

My former free of tie pub group was developed from a mixture of premises that had never been pubs and some that had. The disparity in how these are rated is shocking particularly as it is possible to fit out "non pub" premises to look like a pub and also because of the cross over between pubs and restaurants. You end up with a situation where adjacent properties on any High St, which to the public are comparable, are rated completely differently, one on a square foot basis and the "traditional pub" on a " fair maintainable trade " (FMT) basis. The situation becomes even more ridiculous when traditional pubs become convenience stores and are then assessed for rating on a square foot basis.

I was recently able to discuss the reasons for adopting the FMT method direct with the VOA. The justification explained to me for adopting the FMT basis is to establish a true open market rent (the VOA explained that for tied pubs, the rent is so often compromised by wet rent and other side deals that they struggle to get to the true rental value for rating purposes). So, their rationale for doing that makes some sense. However, it causes great and unfair disparity when the outcome is compared with a Free of Tie "pub" that has been created from other premises usually to the detriment of the traditional pub. The VOA also insist on continuing with the FMT basis even when a traditional pub has left the tied rental system.

I strongly believe that the only fair solution would be to compare all licensed premises (whether restaurant or bar) on a pure rental per square foot basis using the RICS zone method. In that way you have a level playing field and fairness for all. Given that business rates are levied with no commensurate services received, they are effectively a direct tax on business whether that business is profitable or not. It is therefore completely unacceptable that there can be an arbitrary nature to the valuation - there must be a level playing field.

I also believe that the current system is a cosy stitch up between the VOA specialists (many of whom are RICS qualified) and the specialist group of RICS pub valuers who earn revenue from, not only rating valuation appeals, but also from Pubco's in setting rent levels using FMT calcs and from moving tenanted pubs on in the market. It's a neat little "cartel" that suits the professionals and all too often stuffs the tenants!

Ian Fozard
SIBA Chairman 2018 - 2021 and Chairman Rooster's Brewery