

Public House Viability Test



CAMPAIGN
FOR
REAL ALE



www.camra.org.uk/localcouncils

November 2015

What is CAMRA?

CAMRA, the Campaign for Real Ale, is an independent, voluntary organisation of 175,000 members that campaigns for real ale, cider and perry. CAMRA supports well-run pubs and believes their continued existence plays a crucial role in community life.

Introduction

Pubs across England are under threat as never before. Despite both the National Planning Policy Framework (NPPF) and many Local Plans containing pub protection policies, an estimated 29 pubs permanently close every week. In many cases, the owners of these threatened pubs are seeking to convert them to other uses to make a short-term profit at the expense of the interests and needs of the local community.

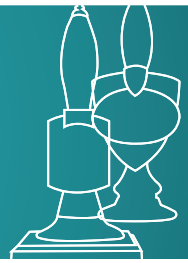
As campaigners on behalf of British pub-goers, CAMRA sees the protection of public houses as one of its highest priorities. While not all pubs can be saved, too many pubs are being lost even where there is strong local support to keep them. Many of the pubs that have called last orders for the final time could have continued serving their local communities in the right hands.

For local residents and pub campaigners, the planning process is the main opportunity to influence decisions affecting the future of their local pub. With recent legislation to strengthen Assets of Community Value (ACVs), planning permission is now needed before any nominated pub can be demolished or converted to another use, giving local people even more of a say.

Applicants hoping to change the use of a pub will very often claim that the pub is “not viable”, meaning that no licensee could reasonably be expected to make a living from it. The applicants might claim that the area has too many pubs, the premises are too small, the catchment area is not large enough and so on. The local planning authority has to evaluate whether these claims are well founded or not. 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 Public House Viability Test



To assess the continued viability of a pub business the question to address is what the business could achieve if it were run efficiently by management committed to maximising its success.

Assessing Trade Potential

1. Local trade

- What is the location of the pub? Is it in a village, suburban area, town centre or 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. Customer potential

- Does the pub act as a focus for community activities? Sports teams, social groups, local societies, community meetings etc?
- 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?

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 not, could the pub be developed to cater for different groups?

4. Flexibility of the site

- Does the pub 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 not, 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 and reliable is 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?
- If yes, 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 reduced facilities such as no meeting room, less parking, smaller garden?
- Would any loss of licensee accommodation make the pub less attractive to potential future publicans?

9. Competition case studies

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

10. 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.

- Does the pub management team have local support? Has the team taken steps in the last year or so to try engaging with the local community and has the dialogue affected the way the pub operates?

- Has the pub been managed better 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? Conversely, have hours/facilities been reduced?
- 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?
- Does the pub offer an attractive range of drinks, especially quality real ales?
- Are there any possible unclaimed reliefs? e.g. where rate abatement is not granted automatically but has to be claimed.
- Does the pub promote itself effectively to potential customers? e.g. does it have an eye-catching and informative website?

11. 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? Is it currently closed?
- Does the sale price of the pub, as a business, reflect its recent trading?

Case studies

In the following cases, the appellant used the issue of nonviability as a reason to convert a pub. However, the Inspector agreed that viability was a relevant and crucial issue and felt that in the right hands the pubs concerned could be a viable business. In reaching this conclusion, the Inspector clearly took the view that an objective assessment could be made about the likely future viability of the pub.

The Pheasant Inn

Britons Lane, Shropshire WV16 4TA

The owners of The Pheasant Inn wanted to convert it to a private dwelling, claiming it was no longer viable. The Council refused their application because it was the only pub in the village and they felt that the owners had not tried to diversify their business before selling it, such

as by upgrading the food offer, adding a B&B, using space for a village shop or post office, etc. 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 to extend and to capitalise on its location in a tourist area. He found that the pub was indeed a valued local facility and could 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)

The Crown

Ollands Rd, Reepham NR10 4EJ

The Crown was one of only three pubs in a small Norfolk market town. Its owner applied to convert the pub to residential use but the local planning policy was to refuse such an application unless there was an alternative pub nearby and it had been on the market for a reasonable period of time without any offers. On the first criteria the Inspector observed that while another pub was 600 metres away, it served a different catchment and type of customer. With regards to the second criteria, it was unclear how the asking price had been calculated despite the property having been up for sale for three years. 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)

The Feathers

43 Linhope Street, London

In a residential area of Westminster, London, the owner of The Feathers pub wished to convert it into a house and argued its non-viability. The Council had a policy in place that it would only accept the loss of a pub if it had been on the market for at least 18 months without a buyer. In this case, marketing had been for a much shorter period and the pub had been nominated as an Asset of Community Value by the local community. The Inspector concluded that the viability of the pub remained an open question and that the lack of viability had not been adequately demonstrated for the purpose of the Council's policy. 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 of the pub or of its contribution to the local area.

(ref APP/X5990/A/14/2215985)

Conclusions

The Public House Viability Test does not seek to protect the continued existence of each and every pub. Times and circumstances do change and some pubs will find themselves struggling to continue. It does, however, help all concerned in such cases – local authorities, public house owners, public house users and Planning Inspectors – by providing a fact-based method to rigorously scrutinise and test the future viability of a pub against a set of well-accepted measures.

Appendix - the NPPF

Until recently, national government planning guidance was contained in various Planning Policy Statements which ran to over 1,000 pages. They were replaced in March 2012 by the National Planning Policy Framework (NPPF), which comprises of just 52 pages of mostly high-level guidance. NPPF policies 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.

Additional Resources

For additional resources for local councils, please visit <http://www.camra.org.uk/local-councils>

For any queries please contact planningadvice@camra.org.uk or call 01727 867 201



**CAMPAIGN
FOR
REAL ALE**



www.camra.org.uk/localcouncils