

CAMPAIGN FOR **REAL ALE**



Public House Viability Test

Advice for Planners

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WHAT IS CAMRA?

- Consumer group founded in 1971
- Over 55,000 individual members
- Exists to promote and defend full-flavoured and distinctive beers and decent pubs
- For consumer rights
- Volunteer led
- Not-for-profit
- Promoting responsible drinking
- Funded by membership subscription

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Public House Viability

An Introduction

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

An outraged consultant to breweries and pub-owning companies in planning matters reacts incredulously on hearing that town planners, and by definition planning authorities were concerning themselves about the viability of public houses.

A fair question, but examination of the three cases listed below, which are typical of many more, indicates that questions of viability have been introduced into planning inquiries by the owners of public houses, and deemed to be relevant. It is therefore, we feel, worthy of debate. In the following excerpts, italics have been added by the authors of this paper.

Case One

A couple in Somerset wished to convert a public house into a domestic dwelling. The planning authority refused permission, and the couple appealed. The planning inspector considered the main issue to be, "whether the continued residential use of the Inn would be an unacceptable loss of a community facility, and if so whether there would be a reasonable prospect of the public house re-opening having regard to the viability arguments advanced."

The inspector said that he was in no doubt that the outcome of the appeal turned "on the second part of the issue identified by me, namely the substance or otherwise of the viability arguments advanced for allowing the appeal."

The inspector noted that there was no relevant local planning policy for him to consider. He analysed trading figures and costs. He concluded: "On balance, I consider that the viability arguments put forward in support of the appeal to be unconvincing in terms of there being no prospect of the Inn re-opening."

The inspector dismissed the appeal. (Ref: T/APP/Q3305/A/95/260264/P2)

Case Two

Phoenix Inns Ltd wished to convert one of its Buckinghamshire public houses to a dwelling and the outbuildings into two holiday cottages. A second application was submitted by a local property developer and related to the change of use of the pub to a dwelling. The planning authority refused permission in both cases.

The company appealed, and the planning inspector identified three determining issues in the case, one of which was "whether there is a reasonable likelihood of the continuing viability of the public house."

Valuation evidence was submitted on both sides. The inspector identified a consensus that the public house "was capable of being run profitably, even if at a modest level." The inspector's conclusion was that in this instance "I do not consider that its inviability has been adequately demonstrated", and that "there would be a reasonable likelihood of the continuing viability of the public house." The inspector dismissed the appeals.

(Ref: T/APP/B0420/A/95/261687 & 96/270720/P7)

Case Three

A public house owner in Hertfordshire wanted to extend his premises by adding a conservatory and family room. The planning authority refused permission, on grounds that the development was inappropriate in the Green Belt.

The owner appealed, and the inspector agreed that the extension was inappropriate in terms of the clear Green Belt policy. However, he needed to explore whether there were any special circumstances which might outweigh the harm to the Green Belt.

The owner had argued "that the extension is needed to meet the changing demands upon country pubs and to secure the continuing viability of the pub." The inspector felt that given the relatively isolated nature of the pub, "and its limited facilities compared with other pubs, it seems to me that its future viability, as things now stand, must be in some doubt." He felt that the family catering facility "would help secure that viability" and to his mind, "these economic arguments" constituted the special circumstances needed to outweigh the normal Green Belt objections.

The inspector allowed the appeal. (Ref: T/APP/B1930/A/96/267240/P5)

Conclusion

In cases one and two, the issue of the viability, or otherwise, of the public house was introduced to the planning appeal debate by the appellant, not the planning authority, and was considered relevant, indeed important, and certainly in these cases crucial, by the planning inspector.

In case three the issue of viability was introduced by the planning authority requiring the applicants to show the business is no longer commercially viable, and all means of retaining the use having been explored. It was therefore a factor used to determine both planning applications, as well as the planning appeals.

In two of the three cases, the appellant were seeking to prove that their public houses was no longer viable, and should be converted to an alternative use. Their evidence was tested by the inspector, and found to be unconvincing. In the third case, the country pub owner in Hertfordshire convinced the inspector with his argument that inappropriate extensions in the Green Belt ought to be allowed as a means of ensuring the future viability of his public house.

In cases such as these, local authorities, public house owners, local people for or against the proposals, and indeed the Planning inspector, have to listen to arguments about the issue of viability, which must be tested. These arguments may be made by professional people or lay people; people with specialist knowledge of the public house trade or those who have an interest in their local community.

It appears to us to be reasonable that these arguments, whether for or against, should share some common ground and expose themselves to reasonable analysis, so they may be properly understood and, where appropriate, questioned, by all participants.

The proposals for a Public House Viability Test, in this report, are not a back door method of ensuring that each and every public house in the land is kept open via the planning process. Although it is true that the authors all share a love for the British pub, they can all appreciate that times change, and that there are sometimes irreversible and understandable circumstances which force some public houses into permanent closure.

This document is intended to assist public house owners to formulate their arguments, to help local authorities to assess them, and to enable "the man or woman in the public bar" to understand them.

Finally, it is worth saying that currently, the town planning process is the only public 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 licence (again a process where public comment is heard).

If somebody wants to close their public house they may do so immediately, without further reference to the planning authority or licensing magistrates. Only when they wish to convert the public house into another use, do they have to embark upon the planning process, and it seems reasonable for this proposal to be as keenly scrutinised on behalf of the general public, as was the original proposal to open it. In such cases, the issue of viability can clearly be one of a number of possible determining factors.

The authors of this document set out to raise awareness of the issues surrounding the plight of the rural pub. It is hoped this report will stimulate debate and create an understanding of the planning issues surrounding a much loved part of Britain's heritage.

The Test will not stop all pubs closing, but it is a necessary and positive step forward, which we hope, will save many rural pubs from closure and subsequent change of use. We hope the document will be widely used by all relevant professionals and 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

Considerations when assessing continuing viability of a pub business when change of use is applied for.

The question 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. Population Density

What is the location of the pub? Village, urban, town centre, isolated country?

What is the catchment area of the pub?

How many adults live within a one mile radius?

How many adults live within a ten mile radius?

Are there any developments planned for the area? Industrial, residential, strategic projects?

2. Visitor Potential

Is the pub in a well visited/popular location? Is it in a picturesque village, on a canal/river side, or on a long distance footpath?

Does the pub appeal to those groups who regularly drive out to pubs?

Is tourism encouraged in this area?

Has the pub ever been included in any tourist guide?

Does the pub act as a focus for community activities? Sport and social clubs, village meetings etc...

Assessing Trade Potential

3. Competition

How many pubs are there within a one mile radius?

How many pubs are there within a five mile radius?

Bearing in mind that people like a choice, does the pub, by its character, location, design, potentially cater for different groups of people from those of its nearest competitor?

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?

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?

Assessing Trade Potential

6. Public Transport

Is there a bus stop outside the pub?

How frequent is public transport in the area?

How reliable is the public transport in the area?

Are there taxi firms in the locality?

Has the pub entered any favourable agreements with a local taxi firm?

7. Multiple Use

In the light of paragraph 3.2.3 of PPG7, 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 or post office, bed & breakfast or self-catering - especially in tourist areas?

Competition Case Studies

Are there any successful pubs in neighbouring areas of similar population density?

What factors are contributing to their success?

The Business At 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?

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?

If the pub has catering facilities, are they being optimised?

Has the rent/repair policy of the owner undermined the viability of the pub?

Are there any unusual circumstances relating to local authority business/rates/taxes?

The Sale

Where and how often/for how long has the pub been advertised for sale?

Has the pub been offered for sale as a going concern?

Has the pub been offered at a reasonably competitive price?*

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?

* Attempts to analyse this can be obtained from *The Publican* & *The Licensee* newspapers and *Fleurets*.

Appendix A

Explanation PPG7 (The Countryside: Environment Quality and Economic and Social; Development) paragraph 3.2.3:

"People who live in rural areas should have reasonable access to a range of services. Local Planning Authorities can facilitate provision and help retain existing services by, for example assessing the nature and extent of rural needs, identifying suitable sites and buildings for development to meet these needs, and promoting mixed and multi-purpose uses."



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