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

Case No: CHG101058751

Sitting remotely using Microsoft Teams

Date: 12 May 2025

SCHEDULE 11 TO THE LOCAL GOVERNMENT FINANCE ACT 1988

RATING — Local Government Finance Act 1988 — car showrooms and premises – end allowance for access- comparable properties

Before:
MR W J READ
PROF P CATTERALL

Between:

LOOKERS PLC — **Appellant**

- and -

Amanda Hitchings
(VALUATION OFFICER) — **Respondent**

Regarding:
BENFIELD FORD, NEWCASTLE ROAD, SUNDERLAND SR5 1JS
(the “subject property”)

Ms J Corney of Knight Frank LLP, for the appellant
Mr P Loxley, for the Respondent

Hearing date: 15 April 2025

DECISION AND STATEMENT OF REASONS

Decision

1. The appeal is allowed-in-part.

2. We find that the entry in the 2017 rating list is unreasonable and should be reduced to £207,000 with effect from 1 April 2017.

Introduction

3. Mr Loxley stated that he was appearing as Advocate and Expert Witness for the respondent.

4. In view of the Upper Tribunal's judgment in *Gardiner & Theobold LLP v Jackson (VO)* [2018] UKUT 0253 (LC), Ms Corney declared that she was also appearing for the appellant as Advocate and Expert Witness. She confirmed that her firm was not instructed under a conditional or other success-based fee arrangement and that she understood her duty was to the Tribunal, regardless of whether the evidence supported her client's case.

5. The panel noted that on registration with the Tribunal, the appeal had been incorrectly recorded as being brought by Annalisa Turner in her personal capacity, rather than the appellant company. The panel was satisfied that there was no prejudice to either party in correcting the appellant's name on record. Accordingly, pursuant to Regulation 11(1)(a) of the Tribunal procedure regulations, it formally directed that the appellant, Lookers PLC, was substituted as the appellant in this appeal.

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

<u>*Background*</u>

7. The appellant made a proposal on 5 May 2023 to challenge the entry in the 2017 rating list of £297,500 with effect from 1 April 2017. The proposal sought a reduction to £205,500 to reflect a reduction in the tone of the list and an end allowance for access. The Valuation Officer (VO) did not find the proposal to be well founded, and a Challenge decision was issued on 18 June 2024, maintaining the existing entry in the rating list. An appeal against that decision was received by the Tribunal on 16 October 2024.

8. The subject hereditament is a purpose-built car showroom and premises. Originally operated by Ford it was refurbished in 2022-23 and is now occupied by a Nissan franchise, Lookers Nissan Sunderland. The survey details were not in dispute in this case.

9. By the time of the hearing, the parties had entered into discussions and agreed the dispute over the tone. The remaining issue concerned the end allowance to reflect access to the site. Both parties provided revised valuations accordingly. The VO asked the Tribunal to reduce the entry in the list to £219,000, including a 7.5% allowance, and the appellant's representative sought a reduction to £202,000, including an end allowance of 15%. The issue to be determined by the Tribunal was the correct level of end allowance to reflect the access issues. The panel was grateful to the parties for their assistance in narrowing down the extensive written submissions to the single issue in dispute for this hearing.

Relevant Law

10. 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.”

11. The material date on which to consider the physical state of the hereditament and its locality was 1 April 2017, when the entry was made in the rating list. The valuation date for the 2017 rating list is 1 April 2015, the antecedent valuation date (AVD).

Discussion

12. The panel understood from the submissions that the subject property was purpose built in 2015 at a cost of £5.7 million and completely refurbished in 2022-23 at a cost of around £1.8million. It is a modern, double-height showroom with good visibility from the road. Ms Corney described it as not being in a prime location, but the secondary location is reflected in the price per m^2 agreed. The issue in dispute was the level of end allowance to be applied to the valuation to reflect the access to the site.

13. There is no passing rent on the subject property as it is held on a freehold basis. After Ford vacated the subject property, it was vacant for around four years as no tenant could be found. Lookers PLC operates the Audi site which shares access with the subject property and, when no tenant took on the property, the Lookers Nissan franchise took occupation. Although the panel acknowledged the two dealerships are connected, they are separate hereditaments, and the subject property must be valued vacant and to let.

14. From the images provided, the panel noted that both the Audi and Nissan sites were situated on the A1018 Newcastle Road. However, access to both sites was from Wetherall Close. In order to access the subject property, one must drive through the neighbouring Audi site. Ms Corney submitted that this layout presented a disability for both sites. In support of her case for a reduction, Ms Corney provided an email from the General Manager of the Nissan site confirming the operational difficulties faced at the subject property. He explained that, while the subject property was vacant, the Audi dealership had been unloading vehicles from transporters on the site. Now both sites are occupied, the transporters for Audi could not unload vehicles outside the Audi showroom without blocking access to the subject property. The workaround was for transporters delivering vehicles to either site must park in the street, causing issues for local residents. The General Manager submitted that the size of the site, number of transporters, and customers for servicing meant there were operational problems with the shared access. The panel was satisfied that there was a disability resulting from the

shared access and a hypothetical tenant on the material day, fresh to the scene, would likely look to negotiate on the rental bid to reflect the issue. The question was how much of an adjustment should be made to the valuation to reflect the disadvantages.

15. The panel was provided with examples of other car showroom assessments in the North of England where allowances had been made in the valuation to reflect access issues. A number of sites were valued with a 5% or 6% allowance to reflect access being not directly from the main road, or from a one-way system or dual carriageway, for shared access with another showroom or petrol station and to reflect a split site. As Mr Loxley proposed an allowance of 7.5%, the panel assumed he agreed with the appellant’s representative that the subject property’s situation was more severe than those examples.

16. The BMW showroom at Fenham Barracks Industrial Estate, Newcastle upon Tyne benefitted from a 7.5% allowance to reflect a divided or split site. A 10% allowance was given to the JLR site at 301 Savile Street, Sheffield for the showroom being located behind the main access road. The same level of allowance was given to Renault, 115 Thornton Road, Bradford to reflect shared access and masking and to the Land Rover site at 2 Kings Road, Bradford to reflect a shared access road. Ms Corney contended that the subject property’s situation, having access only through another site, was more severe than those with shared access and she felt an allowance of 15% was appropriate.

17. Ms Corney submitted the best comparison to the subject property was that of the Mitsubishi site at McMullen Road, Darlington, where a 15% allowance was in place to reflect the access road is shared with two other sites. She contended that the subject property’s situation was worse and therefore a similar level of allowance was reasonable.

18. The panel noted the example of the Honda and Kia showrooms at 1 Northbrook Street, Bradford, where the two dealerships shared one site. In that case there was an allowance of 5% to reflect the shared site and a further 5% due to the access being to the rear of the site. The Jaguar showroom at Canal Road, Bradford shares access with the adjacent Ford dealership and benefits from a 7.5% allowance to reflect that shared access. In the case of Pullman, Sunderland, the showroom has good visibility from the main road and two access points, neither of which go through another site, and a 7.5% allowance was granted.

19. It was noted that the subject property was constructed in 2015 yet there was no allowance on the entry in the 2010 rating list. According to the VO’s decision notice, the appellant’s proposal originally sought a 10% end allowance, but this was revised to 15% by the date of the hearing, following discussions to resolve the other issues. While the panel noted the VO’s submissions that some of the appellant’s examples provided for comparison were located some distance from the subject property, it held that any disadvantages should be weighed on the facts of each case, regardless of location.

20. Mr Loxley contended that the access road at the subject property is short, but it could accommodate a transport lorry if required and there is further parking available on the main Newcastle Road. He submitted that it is not unusual for transporters to park on the road for loading and unloading as sites will often become congested with vehicles. It was highlighted to the panel that eleven of the fifteen examples relied upon by the appellant had only a 5% allowance and those with a larger percentage had multiple issues reflected in the allowance. Mr Loxley submitted that 7.5% was reasonable for the subject property, taking into account all the facts.

21. The appellant's only comparable property with a 15% allowance was the Mitsubishi showroom in Darlington, where three sites share one access road. Ms Corney contended that the subject property's access is more of a disadvantage and therefore a comparable allowance was fair. Mr Loxley argued that the Mitsubishi site was a lower quality build and historically was valued to a lower tone in previous lists. He submitted that the allowance at that site reflected the inferior quality, rough surfaced land, masking at ground level, and poor visibility, as well as the shared access. In his opinion, these elements combined were more of a disadvantage than the access issue alone at the subject property, which was otherwise of superior quality and visibility. Mr Loxley declared that he had visited all the comparable properties presented by the appellant and he considered his proposed 7.5% is reasonable.

22. After considering the evidence available, the panel made the following findings. It held that, regardless of the fact that the current occupiers of the subject property are connected to the adjacent site's occupants, the hereditament has a separate entry in the list and must be valued as if it were vacant and to let. The fact that it took around four years to find a new occupier suggested that the access being through another site was off-putting for potential tenants and therefore would be reflected in the hypothetical rental bid. All comparable properties were considered, regardless of location, as it was the facts and layout of the sites being considered and it was presumed any local differences in value would be reflected in the tone.

23. The panel was satisfied that the subject property's access was more of a disadvantage than many of the examples provided by Ms Corney. However, it noted Mr Loxley's submissions that the only other example with a 15% allowance was reflecting multiple issues. It found that the subject property is of a good quality and is visible from the main road to passing trade. The panel decided that it was not unusual for transporters to load or unload in the street and noted that there was street parking available. After weighing all the examples and considering the facts at the subject property, the panel concluded that an allowance of more than 7.5% was warranted but not as high as 15%. Therefore, it decided 12.5% was reasonable.

Determination

24. In view of the above findings and conclusions, we are satisfied that the valuation in the list is conceded as unreasonable by the VO and it should be revised to reflect the agreements between the parties on the tone and to include the end allowance determined by the Tribunal.

25. We order 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 Benfield Ford, Newcastle Road, Sunderland SR5 1JS in the 2017 Rating List to £207,000 effective from 1 April 2017.

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

Floor	Description	Area m^2/unit	£ per m^2/unit	Value (£)
Ground	Showroom	466.05	141.75	66,063
Ground	Offices/reception	185.94	141.75	26,357
Ground	MOT Office	31.53	78.98	2,490
Ground	Workshop	997.15	60.75	60,577
Ground	Workshop Office	6.59	65.81	434

Ground	Staff Toilets	3.72	60.75	226
Ground	Parts Store	159.72	60.75	9,703
Ground	Parts Office	42.67	69.23	2,954
First	Staff toilets	59.33	39.49	2,343
First	Offices/Staff Room	245.74	85.05	20,900
First	Plant Room	64.00	40.50	2,592
Ground	Valet Workshop	158.42	60.75	9,642
Ground	Car Wash/Store	71.14	33.75	2,401
Ground	Vehicle Display Spaces	92.00	236.25	21,735
Ground	Vehicle Display Spaces	67.00	108.00	7,236
	Unsurfaced, fenced land	464.00	3.38	1,568
			Valuation sub-total	237,203
Adjustments to sub total				
	Shared access		-12.5%	-29,650
			Total	207,553
			Say RV	207,000

Right of further appeal

27. 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.

28. 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)

Prof P Catterall, Member

12 May 2025

Mrs A Sloan
Clerk to the Tribunal
Date issued to the parties: 12 May 2025