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

Case No: CHG101113562

Sitting remotely using Microsoft Teams

Date: 17 February 2026

SCHEDULE 11 TO THE LOCAL GOVERNMENT FINANCE ACT 1988

Non-domestic rating; 2017 list appeal; shop and premises; comparable properties; physical disadvantages unique to subject property; appeal allowed in part.

Before:
MRS S SOHOTA
MISS S AKHTAR

Between:

MARKS & SPENCER PLC — **Appellant**

- and -

AMANDA HITCHINGS (VALUATION OFFICER) — **Respondent**

Regarding:
M&S, 30-38 PENNY STREET, LANCASTER LA1 1UA
(the "subject property")

Appearances:
G Garnett if WSP G L Hearn, for the Appellant
K Finlay, for the Respondent

Hearing date: 22 January 2026

DECISION AND STATEMENT OF REASONS

DECISION

1. The appeal is allowed in part.

2. The Tribunal finds that the rateable value was unreasonable and confirmed a reduction to £275,000 with effect from 1 April 2017.

STATEMENT OF REASONS

Introduction

3. This appeal has been brought in respect of the following: M&S, 30-38 Penny Street, Lancaster LA1 1UA which was shown in the 2017 Rating List as ‘shop and premises’ at £320,000 rateable value (RV) effective from 1 April 2017.

4. A challenge was submitted on 19 August 2023 which disputed the determination of the RV. The RV was assessed based on a rate of £96.50/m^2. The appellant challenged this and requested a reduction to £60/m^2. A challenge decision was issued which upheld the £96.50/m^2, consequently, an appeal was lodged with this Tribunal.

5. At the appeal stage, the appellant’s representative confirmed his revised valuation at £250,000 RV which is based on £80/m^2.

6. Both Ms Finlay, for the respondent, and Mr Garnett, for the appellant, appeared in dual roles of advocate and expert witness and were aware that their overriding duty was to the Tribunal. Mr Garnett declared that he was not instructed under a conditional fee.

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

Relevant Law

8. The issue between the parties concerned the RV of the subject property, specifically the rate per m^2 that should apply.

9. 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;
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> 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."

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

11. 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.

Discussion

12. The subject property is a large shop occupied by M&S which is situated in the centre of Lancaster with its main access from Penny Street. It is a hybrid shop, part was built pre 1870 with some parts 1930's and a small section built in 1995 which affords a small frontage to Marketgate Shopping Centre. It is comprised over four floors which are accessible via a passenger lift and staircase. The property had a gross internal area (GIA) of 3,329.50m^2 which was agreed by the parties, however, the appellant submitted that 201.23m^2 was unusable and of no value and this was reflected within the proposed valuation.

13. Larger shops are valued on an overall basis as opposed to zoned. The appellant provided a preamble which included an extract from the Valuation Office Rating Manual. This stated that value significant factors include location, age, size, the number of floors and the intercommunication between the floors. The single overall rate per m² applied to each large shop has to reflect every factor, which may affect rental value. The overall value therefore takes account of a large number of influences deriving from the individual characteristics of each particular property. The valuer's task in undertaking a valuation of a large shop for rating purposes is to appraise the rental evidence in the light of the characteristics of the rented comparables and apply the results to the specific characteristics of the subject hereditament being valued.

14. It was the appellant's contention that the subject property was disadvantaged yet the rate applied made it the highest valued large shop (of this size bracket) in Lancaster. He submitted that it was in a good position but certainly not the best. Furthermore, it was a hybrid with a mix of interwar frontage and modern parts, it had a disjointed layout which created issues such as shoplifting and more problematic maintenance. It was the appellant's submission that as at the AVD, the demand for large shops was more selective in that modern shops were in more demand, meaning older buildings were less desirable and either didn't let or let for much less.

15. In deciding this appeal, bearing the six propositions derived from *Lotus* in mind, the panel acknowledged that the starting point was the actual rent passing on the subject property. However, in this case, the subject property was an inter-company lease and as such it was not of great assistance. The panel therefore found that the correct approach was to examine the rental and comparable evidence brought before it.

16. The following properties were brought to the panel's attention as the principle comparisons within the locality:

- Boots, 14-16 Lancaster Gate LA1 1NF. This property had a GIA of 3,193m^2 and was valued at £95/m^2. This was let on a reversionary lease renewal for a term of ten years from 29 September 2015 at a rent of £285,000 per annum with nine month's rent free. The appellant analysed the rent to £88.75/m^2 and the respondent analysed it to £91.25/m^2. The assessment had not been appealed.

- TK Maxx, 34 Market Street LA1 1HT . This property had a GIA of 3,958m^2 and was valued at £82.50/m^2. This was let on rent review from 25 March 2014 at a passing rent of £325,000 per annum with the original lease from 25 March 2009. The assessment had not been challenged.

- Primark, 18 Market Gate LA1 1JF. This property had a GIA of 3,899.73m^2 and was valued at £75/m^2. This is let on a new fifteen year lease from 23 March 2016 with a four year rent free period at an initial rent of £400,000 per annum. There was a rent review in March 2021 and the rent remained unchanged at £400,000 per annum. The assessment had not been challenged.

- Wilko, 17-21, Penny Street, Lancaster, LA1 1UA . This property had a GIA of 1,773.80m^2 and was valued at £125/m^2. This assessment was previously challenged and a withdrawal agreed with Colliers as the current assessment was reasonable.

17. The panel heard the parties respective submissions regarding the position of the properties. The panel had regard to the Goad map which detailed the position of the subject property and the properties put forward for comparison. It was satisfied that the crossroads in the centre was the prime location. Penny Street was in prime position but as you move further away from the crossroads, the quality of occupier deteriorates and includes independent beauty and hair salons as opposed to recognised retailers. The parties agreed that the Zone A rate on Penny Street is £650/m^2 and Common Garden Street is £250/m^2. The Market Gate Shopping Centre has a Zone A price of £400/m^2.

18. Less weight was applied to Wilko at 17-21 Penny Street as this was much smaller than the subject property. The panel placed weight on the assessment of Boots, 14-16 Lancaster Gate. It was noted that both parties agreed that there were no disadvantages similar to those of the subject property. This shop is a modern property, of similar size to the subject property, situated in the St Nicholas Arcades development. It had a returned frontage and the Zone A prices within this development were between £600-£700/m^2. Whilst the respondent argued that the subject property was in a better position, the panel heard that it was highly visible from the crossroads and was surrounded by well-known national retailers. The panel found that this was of superior physicality and would be worth more than the subject. This supported that the rate applied to the subject appeared excessive.

19. Similarly, TK Maxx suffers none of the disabilities of the subject property. The respondent submitted than it was in an inferior position to that of the subject property. The adjacent Zone A levels are £550/m^2 for 32 Market Street and £650/m^2 for 22 Market Street. The appellant described this a the most attractive larger shop in Lancaster. The panel found that a modern shop would be more appealing to the hypothetical tenant and the subject property's rate should be reflective of this. The panel found that it would be more reasonable if the subject property was more in line with this assessment, as this would take account of the subject

property's superior position but then be reduced based on the disabilities the subject faced in comparison.

20. The appellant referred to the space in the upper floor of the subject property which he had excluded from his valuation on the basis that it was unusable. Photographs had been provided and both parties had inspected this. Whilst the panel agreed this was in poorer condition, there were storage items present and there was no evidence of leaks as at the material date. The panel was not minded to remove the area from the valuation but it added to the appellant's contentions about the disadvantages of the subject property and therefore was a considering factor when determining the level of value.

21. Having considered the totality of the evidence brought before it, the panel found that the appellant's evidence was persuasive and supported that the subject property was excessively valued. It was a hybrid property, and was less modern than those presented as comparable. It found that the value should reflect the age related issues and layout. The panel did not consider that the evidence supported a reduction to the proposed £80/m^2 as it did have to counter some of the differences with the superior location. It therefore concluded that a rate of £83/m^2 was fair and reasonable.

22. This provides a reduced RV of £276,348, say £275,000 in line with the below valuation:

Floor	Description	Area m^2/Unit	£ per m^2/unit	Value (£)
Range of floors	All main areas	3329.50	83.00	276,348
				276,348

Conclusion

23. In view of the above findings and conclusions, the Tribunal is satisfied that the rateable value is excessive and confirmed a reduction in rate to £83/m^2. The appeal is therefore allowed in part.

24. Under the provisions of regulations 38(4) of the Valuation Tribunal for England (Council Tax and Rating Appeals) (Procedure) Regulations 2009, the Valuation Tribunal for England orders the Valuation Officer to reduce the entry in the rating list in respect of M&S, 30-38 Penny Street, Lancaster LA1 1UA to £275,000 with effect from 1 April 2017. Under regulation 38(9), the Valuation Officer must comply with this order within two weeks of the date of its making.

25. A refund of the paid fee will now be arranged (Regulation 13E of the NDR Alteration of Lists & Appeals Regs) provided there is no review of the Tribunal's decision. The refund will take around six weeks to process.

Right of further appeal

26. 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.

27. 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 S Sohota, Senior Member (Chair)
Miss S Akhtar, Member
17 February 2026

Mrs C McAvoy
Clerk to the Tribunal
Date issued to the parties: 17 February 2026