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

Case No: CHG101209689

Sitting remotely using Microsoft Teams on 22 April 2026

Date: 18 May 2026

SCHEDULE 11 TO THE LOCAL GOVERNMENT FINANCE ACT 1988

RATING — Local Government Finance Act 1988 — 2023 rating list — office and premises — tone of value for main space — Category A & Category B condition — Dawn Bunyan (VO) v Acenden Limited [2023] UKUT 17 (LC) — Hitchings (VO) v Shoosmiths LLP & Mando Group Ltd [2025] UKUT 224 (LC) — appeal dismissed.

Before:

MRS M CHAGGAR
MRS V HOLLENDER
MR C PARK

Between:

RAWLINSON & HUNTER LLP — **Appellant**

- and -

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

Regarding:

PT GND & 1ST FLR Q3, THE SQUARE, RANDALLS WAY, LEATHERHEAD KT22 7TW
(the "subject hereditament")

Mr A Hair of Ryan Property Tax Services UK Limited for the **Appellant**
Miss A Herring of the Valuation Office, HMRC for the **Respondent**

DECISION AND STATEMENT OF REASONS

DECISION

1. The appeal is dismissed. The panel confirmed the rateable value (RV) of the subject hereditament at £387,500 with effect from 1 April 2023.

STATEMENT OF REASONS

Introduction

2. The appeal process began with a proposal made by the Appellant on 22 April 2024 in respect of the Respondent's compiled 2023 rating list entry of the subject hereditament at £387,500 RV with effect from 1 April 2023. The Appellant proposed a revised assessment of £277,500 RV from that date based on a reduced tone of value for main space from £260 per m^2 to £180 per m^2.

3. The Respondent issued a challenge case decision notice on 25 September 2025 which stated that the proposal was not well-founded. The Appellant appealed that decision to this Tribunal on 6 November 2025, on the grounds that the valuation for the subject hereditament was unreasonable.

4. Prior to the hearing, the Appellant submitted a revised valuation of £350,000 RV for the subject hereditament, with effect from 1 April 2023, based on an amended tone of value for main space of £235 per m^2.

5. The subject hereditament was an office and premises of 1361.83m^2 located at The Square development in Leatherhead, which comprised four Grade A ("high quality") offices, the subject hereditament being one of them.

6. Mr Hair appeared on behalf of the Appellants as both advocate and expert witness. In view of the Upper Tribunal's judgment in *Gardiner & Theobold LLP v David Jackson (VO)* [2018] UKUT 0253 (LC), the representative confirmed that he was instructed under a conditional fee arrangement. He declared that he understood and accepted that his duty was to the Tribunal in giving his evidence and he would comply with this as well as the requirements of his professional body, regardless of whether or not the evidence supported the client's case.

7. The panel accepted this expert witness on the above basis as the parties agreed the appeal was not complex and to do otherwise would be contrary to regulation 3 (Discharge of Valuation Tribunal for England (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). The panel therefore considered the "expert" evidence and attached such weight to it as it saw fit.

8. The panel was required to determine the correct RV to be attributed to the subject hereditament in the 2023 rating list. The issue in dispute concerned the tone of value for main space.

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

Relevant Law

10. The subject hereditament must be valued for the purpose of non-domestic rating on the basis of the rent at which it might reasonably be expected to be let from year to year on a number of assumptions. Those assumptions are listed in paragraph 2(1) of Schedule 6 to the Local Government Finance Act 1988.

11. In accordance with the Rating Lists (Valuation Date) (England) Order 2014 (SI:2014 No.2841), the date of the hypothetical rent was 1 April 2021, the antecedent valuation date (AVD). This common date was used to ensure that every property was treated in a consistent way.

12. Matters that affected the physical state or enjoyment of the property or the locality were to be taken at the material day, as outlined by the Non-Domestic Rating (Material Day for List Alterations) Regulations 1992 (SI 1992 No. 556) as amended. In respect of the subject hereditament, the material day is 1 April 2023.

13. The Upper Tribunal judgments in *Dawn Bunyan (VO) v Acenden Limited* [2023] UKUT 17 (LC) and *Hitchings (VO) v Shoosmiths LLP & Mando Group Ltd* [2025] UKUT 224 (LC) are referred to in this decision.

Analysis

14. It is a well-established rating principle that the starting point in the determination of a property's RV should be the rent passing on the subject hereditament itself. The property had a nil increase rent review agreed at £478,951 per annum effective from 1 June 2020, rising from an original lease agreed in 2015. The Respondent stated that the property had been let in Category A condition. The Respondent had analysed the rent to £326.73 per m^2. The Appellant submitted that little weight should be given to the subject rent as it was a nil increase rent review and therefore not reliable evidence OF the market at the AVD.

15. Mr Hair relied on four comparable assessments with rental evidence which he argued demonstrated the tone of value for main space was overvalued at the subject hereditament. These were lettings for Pt Lgnd Gnd & 1st Flrs The North Building, One Springfield Drive, Leatherhead, Surrey, KT22 7AJ, Gnd Flr Q4, The Square, Randalls Way, Leatherhead, Surrey, KT22 7TW, Gnd Flr, Birchwood Building, The Office Park, Springfield Drive, Leatherhead, Surrey, KT22 7LP and 1St Flr South Quantum, 60 Norden Road, Maidenhead, SL6 4AY, all agreed within 2020 or 2021. After analysis and adjustment for incentives and car parking, the Appellant submitted that those transactions indicated rental levels within a range of £176.52 per m^2 to £199 per m^2.

16. Mr Hair contended the Respondent had misinterpreted the Upper Tribunal authorities in *Acenden* and *Shoosmiths LLP*, arguing that those decisions established that Category B lettings constituted the best evidence of value and that Category A rents plus fit-out costs should only be adopted where no direct Category B evidence existed.

17. Mr Hair contended that the Category A rental analysis in the basket reflected a tone of value for main space between £160 per m^2 to £190 per m^2, averaging at £175 per m^2. Applying the cited caselaw, he argued that Category B value must be higher, and the best evidence for such was agreements in the list and Category B rents.

18. Mr Hair stated that 1st Flr South Quantum at 60 Norden Road was a Category B letting. He stated that in *Acenden*, the Upper Tribunal had made a 16% adjustment to an assessment in Leatherhead for one in Maidenhead, adjusting back from £250 per m^2 to £208 per m^2. Adopting that same principle, he argued the tone of value for main space at this property would be £235 per m^2.

19. Mr Hair also referred to a comparable settlement assessment of 1st Flr Rear Wing 1, The Heights, which was circa 9 miles from the subject hereditament. He contended this property was a similar Grade A office to the subject hereditament. He argued that the Category B letting adjusted to a tone of value for main space at £235 per m2 at 1st Flr South Quantum at 60 Norden Road and an agreed Grade A office assessment tone of value for main space at 1st Flr Rear Wing 1, The Heights demonstrated that a tone of value for main space for the subject hereditament of £235 per m2 was fair and reasonable.

20. The Respondent also relied upon the Upper Tribunal decisions in *Acenden* and *Shoosmiths LLP*, contending that those authorities confirm that Category B office accommodation is more valuable than Category A accommodation and that the cost of tenant fit-out works should be reflected in valuation. Miss Herring submitted that the Appellant's comparable evidence was deficient because the lettings relied upon relate primarily to Category A accommodation and insufficient evidence was provided regarding the nature and cost of subsequent Category B fit-out works. In particular, fit-out information requested in relation to The North Building, One Springfield Drive was not supplied, despite being sought on more than one occasion. Miss Herring therefore argued that the Appellant's analyses are unreliable and should be treated with caution.

21. The Respondent contended that the correct approach, which was argued to be consistent with the Upper Tribunal guidance, was to analyse Category A rents either excluding rent-free periods granted for fitting out or alternatively by adding amortised fit-out costs to reflect Category B occupation. Adopting a conservative fit-out allowance of £350 per m² at Gnd Flr Q4, The Square and Gnd Flr West Arc Leatherhead, The Office Park, the Respondent analysed the comparable evidence at a level circa £280 per m².

22. The Respondent also placed reliance upon the passing rent at the subject hereditament. Although acknowledging that the rent review in 2020 resulted in no increase, The Respondent noted that the passing rent devalues to approximately £326/m² and was, according to the occupier, determined by reference to open market value. The Respondent submitted that this level substantially exceeded the adopted tone of value for main space at £260 per m² and therefore supported the reasonableness of the existing assessment.

23. In relation to the settlement evidence at 1st Flr Rear Wing 1, The Heights the Respondent submitted that limited weight should be attached to it because the property was accepted by the parties to the agreement to comprise Grade B accommodation lacking comprehensive refurbishment, whereas the appeal property was Grade A office space.

24. In *Bunyan (VO) v Acenden Ltd* [2023] UKUT 17 (LC), the Upper Tribunal rejected the contention that Category B fit-out adds no value compared to Category A condition. The Tribunal found at [69] - "open market transactions suggest that Category B space lets for higher rents than Category A space" and accepted that, in the hypothetical market, [83] - "a deal would be done which would result in a higher rent for Category B space than for Category A." At [109], it confirmed that it - "firmly rejected the proposition that a building in Category B condition is worth no more than a building in Category A condition." Accordingly, while the extent of any uplift would depend on the facts, the panel found that the decision

clearly supported the principle that Category B accommodation was capable of commanding a higher rental value than Category A.

25. At [28] the Upper Tribunal stated "When valuing for rating purposes the reality principle requires that the hereditament be valued in its actual condition on the material day (subject to the assumption that it is vacant and in a reasonable state of repair). In the absence of some specific statutory justification for attributing no value to a particular feature, everything which forms part of the hereditament must be valued, irrespective of who provided it." The panel was therefore satisfied that that the value attributable to tenant fit-out was capable of reflection within the rating hypothesis.

26. In *Shoosmiths*, the Upper Tribunal expressly recognised the difficulty of valuing Category B accommodation by reference to market evidence, noting at [16] the "absence of comparable evidence of value for properties let in Category B condition" and accepting that such comparables are [17] - "unlikely to be available" given normal market practice. In those circumstances, the Upper Tribunal held that valuation may legitimately proceed by reference to cost, confirming that [42] - "the amortised cost to the tenant… may be the best, or at least very significant, evidence of the annual value" of the property in Category B condition.

27. The panel did not accept the Appellant's interpretation of the Upper Tribunal authorities. In the panel's judgment, neither *Acenden* nor *Shoosmiths* established that direct Category B lettings must invariably be preferred over Category A transactions adjusted for fit-out costs. Rather, the authorities recognised that Category B evidence may often be limited or unavailable and that valuation by reference to Category A rents with appropriate adjustment for fit-out costs may represent the most reliable approach. The panel found that the Respondent's methodology was consistent with those authorities.

28. The panel found that the subject hereditament comprised high quality Grade A office accommodation and that the evidence demonstrated occupation in Category B condition at the material day. Applying the principles set out in *Acenden* and *Shoosmiths*, the panel was satisfied that the hereditament fell to be valued in its actual physical state and that value attributable to tenant fit-out could properly be reflected within the rating hypothesis. Whilst the passing rent at the subject hereditament arose from a nil increase rent review, the panel noted that the Respondent's analysed rent devalued at a level materially above the adopted tone of value for main space of £260 per m².

29. The panel found the Respondent's analysis to be more persuasive and better supported by the available evidence. The Respondent had regard to Category A rental evidence including Gnd Flr Q4, The Square, which was located within the immediate locality of the subject hereditament, and Gnd Flr West Arc Leatherhead, The Office Park. The Respondent applied adjustments to reflect the additional value attributable to tenant fit-out works, adopting a fit-out allowance of approximately £350 per m².

30. The panel was satisfied, in the exercise of its valuation judgment, that this represented a conservative allowance. The Appellant had not provided persuasive rebuttal evidence in relation to the figure or comment on whether it was conservative should that approach be adopted. The panel accepted that precise fit-out cost evidence was limited but was satisfied that the Respondent's allowance represented a reasonable and conservative valuation adjustment. The panel found that the resulting analysed rental levels, at approximately £280 per m², supported the reasonableness of the adopted tone of value for main space of £260 per m² at the subject hereditament.

31. In contrast, the panel attached limited weight to the comparable assessments submitted by the Appellant. The rent at Pt Lgnd Gnd & 1st Flrs The North Building, One Springfield Drive, was stepped. The panel considered that stepped rental arrangements left too much to conjecture as any such rent would require considerable adjustment and was therefore unreliable.

32. The panel found that the Appellant's reliance upon 1st Floor South Quantum, 60 Norden Road, Maidenhead also carried low persuasive weight. Whilst the panel accepted that the transaction may have related to Category B accommodation, it was situated within a different office market being circa 34 miles from the subject hereditament. The Appellant sought to apply a 16% adjustment derived from observations made in *Acenden*, however, the panel did not consider that decision established a standardised percentage adjustment capable of universal application between Maidenhead and Leatherhead office markets, rather that the adjustment was specific to that case on its own individual merits. The panel therefore regarded the proposed adjustment exercise as weak.

33. Similarly, 1st Floor Rear Wing 1, The Heights was circa 9 miles from the subject hereditament and therefore in a different locality to the appeal property. The condition of that property was disputed by the parties, yet no supporting evidence was provided by either party for the panel to establish what condition that property was in order to compare it to the subject hereditament. The panel found that properties located a significant distance from the subject hereditament were of limited assistance, especially when it was provided with rental evidence such as Gnd Flr Q4, The Square, which was located in the immediate locality of the subject hereditament and which it had deemed reliable for the aforementioned reasons.

34. The panel was satisfied that the Respondent's adopted tone of value for main space of £260 per m^2 was fair and reasonable, and that the Appellant had failed to demonstrate that the assessment appearing in the 2023 rating list was excessive or inaccurate. The existing assessment of £387,500 RV was therefore confirmed.

Conclusion

35. In view of the foregoing, the appeal was dismissed.

Right of further appeal

36. 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.

37. 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 M Chaggar, Senior Member (Chair)
Mrs V Hollender, Member
Mr C Park, Member
18 May 2026

Mr S Fletcher
Clerk to the Tribunal
Date issued to the parties: 18 May 2026