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

Case No: CHG101094240

Sitting remotely using
Microsoft Teams

Date: 3 November 2025

SCHEDULE 11 TO THE LOCAL GOVERNMENT FINANCE ACT 1988

Non-domestic rating; 2017 list appeal; Local Government Finance Act 1988; warehouse and premises; tone in dispute; assessment evidence; fragmentation allowance; two separate buildings; appeal dismissed

Before:
MRS LR MCDERMOTT
MRS FER DUGGAN

Between:

DOMINO'S PIZZA GROUP LTD **Appellant**

- and -

ANDREW MOULAND
(VALUATION OFFICER) **Respondent**

Regarding:
DOMINOS PIZZA, 1 THORNBURY, MILTON KEYNES MK6 4BB
(the “subject property”)

Appearances:
Mr M Hawkins of Colliers International for the appellant
Mr A Hargreaves for the Respondent

Hearing date: 6 October 2025

DECISION AND STATEMENT OF REASONS

Decision

1. The appeal is dismissed. The Tribunal finds the current rateable value (RV) to be reasonable.

Introduction

2. The subject property was shown in the 2017 rating list as ‘warehouse and premises’ with a RV of £765,000 with effect from 1 April 2017. As at the material day, the subject property comprised a warehouse of steel portal frame with profiled metal cladding which was built in 2010 (phase 1). It had a total significant area of 10,909.63m^2 and an eaves height within the warehouse area of 14.28m. In 2012 (phase 2) a HQ office block was built. This was on five levels with a high spec internal fit out and all floors served by lifts. It was constructed in a steel frame with coated metallic steel panels, had alloy and glazed curtain walling and timber and metal louvre ventilation panels.

3. The appellant’s representative submitted a challenge on 13 July 2023 which proposed a reduction in tone from £52.50/m^2 to £40/m^2 and sought a 10% end allowance due to the split site. This resulted in a proposed RV of £530,000. The valuation officer’s challenge decision was that the proposal was not well founded. The RV was reduced to £755,000 with effect from 1 April 2017 but this was based on correct adjustments for fire protection and air conditioning. Consequently, an appeal was lodged with this Tribunal.

4. Both Mr Hargreaves, for the respondent, and Mr Hawkins, for the appellant, appeared in dual roles of 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 Hawkins declared that he was instructed under a conditional fee but accepted and understood that his overriding duty was to the Tribunal.

5. The panel accepted the expert witness evidence on this basis as the appeal was not considered to be 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 Tribunals’ rules concerning 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.

6. Prior to the hearing the respondent had raised an objection to some of the evidence included in the appellant’s submission as it contended that this was not included within the challenge discussions. However, at the time of the hearing, the respondent confirmed that they no longer objected to the admission of this document and in accordance with regulation 17A of the Valuation Tribunal for England (Council Tax and Rating Appeals) (Procedure) Regulations 2009 (SI 2009/2269) both parties agreed that the settlement details were not known at the time of the challenge. It was therefore admitted.

7. The panel member experienced some technical issues in that she could not see everyone on camera during the remote hearing, however, she could hear everyone and ask questions. The chair, clerk and parties to this appeal could see and hear the member. Everyone confirmed that they were content to proceed on this basis and the panel were satisfied that everyone present was able to fully participate in the hearing.

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

Issues & Relevant Law

9. The issues before the panel concerned the RV of the subject property, specifically the tone to be applied and the application of an end allowance. The appellant was seeking a reduction in the base rate to £40/m^2 and an end allowance of 10% due to fragmentation.

10. The term ‘rateable value’ as defined in paragraph 2(1), Schedule 6 to the Local Government Finance Act 1988 (as amended):

> “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 antecedent valuation date (AVD) for 2017 list rating appeals is 1 April 2015. The material day is 1 April 2017.

12. The panel had regard to the Lands Tribunal judgment of *Lotus & Delta v Culverwell and Leicester City Council (*LVC/376/1975). This case had established six propositions, which gave clear guidance to be followed when assessing rateable value, namely:

> ‘(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 is 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 value of the appeal hereditament, the weight to be attributed to the differing types of evidence depending on the one hand on 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.'

Discussion

Tone

13. In reaching its decision regarding the appropriate rate per m^2, the panel had regard to the six propositions derived from *Lotus.* The appellant owns the freehold of the subject property so of course there was no rental evidence to examine, it was therefore necessary for the panel to move on to the other propositions and consider the basket of evidence. There was no rental evidence being relied on so the panel was considering the assessment evidence for properties deemed comparable.

14. The appellant relied on the assessment of Menzies Distribution Solutions Ltd, Bletchley, Milton Keynes MK1 1LG in support of his argument that the subject property was excessively valued. This was located in close proximity to the subject property. It was the other side of the A5 just 150metres from the subject. It was submitted that it was extensively refurbished in the late 2010's and was removed from the rating list from May 2017 and re-entered as an entirely new assessment from December 2020. It was valued in the same scheme but at £40/m^2. Although older, it was modern following a three year re-development. It was submitted that this was therefore the strongest comparable in terms of locality, use and specification yet the subject property was valued over 30% higher. The appellant stated that it is difficult to look beyond this comparable given the close proximity in which it finds itself compared to the subject property and the extensive refurbishment it received, as such, the base tone should be reduced in line with this comparable to £40/m^2.

15. The respondent submitted that of the 30 larger distribution warehouses within Milton Keynes, which are in the same scheme as the subject property, 26 of them are valued at either £52.50/m^2 or £55/m^2 and some of which had been challenged/agreed. The 26 ranged in size from 7,338.12m^2 to 126,606.10m^2 with the subject being 13,076.65m^2. The respondent specifically referred to three assessments, Spectrum for Arcadia, Merton Drive, Redmoor, Milton Keynes MK6 4AG, Paragon MK First Avenue Denbigh West Milton Keynes MK1 1DX and Tesco Warehouse Fenny Lock Bletcham Way Bletchley Milton Keynes MK1 1PH.

16. Spectrum for Arcadia was a 1986 built warehouse and premises measuring 16,800m^2. This assessment had been challenged and agreed. The rate was £52.50/m^2. It was situated four miles from the subject property. There were differences in opinions regarding the location but ultimately, there was no rental evidence to support a difference in value. Paragon was a 2011 built warehouse and premises. It was therefore comparable in terms of age, it was also similar in size at 12,938.28m^2. This was valued at £52.50/m^2. There was no check or challenge on this assessment but the 2017 rating list is now closed so the panel found that this still supported an established tone, especially when considering it in conjunction with the

basket of evidence. The Tesco assessment had been subject to a challenge but not in relation to the applied tone. One would assume that if the tone was considered excessive this would have been challenged at this time. It was a 1998 built warehouse and premises at 57971.9m^2. It was valued at £55/m^2.

17. The panel found that there was a wealth of assessment evidence which supported the current tone. At this stage of the list, and having regard to the basket of assessment evidence before it, the panel found it would require strong evidence to disrupt this tone. The question therefore was whether more weight should be attributed to assessment of Menzies. It was closer in proximity, however, there were differences which led the panel to conclude that it could not place all weight on this one assessment. Menzies was an older building, built in the late 1970's, and whilst the panel heard that it had gone through major refurbishment in 2020, it noted that the works carried out included refurbishment of the existing facade cladding to the existing warehouse unit with ancillary offices, including demolition of office building and water storage tanks, provision of new vehicular access, and associated works to existing car park and service yards. This was therefore a refurbishment of the existing property rather than a new build so it was not as modern as the subject property. The internal photograph provided demonstrated poor internal layout due to internal support columns whereas the subject property was a large open column free zone.

18. In such appeals the burden rests with the appellant to prove that the subject property is excessively valued and based on the evidence brought before it, for the reasons outlined above, the panel was not persuaded to attribute all weight to the Menzies assessment. The panel found that the basket of evidence for modern warehouses supported that the subject property's unadjusted rate of £52.50/m^2 was fair and reasonable.

End allowance

19. The subject property is split and formed of two separate buildings with no internal access. The Warehouse was built in 2010 and the office building, which is used as a HQ office, was built in 2012.

20. The appellant submitted that the split buildings significantly reduces the efficiency of the site as ideally the appellant company would have one building. It was stated that typically office accommodation of modern warehouses are adjoining to the warehouse space, but the subject property's buildings are detached. Additionally, the fragmentation creates increased liabilities for the hypothetical tenant/occupier such as repairs/maintenance and insurances. There is also a duplication of services such as electrics and an additional roof to maintain.

21. The appellant provided evidence in the form of allowances which Colliers had agreed for other split sites. Three properties were referred to, 24& 26 Fulton Road HA9 0TF, Units 3 3A & 3B Juniper Site SS15 6TD and 7A 7B 7C & 7D International Avenue TW5 9NJ, all of which were warehouses with allowances awarded for fragmentation. The allowances awarded were 5%, 7.5% and 10%. It was submitted that 5% had been awarded when a hereditament is split into two sections then an additional 2.5% was granted for every further section split into two. It was noted that the three assessments were all interconnected thus, provided better accommodation than hereditaments with physically separated buildings.

22. An agreement on the assessment of Units 1-2 Langley Connect, Station Road, Slough SL3 6EG was also referred to. A 10% fragmentation allowance was applied due to the building

being completely separate with no interconnectivity. It was submitted that this was a strong comparison and the subject should have the same level of allowance awarded, 10%.

23. The respondent referred to other warehouses in the locality to demonstrate the typical amount of ancillary offices you would normally expect to find, this ranged from 8% to 12%. It was stated that the subject property, excluding the HQ office block, had office space of approximately 11%. It was the respondent's contention that the buildings comprising the subject property were not interdependent. They appear to preform two different functions, one was a distribution warehouse and one was a HQ office block. In support of the respondent's opinion that no allowance should be awarded, the agreement on Eisai Europe LTD, Mosquito Way, Hatfield, Herts AL10 9SN was referred to. This assessment had no end allowance on a site with multiple buildings.

24. There was discussion between the parties in respect of a Valuation Tribunal decision on Mercedes (Daimler Chrysler UK Ltd, Tongwell, Milton Keynes MK15 8BA). A 5% allowance was awarded for fragmentation, however, the Tribunal decision had since been set aside due to a procedural error. It was due to be reheard but in the intervening period a 2.5% allowance has been agreed between the parties. The appellant submitted that the subject property's situation is arguably worse as it has physically separate buildings as opposed to adjoining office and warehouse.

25. Having considered all the evidence brought before it the panel reached the following conclusion. There was clearly fragmentation at the subject property. The photographs and plans of the site show a modern office building situated to the left of the entrance and the warehouse is to the right. There is no internal access between buildings. The panel considered that fragmentation does not necessarily equate to a disadvantage. In the assessments put forward in support of allowances, they were different in nature in that the warehouse and ancillary offices were split into sections. Whilst, the appellant had argued that the subject property was worse as it was two separate buildings, one could argue that this was not worse, but indeed was just different circumstances. Thus, this did not necessarily support that the subject property should also have an allowance. The panel considered that this was purpose built. The appellant company had obviously thought this would be of benefit to them or would not have built it this way. Whilst the panel was mindful that it was considering the hypothetical tenant, the current occupier does provide insight as to what the hypothetical tenant may look like.

26. The warehouse building has ancillary office space so this was typical to a distribution warehouse. The separate building is operated as an office HQ so there was no evidence that the two buildings were dependent on one another and that being separate would cause a disadvantage. One could argue that this could benefit a tenant, for example, the HQ is in close proximity to their distribution warehouse rather than be situated elsewhere in the UK (which would also have separate liabilities).

27. Ultimately, the panel found that this was a purpose built site and whilst there were two separate buildings, they were each able to carry out separate functions and the warehouse building had the typical ancillary office space, which was split in the other cases being referred to for comparison. The panel was not persuaded that the fragmentation would impact the hypothetical tenant's bid and consequently, it found that no end allowance is warranted.

Determination

28. In view of the above findings and conclusions, on the evidence brought before it, the Tribunal Panel finds the RV to be fair and reasonable and the appeal is dismissed.

Right of further appeal

29. 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.

30. 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 LR McDermott, Senior Member

Mrs FER Duggan, Member

3 November 2025

Mrs C McAvoy
Clerk to the Tribunal
Date issued to the parties: 3 November 2025