

THE HIGHLAND & WESTERN ISLES
VALUATION APPEAL COMMITTEE

Inverness, 15 May 2018

Subjects	Reference Number
Hotel, (Apportioned Residence), Loch Ness Lodge Hotel, Drumnadrochit, Inverness, IV63 6TU	06/26/254104/0
The Appellant	For the Assessor
Mr Donald W Skinner	Mr Brian Gill, Advocate

DESCRIPTION OF SUBJECTS

The subjects are situated in the village of Drumnadrochit close to the junction between the A82 road and the road to Cannich. It is a three storey detached hotel set in its own grounds. The original part of the hotel is of stone/slate construction and there are various additions to it of cavity walled construction. The accommodation comprises 50 en-suite guest bedrooms, lounge bar and dining room.

EVIDENCE FOR THE APPELLANT

Mr Skinner, the proprietor of these hotel subjects, appeared and gave evidence and made submissions on his own behalf. He did not call any other witnesses. He did not lodge documentary productions. He complained that the rateable value of the subjects, £30,000 represented too great an increase on the valuation in the previous Roll. He did not, however, suggest an alternative level of value. He did not challenge

an assertion put to him in cross-examination that he had failed, on numerous occasions, to complete and return statutory return forms sent to him by the Assessor.

EVIDENCE ON BEHALF OF THE ASSESSOR

Evidence on behalf of the Assessor was given by Stephen MacKenzie. He is a qualified Chartered Surveyor working as a valuer in the Assessor's Office. He has been qualified for some 8 years. He is involved in the valuation of licensed premises and hotels. He worked on both the 2010 and 2017 revaluations.

Mr MacKenzie stated the accounts for the year end 31 March 2012 were the most recent figures he had seen for the business carried out from these subjects. These figures had been produced by the Appellant to settle an Appeal arising from the last revaluation. Mr MacKenzie had had several meetings over the years with the Appellant and the Appellant would have been in no doubt as to the need to provide up to date financial information in respect of the business carried on from the subjects in support of any challenge to the Assessor's opinion of value. The Appellant had failed to produce any such figures.

Mr MacKenzie gave detailed evidence of the approach he had taken to the exercise of valuing the Appeal Subjects.

He spoke to the terms of the Scottish Assessors Association Revaluation 2017 Commercial Properties Committee, Practice Note 20, Valuation of Hotels and Accommodation Subjects (hereinafter referred to as "Practice Note 20"). He had

participated in the preparation of an analysis of relevant subjects in this Valuation Panel area which had helped inform Practice Note 20.

He took the Committee, step by step, through the Practice Note and how he had applied its principles to the valuation of these subjects.

In a brief cross-examination, the Appellant did not seek to challenge the scheme of value set out in Practice Note 20 nor its application to the circumstances of this case. He focussed instead on the fact that the hotel is not open all year round, it closes in the winter months, that it does not have a lunch offering and that there are a number of bedrooms not in use. He stated he was not challenging Mr MacKenzie's estimate of turnover. In response to this cross-examination, Mr MacKenzie explained that he was obliged to have regard to how the hypothetical tenant would trade from the Appeal Subjects and he was of a view the hypothetical tenant could and would open all year round, have a lunch offering to guests and take such steps as were necessary to have all guest bedrooms available for use by guests.

SUBMISSIONS FOR THE APPELLANT

The Appellant submitted that standing age and condition of the subjects, the fact that he did not trade all round, did not offer lunch to guests and did not have all guest bedrooms available for use by guests meant that a valuation of £30,000 represented too great an increase in the previous valuation. He did not propose an alternative Rateable Value.

SUMMING UP ON BEHALF OF THE ASSESSOR

Mr Gill moved for dismissal of the Appeal. He submitted the evidence given by Mr MacKenzie fully justified the valuation in the Roll of £30,000. No evidence had been led by, or on behalf of, the Appellant to support any alternative valuation.

He submitted it was irrelevant for the Appellant to complain, as he did, that the Rateable Value should not have risen by as much as it had. In this respect he referred the Committee to the passage at Armour on Valuation for Rating, paragraph 2.06.

He referred the Committee to the principles of over and under performance regarding licensed premises and in that respect to paragraphs 20-28 and 20-29 in Armour. The concept of under-performance was relevant in this case due to the limitations placed on the way in which the Appellant operated the subjects, namely, the fact that he did not open all year round; he did not have a lunch offering for guests; not all bedrooms were available for use by guests.

He commended the expert evidence of Mr MacKenzie to the Committee which, he submitted, had been given in a careful and thoughtful way. Mr MacKenzie had spoken at length on Practice Note 20 which set out the modern approach to valuation of different categories of hotel subjects. The compilation of the Practice Note had been based on a wide-scale analysis of hotel rents across Scotland, including analogous subjects in this Panel Area.

On the evidence before the Committee it was clear the Rateable Value of £30,000 was not too high.

DECISION

The evidence led on behalf of the Assessor set out a reasoned case for the valuation of the Appeal Subjects.

On the other hand, the Appellant offered no cogent challenge to that valuation.

The Appeal is dismissed.