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Thomas E. Teague

LICENSED PROPERTY VALUERS, RATING SURVEYORS, AUCTIONEERS, BROKERS AND STOCKTAKERS

70 EASTGATE STREET
GLOUCESTER GL1 1QN

Tel: (01452) 523131
(01452) 527378
Fax: (01452) 380624

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E-mail: office@thomaseteague.co.uk
www.thomaseteague.co.uk

Partners
SIMON P. TEAGUE FAVLP.
JOHN J. KEANE BA. FAVLP.

Consultant:
THOMAS E. TEAGUE FRICS. FAVLP. IRRV.

IN THE MATTER OF
A PLANNING APPEAL
REFERENCE APP/C3105/C/12/217094

AND

A PLANNING APPLICATION
REFERENCE 12/00678/F

CONCERNING

THE BISHOP BLAIZE PUBLIC HOUSE
BURDROP
SIBFORD GOWER
OXFORDSHIRE
OX15 5RQ

VIABILITY ASSESSMENT

BY

JOHN JOSEPH KEANE

1.0 INTRODUCTION

- 1.1 This Report has been prepared following instructions received from Mr Ross Chambers, a solicitor in the Law and Governance Department of Cherwell District Council, to provide a Viability Assessment in respect of The Bishop Blaize Public House, Burdrop, Sibford Gower, Oxfordshire, OX15 5RQ.
- 1.2 The Report was originally required in connection with an Appeal against an Enforcement Notice served on the owners, Mr G and Mrs J Noquet, to cease using the premises as a residential dwelling. Since then Mr and Mrs Noquet have made an application for a change of use to wholly residential (12/00678/F), which is running in tandem with the Enforcement Notice appeal and this report is now to be used in connection with both.
- 1.3 I have been provided with numerous copy documents to assist me. Some of these are simply background to the current appeal whilst other have more relevance. I will refer to these as necessary but if they are already in the public domain I will not reproduce them here in the interests of economy.
- 1.4 Finally, I inspected the premises on Wednesday 6th June 2012. I was accompanied by Mr and Mrs Noquet and Mr Chambers.

2.0 PERSONAL

- 2.1 My name is John Joseph Keane and I am a partner in the firm of Thomas E Teague. I have been in practice since 1986 and became a partner in 1999. I have been a Fellow of The Association of Valuers of Licensed Property since 1994.
- 2.2 My firm was established in 1919 and has specialised since that date in the valuation of licensed property. We deal in all aspects of this field including sales and lettings, valuations, rent reviews, lease renewals, rating and tenancy/chattels valuations. I am actively and exclusively involved in all those areas and have been since I joined the firm.
- 2.3 On a regular basis I deal with a wide range of instructions on both professional and other matters and have provided expert evidence in arbitrations, referrals to independent expert and cases under Civil Procedure Rules Part 35.
- 2.4 My firm acts for a number of national, regional and local pub companies and breweries in various licensed property matters. These companies include Enterprise Inns, Punch Taverns, Greene King, Brains, Wadworth, Arkells and Palmers. In addition I act for a number of landed estates, small property companies and individuals.

3.0 BACKGROUND

- 3.1 I understand that Mr and Mrs Noquet bought The Bishop Blaize in February 2006. Prior to that it had been run as a Freehouse by a Mr and Mrs S Merchant. Mr and Mrs Noquet traded the property, again as a Freehouse, until 9th March 2007 when they closed it. It has not traded since then.
- 3.2 In the intervening period the pub has suffered from flood damage, which has largely been repaired, but relatively little has been done to compromise a future re-opening as a public house. I will comment further on this later.

4.0 LOCATION

- 4.1 The Bishop Blaize is situated in the small village of Burdrop just off the B4035 Banbury to Shipston on Stour Road. It is one of a trio of villages that effectively merge into one – Sibford Gower, Sibford Ferris and Burdrop – and which are all situated in open countryside. Burdrop, and in particular The Bishop Blaize, occupies an elevated position overlooking the “Sibford Gap” – an area forming the flood plain of the River Sib and separating the two Sibfords.
- 4.2 Burdrop forms part of the parish of Sibford Gower for administrative purposes and the parish has a population of 428 (2001 Census). The neighbouring village of Sibford Ferris has a population of 498 (2001 Census).
- 4.3 The three villages are a mixture of agricultural and dormitory settlements although I think it is fair to say that their dormitory character is now dominant.
- 4.4 In terms of socio-economic classification the Sibfords are in the Cherwell 009 Middle Super Output Area. This indicates that the area is relatively prosperous with 66% of people aged 16 and over being in administrative and professional employment compared with a national average of 52%. See Appendix One
- 4.5 Insofar as local facilities are concerned there is a local shop and post office in Sibford Ferris, and a village hall in Sibford Gower. The village hall is well equipped having two rooms for hire (one large and one small), a stage, a small bar and kitchen. The local primary school is in Sibford Gower and has been adjudged to be “Good” by Ofsted. In addition there is an independent co-educational day and boarding school in Sibford Ferris.
- 4.6 In common with many rural communities transport links are mixed. The Sibfords are on the 50A bus route that runs between Stratford upon Avon and Banbury with eight buses running daily to Banbury and seven to Stratford. Inevitably there is a high level of car ownership and over 60% of people who live in the area drive to work. Also see Appendix One

- 4.7 The Sibfords are reasonably well connected to the road network with access to J.11 of the M40 being about 14 km away. The nearest main centres of population are Banbury and Chipping Norton, which are both about 13 km away and Shipston On Stour, which is about 14 km away. Rail links are available at Banbury and Moreton In Marsh.
- 4.8 In my opinion the catchment area for The Bishop Blaize would be a radius consisting of a 15-20 minute drive. This would include the population centres of Banbury (43867 – 2001 census) and Shipston On Stour (4456 – 2001 census) but not Chipping Norton which enjoys less direct road links to the Sibfords.
- 4.9 Inevitably, any trade from outside the village would be motor borne. This in itself is not a cause for concern because The Bishop Blaize has a good sized car park, but it would suggest that the focus of the pub would need to be food led, capitalising on the attractive views across the "Sibford Gap", rather than wet-let.

5.0 DESCRIPTION

- 5.1 The Bishop Blaize is a detached stone built public house mainly of two storeys under a pitched slate roof. A date-stone on the front elevation suggests it was built in 1649 although I have had no confirmation of this.
- 5.2 Since it was first built it has seen a number of alterations and additions. There is a single storey extension to the front of stone construction under a lean-to style slate roof, an attached brick and stone built barn (also to the front) under a corrugated sheet roof and to the rear there are relatively recently constructed single storey extensions of partial stone construction under variously slate and flat felt roofs. I understand that these later extensions – one housing kitchen accommodation and one a dining area – were constructed in approximately 2000 and 2003.
- 5.3 The pub is set in a substantial plot extending to something in the order of 0.57 hectares (1.4 acres) with off road parking for about 20 cars, a small lawned area to the front, a large beer patio and beer garden and a large paddock running down to the River Sib and the southern boundary of the site. The rear of the pub is south facing and enjoys impressive views across the valley.
- 5.4 The front of the property is its least attractive aspect and belies the more attractive appearance of the rear and the views therefrom. In my opinion this is a minor quibble as the shortcomings of the front elevation are more than compensated for by the rear.

6.0 ACCOMMODATION

- 6.1 The main entrance to the pub is down a flight of steps from the car park that leads to the various trade areas. These are largely unaltered since the pub closed in 2007 with two notable exceptions – the removal of the bar servery and the removal of a non-load bearing wall that separated the lower bar area from the catering kitchen. The

accommodation in more details consists of the following :-

- 6.2 Upper Bar Area measuring 4.30 m x 4.65 m (to include inglenook fireplace. With a quarry tiled floor (now covered by carpet) panelled effect décor, large inglenook fireplace with fitted cast iron solid fuel stove, exposed beams and timbers and wall lighting. This area used to contain a relatively simple bar servery of blockboard construction with a laminate top and a matching back bar fixture, both of which have now been removed.
- 6.3 Dining Area measuring 4.40 m (max.) x 5.60 m (max.) and 2.30 m (max.) x 3.35 m (max.). With a carpeted floor, part exposed part painted decor, wall lighting and softwood picture windows overlooking the beer garden and the "Sibford Gap".
- 6.4 The Lower Bar Area and former Catering Kitchen have been consolidated into a single domestic kitchen/dining room measuring approximately 5.20 m (max.) x 5.80 m. Now featuring an engineered oak finished floor, modern domestic kitchen units and an oil fired range fitted to the former open fireplace.
- 6.5 A door from this area leads to a Freezer/Still Room measuring 7.30 m (max.) x 2.25 m (max.) with Altro non slip flooring, ceramic tiled walls, stainless steel sink and fluorescent lighting.
- 6.6 The Beer Cellar is still available – accessed off the Upper Bar Area – but will need to be re-fitted after such a long period of disuse. This is a relatively straightforward exercise and it is likely that whichever brewery or supply company is the main supplier would carry out the job at little or nil cost.
- 6.7 Off the Upper Bar Area is an Entrance Lobby that affords access to and from the front of the premises and that also gives access to the Ladies Toilet Accommodation. The Gents Toilet Accommodation is located off the Dining Area. Both sets of toilets are small and dated and would require upgrading.
- 6.8 The first floor accommodation is entirely residential and consists of two bedrooms (one double and one single), a private lounge, an office and a bathroom. The lack of a first floor domestic kitchen is not unusual and many pubs use the trade kitchen for domestic purposes.
- 6.9 To the front of the premises is a single tarmac car parking space and a small lawned area suitable for three or four picnic benches. Adjacent to this area is an old brick and stone built barn with a sheet roof. This is used for general storage and contains an oil fired boiler. The barn has a raised floor level and is situated on a rise in the road meaning the car park behind is almost at roof level. Both of these issues mean that converting the barn into, say, letting accommodation could be problematic.
- 6.10 To the side of the premises is a made-up CAR PARK measuring approximately 30m x 16.5m and providing space for about twenty cars. A large timber built garage has been constructed here for the owner's use.

6.11 To the rear of the pub is a large trade area comprising a split level BEER PATIO with access from both the upper and lower bar areas and a large BEER GARDEN with further access from the car park. The garden is mainly laid to lawn and has shrubs, borders and trees. It is furnished with a number of picnic benches and enjoys fine views across the "Sibford Gap". The garden slopes away to a lower lawned garden area and then slopes away steeply to a paddock. The paddock has gated access to the road but unfortunately is not well positioned because it is on a bend in the road.

6.12 To re-open the pub for trading would require a certain amount of investment. This would largely centre around re-instating the catering kitchen and the bar servery and re-furbishing the toilet accommodation although, in my opinion, refurbishing the toilets would have been necessary whether the pub had closed or not. I think a prudent operator would allow approximately £20,000 to cover these items and would necessarily reflect that in his bid.

7.0 TENURE

7.1 Understood to be freehold and unencumbered.

8.0 TIE

8.1 The Bishop Blaize is free of tie to any particular brewery, pub-company or supplier. This is a valuable characteristic that enables the proprietor to obtain significant wholesale discounts. However, over the last three or four years the major pub companies, including Enterprise Inns and Punch Taverns, have also been giving discounts to their tie tenants. These discounts are not as high as those available in the free-trade - £150+ per barrel (1 barrel = 36 gallons) – but can be nearly £120 per barrel. The wholesale price differential is still in favour of freehouses which can give them a competitive edge.

9.0 LICENCES

9.1 I have been informed by the licensing section of the local authority that the Premises Licence was surrendered pre-April 2010. Prior to that The Bishop Blaize had a Premises Licence with the following main licensable activities :-

Retail Sale of Alcohol)	Mon-Thur.	11.00-23.00
Playing of Background Music)		Fri-Sat.	11.00-00.30
		Sun.	11.00-23.00

9.2 As the premises are currently "unlicensed" a full application would need to be made for the grant of a new Premises Licence although I do not foresee any significant issues arising in this regard.

10.0 LOCAL AUTHORITIES

10.1 Cherwell District Council, Bodicote house, Bodicote, Banbury,

Oxfordshire, OX15 4AA

Tel : 01295 252535

10.2 Oxfordshire County Council, County Hall, New Road, Oxford,
OX1 1ND. Tel : 01865 792422

10.3 Thames Water Utilities Ltd., PO Box 286, Swindon, Wilts., SN38 1TU
Tel : 0845 9200888

11.0 OUTGOINGS

- 11.1 I have checked the Valuation Office web-site and The Bishop Blaize was deleted from the Rating List with effect from 1st April 2011. Prior to that it had been assessed at a Rateable Value of £10,750 with effect from 1st April 2010 and at a Rateable Value of £10,150 with effect from 1st April 2005.
- 11.2 The Rateable Value of a public house is derived from an estimate of Fair Maintainable Receipts, as assessed by the Valuation Officer, and those receipts are then used as the basis of a rating valuation in accordance with the Valuation Office's Approved Guide to the Valuation of Public Houses.
- 11.3 The trade information that is provided by the occupier to the Valuation Officer is confidential but based upon my experience of the valuation of public houses for rating purposes, and extrapolating from the above Rateable Values, I am of the opinion that the Valuation Officer had estimated Fair Maintainable Receipts of approximately £160,000 as at 1st April 2003 and £160,000 also as at 1st April 2008 (the antecedent valuation dates).
- 11.4 Were The Bishop Blaize to re-open for trading, however, neither of the above assessments could be taken as a reliable guide as to future performance as the pub has now been closed for a considerable amount of time and the economic situation generally has deteriorated.

12.0 SERVICES AND HOT WATER

- 12.1 The premises have mains water, drainage and electricity.
- 12.2 Central heating and domestic hot water are supplied by an oil fired boiler.
- 12.3 None of the service installations have been checked and I have assumed that they are in a satisfactory condition.

13.0 NOTICES etc

- 13.1 I am not aware of any outstanding Notices that would have a bearing on the operation of the business.
- 13.2 I assume that a Fire Risk Assessment has not been carried out under the Regulatory Reform (Fire Safety) Order 2005. If one were to be carried out, and any defects or shortcomings identified, then the

current occupiers would be liable for ensuring that such defects or shortcomings were remedied. There have been no substantive changes to the standards required under this Order since the pub closed in May 2007 and consequently I have made no allowance in this Report for the cost of any as yet unidentified works.

14.0 THE EQUALITY ACT, 2010 (THE EA)

- 14.1** The Equality Act 2010 largely came into force on 1st October 2010. The EA replaced existing anti-discrimination laws including most of the Disability Act 1995 (DDA). As with the DDA, the EA places a duty on businesses to make reasonable adjustments to help disabled people access their goods, facilities and services. The DDA did not have any significant impact on the operation of licensed premises in general and it is looking as if the EA is having a similar effect.
- 14.2** Insofar as The Bishop Blaize is concerned there are some elements to the premises that are not ideal insofar as the EA is concerned. Primarily these are the poor access to and from the premises.
- 14.3** With reference to the poor access the steep steps down from the car park would make the creation of a ramp difficult. There is level access from the front but, if the single parking space there is already taken, that would entail walking down a relatively steep lane from the car park. In my view allocating the small parking area by the front door would satisfy the access issue as only "reasonable adjustments" are required.
- 14.4** As for the lack of dedicated disabled toilet facilities is concerned I have made no allowance for their possible installation because I consider it unlikely that their installation would be a requirement for the pub to re-open.

15.0 CONDITION

- 15.1** My instructions do not extend to carrying out a structural survey of the Bishop Blaize and consequently this Report does not constitute nor should it be taken to represent, a structural survey report.
- 15.2** Reference has been made at 3.2 above that the pub suffered damage from an escape of water in 2009. This damage appears to have been rectified and in general terms the pub appears to be in a reasonable state of repair.

16.0 INVENTORY

- 16.1** The bulk of the fixtures, fittings and equipment appear to have been kept by Mr and Mrs Noquet but it is likely that not all of them would be suitable for re-use.
- 16.2** A prudent potential operator would need to budget for replacing and/or upgrading the fixtures and fittings and I would estimate that a

provisional cost sum of £25,000 would need to be set aside.

17.0 PLANNING

17.1 The Bishop Blaize is not a listed building but it is within the Sibford Gower/Burdrop Conservation Area and in an area of high landscape value. In essence this means that any proposed development needs to preserve or enhance the character or appearance of the area. This is not as onerous a requirement as those faced by the owners of listed buildings and in my opinion has little impact on viability.

17.2 I do not propose to discuss the current planning appeal nor applications but I note that planning permission was granted on 9th May 2006 for the construction of a single storey extension to the Dining Area. This extension was not constructed and has now lapsed. I do not envisage that there would be any problem in "re-obtaining" permission should a future operator so wish.

17.3 Insofar as general planning policies are concerned Section 70 of the National Planning Policy Framework places an onus on local authorities to :-

17.3.1 *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;*

17.3.2 *guard against the unnecessary loss of valued facilities and services particularly where this would reduce the community's ability to meet its day-to-day needs;*

17.3.3 *ensure that established shops, facilities and services are able to develop and modernise in a way that is sustainable, and retained for the benefit of the community; and*

17.3.4 *ensure an integrated approach to considering the location of housing, economic uses and community facilities and services.*

17.4 This reinforces existing Cherwell District Council policy, which, at Policy S29, states

"Proposals that will involve the loss of existing village services which serve the basic needs of the local community will not normally be permitted.

4.72 The District Council recognises the importance of village services, particularly the local shop and pub, to the local community and will seek to resist the loss of such facilities wherever possible. However, it is also recognised that it will be difficult to resist the loss of such facilities when they are proven to be no longer financially viable in the long term."

- 17.5 This policy has been included in the non-statutory local plan and has been approved as interim planning policy until the Local Development Framework is in place.

18.0 CURRENT VIABILITY

- 18.1 A Community Facilities Viability Test in respect of a public house is often based upon Camra's Public House Viability Test. The Camra test has no formal status but it has been held by Planning Inspectors to be a useful yardstick for assessing the viability of such facilities.

- 18.2 The above tests contain five major assessments:-

- i) The business at present
- ii) Assessing Trade Potential
- iii) Completion
- iv) The Sale
- v) Advice.

For clarity and ease of reference I will deal with each of the above headings in turn.

19.0 THE BUSINESS AT PRESENT

- 19.1 The Bishop Blaize has been closed since March 2007 and consequently no trade is represented. I do, however, have details of the trade that Mr and Mrs Noquet enjoyed for the period 7th February 2006 to 20th April 2007 (although I note the earlier closure date) and also of the trade enjoyed by Mr and Mrs Noquet's predecessors for the years ended 31st March 2002 to 2005 and for the part year ended 18th February 2006. These figures are all expressed net of VAT and the profitability is adjusted to Earnings Before Interest Taxation Depreciation and Amortisation (EBITDA) in accordance with standard valuation principles. These accounts are all attached at Appendix Two.

- 19.2 In brief Mr and Mrs Noquet's accounts for the period ended 30th April 2007 show the following :-

	Total Sales	<u>109,937</u>	
	Gross Profit	53,221	(48.4%)
	Working Expenses	<u>41,104</u>	
	Net Profit	12,104	
Add back -	Planning Fee	390	
	Adj. to Prof. fees	<u>3,174</u>	
	Adjusted Net Profit	£15,668	(14.25%)

- 19.3 Mr and Mrs Merchant's accounts showed the following :-

	<u>2002</u>	<u>2003</u>	<u>2004</u>
Total Sales	<u>171628</u>	<u>178350</u>	<u>177823</u>
Gross Profit	90555 (52.8%)	96108 (53.8%)	94619 (53.2%)

Working	<u>47910</u>	<u>56546</u>	<u>44033</u>
Exps.			
Net Profit	42645	39562	50586
Add back –			
Loan Interest	12131	10649	7077
Bank Interest	---	4	138
Depreciation	1182	1515	1562
Equipt. Rental	2186	2315	785
Bank Charges	<u>1613</u>	<u>1770</u>	<u>1696</u>
	59757 (34.8%)	55815 (31.3%)	61844 (34.8%)

19.4 And :-

2005 Period ended 18th February 2006

Total Sales	<u>191742</u>	<u>174428</u>
Gross Profit	102317 (53.4%)	90143 (51.7%)
Working	<u>50006</u>	<u>48491</u>
Exps.		
Net Profit	52311	41752
Add Back :-		
Loan Interest	6854	7007
Bank Interest	---	---
Depreciation	1516	---
Equipt. Rental	---	---
Bank Charges	<u>1745</u>	<u>1993</u>
	62426 (32.6%)	50752 (29.1%)

19.5 These trading levels, particularly those of Mr and Mrs Merchant indicated that at the time the Noquets took over the pub it was clearly viable generating EBITDA of well in excess of £50,000 per annum.

19.6 From anecdotal knowledge acquired during a previous instruction I understand that Mr and Mrs Merchant kept traditional opening hours, charged prices that were competitive for the area and enjoyed a wet:dry split of about 2/3:1/3. The pub was well patronised and highly regarded and featured in both The Good Pub Guide and The Good Beer Guide for a number of years.

19.7 Mr and Mrs Noquet were not so successful and achieved significantly lower levels of trade and profitability. I am led to believe that this may have been partly due to a dispute between Mr and Mrs Noquet and the village but in any event in March 2007 Mr and Mrs Noquet closed the pub.

20.0 ASSESSING TRADE POTENTIAL

20.1 The starting point for this is a consideration of the likely sources from which trade is likely to be drawn and from which an assessment can be made as to the trading style that is most likely to emerge.

20.2 **POPULATION**

- 20.2.1** I have already touched upon this in section 4 above and would refer you back.
- 20.2.2** The Sibfords, if looked at as one settlement, have a combined population of approximately 930. This equates to a good size village and one that can comfortably support one public house. In the past both The Bishop Blaize and The Wykham Arms appear to have co-existed although I do have concerns that in the more difficult economic circumstances the village by itself would struggle to support two pubs. This leads me to consider the wider catchment area.
- 20.2.3** This wider catchment area is extensive but is relatively sparsely populated consisting largely of farmed countryside with interspersed villages. Not all of these villages have a pub but a significant proportion do and these pubs would also be seeking to attract trade from the same catchment.
- 20.2.4** The pubs that can be found in the surrounding villages are a mix of tied houses and freehouses but most of them are village "locals" that offer a range of facilities including food. Few of them are what might be termed "drive-to" destination food houses. A Schedule of these pubs is included at Section 20.4.
- 20.2.5** I have previously expressed the opinion that the catchment area includes Banbury and Shipston On Stour. Of these Banbury is the most significant with a population in excess of 40,000 and The Bishop Blaize's particularly attractive location overlooking the "Sibford Gap" would likely be a significant selling point.
- 20.2.6** Encouraging motor borne traffic, as I think the pub must, leads to a shift in trading emphasis away from wet sales to food sales. When I carried out a valuation of The Bishop Blaize in June 2007 it was reported to me that the Merchants enjoyed a 2/3:1/3 split which would have equated to food sales of something in the order of £60,000 per annum although I would expect that split to have hardened in favour of food sales since then.

20.3 **VISITOR POTENTIAL**

- 20.3.1** Banbury is an attractive market town in its own right but I think it is fair to say that it is not a tourist magnet in the same way as Stratford Upon Avon or Oxford.
- 20.3.2** The surrounding countryside is attractive and would prove popular with tourists who would tour the area generally. Sibford Gower, whilst pretty, has no single tourist draw although Broughton Castle is about four miles away at Broughton. Unfortunately Broughton Castle already has a pub

on its doorstep, The Saye and Sele Arms, and it is difficult to see how The Bishop Blaize would benefit significantly from having Broughton Castle close by.

- 20.3.3** It is more likely that The Bishop Blaize would benefit from customers who are reasonably familiar with the area already, such as residents of Banbury, who would like to drive out into the countryside for a meal and a drink in attractive surroundings and with pleasant views.
- 20.3.4** Indeed, bearing in mind the size of The Sibfords as a whole and the fact that there is another pub in the village, attracting such custom would be crucial to the pub's financial viability.
- 20.3.5** The layout of The Bishop Blaize, being open plan, is such that it would be difficult to accommodate a "public bar" trade as well as diners who may have driven some distance. In a declining beer market I consider it unlikely that an operator would seek to alter the layout to provide a separate bar area to service a "public bar" trade and consequently host pub teams such as darts, cribbage, pool etc. This would deny The Bishop Blaize the opportunity to compete in local leagues and encourage people from other villages to use the pub more.
- 20.3.6** In the past The Bishop Blaize has been included in The Good Pub Guide and The Good Beer Guide and such entries are both an accolade to the proprietor and useful for publicity and marketing purposes. Having been closed now for several years this benefit has gone but it would be possible to re-acquire such listings. As an example, The Salutation Inn at Ham near Berkeley in Gloucestershire was taken over by new licensees in 2007 and in 2010 was voted Camra South West Pub of the Year. Such rapid success is, admittedly, unusual but it is possible.

20.4 **COMPETITION**

- 20.4.1** The Camra Test refers to competition with 1 mile and 5 mile radii. Whilst this does not allow for the vagaries of the road network I produce below a Schedule of Competition on that basis, with a note in parentheses indicating the distance by road from The Bishop Blaize.

The Wykham Arms, Sibford Gower 0.4m (0.6m).

A privately held free of tie lease. Run as a "food house" and has entries in The Michelin Red Guide and The Michelin Pub Guide. Close Monday lunchtime.

The Stags Head, Swatcliffe 1.3m (1.4m).

A traditional village pub just off the main road that runs through the village. Has a beer garden and limited parking. Listed in a number of Guides. Closed Sunday evening and Monday.

The Chandlers Arms, Epwell 1.5m (2.4m)

A small traditional village pub held on a Hook Norton tenancy. Was closed at lunchtime when I inspected The Bishop Blaize.

The Gate Hangs High, Hook Norton 1.8m (2.2m)

A Hook Norton tied tenancy located on the edge of the village. Has a separate restaurant and four en-suite letting bedrooms. Closed on Mondays and Sunday evenings. Currently available to To Let.

The Lampet, Tadmarton 2.0m (2.3m)

A village freehouse with a bar and restaurant. Wide-screen television, pool table, darts and Aunt Sally. Four en-suite letting bedrooms. Bar food menu. Currently closed and for sale at an asking price of £275,000.

The George and Dragon, Shutford 2.3m (2.8m)

A traditional village freehouse with bar and restaurant. Runner-Up in North Oxon Camra Pub of the Year, 2011.

The Pear Tree, Hook Norton 2.9m (3.3m)

A Hook Norton tied house with a single bar, beer garden and play area. Serves traditional pub food. Three letting bedrooms. offers darts and Aunt Sally.

The Sun, Hook Norton 2.9m (3.3m)

A Hook Norton tied house in centre of the village. Bar, restaurant, six en-suite letting bedrooms and beer garden.

The Bell, Hook Norton 2.9m (3.3m)

Closed and currently for sale at an asking price of £325,000.

The George, Lower Brailes 2.9 m (3.3)

A large Hook Norton tied house with public bar, restaurant, four en-suite bedrooms, large car park, beer garden and beer patio. Developing a reputation as a destination food house.

The Butchers Arms, Balscote 3.1m (3.7m)

A Hook Norton tied house. Traditional village pub serving "pub food". Not a very large pub but has good sized beer garden and car park. Features n Good Beer Guide.

The White Swan, Wigginton 3.3m (4.0m)

A small Hook Norton tied house offering traditional pub food. Beer Garden. Closed daytime on Mondays.

The Bell, Sherington 3.3 m (5.1m)

A small village freehouse with restaurant and three letting bedrooms. Has been run by the same family for many years.

The Norman Knight, Whichford 3.3m (4.8m)

A highly regarded village "Brew-Pub" that has developed a reputation as a destination food-house. Has won several awards.

The Gate, Brailes 3.6m (5.1m)

Another Hook Norton tied house and more of a traditional village pub than The George. Serves traditional pub food and has a beer garden with Aunt Sally. Closed on a Monday.

The Saye and Sele Arms, Broughton 3.8m (4.6m)

A fairly large village freehouse on the main Shipston-Banbury road with a distinct emphasis on food. Separate bar and restaurant areas and a large beer garden/patio with Aunt Sally.

The Blinking Owl, North Newington 4.0m (6.1m)

A village freehouse with restaurant and letting accommodation. Menu largely traditional bar food.

The Duke on the Pond, South Newington 4.1m (7.1m)

A destination food-led freehouse with well kept gardens (with Aunt Sally) and large beer patio.

The Cherington Arms, Cherington 4.2m (7.0m)

A Hook Norton tied house in the centre of the village. Bar, dining room, lounge, garden and patio.

The North Arms, Wroxton 4.3m (5.4m)

A Greene King tied tenancy in the centre of the village and next to the college. Bar, separate restaurant and large beer garden. Largely serves the village and the college.

The Joiners Arms, Bloxham 4.6m (5.3m)

Quite a large village pub just off the main road with an emphasis on food. Regular "specials" nights.

The Elephant and Castle, Bloxham 4.6m (5.3m)

A Hook Norton tied house with beer garden and two letting rooms. Something of a local's pub.

The Red Lion, Bloxham 4.6m (5.3m)

A Fullers' tied house on the main road through the village. Features large screen television, food and an attractive beer garden and a games room.

20.4.2 In addition to the above there are numerous pubs in Chipping Norton and Banbury catering for a wide variety of customers.

20.5 DIVERSIFICATION

- 20.5.1** Diversification of the facilities offered by rural pubs involves a consideration of the facilities already available in the village and the capacity of the pub in question to cater for any identified unfulfilled needs.
- 20.5.2** This idea has been taken up by The Prince of Wales who initiated "Pub Is The Hub" in 2001. "Pub Is The Hub" is a not-for-profit organisation that encourages local authorities, communities, pub owners and breweries to work together to support, retain and locate local services within rural pubs and offers grant aid to assist with the costs of doing so.
- 20.5.3** "Pub Is The Hub" is a national scheme and can provide advice on a national basis. Grant aid, however, is not available in all areas and in the Midlands is only available in Leicestershire, Derbyshire and Lincolnshire. Case Studies on "Pub Is The Hub" web-site are largely confined to those areas in which grant aid is available.
- 20.5.4** Looking at the specifics of The Bishop Blaize, the Sibfords already has a shop/post-office and a well equipped licensed village hall. School meals in the primary school are already contracted to an external supplier – "Food With Thought" – and the independent Sibford School has its own on-site catering facilities.
- 20.5.5** In my view the village is already adequately served with basic facilities and there would be little to be gained by duplicating services and facilities.

20.6 FLEXIBILITY OF SITE

- 20.6.1** The Bishop Blaize occupies a large site that is far from being extensively developed and sympathetic further development is certainly possible. Indeed, an application to enlarge the dining room at The Bishop Blaize was approved in May 2006 (ref. 06/00248/8) indicating that further development had been considered by Mr and Mrs Noquet and supported by the local authority. This proposed restaurant extension would have significantly enhanced the property and would have likely led to a focusing of the business in the direction of food.
- 20.6.2** Another area that could be explored in the future is that of letting accommodation. The private accommodation above the pub is too small to allow letting bedrooms and there are issues with the level of the car park if the barn were to be converted but there is sufficient space elsewhere on the site to provide a small block of rooms.

20.6.3 In the current economic climate, which most observers seem to think will be challenging for quite some time to come, I think it is unlikely that an operator would wish to commit to a major capital investment immediately but without testing the market I cannot be more precise. An example of how the market may well be prepared to take a risk in uncertain economic times is The Muddy Duck, Hethe (formerly The Whitmore Arms). In a previous Viability Report (dated June 2009) I had expressed the view that for the pub to work successfully it would be necessary to reconfigure the main building and outbuildings and that in the then prevailing economic conditions such a strategy would be very high risk. The pub was subsequently sold for existing use and the new owners have largely carried out the works that I had suggested were necessary and, anecdotally, appear to be doing very well. I would distinguish that pub from The Bishop Blaize in that it is the only pub in the village.

20.6.4 If the pub were to re-open I think it would be sensible to have a phased development plan whereby the pub would initially trade in its current configuration, subject to previously identified works to the kitchen, servery and toilets, with a view to more substantial development later when the pub has a revived operational track record making it more attractive lending institutions.

20.7 PARKING

20.7.1 There is ample parking on site and the village is served by a local bus route.

20.8 MULTIPLE USE

20.8.1 As I have already indicated at 20.5.4 above The Bishop Blaize is not the only community facility in the village nor is it the only pub.

21.0 THE SALE

21.1 The Bishop Blaize is not currently for sale but I think it would be sensible to comment on previous valuations and marketing activity.

21.2 My first involvement with this site was in May 2007 in connection with a previous application for a change of use to wholly residential. At that time I expressed the opinion that the open market value of the pub was £575,000. As at the date of my valuation the pub had been closed for two months but had a fairly recent history of respectable trading performance and good profitability. The market was also peaking at that time and had yet to fall.

- 21.2** According to the documentation provided to me Mr and Mrs Noquet had already obtained a marketing appraisal for the pub from Humberstones in March 2006, barely a month after buying it, in the sum of £600,000 and had put the pub up for sale through Fleurets at an asking price of £600,000 in 2006/07. Fleurets received five offers, including two at £575,000, with the caveat that interest was restricted by Mr and Mrs Noquet not providing up to date trade figures and relying on their predecessors' figures instead.
- 21.3** In June 2009 Fisher German provided a market appraisal of the pub in the range of £300,000 - £350,000. Fisher German were then instructed to put the pub up for auction in July 2009 and, following a further inspection, advised a reduced guide price of £250,000-£300,000 due to the damage caused by a water leak but expressed a hope that the pub might actually fetch in excess of £300,000. The pub was withdrawn from the market prior to the auction.
- 21.4** Such a drop in values does not surprise me. As at July 2009 the pub had been closed for over two years and had suffered extensive water damage. The licensed trade market was in a poor state and funding was becoming increasingly difficult to obtain. The large pub companies, struggling under heavy amounts of debt, had embarked upon programmes of large scale pub disposals adding further to downward pressures on pub values.
- 21.5** In August 2010 Mr and Mrs Noquet put the pub on the market again, this time with G A Select, with an asking price of £499,000. According to a marketing report produced by Graham Allman, Managing Director at G A Select, the asking price was reduced to £450,000 in September/October 2011. Three offers were reportedly received ranging from £190,000 to £330,000 but the marketing report does not say if these offers were fully funded.
- 21.6** I have looked through the Sales Particulars that were produced by G A Select. They promote the positive aspects of the property and gloss over the fact that the pub has not traded for such a long period of time. They are much more "flowery" in their descriptions than many other Agents would produce but they are designed to attract the attention of the market. The asking price was on the high side but the fact that prospective buyers were found suggests that the market was not put off by that and was willing to form its own view as to value.
- 21.7** That The Bishop Blaize has been closed for such a long period of time will have had a significant negative impact on its capital value in addition to the fall in value attributable to general market conditions. Insofar as the current open market value of the pub is concerned I am of the opinion that were the pub to be put to the market now an asking price of, say, £295,000 would be reasonable with the hope that £240,000 - £275,000 would be achieved. In support of that I would refer you to the sale in April 2010 of The Fox Inn, Leafield, Nr Burford in the sum of £270,000 off an asking price of £300,000. This was a pub company disposal and was closed at the time of sale. No trade figures were available. It is situated in the centre of the village facing the village green and consisted of an open plan bar, three letting rooms, a

three bedroom private flat, parking and gardens. See Appendix Three.

- 21.8 I am aware of the recent Planning Appeal Decision regarding The Unicorn Public House, Great Rollright (APP/D3125/A/10/2134643) in which the Inspector held that the deliberate closure of the pub for, in that case, over 20 years had no direct bearing on viability and that it was for the market to decide on its value. My valuation, therefore, is of The Bishop Blaize for its existing use but reflecting the fact that it has been closed for over five years.

22.0 ADVICE

- 22.1 I am not aware that Mr and Mrs Noquet have sought or received any independent business advice although I note that they say that they are experienced pub operators.

23.0 FAIR MAINTAINABLE TRADE

- 23.1 The Camra Test is a useful check-list of what needs to be considered insofar as viability is concerned but at the heart of viability is the concept of Fair Maintainable Trade (FMT). FMT is an assessment of the trade that could be generated by a Reasonably Efficient Operator from which is derived a Fair Maintainable Operating Profit (FMOP). The FMOP is the amount left, after paying for the cost of goods and operating expenses, and out of which the operator pays for rent or mortgage payments and receives his own remuneration. FMT is derived from a number of sources including wet sales, food sales, gaming machines, pool tables, room hire etc.
- 23.2 In this particular case the historical trade is of little importance because it is so out of date and the pub would be starting "from cold". It is, however, a useful indicator as to what trade the pub has done in the past, albeit in better trading conditions than currently prevail.
- 23.3 I do not know to what extent Mr and Mrs Noquet marketed the pub but they inherited a good reputation from Mr and Mrs Merchant and entries in The Good Beer Guide and The Good Pub Guide. I would have expected them to look to retaining those entries and to promote the pub in other ways as well – internet presence, advertising in local publications, advertising in the local CAMRA magazine "On Tap", food and drink promotions etc. From the comments I have seen associated with the Appeal and Planning Applications Mr and Mrs Noquet seem to have been doing little to actively promote the pub and, following the dispute with the village, little to build bridges. I would stress, however, that I have no first hand knowledge of this and Mr and Mrs Noquet may be able to prove otherwise.
- 23.4 Wet sales in public houses have been under pressure for many years. Official figures produced by the British Beer and Pub Association show that in the period Q4 2001 – Q4 2011 beer volumes in the on-trade fell from 22.154 million barrels to 13.731 million barrels (-38%). In the same period beer sales in the off-trade, mainly supermarkets and off-licence shops, increased from 10.593 million barrels to 12.272 million barrels. It is evident, however, that overall sales are still down by 7.470

million barrels (See Appendix Four). In that context I would estimate a fair maintainable level of beer and cider sales to be 100 barrels (1 barrel = 36 gallons).

- 23.5** In arriving at that estimate I have had regard to three Oxfordshire pubs that are currently available to let and with which I am familiar – The White Horse, Duns Tew; The White Horse, Bladon, The Boat, Thrupp and The Carpenters Arms, Lower Boddington. These are all unopposed village pubs and, in the case of The White Horse with eight en-suite letting bedrooms. See Appendix Five.
- 23.6** Using Benchmarking data collated by Enterprise Inns an average of £3.18 per pint I have extrapolated a total wet sales figure of £110,493 per annum. I would expect a wet-dry sales mix of 55:45 and on that basis I would estimate FMT at £200,897.
- 23.7** In terms of the Gross profit I would expect a GP of 55% in relation to wet sales and 58% in relation to food sales. Margins have fallen over the last few years as licensees have absorbed a proportion of the extra duty levied under the alcohol duty escalator and food costs have risen. Five years ago I would have expected a GP of 58% for wet sales and 60% for food sales. I have not allowed for a gaming machine because I think a gaming machine in a food orientated pub would not be appropriate. My overall GP is £113,205 representing 56.35% of FMT.
- 23.8** Overheads have risen sharply over the last few years following which benchmarking research has been carried out by The British Beer and Pub Association. According to that research the average overhead expenses for a "character rural" pub with sales of approximately £5,000 per week is 36.3% of turnover. I would not estimate The Bishop Blaize's expenses to be any higher than that and after making the necessary deduction from the Gross Profit I arrive at a FMOP of £40,882 (20.35% of turnover). See Appendix Six.
- 23.9** At this point I would refer you to the decisions in "Brooker v Unique Pub Properties Ltd (2001) (Chancery Division Bristol District Registry Case No. BS002253)" and "Brooker v Unique Pub Properties Ltd (2009) (Chancery Division Bristol District Registry Claim No. 7BS11690)" These cases concerned lease renewals of the same public house and considered the minimum amount of remuneration that a hypothetical tenant would consider necessary to act as a sufficient inducement to take on the pub. The judge in neither case laid down a prescriptive amount but in both cases considered the level of remuneration that would be necessary to induce someone to take on a pub business. In the earlier case the judge suggested a level of remuneration that, at today's value, would equate to approximately £27,000 per annum.
- 23.10** A FMOP of approximately £40,000, in my opinion, would be a reasonable level of remuneration to expect on the basis that there were no mortgage payments to cover. In the "real world", however, such a situation is unlikely and if one were to assume a commercial mortgage of £150,000 (representing a 60% LTV based on a value of £250,000) over 20 years at 5%) then after mortgage payments the FMOP would

fall to about £28,000. In my view, and bearing in mind that by and large, one would be living out of the business, such a level of remuneration would still be sufficient to attract an operator. As such, and in my opinion, the pub is viable.

- 23.11** I do have a concern, however, at the impact that a re-opened Bishop Blaize may have on The Wykham Arms which over the last five years has been unopposed. I have expressed the view earlier in this report that The Sibfords, taken as a whole, could struggle to support two pubs and for that reason it would be essential to attract trade from outside the village. The Wykham Arms is food-led and it is possible that some of the same customers would use both pubs were The Bishop Blaize to re-open.
- 23.12** To illustrate this dilemma I would refer you to the village of Eastington in Gloucestershire. Eastington has two pubs – The Kings Head and The Old Badger (formerly The Victoria). Both pubs were owned by Punch Taverns until Punch Taverns decided to put The Victoria up for sale. It remained closed for about a year and a half until it was bought in 2011 by an award winning licensee who has now refurbished it and re-opened it as a traditional village pub specialising in cask ale with no keg beer, pool, darts or gaming machines. Food is offered daily apart from Monday. Anecdotally the pub is doing very well but unfortunately largely at the expense of The Kings Head which started to suffer almost immediately and has now been put up for sale.
- 23.13** The Wykham, however, is a destination “gastro-pub” and it is conceivable that, providing The Bishop Blaize was not in direct competition, both pubs could co-exist, particularly as the latter has large external trade accommodation and fine views. Indeed, of the two pubs I think The Bishop Blaize has more potential:- it is a better site for development, has superior outdoor space and is equidistant between the two Sibfords. I note that this is a contrary opinion to that expressed by Graham Allman in his marketing report but that opinion appears to be based on The Bishop Blaize’s suitability for residential conversion rather than its suitability for existing use.

24.0 CONCLUSION

- 24.1** That The Bishop Blaize has been closed for so long will have had a negative impact on its future viability but, fortunately, few structural alterations have been carried out.
- 24.2** The pub would require a significant level of extra investment to enable the pub to re-open – extra furniture, new equipment, refurbishment of toilet accommodation and re-instating of a catering kitchen and bar servery but some of this would have been necessary in any event. I would anticipate, however, that a prudent future operator would budget accordingly.
- 24.3** In my view the pub’s future would lie in it being a food-led village pub with a good cask ale offer.

- 24.4 Diversification would be possible but without significant cash capital it would be difficult at present to raise finance through the banks. Once the pub has a re-established track record and trading history raising finance would be easier and development of the property a more realistic proposition
- 24.5 The pub is still viable assuming that a new operator came forward and the current owners were prepared to sell at the value determined by the market. In re-opening there is a question mark over the long term survival of both pubs but with a sufficiently differentiated offer it is possible that both pubs could co-exist.

25.0 PROFESSIONAL DECLARATION AND STATEMENT OF TRUTH

- 25.1 I confirm that my report includes all facts that I regard as being relevant to the opinions that I have expressed and that attention has been drawn to any matter that would affect the validity of those opinions.
- 25.2 I confirm that my duty to the Tribunal as an expert witness overrides any duty to those instructing or paying me, that I have understood this duty and complied with it in giving my evidence impartially and objectively, and that I will continue to comply with that duty as required.
- 25.3 I confirm that I am not instructed under any conditional fee arrangement.
- 25.4 I confirm that I have no undeclared conflicts of interest.
- 25.5 I confirm that my report complies with the requirements of the Royal Institution Of Chartered Surveyors (RICS), as set down in Surveyors Acting as Expert Witnesses: RICS Practice Statement.
- 25.6 I understand that my overriding duty is to assist the Tribunal in matters within my expertise, and that this duty overrides any obligation to those instructing me or their clients. I can confirm that I have complied with that duty and will continue to do so and that I am aware of the requirements set out in Part 35 of the Civil Procedure Rules and the accompanying Practice Direction, the Protocol for the Instructions of Experts to give Evidence in Claims, and the Practice Direction for Pre-action conduct.
- 25.7 I confirm that I have made clear which facts and matters referred to in this report are within my own knowledge and those which are not. Those that are within my own knowledge I confirm to be true. The opinions I have expressed represent my true and complete professional opinions on the matters to which they refer.