

16 May 2022  
Our Ref: 605766/DM



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Attn: James Kirkham, Principal Planning Office – General  
Developments Planning Team

Dear James,

**PROPERTY: NORTH ARMS INN, MILLS LAE, WROXTON, OX15 6PY**

### **Desktop Viability Study**

As instructed, I set out below my desktop viability appraisal.

#### **Location**

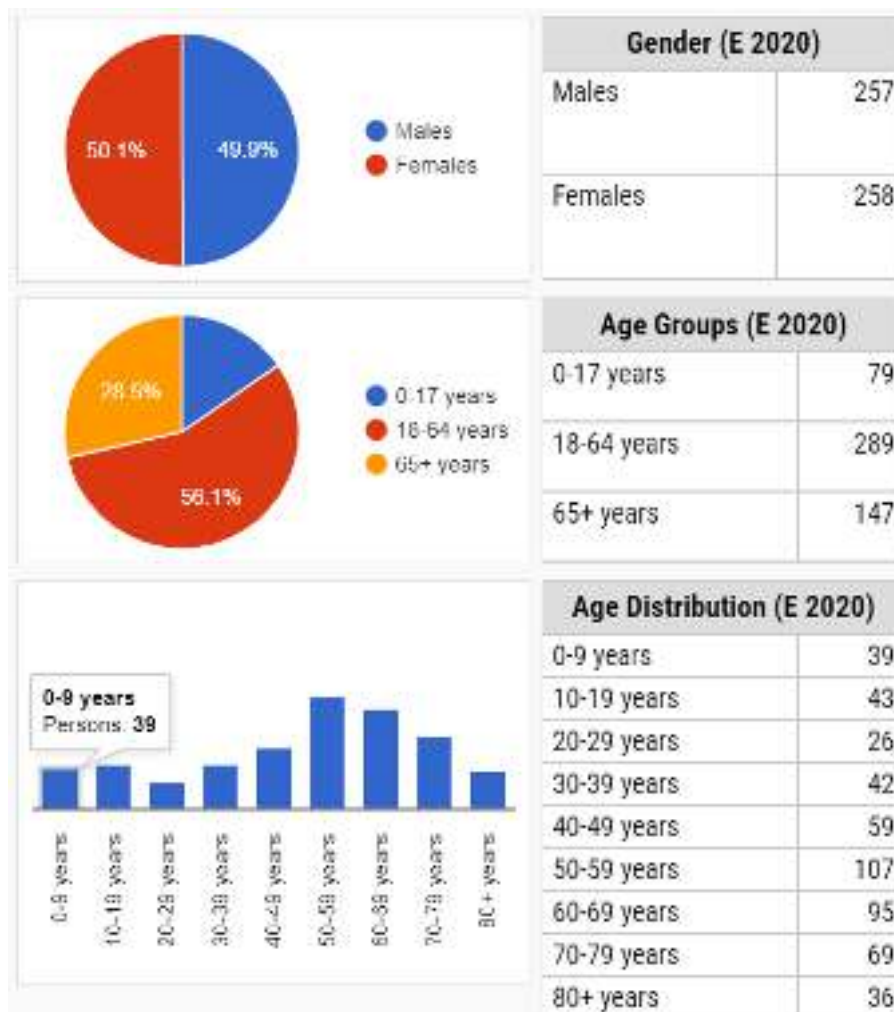
Wroxton is a village and civil parish in the north of Oxfordshire approximately 3 miles (5 kilometres) west of Banbury. In terms of amenities, Wroxton has a hotel and two public houses. Both public houses are currently closed. The village also has a sports club and a primary school as well as two churches. The village is served by the A422.

The Farleigh Dickinson University Wroxton Campus is also situated to the south of the village occupying a 17<sup>th</sup> Century Jacobian mansion known as Wroxton Abbey. It has 45 bedrooms and it is the campus of an American college. There is a village hall situated on the main road.

The North Arms is situated off the main A422 in a residential location. The property is not visible from the main road. The subject property is situated adjacent to the Village Green and duck pond.

#### **Demographics**

The 2011 Census recorded the parish population of 546 persons. According to various websites, the estimated population in 2020 is 515 persons. The population is split 50:50 male and female with 147 persons aged 65 or over. The majority of the population is aged over 50 and are of white ethnic and Christian origin.



Source: City Population. DE.

### House Prices

According to Rightmove, properties in Wroxton had an overall average price of £469,571 over the last year. The majority of sales in Wroxton during the last year were detached properties, selling for an average price of £651,667. Flats sold for an average of £96,000, with semi-detached properties fetching £725,000. Overall, sold prices in Wroxton over the last year were 65% up on the previous year and 5% down on the 2018 peak of £495,250.

### Description

As I have not inspected the property, I have had regard to sales details from Sidney Phillips.

The property comprises a traditional stone built building arranged over basement, ground and one upper floor with a thatched roof. The main bar has seating for approximately 20 to 25 persons as well as male and female customer toilets. There is an additional bar /restaurant with seating for a further 20 customers. To the rear is a catering kitchen and a basement beer cellar. The first floor comprises a domestic kitchen, bathroom, lounge and three bedrooms.

To the rear there is a two storey detached barn, a tarmac car park with space for 10 to 12 vehicles and a lawned beer garden.

## Floor Areas

I have been provided with scaled plans of the property. Using a digital mapping software I have estimated the floor areas as follows:-

Floor	Use	GIA sqm	GIA sq ft
Basement	Ancillary	6.58	71
Ground	Trade Kitchen	10.63	114
Ground	Bar	16.28	175
Ground	Bar	26.58	286
Ground	Customer Toilets	12.59	136
First	Residential	54.26	584
Second	Residential	10.32	111
<b>Total</b>		<b>137.24</b>	<b>1,477</b>

Of note, the trading areas are small – one room of 175 sq ft and the main bar 286 sq ft.

## Condition

I have been provided with videos from the applicant as to the current condition of the property and it also helps me get an understanding of the layout. I note that:

- the property has been closed since 2011 and the sales particulars state it is in need of considerable investment and refurbishment;
- the is not trade furniture, no catering kitchen equipment and no domestic kitchen;
- the property is Grade II Listed.

Videos provided, which have been shared with you, are as follows, as described by the applicant:

- *The first one shows the front of the pub which is pedestrian access only but has a nice open lawned area;*
- *The second is the rear of the pub which is directly on the road, there is vehicle access here and a parking area for circa. five to six cars;*
- *The third is condition of the building;*
- *The forth is the barn which is at the side of the parking area. It's not in a great state but could be very nice if some money was spent on it. One thought was could the kitchen go here, but for me that doesn't work as then it's in a separate building to the pub and there's no way to join the two up (the building and barn are both listed);*
- *The fifth video is of the roof and windows to show their condition;*
- *The sixth is the kitchen, to note the amount of space and the stairs to the top level preparation area and stairs down to the pub;*
- *The seventh shows the upstairs of the pub;*
- *The final one is the kitchen leading in to the two main rooms of the pub and then the toilets.*

I think it is safe to assume that the property is likely fail all statutory compliance.

Generally I conclude that the property presents in poor condition.

An ingoing operator would be required to invest a significant sum in order to modernise the whole property.

As the property is a Listed building property, and with my current experience of contractors quotations, it is likely to cost in excess of £150,000 plus fixtures and fittings. This would not include works to the barn.

### **Historical Occupation and Business**

Historically the pub was owned by Greene King and it would have been rented under one of their tied agreements. It was subsequently acquired by Wroxton College. I understand that they had plans to refurbish the pub but a news article in the Banbury Guardian on 11 March 2021 stated that the college had recently announced that they were unable to move forward with plans for the renovation and reopening of the pub and placed the property on the market for sale. It stated that it reached its decision due to mounting costs associated with the project, the adverse financial and business situation to date resulting from Coronavirus and the exceptionally uncertain nature of the future business environment. The article reports that the property closed in 2013 and it was made an Asset of Community Value in 2014. Wroxton College acquired the property in 2016 and shares were pledged at £500 as part of a 'save our North Arms' campaign.

Sales particulars state that there was no trading information available.

In my opinion, this type of business would be suitable only for a lifestyle operator and would most likely open (if it ever could) from late afternoon during the week and all day Saturday and Sunday with an early evening closing on Sunday. It is likely that the business would probably not trade early weekdays on Monday and Tuesday. Furthermore I do not envisage the business to be able to achieve sales in excess of £2,000 per week even if it was fully refurbished and operational.

### **Summary of Recent Previous Marketing**

The pub was placed on the market through Christie & Co, a specialist pub agency, on the instructions of the university and was sold to the current owner in August 2021. I understand that there were no interested parties who wish the pub to reopen.

Specialist pub agency, Sidney Phillips, marketed the freehold interest from September 2021 with an asking price of £295,000. Therefore despite Sidney Phillips having only marketed the pub for a shorter period of time of less than a year there has been marketing of the pub for now over one year. The property has been marketed for continued pub use and I have seen a copy of the sales particulars. The asking price in my opinion is reasonable given my research into the underlying residential values in the area and prices of other freehold pubs sold with vacant possession. Vacant freehold pubs can be valued by reference to underlying residential values, though at a discount given their user. Sidney Phillips undertook a full marketing campaign which is listed on various websites as well as their own website. On their website it has been viewed 1,240 times and they have had 81 downloads as at 25 January 2022. Sidney Phillips arranged 15 viewings of the property of which two stated their intention was for a continued public house use but were no longer pursuing as the feedback was the layout did not work and it needs too much work. I note that there was one offer for continued pub use but this never proceeded. I note that the vendor asked for proof of funds and experience in operating a pub and nothing was forthcoming. It appears that this potential buyer has objected to change of use. From the correspondence I have seen this potential buyer was provided ample opportunity to purchase the property. The failure to do so suggest that they were not comfortable in their propose business plan or they could not raise funds. The potential buyer was asked to provide details of their current pubs they operate, but did not do so. Had they done, it would have given their offer more credibility. There was nothing to stop this applicant provide this information over the past month. This reinforces my opinion that a buyer deems the future operation as a pub too risky.

The only offers received were for residential use.

In my experience it is not surprising and I would have expected to have seen low demand from pub operators given its location, its size, its trading potential, its condition and the low number of potential customers in the surrounding area.

The lack of interest from operators is at odds with my current experience that due to limited stock available on the market when a pub becomes available for sale either as a freehold or leasehold, I have seen reasonably good demand from operators. Clearly this is not the case for the subject property as the pub does not suit continued pub use. Its lack of business use now for nearly 10 years and failure to re-open by the College (who in my mind would have been the ideal operator with a catchment student population) further reinforces this point that it is unlikely to deliver a profit.

The pub and restaurant market has become increasingly polarised, with interest being driven to those sites that have a good trading history or potential to trade profitably. Operators have become increasingly reluctant to take on sites with a negative trading history or those which require a significant investment, and I am of the opinion that the North Arms falls into this category, due to the increased risks associated with any capital investment. As a result, I would expect to see an increase in the number of pub closures for sites that are deemed unviable in the long term such as the North Arms.

### **Competition**

There is limited competition in the immediate village. This is because the other pub, the White Horse, is also closed but according to the village website, [www.wroxton.org.uk](http://www.wroxton.org.uk) it will be reopened as a public house. I cannot verify this. The Land Registry still states the owner as the White Horse as being in a private pension fund trust and has been owned since April 2019. Also in the village is the Wroxton House Hotel, a budget hotel chain operated under the Best Western brand. Therefore the village has an alternative provision of a public house which is situated in a better location.

### **Campaign for Real Ale (CAMRA) Viability Test**

When assessing the continuing viability of a pub business when a change of use is applied for the question that needs to be addressed is: *“What could this business achieve given a management dedicated to it, and with full discretion over stocking policy and type of operation?”* in assessing trade potential.

I have considered CAMRA's test below which I enclose in **Appendix 1** and provide the following comments against each of their headings:

#### **1. Local Trade:**

- Location: Centre of a small village with no passing trade.
- Catchment area: Small.
- Number of adults in 1 mile radius: Approximately 500.
- Developments in area: None that I am aware of.
- Daytime working population: Minimal.

#### Conclusion

Small village with small population and no passing trade – unsuitable for a profitable business.

#### **2. Visitor Potential:**

- The pub has been shut for nearly 10 years and does not appear to be missed. There are other facilities in the village.
- The pub would not appeal to tourists as it is relatively small and hidden away. Despite its age, it has no outstanding features that makes it a remarkable or worthwhile visit to. The village is not in any tourist guide.
- The pub is not included in a visitor or tourist guide, but is mentioned on the parish website.

#### Conclusion

No visitor potential.

### 3. **Competition:**

- Hotel in the village as well as one other pub which may or may not reopen. Both of these properties are in superior locations.

#### Conclusion

The competition is significant and if the White Horse reopened this would be a real challenge to the North Arms as it occupies a vastly superior position on the 'A' road. An operator would be wary of spending considerable sums to update the North Arms if the White Horse were to then be open.

### 4. **Flexibility:**

- The property is too small to adapt to modern requirements or to enlarge the trading area. It is a Listed building and uneconomic to adapt.

#### Conclusion

The property is too small and inflexible.

### 5. **Parking:**

- There is an appropriate number of car parking spaces relative to the number of internal covers.

#### Conclusion

Good but as the business would be aimed at local custom, the majority of customers would walk to the pub.

### 6. **Public Transport:**

- There is a bus stop opposite the White Horse public house. There are a number of bus services with infrequent stops to and from Banbury.

#### Conclusion

Typical rural local transport but there is greater opportunity for locals to take the public transport into Banbury town centre.

### 7. **Multiple Use:**

- There are other community facilities in the immediate area including the village hall.

#### Conclusion

There are other community facilities in the area.

### 8. **Partial Loss:**

- The property does not lend itself to be split.

### **The Business – Present**

No trading information is available and the business has been closed for a considerable time.

### **Objections and Support**

I have read the various objections and support and note that CAMRA stated that they think the "acquisition from the current applicant in August 2021 is soon to apply for change of use for 'a quick return". However, I note that the pub has been shut since 2011 and has failed in recent attempts to reopen by the College who I think had the best chance of success. CAMRA's objection letter also states that there is no bus service at all



on a Sunday which would be detrimental to any Sunday trade, therefore turnover would be limited to the local population.

Further comments were that Greene King were not prepared to allocate appropriate funds. If Greene King were not prepared to allocate funds then who would be? Pub Companies would look to invest and work with an operator.

There is a statement from Emma Stephenson that the pub was making a decent turnover as “on the submission on each years books”. I have not seen these or had sight of them.

There is interest from villagers to have a pub reopen but I note that there has been a crowdfunding campaign in the past and the pub is no longer Listed as an Asset of Community Value. However the key issue is that no one is prepared to operate the business and invest in the property because in my opinion it is too risky and the villagers want someone else to do it.

Locals stating that they have been “promised a local pub” is not a reason to deny consent. The fact that no one wishes to invest their own time, capital and energy into the public house surely shows that it is not viable.

**Asset of Community Value**

The North Arms is registered as an Asset of Community Value in October 2016. This expires in October 2021 and I note that it is no longer listed.

There are 24 objections in a village the size of over 500 persons (albeit not dwellings). They all point to the fact that they all want a pub but no one is willing to invest time and money into it and the open marketing of the property has also failed to demonstrate an operator willing to commit to the project. The marketing of the property is clearly the best evidence of the long term viability of the property.

**Bruton Knowles Viability Assessment**

I have read the report from Alex Johnson of Bruton Knowles dated 17 January 2022. I make the following comments:-

- Budget repair costs - £200,000; I think this is broadly reasonable.
- Trade inventory 2022 - £30,000 - I think this is excessive; but it will cost at least £10,000.
- Public house commentary - this is rather dated but the current market commentary would state the pressures on operators in finding, retaining and paying staff costs and utility costs as well as business rates revaluation with draft values from being published in December 2022;
- Turnover - £150,000 per annum - 50% food. I am of the opinion that £150,000 is a reasonably optimistic assessment but food sales would be lower than this;
- Gross profit margin - BBPA guide of 51.3% is irrelevant as this Guide is for tied pubs and the viability report makes reference to the Windmill (suspecting he has copied a wrong report). Nevertheless, I would expect an overall gross profit margin of between 60% and 65%;
- Staff costs - minimum operating schedule of £60,000. You may find that an owner operator would tend to run this type of business more hands on and taking a day or two off per week and therefore reducing operating costs;
- Other operating costs - an extra allowance needs to be made for utility costs and higher rates and repairs as it is a Listed building. The pub will not benefit from Rural Rate Relief as there is another pub in the village.

A small change in turnover/margin/wages or operating costs could swing the business into a small profit. I set out my calculation below parallel to Bruton Knowles’

	BK			Savills		
FMT	£150,000			£150,000		

GP	£90,000		60.00%	£93,750		62.50%
Wages	-£60,000		40.00%	£50,000		33.33%
Overheads	-£33,750		22.50%	£35,000		23.33%
Profit (Loss)		-£3,750			£8,750	

Whilst my calculation shows a small profit there are more unknowns regarding food cost inflation and utilities which could easily swing this into a loss. this is before property costs and cost of repairs is taken into account. It is also below the average UK wage. So what would an operator risk over £500,000 of capital to make such a small profit or loss once finance changes are taken into consideration.

Again I set out below my figures adjacent Bruton Knowles'

	BK			Savills	
Notional Property Cost	£300,000			£300,000	
Purchaser's costs and stamp duty on property cost and VAT	£5,000			£5,000	
Repairs	£200,000			£200,000	
Replace Inventory	£22,500			£10,000	
Total	£527,500			£515,000	
Finance			-£29,013		-£27,000
Annual Depreciation			-£2,500		
Annual Loss			-£35,263		-£18,250

It is apparent from marketing that whilst locals want a pub open no one is prepared to take the risk of this capital expenditure as the potential for losses is too great.

I note there were plans to change the layout of the trading area by the College but this would only increase the trading area by approximately 18 to 20 covers but this I believe would be very costly to implement and unlikely as it is difficult to get customers upstairs in village pubs.

## Conclusion

In summary, I am of the opinion that the North Arms is unviable as a public house. This is because of the following reasons:

- the pub is poorly located, in an area with a low population and little demand from operators;
- it is too small to make a worthwhile, meaningful profit;
- there are other pubs and hotels in the area;
- the business is unlikely to make a profit even before cost of acquisition and refurbishment costs are taken into consideration, making the losses even greater.

In my opinion an operator would perceive the opportunity of making a worthwhile profit too risky against the capital investment required. I am therefore of the opinion that a lender would also consider this a risky business to lend a commercial mortgage against. An individual operator is unlikely to have substantial cash reserves and if they did this would be an unwise business venture to place their capital. Given the strength of the competition in better locations nearby, I have serious doubts if a new operation in this location would survive even after investment. There have been considerable lifestyle changes over the past few years, and more to come, which have made venues such as the North Arms unviable.

Taking these factors into consideration, an operator would deem the risk too great and I therefore conclude that the pub is unlikely to be commercially viable now and in the longer term.





Yours sincerely,



**Daniel Mackernan**  
**Director**  
**Licensed Leisure**

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# Appendix 1

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# PUBLIC HOUSE VIABILITY TEST



## 1. Overview

As campaigners on behalf of British pub-users, CAMRA sees the protection of public houses as one of its highest priorities. Many of the pubs which have called last orders for the final time in recent years would, in the right hands, have continued serving their local communities as well as providing a decent living for those running them.

In most cases the planning process affords the only publicly accessible forum for debate on the issues around applications to change the use of pubs. Viability is of course not the only factor to be considered in such cases but CAMRA believes it is important enough to warrant separate guidance. Below you will find a standard, objective test which will assist planning decision makers to make fair, open and informed judgements on the question of viability.

The first edition of this guidance appeared in 2000, following extensive consultation with relevant professional bodies. It quickly established itself as an authoritative text and has been widely used both by local authority planners and by government inspectors.

This second edition builds on and refreshes the original and includes new and different case studies. CAMRA's hope is that it will gain even greater recognition as good practice, both in Government planning guidance and local planning policies.

## 2. Introduction

“What right have local authorities to question decisions made by businesses about their own properties?”

These are the words of an outraged planning consultant to breweries and pub-owning companies, reacting incredulously on hearing that planning authorities were regarding the viability of pubs as a relevant issue when considering applications to change their use.

Some might think the consultant's question fair. However, the fact is that questions of viability are now an increasingly important factor in planning decisions, as evidenced by the case studies which appear later in the booklet.

### **Why is viability such an issue?**

The British public house, one of our greatest institutions, is under threat as never before. An estimated 29 pubs permanently close every week and this rate shows no sign of slowing. Nor is this just a rural problem; our towns and cities are also losing pubs on a massive scale, especially away from the town

# PUBLIC HOUSE VIABILITY TEST



centre drinking circuits (where a rash of new bars hardly makes up for the loss of traditional community pubs elsewhere).

In many cases, the owners of these threatened pubs are seeking to convert them to other uses. Sadly, such changes of use do not always require planning consent – for instance where the change is to a shop or a restaurant. However, conversions to dwelling houses (and a few other uses) do need permission.

In marshalling their arguments as to why change of use away from a pub should be allowed, applicants will very often claim that the pub is “not viable” (i.e. that it is no longer a commercial proposition and that no licensee could reasonably be expected to make a living there). The applicants might claim that the area has too many pubs, that the premises are too small, that the catchment area is not large enough and so on. The planning authority has to evaluate whether these claims that the business is inherently unviable are well founded or not. This guidance aims to help authorities to make those decisions fairly and objectively.

## 3. Case studies

### **Case One - Shropshire**

The owners of a Shropshire freehouse wanted to convert it to a dwelling, claiming it was no longer a viable business. The Council refused their application because they considered it to be a valuable community asset (it being the only pub in the village); they also felt that the owners had not taken on board the possibilities for diversification (e.g. upgrading the food offer, adding B&B, using space for a village shop or post office). At appeal, the Inspector noted that the small immediate population and lack of public transport were negative factors in terms of viability. However, the pub did have potential for extension and for capitalising on its position in a tourist area. He found that the pub was indeed a valued local facility and that it had not been clearly demonstrated that it could not become a viable business in the future. Its loss would therefore conflict with local and national policies on the retention of community facilities. (ref APP/L3245/A/13/2192177)

### **Case Two - Westminster**

In a residential area of Westminster, London, the owner of a small, currently closed pub wished to convert it into a house and submitted evidence as to its non-viability. Council policy was to accept losses of pubs only if they had been marketed without success for at least 18 months, this being considered a good measure of the pub's viability prospects. In this case, marketing had been for a much shorter period and the particulars had indicated potential for non-A4 use. No trading accounts were available for the period leading up to closure though estimated viability calculations had been provided. The pub had been nominated as an ACV.

# PUBLIC HOUSE VIABILITY TEST



The Inspector concluded that the viability or otherwise of the pub remained an open question and, more particularly, the lack of viability had not been adequately demonstrated for the purposes of the Council's policy. Further, in terms of the NPPF, he was not satisfied that the loss of a facility clearly valued by the community could be regarded as 'necessary'. He noted the significant number of other pubs in the surrounding area but each had a different character and function – spatial proximity was not of itself a necessarily reliable guide to the value placed on pubs by local communities or of the particular contribution to local areas. (ref APP/X5990/A/14/2215985)

## Case Three - Norfolk

The pub was one of three in a small Norfolk market town; the application had been for residential conversion. Local planning policy was to refuse such development unless there was an alternative pub nearby and the premises had been marketed for a reasonable period with no reasonable offers received, thus demonstrating the business to be no longer viable. On the first criterion, the Inspector observed that another pub was 600 metres away but served a different catchment and type of customer because of its location and character. The appellants contended that, despite the owning pub company reducing the rent, trade had declined annually for five years. However, accounts had not been submitted for consideration, nor had any evidence been produced on efforts to attract trade. Although the property had been up for sale for three years, it was unclear how the asking price had been calculated. The Inspector felt that the lack of interest in operating the pub as a going concern did not sufficiently show that the business itself was not viable in the short, medium or long-term. Nor did the information presented demonstrate that no licensee could reasonably be expected to make a living from the enterprise. The proposed development would be inconsistent with both local and national policies on the conversion of pubs. (ref. APP/K2610/A/13/2196244)

## 4. Conclusions

In each of these cases, the appellants introduced the issue of the non-viability of the pub as a major reason for justifying a change of use. In each case, also, the Inspector agreed that this was a relevant, indeed crucial, issue. None of the Inspectors was convinced though that, in the right hands, the pubs concerned would not be viable commercial propositions. In reaching this conclusion, each Inspector was clearly of the view that an objective assessment could be made about the likely future viability of the pub (and the Inspector in case one made direct reference to this test).

The Public House Viability Test, which follows, shares that view. It is intended to help all concerned in such cases – local authorities, public house owners, public house users and, indeed, Planning Inspectors, to subject arguments

# PUBLIC HOUSE VIABILITY TEST



made about viability to rigorous scrutiny and testing against a set of well-accepted yardsticks.

The Viability Test does not seek to protect the continued existence of each and every pub in the land. Times and circumstances do change and some pubs will find themselves struggling to continue as a going concern. However, any arguments put forward to that effect must be exposed to reasonable analysis so that they may be properly understood and, where appropriate, assessed and questioned by those concerned.

It cannot be denied that the Test is easier to apply in rural than in urban areas; however the same principles are equally relevant for all pubs, especially given the need to maintain a range and choice of community facilities in towns and cities.

Finally, it is worth emphasising that, currently, the planning process is the only publicly accessible forum for debate about the future of individual public houses. If somebody wants to open a new public house, they must apply for planning permission (a process influenced by public consultation) and they must apply for a premises licence (again a process where public comment is heard).

Owners wishing to close a public house may do so immediately, without further reference to the planning authority. Only when they wish to convert the public house into another use might they have to embark upon the planning process, and it seems reasonable for this proposal to be keenly scrutinised on behalf of the general public. In such cases, the issue of viability can clearly be one of a number of possible determining factors.

The test will not stop all pubs closing, but it is a necessary and positive step forward which, we hope, will save many potentially successful pubs from closure and subsequent change of use. We hope the document will be widely used by all relevant professionals and be of help to planning committees and appeal inspectors throughout the UK.

Never have the words of poet Hillaire Belloc rung more true:

*“When you have lost your inns, drown your empty selves, for you will have lost the last of England.”*

# PUBLIC HOUSE VIABILITY TEST



## The Public House Viability Test

When assessing the continuing viability of a pub business when a change of use is applied for the question that needs to be addressed is: *“What could this business achieve given a management dedicated to it, and with full discretion over stocking policy and type of operation?”*

### Assessing Trade Potential

#### 1. Local trade

- ✓ What is the location of the pub? Is it in a village, suburban area, town centre or an isolated countryside?
- ✓ What is the catchment area of the pub?
- ✓ How many adults live within a one mile radius?
- ✓ In rural areas, how many adults live within a ten mile radius?
- ✓ Are there any developments planned for the area? Industrial, residential, strategic projects?
- ✓ Is there a daytime working population?

#### 2. Visitor potential

- ✓ Is the pub in a well visited/popular location? Is it in a picturesque town or village, on a canal/river side, on a long distance footpath, or on a cycle route?
- ✓ Does the pub appeal to those who regularly drive out to pubs?
- ✓ Is tourism encouraged in the area?
- ✓ Has the pub ever been included in any visitor or tourist guide?
- ✓ Does the pub act as a focus for community activities? Sports teams, social groups, local societies, community meetings etc?

#### 3. Competition

- ✓ In rural areas, how many pubs are there within a one mile radius and within a five mile radius?
- ✓ In urban areas, how many pubs are there within reasonable walking distance?
- ✓ Bearing in mind that people like to have choices, does the pub, by its character, location, design, potentially cater for different groups of people from those of its nearest competitor(s)?
- ✓ If no, could the pub be developed to cater for different groups?

#### 4. Flexibility of the site

- ✓ Does the pub/site have unused rooms or outbuildings that could be brought into use? Function rooms, store rooms etc.
- ✓ Is the site large enough to allow for building extensions?

# PUBLIC HOUSE VIABILITY TEST



- ✓ Have planning applications ever been submitted to extend/develop the pub building? If yes, when and what was the outcome?
- ✓ If planning consent was not available for building work, is any adjoining land suitable for any other use? Camping facility etc.
- ✓ Has the pub been well maintained?

## 5. Parking

- ✓ Is there access to appropriate numbers of car parking spaces?
- ✓ If no, is there any scope for expansion?

## 6. Public Transport

- ✓ Is there a bus stop outside or near the pub and/or a rail station within easy walking distance?
- ✓ How frequent is public transport in the area?
- ✓ How reliable is the public transport in the area?
- ✓ Has the pub made actual/potential customers aware of any public transport services available to/from it?
- ✓ Are there taxi firms in the locality?
- ✓ Has the pub entered any favourable agreements with a local taxi firm?

## 7. Multiple Use

- ✓ In light of government guidance through the National Planning Policy Framework (see the Appendix) what is the extent of community facilities in the local area – is there a shop, post office, community centre etc?
- ✓ If the pub is the sole remaining facility within the area, is there scope for the pub to combine its function with that of a shop, post office or other community use, bed & breakfast or self-catering – especially in tourist areas?

## 8. Partial loss

(These questions come into play if the application seeks changes which would reduce the size of the pub or convert non-public areas, such as licensee accommodation, to other uses)

- ✓ How would the proposals impact on the long-term financial health of the business? Would a smaller pub still be able to attract sufficient trade? Would the smaller size make it less attractive to customers e.g. because there were fewer facilities?
- ✓ Would any loss of licensee accommodation make the pub less attractive to potential future publicans?

## **Competition case studies**



# PUBLIC HOUSE VIABILITY TEST



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FOR  
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HOUSES

- ✓ Are there any successful pubs in neighbouring areas of similar population density?
- ✓ What factors are contributing to their success?

## The business – past and present

Having built up a picture of the business potential of the pub, it may be relevant to question why the pub is not thriving and why the owners are seeking change of use.

- ✓ Is the business run by a tenant or a manager?
- ✓ Does the pub management have local support?
- ✓ Has the pub been managed well in the past? Is there any evidence to support this? Are trading figures available for the last four years and/or from previous management regimes?
- ✓ Have there been recent efforts to ensure viability? e.g. has the pub opened regularly and at convenient hours?
- ✓ Has the focus/theme of the pub changed recently?
- ✓ Is the pub taking advantage of the income opportunities offered by serving food? How many times a day is food served? How many times a week? Are catering facilities being optimised?
- ✓ Has the rent/repair policy of the owner undermined the viability of the pub?
- ✓ Are there any non-standard circumstances relating to local authority business/rates/taxes?
- ✓ Are there any possible unclaimed reliefs? e.g. where rate abatement is not granted automatically but has to be claimed.

## The sale

- ✓ Where and how often has the pub been advertised for sale? Has it been advertised for at least 12 months? In particular, has the sale been placed with specialist licensed trade and/or local agents?
- ✓ Has the pub been offered for sale as a going concern?
- ✓ Has the pub been offered at a realistic competitive price? (Information to enable this to be analysed can be obtained from The Publican and Morning Advertiser newspapers and from Fleurets, specialist Chartered Surveyors)
- ✓ If yes, how many offers have been received?
- ✓ Have any valuations been carried out?
- ✓ Has the pub been closed for any length of time?
- ✓ Does the sale price of the pub, as a business, reflect its recent trading?

# PUBLIC HOUSE VIABILITY TEST



## Appendix

National government planning guidance was, until recently, contained in various Planning Policy Statements which between them ran to over 1000 pages. They were replaced in March 2012 by the National Planning Policy Framework (NPPF) which comprises just 52 pages of mostly high-level guidance. Local Planning Authorities (LPAs) have until 27 March 2013 to put in place up-to-date Local Plans which are consistent with the broad national policies. After that, NPPF policies will take precedence where there is any conflict with Local Plans and will always be a material consideration in planning decisions.

NPPF Paragraph 70 is especially relevant to planning applications which concern pubs. It requires LPAs to “plan positively for the provision and use of shared space, community facilities (such as local shops, meeting places, sports venues, cultural buildings, **public houses** and places of worship) and other local services to enhance the sustainability of communities and residential environments.” It goes on that LPAs must “guard against unnecessary loss of valued facilities where this would reduce the community's ability to meet its day-to-day needs” and “ensure that established facilities and services...are retained for the benefit of the community”. Note that this policy applies to pubs in all communities, not just rural ones.

Paragraph 7 states that the planning system should create “accessible local services that reflect the community's needs” while paragraph 17 requires planning to “deliver community and cultural facilities and services to meet local needs”

Paragraph 28 promotes “the retention and development of local services and community facilities in villages, such as local shops, meeting places, sports venues, cultural buildings, **public houses** and places of worship”

Paragraph 23 recognises “town centres as the heart of their communities” and instructs LPAs to pursue policies to support their viability and vitality.

(PHVT Version 3 – PA, 31/3/14)