

NON DOMESTIC REVALUATION 2003

CLASS 266

LICENSED RESTAURANTS

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1.0 DESCRIPTION

This practice note relates to the valuation of licensed restaurants for rating purposes in connection with the 2003 General Revaluation. The premises fall within class 266; sub class LCRST.

2.0 LEGISLATIVE FRAMEWORK

A licensed restaurant is simply a restaurant with a licence to sell intoxicating liquor. The nature and scope of the licence, is, however different from a pub licence.

The relevant legislation is found in the Licensing [Northern Ireland] Order 1996 [the 96 Order] in which a restaurant is defined as:

“any premises which are structurally adapted and used, or intended to be used, for the purpose of providing persons frequenting the premises with a main meal at midday or in the evening, or both...”

The 96 Order made several changes to the rules governing restaurants. Prior to the making of the Order the rules prevented a restaurant that was licensed for the sale of intoxicating liquor from having an open bar. This restriction was abolished, as were other regulations that were considered to be over-detailed.

Certain conditions were however restated or introduced to ensure that restaurants remain distinct from other types of licensed premises. These are found at Article 51 of the 96 Order which provides that as well as the existing requirement whereby the sale of alcohol must be ancillary to the provision of a main table meal, restaurants are prohibited from charging for admission to the premises and must also ensure that alcohol is paid for at the same time and on the same bill as a meal.

3.0 RESTAURANTS / PUBLIC HOUSES

It should be noted that a number of licensed restaurants operate under a full on / off licence as opposed to a restaurant licence. Where this is the case the premises should be valued as a public house in accordance with the practice note relating thereto. Although the premises may be used as a restaurant the full on / off licence allows the property to be used as a public house without the restrictions associated with a restaurant licence.

4.0 DISTRICT RESPONSIBILITIES

All inspection, analysis and valuation operations will be carried out at district level.

5.0 BASIS OF VALUATION

The rationale for the approach at 4th reval was that there is no scarcity value attached to a restaurant licence and accordingly there can be no expectation of a tenant paying more for a licensed restaurant than for an identical unlicensed one. Although availability is dependent on the premises being suitable for the sale of intoxicating liquor, the suitability is more to do with the quality, design, layout, construction, repair etc of the premises than anything else i.e. normal factors which influence rental value.

It was considered that the existence of the licence may at best enhance the value of the business but the enhancement is not likely to translate into an overbid situation. This remains the position today and again directs our valuation approach.

6.0 VALUATION APPROACH

In the main licensed restaurants should be valued having regard to actual/comparable evidence with no addition for the existence of the licence. If the restaurant is situated in a shop, office or warehouse type property, then value accordingly.

As noted previously restaurants holding a full on/off licence should be valued as per the practice note for public houses.

7.0 INSPECTION PROCEDURES

Inspection procedures should be as per comparable retail premises. Measurements should be on a NIA basis.

8.0 CONTACT NAME

Alan Hanna, Craigavon District, Marlborough House, Central Way, Craigavon - Tel: 028 3832 0016.