

TRIBIWNLYS PRISIO CYMRU - VALUATION TRIBUNAL FOR WALES

Appellant: Mrs E G Skov-Newton

Appellant's Address: 35 Moor Street, Chepstow NP16 5DE

Appeal number: 684029031553/192NV17

The Matter Appealed against: 2017 Rating List

Date of Hearing: Friday 21st September 2018

Appearances: Mr G Overs (for the respondent Valuation Officer)

Date of Decision: 18th October 2018

Decision of Tribunal: Appeal allowed in part

Members of the Tribunal: Mrs E Price-Suter (Chairperson), Mr T Cook, Mr R Henley

Tribunal Clerk: Mr G Harris

Introduction:

1. Mrs Skov-Newton contended, in a proposal to alter an entry in the 2017 Rating List received by the Valuation Officer on 5th May 2017, that the Rateable Value (RV) of 35 Moor Street, Chepstow was incorrect and should be reduced from £10,500 to £7,000 with effect from 1st April 2017.
2. This is a summary of the case and is not intended to be an exhaustive record of the proceedings. However, the parties can be assured that all the evidence was fully considered by the tribunal when it arrived at its decision. Consequently, the absence of reference to any statement, or evidence, should not be construed as being overlooked.

Summary of the Case

3. Prior to the hearing Mrs Skov-Newton had indicated that she had been unable to attend and requested that the panel hear and determine the appeal in her absence. In light of this the clerk presented Mrs Skov-Newton's submission to the panel.
4. In her submission Mrs Skov-Newton described how the RV of the appeal property had increased from £6,600 in the 2010 Rating List to £10,500 upon revaluation for the 2017 Rating List, an increase of £3,900. Mrs

Skov-Newton had believed that the RV was based on achievable rent, which had been confirmed to her in a letter from Mr Overs in which he had written –

“The rateable value of a non-domestic hereditament none of which consists of domestic property and none of which is exempt from 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.”

Mrs Skov-Newton contended that to expect a rental value of £10,500 for a shop the size of 35 Moor Street was simply not achievable. She estimated that a more realistic value would be £6,000/£7,000 in 2018's retail environment.

5. Mrs Skov-Newton explained that to be able to justify a rateable value per m² you had to know and understand the town and the location of premises related to footfall and attractiveness and not just look at a street map. Mrs Skov-Newton referred to St Mary Street which she said was a prime location and a very attractive pedestrian street that adjoined High Street. It contained a number of small retail units, cafes and pubs and where the level of value was £155/£255. She highlighted 13 St Mary Street as being the same size as the appeal property but with a rate of £155/m², 19 St Mary Street had the same rate.
6. Mrs Skov-Newton explained that Moor Street had been called by town councillors the 'dead end' of Chepstow, it was located 'above the Town Arch' away from the High Street. Her property, located further from the town centre, had been valued using £270/m² whilst properties closer to the Town Arch/High Street with a larger footfall had a lower value of £230/m². Mrs Skov-Newton questioned the correctness of the difference in values.
7. In addition, 4 retail units in Thomas Street, opposite the entrance to Marks and Spencer some 65m from the appeal property had been valued using £150/m².
8. Mrs Skov-Newton stated that since the unfair increase in Business Rates there had been an alarming closure of retail shops in Chepstow, in the last 2 months there had been 5 closures including the Herbert Lewis department store which had operated in Chepstow for 170 years. Independent retailers like her were fighting on all fronts against falling footfall due to on-line shopping and out-of-town shopping centres and now unrealistic business rates.
9. Mr Overs, for the Valuation Officer, introduced the appeal property and described it as being located towards the top end of Moor Street with rear access to the shop from Thomas Street. He provided the Tribunal with external photographs, a map of its location and a plan of its layout together with the Valuation Officer's survey details. It had been entered into the 2017 Rating List at a RV of £10,500 with effect from 1st April 2017. He explained that the basis of valuation for the appeal property had

been defined under Paragraph 2(1) Schedule 6 of the Local Government Finance Act 1988 as –

2(1) The rateable value of a non-domestic hereditament [none of which consists of domestic property and none of which is exempt from 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.*

10. Mr Overs explained that statute further required that the property must be valued by reference to values pertaining as at 1st April 2015 but having regard to the physical state of the property and its physical setting as at the material day, in this case 1st April 2017. Mr Overs valuation of the appeal property, using a zoning method and a zone A value of £270/m², was as follows –

Floor	Description	Area m²	Line factor	£/m²	Value (£)
Ground	Retail Zone A	31.05	1.00	270.00	8384
Ground	Retail Zone B	13.48	.50	135.00	1820
Ground	Internal storage	1.67	.10	27.00	45
First	Internal storage	22.30	.05	13.50	301
Total Area		68.50			
Total Value					10550
Adopted Rateable Value					10500

11. To support his valuation, Mr Overs referred to a plan of Moor Street which highlighted the appeal property and other hereditaments along the parade and opposite which had been valued using the same zone A amount of £270/m². Properties nearer the town centre had been valued using a zone A amount of £230/m². Mr Overs explained that rents along the parade at 9, 29-30, 36a and 37 Moor Street had been analysed supporting his valuation using £270/m², although the passing rent at 26A did not. Rents closer to the town centre at 16a and 16b Moor Street supported the use of £230/m². Mr Over's rental summary was as follows –

Address (Moor Street)	Total area m ²	Area ITMS m ²	Effective date of rent	Adjusted Rent	RV	Analysed rent £/m ²	Unit Value £/m ²
16A	51.49	28.64	10-Dec-2013	£6,533	£6,500	228.11	230
16B	141.73	52.47	1-Oct-2015	£6,840	£14,000	130.36	230
29-30	149.46	56.71	6-Apr-2012	£15,670	£15,250	276.32	270
9	88.94	31.78	1-Aug-2015	£10,248	£8,500	322.47	270
9	88.94	31.78	1-Aug-2012	£9,266	£8,500	291.57	270
Ty Castroggy	34.80	29.05	20-Oct-2010	£6,000	£7,800	206.54	270
5	29.00	24.04	12-Dec-2015	£4,498	£6,400	187.10	270
36A	38.80	22.69	4-Nov-2011	£6,940	£6,100	305.86	270
37	73.80	29.37	31-Mar-2014	£13,752	£7,900	468.23	270

12. Mr Overs explained that the rear access to Thomas Street with Marks and Spencer and a car park could possibly have generated footfall and hence a higher zone A value of £270/m². In light of this Mr Overs requested that the tribunal confirm a RV of £10,500 in respect of 35 Moor Street.
13. At the conclusion of the hearing, the tribunal decided to reserve its decision.

The Reasons for Decision

14. Having considered all the evidence placed before it the tribunal decided as follows: -
15. In her proposal Mrs Skov-Newton had contended that the Rating List was inaccurate and that the RV of the appeal property should be reduced to £7,000 with effect from 1st April 2017.
16. In cases such as this the tribunal had to initially consider the rental evidence available on the appeal property or on comparable properties within its locality. In the absence of direct rental evidence on the appeal property as it was owner occupied the tribunal had looked at rents that transpired on Moor Street as a whole. Considering the weight of evidence, the tribunal placed less weight on the majority rental evidence provided by Mr Overs as they had transpired too far away from the AVD of 1st April 2015 and needed to be adjusted accordingly. Similarly, the tribunal placed little weight on the rent at 5 Moor Street as Mr Overs had stated that it had been signed between connected parties and the rent at 9 Moor Street, although effective from 1st August 2015, had been agreed following a rent review the terms of which had not been specified.
17. The tribunal placed more weight on the passing rent and settlement evidence at 16B Moor Street with the rent effective from 1st October 2015 and a resulting agreement on appeal of a zone A value of £230/m². This was further supported by Mrs Skov-Newton's contentions that the zone A

rate applied at both St Mary's Street and Thomas Street was lower than Moor Street, which had not been disputed by Mr Overs.

18. The tribunal accepted that in valuing properties within a town centre the usual practice employed by valuers reflected the fact that higher zone A values applied to properties closer to the city centre thus reflected their positions as being in a more advantageous trading location. In this case, the tribunal believed that the location of the appeal property being further from the city centre warranted a zone A value more on par with that ascribed to the lower end of Moor Street. Hence £230/m² was considered by the tribunal to be a more suitable amount.
19. Taking into account the tribunals decision that the zone A value of £230/m² should be applied to the valuation of the appeal property, the tribunal's revised valuation was as follows –

Floor	Description	Area m ²	Line factor	£/m ²	Value (£)
Ground	Retail Zone A	31.05	1.00	230.00	7142
Ground	Retail Zone B	13.48	.50	115.00	1550
Ground	Internal storage	1.67	.10	23.00	38
First	Internal storage	22.30	.05	11.50	256
Total Area		68.50			
Total Value					8986
Adopted Rateable Value					8900

20. In light of the above, the appeal was allowed in part and the tribunal orders that the Valuation Officer alters the RV of 35 Moor Street, Chepstow to £8,900 with effect from 1st April 2017.

Certified a true copy on 18th October 2018