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

Case No: CHG101222807

Sitting remotely using
Microsoft Teams on
21 September 2026

SCHEDULE 11 TO THE LOCAL GOVERNMENT FINANCE ACT 1988

RATING — Local Government Finance Act 1988 — 2023 Rating List — retail warehouse and premises — valuation tone — rental evidence — subject rent — appeal allowed in part.

Before:

MR APS CRAWFORD
MR A HETHERTON

Between:

DREAMS LIMITED — **Appellant**

- and -

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

Regarding:

UNIT 4, LONDON ROAD RETAIL PARK, LONDON ROAD, CARLISLE CA1 2PD
(the "subject hereditament")

Mr G Herron of Ryan Property Tax Services UK Limited, for the Appellant
Miss L Willis of the Valuation Office HMRC, for the Respondent

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DECISION AND STATEMENT OF REASONS

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DECISION

1. The appeal is allowed in part.

2. The Tribunal finds that the valuation tone adopted by the Respondent was excessive.

STATEMENT OF REASONS

Introduction

3. This appeal arose from a proposal made by the Appellant seeking a reduction in the rateable value of the subject hereditament. The Appellant's case was that the valuation adopted by the Respondent was excessive and that the assessment, based on a tone of £120 per m^2, should be reduced having regard to the rent passing on the subject hereditament.

4. Following completion of the Check and Challenge process, the Respondent issued a Challenge decision notice dated 20 December 2024. The Respondent rejected the Appellant's contention that the adopted tone of £120 per m^2 was excessive and determined that the assessment should remain unchanged at a rateable value of £86,500 with effect from 1 April 2023.

5. At the hearing, Mr Herron appeared on behalf of the Appellant as expert witness. In accordance with the Upper Tribunal's judgment in *Gardiner & Theobald LLP v David Jackson (VO)* [2018] UKUT 0253 (LC), Mr Herron confirmed that he was instructed under a success-related fee arrangement. He further confirmed that he understood and accepted that his overriding duty, when giving evidence, was to the Tribunal and that he would comply with that duty, and with the requirements of his professional body, irrespective of whether his evidence supported the Appellant's case.

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

Relevant Law

7. Section 41 of the Local Government Finance Act 1988 (“the Act”) requires the Valuation Officer for a billing authority to compile and maintain a local non-domestic rating list for the authority’s area. Pursuant to section 42 of the Act, that rating list must include each relevant non-domestic hereditament.

8. The term *“hereditament”* is defined by section 64(1) of the Act, by reference to section 115(1) of the General Rate Act 1967, as:

> “property which is or may become liable to a rate, being a unit of such property which is, or would fall to be, shown as a separate item in the valuation list.”

9. Rateable value is defined in paragraph 2(1) of Schedule 6 of the Act, as amended by the Rating (Valuation) Act 1999, as:

> “… 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 the usual tenant's rates and taxes and bear the cost of the repairs and insurance and the other expenses (if any) necessary to maintain the hereditament in a state fit to command the rent mentioned above."

Discussion

10. The subject hereditament comprised a retail warehouse unit situated within London Road Retail Park, Carlisle. It formed part of a modern retail warehouse development occupied by a range of national retailers including Dreams, Tapi Carpets and Pets at Home. The sole issue for the panel was whether the valuation tone of £120 per m^2 adopted by the Respondent was excessive.

11. On behalf of the Appellant, Mr Herron relied upon the rent passing on the subject hereditament. The panel was referred to a lease dated 15 January 2020, granted following a prolonged marketing period. The lease provided for a three-month rent-free period, rent of £26,250 per annum until 14 October 2021 and thereafter £52,500 per annum. Mr Herron confirmed at the hearing that the Appellant no longer challenged the Respondent's addition of £6 per m^2 to the analysed rent in respect of tenant fit out. He accordingly advanced his case on the basis that the subject transaction analysed at £60.65 per m^2, supporting a rateable value of £44,506 (say £44,500).

12. Mr Herron submitted that the subject rent constituted the best evidence before the panel. He maintained that the property had several disadvantages not present in other units within the retail park, including its end-of-terrace position, restricted servicing arrangements, and its location furthest from the principal entrance to the retail park. He also referred to the irregular configuration of the hereditament, which had been constructed to follow the site boundary. In that regard, Mr Herron contended that modern retail warehouse units are typically developed in square or rectangular formats and that he had encountered few modern retail warehouse units of a similarly irregular shape.

13. On behalf of the Respondent, Miss Willis relied upon rental evidence available within the retail park. Reliance was placed upon Unit 3, occupied by Tapi Carpets and let on 1 March 2022, which analysed at £114.61 per m^2 before the agreed fit-out addition. She also referred to Unit 2, occupied by Pets at Home, where a 2016 rent review analysed at £162.95 per m^2 and a subsequent review effective from May 2021 was said to analyse at approximately £154 per m^2 (both excluding fit-out). It was submitted that, when viewed collectively, the rental evidence demonstrated a pattern of values materially in excess of those achieved at the subject hereditament. The Respondent therefore contended that the subject transaction, analysing at £54.65 per m^2, excluding fit-out, sat significantly below the evidence within the retail park and should be treated as an outlier. It was further submitted that a prolonged marketing period preceding the grant of the lease meant it could not be assumed that the

comparatively low rent was attributable to the physical characteristics relied upon by the Appellant and may instead have reflected other factors influencing the letting.

14. The panel first considered the subject letting. As an open market transaction occurring relatively close to the antecedent valuation date of 1 April 2021, it was regarded as important evidence. The panel was not persuaded, however, that it should be afforded overriding weight. Whilst the characteristics of the subject hereditament identified by Mr Herron would, in the panel's judgement, have had some bearing upon value, the analysed rent remained materially below the other rental evidence available. In those circumstances, the panel was unable to conclude with confidence that the disparity arose solely from those characteristics and considered that the prolonged marketing period preceding the letting may also have been a contributory factor.

15. The panel next considered the Unit 2 evidence. The transactions relied upon arose from rent reviews rather than open market lettings. Mr Herron submitted that the review provisions were upward only, yet the rent remained at £111,000 per annum following the 2021 review. Having regard to those matters, the panel considered the evidence to be of limited reliability for valuation purposes and attached little weight to it.

16. The panel attached greater weight to the letting of Unit 3. This evidence arose from a new letting and was therefore considered more reliable than the Unit 2 rent review.

Conclusion

17. Of the limited evidence available, the panel considered the letting of Unit 3 to provide the most reliable guide to rental value. The analysed rent, excluding the value attributable to tenant fit out works, was £114.61 per m^2. Adding £6 per m^2 in respect of the fit out indicated a level of around £120 per m^2. The panel agreed that this was the appropriate starting point for the valuation.

18. However, the panel did not consider that level could be adopted for the subject hereditament without adjustment. The subject hereditament differed materially from Unit 3, possessing an irregular configuration, an end-of-terrace position, more restricted servicing arrangements and a location furthest from the principal entrance to the retail park. In the panel's judgment, those characteristics would have been reflected in the bid of a hypothetical tenant and justified a reduction from the level indicated by Unit 3, although not to the extent contended for by the Appellant. Standing back and considering the evidence as a whole, the panel considered that an allowance of 10% provided a fair basis of assessment.

19. Accordingly, the appeal was allowed in part.

20. The revised assessment for the subject hereditament was therefore:

COMPONENT PARTS OF PROPERTY			
Description	**Area m^2/unit**	**£ per m^2/unit**	**Value (£)**
Ground floor sales	733.82	120	88,058
Less 10% for distinguishing characteristics			8,806
			79,252
		Say RV	79,000

21. Pursuant to Regulation 38(4) and (9) of the Valuation Tribunal for England (Council Tax and Rating Appeals) (England) Regulations 2009, the Respondent is ordered to alter the entry in the 2023 Rating List for the subject hereditament to a rateable value of £79,000 with effect from 1 April 2023. The Respondent shall comply with this order within two weeks of the date of the decision.

22. As the appeal has succeeded in part, any fee paid will be refunded in full in accordance with Regulation 13E of the above Regulations.

Right of further appeal

23. 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.

24. 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 APS Crawford, Senior Member (Chair)
Mr A Hetherton, Senior Member
5 October 2026

Mrs S Thompson
Clerk to the Tribunal
Date issued to the parties: 5 October 2026