

Introduction

- This submission is made by and on behalf of the Save The Bell Inn Group, whose founding purpose is to save our pub, and ensure its ongoing operation as a vital community hub in the villages of Great Bourton and Little Bourton.
- The purpose of this submission is specifically to refute the “Viability Report” written by Fleurets, and submitted by the property developer, James Day, in support of his request to the Council to change the use of our pub to enable his development of the property for residential use.
- In this submission we will focus only on the viability report prepared by Fleurets both with regard to its methodology and its conclusions.
- We believe the report is fundamentally flawed in a number of critical respects:
 - Methodology – Fleurets’ report includes no proper investigation or enquiry into local trading conditions, and no local consultation with either community or local industry practitioners (pub owners and managers)
 - Terms of reference – it only considers viability under commercial ownership, with no consideration of the multiple commercial benefits of community ownership, including lower rental, lower/zero required return on investment (not-for-profit) and improved custom resulting from community involvement
 - Economic assumptions – the report’s industry analysis is out of date and unduly pessimistic
 - Financial projections – the report’s financial projections are based on generalised assumptions about turnover and marketing based on industry averages rather than specifics relating to location and the type of pub.

Methodology

- Our methodology in preparing this submission has involved direct consultation with both owners and pub managers in the area, also discussions with The Plunkett Foundation and reference to published industry resources including:
 - Plunkett Foundation published resources
 - BBPA industry research into operating costs of different types of pubs (source: “Running a pub – a guide to costs for tied tenants and lessees”, BBPA, September 2023)
 - Sundry statistical data published online
- This submission will follow the format of Fleurets’ report, as a rebuttal of the report itself. We will follow this up in due course (prior to the deadline for comments on the application) with our own Viability Report which will contain an alternative set of assumptions and projections and will provide a clear case for the ongoing viability of The Bell Inn under community ownership.

The Property

- Fleurets’ remarks about the condition of the property are professionally unsubstantiated. There is nothing in the selling particulars that indicates a serious problem with the condition of the pub at the time of the sale, and the “evidence” supplied by Fleurets to the contrary is anecdotal (no photographs or validated professional reports), biased (based on the

testimony of the applicant) and partial (submitted by a party with a clear interest in overstating the required costs of commercial re-opening).

- The internal condition of the property has been significantly altered by the owner in a way that substantially increases the costs of re-opening the pub (by requiring not just refurbishment but complete reinstallation of all fixtures, fittings and furnishing required for the running of a pub). If the current owner were to agree a sale of the property for use as a pub, we would of course expect these extra required costs to be taken account of in the valuation, which would be reduced accordingly.
- Apart from the point in the previous paragraph concerning valuation of the property for use as a pub, the community who we represent are not concerned about the present condition of the pub; we would expect a valuation of the property to take full account of this, and we would expect to pay fair value for the property taking into account all aspects of its current condition.
- Fleurets' report includes some ballpark figures for refurbishment of the pub which seem high to us, not least because of the ability of the community to contribute voluntarily in kind to this exercise, as is commonly the case with the establishment of community-owned pubs. Nevertheless, for the purpose of this submission we will use Fleuret's own estimate of refurbishment costs for the purpose of assessing viability in the later part of this submission.

The Marketplace

- Fleurets' analysis of the marketplace is out of date and, for obvious reasons given the purpose of the report, highly pessimistic.
- CAMRA's own analysis of the current condition of the pub market is as follows:

“Since July 2021, we have recorded 861 permanent closures but 1232 new openings, a net gain of 371 outlets. At the time of writing (October 2024), the trade is in remarkably good health.”

(Source: CAMRA's publication “Challenging Pub Viability Reports”, November 2024)
- In the same document, CAMRA highlight the special case of community-owned pubs as being particularly buoyant:

“Many of the pubs that are now owned by their community were once threatened with closure by owners who insisted they were financial basket cases. Invariably, those pubs are now thriving.”
- According to market research published by Arla Pro (www.arlapro.com), the total amount spent in UK pubs in 2024 was running 9.3% higher than 2023, with an annualised spend of approximately £12.4 billion.

Economic Viability

- Fleurets' assessment of local competition for the Bell ignores the fact the only other pub in the direct neighbourhood, The Dirt House in Little Bourton, is no longer trading (the owner decided to move, for personal reasons). The recent closure of The Dirt House means that the catchment potential for The Bell is significantly increased as the village of Little Bourton is a short walk from Great Bourton and shares community facilities (and parish council) with

Great Bourton. The other pubs listed by Fleurets are significantly further afield, Cropredy being a steep hill away (30 minutes' walk approx.), and Mollington and Hanwell being both further away and the wrong side of the busy A423 with no pedestrian pavement route to either.

- Fleurets' report argues that the loss of the pub would not represent a significant loss of amenities to the Great Bourton community. This goes against the will and beliefs of Great Bourton itself, where around 140 local inhabitants have declared their opposition to the loss of the pub via a community survey, and where the local parish council has recently submitted an application to have the pub registered as an Asset of Community Value. We expect to have this status confirmed within the next few weeks (by the 27th January). We in Great Bourton very much value our pub, and regard it as a vital community hub whose value to the community will only be increased if and when it comes directly under community ownership. To date there are also around 130 objections to the planning application, visible on the Cherwell Planning portal.
- Fleurets' report states that during Savills' recent marketing of the property only one potential purchaser expressed an interest in continuing to use the property as a pub. We know that this is false and that Hook Norton discouraged several approaches (with hindsight, we can see that they may have already decided to sell the pub for residential development). We understand, of course, that these approaches may not have been referred or mentioned to Savills.
- At no time was the community informed that Hook Norton were considering sale to a residential property developer; had we known this was their intention, the community would certainly have expressed an interest in purchasing the pub ourselves (as we are now trying to do post-sale to Mr Day). In fact the opposite was the case; the community had been reassured by the previous owner that the pub's status as a pub was not under threat and further that notice would be given if this were no longer the case. This is important because it explains why the community did not act to intervene more directly, sooner.
- Fleurets quote Savills as having identified a number of adverse trading features of the pub which they say compromise its ability to trade profitably. Taking these in turn:
 - Trading area too small. In its past trading history The Bell Inn had no such problems. When trading at full capacity it was both viable and profitable. With seating capacity for over 20 diners in the restaurant alone (6 tables) the size of the facilities is self-evidently not an issue.
 - Trade and kitchen areas poorly laid out. This is a subjective observation, easily remediable by a new incoming owner/manager.
 - Customer car park too small. This is simply incorrect. There is room in the car park for 16 cars and more parking space in the road in front of the pub. The Bell's car parking space is approximately 3 times the size of the car parking space offered by The Brasenose in Cropredy, a thriving local establishment, and significantly larger than the car park at The Yew Tree in Avon Dassett, another pub in the area that is also thriving. It is similar in size to that of the Moon and Sixpence pub in Hanwell; a car park that the same report describes as 'ample'.
 - Location is hidden away from the main road. In fact the pub is prominently located on the main road through the village. It is located approximately 200 yards from the A423; at the junction off the A423 there is a grassy area where local businesses advertise their services; if so desired The Bell could easily position signage on this area.
 - The scale of the immediate catchment is poor. In fact Great Bourton and Little Bourton between them have a catchment which has in the past supported at least

four pubs in the two villages. Since The Bell would now be the only pub serving these two villages, the catchment is easily sufficient. As points of reference, the immediate catchment for The Bell Inn is approximately three times the catchment for The Yew Tree in Avon Dassett, a local pub which is thriving as mentioned above, and is only around 15% smaller than Cropredy which as the viability report notes supports two pubs. Further, anecdotal evidence (objections to the Planning Application) make it clear that former regular and returning customers of The Bell included not only Bourtons residents but also those from neighbouring villages and others from further afield.

- There is limited opportunity to create additional revenue streams. This comment is ill informed, at best. There are numerous opportunities to add to the revenues at The Bell, including but not limited to:
 - Wakes connected to the nearby Bourton Crematorium (a significant source of business for The Dirt House, which it is hoped The Bell will now take forward as the nearest pub to the crematorium)
 - Marriages, anniversaries and baptisms connected to the neighbouring church
 - A plethora of community services which will be hosted at the pub once under community ownership
 - The Fairport Festival, an annual event in Cropredy which sees thousands of people from all over the country coming into the area for a week in August; traditionally The Bell has always enjoyed a surge in business at this time
 - Live entertainment events to draw in visitors from Banbury and the wider local community
 - Last but not least, an improved food offering designed to turn The Bell into a “destination pub” where people come to enjoy a good meal. Similar pubs in the area typically have their revenues divided approximately 50/50 between food and drink (very different from the figures speculated by Fleurets); based on our discussion with local pub owners and manager, this is a realistic objective, and a key driver for profitability and ongoing viability.

THE FIGURES

- Even accepting Fleurets’ pessimistic projections for capital expenditure, loan interest, revenues and costs, if we strip out the notional 3% return on equity investment that Fleurets say would be required by a commercial investor (since the community will not require any return on their investment), Fleurets’ figure translate as follows:

Fleurets p&l projection

Wet sales (70%)	182,000
Food sales (30%)	<u>78,000</u>
Total sales	260,000
 Gross profit (c.60% of sales)	 155,740
 Less operating costs (excluding rent)	
Labour (26% of sales)	-67,600

Other operating costs (20% of sales)	<u>-52,000</u>
	-119,600
Net operating profit	36,140
Deduct finance costs (adjusted)	<u>28,658</u>
Annual net profit after finance	<u>7,482</u>

- Fleurets' assumptions
 - Fleurets assume food will only represent 30% of sales. Based on our discussion with experienced pub owners and managers in the local area, and also based on the industry average figures published by BBPA which Fleurets used themselves, it is more realistic to target a 50/50 split of revenues. On this basis, if we think that Fleurets' assumption of "wet sales" at £182,000 was reasonable, the food element should potentially contribute another £182,000 of sales.
 - For their calculation of gross margins Fleurets have assumed gross margins of 62% on bar sales and 55% on food sales resulting (conveniently) in an average gross margin of 60%. Fleurets offer no explanation of the source of these figures. The first and most obvious point to make is that all industry practitioners and pundits are in agreement that the margin on food sales is significantly higher than the margin on drink sales. BBPA-published industry average gross margins for pubs of this size are 54% on bar sales and 65% on food sales. However, in our discussions with local pub owners and managers of comparable pubs in this area, they quote realistic gross margins for a pub of this type as closer to 60% for bar revenues, and 70% for restaurant food. For the purpose of our own projections we will be assuming gross margins of 60% on bar sales and 70% on food sales.
 - For the purposes of this submission we are happy to include the crude %-of-sales calculations applied by Fleurets for their estimates of labour costs and other operating costs. When we come to submit our own viability report we will provide a more reasoned basis for projecting these figures.
- Even without taking account of the obvious uplift in revenues resulting from community ownership and involvement, if we revise Fleuret's projections using the above-mentioned adjustments for food sales, and for the gross margins on both food and drink sales; we get the following numbers:

Amended p&l projection

Wet sales (50%)	182,000
Food sales (50%)	<u>182,000</u>
Total sales	364,000
Cost of sales	
Wet sales (40%)	72,800
Food sales (30%)	<u>54,600</u>
	127,400
Gross profit	236,600

Less operating costs (excluding rent)	
Labour (26% of sales)	-94,640
Other operating costs (20% of sales)	<u>-72,800</u>
	-167,440
Net operating profit	<u>69,160</u>
Deduct finance costs (adjusted)	<u>28,658</u>
Annual net profit after finance	<u>40,502</u>

On this basis, under community ownership, the net operating profit of £69,160 constitutes the amount that would be available to cover both the operator/tenant's earnings and the community's financing and servicing cost.

Conclusions

- Using Fleurets' own figures as a starting point, we believe we have demonstrated that even on their terms The Bell Inn has the potential to be viable and profitable under community ownership.
- This assumes, amongst other things, a capital outlay, according to Fleurets, of £615,000 to purchase and refurbish and equip the pub. We believe that with the help of The Plunkett Foundation we have a very good chance of raising this amount through the creation of a Community Benefit Society, with a combination of direct community investment, grants and loan finance. We believe that we should be given a chance to do so, given that once we have successfully purchased the pub, we believe we have demonstrated that The Bell Inn can, in fact, be "viable".
- As a final point, we would like to point your attention to the success of The Yew Tree in Avon Dassett – a community-owned pub which faced very similar challenges to The Bell before the community took ownership. Avon Dassett is a smaller community than Great Bourton, with approximately 100 households. It is also further off the beaten track, with no access to passing traffic. The Yew Tree survived by the creation of a Community Benefit Society which was able to acquire the pub as a community asset, and facilitate its development by the current tenant as a thriving "destination pub" loved and patronised by its village community but also attracting a solid external customer base from Banbury and the surrounding area. In the 7 years since the relaunch of The Yew Tree it has become a local success story which has doubled its initial turnover to a current level estimated at over £650,000 (almost twice the level of turnover projected above for The Bell). We believe we can follow the same model and aspire to a similar turnaround in the fortunes of our pub, if given the chance.

For and on behalf of the members of the Save The Bell Inn Group:

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