustment due to a high Category A valuation.

23. The *Shoosmiths* judgment also provides a clear framework for rating valuations where fit-outs exist and comparable properties are scarce, confirming that tenant investment in fit-outs will likely increase business rates liability. It sets a precedent for using amortised cost methodology and strengthens consistency in valuation practice.

24. The panel were mindful that most properties were let in a Category A condition which were finished to a basic standard and were incapable of beneficial occupation. It would include raised access floors and suspended ceilings and basic utility connections. By comparison, a Category B condition included the fittings required for immediate beneficial occupation such as full electrical wiring and lighting, air conditioning, sprinkler systems, server rooms, and kitchens or tea points.

25. The issue before the panel was what the correct RV for the appeal properties should be, based on the unadjusted base rates to be applied to the assessments.

26. The dispute centred on how rental evidence and fit-out costs should be analysed when valuing office premises. The respondent argued that principles from *Bunyan (VO) v Acenden Ltd [2023] UKUT 17 (LC)* confirm that an addition for fit-out costs is necessary.

27. In these appeals the VO understood the appellant's adjustment and analysis to be either for rents that are to a Category A condition, or for rents to a Category B condition that are for "second-hand" or 'tired' fit-outs, with no additional figure provided to show the cost to the occupier to move the property from Category A to Category B. Based on the economic conditions at the 2021 AVD, the respondent deemed the cost of fit-out would exceed the figure applied in *Bunyan v Acenden.* In short, the respondent asserted no addition was made for fit out in the appellant's analyses.

28. The respondent added that further investigation revealed that some Category B lettings cited were for fit outs which did not reflect true market value, contending that such premises would require additional investment to meet modern standards. The VO asserted that the rental evidence supports applying an unadjusted base rate of £325/m² for Grade A office space in Central Reading, inclusive of appropriate adjustments for fit-out costs.

29. The appellant, making reference to the *Acenden* decision argued that the Upper Tribunal in arriving at its valuation concluded that the comparative method should not be abandoned and one should be very wary of "arithmetic" as regards individual transactions over such. In reaching a fair and reasonable valuation, the appellant stated that the panel needed to factor in the economic climate affecting the appeal properties at the AVD, which were claimed not to have been adequately reflected within the statutory scheme, as well as taking a 'stand back and look' approach to the totality of the evidence available.

30. The two subject properties are assessed within Valuation Scheme 590346, which was applicable to "*offices in Reading that have recently been constructed or refurbished to a grade A specification which are in close proximity to Reading railway station*.". The appellant's submission advised that these two properties were part of extensive challenge discussions on Grade A offices in Reading within scheme 590346, with a significant amount of rental evidence having been exchanged between the parties. In accordance with the hierarchy of evidence referred to in *Lotus v Delta*, the appellant had submitted rental evidence for several properties, which the panel had regard to. During verbal submissions, when reference was made by Mr Carter and Looser to the two subject properties, information was provided about the following three comparable properties, all situated within the Blade office building on Abbey Street:

Part 7th Floor, The Blade, Abbey Street
This was a ten -year new letting with effect from 1 August 2022. There was a twelve month rent free period. The appellant analysed this rent to £255.18/m^2.

Part 7th Floor, The Blade, Abbey Street
This was a five-year new letting with effect from 23 March 2020. There was a seven month rent free period. The appellant analysed this rent to £287.30/m^2.

Dts 5th Floor Pt The Blade, Abbey Street
This was a five-year new letting with effect from 1 June 2020. There was a six month rent free period. The appellant analysed this rent to £270.80/m^2.

31. The panel were advised that the above three comparable properties were all lettings considered to be in a Category B condition. Taking an average of the analysed rent figures

for these properties, which equated to £271.09/m^2, the appellant stated that this supported the request for the subject properties' unadjusted base rates to be reduced to £275/m^2.

32. There was no information or evidence submitted in respect of the rent for Part 13th Floor, The Blade, Abbey Street, however there was rental evidence for the other subject property, 1st Floor , South Aquis House, Blagrave Street. This was a five-year new letting with effect from 12 February 2020. There was a fourteen-month rent free period, with the appellant having analysed this rent to £235.71/m^2. The appellant argued that this rent could not be relied upon, as this letting related to a property in Category A condition, with the panel having to determine the rent for a property in Category B condition.

33. The crux of this dispute related to whether the evidence regarding the three aforementioned comparable properties submitted by the appellant could be relied upon to demonstrate rent of similar properties let in category B condition, or whether, as maintained by the respondent, the rental evidence was not in respect of properties let in category B condition, and therefore would require adjustment, if it were to be relied upon.

34. The panel taking into account the judgments in *Acenden* and *Shoosmiths* recognised the difference in value between a building in Category A condition and one in Category B condition. What was required, was evidence to verify that the properties on which the appellant relied were let out in category B condition, or alternatively rental evidence that showed Category A rent plus the amortised cost of the fit-out. There was however no evidence of the fit out costs involved. In the absence of this, it was for the appellant to satisfy the panel via the presentation of evidence to show the properties were let in category B condition.

35. The appellant contended that the properties to which it referred had been refitted, having been re-purposed to meet the requirements for incoming tenants. The respondent contended the re-purposing was more akin to 'second-hand' fit outs rather than to true category B condition, meaning that appropriate adjustments would be required to any rental analysis. As such, in the absence of evidence of fit out costs, the respondent maintained that without proof of letting to properties in category B condition, an uplift was required to the rental evidence of the subject properties. The evidence available did not demonstrate to the satisfaction of the panel that the properties submitted to support the appellants' appeals, were let in category B condition. Whilst there was an assertion or suggestion from the landlord via 'Heads of Terms' on agreements, without any specific detail and more compelling evidence, to substantiate what was included in these lettings, which the appellant had the opportunity to provide, the evidential burden had not been met.

Conclusion

36. In appeals of this nature, the burden of proof was on the appellant to show that the current assessment was excessive. In view of the above findings and conclusions, the Tribunal panel found the appellant's representative had not discharged this burden and it therefore dismissed the appeals.

Right of further appeal

37. 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) using Form T385 (Notice of appeal) within **four weeks** of the date this decision and statement of reasons was issued.

38. 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 N Manzoor, Senior Member (Chair)
Mrs V Hollender, Member
4 December 2025

Mr R Patel
Clerk to the Tribunal
Date issued to the parties: 4 December 2025