

TRIBIWNLYS PRISIO CYMRU - VALUATION TRIBUNAL FOR WALES

Appellant: Mrs M Horton

Appeal property: Aberconwy House, Llanrwst Road, Betws-y-Coed

Appeal number: 690530669496/541NV17/6

The Matter Appealed against: Non-Domestic Rating Appeal

Date of Hearing: 10th February 2021

Appearances: Mrs M Horton & Mrs Pippa Crawford (Appellant) & Mrs T Davies (for respondent Valuation Officer)

Date of Decision: 5th May 2021

Decision of Tribunal: Dismissed

Members of the Tribunal: Mr A Hallett (Chairperson), Mr A E Sangster & Mrs K Morgan

Tribunal Clerk: Mr J Evans

Introduction

1. The appeal before the tribunal followed a proposal to alter an entry in the Non-Domestic Rating List in respect to the appeal property, Aberconwy House, Llanrwst Road, Betws-y-Coed.
2. The proposal was made by HS Consultancy Group on behalf of the appellant ratepayer, Mrs M Horton.
3. In making the proposal, the appellant sought a reduction in the existing list entry of £8,500 Rateable Value (RV) to £7,000 RV. The reduction sought for was made on the following grounds –

The Rateable Value does not reflect the rentable value of the property in 2015. The base rate is excessive in comparison to other similar properties in the area. The property does not benefit from any footfall, which should be reflected in the RV. There is fierce competition in the immediate area. The property suffers from access issues, which should also be reflected in the RV.

4. Whilst both parties presented their cases in writing, this document 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 Appellant's case

5. In her evidence, Mrs Horton stated that Aberconwy House's RV of £8,700, which was adjusted on 9th September 2020 to reflect a 9th room and derived from a valuation based on a double bedspace value (BDU) of £1,100 was unreasonably higher than competitors situated elsewhere in the vicinity of Betws-Y-Coed. Mrs Horton considered that the RV of the subject property should be based on a DBU value of £800 because this was the prevailing underlying level of value that was attributed to a large number of competing properties.
6. The DBU value of £800 provided a valuation for the appeal property of RV £7,040, which she rounded down to £7,000. This level of value was supported by a firm of surveyors known as HS Consultancy. Mrs Horton said that the location of Aberconwy House was a recognised disability which was adjusted from September 2020, however the revised value should be backdated to 2017.
7. By way of background, Mrs Horton explained that the property was marketed and sold as a five star, nine en-suite letting room bed and breakfast. The company Horton Crawford Partnership, which comprised Mrs Horton her daughter and her husband, was formed in 2016. The consortium became the owners of the establishment on 2nd May 2017.
8. The subject property was built in 1872 and extended in the 1990's. The property lacked a guest lounge although two rooms were available for breakfast service. There was no access to the rear of the property from the front of the house, but guests were able to make use of the small area at the front. The car park has space for nine cars to double park. The car park is separated from the front of the property by a shared lane which leads to two further Bed and Breakfasts.
9. The appellants drew to the tribunal's attention a number of issues that followed the lodging of the proposal. These were manifested in correspondence made to a Member of the Senedd and highlighted the Valuation Office Agency's administration of the process after the proposal was made. Mrs Horton referred to the fact that a lack of continuity in VOA caseworkers had hampered the progress of the appeal and pointed out that some three years had transpired since the proposal had been made.
10. With regard to the matters before the tribunal, Mrs Horton said that the parties were agreed on the existence of the ninth room. She referred to her page 13 and Appeal Survey document in which the ninth room is referenced.
11. Mrs Horton said that the appeal property was situated outside of the main village and that such a factor ought to have been taken into account in the valuation. In support of this point, she referenced an extract of the Valuation Office Agency's rating manual which highlighted the importance of a property's locality. In support of this point, she referenced matters such as convenience/access to transport facilities or to the town centre. She added that since the appeal property was outside of the main village, the DBU element must take such matters into account.
12. With regard to other properties situated within the immediate vicinity of the appeal property, Mrs Horton said that –
 - a. one was a private dwelling,

- b. six were guest houses,
 - c. one of the guesthouses operated one or two rooms on a limited basis and was not subject to NDR,
 - d. four are listed for NDR at £1,100 per DBU, and
 - e. one (Maes Y Garth) was listed for NDR at £800 per DBU.
13. The village of Betws-y-Coed is situated off the A5 where the majority of the properties are in its centre or on side roads. Electricity comes down from Capel Garmon. The appeal property is located on a single, angled track lane off the bend of the A470. This meant it and the roadside signage was obscured and exacerbated the visibility of access to the property from the main road.
14. Mrs Horton explained that Lon Muriau is a very narrow, walled but private lane. The owners of properties on the lane have a share of the lane's upkeep. She said that she had difficulties accessing the property via this lane when she moved there and pointed out that delivery drivers to the premises have also experienced the same problems. Moreover, unlike those located in the village, the properties situated on Lon Muriau did not benefit from mains gas and had to use more expensive oil.
15. Mrs Horton explained that guests at Aberconwy House are able to walk to the village along the opposite side of A470. However, the area in which the appeal property was located is known as a "dark skies" area and the road is poorly lit. Whilst a Google search referenced an alternate route along the A5 which is better lit and at a length of 1.1 miles it takes approximately 22 minutes to undertake. However, the Google search failed to reference a steeper gradient, and reports made by guesthouse guests stated that the return walk back to Lon Muriau took 40 minutes.
16. Mrs Horton said that another more direct route via an unlit footpath and which involved crossing the busy A470 and a steep walk down to the public footpath to the right of Muriau farm in between sheep fields, over the river Conwy onto a pedestrian suspension bridge (Sappers Bridge) was possible. The route continued to a road that takes you to the train station and over the British rail bridge. She maintained that this route was unsuitable for less fit or able guests, or for those with luggage.
17. This path is impassable when the Conwy river floods. Not only does it leave debris, but also pushes the field fences onto the pathway increasing the length of time it is impassable.
18. The public footpath is not maintained regularly by the council or the farmer whose land boundaries the vicinity of the subject property. Mrs Horton said that there had been numerous times when she collaborated with her neighbours to cut back nettles and other foliage, sweep the path of debris and overflow from a field because the farmer does not always have a gate that separates the sheep in fields from the path.
19. The Google listing showed that the appeal property was summarised as being within a 10 minute walk from Betws-y-Coed via a footbridge. The score of 3.9 was attributed to the property and scored highly in respect of its close proximity of "things to do"; a "Good" score was attributed in respect of "Proximity to transit"

and an “Ok” given against access to the airport. The property was also described as being “Great for visitors”.

20. A higher score of 4.7 was awarded to a property situated in the village and scored the same or more highly in respect of “proximity to things to do”. A similar score rating was given in respect of access to airport. However, online searches with Google Maps fails to acknowledge that the public footpath is a route into the village and diverts people to the same destination via a longer route along the main roads.
21. Mrs Horton explained that the company operates business insurance on their cars so guests can be picked up from the station and when the line is closed. Mrs Horton also referred to an instance where an American guest had to be driven to a hospital in Bangor because neither public transport nor an ambulance was available. Mrs Horton said that customer feedback often rated the property’s access less favourably.
22. With reference to a Google listing, Mrs Horton was able to compare her property’s score against one in the village centre. The internet search revealed that the appeal property in relation to its location and compared it with another property situated in the village.
23. Mrs Horton said that the VOA stated that “*A Guest House at the foot of Snowdon will appeal more to walkers and hikers*”. Betws-y-Coed is 11.5 miles from the Pen-y-Pass, one of the popular routes up Snowdon and 14.9 miles from Llanberis. Fewer attractions were available in Betws-Y-Coed.
24. The VOA website makes comparisons with Conwy which is a much larger town and a World Heritage Site, served by good public transport. It has a good variety of independent shops and restaurants, the quay, sandy beaches, boat trips up the estuary and lots of history including National Trust property Aberconwy House, Cadw property Plas Mawr, a Thomas Telford bridge, St Mary’s Church, the town walls and the extensive Castle, all within a small footprint. The VOA website also made a comparison with towns such as Llandudno which is a much larger traditional seaside town with a vast retail offer.
25. Mrs Horton explained that the majority of accommodation properties in the UK buy into a star grading system that is standardised across all assessment bodies such as AA, Visit Wales or RAC. This grading system defines the quality of differing categories of accommodation and properties are assessed every two years by either a mystery shopper or day visit. Star grading’s allow prospective guests an idea of the quality to expect at their chosen property. In her discussions with the VO, she understood that since not all properties subscribe into a star rating, they do not take star grading’s into account. However, she pointed out that the VOA used the quality of accommodation as part of their basket of evidence which they relied upon to inform their decision process.
26. Within the village there is a range of Guest Houses that have been rated three, four and five stars. At the AVD of 2015, the VOA opted to maintain a common valuation for this element across 25 properties located in Betws-y-Coed. The VOA had chosen to deviate from this approach for four properties in Lon Muriau and one located in the main village. She saw no justification for the VOA to have been inconsistent in its approach to valuing guest houses.

27. Mrs Horton explained that if the appeal process had moved more swiftly in 2018, a site visit undertaken at that time, would have shown that the quality of the accommodation was not as it is shown their website in 2020. The total expenditure of upgrading and refurbishing the property was £65,500. The fund was derived from a mixture of the appellant's own capital and loans. The improvement work began in May 2017.
28. In July 2017, a list of changes was prepared for the Visit Wales Assessment. Mrs Horton said that the property had been bought with a 5 star rating. The appellant ratepayers were subsequently informed on 25.07.2017 that it was a 4 star property. The scale of the nature of upgrading brought about by a lack of long-term investment in the property were itemised as follows -
- a. Weary and outdated fully fitted 1990's bedroom furniture in 5 of the rooms ("*built in storage that dominates room*" wrote the Visit Wales assessor on 27.07.17).
 - b. Sinks in the bedrooms of 3 prime front bedrooms, on the opposite wall from the en-suites.
 - c. Eight of the nine bedrooms needed re-plastering and one false wall and a false ceiling were required.
 - d. Electrics were affixed to the fitted bedroom furniture and during their removal the dangerous state of the wiring was revealed and a near total rewire of the whole house was needed, including a new 3 phase fuse board.
 - e. Replaced all curtains and soft furnishings as well as new furniture.
 - f. In 2018/2019 The appellant company spent £14,700 on refurbishing the first stage of window replacement as well as redecorating the hallways and doors and purchasing some replacement beds and furniture to improve safety and quality.
 - g. During 2019/2020 a total of £17,500 was spent to replace windows and doors at the front of the house. In addition, a new bathroom was installed in the family room. This room had historic issues with an untraceable smell and it was discovered that the room needed to be re-tanked although it was only built in the 1990's.
29. Mrs Horton explained that despite the works which had taken place, the company had been unable to progress on phased improvements.
30. In "Table 1" (page 11) of her report, Mrs Horton referred to eight competing properties that were situated in the village. In addition to the appeal property, she also referred to three other properties that were located on or near Lon Muriau, and to one other property (Afon Gwyn), which was located outside the village. She referred to the star rating that had been allocated a four star or above (of which there were 9 and three which were five star) and also the facilities each of these properties enjoyed.
31. In "Table 2" of her report, Mrs Horton referred to the Rateable Values that had been applied to Aberconwy House, including a reference to the addition of the

ninth room, and also to per proposed valuation that factored in an allowance for the property's location.

32. In her "Table3", Mrs Horton identified 32 other guest houses that were situated in Betws-y-Coed and drew the Tribunal's attention to details of their respective DBU values, the amount of rooms the property contained and their resultant Rateable Values. She highlighted in grey properties, such as "Tyn y Fron", "Llety Betws" and "Bryn Bella" which she believed were comparable with her property. Of those properties cited that were highlighted in yellow, "Bob Gwynedd" and "Glyntog", Mrs Horton pointed out that these were businesses whose RVs had been amended by the VO in January 2021 as a result of this appeal. Another property, highlighted blue and known as "Maes-y-Garth", had been assessed for business rates in May 2020. The table also depicted the DBU valuations and resultant RVs.
33. Mrs Horton said that on the morning of 2nd February 2021, the ratepayer of "Tyn Y Fron" informed her that the VOA had revised the DBU values of three properties in our area on 26th January 2021. The significance of this was that the properties were three of the four properties that the appellant had referenced as comparable properties in the appeal survey report. The three properties were all rated at a DBU of £800 at the AVD of 2015. From the 26th January 2021 they were all increased to £1,100.
34. On 2nd February 2021, the VOA caseworker informed Mrs Horton that the assessments of three properties had been reviewed and the valuations of two others would be considered in due course. One of the properties whose value had been increased was the 4th Mrs Horton had advanced as a comparable in her original appeal survey document. The 5th comparable property she had cited in her pack related to "Maes Y Garth", the details of which were exchanged with the VO on 14th July 2020.
35. Mrs Horton explained that fellow entrepreneurs in the vicinity had also received notification from the VOA. The notices referenced alterations having been made to the property, so that the previous assessment was now considered to be incorrect. It appeared that identical reasons for the alterations were sent to each property. With regard to this, Mrs Horton made the following observations:
 - a. The property owners knew of no alterations to their businesses since the 2015 AVD.
 - b. The owners had not been contacted before the revision to ask if any alterations had been made or for any other reason.
 - c. What evidence do the VOA have for the alterations if they haven't visited and talked to owners?
 - d. These properties will not have to pay any rates as a result in the rise in the DBU as they remain below the £6,000 rate threshold, but they would if the £6,000 threshold were to be lowered.
 - e. The 4th property is The Ferns. They have not received any contact from the VOA, but if their DBU is raised to £1,100 they will be over the £6,000 RV threshold and will pay rates.
43. With regard to "Maes Y Garth", Mrs Horton said that if its DBU value was raised to £1,100, then this action was contrary to the Rating Manual (Part 3C appendix 1) in which the VO must not impugn the rating list. In support of this, Mrs Horton referred to the following extract of ITM Corp v Mooney (VO) 1983 - "*Be careful*

not to impugn the rating list or that of any other VO.....Any suggestion of “changing the goal posts” by wholesale review should be avoided”.

44. In support of her case for a reduction in the existing valuation, Mrs Horton referred to the following comparable properties –

Summerhill, is situated a minute’s walk away from the most visited and photographed feature in the village, the Pont Y Pair (the bridge rather than the nearby hotel) with the falls that cascade beneath it.

On Summerhill’s website they are advertising 8 letting rooms, 7 are double’s rooms and 1 is a single room. This does not add up to the listing above, especially as three of the rooms had a nil value.

Park Hill is one of three properties whose full details are not on the list. Property 32 is Park Hill with an RV of £8,700. This property was in a similar location to the appeal property and is of a similar age. The property advertises nine rooms, and their access from the A470 is by a dedicated driveway to their detached property. The property is also set in large grounds, with a covered swimming pool which is adjoined to the rear of the property.

The Ferns is another 2 storey Victorian property a minute’s walk along the A5 to centre of the village. It is a semi -detached property with off street parking and free on road parking outside. The property advertises seven letting rooms, six doubles and a single. The VO attributed a DBU value of £800 which underpins an RV of £5000.

Church Hill House is situated behind the church, in a prime position in the centre of the village. The semi-detached property can be clearly identified by a signage attached to its walls and aided by its elevated position on the hill beside the church (which is on the A5). The property had 13 rooms, which comprises one suite, nine doubles and three singles. The VO attributed a DBU value of £800. The property’s rateable value is £9,200.

Glenwood is a large detached two storey property that was built in the 1920’s. It is situated on the A5 to the west side of the village. Mrs Horton said that access to the village is a via a six minute walk along a straight and lit pavement. The property trades from one large family suite and six double bedrooms. The VO attributed a DBU value of £800, which underpins a rateable value of £8,800. Guests have use of a conservatory, sun terrace and large gardens as well as good parking.

Maes-Y-Garth is a near neighbour of the subject property but of more recent construction. The present owners arrived in 2011 and built on adjoining accommodation for themselves, and expanded their five star B&B. The property has three multi rooms and two doubles. The VO attributed a DBU of £800.

45. The VOA contends that most of these properties, including Maes Y Garth are, in their opinion, under rated and have now started the process of reviewing them. Church Hill House is, in their opinion, correctly rated. These assessments have been made from viewing material on the internet, which may not be accurate or reflect their quality at the 2015 AVD.

46. Turnover and its use in a basket of Evidence.

2017-2018	2018-2019	2019-2020
£ 97,928	£104,028	£94,687

47. With regard to her "Table 5", Mrs Horton depicted a sample of room rates taken from individual property websites for two people staying in an en-suite room on 11th and 12th June 2020, on a bed and breakfast basis. She pointed out that there was little direct relationship in the rate charged by individual businesses irrespective of any quality rating or turnover.
48. Mrs Horton explained that many owners deliberately reduced their trade or their pricing (closures were counted in months rather than weeks) so as to remain below the VAT threshold of £85,000. She said that VAT payments were made in respect of her business and she had been advised to continue to do so because a large plan of refurbishment was envisaged. As a consequence, the business was required to remain open for longer than many competitors. However, she said that fewer guests considered staying where the weather proves unpredictable.
49. Mrs Horton referred to a property she did not wish to name in her evidence: "Property X". She said that it was closest to the centre of the village and station and is open all year (including Christmas). It also trades close to the VAT threshold. In the last few years Property X closed for no more than one, two week break a year. The Guest House has five rooms and the property is graded four stars by Visit Wales. The calculation used by the VOA to derive the DBU (9% of turnover divided by the number of rooms) provided a value of £1530. However, the VO had ascribed a DBU value of £800.
50. Mrs Horton explained that the village enjoys many day visitors and, on occasion, and circumstances permitting, such trade may decide to stay. Unfortunately, most of this trade tended to use accommodation that was local to the village. As a corollary, overnight accommodation may be sought in guest houses further away from the village, such as hers. Mrs Horton explained that if visitors travelled from the north down the 60 mph stretch of the A470 any signage for Aberconwy House may be missed.
51. Mrs Horton stated that weather is an important factor that cannot be controlled. She had guests cancel because of snow or flooding at home and also cancel because of snow or flooding here. The reputation that North Wales's weather has, does affect bookings (potential guests have contacted us about the likely weather at a given date while deciding whether to book).
52. In her summary, Mrs Horton said that at the time of the 2017 Rating List, 32 Guest Houses were listed in the LL24 postcode area of Betws-y-Coed. The VO had been inconsistent in the way DBU values had been applied across this area. She said that Aberconwy House was one of four B&Bs on Lon Muriau whose DBU value was £1,100.
53. Mrs Horton drew attention to an immediately neighbouring property, Maes-Y-Garth, which the VO had assessed in May 2020 at £800 with effect from 1st April 2017. The Appellant believes this confirms that £800 is the correct valuation across the village and should be applied to Aberconwy House. She contended that the review of value that the VO had embarked upon meant that they had impugned their list. The quality of accommodation was average at the time of the

2015 AVD and at the time of the appeal. That location disadvantages the property in a way that competing properties situated nearer or in the village were not.

54. In view of the foregoing, Mrs Horton sought £7,000 Rateable Value with effect from 1st April 2017.

Summary of the Valuation Officer's Case

55. Mrs Davies said that she was a member of the Royal Institute of Chartered Surveyors who had been employed as a valuer for the Valuation Office Agency for the past 16 years. She had spent her entire professional career in rating and confirmed that she was the authorised representative of the statutory Valuation Officer for the purposes of this appeal. In so doing, Mrs Davies adopted the dual role as advocate and expert witness.

56. In her role as advocate, Mrs Davies outlined the substance of this respondent's case, which had been referred to earlier in the appellant's proposal. Mrs Davies stated that the appeal before the Tribunal arose from a proposal that sought a reduction in the existing rating list entry of £8,700 RV to £7000 RV with effect from 02 May 2017.

57. Mrs Davies explained that her valuation of the appeal property was produced in accordance with Paragraph 2(1) Schedule 6 of the Local Government Finance Act 1988 (the Act) 2(1). It states –

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.

58. Mrs Davies also had regard to The Rating Lists (Valuation Date) (Wales) Order 2014, which prescribed the statutory date by which the rateable values of non-domestic hereditaments are to be determined for the purposes of local and central non-domestic rating lists, which are to be compiled for Wales on 1st April 2017.

59. Mrs Davies explained that information about properties is collected via non-domestic rating request for information forms which are sent to all properties periodically in preparation for rating valuations. Once the information is returned,

it is treated as being accurate since it is completed by the appellant or the ratepayer. That information is used by the Valuation Officer to derive a valuation scheme. In order to calculate a Double Bed Units (DBU) price the VO establishes what the fair maintainable receipts are and applies an appropriate rental bid.

60. With regard to the valuation of self-catering larger complexes, Mrs Davies explained that those with more than 4 units, should be compared in terms of a percentage of gross receipts. She said that as a general rule, complexes tended to be more efficient to operate than single units, although this will be greatly affected by the voids encountered.
61. Mrs Davies said that the assessment seeks to find the fair maintainable trade for the property at a specific date. This date is 1st April 2015, or Antecedent Valuation Date (AVD). For trade related premises, she sought to establish what the gross receipts, excluding VAT, from the actual bookings were at the AVD. The gross receipts were then checked to see that they were in line with expectations for that type of holiday let in that location. Mrs Davies then explained that the fair maintainable trade has a percentage applied, which is dependent on factors such as location and level of trade. The resultant figure is the rateable value which can, put simply, be equivalent to the rental value of the premises.
62. To support her argument, Mrs Davies referred to the following case law -
- Calver v Thomas (VO) (2013) (UKUT) 0482 (LC) (2013)*
Redrose Ltd v Thomas (VO) (2013) UKUT 0482 (LC) (2013)
Beaconsfield and Jones v Gidman (VO) UKUT 0497 (LC) (relates to two decisions, Beaconsfield and Stowford lodge)
Dennett v Crisp (VO) (2013) UKUT 035 (LC) (2013) RA8
Andrew Wishart v Laurie Hulse (VO) UKUT 0224 (LC)
63. Mrs Davies also referred to the Land Tribunal case of *Ladies Hosiery and Underwear Ltd v West Middlesex Assessment Committee [1932]*, which set out the principle that in determining a property's value, correctness must not be sacrificed for uniformity. 'it is not sufficient, in order to prove unfairness, to make comparison only with a few properties, but the comparison must be with a general level of assessment'.
64. The appeal property is located a short walk from the village centre on the bank overlooking the river. Mrs Davies explained that the appeal property had not been inspected prior to the hearing.
65. In her evidence, Mrs Davies explained that the valuation approach for guest houses was by way of an analysis of DBU. She explained that a "DBU" comprises an en suite bath, or shower, and WC, and the basic scale assumes central heating. The DBU price, derived from rental evidence and consideration of accounts/receipts, will reflect the type (For e.g. detached, terraced etc) and class of guest house and its location (For e.g. prime, good, fair, poor position). The DBU price also reflected common areas such as resident's lounge, dining room, bar, and other normal ancillary accommodation. The DBU price adopted will reflect parking facilities that are usual for the category or area being considered; it will also reflect whether or not the norm for the category or area is a detached or terraced property. This presence of swimming pools will not be reflected in DBU price but should be reflected by survey adjustment because they

are only for use by guests, or by way of a specific addition where they procure revenue.

66. With regard to the appellant ratepayer's case, Mrs Davies said that the actual trade as provided by Mrs Horton, did not support a DBU value of £800. Whilst it appeared that a number of competing businesses had been valued at £800 DBU, she was required to ensure that the list entry was accurate by virtue of its own particulars and not due to the lower DBU values that had been adopted elsewhere.
67. In support of a DBU value of £1,100 for the appeal property, Mrs Davies referred to three comparable properties that Mrs Horton had cited. These properties were Afon Gwyn Country House, LL24 0SH, Glyntwrog House, LL24 0SG and Bod Gwynedd, LL24 0BN. All of these properties had been reviewed following their submission as evidence in November 2019. Based on the information at her disposal, the rateable values of these properties had been altered following an increase in their DBU price to £1100 (via a date of schedule notice).
68. After consideration of the assessment that related to The Ferns, Mrs Davies considered that the lower night tariff and rooms being considered inferior to those at the appeal property, justified a DBU value of £800.
69. Mrs Davies accepted that a large number of comparable data had been supplied by the appellant in this case. However, due to restrictions put in place owing to the Covid pandemic, the Valuation Office had not been in a position to review these.
70. With regards to comparable properties advanced by the ratepayer in her evidence, Mrs Davies made the following comments in respect of properties at Church Hill, Park Hill, Glenwood, Summerhill, The Ferns, Afon View, Oakfield, Bod Hyfryd, Fairhaven, Garth Dderwen, Coed y Fron, Bryn Afon, Mount Garmon View, Bryn Llewelyn, Dol Gethin and Mairlys. Details of each of these properties were presented in full at the hearing, but their main features are summarised below -
 - a. With reference to "Church Hill", Mrs Davies said that this property contained 13 rooms and provided bed and breakfast accommodation. It is situated within the Snowdonia National Park and is very close to Betws Y Coed railway station. It has free wi-fi facilities in the lounge and free car parking. Each guest room at Church Hill House had en suite bathroom facilities. All have a shower and some also had a bath. There is also a TV and tea and coffee facilities. A traditional Welsh breakfast is served in the dining room each morning. Its valuation of £9,200 was based on a 1 suite (£1200), 3 single rooms (£560), 4 DBU Rooms 9 spaces at £800.
 - b. Mrs Davies explained that in the case of "Park Hill", a survey unit adjustment of 5% uplift was made to reflect the existence of a swimming pool/sauna. This property contained nine rooms. The only rooms that were valued were located on 1st and 2nd floors. Mrs Davies understood this property to be of a 4 star, high class accommodation and all rooms were equipped with modern facilities. Park Hill also benefits from a secluded free car park. Its DBU value of £1,100 underpinned a RV of £8,700.

- c. Mrs Davies explained that “Glenwood” has seven rooms where the main house is used as a guest House. The self-contained unit to the left of house is reflected in its Rateable Value. Mrs Davies said that she had been unable to undertake and complete a desk review as limited information was available to establish facts. Moreover, the pandemic had also prevented a full review of the property. She said that six DBU valuations of £800 and one Multiple Bed Unit (MBU) valuation of £1,000 derived an RV of £5,800.
- d. From information that was made available to the VO, Mrs Davies said that “Summerhill” had 8 rooms which underpinned an RV of £5,700. She said that that the information suggested that a review of the assessment was warranted. Unfortunately, due to the exigencies of the pandemic, this had not taken place.
- e. With regard to “The Ferns”, Mrs Davies said that the information she had been provided showed that it had seven rooms from which an RV of £5,000 was derived. Its DBU value was £800.
- f. With regard to “Afon View” had seven rooms from which an RV of £4,400 was derived. From the evidence supplied, Mrs Davies considered that the property is under assessed. Although it is earmarked for a full review, the restrictions created by the pandemic meant that this could not happen.
- g. From information provided in respect of “Oakfield”, Mrs Davies said that it comprised six rooms and that this derived a RV of £4,350. Mrs Davies said that her information suggested there were inaccuracies in the survey details which indicated that a review might be necessary. However, due to the pandemic, such a review of the assessment had not been undertaken.
- h. Mrs Davies said that “Bod Hyfryd” comprised six rooms and this provided an RV of £4,350. The survey information indicated that the property was of average quality and that the DBU value of £800 appeared reasonable.
- i. In regard to “Fairhaven”, Mrs Davies said that from the information provided, this six roomed property had a RV of £4,100. She said that the information provided indicated average quality, although it is possible that the property was under assessed for rating purposes. Due to the pandemic a full review of the property’s assessment had not been possible, although its nightly tariff suggested the current assessment was correct. Mrs Davies referred to the values of the six room as follows - DBU 1 £800; DBU 1 £680; MBU £680; 2 MBU £1000 and 2 MBU £852.
- j. In respect of information provided for “Garth Dderwen”, Mrs Davies confirmed that it had six rooms and that this produced a RV of £4,050. She said that her records depicted this property as being of average quality, although photographic information indicated it required a full review. Its three DBU rooms were attributed £800 whereas its two Single bedrooms (SBU) were allocated £560.
- k. With regard to “Coed Y Fron”, the survey information depicted five 5 DBU spaces valued at £800. Mrs Davies said that the survey information may need to be checked as inaccuracies in valuation may be possible because a family room had not been reflected in current valuation.

- l. Mrs Davies said that “Bryn Afon” was now permanently closed. She said that its three DBU rooms had been attributed a value of £800.
 - m. With regard to “Mount Garmon View”, Mrs Davies said that information indicated that it had been recently refurbished and appeared to be of good quality. She said that this property may be under assessed and the case to review it had been requested.
 - n. Mrs Davies said that a desk top review of the guest house “Bryn Llewelyn”, indicated that it was of average quality and that its nightly tariffs suggest the current assessment was correct. Mrs Davies attributed values on this property’s bed spaces as follows - 1 SBU @ £ 560; 1 “SSF” @ £360; 1 DBU @ £800; 1 SBU @ £476; 1 DBU @ £680 and 1 SSF @ £306.
 - o. With regard to “Dol Gethin”, Mrs Davies explained that this property appeared to have been recently refurbished and that images of it suggest it is under assessed. She said that a case for a full review has been requested. She said that two of the DBUs had been attributed £800, whereas two others had been valued at £680.
 - p. With regard to “Mairlys”, Mrs Davies said that she had been unable to complete an desktop review. She said that information that had been made available to her suggested it was an average quality property, although it suggests it is under assessed. She provided the following values to the accommodation of this property: 1 SBU @ £560 and 3 DBU @ £800.
71. By way of comparison with the particulars of the comparable properties, Mrs Davies presented those to the nine rooms of Aberconwy House. They were set out as follows – MBU @ 1375; 5 x DBU @ £1100; 2nd flr: 3 x DBU @ £935.
72. Mrs Davies said since guest houses were rarely rented like retail premises, the valuation is undertaken by having regard to its income. She said that its income would be a key consideration when purchasing such a property. Whilst the majority of reviews and research about guest houses were undertaken online. Consequently, their exposure was therefore different to those commercial properties located on the high street that sold goods.
73. Mrs Davies said that the Valuation Officer was legally required to maintain a fair and accurate list and pointed out that when a proposal is submitted, the review that follows may result in an increase to the rateable value if it is found that there have been changes to the property or indeed it was valued incorrectly.
74. Mrs Davies explained that she had advised the appellant’s agent that the existing assessment for the subject property was incorrect on the 18th May 2020 because the assessment did not include the ground floor bedroom. Since this appeared to be a compiled list error, the correction should come about as a result of a Valuation Office Notice.

75. The revised valuation correcting the survey is with effect from 28-9-2020 is set out as follows –

Floor	Description	Area m ² /unit	£ per m ² /unit	Value
Ground	Multiple Bedroom – En suite	1.00	1237.50	1,238
Ground	Double Bedroom – En suite	1.00	990.00	990
First	Double Bedroom – En suite	4.00	990.00	3690
Second	Double Bedroom – En suite	3.00	841.50	2525
			Valuation sub total	8713
Say Rateable Value £8,700				

76. With regard to the analysis of trade (from the appeal property), Mrs Davies explained that such analysis was undertaken from across all trade. The analysis of the figures produced a DBU value of £980, although this was based on the property's March 2018 trade and this, coupled with the fact that the ninth room had not been previously included, supported Mrs Davies' view, why she considered the original DBU value of £800 was too low.

77. In her supplementary evidence, which Mrs Davies produced shortly before the hearing was due to start, there were details of the three years of trading from 2017. Mrs Davies said that since Mrs Horton moved in, a huge investment was undertaken with repairs and maintenance which totalled £65,502.

78. Mrs Davies explained that in the subsequent years, the cost of maintenance, which included improvements, came to £14,017. Mrs Davies confirmed that she had not stripped out anything that would be regarded as an improvement. However, with regard to the rating hypotheses, Mrs Davies was required to assume that the property was in a reasonable state of repair. Due to the age of the property and the contentions that had been put forward by Mrs Horton, Mrs Davies adopted maintenance costs of £15,000 a year.

79. Mrs Davies said that she included those costs that were undertaken in the final year of the accounting period in respect of garden maintenance, subscriptions and web hosting. She said that depreciation of £2,700 was consistent across the three years of accounts that have been provided. This revealed a divisible balance of £47,370. On the basis of a 50:50 split, 50% of the tenant's share (or the hypothetical rental value) resulted in a valuation of RV £23,000.

80. However, having stood back to reflect this value, Mrs Davies considered it to be excessive in comparison with other assessments in the village. As a consequence, Mrs Davies considered that the simplified approach should be adopted. This approach produced a RV of £8,800 and is set out as follows –

Receipts	Fair Maintainable Receipts (£)	FMR (%)	Value (£)
Lettings	98000	9%	8820
		Say	8,800

81. In her closing remarks, Mrs Davies said that the evidence available to her did not support the level of reduction in RV which Mrs Horton had contended for in her case. She maintained that the simplified receipts and expenditure approach was the correct way to value the subject property because it was based on its actual trade, rather than comparing it with others with different trading habits.
82. Having regard to Ladies Hosiery and to the fair maintainable receipts Mrs Davies considered that her revised valuation was correct. She said that she could make the list alteration to take account of the extra bedroom and apply the 10% end allowance and apply the revised RV of £8,700 with effect from 1st April 2017. However, she did not believe that this was in the interests of the ratepayer. In view of the foregoing, Mrs Davies asked the tribunal to dismiss the appeal even though the current valuation appeared to be underassessed.
83. At the conclusion of the hearing the Tribunal decided to reserve its decision.

Decision of the Tribunal

84. Having considered the evidence submitted before it, the Tribunal decided as follows –
85. The issue before the Tribunal was whether the compiled list entry of RV £8,500 should remain undisturbed or whether it should be reduced to RV £7,000 as contended for by the appellant, or whether an increase in the existing entry to RV £8,700 was warranted, which should take effect from 1st April 2017.
86. Rating is a tax on the annual value of land and buildings. The central tenet upon which a rating assessment is based is found in the definition of Rateable Value as prescribed by Schedule 6 of the Local Government Finance Act 1988, as amended and referred to by Mrs Davies in her evidence above. The Tribunal was also required to bear in mind the statutory assumption one must make regarding the terms of the presumed letting and the date at which various, mainly physical factors relevant to the property and its locality, must be considered. In this case the day on which physical matters must be contemplated (the ‘material day’) was 1st April 2017. The statutory date by which a valuation is measured for these purposes was 1st April 2015 and known as the Antecedent Valuation Date.
87. The Tribunal appreciated that uniformity of assessment is an important facet of rating. However, the Tribunal was also aware that the uniformity of assessment must not be sacrificed for the sake of correctness. Such virtues were spelt out in the form of *Ladies Hosiery and Underwear Ltd v The Assessment Committee for the West Middlesex Area*. By the same token, the VO had a statutory duty to maintain a Rating List whilst it remained in force. Whilst the Tribunal appreciated that the VO had undertaken list alterations on a number of properties in Betws-Y-Coed towards the end of this current list, it saw nothing amiss in this if corrections were required. As a corollary, the Tribunal did not accept the appellant’s contention that the VO had impugned its list.

88. In this case the VO spoke about the importance of having correct and accurate data for the purpose of a rating valuation. Whilst the Tribunal accepted that Mrs Horton had made comparisons with a number of properties in the vicinity of the subject property, it appeared to the Tribunal that the accuracy of their valuations, which were based on information provided by ratepayers/occupiers between 2013 and 2015, were in doubt. Mrs Davies explained that whilst checking assessments, it appeared that some of this information was inaccurate. Consequently, the Tribunal understood why the VO felt it was necessary to look again at the valuation of guest houses in this area.
89. As an illustration of this, the Tribunal was reminded that the details of the appeal property used to compile the original rating list entry was inaccurate. In this case, it appeared that the information the previous occupier sent to the VO had been based on eight rooms. However, it transpired that the guest house had nine rooms. Consequently, it did not seem unreasonable that the VO might potentially wish to correct that. With this in mind, it appeared to the Tribunal that the VO's intervention to alter a list entry, despite the pandemic playing some part to prolong the appeal process, was justified and fell within the scope of maintaining the list.
90. From Mrs Davies' explanation, the Tribunal considered that the correct method of analysis used to derive the RV of guest houses came about as a result of an analysis of the property's receipts and expenditure which involved applying a percentage to its turnover figure. In this case, Mrs Davies applied 9% to a turnover of Aberconwy House's March 2018 trade of £98,000. From there an assessment is made as to whether or not the resultant figure fairly represents the annual value a competent entrepreneur might expect. The Tribunal also took account of her "sensitivity check" which was founded on the basis of a full receipts and expenditure study. The Tribunal recognized that the full receipts and expenditure resulted in a higher valuation, and on the facts before it, considered that the simplified approach, which derived a value of RV £8,700 was more representative of the property's value.
91. Whilst Mrs Horton had produced a valuation for the subject property, it was not linked to the level of turnover which supported a DBU price of £800. By extension her contention for a reduction to RV £7,000 could not, in the Tribunal's view, be warranted.
92. Although Mrs Horton had referred to a number of properties whose DBU price was £800 and were, in her view, situated in more advantageous locations, it appeared that the assessments of these were, themselves, either under review or had seen their DBU prices increased. Whilst the Tribunal accepted that some of these properties were located in or nearer to the village, and therefore more attractive, this did not indicate that the analysis of trade supported a DBU price of £800 for the subject property. By contrast, the trade information supplied by Mrs Horton indicated that the original valuation was inaccurate.
93. In arriving at its decision, for comparison purposes, the Tribunal appreciated the physical and geographical aspects of the appeal property in relation to others situated nearer to the village or had less impeded access to it. The Tribunal recognized that location was a significant factor in the makeup of a guest houses' valuation. However, as referred to above, the appeal property's own trade indicated to the Tribunal that the current level of value did not appear excessive.
94. The Tribunal accepted that different operators traded in different ways. However, such matters could not be taken into account in this appeal.

95. With regard to the correct value that ought to be shown in the rating list, the Tribunal considered that Mrs Davies' request for a dismissal of the appeal seemed an outcome that was in the best interests of for the appellant ratepayer. This maintained the existing list entry at RV £8,500, rather than apply a backdated valuation of RV £8,700.
96. In its conclusions, the Tribunal was more greatly persuaded by the respondent's approach to the issue than that presented by Mrs Horton; although it wished to congratulate her on the thorough and detailed statement of her account. However, in the final analysis, the Tribunal saw no basis upon which to disturb the existing entry in the Rating List and moved to dismiss the appeal.

Certified a true copy on 5th May 2021