

TRIBIWNLYS PRISIO CYMRU - VALUATION TRIBUNAL FOR WALES

Appellant: Mr and Mrs Drake

Appeal property: Tyn-Y-Fron,

Appeal number: 690530702906/541NV17/7

The Matter Appealed against: Non-Domestic Rating Appeal

Date of Hearing: 10th February 2021

Appearances: Mrs B Drake & Mrs T Davies (for respondent Valuation Officer)

Date of Decision: 27th May 2021

Decision of Tribunal: Allowed (in part)

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

Tribunal Clerk: Mr J Evans

1. The appellant ratepayers, Mr and Mrs Drake, lodged a proposal to alter an entry in the non-domestic rating list in regard to the subject property, Tyn-y-Fron, Bettws-y-Coed.
2. Upon receipt of the proposal, the respondent Valuation Officer (VO), decided not to alter the list in the manner proposed by the ratepayer and remitted the matter to the Valuation Tribunal for Wales as an appeal.
3. The proposal was originally submitted by HS Consultancy Group (HSC) on 20th April 2018. In making the proposal, Mr and Mrs Drake, sought a reduction in the rating list entry of £9,600 Rateable Value (RV) to £6,400 RV.
4. 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 Panel 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. The appeal property comprised a five bedroomed guest houses and a two bedroomed self-catering cottage. These are detached units but run by the same occupier. It is located up narrow private road, Lon Muriau, off the A470 at the outer edge of the village of Bettws-y-Coed. In addition to the appeal property there are 6 properties located on Lon Muriau. There is also one private dwelling. One of the Guest Houses operates 1 or 2 rooms

on a limited basis and is not subject to non-domestic rating. Four properties had been assessed for rating purposes at a value of £1100 per Double Bed Unit. One property, known as Maes Y Garth, had a valuation derived from a DBU value of £800 with effect from May 2020.

6. Due to a perceived lack of progress between the agent who submitted the proposal and the respondent, Mr and Mrs Drake decided to pursue the appeal themselves.
7. Mrs Drake challenged the VO's description about the quality of the appeal property's location. Given that the appeal property is located up a narrow private road, Lon Muriau, off the A470 at the outer edge of the village of Betws-y-Coed, delivery drivers have found it difficult to access the property and reports from guests that their cars maybe knocked were made. In light of this, Mrs Drake considered that the VO's description of "Good/Prime" location for the appeal property was inaccurate.
8. In addition, Mrs Drake said that the path was poorly maintained, and that work was undertaken by the appellant and neighbours should any work be required to cut overgrown trees and clear away debris.
9. Mrs Drake explained that although the appeal property was not far from the town centre, the route to it was complicated and a necessary factor in understanding why she regarded the VO's valuation of the appeal property as appeared excessive. She explained that properties in the village were advantaged by streetlighting (such facilities did not exist for the footpath outside the appeal property). She maintained that the absence of streetlighting along the route into the village deterred customers. Moreover, the footpath is not shown on Google Maps and this placed the property at a commercial disadvantage.
10. The Tribunal understood that no public taxi service was available for guests who arrived by bus or train. Consequently, Mr and Mrs Drake had to arrange for the transportation of guests to the property. She pointed out that there was an increase in her car insurance premium for such a service.
11. Since the appeal property's adverse location and being situated away from the town centre, coupled with slower broadband speeds, expensive LPG gas rather than mains gas, overland electricity cables with frequent power cuts and poor TV reception, Mrs Drake refuted the VO's description of good/prime quality when compared with other properties in the village which were valued at £800 DBU.
12. Whilst Mrs Drake acknowledged that the property was close to Snowdonia, she reminded the Tribunal that "location" was in itself an important factor which was an aspect highlighted by an extract of the VO's Rating Manual.

13. Mrs Drake referred to the fact that the VO had described the comparable properties she had cited as “Good” (rather than “Average”). Whilst the VO had acknowledged this, she was told that these properties were under assessed. She said that three properties out of her 25 had now been re-assessed by the VO. Mrs Drake considered that this statement indicated that the VO had impugned its own list.
14. Mrs Drake considered that the method by which the VO determined the quality of a property was subjective. Moreover, the VO had not provided her with a breakdown of how this exercise was undertaken and admitted only a desktop exercise was done.
15. The Tribunal learned that the appeal property and a number of the comparable properties are members of Visit Wales. Visit Wales independently assess their members against a common standard. Mrs Drake said that a range of guest houses were situated within the village which had attracted a “star” rating of three to five. She said that the VO has opted to maintain a common valuation for this element across twenty-two properties in Betws-y-Coed including Maes Y Garth in Lon Muriau. The VOA has chosen to deviate from this for 4 properties in Lon Muriau and 4 located in the main village.
16. With regard to matters associated with “Fair Maintainable Trade”, Mrs Drake said that details of the property’s trading performance had been provided to the VO. However, she pointed out that the turnover achieved by a Guest House contained a number of variables, not least the length of one’s operational season. She said that many businesses are lifestyle businesses that traded for around 8 months of a year, although others might choose to operate for longer. She said that for some operators, a guest house might be their only income supporting 1,2 or 3 people but for others one member of the household works full time and the Guest House forms a second income and is therefore not a driver to open for a long season etc. As a corollary, an analysis of trade might provide inconclusive results unless an appreciation of the trading pattern was understood.
17. Mrs Drake said that there was little direct relationship in the room rate charged by individual businesses irrespective of any quality rating or turnover. Due to the structure of the VAT system, many businesses choose to trade up to the VAT threshold of £85,000. This therefore affects the calculation on the Fair Maintainable Trade and will suppress the figures for some and not others and cannot be solely relied upon as a fair measure.
18. At the Antecedent Valuation Date of 1st April 2015, Mrs Drake explained that detailed accounts were not available because the appellant had not acquired the property at that time. However, she explained that a total turnover was available. In arriving at its DBU price of £1,020 for the subject property, the VOA had estimated an approximate 85/15 split of turnover between the Guest House and Cottage. She pointed out that the basket of evidence in the locality is considered on an average basis rather

than individual calculations. This is less than the DBU allocated to the subject property.

19. In order to demonstrate why she believed that an analysis of turnover failed to be an accurate method of valuation, Mrs Drake provided details of a four-star guest house with five double rooms, had room rates than ranged from £85 to £125 per night. With reference to the VO's method of calculation used to assess the DBU (9% of turnover divided by the number of rooms), Mrs Drake derived a DBU of £1,530 (£85,000 x 9%/5 rooms). However, the VO's figures showed that a DBU price of £800 underpinned its value. Mrs Drake said that unless the VO had accurate turnover figures for all properties to reflect the number of its trading weeks, then she doubted that the VO's approach was reliable.
20. With regard to the facilities of guest houses, Mrs Drake said that most properties in the village offered ensuite or private/reserved bathrooms situated outside of the sleeping accommodation. She pointed out that since all the rooms at her property contained ensuite facilities. Although a number of guest houses had the benefit of lounges, the appeal property does not and this fact is made clear on the website.
21. Mrs Drake said that it was important to ensure that facilities were not double counted. She said that the VOA Valuation Scale Reference document considers that the factors to be applied to the DBU include whether a room for example had shared facilities, is a multiple bedroom or is a suite. She referred to a competing property known as "Park Hill". This property has an indoor swimming pool/sauna/spa, two guest lounges and bar area and nine letting bedrooms. The VO had calculated its RV at £8700. Mrs Drake noted that a breakdown of this property's valuation was not available on the VOA website and questioned whether it was under appeal and why its value was less than the subject property.
22. Mrs Drake referred to the particulars of the following competing properties: Maes Y Garth and Bob Gwynedd, Glyntwrog, Afon Gwyn and The Ferns. Details of these properties were set out as follows - following comparable properties and detailed their amenities –
 - a. Maes Y Garth, Lon Muriau, LL24 0HD is a 5 bedroomed Guest House which is also situated on Lon Muriau. In May 2020, less than 12 months ago, the VO allocated a DBU of £800. Mrs Drake queried why it should be the case that £1100 was applied to properties in the village, when this property was assessed at £800. Mrs Drake maintained that since it was the most recent assessment, then its value should form the benchmark for Lon Muiau and the village. However, she stated that in January 2021 the VO had increase in its assessment and had done so on the basis of a DBU price of £1100. Mrs Drake asserted that by doing this the VOA had impugned their list and cast doubt on the accuracy of the list entry.

- b. Bod Gwynedd, Glyntwrog, Afon Gwyn, and The Ferns – Mrs Drake said that these four properties were initially submitted as comparable properties in the original report by their representative (Mr P Walmsley) in 2018. On 10th September 2020, Mrs Drake sent a spreadsheet which listed 29 properties to the VOA. She explained that in preparation for this report a further review has been undertaken and the basket of evidence now referenced 32 properties. She said that the basket of evidence was available to the VOA five months before the date of the Tribunal.
23. Although the VOA had responded to Mrs Drake on 21st January, it failed to address the majority of points she made in her earlier correspondence of 27th September and made no reference to the comparable properties she had referenced.
24. In preparation for the Tribunal, the Appellant noticed that the VO had reassessed both Bod Gwynedd, Glyntwrog and Afon Gwyn with effect from 26th January 2021 to £1100 per DBU. Mrs Drake said that she knew the owners of these businesses well and had sight of the VOA letter to those businesses in which it stated *“The reason for this notice is that alterations have been made to the property, and the previous assessment is now considered to be incorrect”*.
25. Mrs Drake said that none of these properties had been altered and the statement was incorrect and unfounded. Moreover, she added that none of the owners had been contacted for information prior to the VOA sending them this letter. The changes to these three properties mean they are still below the £6000 RV threshold for payment of rates (therefore not an issue to the owners at present).
26. Mrs Drake said that the owners of “The Ferns” were not contacted but considered that if they were revalued at £1100, it would take their RV to over £6000. She felt that this might be a more contentious matter and wondered if that was why the details of this were omitted. Mrs Drake considered that the timing of the list alteration in respect of this property (less than 2 weeks before the Tribunal) was a quick fix by the VOA to try and overturn this Appeal. She said that the VOA had regularly stated they have a *“legal duty to maintain a fair and accurate list”*. However, Mrs Drake contended that the changes were arbitrary based on incorrect reasons. She suggested that by doing this, the VOA had again impugned their own list.
27. Mrs Drake said that despite the foregoing, the appellant company remained at a considerable disadvantage because the properties whose values had been recently increased had been allowed to trade on the basis of a valuation £800 DBU for nearly 4 years. Mrs Drake said that the appellant company should be offered similar treatment.
28. In her appeal Mrs Drake provided a spreadsheet of comparable properties that were located in Betws-y-Coed – details of this was also submitted to

the VOA on 10th September. The spreadsheet included a column which depicted those rooms taken from the VOA listing and then a list of the rooms taken from each B&B's own website. (This does not take account of all room configurations and floors but merely total rooms). Of the 31 B&Bs currently trading, Mrs Drake said that 18 are operating more rooms than were disclosed to the VOA; this included two of the properties re-assessed in January. Mrs Drake said that this has been determined by a desktop exercise by reference to their websites which the VOA also has access to.

29. Mrs Drake explained that when one checked the Business Rates on the Government Website there is a link which directs one to "Similar Properties". She explained that in addition to those properties in Lon Muriau and Summerhill in the village (and the 3 just re-assessed), the "similar properties" are in the main situated in Conwy town, Colwyn Bay, Rowen, Llanrwst. Mrs Drake contended that these were not comparable to the subject properties in any way because there were in entirely different locations.
30. With regard to the room configuration, Mrs Drake stated that the current RV of the appeal property is calculated as:
- a. first floor double en suite;
 - b. 1 first floor multiple bedroom en suite;
 - c. 1 ground floor multiple bedroom en suite;

She said that each room only sleeps a maximum of two people and there are no additional beds. With this in mind, she queried why two rooms had been rated as a "Multiple" room.

31. Mrs Drake said that in the 2010 Rating List, a "Single" Bed Space price was £450. The VO had doubled this for the purposes of the 2017 Rating List but offered no explanation as to why this was deemed necessary. Whilst she accepted that increases in value could be expected from time to time, however she did not accept an increase of 100% because it adversely compares with some that moved from £480 to £800 or from £325 to £500. There are no other examples of a 100% increase.
32. Mrs Drake said that the cottage is the former coach house and artist studio and is a detached building which is set into the hillside at the back. On the ground floor there are two bedrooms and on the first floor there is the lounge, bathroom and kitchen. This was not considered to be an ideal layout having the bedrooms and bathroom on different floors. She explained that at the Antecedent Valuation Date, the cottage was in a poor condition. There was no central heating and electricity was charged according to meter readings on departure. The previous owners had failed to invest in the maintenance of the cottage for many years. She received a number of negative online reviews by guests.
33. In June 2016, Mrs Drake stayed in the cottage following the exchange of contracts and prior to completion of the purchase for a handover. She said

that the experience was poor; the cottage was cold, damp and clothes were damp within a couple days. It was apparent that the property was in urgent need of attention.

34. Having completed the purchase in July 2016 the Appellant found that in the height of the Summer, at each change over there were pools of water on the floor behind the beds, apparently formed by condensation, and the bathroom ceiling was covered with black mould. Whilst Mrs Drake honoured existing bookings to the end of September 2016, the cottage was closed for 3 months for refurbishment. This comprised:

- a. Stripping one bedroom back to the stone walls and re-tanking the walls, lining with thermal insulation and then laying a new laminate floor
- b. Installation of LPG central heating
- c. Replacement of all beds as the bedsteads were rusty due to condensation/damp
- d. Replacement of fridge/freezer due to rust
- e. Installation of a PIV to control background air flow
- f. Re-decorating and new soft furnishings throughout
- g. £10,000 was spent to bring it to an acceptable standard

35. Mrs Drake referred these matters to the VOA when she questioned why the SBS was the highest in the area (and not a more realistic £600). The response was:

“With regard to the cottage, there are 3 tiers of valuation approach – basic, standard and superior. You are currently on the standard tier and again, this is based on the property characteristics as at 1st April 2015. As above, these prices are derived from trade figures we have received in the area. The price difference between yours and Swn Y Dwr is due to number of bed spaces as they have more, we adopt an element of quantum, meaning a lower price for more rooms.”

36. Mrs Drake referred to The Rating Manual, Section 6 part 3: Section 480 Holiday Accommodation (Self-catering) where it stated that there are three Quality Categories A to C.

- a. A is summarised as “for high quality modern or modernised accommodation with a high level of investment and that it will attract maximum tariffs”
- b. B is standard “with a typical range of facilities” and it further states that “most fit into this category”
- c. C is for basic properties “below standard” quality and has a low level of investment”.

37. Given the description of the Subject, the Appellant believes that the cottage was incorrectly assessed in the 2010 Rating List and should have been “C - basic” and that following the renovations it should be “B - standard”. With the bedrooms and bathroom being on a different level, Mrs Drake did not consider that the property could be classed as superior. The

SBS price of £900 suggested that it was. It is rated as 4* by Visit Wales, not 5* as some others.

38. As referred to in the VOA's response (in point 37), Mrs Drake referred the VOA to her basket of evidence and highlighted in particular "Swn Y Dwr". She said that this property is located in the centre of the village. The facilities and furnishings of this property were said to be of a much higher standard and all bedrooms are ensuite (it was formerly a B&B) but their SBS price is £600. The VOA replied there is a quantum reduction due to number of bed spaces (11). However, in peak season (2021 as an example) the Subject is charging £895 for a week whereas Swn Y Dwr is charging £2200. The income generated for the Subject cottage is around £20,000 and for Swn y Dwr is around £45,000. The RV of the Subject cottage (£3,600) represents around 18% of turnover. Mrs Drake pointed out that for Swn Y Dwr, it is less than 15%.
39. Within the basket of evidence Betws-y-Coed (see Section 5.4, page 19) it can be seen the SBS ranges in general from £600 to £900, with one at £1100. At £900 SBS the Subject is rated as the 2nd highest in the village which should surely be reserved for those "A- above standard/superior properties". How can this be correct for a property that is clearly "standard"?
40. A comparable SBS for the 2017 Rating List in Betws-y-Coed for properties assessed as "standard" should be around £600 to £700 i.e. midway through the range within the basket of evidence. See Table 5.4 on page 19. It also supports the out of village location and "disability" already recognised by the VOA. The basket of evidence supplied by the VOA on 4th February included properties in Llandudno, Rowen, Conwy and Penmachno. She said that that these properties were in no way comparable to the appeal property and questioned why the VOA had not selected properties in the village of Betws-y-Coed. By contrast, Mrs Drake had identified 16 other properties in the LL24 postcode area.
41. With regard to quantum/size, Mrs Drake said that the VOA has stated that if analysis of data indicates, the larger the property the rental bid would reduce due to quantum or size. The Appellant is aware of several properties where this has been offered as a 20% reduction. By combining the B&B and Cottage why has this not been offered to the Appellant?
42. Also included in her report, Mrs Drake included maps of the area which depicted the location of the subject property and identified comparable properties which she had cited in her basket of evidence contained in page 16 of her report. The basket of evidence highlighted four properties, one of which was the appeal property, that was situated on Lon Muriau. It highlighted in yellow three others that were the subject of list alterations undertaken by the VO on 26th January 2021 and in blue a property known as Maes Y Garth.

43. In page 18 of her report, Mrs Drake referred to a sample of room rates taken from the properties own websites.
44. A table on page 19 of her report referred to a comparison of self-catering properties in Betws Y Coed.
45. In her conclusion, Mrs Drake reminded the Tribunal that the price for the Single Bed Space should be more appropriately valued at £600. She believed that her own basket of evidence which comprised a plethora of guest houses in the area supported her case for a reduction in the revised DBU price of £1,100 to £800. This value was attributed to others in the area, and she saw no reason why it should not apply in her case.
46. Mrs Drake knew of no alterations made to competing properties that justified an increase in a DBU of £800 to £1,100. She drew attention to the extract from the VOA's own Rating Manual which warned against impugning the list.
47. The 2017 Rating List shows 3 double rooms and 2 multiple rooms. The Subject only provides accommodation for 10 guests across 5 double/twin bedrooms.
48. The Appellant has provided a Basket of Evidence that the SBS price across the Betws-y-Coed village is £600 (4 properties), £700 (5 properties), £800 (2 properties), £900 (5 properties including Subject) and £1100 (1 property). At the AVD, Mrs Drake considered that the appeal property was "below standard" quality although by 1st April 2017 the condition had improved to "standard". Looking at the range of SBS used in the village a realistic rate of £600 taking into account the location was more realistic.
49. Whenever the Appellant has provided comparable evidence to the VOA, the response has been that the RV of comparable properties is wrong without offering any explanation or evidence to support that decision. The VOA has on several occasions identified in this report impugned their own Rating List. This Appeal is all about fairness and that the Appellant wishes to be assessed fairly and equitably in line with the rest of the village.
50. Mrs Drake contended that due to the list alterations undertaken by Mrs Davies on a number of guest houses in addition to the revision made to the appeal property the 2017 Rating List was neither accurate nor was it fit for purpose. As a corollary, she sought a revised valuation of £6,400 with effect from 1st April 2017. Details of her valuation were set as follows –
- a. DBU of £800 and SBS of £600 giving a RV of £6400:
 - b. 5 double bedrooms @ £800 DBU = £4000
 - c. 4 SBS @ £600 = £2400
51. She also requested that one the VOA had completed a detailed and thorough internet review of *all* properties in Betws-y-Coed, then a credit of

at least 10% is applied to the property to reflect the “disability” of the location.

Summary of the Valuation Officer’s Case

52. In opening her presentation, Mrs Davies provided 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 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.
53. 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 £.
54. 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.

55. 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.
56. Mrs Davies explained that for the purposes of compiling and maintaining a rating list, the VO was required to obtain certain types of information from ratepayers. The information that is returned and taken at face value is

supplied on documents known as forms of return. This information is used by the Valuation Officer to derive a valuation scheme. In order to calculate a Double Bed Units (DBU) price, the VO analysed the fair maintainable receipts and applied an appropriate rental bid.

57. 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.

58. 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.

59. 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)

60. 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'.

61. Mrs Davies explained that the hereditament comprises a large, detached stone-built house which has previously been extended under slate pitch roof, set in mature gardens, alongside a detached self-contained holiday cottage which was converted during the 1980's. Again, this is a stone-built property under a slate pitched roof. The cottage was renovated in 2016. She confirmed that, for the purpose of this appeal, the VO had not undertaken an inspection of the subject property.

62. With regard to the 2017 Revaluation exercise undertaken by the VOA, Mrs Davies explained that a great deal of collaboration had taken place with the English Self-Catering Industry to develop schemes of valuation that can be more easily understood by the ratepayer. She said that the agreed valuation schemes played an important part in arriving at the value of a self-catering unit so that a property's advantages/disadvantages

associated with the property can be properly and correctly reflected in the valuation.

63. Mrs Davies said that local evidence determines how the number of single bed spaces affects value. However, she added that experience shows that the standard size of a unit in most locations will be between four and six single bed spaces. The values of SBS should be derived from evidence obtained from an analysis of accounts and receipts of commercially run self-catering hereditaments and the rental values arrived at should be devalued in terms of SBS.
64. Mrs Davies said that the values of SBSs for the 2017 rating list should be incorporated within the following scales:

Self-catering holiday home categories (Up to 4 units)

Location

Category 1 - Will be recognised as a prime location, being a highly sought after area or 'hot spot' for self-catering. It may have tourist attractions and areas of outstanding natural beauty, seaside or historic market towns and cities. Properties in a prime location will command very high tariffs and have very high occupancy levels, even at off-peak times.

Category 2 - This is the type of location in which the majority of self-catering properties will be situated and may be described as good. It will offer a wide range of popular and well established amenities and may be near tourist attractions and areas of natural beauty. Vacancy rates will be low at 'peak' times.

Category 3 - These locations will usually be further away from tourist attractions and amenities. Tariffs will be lower than prime and good locations and generally properties will be slightly harder to let.

Category 4 - By their nature this type of location will usually have a low number of self-catering properties. The location may have close proximity to non residential buildings or have other inherent factors which impact on its appeal. In these locations properties will be difficult to let, have low tariffs and achieve low numbers of lets

65. Mrs Davies explained that valuers should give careful thought to whether a location is 1, 2, 3 or 4 rather than ranking self-catering properties into one of the four categories.
66. With regard to the quality of the property, Mrs Davies said that a judgement was made on its physical attributes in accord with the following definitions –
- a. Category A – Related to high quality modern or modernised properties significantly above average attractiveness/value for the

type/location. The property may be detached, offer parking, additional bathrooms, additional reception rooms, very well maintained gardens and facilities significantly above standard accommodation. A comparatively high level of investment in maintaining and presenting the property will be required to achieve maximum tariffs.

- b. Category B - Most properties will fit into this category, which may be described as 'standard'. These properties will have the typical range of facilities for a self-catering property, without the distinguishing features of Category A.
- c. Category C - These are basic properties below 'standard' quality. There will be a low level of investment in maintaining and presenting the property. Room sizes will typically be smaller, with shared facilities. There will be a lack of all standard facilities such as heating, double glazing and an absence of any modernisation. Very few properties will meet the criteria of this category.

67. Mrs Davies stated that self-catering complexes that consisted of three to four units should be valued in the same approach. However, she said that an end adjustment of 30% in respect of four units and 20% for three units should be applied in order facilitate a smooth transition between the valuation schemes.

68. With regard to Guest Houses, Mrs Davies explained that the valuation approach applies in respect of a Double Bed Unit (DBU). A DBU has an ensuite bath, or shower, and WC, and the basic scale assumes central heating. The DBU price is derived from rental evidence and consideration of accounts/receipts and will reflect the type (eg detached, terraced etc) and class of guest house and its location (e.g. prime, good, fair, poor position). The DBU price also reflects 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, etc. Adjustments may need to be made where the property concerned varies from this. This presence of swimming pools will not be reflected in its DBU price; these should be reflected by survey adjustment where they are only for use by guests, or by specific addition where producing revenue.

69. With reference to 'Ladies Hosiery', Mrs Davies pointed out that she was required to ensure that the assessment of the property is correct first and foremost. Having considered the actual trade as provided by Mrs Drake, and having analysed this, Mrs Davies did not think that a DBU price of £800 for the appeal property could be supported.

70. As mentioned by Mrs Drake in her evidence, the comparable properties of Afon Gwyn Country House, LL24 0SH, Glyntwrog House, LL24 0SG and Bod Gwynedd, LL24 0BN have all been reviewed following submission as

evidence in November 2019. These have had their DBU price increased to £1100 via a date of schedule notice.

71. Another property known as “The Ferns”, which was also cited as a comparable property, has also been reviewed although its DBU price of £800 was retained because her research indicated this property achieved a lower nightly tariff and the rooms were, in her opinion, of an inferior quality to the appeal property.
72. Mrs Davies recognised that a large number of comparable properties had been introduced in evidence. However, due to the impact of Covid 19, Mrs Davies had not been in a position to fully review these with a view to making alterations to the Rating list. With regard to the message “Attached at Error! Reference source not found”, Mrs Davies explained that this related to comments made in respect to comparable properties relied upon during discussions. However, she had not been able to fully review these, although they were likely to be increased in due course.
73. Mrs Davies recognised that the appellant’s business required an amount of exposure but pointed out that guest houses were rarely rented like retail premises and their valuation was dependent upon income. She considered that the underlying levels of income taken by the guest house would be in the mind of a prospective purchaser.
74. Mrs Davies reiterated that Valuation Officer was legally required to maintain a fair and accurate list. She also pointed out that any proposal submitted could result in an increase to the rateable value if upon review it was found that changes to the property had taken place or it was valued incorrectly.
75. 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.

76. The revised valuation giving a 10% survey allowance for access is included at VO 5 - Proposed Valuation and to assist the tribunal I have

included a simplified receipts valuation at VO 6 - Simplified Receipts Valuation which in my opinion reflects the hypothetical rental valuation more accurately than a price per DBU. Summary and Conclusion Having regard to Ladies Hosiery and to the fair maintainable receipts I am of the opinion that the revised valuation at VO 6 is correct. To reflect the steep access a 10% allowance has been offered to reduce the rateable value on its current basis. This valuation can be seen at VO 5 - Proposed Valuation I would request the tribunal confirm the revised valuation of £8600 with effect from the 1st April 2017.

77. Mrs Davies' valuation of the subject property on the day the list was compiled was set out as follows –

Floor	Description	Area m2	£ per m2/unit	Value (£)
First	Double bedroom - Ensuite	3.00	1100.00	3300
First	Multiple bedroom - Ensuite	1.00	1375.00	1375
Ground Range of floors	Multiple bedroom - Ensuite	1.00	1375.00	1375
	Single bed space	4.00	900.00	3600
Rateable Value				9650

78. However, as a result of the appeal, Mrs Davies sought a reduction in the valuation of the appeal property to £8,600 with effect from 1st April 2017. Her valuation was set out as follows –

Floor	Description	Area m2	£ per m2/unit	Value (£)
First	Double bedroom - Ensuite	3.00	990.00	2970
First	Multiple bedroom - Ensuite	1.00	1237.50	1237.5
Ground Range of floors	Multiple bedroom - Ensuite	1.00	1237.50	1237.5
	Single bed space	4.00	810.00	3240
Rateable Value				8685

79. VO If the assumption is that it's a 15% split for self-catering. This provided a fair maintainable trade of £68,000 or £1,020 per DBU. She said that the same relativities were used for the self-catering element and that having

relied on a maintainable trade of either £16,000 or £12,000 for the self-catering unit with a single bed space price of either £405 or £540. Unfortunately, since this information was unknown at the AVD and since Mrs Davies concede that she had made assumptions, she pointed out that this cast doubt on whether the correct valuation could be arrived at. However, she pointed out that this calculation was used to give a 10% access allowance on the existing valuation on a DBU basis.

80. In light of the foregoing, Mrs Davies believed that the correct approach for this property was means of a simplified receipts valuation rather than a full receipts and expenditure approach as this resulted in a higher percentage, a higher split and a higher rate of value than that was proposed. Despite this, she was unable to provide a receipts and expenditure evaluation because the full breakdown of the accounts as of the first of April 2015 was unavailable.
81. Mrs Davies referred to fair maintainable receipts at £80,000 with a rental bit of 11.5%, which reflected the composite nature of the property (between a guest house and a self-catering). In support of her adopted percentage of 11.5%, Mrs Davies referred to the settlement reached on a guesthouse at 12% of gross receipts which provided her with some tone for the percentage amount to be adopted for the appeal property. Mrs Davies also reflected in her valuation of the appeal property, its poor location by factoring in a 5% allowance within that rental bed.
82. As the resultant figure of £9,200 was higher than the revised figure on the DPU basis of 8100 and so Mrs Drake was not disadvantaged and to ensure that we are valuing on the same as the previous case that we've just heard, Mrs Davies asked the Tribunal to confirm a revised valuation of £8100.
83. In response to questions, Mrs Davies said she believed that the photograph of the extension on the appeal property was taken on 11th October 2011. Mrs Drake pointed out that this part was not built until 2012.
84. Mrs Drake queried whether Mrs Davies had relied on the correct percentage figures to arrive at her final RV for the appeal property. She said that a correctly weighted average gives this 9.9% rather than the 11.5% advanced by Mrs Davies. In her response, Mrs Davies that the 13.5% was derived from the analysis of the upper tribunal cases that's referred to in her evidence. She said that this reflected a complex, a difficult property or a number of properties which had additional costs to bear. The 13.5% was added to the analysis to show that the self-catering facility was reflected differently to the guest house.
85. At the conclusion of the hearing, the Tribunal decided to reserve its decision.

Decision of the Tribunal

86. Having considered the evidence placed before it, the Tribunal decided to allow the appeal in part. In arriving at its decision, it gave the following reasons –
87. 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.
88. Mrs Drake had drawn attention on a number of occasions that in the process of the appeal, that the Valuation Officer had impugned the Rating List he or she was charged with maintaining. 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.
89. 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 had been provided with a dearth of comparable evidence which depicted competing properties whose DBU prices had been valued at £800, the Tribunal was also mindful that the accuracy of their valuations, which were based on information provided by ratepayers/occupiers between 2013 and 2015, may have been incorrect or 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.
90. Unfortunately for the appellant, it appeared to the Tribunal that the appellant’s assertion that the VO had been wrong to alter the Rating List because to do so risk impugning the accuracy of the list was, in this case, not supported by the facts. The Tribunal accepted that many assessments were founded on the basis of a DBU value of £800, but it was clear that

the VO had taken steps to make amendments and that these steps to check the veracity of the list were ongoing.

91. Although the evidence suggested to the Tribunal that the valuations of many properties that were inserted into the 2017 Rating List may have been incorrect and required investigation. The Tribunal did not consider that the appellant's case for a valuation of £6,400 RV, based on a DBU price of £800 (for 5 bedrooms) and four Single Bed Units of £2,400, was supported by clean and reliable evidence.
92. The Tribunal also accepted the VO's approach to the valuation of the appeal property. Whilst the Tribunal preferred the simplified approach to the valuation of the appeal property, it considered that Mrs Drake had applied the correct weight to the turnover figures. Mrs Drake said that if 20% of her turnover figure of £80,000 was valued at 13%. The Tribunal noted that by Mrs Drake's estimation, the residual turnover of 64% had been valued at 9%. However, the Tribunal concurred with her that the correct weighting was 9.9%, and it was this figure that was preferred what it believed was a subjective 11.5% advanced by Mrs Davies.
93. The Tribunal's valuation of the property is set out as follows – Fair maintainable receipts - £80,000 taken at 9.9% = £7,920, say RV £7,900.
94. In view of the foregoing, the Tribunal finds that the correct Rateable Value for the appeal property is RV £7,900 with effect from 1st April 2017. As a corollary, the Tribunal orders the Valuation Officer to amend the Rating List to accord with its decision.

Certified a true copy on 27th May 2021